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Topps Tiles

Topps Tiles Plc

ANNUAL REPORT AND ACCOUNTS FOR THE 52-WEEK PERIOD ENDED 26 SEPTEMBER 2020

COMPANY NUMBER: 3213782

TOPPS TILES

THE LARGEST TILE
SPECIALIST IN THE UK

2020 WAS A YEAR OF CHALLENGE AND CHANGE WITH THE BUSINESS EMERGING STRONGER AND REFRESHED.

This year we announced a new goal to get to £1 in every £5 spent in the UK tile market (including adhesives and grouts) by 2025. We will achieve this through our Group strategy which is to deliver profitable sales growth by serving a broader customer base. We also refreshed our Retail strategy which is focused on providing our customers with a "Great Experience, Great Product and Great Value" and continued our diversification of the Group through our

Commercial growth strategy, enabling us to approximately double our addressable market while staying within our core specialism of tiles. Our business continues to be supported by our Group strategies of Leading Product and Leading People. This strategy underpins our core purpose for the Group of "inspiring customers through our love of tiles".

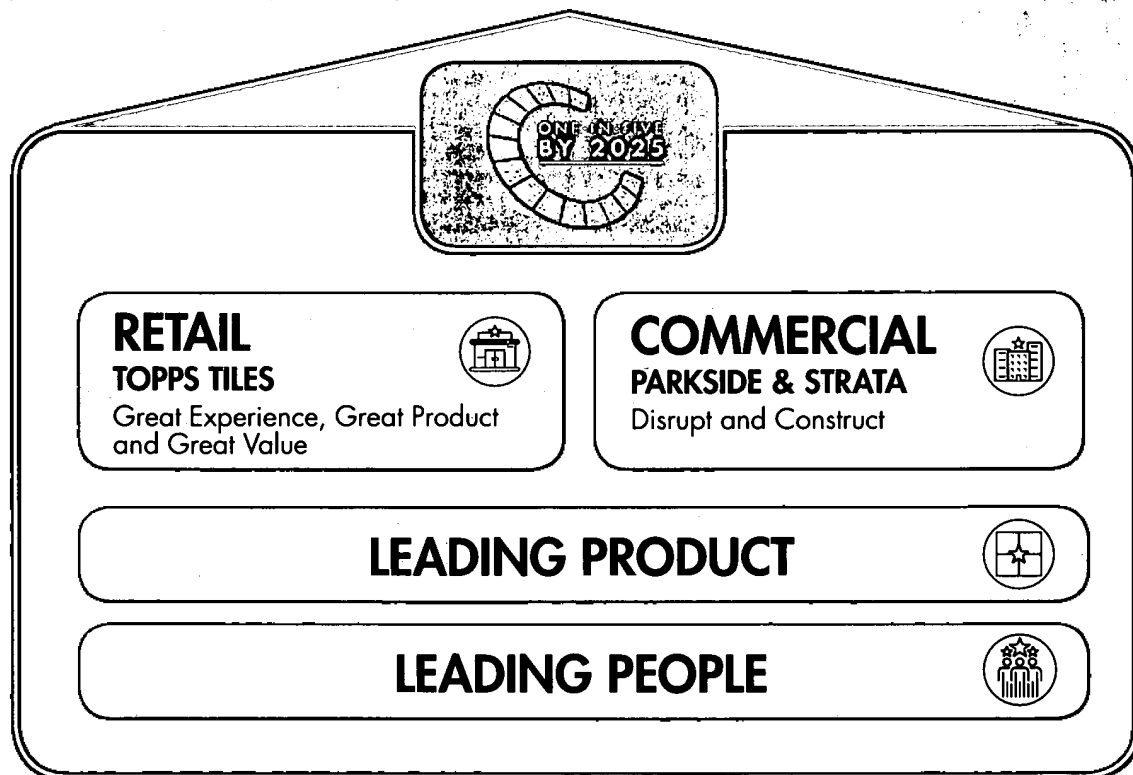
INSPIRING CUSTOMERS THROUGH OUR LOVE OF TILES

PURPOSE:

The core purpose of the business is to inspire customers through our love of tiles. This purpose gives the business strategic clarity in that opportunities we pursue should seek to leverage our core specialism in tiles and closely associated products.

CULTURE:

We are a community of small teams with big ambitions who trust each other, celebrate success, and put the customer at the heart of everything we do, that's the Topps Tiles way.



Read more on Our Strategy on pages 10 to 51

OUR WEBSITES

Corporate: toppstilesplc.com
Retail: toppstiles.co.uk

Commercial: parkside.co.uk
stratatiles.co.uk

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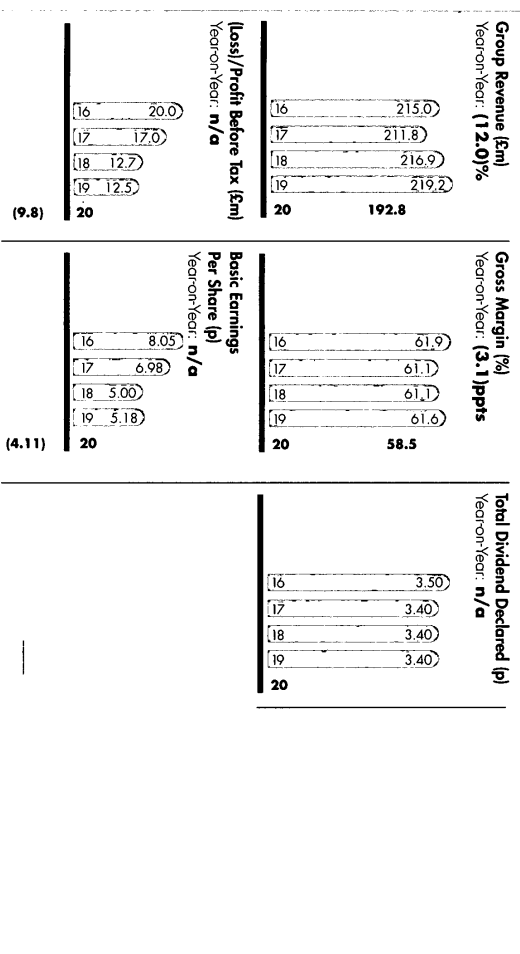
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Front cover image: Matrix Heritage Blue Gloss, Southbank Teal Gloss, Deep Pewter Gloss, Urban Grey Gloss, Silver Gloss (Topps Tiles)

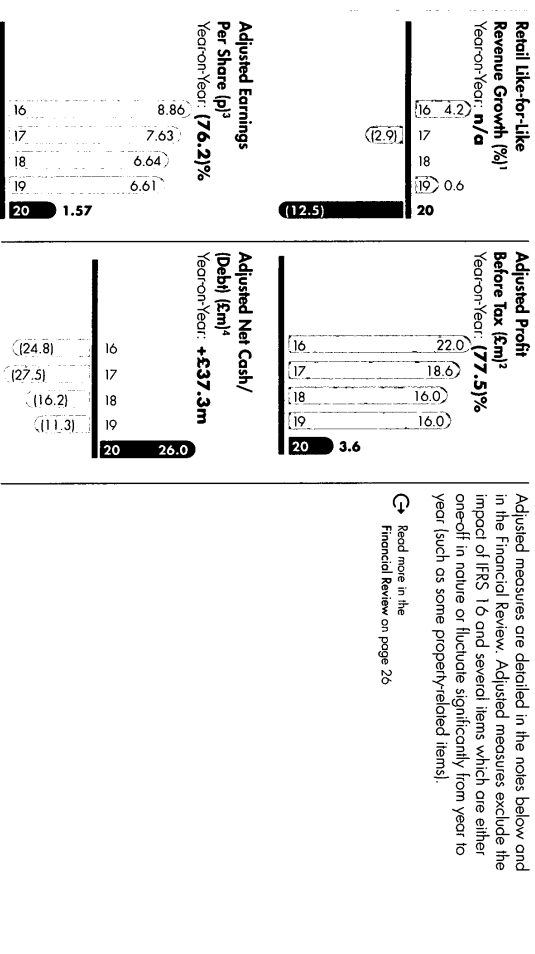
Inside front cover image: Gaizby and Zellica Forest Green (Topps Tiles)

2020 HIGHLIGHTS

STATUTORY MEASURES



ADJUSTED MEASURES



Adjusted measures are detailed in the notes below and in the Financial Review. Adjusted measures exclude the impact of IFRS 15 and several items which are either one-off in nature or fluctuate significantly from year to year (such as some property-related items).

Based more in the Financial Review on page 26

Strategic and Operational Developments

- The Group, which is the UK's leading tile specialist, has set a new market share goal, aiming to account for £1 in every £5 spent on tiles and associated products in the UK by 2025 – "1 in 5 by 2025".
- This will be achieved by serving a broader customer base, with a current focus on enhancing our value credentials in Retail and growing our Commercial business.
- In our Retail business, we have launched a new strategy: "Great Experience, Great Product and Great Value", ensuring the journey for our customers starts and ends with a great service experience – whether in-store or online.
- The world-class customer service delivered by our staff across our 342 stores remains key to our offer and this is bolstered by our recently relaunched website which, during the first national lockdown, saw online sales treble.
- In our Commercial business, we remain committed to our strategy of disrupting the commercial tile market and constructing a new market leader over the medium term.
- Sustainability is becoming a key part of our agenda; we are working with suppliers on tiles with high levels of recycled content and investing into energy efficient infrastructure.

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Berkeley Essence Graphite (Topps Tiles)



Financial Summary

- Revenue decline of 12.0% (to £192.8 million; 2019: £219.2 million), with retail like-for-like sales decline of 12.5%, predominantly reflecting the impact of the Covid-19 pandemic, including a period of temporary store closures in Q3.
- Strong recovery in retail like-for-like sales in Q4, up 16.5%.
- Adjusted profit before tax of £3.6 million (2019: £16.0 million), with trading losses in Q3 from store closures being partially offset by Government support and improved trading in the final quarter of the year.
- Balance sheet transformed over the period, moving from an adjusted net debt of £11.3 million at the beginning of the year to an adjusted net cash position of £26.0 million at year end (before the impact of IFRS 16). The £37.3 million improvement includes a one-off £17.9 million net receipt from the sale and leaseback of our head office and central warehouse buildings as well as a significant focus on cash management as part of Covid-19 response.
- Based on a prudent view of the commercial market following Covid-19, recognised a non-cash impairment of Commercial goodwill, intangible assets and property, plant and equipment of £5.6 million under IAS 36.
- After adjusting items (detailed below), including the impact of IFRS 16 and the Commercial impairment, loss before tax on a statutory basis was £9.8 million (2019: profit of £12.5 million).
- No final dividend proposed in light of the challenges faced this year (2019: full year dividend of 3.4 pence per share). Cash dividends paid in this financial period relate to prior year final dividend payment. The Board is keen to reinstate the dividend policy as soon as is appropriate. This should be possible in the new financial year, subject to delivering a positive adjusted EPS.

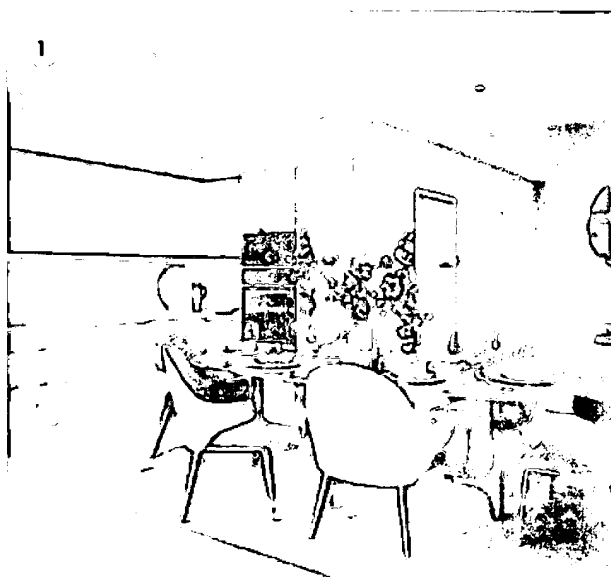
2020 HIGHLIGHTS

Navigating Covid-19

- The safety and wellbeing of our colleagues and customers has been our number one priority throughout the pandemic.
- Retail stores trading in line with Government guidance – over half of Retail sales are to trade customers.
- Support from the UK Government's Job Retention Scheme ceased in early August.
- Named a Top Five retailer for our handling of the crisis by employee review site Glassdoor and Retail Week magazine.

Current Trading and Outlook

- In the first eight weeks of the new financial period, retail like-for-like revenues increased by 19.6% (2019: decrease of 7.2%).
- Retail business benefitting from the current increase in home improvement activity.
- Commercial market remains subdued but activity levels starting to improve.



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Silk District, Whitechapel, by Mount Anvil (Parkside)

Notes

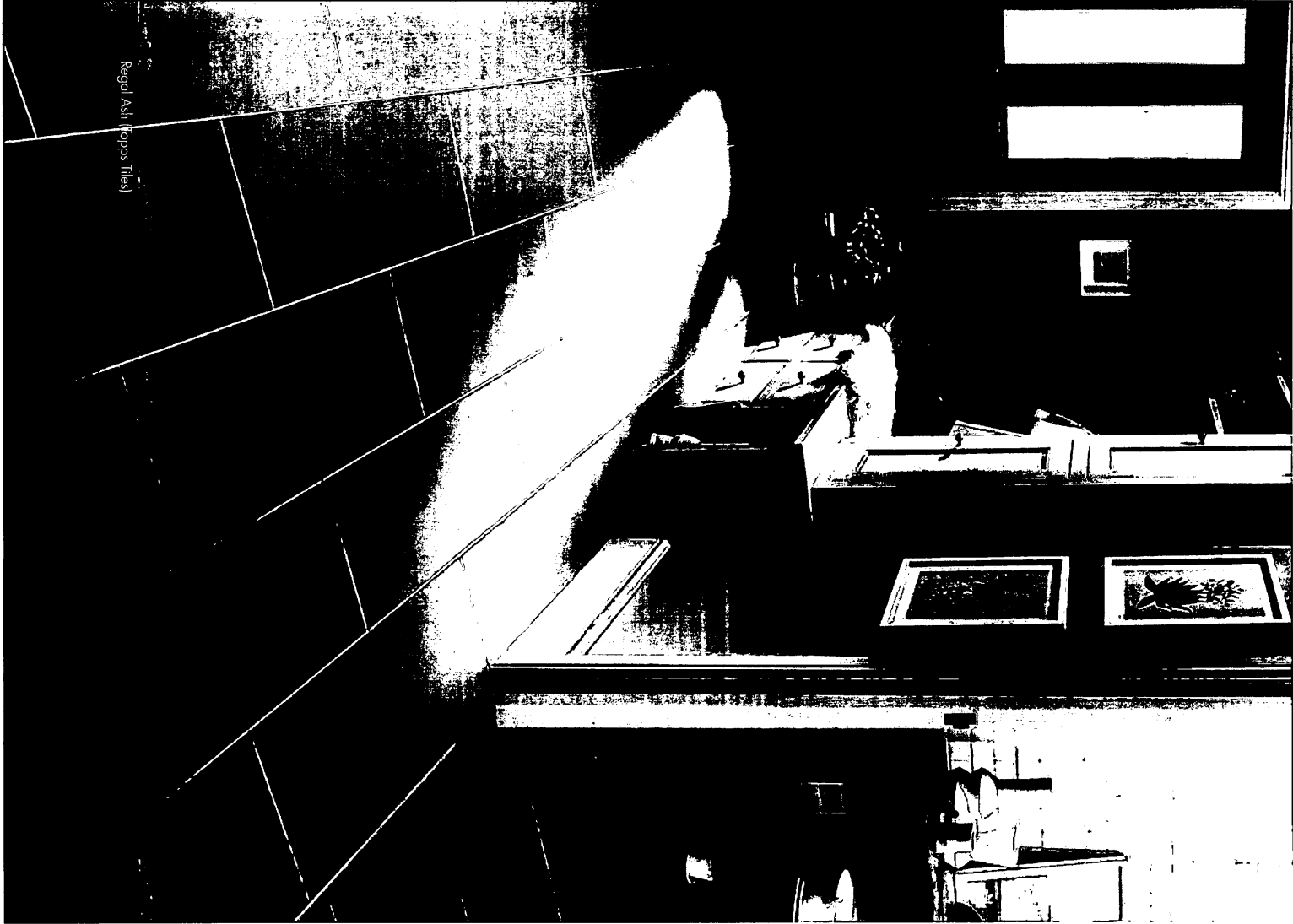
1. Retail like-for-like sales revenues are defined as sales from online and stores that have been trading for more than 52 weeks. In 2020 sales in like for like stores was £182.3 million (2019: £209.8 million), with an average of 357 stores included in the weekly calculation.
2. Adjusted profit before tax excludes the impact of IFRS 16 and several items which are either one-off in nature or fluctuate significantly from year to year (such as some property-related items). These are set out as follows:

	2020	2019
	£m	£m
Adjusted Profit Before Tax	3.6	16.0
Property		
Impairment of property, plant, equipment and movement in onerous lease provision	(1.6)	(1.8)
Vacant property costs	(1.5)	(1.1)
Gains on disposal of freehold properties (pre IFRS 16) ⁵	3.0	nil
	(0.1)	(2.9)
Commercial		
Costs related to acquisition during the period	nil*	(0.4)*
Commercial trading loss	n/a*	(2.0)*
Commercial amortisation of intangibles and contingent consideration	n/a*	(0.3)*
Commercial impairment of goodwill, intangibles and property, plant and equipment	(5.6)*	nil*
	(5.6)	(2.7)
Other		
Costs related to business restructure	(0.5)	nil
Write-off of goodwill relating to historical acquisition	nil	(0.2)
Repayment of historical import duty	nil	2.3
	(0.5)	2.1
IFRS 16		
IFRS 16 adjustments	0.4	nil
IFRS 16 – one-off adjustment relating to sale and leaseback ⁵	(2.9)	nil
IFRS 16 – one-off charges including impairment of closure programme stores	(4.7)	nil
	(7.2)	nil
Statutory (Loss)/Profit Before Tax	(9.8)	12.5

* In the prior year, adjusting items included trading losses from the Commercial business whilst the business went through an initial two-year phase of investing in growth. In the current year, Commercial trading losses are included in adjusted profit. In the current year, we have impaired commercial goodwill, intangibles and property, plant and equipment, recognising the risk of a slower growth profile following the impact of Covid-19 on sectors that the Parkside and Strata businesses serve.

3. Adjusted earnings per share is adjusted for the items highlighted above, plus the impact of corporation tax.
4. Adjusted net debt is defined as bank loans before unamortised issue costs (see note 20) less cash and cash equivalents. It excludes lease liabilities under IFRS 16.
5. Gains on disposal of freehold properties include a £4.0 million gain on the sale of the Group's head office and central warehousing buildings calculated on a pre IFRS 16 basis, the sale and leaseback transaction under IFRS 16 generates a £2.9 million reversal of this gain leaving a net gain of £1.1 million – see note 4 to the accounts.

Regal Ash (topps Tile)



CHAIRMAN'S STATEMENT

A YEAR OF CHALLENGE AND CHANGE



Introduction

Welcome to the Topps Tiles 2020 Annual Report.

This has been a year of challenge and change for the Topps Tiles Group, with the business emerging stronger and refreshed.

The Covid-19 pandemic has created unprecedented challenges but the business has navigated the crisis very well and we have ended the year in a strong position on several fronts – recognising a modest profit, delivering strong quarter four retail sales growth and creating an adjusted net cash position.

The Group has seen a number of changes with the appointment of a new Chief Executive and Chief Financial Officer, established a new goal for the business and a refreshed strategy to support the delivery of that goal.

Purpose, Goal and Strategy

The core purpose for the business is to inspire customers through our love of tiles. This purpose gives the business great strategic clarity in that any opportunities we pursue should seek to leverage our core specialism in tiles and closely associated products.

We have a new goal for the business which is to grow our share of the combined commercial and domestic tile market for tiles, adhesives and grouts to 20% – accounting for £1 in every £5 spent. Our aim is to achieve this by 2025 and that will require us to outperform the market by around 3.5% each year over the next five years. Within our Retail business, Topps Tiles, we are focused on the UK domestic tile market and we have refined our strategy to "Great Experience, Great Product and Great Value" to ensure that we stay very focused on these three key pillars of our competitive advantage and success. Our Commercial strategy of "Disrupt and Construct" remains a key part of our future growth plans and while Covid-19 has caused material disruption to the Commercial tile market we remain strongly committed to this element of our Group strategy.

Trading and Financial Performance

Performance this year has been dominated by the third quarter when our stores were closed due to the pandemic restrictions. The management team responded very well to these challenges and ensured that we could continue trading through our website and Commercial business and that we successfully reopened our stores once it was safe to do so. The final quarter trading in Retail has been very strong which is a reflection of the underlying competitiveness of our business and a strong home improvement market. Our adjusted profit before tax was £3.6 million (2019:

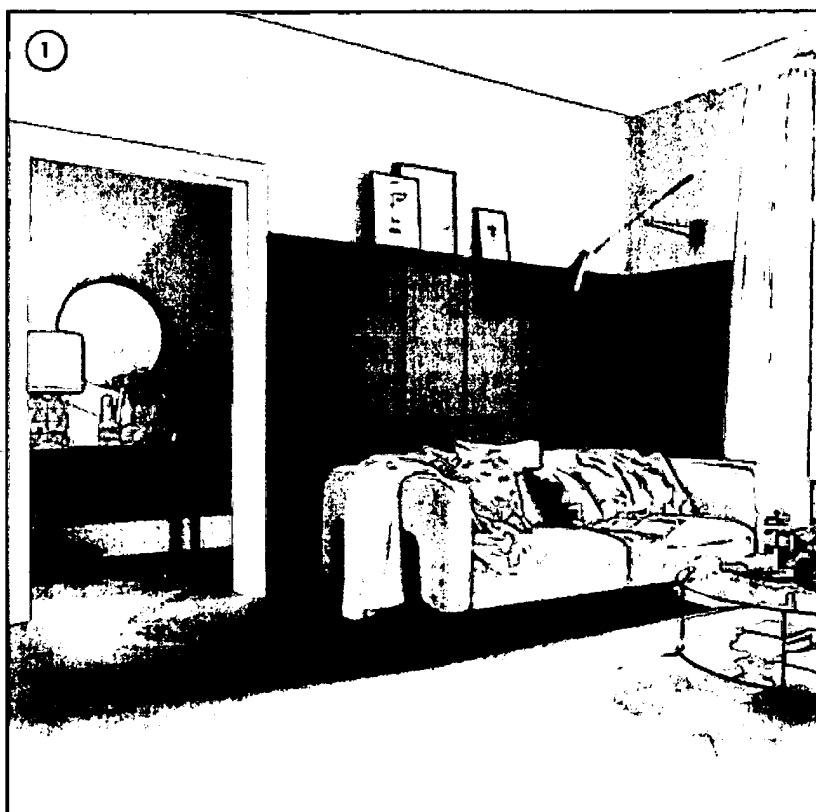
Board Changes

During the period our CFO, Rob Parker, was promoted to CEO having been our CFO for 12 years and we appointed Stephen Hopson to replace him. In addition, Andy King, Non-Executive Director, has completed nine years as a Non-Executive and will stand down at the AGM in January 2021 and Claire Tiney will stand down in July 2021, having served a little over nine years. The Board has announced the appointments of Diana Breeze and Kari Daniels to succeed Andy and Claire. Both Diana and Kari are experienced current executives with extensive backgrounds in retail, trade and consumer businesses and will be strong additions to the Board. The Board wishes to place on record its thanks to Andy and Claire for their contributions over the last nine years and to Claire in particular for her support in staying on to assist with the transition of the Chair of the Remuneration Committee. Arising from these changes, Keith Down will take the position of Senior Independent Director from 20 January in addition to his role as Chair of the Audit Committee. The role of Employee Engagement Director will be taken by Kari Daniels from 1 April (Claire Tiney will hold this position on an interim basis in between Andy King and Kari Daniels). Diana Breeze will become Chair of the Remuneration Committee from 1 August following a handover period with Claire.

Dividend

As a result of the challenges we have faced this year we announced at the interim stage that there would be no dividend this year. The Board is keen to reinstate the dividend as soon as there is sufficient confidence to do so and subject to delivering a positive adjusted EPS in the new financial year this should be possible. Our policy would be to revert to a target of two times dividend cover, such that approximately 50% of our annual post tax adjusted earnings are remitted back to Shareholders.

£16.0 million), with a statutory loss before tax of £9.8 million (2019: profit before tax of £12.5 million). The team has also focused very hard on ensuring that our balance sheet was in the best possible condition with tight cost control, disposal of assets and strong working capital management. Our year end adjusted net cash position was £26.0 million, compared with an adjusted net debt position of £1.6 million at the start of the year and we have available cash headroom within our banking facilities of £75 million (including £10 million of a Covid-19 specific 12-month facility). A full discussion of our financial performance can be found in the Financial Review section of this document.



“

I would like to extend my sincere thanks to all colleagues for their hard work, commitment and dedication across the year.”

Darren Shapland
Chairman

①

Adalene Mocha (Topps Tiles)

The Board and Corporate Governance

In line with last year I am pleased to confirm that all Non-Executive Directors are independent and the Board is fully compliant with the UK Corporate Governance code. We have seen a number of changes in the composition of the Board during the period and I am pleased to confirm that the Board continues to function well and has made good progress in its development plan. As might be expected we needed more formal Board meetings, calls and updates this year and the wide variety of retail and consumer experience on the Board proved invaluable.

Our People

Topps Tiles is a customer service-based business and, as a result, our people are at the heart of our organisation. This is a key aspect of the Group's success. The business operates a successful engagement forum, TeamTalk, with Board representation to ensure colleagues' views are represented at Board level, in line with best practice. We provide training and development programmes for all colleagues and clear and open communication across the business is a key aspect of our culture and our success. During the year the Covid-19 pandemic placed a significant strain on the business and our colleagues have inevitably been at the centre of that. At the peak of our store closures around 90% of our colleagues were furloughed, a challenging process that was made much simpler by the co-operation and support of our people. So many colleagues have contributed so much this year but I feel I must mention our warehouse colleagues specifically who have been pivotal – they have continued to work throughout the crisis and ensured that we could support our web and commercial business when our stores were closed, providing a vital inflow of cash. On behalf of the Board I would like to extend my sincere thanks to all colleagues for their hard work, commitment and dedication across the year – our people have been key to our successful navigation of the challenges we have faced this year.

The Future for Topps Tiles

The business has demonstrated its incredible resilience this year and the management team has shown real ambition for the business. The domestic market continues to offer exciting growth opportunities and success in the Commercial market will be key to the business growing beyond just the domestic retail market. The Board is confident that this focus is the right strategy for the Group.

Annual Report and Annual General Meeting, Online

This year we are encouraging Shareholders to receive their copy of the Annual Report and Accounts and other Shareholder communications online, on the investors' section of our website at toppstilesplc.com. This will contribute to saving costs and reduce our use of natural resources.

The safety, wellbeing and health of our Shareholders and colleagues is of paramount importance. Therefore, in common with many companies this year, we will not be running the Annual General Meeting in the same way as previous years. The meeting will instead be held as a closed meeting and Shareholders will not be able to attend in person. The Board is encouraging Shareholders to vote by proxy electronically rather than attend its AGM on 20 January 2021, details of which are in a notice of AGM included in this report. The Board will be pleased to answer questions proposed in advance of the meeting and the answers will be posted on the investors' section of our website.

Darren Shapland
Non-Executive Chairman

STRATEGIC REPORT

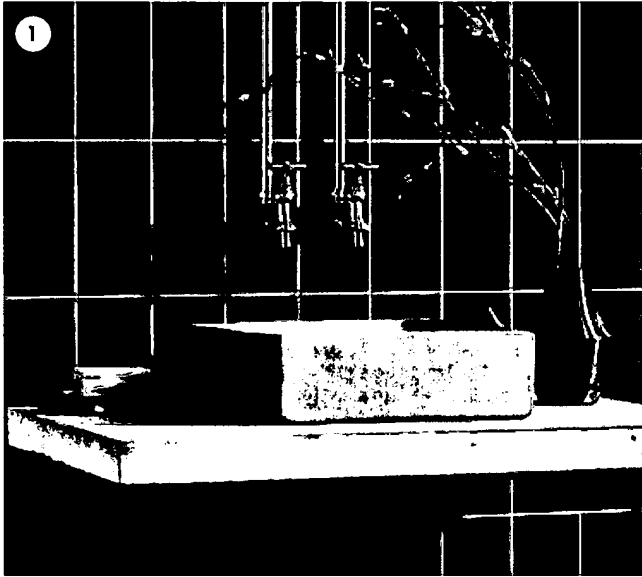
Solo Black and White (Leaps Tiles)

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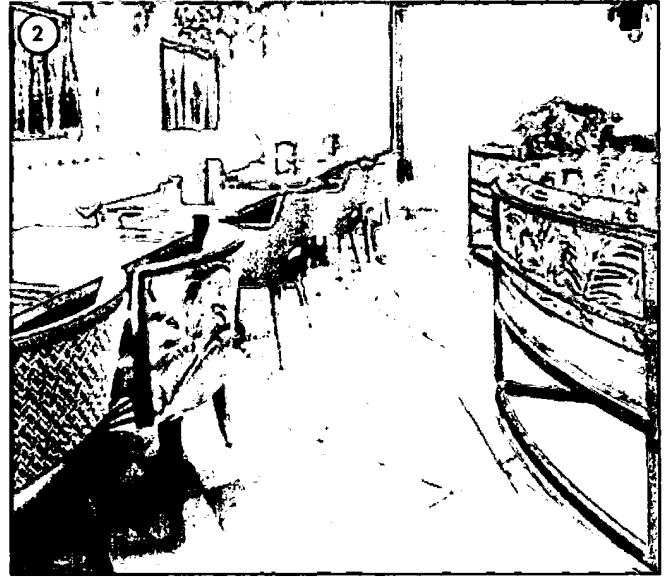
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The content of this Strategic Report meets the content requirements of the Strategic Report as set out in s414a of the Companies Act 2006. This Strategic Report and Chairman's Statement contain certain forward-looking statements. These statements are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

MARKETPLACE



1
Matrix Victoria Purple (Topps Tiles)



2
Juno Rooms, London by Harrison (Parkside) ©Leon Hargreaves

The UK Tile Market

The UK tile market splits into two broad sectors – domestic, accounting for around 55% of the market, and commercial, accounting for the remaining 45% (source: Mintel). The domestic market includes the renovation, maintenance and improvement of residential properties and the commercial market includes commercial building projects in their many and varied forms, as well as new build residential property.

An external survey of the tile market is published by Mintel in September each year. It covers the whole of the UK tile market, based on manufacturer and supplier data. The September 2020 report quotes the 2019 total market at £375.5 million at MSP (manufacturers’ selling prices) with a projection for 2020 at £285.8 million, a 23.9% fall.

The projected decline in the market this year is largely due to the significant disruption from Covid-19 and any projection of future performance is particularly problematic due to the continued uncertainty the pandemic has caused. Mintel forecast that the market will rise by around 9% to £310.6 million in 2021 and then recover to £375.5 million in 2022 but these estimates are highly likely to be revised based on the current strong level of demand being seen in the domestic sector.

Domestic Tile Market

Taking on a home improvement project is generally regarded as discretionary spend and therefore consumer confidence is seen as a good indicator of future growth. However, due to the pandemic there are other factors influencing levels of demand. Following the period of lockdown there has been a wave of domestic home improvement work, a rediscovery of the love of the home and in some cases,

diversion of discretionary spend from other areas such as holidays into home improvement. The market is therefore currently more buoyant than the metrics suggest; however, the sustainability of this trend is hard to forecast.

During 2020, the average level of consumer confidence was -22.1, which compares to -12.5 in 2019 (source: GfK). Over the first half (excluding March), the index was relatively stable at -11, the second half has been dominated by the effects of Covid-19 with an average level of consumer confidence at -29.3.

A further key driver of the customer decision to take on a home improvement project is buying a new home; housing transactions are therefore a useful indicator of likely future demand. UK housing transactions across the first half were stable, averaging around 1% growth (excluding March). The second half has seen significant disruption as Covid-19 preventative measures specifically impacted the housing market and transactions fell by 31%. Transactions for the financial year were 1.0 million, around 16% below the trend over recent years of approximately 1.2 million (source: HMRC).

UK housing prices can also be a useful indicator of our market. In a rising market, home owners tend to feel more affluent and are more confident in spending money on their homes. During the year house prices grew slowly, with the average price of a house in the UK at £218,947 (2019: £214,394) (source: Nationwide). It should be noted, however, that 2020 has been a highly unusual year for economic indicators and the significant restriction in housing transactions detailed above may also mean that the house price data is a less robust indicator for this specific period.

Construction output for private housing repair, maintenance and improvement declined by 18.6% across the period (source: ONS).

Commercial Tile Market

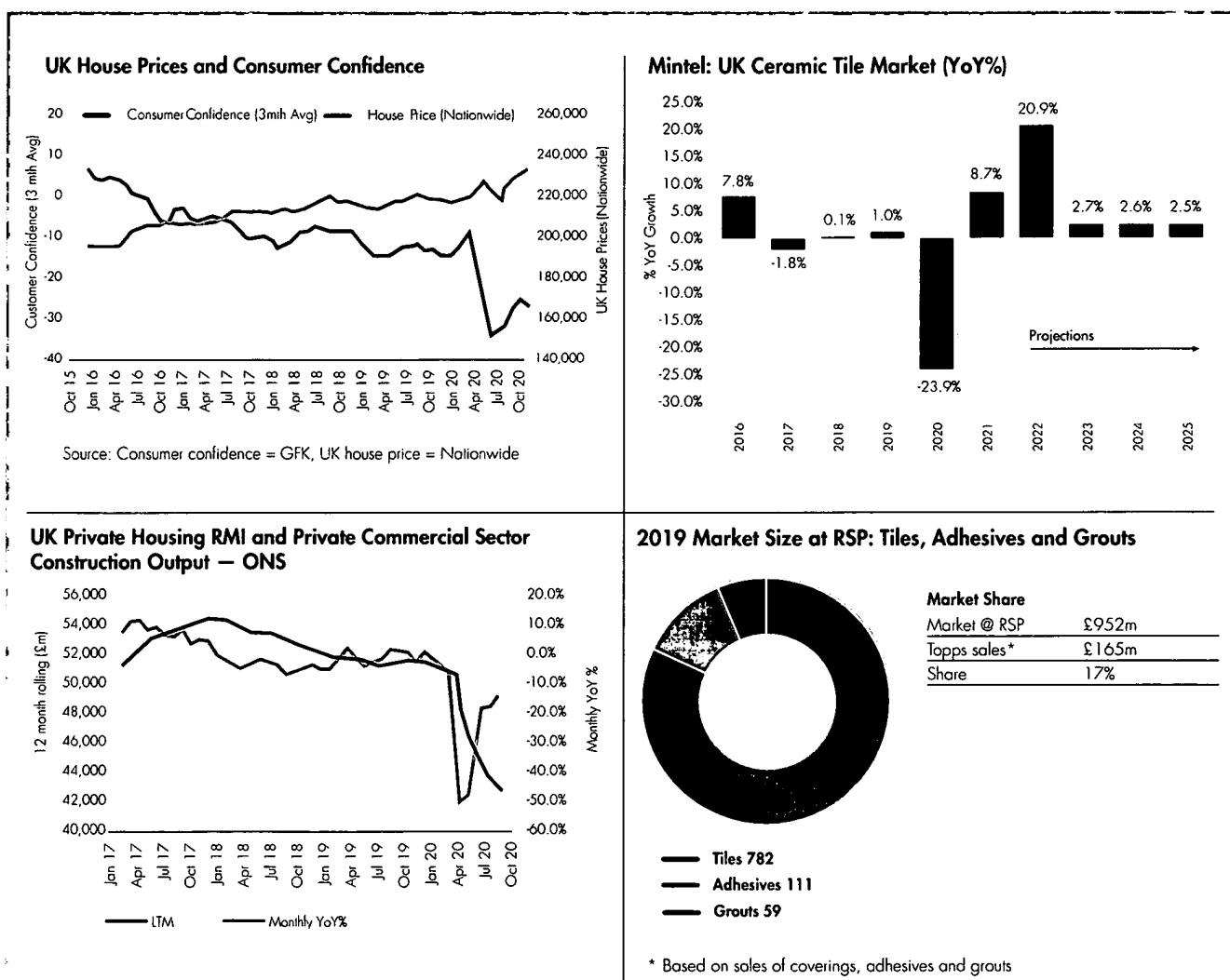
The UK commercial tile market is fragmented and regionalised with only a small number of scale competitors. The smaller competitors tend to specialise in certain sectors of the market – examples being transport, restaurants, automotive, leisure, offices or higher-end residential.

Our success in this market results from appealing to both designers and architects, with our quality and differentiated offer, and to contractors, who may require more commoditised products, in large quantities, in short timescales, but at lower prices. Although the focus for our commercial business is on customers in the former category, where we can leverage our access to differentiated product through our supplier relationships, the Group’s buying advantage and stock-holding position also supports volume sales.

The commercial tile market has seen and continues to see significant disruption resulting from Covid-19. During the most intense period of the UK lockdown during the third quarter a number of our construction and refurbishment projects were postponed or starts delayed or cancelled. The long-term nature of many commercial projects means that some of these may now take time to materialise as investment in certain sectors remains constrained. Although data indicates an improvement in new project starts, they remain below FY19 levels and it is likely the commercial market for tiles will remain somewhat subdued for the next 12–18 months.

Market performance remains highly varied by sub-sector and by client within each sub-sector and we have seen differing activity levels across retailers, restaurant brands, hotel, construction and developer clients.

Construction output for the private commercial sector declined by 15.4% across the period (source: ONS).



COVID-19

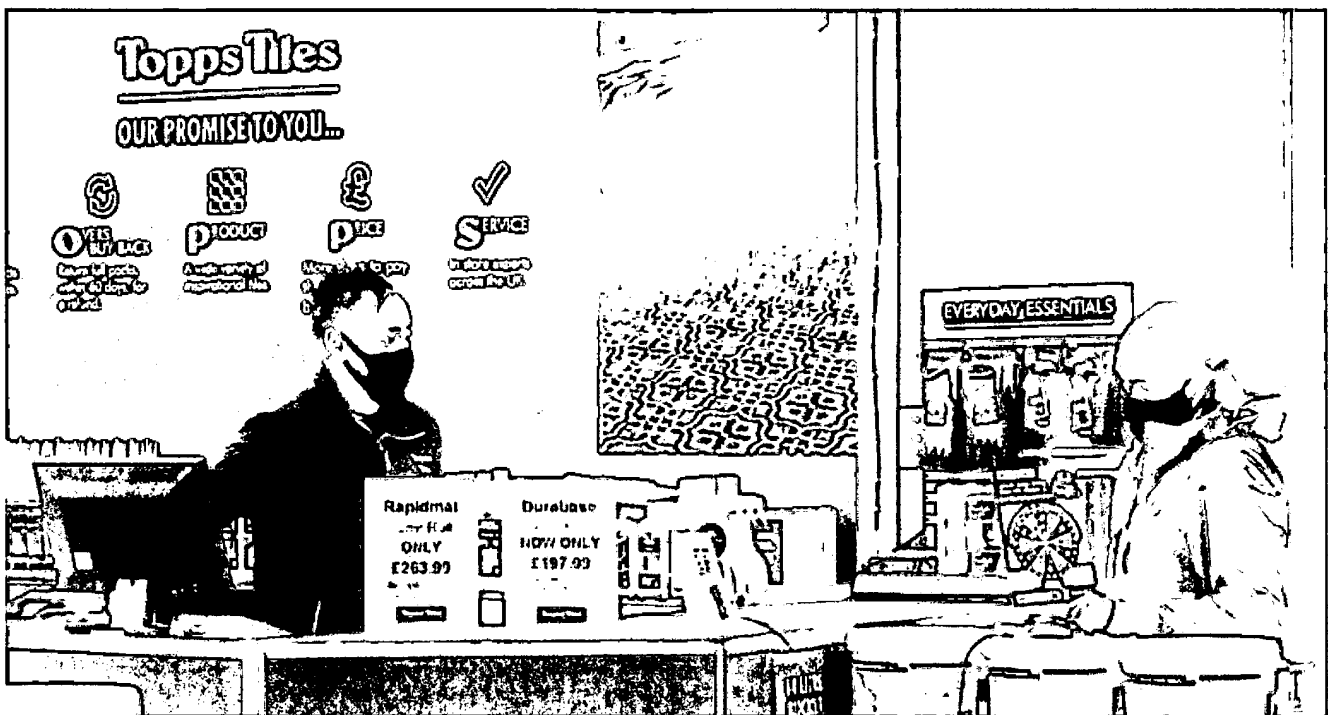
In common with all organisations, the global pandemic has generated an unprecedented level of disruption to our business. Our Retail stores closed from 23 March 2020 and the most significant period of disruption was in our third quarter, from April to June. Whilst stores were closed, we relied on our website (which was relaunched in October 2019) and online sales trebled in this period. We slowly re-opened stores (allowed due to our 'Home and hardware' categorisation) as we developed safe working practices for our colleagues and customers, and gained confidence that we could safely service our customers' needs. One particular highlight during the lockdown period was our ability to maintain supply through the strength of our supplier relationships and the hard work and endeavour of our colleagues working in inventory management, buying and logistics.

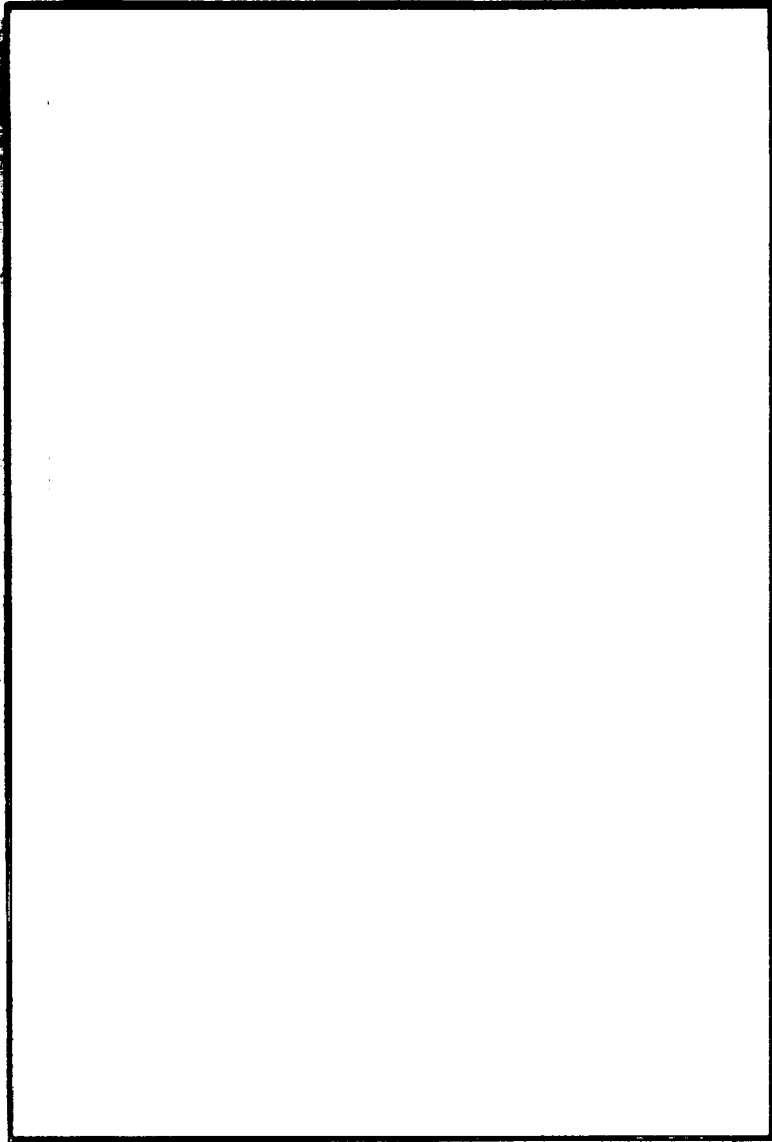
Alongside the safety of our colleagues and customers, the key focus of the business in this period was on managing cash and strengthening our financial position. We have emerged stronger as a result, having removed an annualised £4.0 million of operating costs, further rationalised the store estate, monetised £18.1 million of freehold assets through the sale and leaseback of our head office and warehouse facilities and reduced capital expenditure (excluding freehold purchases) by £3.2 million, compared with the prior year. These actions, combined with a much stronger period of trading in our retail business over the final quarter and the timing of year end, put the business in a strong position with adjusted net cash of £26.0 million and available headroom against existing facilities of £75.0 million at the year end.

We estimate that the trading disruption from Covid-19 in the third quarter, including temporary closure of stores, impacted gross profit by approximately £16 million, contributing to our statutory

loss in the year. The business used the support provided by the UK Government – principally the Job Retention Scheme and the cessation of retail business rates. During April, when our stores were closed, around 90% of our colleagues were furloughed. As stores re-opened, our use of Government support schemes reduced through to August, when we ceased further claims against the Job Retention Scheme. The total amount of support received from the Government in the financial year was £10.7 million, comprising £5.3 million from the Job Retention Scheme, £4.7 million from the cessation of business rates and £0.7 million of grants. Liquidity has been supported through an additional £10.0 million loan facility through existing lenders and backed by the UK Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS") of which £5.0 million was drawn at year end, as well as £6.0 million of VAT deferrals which we expect to repay during the current financial year.

The risks presented by Covid-19 remain and we are very conscious of the resulting uncertainties that this generates. However, the business is well positioned to deal with these uncertainties and we are confident that our market leading position will strengthen as we continue to respond by making decisions in the best long-term interests of the business. One key lesson from the first national lockdown is how much our customers value our stores and the support of our colleagues, and the Board would like to place on record its thanks and gratitude to all colleagues across the business for their support and endeavour during this period. Topps Tiles has a strong team of talented and capable people and this period has demonstrated that unequivocally.





Spectre Cream (Topps Tiles)

BUSINESS MODEL

WE ARE A LEADING SPECIALIST SUPPLIER

We are a specialist in the world of tiles, with a competitive advantage in sourcing differentiated products from around the world that we can access on an exclusive basis.

Topps Tiles is the leading specialist supplier of tiles in the UK market. Historically the business has focused on the domestic tile market for the supply of tiles into the refurbishment of residential housing, which it has served through the retail channel. Over recent years the business has diversified and expanded into the commercial tile market. The commercial market includes tiles supplied for both new build and refurbishment of commercial premises across all sectors such as education, leisure, transport, retail and office buildings.

Both Retail and Commercial sides of the Group drive benefit from the fundamentals of the specialist nature of our business model and our position for tiles.

Supply Chain

We source our products directly from manufacturers on a global basis, with a focus on building long-term strategic relationships with our manufacturing partners. Owning as much of the post-manufacture supply chain as possible is a key aspect of our business model and an important source of competitive advantage. Our buying scale and customer reach allow us to develop product ranges with leading tile manufacturers that are genuinely innovative and to source them on an exclusive basis. Our investment in our supply chain also includes our 150,000 sq ft warehouse in Leicester and a fleet of 27 commercial vehicles. This gives us an unrivalled control over our inventory and delivery capability.

Product Innovation

We inspire all of our customers with a market-leading product range, 87% of which is exclusive to us. We achieve both of these aspects by working collaboratively with our key suppliers to develop new ranges; with Topps Tiles providing the customer insight into emerging style trends and the manufacturer providing the technical knowledge and production capability. Technology is an important aspect of modern tile production with innovations such as digital printing and new glaze technologies allowing a

much greater variety of patterns and finishes. We have made full use of these new technologies in recent years to further enhance the breadth and quality of our market-leading tile range.

People

At our heart we are a customer service-based business and as a result our people are one of our most important assets. We aim to provide our customers with high quality advice and inspiration and to do this successfully we need highly engaged specialist teams in store and in our direct sales force that can engage with our customers and truly inspire them. Technical knowledge and a strong service ethic are paramount and we invest significant amounts of time and money in training our people every year.

Channels

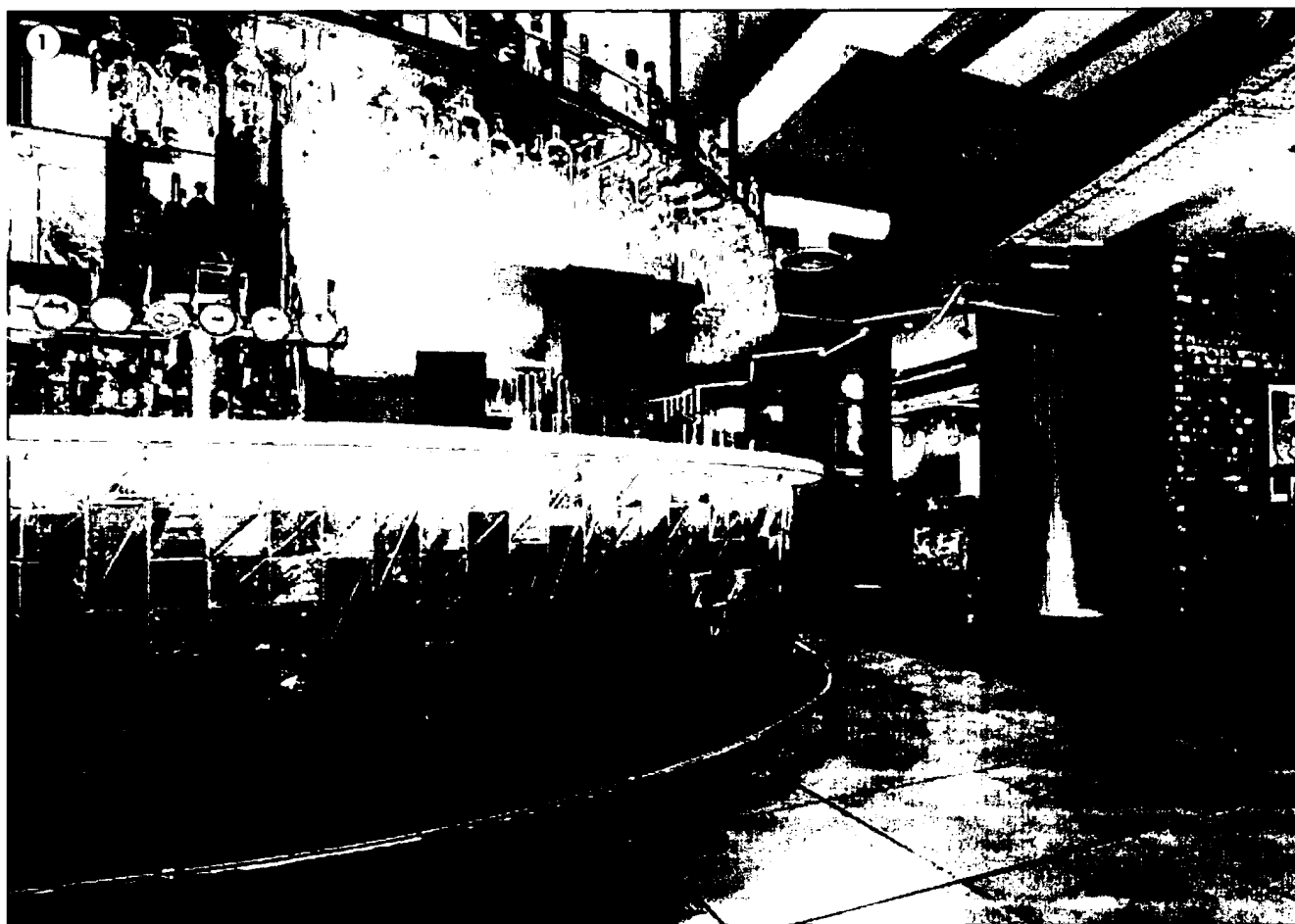
We operate multiple channels to market to provide all our customers with access to our market-leading product range and service in the most convenient format for them.

For our Retail business, stores remain our primary channel to market and almost all of our customers will visit a store at some point during their purchase. We operate from approximately 340 stores across the UK with an average footprint of 5,000 sq ft; however, the inherent flexibility in our operating model enables us to trade successfully from 1,000 sq ft up to 10,000 sq ft. This flexibility means Topps Tiles stores can be found in a wide variety of locations including high streets, retail parks, trade parks and on main arterial roads on routes to larger shopping destinations. Our store portfolio operates predominantly on a leased basis with flexibility to manage the portfolio.

Retail customers very often choose to use our website to conduct initial research into their projects or to maximise convenience by using this as a payment channel. The vast majority of our customers will use our website at some stage in their purchase journey with us. Through greater use of technology we are seeking to provide customers with an omni-channel experience and our new website, launched in October 2019, is a significant step forwards in our ambition. Social media is very important to us as this provides an opportunity to create a community of influencers and traders with an interior design focus.

Trade customers – independent tile fitters contracted by customers to complete their domestic tiling projects – are a vital sales channel for our retail business. Our trade customers now account for 55% of our retail sales. In some cases we may not have a direct relationship with the homeowner which is why our relationship with our trade customers is very important to us. These relationships are built on the basis of our specialist credentials, our ability to provide excellent technical knowledge and a range of specialist products which ensures we cater for all of our traders' needs.

In the Commercial market we serve the client through our team of high-quality salespeople. These colleagues will often have historical relationships with architects and designers based on high levels of mutual trust, established over a sustained period through successful delivery of projects together.



1
Juno Rooms, London, by Harrison (Parkside) ©Leon Hargreaves

BRAND

The tile market has very few recognised product brands and in the absence of these pointers for customers, the business brand becomes very important.

Retail – Topps Tiles is the UK's leading specialist tile retailer with 85% prompted awareness with consumers who have recently purchased or who are about to purchase tiles. Topps Tiles' focus is on driving consideration with the tile decision maker and building this metric successfully results in increased sales from both home improvers and traders. Our customers tell us they want inspirational service at all points of contact and quality "on-trend" products at a range of price levels which they can buy conveniently.

Commercial – We are building the Parkside and Strata brands and have recently completed the integration of the non-customer-facing order processing "back end" functions to simplify the operation. Over time, our ambition is to become the market leader in Commercial.

VALUE FOR CUSTOMERS

Retail Customers – We deliver value to our retail customers by combining differentiated products with excellence in customer service, the convenience of a nationwide store network and a world-class website. This is combined with competitive pricing to ensure that all of our customers receive great value.

Commercial Customers – We deliver value to our commercial customers by providing access to a wide range of manufacturers' products, often on an exclusive basis. We combine this with friendly, efficient and professional customer service and our Group scale allows us to offer advantaged pricing and often advantaged availability.

The Topps Tiles Group model continues to evolve and our strategy seeks to capitalise on the aspects where we consider we can maximise the potential to deliver our goal.

OUR STRATEGY



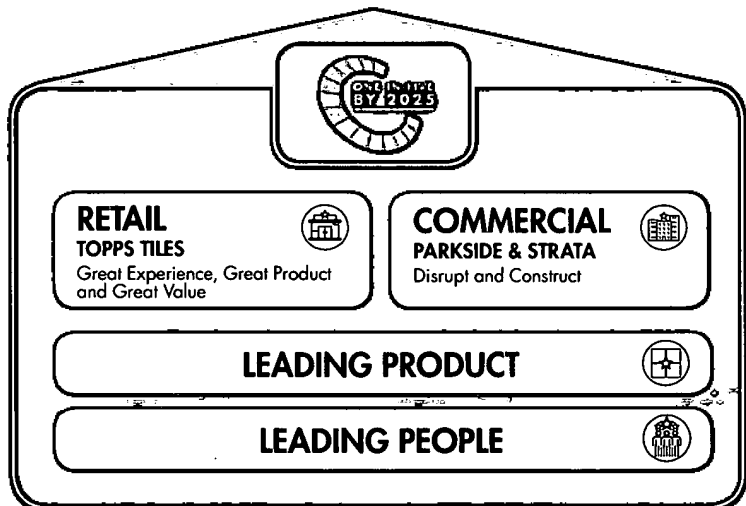
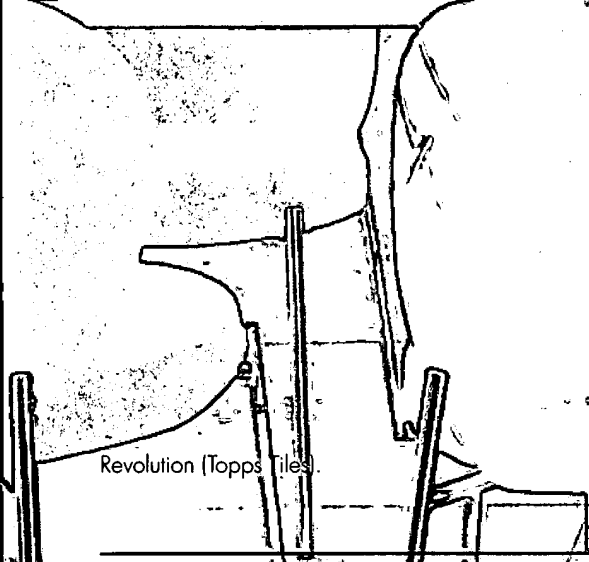
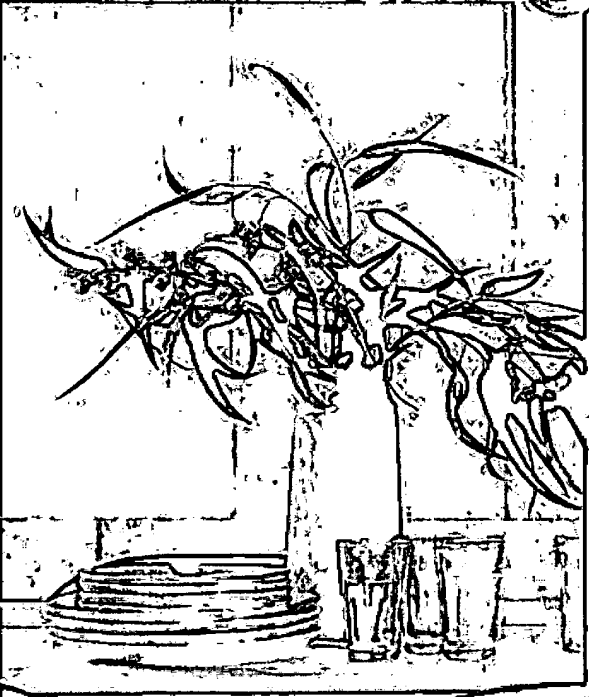
CORE PURPOSE, GOALS AND STRATEGY

The core purpose of the Group is to inspire customers through our love of tiles. This gives us a very clear focus on our chosen specialism of tiles (and closely related products) and encourages all of our colleagues to be passionate about the products we sell.

This year we announced a new goal for the business. Based on total market share (including both the domestic and commercial markets) and encompassing tiles, adhesives and grouts – which comprise a material portion of our annual sales – we estimate that our current combined market share in the UK is around 17%. Our new goal is to achieve a 20% share – accounting for £1 in every £5 spent on tiles and associated products in the UK. We believe we can achieve this target by 2025, requiring us to outperform the market by approximately 3.5% each year over the next five years.

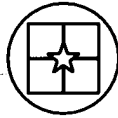
Our strategy to achieve this objective is to broaden our customer base while retaining our specialism in tiles and reputation for high-quality and innovative products. Our retail business is the clear leader in the UK. This year we have conducted a robust appraisal of a number of aspects of our retail business and identified exciting opportunities for future growth. For example, we will ensure that customers fully appreciate our value credentials, that with our market-leading product range they will always be able to find great products at great prices and truly “get the look for less”. Our entry into the Commercial tile market in 2017 was a key strategic step, allowing us to approximately double our addressable market while maintaining our specialism in tiles. Our continued progress against our Commercial ambitions is explained below.

Our Retail and Commercial businesses are both supported by our Group strategies of “Leading Product” and “Leading People”.



Revolution (Topps Tiles)

LEADING PRODUCT



Our specialism in tiles is our key source of competitive advantage. We are experts in the ranging, sourcing and procurement of tiles on a global basis and we work with carefully selected partners around the world to develop and produce differentiated products that are innovative, high quality and exclusive. We protect the intellectual property and design assets we create through partner exclusivity and design registration. Ultimately, it is this Group specialism that we leverage through our business units into both the Retail and Commercial markets.

Progress and Outlook

This year we relied on the strength of our supply chain more than ever before. During the period of peak Covid-19 disruption many of our suppliers were also experiencing disruption and we worked with them very proactively to ensure we would have continued access to product. This was further compounded by the period following lockdown when our retail business experienced an exceptionally robust recovery in demand. We believe the strength of our supply chain and strategic relationships with manufacturers have enabled us to stay ahead of our competitors in terms of product availability through this period. Our strategic supplier base accounts for 80% of our purchases (2019: 70%).

In response to the disruption caused by Covid-19 we slowed the flow of new product into our Retail business this year, delivering 32 new product ranges; approximately 35% of these were designed by us in collaboration with key supply partners. Eighty-seven per cent of our retail ranges are either own brand or exclusive to us and this forms a key aspect of our product differential. In addition, we launched a further 11 ranges under our rebranded "Get The Look For Less" initiative.



1

Matrix Bone Gloss with Sky Blue Gloss, Spring Mint Matt and Blossom Pint Matt (Topps Tiles)

This year we have also launched the second of our unique "collections" which bring a group of tiles and associated products together under one brand that we can present to our customers as a single project solution. Following the launch of Regal® in 2019, Matrix® is a portfolio of small format ceramic wall tiles in 23 colours, two sizes and two finishes with co-ordinating detailing including tile trims and grouts. The colours have been developed by Topps Tiles and are built on design trends and customer insights. The range represents a significant growth opportunity appealing equally to both domestic and commercial clients. Matrix® is advantaged in the market on design, choice, quality and stock availability compared with any of its market rivals.

In our Commercial business, we have continued to leverage the Group's scale to develop progress strategic supplier relationships, allowing us to build a portfolio of recognised brands and products appealing to the architectural and design sector, often on an exclusive basis. The Commercial business now has access to more than 8,000 products from our global supplier base. Leveraging our scale means more than two-thirds of all commercial purchases are through our strategic supplier group and provide us advantaged cost of goods. Leveraging our specialism means we have been very successful at developing bespoke projects for key clients and won sizeable developments across the residential, retail and hospitality sectors.

Technical authority is a further key aspect of differential in our market and we are leaders in this field, working closely with our strategic supplier base to set exacting standards on quality and performance. We have our own in-house technical team to meet the demands of our broader customer base and offer key technical information and on-demand support across all channels through our dedicated in-house testing facilities and quality control.

WHAT OUR CUSTOMERS SAY:

“

We just had our bathroom refitted and tiled with Mokara Grey tiles with a band of the Mokara mosaic tiles running around the walls. We like the effect so much that we have decided to use the mosaic tiles to form a splashback to the basin in our cloakroom. Really stylish and top quality.”

Mokara Linear Mix Mosaic

OUR STRATEGY

LEADING PEOPLE



The Group's success is underpinned by nationally recognised and industry-leading levels of capability and engagement of our colleagues. This ensures excellence in both service to our customers and clients, and to the support provided to store teams by our Leicester support office and field teams. This starts with our Leading People initiative, which encourages colleagues to lead the thinking, lead the pace and lead the team.

Progress and Outlook

The Covid-19 pandemic has been central to our engagement with much of our people this year, with around 90% of our colleagues being furloughed during the period of maximum disruption in the third quarter of our financial year. From early August all of our colleagues had returned to work and we stopped using the Government Job Retention Scheme. Our commitment to our colleagues and their wellbeing and engagement was reflected in being named a Top Five retailer for our handling of the crisis by employee review site Glassdoor and Retail Week magazine. This latest acknowledgment followed a previous award from Glassdoor, where we were named in the top ten Best Employers in the UK (and were the highest-listed retailer).

We have introduced a strong focus on mental health and wellbeing this year, with 24 colleagues across the country trained as Mental Health First Aiders, and 50 more volunteering to join the second phase of training. The business joined the annual "Time to Talk" day, a campaign run by Time to Change, a social movement that aims to change the way people think and act about mental health. This included encouraging colleagues to reach out to each other through whatever means they can, providing a support network where they feel people may be more vulnerable, as well as online materials to support colleagues and a telephone helpline.

Our consistently high engagement levels were evidenced in our annual colleague survey, MyVoice, which enables all colleagues across the business to have their say on their feelings about leadership, work and wellbeing. In November 2019, 70% of colleagues completed the survey, with 74% of responses strongly agreeing, or agreeing, with positive statements about the Group.

Our investment in our people continues with the development opportunities we provide. A total of 35% of vacancies across the Group are filled internally, enabling us to offer progression within the business as well as retaining the technical skills of store colleagues.

This year we introduced an apprenticeship scheme to enable us to use our contributions to the Apprenticeship Levy to develop our people and business capability.

We are working with national specialist partners to provide Level 3 to Level 6 apprenticeship qualifications which are currently developing colleagues in IT, Project Management, Finance, Payroll, HR, Business Administration, Marketing and Customer Service disciplines.

Qualifications will soon be available for store colleagues as well as a "warehouse to wheels" provision which will enable warehouse colleagues to acquire an LGV licence – providing career progression opportunities.

WHAT OUR CUSTOMERS SAY:

“

These tiles look brilliant on the wall. We used these to do 3 walls and a bath panel in our bathroom, they're good quality tiles, very easy to work with, easy to cut and stick to the walls. We used the chrome edging strips around the window area which makes them look fab. Would recommend light grey grout with these.”

Salerno Grey

CASE STUDY

A CULTURE OF CARE



Colleague wellbeing has always been a part of our People agenda at Topps Tiles, but this year we placed a particular focus on the importance of good mental health.

During the Covid-19 pandemic, despite a large percentage of the Company being furloughed through the Government Job Retention Scheme, we committed to taking part in Mental Health Week.

As a business we were already proactively encouraging colleagues to help and support each other, as well as think differently about mental health issues, but Mental Health Week clearly resonated across the Group.

HR Director Linda Sleath said: "I know that myself and other members of the Executive were encouraged by the numbers of colleagues who sent messages directly to us, or to other colleagues, telling us their stories of mental health issues, or offering support to each other even while they were furloughed from work.

"This ranged from a simple 'check-in' to ensure a colleague was OK to offering help with errands or shopping during the lockdown. It was great to see colleagues both coming together in this way, and being willing and able to talk about their worries and their mental health generally.

"We realise there is a long way to go but are committed to being as open about mental health issues as we possibly can be. They are just as important as physical health issues and deserve just the same recognition and support."

Colleagues across the Group also took part in Time to Talk Day, a national initiative run by Time to Change, a social movement which seeks to change the way people think and act around mental health issues. The event encouraged colleagues to reach out to each other through whatever means they can and provide a support network where they feel people may be more vulnerable, as well as online materials to support colleagues and a telephone helpline.

We have also successfully "graduated" our first cohort of colleagues as first aiders in mental health, with 50 more colleagues scheduled to be trained in a second cohort in early 2021. This gives those colleagues the awareness to look out for colleagues who may be having difficulties, and the skills to approach them to offer a listening ear and signpost them for additional support.

Further developments in the mental health wellbeing area have seen the launch of "Tea and Talk" on World Mental Health Day, an invitation to colleagues to get together, either personally or virtually, and have a chat about anything on their mind.

We also formally signed up to the Mental Health at Work Organisation mental health at work Employer Pledge, committing to creating a more understanding culture in the workplace around mental health problems.

OUR STRATEGY

RETAIL: TOPPS TILES



This year we have launched a new strategy in our retail business – **“Great Experience, Great Product and Great Value”**. We strive to ensure that the journey for all of our customers starts and ends with a great customer service experience – whether in-store or online, and we complement this with a range of market-leading products supported by our Leading Product initiative. Ultimately, these are combined to deliver great value to our customers.

Progress and Outlook

As part of our new strategic retail focus to deliver great value to customers and our new Group market share goal we are keen to ensure we appeal to as broad a range of customers as possible. A thorough analysis of our offer was completed during the year and identified an opportunity to increase our participation in the lower-priced “value” segment. As part of this strategy we have rebranded and relaunched the “Get The Look For Less” part of our offer as well as adding new ranges. This new branding in stores makes it easier for our customers to seek out our lower priced ranges where they wish to do so and ensures we have a relevant offer for a wider range of customers.

We have also reviewed our range of tile accessory items such as adhesives and grouts and ensured that we are offering our retail customers strong value in these areas. This has resulted in some price reductions and hence investment of gross margin. Sales have responded positively and this initiative has been profit enhancing.

Our digital operations remains a vital part of our overall offer and for many customers our website is the first step on their journey with us. We relaunched our website at the start of this year – this included an all-new design but also a modern platform with greater flexibility and resilience. This served us particularly well during the peak of the Covid-19 disruption. During the period when our retail stores were closed, our website sales trebled and this provided a vital inflow of cash to the business, and allowed us to continue to service some of our customers’ needs. Subsequently, with the reopening of our stores, online sales have decreased but remain above the prior year level. We are very focused on offering our customers a true omni-channel experience and our new website has now made this possible – customers can choose which channel they utilise during their journey, and can change seamlessly between them as they wish.

Almost all of our customers will use our website at some stage, but 90% of our customers will also visit one of our stores.

We have continued to progress our social media activities this year across Instagram, Pinterest and Facebook. We now have 50,000 followers on Instagram, an increase of 44% on the prior year. Engagement on our Facebook retail page has increased by 82% this year, and on Pinterest we have an audience of around 850,000 with impressions double the prior year.





Our colleagues offer our customers a world-class experience within store. The majority of our customers shop infrequently for tiles which means that when they do, they need advice and expertise. Our customer satisfaction scores are very important to us in delivering our strategy and this year we have achieved an overall satisfaction rating of 89% (2019: 86%). This means that 89% of customers who filled in a survey rated us as five out of five – an outstanding performance.

The size of our store portfolio is also a key source of competitive advantage as this makes us very convenient for the majority of the UK population. Over recent years we have identified opportunities to reduce the size of our portfolio without significantly reducing convenience for our customers. This helps us to continue to respond to our customers' changing needs, develop a true omni-channel business and also to drive improvements in return on capital employed. At the period end we had 342 stores (2019: 362 stores), having closed 24 stores during the period and opened 4.

We anticipate that there will be further opportunities for modest reductions in the store portfolio and recognise that this approach requires flexibility in our leased portfolio. The average unexpired lease term to the next break opportunity is 3.3 years (2019: 3.8 years); removing stores which are strategically important (where we have proactively taken longer terms to secure our tenure) from that calculation the average unexpired lease term to break falls to 3.2 years (2019: 3.1 years).

Our customer base splits into two distinct but related groups – professional fitters (trade) and homeowners (retail). The two groups are related in that trade provides a vital link to homeowners who prefer to transact through their fitter rather than with us direct. This year we have seen increased demand from our retail customers, especially in the period following the initial Covid-19 lockdown. We attribute this to homeowners having more time to invest in DIY and also concerns about tradespeople entering their homes during the pandemic. It is too early to say to what extent this shift is temporary or structural but the business is equally well positioned to provide for either customer group.

Our trade customer base represents 55% of our total sales (2019: 56%), and includes 97,000 (2019: 90,000) registered traders who also participate in our market leading trade loyalty scheme.

WHAT OUR CUSTOMERS SAY:

“

The Catania blue looked great on the website and it's even better in the flesh. The tiler was impressed as they cut easily and cleanly. Lovely deep blue colour with dark grey tones. Would recommend. Delivery was on time with no breakages. Overall very pleased.”

Catania Blue

OUR STRATEGY

COMMERCIAL: PARKSIDE & STRATA



The commercial tile market represents around 45% of the overall UK tile market, and with our entry into this market in 2017 we approximately doubled the size of our addressable market while maintaining our specialism in tiles and related products. Our entry started with the acquisition of the Parkside business in September 2017 and in April 2019 we purchased the Strata business which was complementary to Parkside. Our strategy of “Disrupt and Construct” means that we plan to “disrupt” the existing highly fragmented competitive landscape and, put in place the building blocks to “construct” a new market leader. Our tile expertise, relationships, size and scale as a Group is central to this plan – giving us the resources to recruit a talented sales team, invest in market leading pricing and access the broadest range of products, often on an exclusive basis.

Progress and Outlook

The first half of the 2020 financial year was a positive period for our Commercial business with sales growing above £4.5 million in the first six months and increasing by 246% year-on-year (including the benefit from acquiring Strata in the prior year) as we successfully executed our strategy. The disruption generated from Covid-19 has been significant in the commercial market and we have seen fewer projects commencing and delays to existing projects. The impact of this was to reduce sales by 18% year on year across the second half. Our buying power and technical expertise in tiles gives us the flexibility to focus on commercial sectors and sub-sectors less affected by Covid-19. Even within hospitality and leisure, areas highly impacted, activity remains and our broad client base and flexibility of supply means we are well placed to service this demand.

Overall sales for the full year were £7.5 million, an increase of 53% (including the benefit from acquiring Strata in the prior year). Trading losses across the year improved slightly to £1.9 million (2019: £2.0 million), excluding £0.3 million (2019: £0.3 million) arising on the amortisation of intangible assets and provision for redemption of non-controlling interest. Our stated desire to move our Commercial business to breakeven has been delayed due to the Covid-19 disruption and a further loss is expected in the year ahead. As covered in the Financial Review, the Board has conducted an impairment review of the goodwill, intangible assets and property, plant and equipment held within the Commercial business. The Board reviewed a range of scenarios but, taking a prudent view and recognising the risk of a slower growth profile following the impact of Covid on sectors that the Parkside and Strata sales teams serve, the Board has decided to impair these assets to a carrying value of zero. The impact on loss before tax of this impairment was £5.6 million.

Notable projects we delivered this year include supplying the tiles for over 11 hotel projects including the Hilton, Hyatt, Marriott and Grosvenor hotel groups. We continue to supply major UK retailers and 2020 has included some exciting work with Harrods that will continue into the new year. We have worked closely with residential building development partners to deliver unique tile designs including the Silk District Whitechapel development where we supplied bespoke tiles for 700 apartments.

Digital interaction is critical to success in the commercial market – with the key customer groups of architects and designers needing to access services digitally. This year we again strengthened our digital offer by launching video consultations, a five-minute sample selector tool, 360 degree studio tours, and an online colour design lab.

Engagement with our partners and clients has risen significantly through the Parkside and Strata websites and social media. We attended over 30 sales events in FY20 and built project pipelines that have more than doubled year-on-year. The commercial sector is a relationship business and our sales team of 25 people is key to this success.

During the year we integrated the Strata sales support operation into our Parkside business and exited the Strata offices and warehouse in Guildford. Both businesses now operate on the same new systems platform and are supported from our central team in Leicester, as part of the “construct” side of the strategic plan. This will ensure that our commercial operations are more efficient and future-proof, and also helps reduce our cost base significantly.

Our Commercial business remains a key element of our Group strategy and we remain confident in our ability to build a market leading profitable business over the medium term.

WHAT OUR CUSTOMERS SAY:

“TOPPS TILE'S SERVICE IS EXCEPTIONAL. THEY ARE VERY FRIENDLY AND KNOW THE PRODUCTS, THEY ARE ABLE TO COME UP WITH SUITABLE SOLUTIONS IF WE HAVE ANY ISSUES. AND THEY ARE QUICK TO REPLY TO ANY QUERIES AND REQUESTS!”

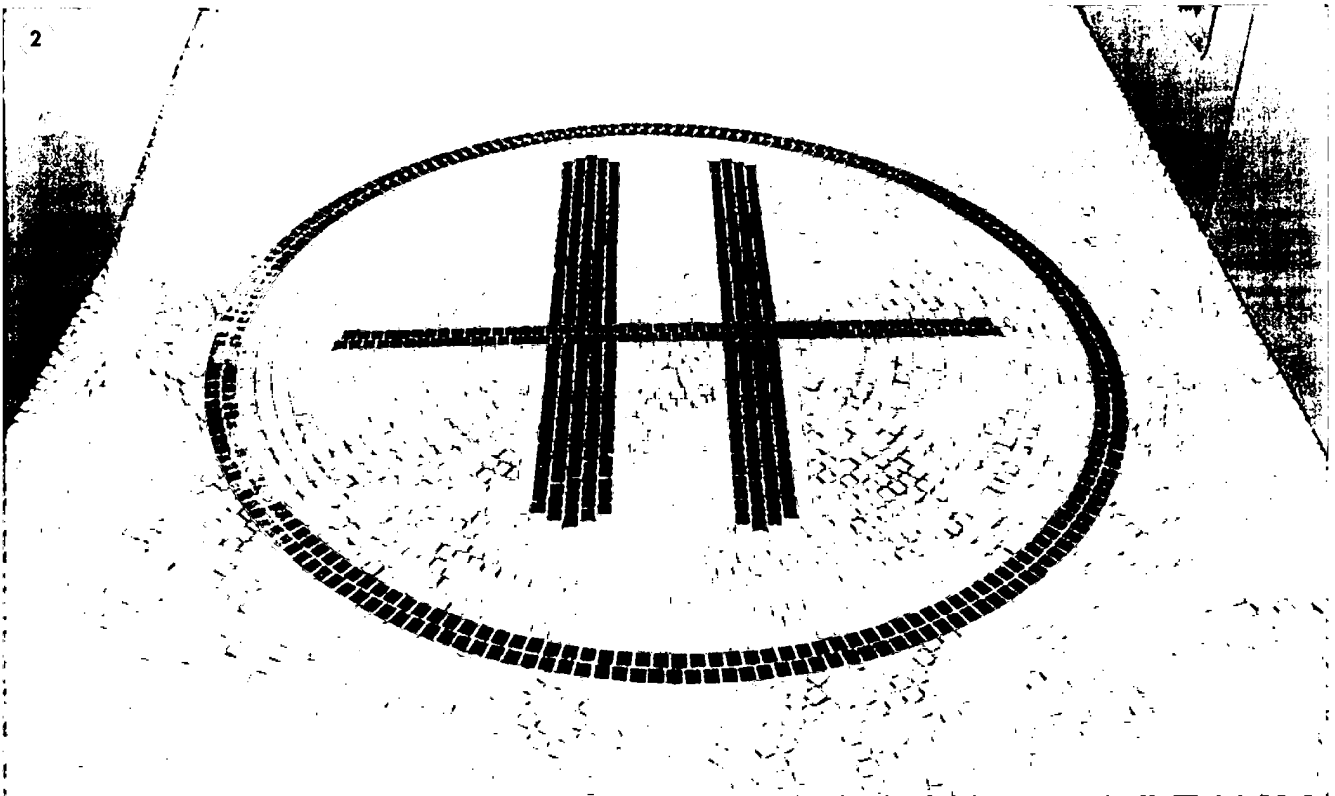
“

It's a good service which is very friendly. They know the products, they are able to come up with suitable solutions if we have any issues. And they are quick to reply to any queries and requests!”

Commercial client




1
Burger King, Chelmsford, by Brown Studio (Parkside) ©Adam Parker



2
Harrods by FMA (Strata Tiles)

KEY PERFORMANCE INDICATORS

FINANCIAL KPIS		
<p>Group Revenue Growth Year-on-Year</p>	<p>Retail Like-for-Like Sales Growth Year-on-Year*</p>	<p>Group Gross Margin</p>
<p>(12.0)%</p>	<p>(12.5)%</p>	<p>58.5%</p>
<p>2019: +1.1% YoY: n/a</p>	<p>2019: +0.6% YoY: n/a</p>	<p>2019: 61.6% YoY: (3.1)ppts</p>
<p>How We Calculate This Total Group revenues.</p>	<p>How We Calculate This Sales from retail online and retail stores that have been trading for more than 52 weeks.</p>	<p>How We Calculate This Group gross profit divided by Group revenue.</p>
<p>Adjusted Profit Before Tax*</p>	<p>Adjusted Earnings Per Share*</p>	<p>Adjusted Net Cash/ Net (Debt)*</p>
<p>£3.6m</p>	<p>1.57p</p>	<p>£26.0m</p>
<p>2019: £16.0m YoY: (77.5)%</p>	<p>2019: 6.61p YoY: (76.2)%</p>	<p>2019: £(11.3)m YoY: +£37.3m</p>
<p>How We Calculate This Group profit before tax, excluding items which are either one-off in nature or fluctuate significantly from year to year.</p>	<p>How We Calculate This Group earnings per share, adjusted for items which are either one-off in nature or fluctuate significantly from year to year, including the impact of corporation tax.</p>	<p>How We Calculate This Cash and cash equivalents less bank loans, before unamortised issue costs. It excludes lease liabilities under IFRS 16.</p>
<p>Inventory Days</p>		
<p>134 2019: 134 YoY: nil</p>		
<p>How We Calculate This Inventory value divided by cost of sales multiplied by 365 days.</p>		
<p>* As defined on page 4</p>		
<p>1 Everscape Walnut Wood (Topps Tiles)</p>		

NON-FINANCIAL KPIS

Customer Overall Satisfaction Score

88.5%

2019: 86.0% YoY: +2.5ppts

How We Calculate This

Calculated from responses we receive through our TileTalk customer feedback programme in Retail (see note 1).

Colleague Turnover

28.8%

2019: 36.8% YoY: +8.0ppts

How We Calculate This

Total number of leavers in a period divided by average number of employees in a period, multiplied by 100.

Notes

1. Customer overall satisfaction scores are calculated from the responses we receive through our TileTalk customer feedback programme. Overall satisfaction (OSAT) is the percentage of Retail customers that score us 5 in the scale of 1-5, where 1 is highly dissatisfied, and 5 is highly satisfied.
2. Energy carbon emissions have been compiled in conjunction with our electricity and gas suppliers. This is based on the actual energy consumed multiplied by Environment Agency approved emissions factors. Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer quoted emission statistics.

Carbon Emissions Per Store (tonnes per annum)

24.7

2019: 32.0 YoY: (22.8)%

How We Calculate This

Actual electricity and gas consumed (see note 2).

Number of Retail Stores at Year End

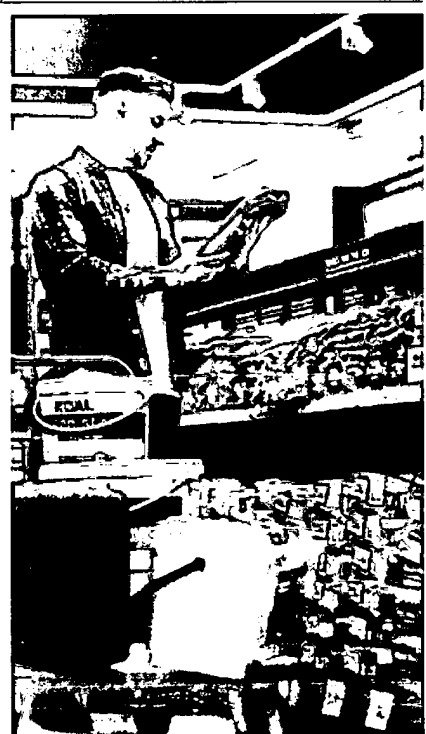
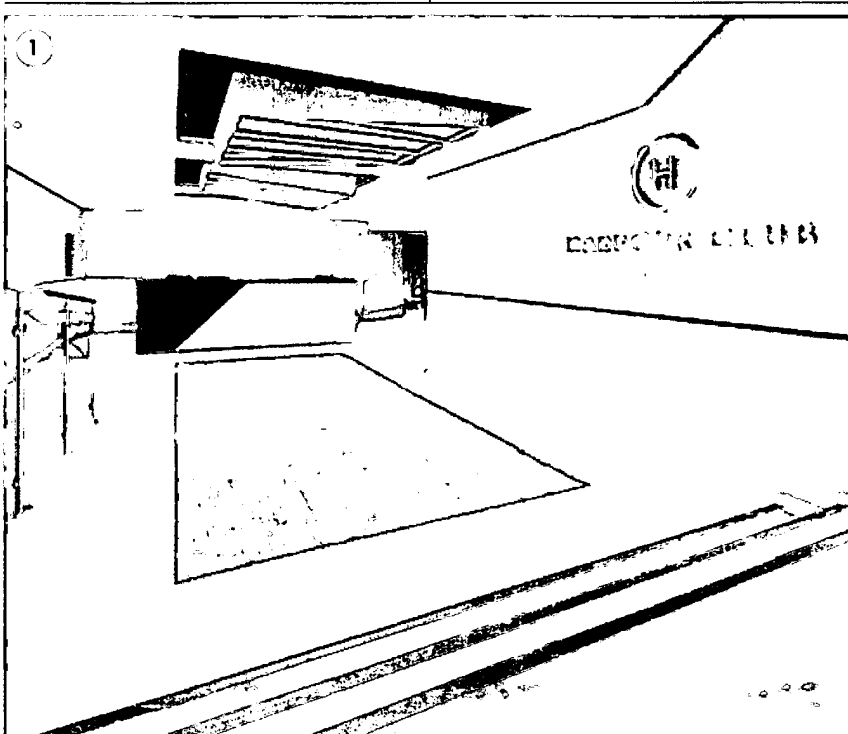
342

2019: 362 YoY: (20)

How We Calculate This

Number of retail stores open as at 26 September 2020.

1
Harbour Club, Chelsea, by Hadfield Cawkwell Davidson (Parkside)
©Leon Hargreaves



FINANCIAL REVIEW

SOLID PLATFORM FOR GROWTH



Financial Objectives

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

- Primary focus on increasing revenues and cash generation, maintaining cost disciplines and optimising gross margins.
- Capital structure – the Board is focused on having a strong balance sheet that can also provide the business with financial flexibility. The business has moved to an adjusted net cash position during the year and remains strongly cash generative.
- Maximising earnings per share and shareholder returns. No final dividend has been proposed this financial year in light of the challenges faced this year. However, the Board is keen to reinstate the dividend policy of remitting approximately half of the adjusted earnings per share back to Shareholders as soon as is appropriate. This should be possible in the new financial year, subject to delivering a positive adjusted EPS.

Adjusted Measures

The Group's management uses adjusted performance measures to plan for, control and assess the performance of the Group.

Adjusted profit before tax differs from the statutory profit before tax as it excludes the effect of one-off or fluctuating items, allowing stakeholders to understand results across years in a more consistent manner. It also excludes the impact of IFRS 16 to enable a more meaningful comparison with the prior year.

For the current year the following items have been excluded:

- Gains from the sale of freehold properties (pre IFRS 16) of £3.0 million (2019: £nil).
- Losses related to movement in property-related provisions (including onerous lease movements and provision against fixed assets in loss making stores) of £1.6 million (2019: losses of £1.8 million).
- Vacant property costs of £1.5 million (2019: £1.1 million) for stores closed as part of a portfolio optimisation programme.
- Impairment of Commercial goodwill, intangibles and property, plant and equipment under IAS 36, of £5.6 million (2019: £nil), based on a prudent view of the commercial markets following Covid-19.
- One-off costs relating to business reorganisation (across store operations, central functions and the integration of Strata back office support) of £0.5 million (2019: £nil).

- IFRS 16 related adjustments of £7.2 million (2019: £nil), of which £2.9 million relates to a one-off adjustment connected to the sale and leaseback of freehold properties (see gains note above), £4.7 million relating to one-off changes including impairment of closure programme stores and £0.4 million gain relating to ongoing differences to the P&L following the adoption of IFRS 16.

In the prior year we adjusted for a gain relating to repayment of historical import duty from HMRC of £2.3 million, losses from a write-off of goodwill relating to a historical acquisition (Surface Coatings Ltd) £0.2 million; losses related to the Commercial business and the purchase of Strata of £2.7 million and, as described above, losses related to movement in property-related provisions of £1.8 million and vacant property costs of £1.1 million.

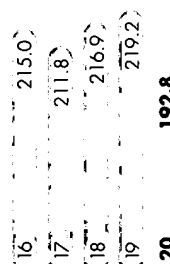
All of the FY20 adjustments, other than the costs relating to the business reorganisation and some of the vacant property costs, were non-cash.

STATEMENT OF FINANCIAL PERFORMANCE

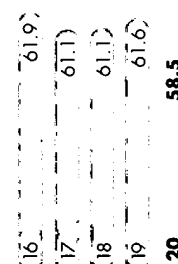
Revenue

Total revenue for the period ended 26 September 2020 decreased by 12.0% to £192.8 million (2019: £219.2 million). Revenue was materially impacted by temporary store closures in the third quarter as part of our response to the Covid-19 pandemic. In addition, there was a net closure of 20 stores in the year. Retail like-for-like store sales were 12.5% lower than the prior year, which consisted of a 6.1% decrease in the first half of the financial period and a 18.8% decrease in the second half. Retail like-for-like sales in the final quarter increased 16.5% on the prior year.

Group Revenue (£m)
Year-on-Year: **(12.0)%**



Gross Margin (%)
Year-on-Year: **(3.1)ppts**





Our market-leading retail offer and rapidly growing commercial operations give us a solid platform from which to deliver sustainable growth.”

Stephen Hopson
Chief Financial Officer

Gross Margin

Total gross margin was 58.5%, a decrease from 61.0% in the prior year; 0.3 ppts of the margin decline was due to the changing sales mix between Retail and Commercial, with the balance due to lower margins in Retail.

Gross margin in the retail business decreased from 62.0% in the prior year to 59.2% in the current year, a 2.8 ppt decline. This was driven by an increased focus on pricing competitiveness and changes in product mix (1.0 ppt impact), as well as direct delivery costs, especially web sales delivered direct to our customers during lockdown (0.4 ppts impact) and a higher expense relating to inventory write offs and a higher inventory obsolescence provision (1.4 ppts). The impact of foreign exchange on cost of goods sold this year was immaterial.

For the year ahead, we anticipate that gross margin will be between 59% and 60%.

Operating Expenses

Operating expenses were £118.8 million compared to £121.6 million in FY19; however, the year-on-year change is distorted as a result of the adoption of IFRS 16 and impairment of Commercial assets. On an adjusted basis, operating expenses reduced from £116.1 million to £108.4 million. Commercial operating expenses were included within adjusted items for the first time, increasing adjusted costs by £5.0 million when compared to FY19. In addition, within the year the Group benefited from £10.7 million of Government support (see breakdown below). To provide a more meaningful year-on-year movement, excluding Government support as well as Commercial operating expenses, adjusted operating costs would have been £114.1 million, a decrease of 1.7% on the prior year.

Profit Before Tax

The loss before tax was £9.8 million (2019: £12.5 million profit). Excluding the adjusting items detailed above, profit before tax was £3.6 million (2019: £16.0 million). The Group adjusted profit before tax margin was 1.9% (2019: 7.5%).

Financing

Interest on bank loans and overdrafts, net of bank interest receivable, was £0.8 million (2019: £0.9 million). During the period of national lockdown, the Group drew down the full £39 million available on the revolving credit facility and took additional facilities of £10 million (as part of the CLBLS Government-backed scheme). Following the sale of the Grove Park freehold assets for £18.1 million and very strong focus on liquidity the Group has ended the year in an adjusted net cash position, excluding lease liabilities under IFRS 16. Net interest cover (calculated as adjusted EBITDA divided by net interest on bank loans, overdrafts and deposits) was 15.7 times (2019: 28.2 times). IFRS 16 has had the impact of increasing finance costs by £3.0 million, resulting in total net finance costs of £3.8 million (2019: £0.9 million as reported under IAS 17).

For the year ahead we expect the adjusted operating costs excluding IFRS 16 for the business to be between £115 million and £116 million, subject to the level of trading performance.

- The movement in adjusted operating costs is explained by the following key items:
- Government support of £10.7 million – Job Retention scheme £5.3 million, Rates holiday £4.7 million and local authority Covid-19 grants of £0.7 million.
 - Commercial operating costs of £5.0 million were included in adjusted operating costs for the first time.
 - The average number of UK stores trading during the financial period was 357 (2019: 366), a 2.5% reduction, which resulted in approximately £1.8 million less cost.
 - Inflation at an average of approximately 2.0% increased our cost base by around £2.3 million (excluding regulatory impacts).
 - Regulatory cost increases from the National Living Wage, accounted for £0.6 million of additional costs.
 - Colleagues have been allowed to roll over unused holiday from FY19 into FY20 due to the Covid-19 pandemic, resulting in an additional holiday pay accrual at year end of £1.9 million.
 - Employee profit share costs decreased by £1.5 million, with lower level of financial performance compared to plan.
 - Other savings of £3.5 million across the business including £1.7 million of savings specifically relating to the national lockdown (employment and property costs) and £1.8 million of other savings across other areas including supply chain and marketing.

FINANCIAL REVIEW

Tax

The effective rate of corporation tax for the period was 18.4% (on a post IFRS 16 basis) (2019: 19.2%).

Earnings Per Share

Basic earnings per share were (4.11) pence (post IFRS 16). Basic earnings per share on a pre IFRS 16 basis were (0.86) pence (2019: 5.18 pence).

Diluted earnings per share were (4.11) pence (post IFRS 16). Diluted earnings per share on a pre IFRS 16 basis were (0.86) pence (2019: 5.14 pence).

Excluding the adjusting items, adjusted earnings per share were 1.57 pence (2019: 6.61 pence) – both calculated excluding the impact of IFRS 16.

Dividend and Dividend Policy

No final dividend has been proposed in light of the challenges faced this year and the importance of conserving cash, as indicated in the Interim Results (2019: full year dividend 3.4 pence per share).

However, the Board is keen to reinstate the dividend policy of remitting approximately half of the adjusted earnings per share back to Shareholders as soon as is appropriate. This should be possible in the new financial year, subject to delivering a positive adjusted EPS.

STATEMENT OF FINANCIAL POSITION

Capital Expenditure

Excluding freehold and long leasehold acquisition, capital expenditure in the period amounted to £4.4 million (2019: £7.6 million), a decrease of 42% year on year.

Key investments are as follows:

- New retail stores £1.3 million – four new openings (including three relocations) (2019: £2.7 million)
- All-store improvement programme £0.2 million (2019: £1.8 million)
- LED store improvement programme £0.6 million (2019: nil)
- Central office refurbishment £1.3 million (2019: £0.7 million)
- Group IT developments £0.3 million (2019: £0.7 million)
- Commercial showrooms £nil (2019: £0.6 million)
- Other expenditure £0.7 million (2019: £1.1 million)

In addition, we purchased two freehold properties as described in the Acquisitions and Disposals section below for £2.3 million (2019: £0.2 million).

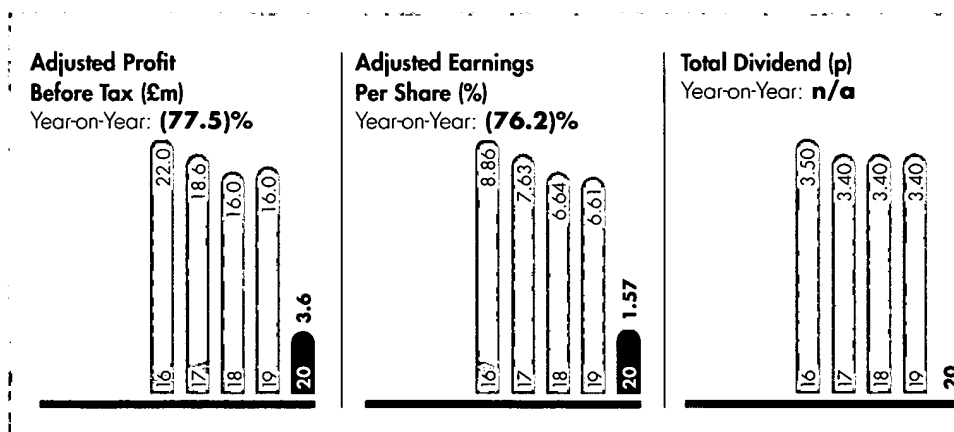
The Board expects capital expenditure in the year ahead to be between £5 million and £6 million which will cover our core investment plans, including investment of over £1.3 million in a programme to retrofit LED lighting into a further 100 stores which will deliver a significant saving in energy and carbon emissions.

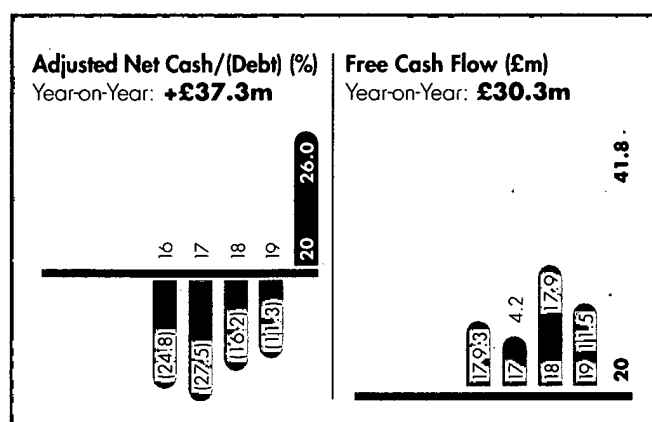
Any strategic acquisitions that the Group may consider as part of its growth plans in the commercial tile market would be additional to this guidance.

Acquisitions and Disposals

During the year we entered into a sale and leaseback arrangement for our head office and central warehouse buildings for a price of £18.1 million before costs (£17.9 million net of costs). Following completion, we entered into leases for a combined annual rent of £1.2 million over a 20-year period.

As a result of this transaction, £13.7 million of non-current assets were derecognised and a right-of-use asset of £10.5 million and a lease liability of £12.7 million were booked.





We also disposed of our only investment property, an office building, for a consideration of £0.8 million. During the year we purchased the freehold interest in two store properties for £2.3 million to allow the Group to restructure the lease payments. These assets were subsequently reclassified as assets held for sale and, after year end, we entered into sale and leaseback agreements on both sites.

At the period end the Group held five freehold or long leasehold sites, with a total carrying value of £3.1 million (2019: six freehold or long leasehold sites valued at £13.8 million). The carrying value is based on the historic purchase cost and capital expenditure less accumulated depreciation and, in the case of the investment property held at the last year end, at fair value.

Impairment of Commercial Assets

Following a review of indicators of impairment under IAS 36, the Board reviewed the recoverable amounts of the goodwill, intangible assets and plant, property and equipment relating to our Commercial business. Specifically, this is in relation to the acquisition of Parkside Ceramics Limited in 2017 and Strata Tiles Limited in 2019, and subsequent capital expenditure relating to these businesses. The Board reviewed a range of scenarios but, taking a prudent view and recognising the risk of a slower growth profile following the impact of Covid-19 on sectors that the Parkside and Strata businesses serve, the Board has decided to impair these assets to a carrying value of zero. The impact on loss before tax of this impairment was £5.6 million.

Inventory

Inventory at the period end was £29.3 million (2019: £30.9 million) representing 134 days turnover (2019: 134 days turnover). The September 2020 year end stock balance does not include any additional stock for future potential import delays in advance of the Brexit deadline (2019: £1.1 million was held in advance of the 31 October 2019 Brexit deadline).

Cash flow

On a statutory basis, net cash from operating activities was £51.0 million, compared to £21.9 million in the prior year period. A significant factor in this change was the adoption of IFRS 16 which replaces lease payments (recorded within operating activities) with a payment of interest (recorded within operating activities) and capital (recorded within financing activities) relating to the lease liability. See the section on IFRS 16 below for more details. To support comparability with prior years, an analysis of free cash flow is presented below which excludes the impact of IFRS 16.

Free cash flow was £41.8 million (2019: £11.5 million), an increase of £30.3 million year-on-year, analysed in the table below.

	2020 £m	2019 £m
Cash generated by operations before working capital movements	10.4	21.6
Changes in working capital	21.5	4.6
Interest	(0.9)	(0.9)
Tax	(1.0)	(3.4)
	30.0	29.0
Capital expenditure excluding freeholds	(4.4)	(7.6)
Freehold acquisitions	(2.3)	(0.2)
Disposals	18.5	(2.6)
Free cash flow	41.8	11.5
Dividends	(4.5)	(6.6)
Change in adjusted net cash (debt)	37.3	4.9
Adjusted net cash/(debt) at end of period	26.0	(11.3)

The working capital inflow was driven by a variety of factors, including the deferral of VAT from the second calendar quarter of 2020 (£6.0 million) as part of the Government's Covid-19 support package which is expected to be repaid from the start of the next tax year, a lower closing inventory (£1.6 million), a holiday pay accrual at year end (£1.9 million) and higher payables at year end due to strong trading in the last quarter (c. £8.0 million) as well as changes in other debtor and creditor balances.

Cash and cash equivalents at the period end were £31.0 million (2019: £18.7 million) with borrowings of £5.0 million (2019: £30.0 million).

FINANCIAL REVIEW

Banking Facilities

The Group has a £39.0 million revolving credit facility in place which is committed to July 2022 (2019: £39.0 million). At the year end, none of this was drawn (2019: £30.0 million was drawn). In addition, the Group has a further £10.0 million of credit facilities through the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). At the year end, £5.0 million of this was drawn. At the end of the year, the Group had £44.0 million of undrawn committed banking facilities.

IFRS 16 "Leases"

The Group has applied IFRS 16 "Leases" at 29 September 2019 (date of initial application), using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

Accounting under IFRS 16

IFRS 16 applies a single "on balance sheet" approach to lease accounting. Under IFRS 16, leases are accounted for as follows:

- A right-of-use asset is recognised which represents the lessee's contractual right to use the lease asset over the lease term. The right-of-use asset is depreciated on a straight-line basis over the lease term.
- A lease liability is recognised which reflects the lessee's obligation to make payments under the lease term. The lease liability is held at amortised cost, with an associated interest charge. This results in a higher interest expense in the earlier years of the lease term.

IFRS 16 results in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases. However, the total expense over the life of the lease will be identical under IFRS 16 and IAS 17. IFRS 16 has no economic impact and does not impact the cash flows of the Group.

Statement of Financial Performance Impact

The impact of the implementation of IFRS 16 on the Statement of Financial Performance is as follows:

52 weeks ended 26 September 2020

	Pre IFRS 16 £m	Impact of IFRS 16 £m	Statutory results under IFRS 16 £m
Group revenue	192.8	–	192.8
Cost of sales	(80.0)	–	(80.0)
Gross profit	112.8	–	112.8
Operating costs	(114.6)	(4.2)	(118.8)
Group operating loss	(1.8)	(4.2)	(6.0)
Net finance costs	(0.8)	(3.0)	(3.8)
Loss before taxation	(2.6)	(7.2)	(9.8)

Statement of Financial Position Impact

On transition of IFRS 16 on 29 September 2019, the Group recognised additional right-of-use assets of £117.7 million, sub-lease assets of £3.5 million, lease liabilities of £128.2 million and deferred tax assets of £0.7 million, as well as a reduction in prepayments, provisions and liabilities. As a result, a transitional adjustment of £3.6 million decreased the opening balance of retained earnings.

As at 26 September 2020, adjusted net cash on a pre-IFRS 16 basis was £26.0 million. This becomes net debt of £98.1 million under IFRS 16 due to the recognition of the lease liabilities which are now on balance sheet.

Our banking covenants are based on a frozen-GAAP basis and therefore the application of IFRS 16 has no impact.

Cash Flow Statement Impact

IFRS 16 does not impact the total cash flow during the period. However, under IAS 17 the rental payments were included within operating activities, whereas under IFRS 16 these are treated as financing activities. The £nil impact on the cash flow is shown in the table below:

52 weeks ended 26 September 2020

	Pre IFRS 16 £m	Impact of IFRS 16 £m	Statutory results under IFRS 16 £m
Net cash from operating activities	30.0	21.0	51.0
Net cash from investing activities	11.8	0.4	12.2
Net cash used in financing activities	(29.5)	(21.4)	(50.9)
Cash flow	12.3	–	12.3

Brexit

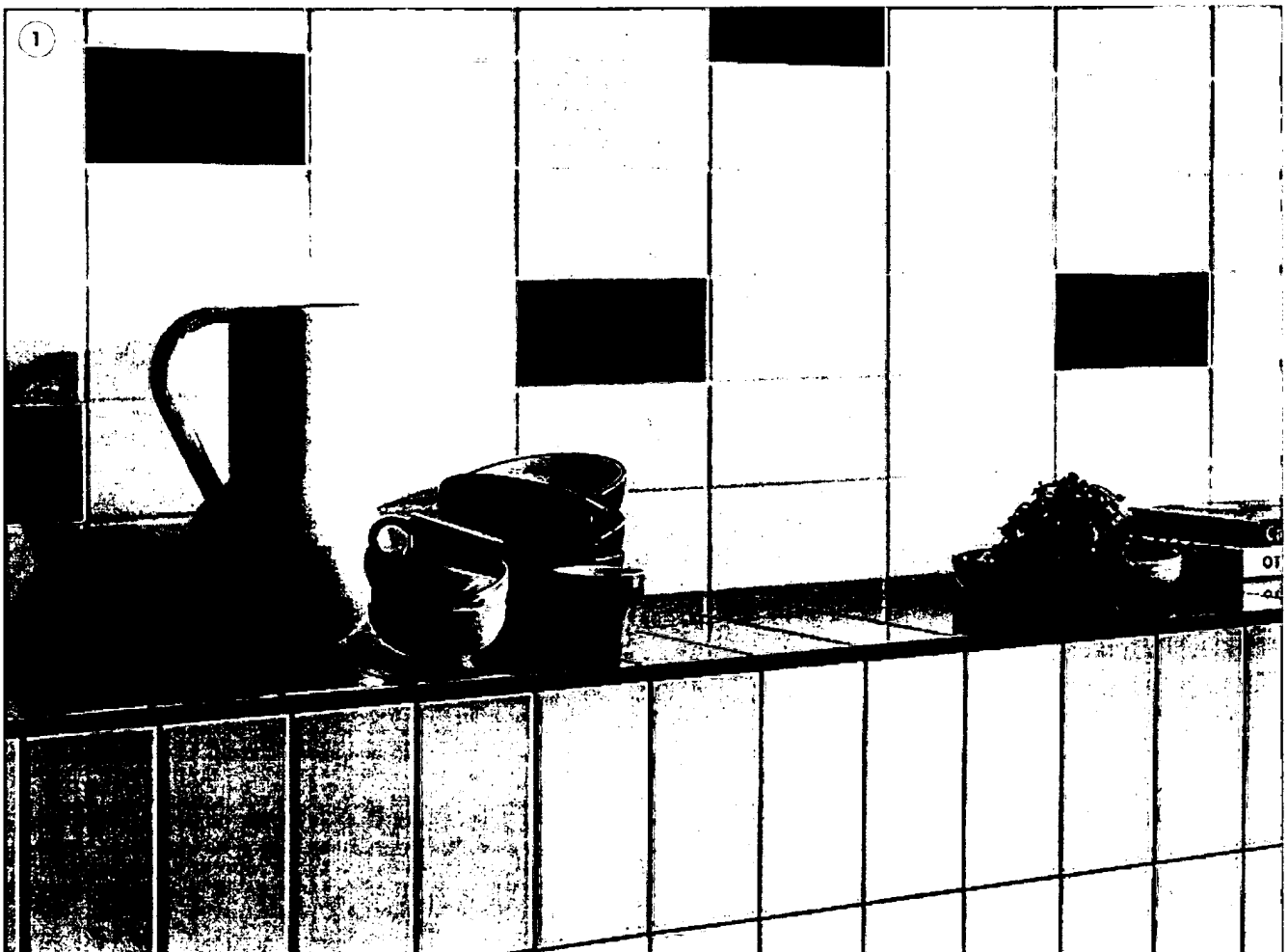
Throughout the year, the Board monitored developments and received regular reports on progress from the Group's Brexit Working Group as we prepared for the end of the transition period, following the UK's exit from the European Union. We have implemented the operational changes needed to manage new employment practices and further border formalities and customs procedures for imported products. Robust plans have been put in place to flex delivery schedules to ensure continuity of supply should there be an initial period of disruption at ports of entry. We have also invested in additional short-term stock-holding and warehousing facilities to mitigate any near-term disruption. In addition, the end of the transition period may see the imposition of tariffs on products imported from the EU. With its geographically diverse supplier base and buying power, the Group is well-positioned relative to competitors to mitigate the impact on product costs, prices and margins.

Current Trading and Market Conditions for the Year Ahead

In the first eight weeks of the new financial year, retail trading conditions have remained encouraging against a backdrop of customers diverting discretionary spend away from holidays and other leisure activities into home improvement projects.

Against this backdrop retail like-for-like sales have increased by 19.6%. While we expect external events to continue to support investment in the home in the short term, it is very difficult to predict medium and longer-term trends; we remain confident that our market-leading Retail offer and Commercial growth strategy, along with our supply chain and balance sheet strength, give us a solid platform from which to deliver sustainable long-term growth.

Stephen Hopson
Chief Financial Officer

1

Matrix White Gloss, with Mustard, Red, Orange, Blue Gloss (Topps Tiles)

RISKS AND UNCERTAINTIES

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

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

Risks	Impact	Mitigation	Status
GENERAL ECONOMIC AND CONSUMER CONFIDENCE			
The general economic climate and specifically consumer confidence are important to Topps Tiles and events that may affect these factors present a financial risk to the business.	Consumers need to feel confident to invest money into their homes and there are some material uncertainties in the outlook – including the Covid-19 pandemic, Brexit and the potential of a future recession. This uncertain picture can provide both potential upsides as well as downside risk, creating significant uncertainty over the short to medium term on business performance.	The business is in a strong position to face these uncertainties. A material improvement in liquidity during the period leaves the Group in a net cash position for the first time since 2006, providing a strong financial foundation, which combined with tight control of costs will allow the Group to be more able to withstand short-term trading pressures. We remain confident that we can take market share from competitors in difficult trading conditions and longer term we consider that both the Domestic and Commercial tile markets remain attractive and that there would be significant upside from a sustained economic recovery. Macroeconomic indicators are reviewed as part of the monthly Board pack. Early signs of adverse trends would be responded to with revised business plans.	↑
COVID-19 – SECOND WAVE			
Ability to navigate a second Covid lockdown, including the ability to continue to run warehouse and distribution operations where store operations are restricted and we rely more heavily on web-based transactions.	The business has demonstrated its ability to navigate regional lockdowns, with Retail stores trading in line with Government guidance and our upgraded website providing an additional sales channel for our customers. The key risk to the business is from a closure of our central warehouse facilities.	The majority of office colleagues are now homeworking but the business remains dependent on operating the central warehouse and distribution facilities. In the event of a loss of the warehouse due to a Covid-19 outbreak we have contingency warehousing facilities available and could divert inbound stock from the port. This would require a change to delivering whole pallets to store and hence a reduced range for replenishment (estimate top-30 selling lines) but this would protect a significant proportion of sales until the warehouse was reopened.	N

Key:

- ↑ Risk has increased
- ↓ Risk has decreased
- ↔ No change
- N New risk

Risks Impact Mitigation Status

CORPORATE REPUTATION – SUSTAINABILITY

In line with all product supply businesses we have a focus on sustainability. Relevant aspects for our business are supplier energy use, transport into and within the UK, recyclable product content and product disposal/recycling.

Consumers need to feel confident that the Group takes sustainability seriously and is doing all it can to minimise the impact on the environment for future generations.

The Group takes sustainability seriously and has an Executive member responsible for driving activity, including creating a Sustainability Council to co-ordinate activity. We are currently installing energy efficient LED lighting across the store estate and are working with university research students to build a broader knowledge of the many facets of sustainability in our industry.



DELIVERY OPTIMISATION

We need compelling and commercially viable delivery propositions which meet the needs of all our customer groups.

A failure to offer a reliable delivery service to retail, trade and commercial customers could have a negative effect on both reputation and future sales.

Supply Chain Excellence is a new strategic initiative, with the aim of achieving best in class delivery in our sector. Ongoing reviews with our third-party direct delivery partners to ensure we offer the optimum service to all our customer groups.



STORE PORTFOLIO

Optimum property strategy for the UK market along with the risk of losing key performing stores which contribute a material amount of Group earnings.

Over expansion of the store estate leading to reduced levels of profitability.

We have recently completed a detailed review of our estate looking at drive times, closure rationale, closure transfer rates, profit contribution and competitor store loss of a multiple number of top performing stores or stores in the wrong areas could cause a material impact on the Company's profitability.

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LOSS OF KEY PERSONNEL

The exit of individuals key to delivery of our strategic agenda.

The failure to retain key individuals could impact on the ability of the business to deliver its objectives.

Continue to motivate and focus on engagement of the senior management team.



RISKS AND UNCERTAINTIES

Risks	Impact	Mitigation	Status
CYBER SECURITY			
The business suffers a breach of its IT systems security leading to either a loss of capability or a loss of customer and/or commercial data.	<p>A temporary loss of systems would be likely to result in an operational impact which would adversely affect sales and ultimately profits.</p> <p>The loss of commercial or customer data could result in reputational damage to the Company and/or fines.</p>	The Company uses modern systems and the latest network and security protocols to protect against attack or breaches of security. A disaster recovery server provision is in place and the majority of our servers now operate on virtualised technology. Access rights only allow colleagues access to data that they need. Two strategic cyber security partners are in place, both providing updates of current cyber threats. Virus outbreak response plans are in place.	↔
APPROPRIATE CUSTOMER OFFER			
The Group seeks to maximise profitability by ensuring it has a customer offer which has a broad appeal to a wide range of customers.	The risk of not having the optimum customer offer and the business losing competitiveness with performance declining over time due to either product, price or people.	The business routinely reviews its competitive position and performance against peers to the extent possible. We conduct an annual strategy review which allows for a more thorough analysis of longer-term indicators.	N
VALUE EROSION THROUGH M&A			
M&A activity that does not deliver to expectation.	The risk that M&A destroys Shareholder value rather than creates it. This could be either from not delivering the expected benefits or from distraction from the core business which leads to a decline in performance.	Establish a clear strategic rationale for any further M&A and combine this with very clear plans for post-acquisition including central controls established as a priority (for example, financial controls).	↔
MAJOR REPUTATIONAL DAMAGE			
The Topps Tiles brand is a very important part of our competitive advantage. Possible areas of impact could be due to a failure in our core processes around our products, our stores, our supply chain (including ethical sourcing) or our people.	While impacts from reputational damage could be wide-ranging the most likely impact would be financial resulting from damage to our brand and consequent loss of sales.	<p>Governance and internal controls are the key mitigants against reputational damage. Good levels of business knowledge and well-qualified and professional support teams along with transparency at Executive level are important.</p> <p>Continue to review macro environment for changes – both explicit (regulatory) and implicit (custom and practice or consumer expectations).</p> <p>Good protocols established re crisis management including alerts for senior managers to minimise damage from a major incident.</p> <p>Regulatory compliance continues to strengthen under a regime of continuous review through the Company Secretary.</p>	↔

Risks	Impact	Mitigation	Status
DELIVERY OF COMMERCIAL STRATEGY			
The Group has sought to increase its addressable market by expansion into the commercial tiles market as an important focus for future growth.	A failure to deliver the Commercial strategy will reduce future growth opportunities.	<p>Covid-19 has adversely impacted growth in the Commercial business with the market in decline and new project investment significantly slowed.</p> <p>Despite this backdrop the Group remains confident that its "disrupt and construct" strategy remains appropriate and that this can ultimately build a market-leading business.</p>	↔

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

Key:

- ↑ Risk has increased
- ↓ Risk has decreased
- ↔ No change
- N New risk

SUSTAINABILITY



Linear Midnight Matt and Gloss (Topps Tiles)

SECTION 172 COMPANIES ACT 2006

The Board, both individually and together, consider that it has acted in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions taken during the Period. In particular:

- To ensure the Board takes account of the likely consequences of decisions in the long term, the Board has a three-year plan. Progress is reviewed regularly at Board meetings. This programme is strengthened through clear reporting lines and sharing of management information and KPIs with the Board and regular contact between members of the Board and Senior Executives.
- Our employees are fundamental to the delivery of our plan. This year, to support effective employee engagement, a member of the Board (currently Andy King) is designated Employee Engagement Director. For more about the range of initiatives and activities aimed at enhancing the interest of our employees, see page 70 on Employee and Stakeholder Engagement.

- Our customers and suppliers are also fundamental to the delivery of our plan, and as a leading consumer brand, we must maintain our reputation for high standards of business conduct. For more about how we work to strengthen supplier relationships, and to improve our products and customer service continually, see page 70 on Employee and Stakeholder Engagement.
- We aim to be a responsible member of our community and minimise our impact on the environment. For more about what we do, see pages 38 to 42. This year, we made Environmental and Social issues a particular area of focus.
- As a Board, we intend to behave responsibly toward our Shareholders and treat them fairly and equally, so that they all benefit from the successful delivery of our plan.

The Board of Directors has overall responsibility for determining the Company's purpose, values, and strategy and for ensuring high standards of Governance. The primary aim of the Board is to promote the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society. Stakeholders include employees, Shareholders, suppliers, customers and creditors of the business.



Hemsworth Grey and Syren Natural Linen (Topps Tiles)

SUSTAINABILITY

Looking Towards the Future

This year a cross functional team from across the Group has come together to create a Group-wide Sustainability Council to champion the advancement of, and ensure the right focus is given to, environmental issues and opportunities. The Council meets quarterly to consider environmental initiatives and inputs into the Group's broader strategic priorities.

The Group Sustainability Council was created in February under the leadership of the Commercial managing director Brian Linnington, acknowledging the need to do more for sustainability across the business as well as respond to increased demand for product with improved environmental credentials. This has led to several advancements including our ability to provide our customers and commercial clients with information on the recycled content and sustainability of our products.

The University of East Anglia, one of the UK's leaders in environmental sciences and supply chain, has been commissioned to undertake research on the environmental impacts of tiles: their production, supply chain, installation and longevity as a surface and make comparisons with other surfaces such as plastic vinyl flooring. This will help identify priorities for future initiatives to improve sustainability and has already highlighted three key aspects:






- The need to encourage manufacturers through Group sourcing strategy to use more recycled materials, low carbon production processes and improve supply chain efficiencies.

- Tiles are hard-wearing, easy to clean, have low emissions and are a highly flexible decorative and functional surface covering. The Group needs to educate customers and clients about the benefits of tiles versus other surface materials from an environmental and sustainability advantage.
- Group operations have already progressed but can still be more environmentally efficient in operational processes from store uniforms, to delivery routes, from LED lighting to recycling initiatives. Further opportunities have and can be identified to lessen the environmental impacts on a continuous improvement basis.

Focusing across these areas, identifying priorities and setting aspirational goals for delivery is the next stage in the Group's plan for sustainability and lessening environmental impact. By working with the UEA the Group will build greater knowledge and more credible information to help us understand our position and further develop our sustainability strategy.

Across the Sustainability agenda the Group is also referencing the UN's Sustainability Development Goals (SDGs) to ensure alignment and clarify the Group is working in the right direction.

Sustainability Areas of Focus

SUSTAINABILITY: ENVIRONMENT		
	What	Link to SDGs*
SUSTAINABLE AND RESPONSIBLE SOURCING	<ul style="list-style-type: none"> • Improving energy efficiency in production • Sourcing from sustainable suppliers • Use of sustainable energy • Reducing carbon impact in supply chain • Less waste in production 	 
CREATING MORE SUSTAINABLE SURFACE MATERIALS	<ul style="list-style-type: none"> • Use of more recycled materials • Improved affordability • Improved cleanliness and safer • Less waste impact – long lasting • Harder wearing 	 
BUILDING A MORE SUSTAINABLE OPERATIONAL BUSINESS	<ul style="list-style-type: none"> • More sustainable selling operations • Use of sustainable energy • Reducing carbon impact in UK delivery • Less waste from stores and support centre • Reduced energy consumption 	

* United Nations' Sustainable Development Goals

Transport

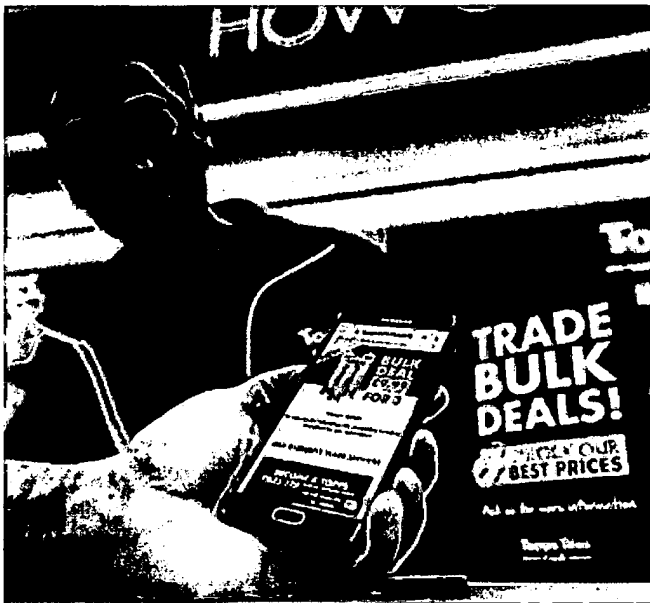
This year has seen major strategic changes, which will result in more efficient deliveries to our stores and ultimately provide increased environmental benefits.

We have adapted our outbound transport model to support the growth we are seeing in deliveries to customers' homes direct from our warehouse. Previously, the majority of deliveries to customers' homes were via our stores, on dedicated vans having already been transported to stores. A significant increase in deliveries via our new pallet carrier – initially as a result of improving the service proposition to include a next day delivery option and more recently due to the Covid-19 lockdown – means that these orders are fulfilled on shared resource, on vehicles which are largely full from the point of collection from our warehouse, to delivery. This is more efficient and reduces the overall level of emissions compared to the previous method of delivery.

Another benefit of this relationship is that we also deliver a number of smaller store deliveries via this route. This accounts for c.5% of store deliveries each week.

The second key strategic change has been to in-source delivery to stores which are located further away from our base in Leicester. This was completed in July and now allows us to operate in a more variable manner, having significantly reduced the fixed level of resource previously based in locations in the south east and south west of England.

Additionally, in FY20 we repatriated more than 1,000 product lines within our Essentials category to our distribution centre at Grove Park. This removes the need for c.10,000 "direct to store" deliveries by our suppliers every year.



Our fleet covered a total of 3.02 million kilometres using 1.02 million litres of fuel, a reduction of 18.4% and 15% respectively YoY. This was largely due to the closure of stores during the Covid-19 lockdown period and also due to the increase in use of pallet carriers and subcontract resource to deliver to our stores. At the same time, our overall levels of kilometres per litre dropped slightly from 2.99 to 2.94, as a result of the mix of work being done on our own fleet.

FY21 will see the introduction of new route planning systems with an ambition to reduce miles travelled by up to 5% and a review of our own transport fleet to include an assessment of both CNG (compressed natural gas) and LNG (liquefied natural gas) that could reduce emissions by up to 30%.

Supply Chain

As a Group we source our diverse product range from 170 factories throughout the world, bringing the most up-to-date creative designs, new trends and classic ranges to the UK, using the latest technologies to retain our market-leading position.

We strive to develop long-term strategic partnerships throughout our supply chain, working with partners who share our ethical values.

As a trusted retailer and supplier to commercial projects, our clients expect our products to be ethically sourced and therefore we look beyond our internal operation and ask for complete transparency across our supply base. Our supply chain can be complex but we are committed to ensuring all our suppliers adhere to the highest standards of ethics, are able to demonstrate safe working conditions and are treating workers with dignity and respect.

All our suppliers are required to comply with the Topps Tiles Responsible Sourcing code. This code has been designed to be ethical, auditable, and achievable and is in place to promote good working practices with our suppliers. The Code represents the Company's fundamental expectations of its supply partners in relation to responsible sourcing. Topps Tiles will not knowingly work with any supplier who does not comply and requires all suppliers to acknowledge this Code and confirm their acceptance of its provisions. Compliance is underpinned by way of contractual obligation and audit process. Suppliers applying this code are expected as a minimum to comply with national and other applicable local laws. Suppliers are expected to be able to meet our high standards of behaviour and business ethics.

As part of our auditing process, all of our suppliers have to complete a Social and Ethical Self-assessment document to be able to identify if there are any product or geographical risks. We are working closely with Intertek, the leading Quality Assurance experts, who will carry out independent third-party auditing where due diligence mapping has identified any potential risks. To mitigate any additional risk there are also ongoing surveillance visits carried out by our buyers, factory agents and members of our technical team to ensure that our products continue to be ethically sourced.

As a Group we have a commitment to respecting human rights and identifying, investigating, engaging and remediating any issues uncovered.

SUSTAINABILITY: ENVIRONMENT

In 2015, the Modern Day Slavery Act came in to force and Topps Tiles is committed to this act ensuring that no forms of modern-day slavery enter the Group business and its supply chains. We believe that training in this area is important, and there is heightened awareness across the organisation on being able to identify the risks of modern-day slavery.

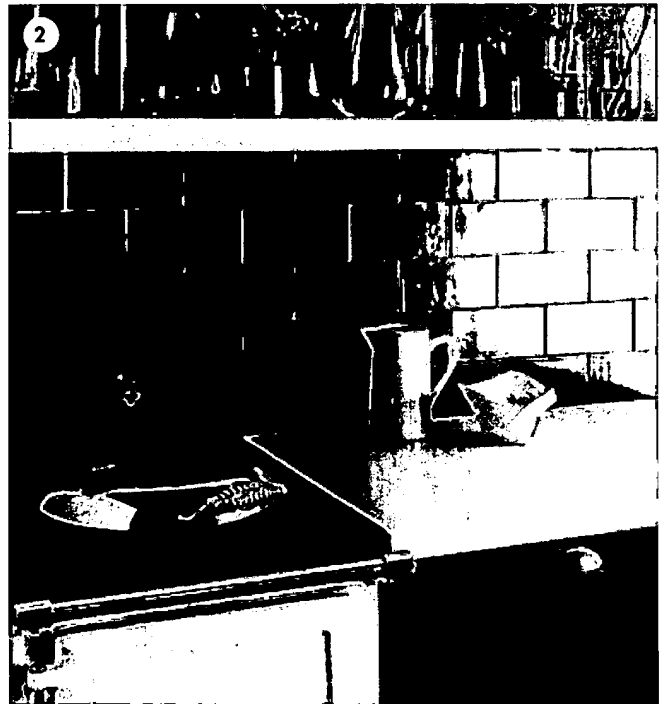
Our Responsible Sourcing Code of Conduct and Modern Day Slavery Statement can be found on our website at www.toppstilesplc.com under Corporate Responsibility.

Recycling

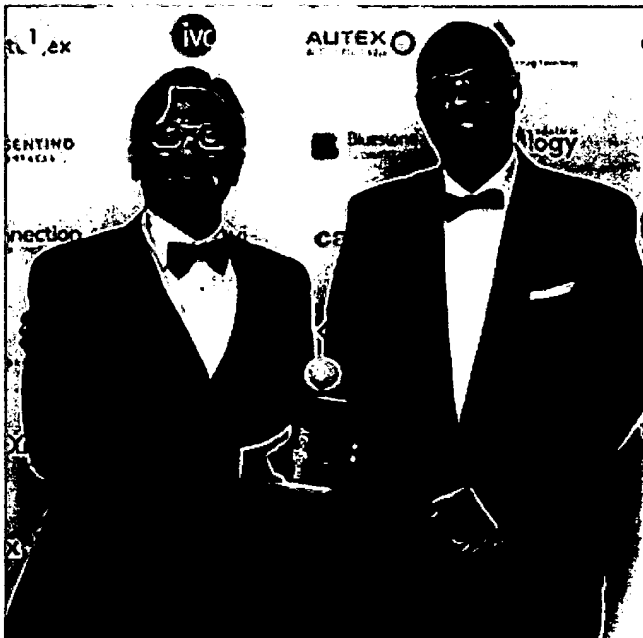
Reducing the amount of waste sent to landfill continues to be a focus across the business and we are pleased to report notable improvements in this area.

As a Group, we continue to work with our suppliers to improve the sustainability of tile collections and this year made a long-term commitment to support production of tiles with over 95% recycled content. This unique technology has the potential to revolutionise tile production in the future utilising waste materials and reducing gas consumption. Our first range, Sequel Vibe, has already won several awards for our commercial business Parkside. Our second range, Principle™, will launch early 2021.

In terms of recycling, waste is collected from across our store network to be sorted into different categories, much of which is recycled, including cardboard, shrink-wrap, polythene, polypropylene banding, wooden packaging, scrap metal and repairable wooden pallets.



2
Sequel Vibe tiles (Parkside) made from 98% recycled materials



1
Parkside's Richard France and Fraser Lockley accepting the "Product of the Year – Surfaces" award at the Mixology North Awards for the Sequel Collection

We are working with our store waste partner, Biffa Waste Recycling, to reduce the level of the waste sent to landfill through a number of initiatives, utilising our own fleet to bring our cardboard waste back to our Leicester distribution centre where it is bulk recycled, leading directly to 9,100 fewer store waste bin collections, working with our store colleagues on correct waste bin usage to ensure we recycle more, providing in-store paper recycling boxes and working with Biffa on carbon footprint reporting.

In the past year we have recycled 53 tonnes of cardboard through our operation (-46% YoY). We also recycled 45 tonnes of polythene (-35%), and 3.2 tonnes of nylon strapping (-80%) – a larger percentage reduction due to the smaller tonnage involved. There are several factors contributing to these reductions – while store closures and reduced business hours during the Covid-19 pandemic had a clear impact, the efforts of the business as a whole in producing less waste were also critical, including our reduction in recycling paper products, which removed 14 tonnes of paper from our recycling stream.

Historically, our paper recycling was mostly from excess stock of brochures and reports. This year we took the decision to cease printing a paper Retail brochure, which has reduced the use of c.108 tonnes of paper. We have also taken the step to reduce our print of this Annual Report and Accounts, and hope a high proportion of our Shareholders will support our commitment to sustainability by reading this report in digital form.

Our store uniform supplier, Murray Uniforms, works to recycle our used uniforms into fibres which are used to manufacture upholstery, insulation and building materials. Murray is also working to reduce its carbon footprint by working towards a goal of reducing uniforms going to landfill by 25%.

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

We collect damaged tiles from our stores and in partnership with Green4life we have recycled 84% of our tiles. This is a 32% increase on the previous year as more tiles are diverted to a local quarry to be crushed and used as a composite of aggregate. This is a market-leading initiative based on our principle of reducing waste to landfill.

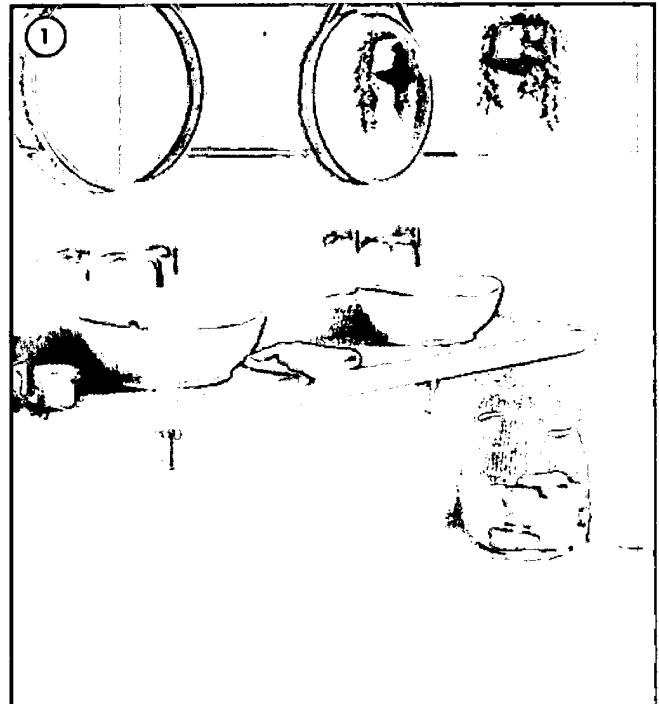
The Company is a member of the On-pack Recycling Label scheme which delivers a simple, consistent and UK-wide recycling message. As members of the scheme, all our suppliers will place these specific clear recycling symbols on all of our own brand products. This enables our customers to recycle more packaging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

Property

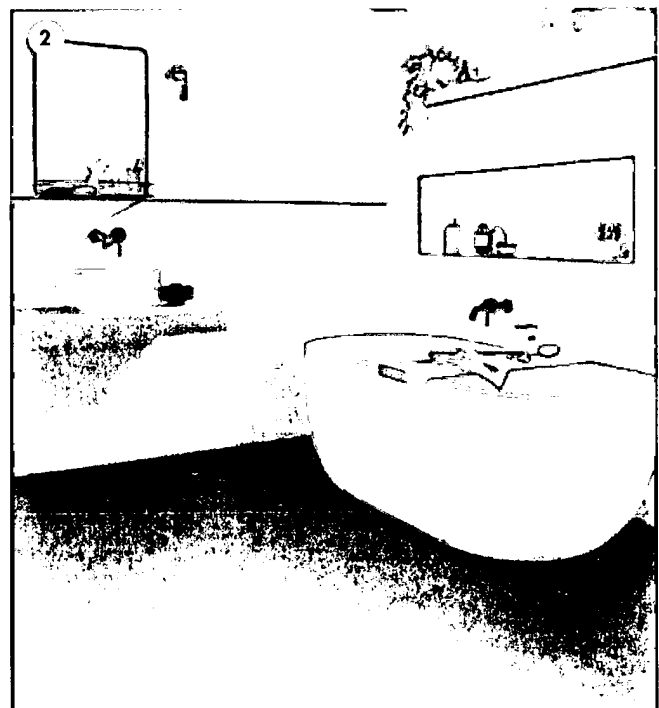
In our Grove Park support office, the office refurbishment was completed with 90% of recycled materials used during construction, with the offices designed to bring about an annual energy saving of 46,800 kWh. The offices feature more than 500 oxygenating plants, new heating, cooling and fresh air systems, and aim to provide a lifetime saving of more than 26,000 kg of CO₂, as well the introduction of segregated waste streams to enable up to 98% of office waste to be recycled. The support office is fully lit with LED, with occupancy sensors in all areas to reduce energy costs. Across our stores network, 71 already featured LED lighting and in December 2019 we commenced a new programme to install LEDs across the remaining store estate. This was completed in 53 stores before the programme was paused due to the Covid-19 pandemic, but an additional 100 stores are due for completion by early 2021. The programme will deliver 1,530 tonnes of annual CO₂ savings and will also provide reduced maintenance across the estate.

We continue to proactively manage and develop the Group estate with sustainability at the forefront of all initiatives. The entire estate has automatic energy readers installed which allows us to closely monitor and analyse gas and electricity uses and we are currently in initial stages of looking at ways of reducing our heating and cooling running costs through improved systems and operation.

We already work with suppliers who have clear sustainability policies and recycling protocols and we are further reviewing our supplier base to offer tenders to those who can demonstrate good sustainability credentials while maintaining high standards and competitive costings.



1
Mora White and Pebbles (Topps Tiles)



2
Inara Cloud and Coal (Topps Tiles)

SUSTAINABILITY

Over the last 18 months we have actively been using fixtures and fittings from closed stores to fit out new stores. This previously would have been disposed of and we estimate this has reduced our intake of new fixtures and fittings by more than 20%.

Electrical and Emissions

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

We work proactively with our suppliers to ensure that they take into consideration the principles of sustainable development, in particular the optimum use of raw materials, water, the efficient use of energy and also minimising the amount of waste as a result of the supply chain and manufacturing process.

Carbon emissions per store have decreased considerably from 32 to 24.7 tonnes per annum (-23%), compiled in conjunction with our electricity and gas suppliers and our in-house transport team. This is based on the actual energy consumed multiplied by Environment Agency-approved emissions factors. Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer-quoted emission statistics.




1
Elevo Walnut and Cemente Grit (Topps Tiles)



Harbour Club, Chelsea by Hadfield Cawkwell Davidson (Parkside) © Leon Hargreaves

SUSTAINABILITY

SUSTAINABILITY: SOCIAL (PEOPLE)		Link to SDGs*
	What	
COLLEAGUE EXPERIENCE	<ul style="list-style-type: none"> • My Voice <ul style="list-style-type: none"> – Annual Survey – Pulse Survey • Onboarding Fast start • “Moments that matter” through the employee life cycle • Wellbeing – Mental and Financial Health support 	
COLLEAGUE VOICE	<ul style="list-style-type: none"> • Team Talk • Listening forums • D&I: Focus on Gender and Ethnicity 	
APPRENTICES	<ul style="list-style-type: none"> • Plan to maximise use of levy: <ul style="list-style-type: none"> – Leadership: Masters level/CMI accredited – Functional apprenticeships – Early careers 	
REMUNERATION	<ul style="list-style-type: none"> • Reward review • Store colleagues’ reward review 	
CHARITY	<ul style="list-style-type: none"> • Macmillan Cancer Support <ul style="list-style-type: none"> – Relaunch charity champions – Plans for Mac’Million £1 million fundraising target • Pennies online development • Supporting Leicestershire Cares 	

* United Nations’ Sustainable Development Goals

TOPPS TILES IN SOCIETY

Youth Sport

As a business we have always recognised the benefits that participation in sport can bring to the communities in which we trade. We are proud to be involved in helping children become more active through our youth sport sponsorship. This enables our stores to allocate a modest sponsorship budget to a local youth team that can be put towards kits, equipment or other necessary apparatus.

Our stores really get behind our youth sponsorship and have built special relationships with clubs and teams over the years. Many of our colleagues have children who play in their sponsored team and can often be found cheering from the sidelines at weekends!

We are currently sponsoring 86 teams across the country with a two-year sponsorship and appointed 28 new sponsorships this year including football, rugby, netball and cheerleading. We're excited to welcome more teams to the Topps Tiles family in 2021.

Key Workers

During the first Covid-19 lockdown we wanted to help recognise the amazing hard work of key workers during the pandemic and were approached by Rowan Plowden, Founder of Design Havens for Heroes.

The collective has formed a broad community of interior designers and stylists, product suppliers, interior and homeware brands and skilled tradespeople with one common goal, donating their time and product to help give back to those that gave so much during Covid-19. Managed on a nomination basis, these teams of people will work together to create a "haven" for frontline NHS heroes who have been put forward by their friends and family.



1

Members of Corby Warriors Under 12s sponsored through the Topps Tiles Youth Sport scheme



2

Kirby Muxloe Football Club, sponsored by Topps Tiles

Design Community

June 2020 saw Rukmini Patel and Kate Watson Smyth create an important statement within the design community with the Design For Diversity pledge. Its three key points cover Visibility, Opportunity and Accessibility to help the design industry become more diverse.

It gives brands, businesses and bloggers a guideline on areas they can work on. We signed up to the pledge and are promoting it on our website to raise awareness that Topps Tiles, as a brand, supports diversity and does not discriminate against colour, gender or sexuality and is an equal opportunity employer.

Tiling Professionals

For the past four years we have been working with The Tile Association (TTA), a trade association whose mission is to promote professionalism and technical standards in the tiling industry across tiling contractors, fixers, distributors, retailers and manufacturers.

The TTA is the leading body contributing to the formation of British Standards in Tiles and a member of Build UK. Our Buying Director, Tim Tatlock, also sits on the Board of Directors of The Tile Association.

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

➔ To read more about our culture and people focus, please see A Culture of Care on page 19

SUSTAINABILITY: SOCIAL

Our Charity Partnerships

Topps Tiles Group colleagues have continued to support our local and national charity partnerships throughout the year, despite the inevitable disruption of the Covid-19 pandemic, including temporary closure of stores, showing real commitment both to our partners and the spirit of giving something back to the wider community.

Our extended partnership with Macmillan Cancer Support (extended from five to seven years, now ending in December 2021) has a renewed target of £1 million in donations, and our Leicester support office's membership of Leicestershire Cares sees us continue to participate in a range of initiatives to help community projects and less advantaged people.

Macmillan Cancer Support and Pennies Digital Charity Box



When Topps Tiles partnered with Macmillan Cancer Support at the start of 2015, the company set itself a £500,000 target. This was reached during the FY18 financial year, one year ahead of schedule.

To date we have now raised more than £920,000, and the Company has doubled its original target to £1 million – with the forthcoming financial year dubbed our “Macmillion year”.

Activity this year at our support office included local fundraising events, including a Hallowe'en dress up and raffle, a Bake Off event and a Christmas funday with pool tournament, grand raffle and quiz, which raised nearly £3,000 for the charity.

Store service specialist Cora Morrison raised £2,235 with a sponsored head shave; we also ran a Macmillan 2.6 event, asking colleagues to do any charity fundraising throughout May. We had one talented artist colleague sell off 26 pieces of original artwork, others ran, cycled and walked 26 miles over the month. This raised a further £2,760.

The biggest fundraising event of the year was a new take on the now annual Tour de Topps cycle challenge. A total of 106 colleagues across the Group agreed to take part in a socially distanced version of the event, and pledged to collectively cycle 10,000 miles in one week.

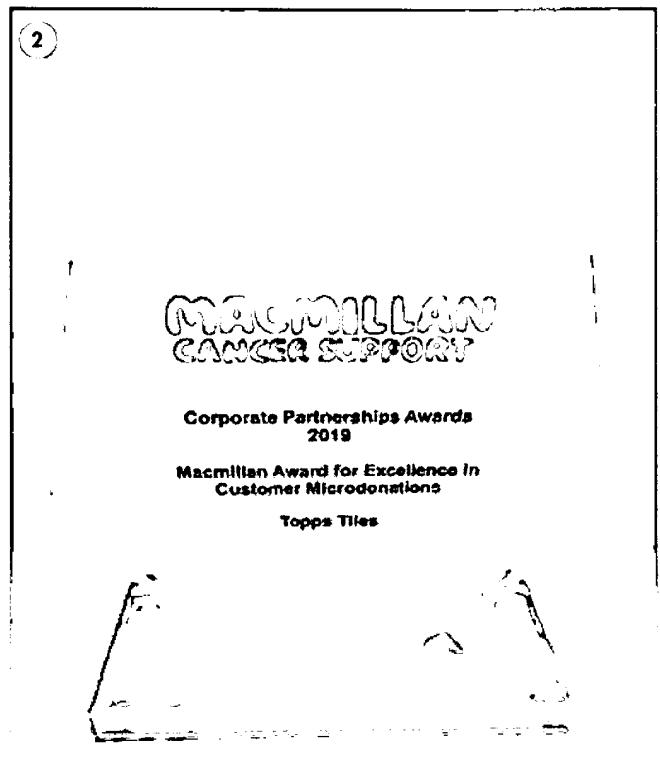
They achieved it in style – with IT colleague Alex Whitmore clocking up an impressive 730 miles, while dozens more beat their individual pledges to get to the total, raising more than £10,000 for Macmillan in donations and gift aid.

Our efforts in inviting customers to round up their purchases to the nearest whole pound also continued to raised funds, with more than £140,000 raised via the Pennies Digital Charity Box this year, a remarkable achievement given the effect of the pandemic on store opening hours, social distancing and the economy. We were also delighted to receive the Excellence in Customer Microdonations Award at the Macmillan Cancer Support Corporate Awards, in recognition of our partnership with Pennies.



1

Topps Tiles colleagues' efforts in microdonation fundraising via the Pennies digital charity box were recognised at the Macmillan Corporate Partnership Awards



2

Topps Tiles received the award from Macmillan Cancer Support for its efforts in microdonation fundraising

Leicestershire Cares

Although many of our traditional team challenges for Leicestershire Cares were not able to go ahead due to the pandemic, we were able to take part in a Christmas 2019 event which saw colleagues from both Topps Tiles and Parkside attend a Leicestershire residential care home for elderly people with visual impairments.

Colleagues organised a quiz, carol singing and gifts for residents, as well as taking time out to have some social time with the elderly people at the New Wycliffe Home, run by charity Vista.

Colleagues across our support office and Parkside also donated more than 700 items of toiletries for those suffering from issues of homelessness. These were collected by Leicestershire Cares to be made into packs for people moving into their first accommodation, and included sanitary ware, toilet paper, shower gel and toothpaste.



1
Hundreds of items of toiletries were donated to Leicestershire Cares for distribution to local charities which support homeless people

LEICESTERSHIRE CARES



"Topps Tiles has always been a valued and dedicated partner of Leicestershire Cares. They have shown time and time again they are committed to supporting the community and their staff have engaged on a wide range of community projects.

"In addition to the individual projects undertaken by Topps Tiles teams before the pandemic, colleagues were also incredibly generous with their donations of toiletries and toys at Christmas. These were given to Help the Homeless and Gifts For Kids: both organisations and the people they support were very grateful.

"It means a lot to them to be supported by local businesses, their staff and their families at a time when everyone feels the effects of the economy and has to dig deep.

"Given the year we have been just through it is great to know that local businesses like Topps Tiles are committed to sharing their skills and resources for the benefit of the community."

Kieran Breen CEO, Leicestershire Cares



2
Colleagues from Topps Tiles and Parkside paid a Christmas visit to the residents of a care home run by charity Vista in an event organised by Leicestershire Cares

SUSTAINABILITY

WORDS FROM OUR PARTNERS

PENNIES



"Pennies has been proud to partner with Topps Tiles since day one. Topps customers, whether DIYers or tradespeople, regularly inspire us with their generosity and as a community they've raised £690,000 for charity with Pennies – all micro-donations that add up to real impact. Just a single day of micro-donations could pay for a Macmillan nurse for over 16 hours – proof that micro-donations really do matter!

"Topps Tiles' support for Pennies' work has been hugely meaningful too. Pennies is charity with a simple mission: to protect and grow micro-donations for the benefit of the whole charity sector, and to ensure people still have affordable, meaningful ways to give.

"At a time when charities have never been more in need of funding, and their services have never been more in demand, it's so important to have businesses like Topps Tiles leading the way as a socially conscious business, committed to supporting charities and making a difference in the communities. We want to say a heartfelt thank you to all Topps Tiles colleagues, and customers, for their fantastic support for Pennies, and we look forward to raising more funds and having even greater impact for charity, in the years to come."

Alison Hutchinson CBE, Chief Executive, Pennies

MACMILLAN CANCER SUPPORT



"Living with cancer is tough at the best of times, but for the 1,000 people in the UK diagnosed each day with cancer the Covid-19 pandemic only exacerbated the situation. Macmillan experienced a huge surge in the need for its services during 2020, whilst facing an income drop of up to 50%. We are humbled by the support received from colleagues and customers at Topps Tiles throughout this incredibly difficult time.

"This year, colleagues renewed their dedication to Macmillan by taking part in a variety of fundraising challenges including Christmas fundraising, the 2.6 challenge, World's Biggest Coffee Morning and a socially-distanced Tour de Topps cycle challenge. We also saw colleagues sign up to our Telephone Buddying scheme which provides a listening ear and emotional support to people living with cancer.

"Topps Tiles customers continue to be generous with their pennies at till points throughout the UK and since our partnership began Topps Tiles has raised an incredible £876,000 for Macmillan Cancer Support, which could fund over 30,000 hours of vital care from a Macmillan nurse. We don't know what the future holds, but we are delighted that Topps Tiles will be there by our side, supporting in any way they can."

Jenny Bull, Corporate Partnership Manager, Macmillan Cancer Support



1
Director of Marketing Sian Garvey getting some miles in canalside



2
Darren Soos and Holly Peck taking part in the Tour de Topps 2020



3
Store colleague Cora Morrison who raised more than £2,200 for Macmillan with a sponsored head shave



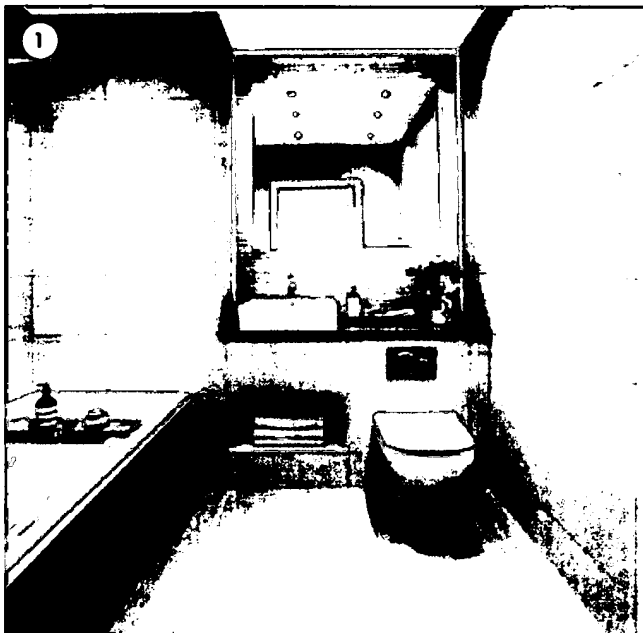
GOING CONCERN AND VIABILITY STATEMENT

GOING CONCERN

When considering the going concern assertion, the Board reviews several factors including the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a series of more pessimistic trading scenarios that were deemed severe but plausible. The more pessimistic trading scenarios included a second national lockdown related to the Covid-19 pandemic during the next 12 months that would see our Retail stores closed for up to three months.

The Group took a number of actions to strengthen its liquidity during the Covid-19 pandemic, including accessing a range of support measures put in place by the UK Government, and the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020. The going concern review also outlined a range of other mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store employee costs, savings on central support costs, and reduction of capital expenditure.

The Group's forecast covenant and cash headroom was reviewed against current lending facilities. These were refinanced in July 2018 and expire in July 2022, with an opportunity to extend in June 2021 for a further year, so a potential full term of five years ending July 2023. In all scenarios, the Board have concluded that there is sufficient covenant headroom and available liquidity for the Group to continue in operational existence for the foreseeable future. The Board therefore continue to adopt the going concern basis in preparing the financial statements.



1
Regal Ash and Grey (Topps Tiles)

LONG-TERM VIABILITY

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

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

The Directors' assessment of the Group's prospects has been made with reference to the Group's current position, which has been strengthened by the refinance of loan facilities concluded in the period and the principal risks facing the Group, as detailed in the Strategic Report.

In assessing the viability of the Group, the Board considers the key risks to the delivery of its financial plans relate to Brexit-driven reduction in consumer confidence and major reputational damage from cyber security attacks, both of which would be expected to lead to a reduction in sales. In addition, there are key risks such as currency fluctuations and supply chain disruption driven by the uncertainty related to Brexit which could lead to a weakening in the Group's gross margin.

As a result the Board has reviewed a number of sensitivities based on a reduction in sales and gross margin over the viability period of three years. It should also be noted that the Group is operationally geared which means that there is a relatively high level of impact from any increases or decreases in levels of turnover. A sustained decrease in levels of turnover would be managed by a reduction in operational expenditure, reductions in capital expenditure, tighter working capital controls and possible restriction of company dividends.

The conclusion of these sensitivities is that the Group has a good level of financial flexibility and is well positioned to withstand a number of risks occurring and the sustained reduction in levels of consumer spending and rising margin costs through the next three years.

The Board has also considered the Group's current banking facilities which include a non-amortising revolving credit facility that expires in June 2022 (with the opportunity to extend by a further year in June 2021).

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

Directors' Confirmation

We confirm to the best of our knowledge:

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

Non-financial Information Statement

Topps Tiles Plc has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report. This can be found as follows:

- Group's business model is on page 14.
- Information regarding the following matters, including policies, the due diligence process implemented in pursuance of the policies and outcomes of those policies, can be found on the following pages:
 - Environmental matters on page 38;
 - Employees on pages 18 and 19;
 - Gender diversity on page 70;
 - Social matters on pages 44 to 49;
 - Respect for human rights on page 70; and
 - Anti-corruption and anti-bribery matters on page 63.
- Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 32 to 35, including a description of the business relationships, products and services that are likely to cause adverse impacts in those areas of risk, and a description of how the principal risks are managed.
- All key performance indicators of the Group, including those non-financial indicators, are on pages 24 and 25.
- The Financial Review section on pages 26 to 31 includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

CAUTIONARY STATEMENT

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

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

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

ANNUAL GENERAL MEETING

The Annual General Meeting for the period to 26 September 2020 will be held on 20 January 2021 at 10 am.

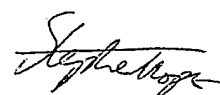
To protect the safety, wellbeing and health of our Shareholders and colleagues, this will be a closed meeting and Shareholders will not be able to attend in person.

Please see the Notice of Annual General Meeting for more details.

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

Rob Parker
Chief Executive Officer

Stephen Hopson
Chief Financial Officer

1 December 2020

OUR GOVERNANCE

Evaterra Walnut Wood Floors, Inc.



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BOARD OF DIRECTORS



DARREN SHAPLAND
Non-Executive Chairman

Committee membership
N

Darren joined the Board in March 2015. He has over 30 years of retail and consumer experience, having held senior financial and operational positions within the Burton Group, Arcadia and Kingfisher. Darren was Chief Financial Officer at J Sainsbury Plc between 2005 and 2010 before being appointed Group Development Director, a position he held between 2010 and 2011. He was also Non-Executive Chairman of Sainsbury's Bank from 2006 to 2013 and Chief Executive Officer of Carpetright Plc from 2012 to 2013.



ROBERT PARKER
Chief Executive Officer

Committee membership

Rob joined the Board in 2007, serving as Chief Financial Officer until 2019 when he was appointed to the role of Chief Executive. Rob's previous roles before joining the Group included senior finance roles with the Boots Group and Savers Health & Beauty Ltd. Rob is accountable for Group strategy and leadership of the Executive team.



STEPHEN HOPSON
Chief Financial Officer

Committee membership

Stephen joined the Board in November 2020 from Molson Coors Beverage Company, where he was Director of Central Finance for Western Europe. Prior to this, Stephen spent five years at Travis Perkins Plc, including three years as Finance Director for BSS, and has also held senior finance roles at Mitchells & Butlers Plc where he was responsible for Investor Relations among other functions. Stephen is a CIMA-qualified management accountant and holds an MBA. He is accountable for all areas of finance, IT and Company legal matters.



CLAIRE TINEY
Senior Independent
Non-Executive Director

Committee membership
I R N A

Claire joined the Board in November 2011. She is also a Non-Executive Director of Volusion Plc and Hollywood Bowl Group Plc, having previously spent 15 years as an Executive Director in several retail businesses including Mothercare and W H Smith. Most recently, she was HR Director at McArthurGlen.

Committee membership key:

- A Audit Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- Committee Chair
- ⊕ Senior Independent Director



KEITH DOWN
Non-Executive Director

Committee membership
A N R

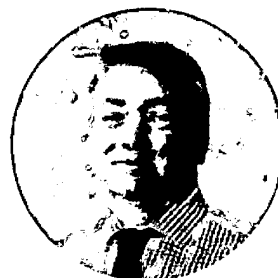
Keith joined the Board in February 2015. A chartered accountant, Keith is currently the Group Finance Director of Selfridges Group, having held this post since July 2018. He was previously the Chief Financial Officer of Dunelm Group Plc, GoAhead Group Plc and JD Wetherspoons Plc.



ANDY KING
Non-Executive Director,
Employee Engagement Director

Committee membership
N R A

Andy joined the Board in January 2012. Formerly Chief Executive Officer of Evans Cycles, prior to that Managing Director of Dobbies Garden Centres and prior to that Chief Executive of Notcuts Garden Centres. Andy has also held director roles at The Body Shop, Mothercare, WH Smith and Boots the Chemists. Andy is the Employee Engagement Director, with responsibilities for engagement with the workforce on behalf of the Board.



ALISTAIR HODDER
Company Secretary

Committee membership

Appointed Head of Legal & Company Secretary in June 2018. After starting his legal career as a solicitor with national law firm Pinsent & Co, Alistair has held senior in-house and General Counsel/Head of legal positions, with a focus on technology, construction/building materials, insurance and consumer. Before joining Topps Tiles, Alistair was Head of Legal at NHBC.

THE COMPANY
Topps Tiles Plc

Registration Number
3213782

Registered Office
Thorpe Way, Grove Park
Enderby, Leicestershire
LE19 1SU

Secretary
Alistair Hodder

**London Stock Exchange
Symbol**
TPT

The Group
Comprises Topps Tiles Plc and
all subsidiary companies.

OUR ADVISERS

Auditor
PwC LLP
Donington Court
Pegasus Business Park
Castle Donington, DE74 2UZ

Bankers
Barclays Bank PLC
3 Hardman Street
Spinningfields
Manchester, M3 3HF

Registrars
Link Asset Services
Bourne House
34 Beckenham Road
Beckenham, Kent, BR3 4TU

Solicitors
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One London Wall
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Financial PR Advisers
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26 Southampton Buildings
London, WC2A 1AN

Brokers
Peel Hunt LLP
Moor House
120 London Wall
London, EC2Y 5ET

Liberum Capital Limited
Ropemaker Place Level 12
25 Ropemaker Street
London, EC2Y 9LY

EXECUTIVE TEAM



ROBERT PARKER
Chief Executive Officer



STEPHEN HOPSON
Chief Financial Officer



RICHARD CARTER
Managing Director of Retail

Appointed Managing Director of Retail in April 2018. An experienced retailer who has worked for both blue chip retailers and smaller, more entrepreneurial businesses, Richard has previously held senior operations roles with the Spirit Group (Punch Taverns), Virgin Retail, Dixons and Office World (Staples). Richard started his career with Asda on their retail operations graduate recruitment programme, before joining Topps Tiles in 2010 to take responsibility for retail operations and the trade division.



BRIAN LINNINGTON
Managing Director of Commercial

Appointed Managing Director of Commercial in April 2018. A chemistry graduate and MBA, Brian has many years of retail business experience. Starting his career at Boots where his roles included Category General Manager Toiletries, International Country Manager for Holland and then Taiwan and finally Multichannel Director for Boots UK. Brian was Product and Marketing Director at Vision Express before joining Topps Tiles in 2012 to take responsibility for buying, marketing and online.



LINDA SLEATH
HR Director

Appointed HR Director in December 2019 and responsible for leading the People agenda across the Group. Prior to joining the business Linda was HR Director, Supply Chain & Sales for Brakes UK, part of the Sysco Organisation, where she was responsible for the people agenda for the UK and approximately 7,000 colleagues. Linda has more than 28 years in operational leadership and HR leadership across FMCG and retail for such organisations as Boots International, Molson Coors and United Biscuits. Linda is a Fellow of the Chartered Institute of Personnel and Development and a Fellow of the Chartered Management Institute.



TIM TATLOCK
Buying Director

Appointed Buying Director in April 2018. Responsible for all product assets and leads creative, sourcing, technical, supply chain and inventory, Tim has over 20 years of tile industry experience and prior to joining Topps Tiles held senior leadership positions with UK tile distributors and multinational tile manufacturers. His expert knowledge and innovative approach have seen progress to the position of Buying Director, after joining Topps Tiles as a Buyer in 2005.

CORPORATE GOVERNANCE REPORT



DARREN SHAPLAND
Non-Executive Chairman

Dear Shareholder

I am pleased to present our Corporate Governance Report for the period ending 26 September 2020 (the "Period").

Governance Framework

Good Governance is essential to the successful delivery of our Strategy, and the Board is committed to meeting the highest standards for all stakeholders. The Financial Reporting Council's 2018 UK Corporate Governance Code ("2018 Code") was applicable during the Period. We support its aims and have progressively implemented its principles and requirements; in particular:

- This year we focused on our approach to Environment, Social and Governance (ESG) matters and made several key topics an area of focus. Each is the responsibility of an individual member of the Executive or Leadership Team, who reports regularly on progress and developments to the Board.
 - Environment: we created a Sustainability Council. The Council meets quarterly, to co-ordinate Group-wide activity, consolidate improvements, identify opportunities, agree on priorities, and develop KPIs to measure performance. For more on our approach to sustainability, see page 36.
 - Social: we launched new initiatives on diversity and inclusion, with a data-driven approach to better understanding our workforce and set appropriate goals and KPIs for senior executive performance objectives, to promote equality at work and provide a link to executive accountability. For more on our approach to social matters, see page 44.
 - Governance: we continue to work to strengthen our Governance in line with the 2018 Code. This year MAR Compliance and Supplier Penetration were areas of focus, with procedures reviewed and strengthened.
- This year we considered Board effectiveness in our internal Board evaluation review. We aimed to stimulate the Board's thinking on how members of the Board can carry out their role and encourage them to focus on continually improving their effectiveness. The review process was aligned with the FRC Code on Board Effectiveness. We believe that our Board is a strong team who work well together. As always, there is scope to improve our effectiveness further, and we agreed on several actions, details of which are set out on page 66.

“

The Board has reviewed the contents of this Annual Report and considers it fair, balanced, understandable and an accurate representation of the Company's current position, performance, business model and Strategy.”

- We completed a robust assessment of the Company's emerging and principal risks through our risk review process. For more on this, see pages 32 to 35.
- The Company Secretary carries out an annual review of compliance with the 2018 Code and regularly briefs the Board on developments in Corporate Governance.
- The Company Secretary sets out guidance on s172 of the Companies Act 2006 on every Board agenda to support the Board's consideration of its requirements. The interests of our stakeholder groups are considered through a combination of the following:
 - Standing agenda points and papers presented at each Board meeting, covering customers, colleagues and health and safety.
 - An annual Board activity plan. This includes a one-day Strategy review, to consider how corporate culture is aligned with the purpose, values and Strategy set by the Board. Regular follow-up Strategy reviews and consideration in our Board evaluation process, together with a review of budgets and longer-term (three-year) financial plans, as well as including regularly scheduled Board presentations and reports, support the delivery of our Strategy. These include investor feedback, broker presentations and individual annual updates on progress with environmental and social matters as well as ethical trading and modern slavery.
 - Review of many of these topics through the risk management process and other standard Audit and Risk Committee and Remuneration Committee agenda items, as described in this report.
 - A range of engagement activities with stakeholders, as described on page 70 (Employee and Stakeholder Engagement).
- As well as improving the flow of information to the Board members, a new web-based Board meeting package, combined with video-conferencing, has enabled the Board to move seamlessly to virtual meetings in response to the introduction of measures to limit the spread of Covid-19 in March.

CORPORATE GOVERNANCE REPORT

How Governance supports the delivery of our Strategy

Topic	How Governance supported the delivery of our Strategy
Covid-19 Impact	The Board held a series of additional meetings specifically to address the challenges of Covid-19. It continues to monitor developments and receives regular reports from a Covid-19 Working Group. The group monitors developments and oversees the development and implementation of operational plans to address the challenges of Covid-19. For more on our response to Covid-19, see page 12.
Brexit Impact	The Board monitors developments and receives regular reports on progress from a Brexit Working Group. This group was established to monitor development and oversee the development and implementation of plans, aimed at ensuring a smooth path for the Company through the Brexit process.
Strategy	The Board holds an annual Strategy review, which provides an opportunity to engage with the Executive over the long-term Strategy. The Board regularly reviews progress with the Strategy and receives regular reports at Board meetings on the execution of the Strategy. For more on our Strategy, see pages 16 to 51.
People	The Board receives regular reports on Health and Safety and is kept informed on employee matters through a range of reports and direct engagement. This includes monthly Board reports, feedback from our "MyVoice" colleague engagement programme and annual colleague survey and direct Board engagement through visits to stores and attendance of Andy King, Employee Engagement Director, at "TeamTalk" colleague engagement sessions. For more on employee and stakeholder engagement see Employee and Stakeholder engagement on page 70.
Financial	The Board monitors the Company's financial position through a monthly report from the Chief Financial Officer, which covers a range of key KPIs. An annual financial planning review takes place in consultation with the Board to agree on a medium to long-term three-year financial plan.
Stakeholder Engagement	The Board is informed and engaged on matters concerning stakeholders through regular reports and direct engagement. For more on employee and stakeholder engagement see Employee and Stakeholder engagement on page 70.

Fair, Balanced, Understandable

The Board has reviewed the contents of this Annual Report and considers it fair, balanced, understandable, and an accurate representation of the Company's current position, performance, business model and strategy. The basis for this view is that the Directors are provided with the relevant information to perform their duties and have access to members of management, as they require. The Board meets regularly and is given adequate time to probe, debate and challenge business performance. The Board has received a report from the Audit Committee concerning the financial results and based on that, has approved the final accounts for the period. Having gained a thorough understanding of the business, each member of the Board has also had the opportunity to review and influence this report and as such has concluded in line with the statement above.

Being Available to Shareholders

The Board maintains a dialogue with its Shareholders, and the CEO and CFO meet regularly with investors and analysts to discuss the Company's performance. All Shareholders have access to the Chairman and SID as well as the Company Secretary, who is available to discuss any questions which they may have concerning the running of the Company.

The Board recognises the need to ensure that all Directors are fully aware of the views of major Shareholders. Copies of all analysts' research relating to the Company are circulated to Directors upon publication. The Company receives a monthly Investor Relations report which includes an analysis of the Company's Shareholder register.

Dialogue with Institutional Shareholders

The Directors build on a mutual understanding of objectives between the Company and its institutional Shareholders, with annual presentations and regular communications over the year. Also, I write to major Shareholders each year and meet with many of them to discuss the Company and its Governance. Financial information is published on the Company's website toppstilesplc.com. The chairs of the Audit, Remuneration and Nomination and Governance Committees make themselves available to answer Shareholders' questions.

During 2019 we consulted Shareholders over a new three-year Directors' Remuneration Policy, which was approved by Shareholders at the AGM in January 2020.

Annual General Meeting

Shareholders receive more than 20 working days’ notice of the Annual General Meeting (“AGM”).

Each substantive issue considered at the AGM is the subject of a separate resolution. Because the Annual General Meeting will be a closed meeting, this year the Board is encouraging Shareholders to vote online by proxy, rather than attend the AGM on 20 January 2021, details of which are in the notice of AGM included in this report. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as Shareholders’ votes are counted according to the number of shares registered in their names, rather than according to the votes of Shareholders who attend the Annual General Meeting. The results will be published on our website toppstilesplc.com, and they will also be released to the London Stock Exchange via a Regulatory Information Service. Please see the Notice of AGM on page 155 for details of the resolutions and when and how to vote by proxy.

The Annual General Meeting is typically a good opportunity for Shareholders to meet with the Directors when they can provide an update on the Company’s business and answer Shareholders’ questions. To ensure that Shareholders have an opportunity to engage with the Board, this year, the Board will be pleased to answer questions proposed in advance of the Meeting. Please see the notes on page 159 for details of when and how to ask questions in advance.

Statement of Compliance with the 2018 UK Corporate Governance Code

Throughout the Period, the Company has complied fully with the principles of the 2018 Code, including both the Principles and the more detailed Provisions, as reported. More on how the Main Principles and detailed Provisions have been applied are set out below and in the Strategic Report, Directors’ Remuneration Report and Audit Committee Report.

GOVERNANCE FRAMEWORK

BOARD

- Investor relations.
- Approval of Financial Statements and circulars.
- Approval of operating and capital expenditure budgets.
- Approval of the Strategy and business plan.
- Approval of corporate transactions and changes to capital structure, core activities and listing status.
- Approval of key policies including Modern Slavery and Ethical Trading, Anti-Bribery, Health and Safety and Diversity.
- Directors’ appointments.
- Corporate Governance.
- Key external and internal appointments.
- Pensions and employee incentives.

REMUNERATION

- Chair and Executive Directors’ remuneration
- Senior management remuneration
- Share incentive plans
- Employee benefits structures

AUDIT

- Financial reporting
- Narrative reporting (fair, balanced and understandable)
- Internal controls and risk management systems
- Compliance, whistleblowing and fraud
- Internal audit
- External audit

NOMINATION AND GOVERNANCE

- Board structure
- Board evaluation
- Board, Committee, and senior executive appointments
- Board, Committee and senior executive succession and development plans
- Diversity and inclusion

➔ Committee Terms of Reference can be found within the Investors section of the Company’s website

CORPORATE GOVERNANCE REPORT



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Matrix Burnt Umber Matt (Topps Tiles)

The Board

The Board of Directors has overall responsibility for determining the Company's purpose, values, and Strategy and for ensuring high standards of Governance. The primary aim of the Board is to promote the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society.

The Board comprises six members, four of whom are considered independent, in line with the 2018 Code. Darren Shapland chairs both the Board and the Nomination and Governance Committee, Claire Tiney chairs the Remuneration Committee and is the Senior Independent Non-Executive Director and Keith Down chairs the Audit Committee. Andy King is responsible for Employee Engagement. Brief biographical details of all Directors are given on pages 54 and 55.

Certain defined matters are reserved for the Board including:

- Investor relations
- Approval of Financial Statements and circulars
- Approval of operating and capital expenditure budgets
- Approval of the Strategy and business plan
- Approval of corporate transactions and changes to capital structure, core activities or listing status
- Key policies including Modern Slavery and Ethical Trading, Anti-Bribery, Health and Safety and Diversity
- Directors' appointments
- Corporate Governance
- Key external and internal appointments
- Pensions and employee incentives.

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

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

The Board reviews the independence of Non-Executive Directors on an ongoing basis. The Board considers that Darren Shapland, Claire Tiney, Andy King and Keith Down are independent for the purposes of the 2018 Code. The terms and conditions for the appointment of Non-Executive Directors are available for inspection on request.

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

Board Composition and Independence

As announced on 5 November 2019, Matthew Williams (formerly Chief Executive Officer) stepped down from the Board with effect from 29 November 2019 and was succeeded by Rob Parker (formerly Chief Financial Officer). The Company recently concluded the search for a new CFO, and as announced in September 2020, I am pleased that Stephen Hopson was appointed Chief Financial Officer with effect from 2 November 2020.

As announced on 26 November 2020, Andy King will step down from the Board with effect from the close of the AGM in January 2021, having served for approximately nine years.

As also announced on 26 November 2020, Diana Breeze will join the Board as Non-Executive Director on 1 February 2020, and Kari Daniels will join the Board as Non-Executive Director on 1 April 2021.

As also announced on 26 November 2020, Claire Tiney will stand down from the Board at the end of July 2021 and will therefore stand for re-election at the AGM in January 2021. If re-elected, Claire will provide additional continuity in these exceptional times of Covid-19 and support the smooth handover of the Chair of the Remuneration Committee to Diana Breeze at the end of July. Whilst this will mean that Claire serves a little more than nine years on the Board, after having considered Claire's independence and in particular Provision 10 of the 2018 Code, the Board is satisfied that Claire can remain independent during this time. None of the other considerations in Provision 10 is applicable; the additional service is for a fixed period after which Claire will step down, and it is for the specific purpose of supporting high standards of governance in these exceptional times.

Arising from these changes:

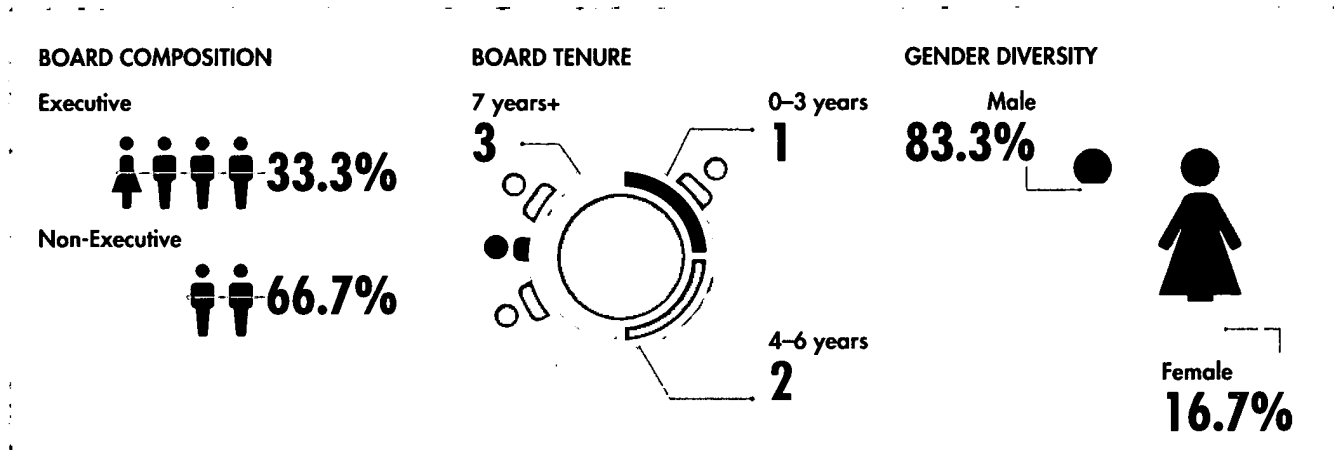
- With effect from 20 January 2021 Keith Down, Non-executive Director, will become Senior Independent Director, in addition to his role as Chair of the Audit Committee.
- Kari Daniels will become designated NED for employee engagement with effect from 1 April 2021 (Claire Tiney will hold this position on an interim basis from the AGM until Kari is in post).
- Diana Breeze will become Chair of the Remuneration Committee with effect from 1 August 2021.

Appointment, Re-election and Contribution of Directors

All Directors are subject to annual re-election at the AGM in January 2021. As a newly appointed Director, Stephen Hopson will also be put forward for re-election at the AGM in January 2021, being the next AGM following his appointment. Diana Breeze and Kari Daniels will be put forward for re-election at the AGM in January 2022, being the next AGM following their appointments.

The Nomination and Governance Committee considers the role and contribution of Directors annually as part of its work on succession planning. It believes that each member of the Board continues to be important to the Company's long-term sustainable success as follows:

- **Darren Shapland:** an experienced Board Chair, with over 30 years of retail and consumer experience. Darren sets the agenda for meetings in consultation with the CEO, CFO and Company Secretary, chairs the meetings and promotes a culture of openness and debate, including inviting the Executive Directors and the NEDs to debate and challenge the Group's Strategy.
- **Rob Parker:** a qualified accountant with 13 years of Board experience, has led the Group through the challenges of Covid-19. Rob formulates and proposes the strategic direction of the Group and incorporate this into business plans for regular discussion and agreement by the Board and has overall responsibility for the operational and financial performance of the Group.
- **Stephen Hopson:** a qualified accountant and experienced Finance Director. Stephen will be responsible for the management of the Group's financial affairs, to support Rob in the delivery of our plan.
- **Keith Down:** a qualified accountant and experienced CFO, with substantial retail and consumer experience. Keith will continue to chair the Audit Committee and from January 2021, will become the Senior Independent Director. As Senior Independent Director, Keith will provide a sounding board for the Chairman and serve as an intermediary for the other Directors when necessary, and be available to Shareholders.
- **Claire Tiney:** an experienced HR Director, with substantial retail and consumer experience. Claire will continue to chair the Remuneration Committee, facilitate a smooth handover to a new committee chair and act as Employee Engagement Director.



CORPORATE GOVERNANCE REPORT

Board Meetings

The Board held 12 scheduled meetings during the Period, based on an annual plan agreed with the Chair, including an annual Strategy review. In addition, the Board held a series of meetings between March and July 2020 specifically to address the challenges of Covid-19.

Ahead of each meeting, the Directors are given up-to-date information about trading performance, the Group's overall financial position and its achievement against the prior year, budget, and forecasts.

Regular items at Board meetings include updates on health and safety, reports on progress towards strategic objectives, reviews of the Group's financial position and performance against KPIs.

Members of the Executive and Leadership teams are invited to attend to update the Board concerning their specific departmental responsibilities and are invited to give feedback to the Board.

At meetings, the Chair ensures that each Director can make an effective contribution within an atmosphere of transparency and constructive debate.

Between Board meetings, financial and other relevant information is circulated to the Directors as necessary; the Chair maintains frequent direct contact with the Executive and Non-Executive Directors and keeps the Non-Executive Directors informed of material developments. Directors regularly meet with Senior Executives and visit stores.

	Appointed	Independent			Audit	Nomination and Governance	Remuneration
Darren Shapland	19-03-15	Yes	Non-Executive	Board Chair	●	●	●
Rob Parker	10-04-07		Executive	Chief Executive Officer	●	●	●
Stephen Hopson	02-11-20		Executive	Chief Financial Officer	●	●	●
Andy King	23-01-12	Yes	Non-Executive	Employee Engagement Director	Ⓜ	Ⓜ	Ⓜ
Claire Tiney	12-12-11	Yes	Non-Executive	Senior Independent Director	Ⓜ	Ⓜ	●
Keith Down	02-02-15	Yes	Non-Executive		●	Ⓜ	Ⓜ

Key:

- Chair
- Ⓜ Member
- Invitation – may attend at the invitation of the Chair

Attendance at Scheduled Board and Board Committee Meetings

	D Shapland	R Parker	C Tiney	A King	K Down
Board of Directors	● 12 / 12	● 12 / 12	● 12 / 12	● 11 / 12	● 12 / 12
Audit Committee	● 1	● 1	● 4 / 4	● 4 / 4	● 4 / 4
Remuneration Committee	● 1	● 1	● 4 / 4	● 3 / 4	● 4 / 4
Nomination and Governance Committee		● 1	● 3 / 3	● 2 / 3	● 3 / 3
	100%	100%	100%	87%	100%

Key:

- Meetings attended
- ⊖ Possible meetings
- Invitation – may attend at the invitation of the Chair

Andy King was unable to attend meetings in March due to a family funeral.

Maintenance of a Sound System of Internal Control

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and regularly reviews this process. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. This process is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. As noted below, the scope of the internal audit programme has recently increased.

The Group has established internal control and risk management systems concerning the process for preparing the consolidated financial statements. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Management regularly monitors changes in accounting standards and financial reporting requirements and reflects any relevant changes in the financial statements where appropriate.

The full-year financial statements are subject to external audit. The Audit Committee receives reports from management and the external Auditors on significant judgements, changes in accounting policies, changes in accounting estimates and any other appropriate changes to the financial statements.

The Company is committed to complying with Corporate Governance guidelines and currently complies with the 2018 Code. The Audit Committee assists the Board in discharging its responsibilities in this regard. The outcomes from the recent key risks and uncertainties review are detailed in the Strategic Report section of this report, and the Board has considered all significant aspects of internal control in conjunction with the review of the work of Internal Audit.

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

Modern Slavery

The Board is committed to ensuring that acts of modern-day slavery and human trafficking do not occur in relation to the Company, or its supply chain. To meet this commitment, the Company introduced The Topps Tiles Responsible Sourcing Code, which is explained in our Modern Slavery Statement on the Company's website. This Code is reinforced by commercial agreements that require our suppliers to be fully compliant with local laws, and we pay attention to labour standards and factory conditions. Our Responsible Sourcing Code has been rolled out to and agreed by all factories supplying our retail business. We are now focused on rolling out the Code to suppliers of our commercial businesses. Also, this year, we have continued to work closely with leading Quality Assurance experts, Intertek, to identify risks within our supply chain. This work is centred around regional risks in the building and construction sector, and their work is targeted based on an audit process aimed at determining which areas are subject to the highest risk.

Anti-Corruption and Anti-Bribery

The Board is committed to ensuring that our business is conducted honestly and ethically. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. This commitment includes implementation of an anti-bribery policy which all colleagues are required to adhere to and to enforce an effective system of control, through our dedicated Internal Audit team. The team works to a plan agreed with the Audit Committee and reports progress to the Audit Committee on a twice-yearly basis.

Darren Shapland
Non-Executive Chairman
1 December 2020



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE REPORT



KEITH DOWN
Chair of the Audit Committee

“

The Audit Committee provides advice to the Board on whether the Annual Report is fair, balanced and understandable and provides the necessary information Shareholders require to assess the Company's performance, business model and Strategy.”

Meetings Held

4

Other Members:

Claire Tiney
Andy King

The Committee

The Committee held four scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee.

The Audit Committee comprises independent Non-Executive Directors Keith Down (Chair), Claire Tiney and Andy King. Their qualifications are detailed on pages 54 and 55. The Chair has relevant experience, being a qualified Chartered Accountant, a former Chief Financial Officer of a listed company and a serving Chief Financial Officer of a non-listed company. The Chief Executive Officer, Chief Financial Officer and the Chair of the Board may attend meetings by invitation.

Role

The Audit Committee considers the nature and scope of the audit process (both internal and external to ensure that the programme is aligned to key risks and where necessary any particular risk areas) and its effectiveness. It also monitors, reviews, and approves the internal audit programme, and receives internal audit reports regularly to review the effectiveness of its work. The Committee meets with the external Auditors and considers the Annual Financial Statements before making its recommendations to the Board. The Committee reviews and monitors the external Auditors' independence and objectivity and the effectiveness of the audit process. The internal audit programme has recently increased its scope to cover the new commercial operation.

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

The Committee is responsible for the robust assessment of the Company's principal strategic risks, which include those to its business model, future performance, solvency, and liquidity. The Committee, with support from senior operational managers, performs this process. The Committee reviews the strategic risk

schedule on a half-yearly basis to ensure that any actions that have been identified are being progressed; additionally, the Board receives quarterly updates. It also reviews the Group's system of internal control by reference to an Internal Controls Framework assessment and reports its findings quarterly to the Board.

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

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

- **Review of Principal Strategic Risks** – the Committee conducts an annual review of principal strategic risks and invites a cross-section of Company's management to present to ensure that the review includes a detailed understanding of the business. The review highlights the principal risks based on a combination of likelihood and impact and then considers what appropriate mitigating effects should be implemented. In addition, these risks are regularly reviewed and monitored at Board meetings. In the current year the review of risks has had a particular focus on Covid-19, and its impact on Group operations.
- **Review of Poor-performing Stores** – as part of both the half-year and full year-end review process, poorly performing stores are considered, and any related impairments and/or property provisions are provided for. Management will then follow up with detailed action plans to either improve store performance or seek an exit solution. The Audit Committee also reviews progress towards these plans at the following review. The

Audit Committee also reviews and approves the discount rate calculations used to discount these provisions. Provisions are made to the extent that the poorly performing store leases are considered onerous.

- **Review of Goodwill and Tangible Assets** – a review of goodwill and intangible assets in relation to future income streams. The review this year recognising the risk of a slower growth profile for customers in the commercial sector and a subsequent decision to impair these assets.
- **Review of IFRS16 Implementation** – the Group has applied IFRS 16 ‘Leases’ for the first time in this accounting period and the Audit Committee has reviewed both the transition approach taken, and the approach to reporting to allow a balanced view between comparison to the prior year (calculated on a pre IFRS16 basis), and the final statutory reported financials.
- **Review of Inventory** – ensuring that inventory is correctly valued is a key area of focus for the Audit Committee. The finance function performs ongoing detailed checks of supplier invoices by comparing to system prices, and management conducts a regular review of any products sold, or likely to be sold, below the original cost price. Inventory provisions are prepared in accordance with these reviews. The Audit Committee reviews the output of these reviews and approves the provisions included in the Annual Report.
- **Going Concern and Long-term Viability Statement** – the Chief Financial Officer provides an assessment of the Company’s ability to continue to trade on both a 12-month look-forward test basis and a three-year look-forward basis. The conclusions of those reviews are included in the Strategic Report.
- **Annual Review of the Group Tax and Treasury Policy** – performed annually and published on the Company’s website.

- **Monitoring the Group’s compliance with Accounting Standards** – with a particular focus on new accounting standards, such as IFRS 16 (accounting for leases). Reviews all material judgemental accounting areas such as loyalty accounting and all items considered to be adjusting to support external understanding of underlying performance.

Auditors

The Audit Committee reviews the independence of the Company’s external Auditors. We selected PricewaterhouseCoopers LLP (“PwC”) as Auditors following a tendering exercise carried out in 2018, confirming the appointment at the AGM in January 2019. A resolution will be proposed at the Annual General Meeting in January 2021 to reappoint PricewaterhouseCoopers LLP as the Auditors.

The Company has a policy for the provision of non-audit services, which is published on the Company’s website. Under the policy, the external Auditors have not provided non-audit services to the Company during the Period.

During the year our auditors have specifically focused on the implementation of IFRS 16 ‘Leases’ and also the review of goodwill and intangible assets, recognising the impact of Covid on key customer groups.

The audit fee for the statutory audit of the Company’s consolidated financial statements and audit-related services for the Period is £204,000 (2019: £159,000).



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Chymia Pattern White Mix (Topps Tiles)

CORPORATE GOVERNANCE REPORT

NOMINATION AND GOVERNANCE COMMITTEE REPORT



DARREN SHAPLAND
Chair of the Nomination and Governance Committee

FY20 Key Activities

- Review of the Company's approach to Environment, Social and Governance (ESG); making ESG an area of focus.
- Board succession and development, with planning for the appointment of Rob Parker as CEO, recruitment of Stephen Hopson as CFO and succession planning for the NEDs.

Meetings Held

3

Other Members:

Andy King
Keith Down
Claire Tiney

The Committee

The Committee held three scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee.

The Committee comprises independent Non-Executive Directors Darren Shapland (Chair), Andy King, Keith Down and Claire Tiney.

Role of the Committee

The Nomination and Governance Committee leads the process for appointments, ensures plans are in place for orderly succession to both the Board and senior management positions, and oversees the development of a diverse pipeline for succession and for diversity, on which our policy is included in the Directors' Report.

The Committee's principal activities during the Period were:

- Reviewing the Company's approach to Environment, Social and Governance (ESG) matters, as a result of which we have made ESG an area of focus, as reported above;
- Oversight of the development of the Company's Strategy on Diversity and Inclusion;
- Executive and Non-Executive Directors' succession and planning, reviewing the size, diversity, skills, and experience of the Board and considering the future needs of the Group and the 2018 Code;
- Planning for the appointment of Rob Parker as Chief Executive Officer and a smooth transition following Matthew Williams' decision to step down;
- Planning for the succession of Andy King as a Non-Executive Director and Employee Engagement Director;
- Planning for the succession of Claire Tiney as the Senior Independent Director and Chair of the Remuneration Committee;

- Planning for the search, selection and appointment of Stephen Hopson as Chief Financial Officer;
- Carrying out an internal Board evaluation and internal committee evaluations; and planning for actions to respond to points raised in the evaluation feedback, as reported below.

Succession Planning

This year, succession planning has been an area of focus. We have seen a significant change in the composition of our Board. The Committee oversaw the planning for Rob Parker to succeed Matthew Williams as Chief Executive Officer and for Stephen Hopson to succeed Rob as Chief Financial Officer; as well as planning for changes in 2021 as Non-Executive Directors Claire Tiney and Andy King near the end of their tenure.

The Committee is actively involved in guiding the planning and selection process for Board roles and is consulted on all senior-level appointments and developments. In addition, the Committee draws up and regularly reviews long, medium and short-term succession plans for all key senior management positions within the Company. As well as having short-term contingency plans in place, the aim is to ensure that the Company identifies, develops and promotes candidates into appropriate positions of leadership. To this end, the internal promotion of our HR Director Linda Sleath to the Executive Committee was a welcome development.

Board Evaluation

Each year there is a formal and rigorous annual evaluation of the performance of the Board, its committees, the Chair and individual Directors. The evaluation provides an opportunity to highlight areas for further development. Last year we carried out an externally facilitated evaluation, and we aim to do this every three years.

Last year's evaluation found that the Board had a positive culture, worked well, and compared well to its peer group. It highlighted for attention the need for additional focus on several areas, including:

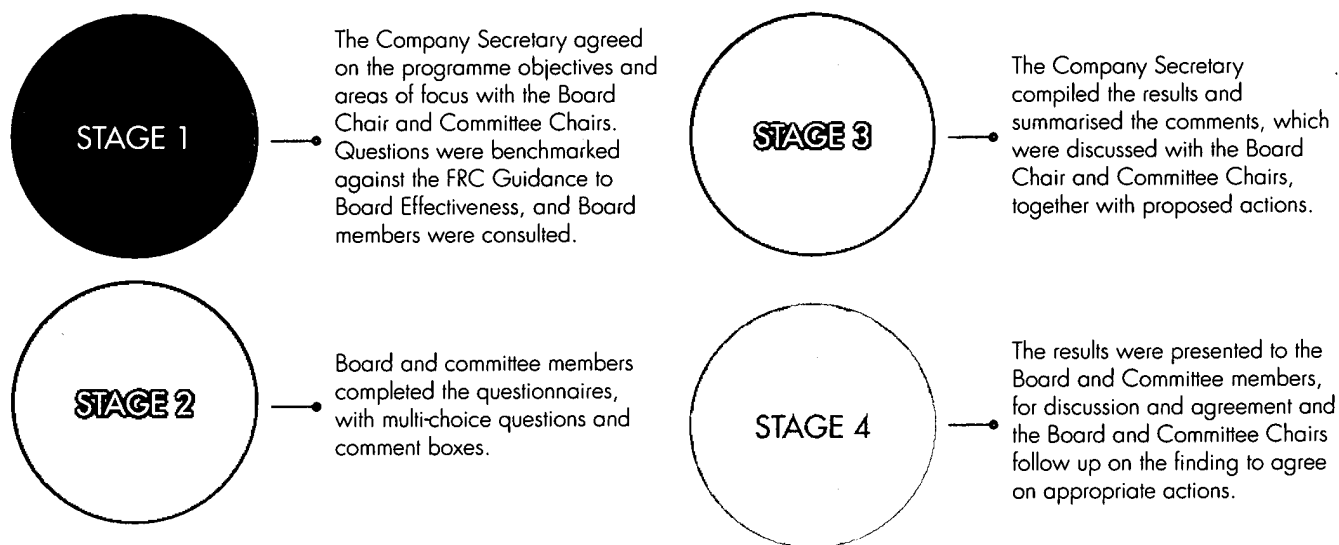
- Board agenda, planning; we introduced a paperless web-based Board meeting package and placed more emphasis on preparing the annual Board plan in consultation with the Board.
- Succession planning; this was an area of focus in 2020 as reported on page 66;
- Diversity; this was an area of focus in 2020 and I am pleased that by August 2021, the new appointments we have announced will result in one third of the Board being female.

This year, an internal evaluation was undertaken.

Key Findings and Actions include:

- Key findings included a positive approach to corporate responsibility, culture and values, strong retail knowledge and willingness to ask difficult and challenging questions with the right balance between challenge and support. We noted improvements in the way the Board has worked together, in particular to address the challenges of Covid-19 while maintaining focus on the Company's long-term Strategy.
- We identified a need to continue to focus on long-term Strategy, recognising significant social and macro-economic changes arising from the Covid-19 pandemic. We also identified as priorities: continuing to develop our knowledge of the commercial market maintaining focus on diversity, sustainability, and ensuring the successful induction of new members of the Board.

BOARD EVALUATION PROCESS



DIRECTORS' REPORT

The Directors of Topps Tiles Plc (the "Directors" or the "Board") present their Annual Report on the affairs of the Group (comprising Topps Tiles Plc and its subsidiary companies) together with the Financial Statements and Auditors' Report, for the 52-week period ended 26 September 2020 (the "Period"). The Corporate Governance Report set out on pages 57 to 67 forms part of this report.

Principal Activities

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

Strategic Review

The Company is required by the Companies Act 2006 to set out in this report a fair review of the business of the Group during the period ended 26 September 2020 and of the position of the Group at the end of that period. The Company is also required to set out a description of the principal risks and uncertainties facing the Group. This information is in the Chairman's Statement on page 06, the Strategic Report on pages 10 to 57, and the Corporate and Social Responsibility statement on pages 36 to 49, which form part of the Directors' Report.

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

The Directors monitor a number of financial and non-financial key performance indicators for the Group. The most significant of these are detailed on pages 24 and 25.

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

Results and Dividends

The audited Financial Statements for the 52-week period ended 26 September 2020 are set out on pages 100 to 151. The Group's loss for the period from continuing operations, after taxation, was £8,018,000 (2019: profit of £10,078,000).

During the interim period, no interim dividend was declared or paid (2019: interim dividend of 1.1 pence per share and a final dividend of 2.3 pence was paid, totalling 3.4 pence per share). As a result of the challenges we have faced this year we announced at the interim stage that there would be no dividend this year.

Board of Directors

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

D Shapland

Non-Executive Chairman

R Parker

Chief Executive Officer (formerly Chief Financial Officer, succeeded M Williams on 29 November 2019)

M Williams

Chief Executive Officer (stepped down 29 November 2019)

C Tiney

Senior Independent Non-Executive Director

A King

Non-Executive Director

K Down

Non-Executive Director

Although not required by the Company's Articles, in line with good Corporate Governance all the Directors will all retire voluntarily and offer themselves for re-election, including Stephen Hopson who joined the Board on 2 November 2020, but excepting Andy King. Andy will step down with effect from the conclusion of the AGM in January 2021, having served for approximately nine years as a Non-Executive Director.

Claire Tiney will stand for re-election with the aim being to serve until the end of July and ensure a smooth transition of the role of Chair of the Remuneration Committee. The Board considers that Claire can continue to be independent during this period. For more on this, see the Governance Report, on page 66.

For the Directors' biographical details, see pages 54 and 55.

The Board considers that the contribution of each of the Directors standing for election is important to the Company's long-term sustainable success. For more on this, see the Corporate Governance Report, on page 61.

Directors' and Officers' Insurance

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

Articles of Association

The internal regulation of the Company is set out in its Articles of Association. The Articles of Association can be amended by a special resolution of the Company's Shareholders. They cover matters such as the rights of Shareholders, the appointment or removal of Directors and the conduct of Board and general meetings. Copies are available upon request and on the Company's website. In accordance with the Articles of Association, Directors can be appointed or removed by the Board or Shareholders in general meeting. Subject to company law and the Articles of Association, the Directors may exercise all the powers of the Company and may delegate authorities to committees. The principal Board committees are the Audit Committee, Nomination and Governance Committee and the Remuneration Committee. Details of the work of these committees can be found in the Corporate Governance Report on pages 64 to 67.

Voting at the Annual General Meeting

Because the Annual General Meeting will be a closed meeting, this year the Board is encouraging Shareholders to vote online by proxy. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as Shareholders' votes are counted according to the number of shares registered in their names, rather than according to the votes of Shareholders who attend the Annual General Meeting.

Share Capital

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

The Company has one class of ordinary shares in issue, which carries no right to fixed income. Each share carries the right to one vote in a General Meeting of the Company.

The Company imposes no restrictions on the size of a holding or on the transfer of shares, which are governed by the general provisions of the Articles of Association and company law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

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

Substantial Shareholdings

In addition to the Directors' shareholdings noted on page 86, as at 26 September 2020, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following disclosable interests in its issued share capital.

	Number	% held
MS Galleon AG	29,169,497	18.94
Aberforth Partners LLP	21,469,861	10.9
Williams S K M Esq	20,593,950	10.5
AXA Investment Managers SA	19,213,670	9.8
Invesco Asset Management	9,790,934	5.0
BlackRock Investment Mgt (UK)	11,256,019	5.7
Ninety One UK Limited	9,591,601	4.9
Standard Life	7,783,246	4.0

In accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, between the end of the Period and the date of the notice of the Annual General Meeting, we have been informed that the shareholding of MS Galleon AG stands at 20%.

Carbon Reporting

As detailed in the Corporate Social Responsibility statement of this report on page 42, our primary energy consumption is electricity used across our store estate. Energy for in-store lighting is a significant source of carbon emissions. We continue to invest in new technology, including low energy lighting, to reduce our carbon emissions.

	2020		2019	
	CO ₂ (Tonnes)	CO ₂ (Tonnes)/ Store	CO ₂ (Tonnes)	CO ₂ (Tonnes)/ Store
Electricity	3,223	9.0	5,338	14.6
Gas and oil	2,656	7.4	2,742	7.5
Commercial fleet	2,694	7.5	3,248	8.9
Company cars	232	0.6	376	1.0
Total	8,805	24.7	11,704	32.0

The above carbon emissions data covers the Period of this Annual Report. It has been compiled from data from our energy suppliers (based on the energy consumed multiplied by Environment Agency approved emissions factors) and for vehicle emissions, from our in-house transport team (based on mileage covered multiplied by manufacturers' published emissions data).

Share Option Schemes

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

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

The total number of options held by employees, including Directors, is 12,845,842 (2019: 14,946,189).

As described in note 32, employee share purchase plans are open to almost all employees and provide for employees to purchase Ordinary Shares at a purchase price equal to the daily average market price over the three days preceding the start of the offer period, less 20%. The offer period fell between 7 and 21 January 2020 and the offer price to employees was 60.35 pence.

The Directors' interests in the shares of the Company and details of the Directors' share options are given in the Directors' Remuneration Report on pages 86 to 89.

Significant Agreements

The Group is party to significant agreements, including commercial contracts, financial and property agreements and employees' share plans, which contain certain termination and other rights for the counterparties in the event of a change of control of the Company. Should any counterparties choose to exercise their rights under such agreements on a change of control, these arrangements may have to be renegotiated or replacement suppliers, or premises, be found. None of these is considered significant in terms of the likely impact on the business of the Group as a whole. There are no agreements between any Group company and any of its employees or a Director that provides for compensation to be paid to the employee or Director for termination of employment or for loss of office as a consequence of a takeover of the Company, other than provisions that would apply on any termination of employment.

DIRECTORS' REPORT

Charitable and Political Contributions

The Group has designated charitable partners, Macmillan Cancer Support and Leicestershire Cares. Across the Group's business, colleagues engage in numerous fundraising activities, which are documented in the Corporate Social Responsibility statement of this report. During the period, the Group made no monetary charitable donations and no political contributions.

Corporate Social Responsibility

The Company has a long-standing Corporate Social Responsibility agenda covering Community, Charity, the Environment and Our People. Details of our current Corporate Social Responsibility activities are on pages 36 to 49. We take the impact of our business on our environment extremely seriously and have included a range of environmental metrics above and we pay particular attention to labour standards and factory conditions.

Our workforce at the Period-end date comprises:

	2020			2019		
	Male	Female	Total	Male	Female	Total
Directors	5	1	6	5	1	6
Senior managers	10	3	13	16	3	19
Other employees	1,374	472	1,846	1,493	508	2,001
Total employees	1,389	476	1,865	1,514	512	2,026
% of total	74%	26%		75%	25%	

Equal Opportunities

The Board is committed to promoting equal opportunities and ensuring that we hire on potential, promote on talent and reward on success. We aim to promote equality of opportunity in employment. We welcome applications for employment from people of all backgrounds, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy, maternity, race, religion or belief and sex. Should a colleague become disabled, we aim to continue to support their training and career development where we can do so, making reasonable adjustments.

Colleague Consultation

The Board values the views of employees and recognises the importance of keeping employees informed of matters affecting them and the Group. This is achieved through formal and informal meetings, electronic announcements, the Company magazine and "TeamTalk", a Company-wide forum for colleagues to discuss matters that affect them and the Company. Regular forums are held at local and national levels to ensure that employee representatives are consulted quarterly on matters affecting them.

Financial Risk Management, Objectives and Policies

The Group is exposed to interest rate risk, currency risk and credit risk. Information regarding our approach to managing these risks is contained in note 21 to the Financial Statements. The Group's approach to risk management is explained in the Strategic Report on pages 32 to 35.

Human Rights

All directly employed colleagues are based in the UK and covered by UK employment law. The Modern Slavery Act 2015 came into effect in 2015 and the Board is committed to ensuring that acts of modern-day slavery and human trafficking do not occur in relation to the Company, or its supply chain. For more on this, see page 63.

Diversity

The Nomination and Governance Committee reviews the balance of skills, knowledge and experience on the Board regularly. The Board recognises the importance and benefits of diversity in our organisation. We appoint on merit, against objective criteria and with due regard for the benefits of diversity. As noted in the Governance Report, this year we made diversity and inclusion an area of focus. The proportion of female employees continues to increase, in particular in our senior management team and during 2021, the new appointments we have announced will result in one third of the Board being female.

Employee and Stakeholder Engagement

The Company has a number of streams of stakeholder engagement. These are detailed on page 7 in the Chairman's Statement (Our People), page 14 (We are a Leading Specialist Supplier) and on page 18 (Leading People) concerning colleague engagement; on page 58 in the Governance Report (Being available to shareholders and Dialogue with institutional shareholders), concerning Shareholders; on pages 14 to 16 (We are a Leading Supplier and Leading Product) and on pages 14 and 15 (We are a Leading Specialist Supplier), page 17 (Leading Product) and page 39 (Supply Chain) concerning suppliers; and on page 18 (Leading People), pages 20 and 21 (Retail) and page 22 (Commercial) concerning customers.

Information Given to the Auditors

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

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

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

Reappointment of the Company's Auditors

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Confirmation Statement

We confirm that to the best of our knowledge:

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

On behalf of the Board

Rob Parker

Director

1 December 2020




①

Revolution (Topps Tiles)

DIRECTORS' REMUNERATION REPORT



CLAIRE TINEY
Chairman of the Remuneration Committee

Remuneration Committee

The Committee held four scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee. In addition, the Committee met to consider the impact of Covid-19 on remuneration.

The Committee comprises independent Non-Executive Directors Claire Tiney (Chair), Andy King and Keith Down.

Role and Responsibilities

The role of the Remuneration Committee is set out in its terms of reference, which are available on the Group's website. The Committee's primary purpose is to develop and determine the Group's remuneration policies for the Executive Directors, Chairman and Senior Management.

Specific duties include:

- setting the remuneration policy for Executive Directors, Chairman and senior management;
- determining individual pay awards within the terms of the agreed policy; and
- ensuring that the remuneration policy operates to align the interests of management with those of Shareholders.

The Committee also has responsibility for reviewing pay and conditions across the Group and the alignment of incentives and rewards with culture.

STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholder

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the 52 weeks ended 26 September 2020 (the "Period").

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, the UKLA Listing Rules and the 2018 UK Corporate Governance Code (the "Code"). The report is split into three parts:

1. This annual statement, as the Chair of the Remuneration Committee.
2. The Directors' Remuneration Policy (the "Policy").
3. The annual Directors' Remuneration Report, which sets out payments made to the Directors and details the link between Company performance and remuneration for the 52 weeks ended 26 September 2020. The Directors' Remuneration Report is subject to an advisory Shareholder vote at the AGM in January 2021.

Remuneration Framework

Over the course of 2019, the Committee undertook a detailed review of the then current Policy to ensure it supported our remuneration principles, which are to:

- attract and retain the best talent;
- drive behaviours which support the Group's Strategy and business objectives which are developed in the long-term interests of the Company and its Shareholders;
- reward senior management appropriately for their personal and collective achievements;
- provide incentives that help to maintain commitment over the longer term and align the interests of senior management with those of Shareholders;
- ensure that a significant percentage of the overall package for the Executives and senior managers remains at risk dependent upon performance and that their pay and benefits adequately take account of reward versus risk;
- ensure the overall remuneration structure is simple and clear and that employees understand how their performance is linked to reward;
- maintain appropriate proportions of fixed and performance-related pay, to help to drive performance over the short and longer term, maintain a flexible cost base, and avoid creating incentives for excessive risk taking;
- achieve consistency with the general remuneration philosophy applied to the Group's employees as a whole.

The Committee proposed a number of small changes to reflect developing market best practice, the Code and investor expectations. I am pleased to say that this was approved by our Shareholders at the AGM in January 2020 with almost 99% of votes in favour.

Performance in FY2020 and Remuneration Outcomes – Including Response to Covid-19

During the Period, as the business faced the Covid-19 pandemic, this had a material impact upon the financial performance of the Company. To mitigate this impact, many employees were furloughed under the Government Job Retention Scheme. To align with the workforce, whilst also saving cash, the Executive Directors, Non-Executive Directors and members of the senior management team agreed a voluntary 20% reduction in base salary and pension over the period April to June (April to July for Executive Directors and Non-Executive Directors).

The threshold level of adjusted profit before tax to trigger a bonus payment under the Annual Bonus Plan was not met. Whilst some elements of strategic targets were met, the Committee concluded that there would be no bonuses payable to the Executive Directors in respect of FY2020.

The Long-Term Incentive Plan (LTIP) awards granted in December 2017 were based upon performance over the three financial years to September 2020. The awards required cumulative adjusted earnings per share ("EPS") over the period to be at least 23.52p for 25% vesting, increasing to 25.37p for full vesting of the awards. Actual cumulative EPS was 14.69p; therefore, the 2017 LTIP awards lapsed in full.

Remuneration Decisions for FY2021

Salary/Fees

During the Period, the Committee reviewed the base salary level for the CEO and the fee levels for the Non-Executive Directors and as part of that review considered the remuneration of the wider workforce. It was concluded that, in line with the wider workforce, the CEO and Non-Executive Directors would not be awarded an increase in base salary or fees (as applicable) from October 2020. The CEO's salary will remain unchanged at £400,000. On 2 November 2020, Stephen Hopson joined the Board as the Chief Financial Officer. His remuneration package was considered by the Committee and set in line with the Policy and market practice. Stephen's base salary of £200,000 is set at a lower level than that of Rob Parker when in the CFO role (£270,928), to reflect a narrower scope for Stephen's role.

FY2021 Bonus

Given the ongoing Covid-19 pandemic and the continuation of local lockdowns which may have an impact on the businesses' ability to trade, coupled with the potential impact it could still have on the economy, this year the Committee has only confirmed the targets for the first half of the year and will confirm the targets for the second half once the outlook becomes more certain. No payments are due until the end of the year. The Committee will closely monitor the situation through the year and reserves the right to make appropriate adjustments to the targets.

FY2021 LTIP

During 2020/21, the Committee intends to grant LTIPs to the Executive Directors with a maximum opportunity of 100% of salary. These levels are unchanged from previous years. Given the challenge in setting targets for the LTIP in light of the uncertainty around Covid-19, the Committee has determined that it will be appropriate for these awards to set the EPS targets by reference to performance in the last year of the performance period (i.e. 2022/23) rather than setting cumulative EPS targets covering all three years. This change brings the approach in line with that adopted by the vast majority of companies that set EPS targets. In addition, the Committee has determined that it will be appropriate to set a wider range than it would typically set, given the uncertainty. However, the Committee has also decided that at the threshold level of performance only 10% of the LTIP awards will vest rather than the historic approach of vesting 25% at threshold. Full details of the performance targets are detailed on page 85. Finally, the Committee will monitor the performance over the three-year vesting period and review the vesting outcome to ensure it is a true reflection of the Company performance during the period and that there is no windfall gain as a result of share price movement.

Board Changes During the Period

As announced on 5 November 2019, Matthew Williams stepped down from the Board on 29 November 2019 and was succeeded by Rob Parker as Chief Executive Officer.

To ensure a smooth handover Matthew Williams remained employed as an adviser to the business until the end of May 2020. Accordingly, Matthew continued to draw his base salary and receive contractual benefits during this period; however, he was not entitled to any LTIP awards or annual bonus in respect of FY2020. In accordance with section 430 (2B) of the Companies Act 2006, the Company confirms that no payment was made for loss of office. The details of Matthew's remuneration whilst in office for the Period are on page 83.

Rob Parker's remuneration arrangements as the Chief Executive Officer and Stephen Hopson's joining arrangements as the CFO are detailed on page 73. These were determined in accordance with the Policy approved at the 2020 AGM.

Annual General Meeting

On behalf of the Board, I would like to thank Shareholders for their continued support. This year the Board is encouraging Shareholders to vote online by proxy and to submit questions in advance, rather than attend its AGM on 20 January 2021. The process and timing for this is explained in the Notice of Annual General Meeting on page 155. I will be pleased to answer questions proposed, concerning remuneration; and I am always pleased to hear from the Company's Shareholders. You can contact me via the Company Secretary at other times, if you have any questions in relation to the Company's remuneration.

Claire Tiney

Chair of the Remuneration Committee
1 December 2020



DIRECTORS' REMUNERATION REPORT

Directors' Remuneration Policy

This part of the report sets out the Directors' Remuneration Policy, which was approved by Shareholders at the Annual General Meeting on 22 January 2020 and remains in force for a three-year period from that date.

The Role of the Committee in Reviewing the Remuneration Policy

The Directors' Remuneration Policy was approved by Shareholders at the AGM held in January 2020 (approximately 99% of votes cast being in favour) and became effective from that date for a

three-year period. The approved policy can be found in last year's annual report and on the Company's website. The text set out below is included to assist with the understanding of the Annual Report on Remuneration for the 52 weeks ended 26 September 2020. In addition, the scenario chart on page 78 has been updated to reflect current remuneration levels. There are no proposals to amend the Directors' Remuneration Policy at the 2021 AGM.

Executive Directors

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
BASE SALARY			
Core element of fixed remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	Salaries are usually reviewed annually taking into account: <ul style="list-style-type: none"> underlying Group performance; role, experience and individual performance; competitive salary levels and market forces; and pay and conditions elsewhere in the Group. 	<p>While there is no maximum salary, increases will normally be no higher than the typical level of salary increase awarded (in percentage of salary terms) to other employees in the Group.</p> <p>Salary increases above this level may be awarded in certain circumstances, such as, but not limited to:</p> <ul style="list-style-type: none"> where an Executive Director has been promoted or has had a change in scope or responsibility; an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); where there has been a change in market practice; or where there has been a change in the size and/or complexity of the business. <p>Such increases may be implemented over such time period as the Committee deems appropriate.</p>	Not applicable.

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
BENEFITS			
Fixed element of remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	Executive Directors receive benefits in line with market practice, and these include principally life insurance, income protection, private medical insurance, company car or car allowance and fuel allowance and, where relevant, relocation expenses. Other benefits may be provided based on individual circumstances. These may include other benefits which are introduced for the wider workforce on broadly similar terms. Any reasonable business-related expenses (including the tax thereon) can be reimbursed.	While the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.	Not applicable.
PENSIONS			
Provides appropriate post-employment benefits (or cash equivalent).	Executive Directors are eligible to participate in the defined contribution pension scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of contributions to a pension plan.	Contributions of up to the rate available to the majority of the workforce (currently 5% of salary).	Not applicable.
ALL EMPLOYEE SHARE SCHEMES			
To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in a tax-qualifying all employee SAYE scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant. Executive Directors are also entitled to participate in an HMRC tax-qualifying Share Incentive Plan ("SIP") and any other HMRC-approved plans that may be introduced by the Company for all employees.	Participation limits are those set by the UK tax authorities from time to time.	Not subject to performance measures in line with HMRC practice.

DIRECTORS' REMUNERATION REPORT

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
ANNUAL BONUS			
<p>Rewards performance against annual targets which support the strategic direction of the Group.</p>	<p>Awards are based on annual performance against key financial targets and/or the delivery of personal/strategic objectives.</p> <p>Payout levels are determined by the Committee after the year-end based on performance against those targets.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance.</p>	<p>The maximum bonus opportunity for an Executive Director will not exceed 100% of salary.</p>	<p>Targets are set annually reflecting the Company's Strategy and are aligned with key performance indicators.</p> <p>Up to 20% of the bonus may be based on strategic measures and/or individual performance. The balance will be assessed against key financial performance metrics of the business.</p> <p>Financial metrics There is no minimum payment at threshold performance and all of the maximum potential will be paid out for maximum performance, with scaled vesting in between.</p> <p>Non-financial or individual metrics Vesting of the strategic awards will apply based on the Committee's assessment of the extent to which a strategic metric has been met.</p>

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
LONG TERM INCENTIVE PLAN ("LTIP")			
<p>To incentivise Executive Directors, and to deliver genuine performance-related pay, with a clear line of sight for Executives and direct alignment with Shareholders' interests.</p>	<p>Long-term incentive awards are granted under the LTIP, approved by Shareholders on 23 January 2013.</p> <p>Under the LTIP, awards of nil cost share options or conditional shares may be made.</p> <p>While there is no current intention to do so, awards may (technically) be settled in full or in part in cash at the discretion of the Committee (for example in respect of shares that would otherwise be sold to satisfy tax withholding requirements or in response to local law constraints).</p> <p>The vesting of awards will be subject to the achievement of specified performance conditions, ordinarily measured over a period of at least three years.</p> <p>Dividend equivalents may be paid on shares that vest in connection with LTIP awards by reference to the value of dividends payable during the award's vesting period (and holding period where relevant).</p> <p>For awards granted from the date of AGM in January 2020 onwards, a post-vesting holding period will apply which will require Executives to ordinarily retain any shares vesting (net of tax) until the fifth anniversary of grant.</p>	<p>The normal maximum award is 100% of salary in respect of a financial year. Under the share plan rules the overall maximum opportunity that may be granted in respect of a financial year is 200% of salary. The normal maximum award limit will only be exceeded in exceptional circumstances, such as the recruitment or retention of an Executive Director.</p> <p>The market value of the shares subject to an award is based on the three-day average share price immediately after the Company's Quarter 4 trading statement, unless the Committee determines otherwise.</p>	<p>Relevant performance measures are set that reflect business performance. Specific disclosures on the performance measures that have been set in any given year are provided in the relevant Directors' Remuneration Report for that year.</p> <p>The Committee retains discretion to adjust the vesting outcome of any LTIP award to reflect the underlying financial performance of the Company, notwithstanding the extent to which the specific performance targets applicable to the award have been met.</p> <p>Performance measures and their weighting (where there is more than one measure) are reviewed annually to maintain appropriateness and relevance.</p> <p>For achievement of threshold, no more than 25% of the maximum opportunity will vest.</p> <p>There will usually be straight-line vesting between threshold and maximum performance.</p>

Shareholding Requirement

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

DIRECTORS' REMUNERATION REPORT

Recovery and Withholding of Annual Bonuses and LTIP Awards

The Committee has the right to reduce, cancel or impose further conditions on unvested or unexercised LTIP awards, or to claw back amounts from participants within a period of two years following the vesting of any LTIP awards, if there has been a material misstatement of the Company's financial results, a material failure of risk management by the Company or if there has been serious reputational damage to the Company as a result of the participant's misconduct or otherwise. In respect of LTIP awards granted from the date of the AGM in January 2020 onwards, clawback may also apply in instances of corporate failure, discovery of serious misconduct and/or error of calculation. For up to two years following the payment of any annual bonus, the Committee may require the repayment of some or all of the annual bonus if an act or omission or a failure to apply reasonable skill and judgement leads to a material loss to the Group or serious reputational damage to the Group or a material misstatement of the Group's financial statements.

Explanation of Performance Measures Chosen for the Incentive Schemes

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

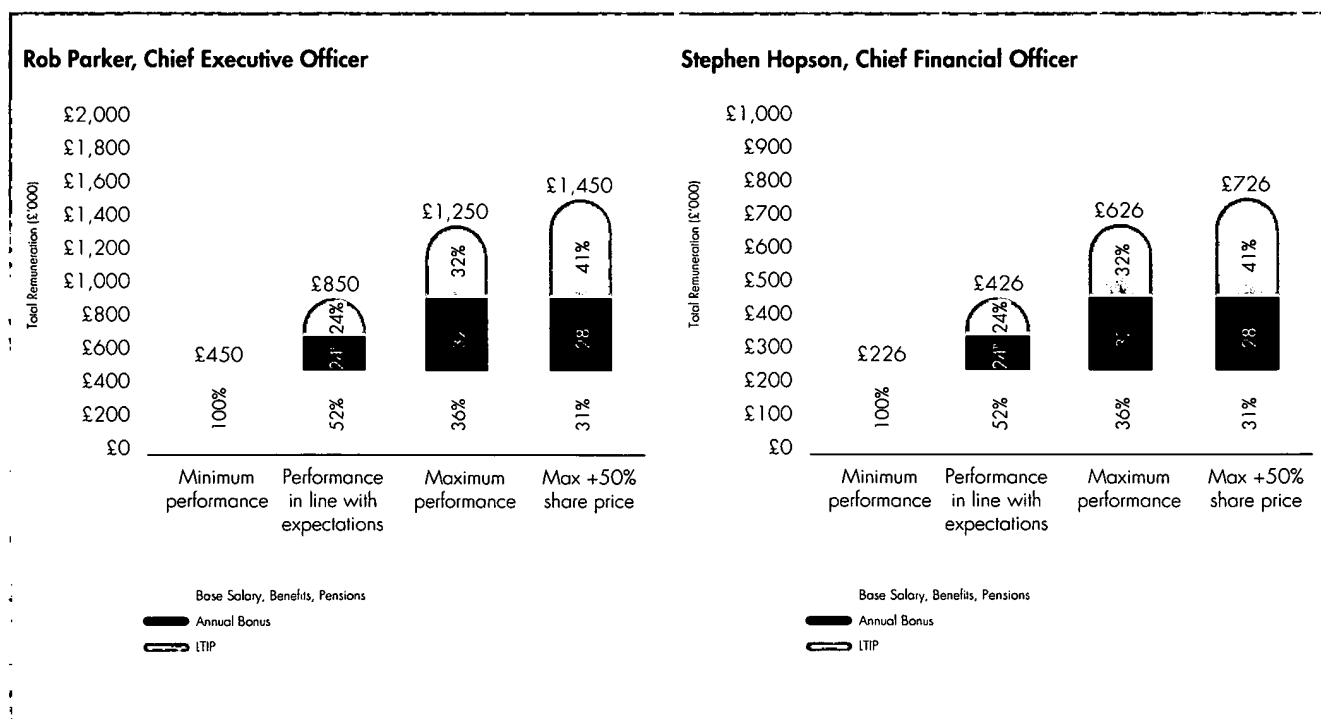
The annual bonus can be assessed against financial and individual/strategic measures as determined by the Committee. Bonuses are currently based on adjusted profit before tax and strategic targets. The Committee considers that profit before tax is a key performance metric for the annual bonus and specific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

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of Shareholders and to drive business performance while not encouraging excessive risk-taking. LTIP awards are currently based on challenging cumulative earnings per share targets, providing an assessment of the overall financial performance of the business and rewarding sustainable long-term performance.

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

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

Illustrations of Application of Remuneration Policy for 2020/21



In illustrating the potential reward, assumptions have been made as detailed below.

	Fixed pay	Annual bonus	LTIP
Minimum performance	Fixed elements of remuneration only – base salary (being the salary as at 1 October 2020), benefits as disclosed in the single figure table on page 83 for the year 2019/20 and pension of 5% of salary for Rob Parker and estimated for Stephen Hopson.	No bonus.	No LTIP vesting.
Performance in line with expectations		50% of salary awarded for achieving target performance.	50% of maximum award vesting (equivalent to 50% of salary) for achieving target performance.*
Maximum performance		100% of salary awarded for achieving maximum performance.	100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance.*
Maximum performance plus share price growth		100% of salary awarded for achieving maximum performance.	100% of maximum award vesting for achieving maximum performance plus an assumption for share price growth (50% increase).

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

Non-Executive Directors

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

Approach to Recruitment Remuneration

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

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

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

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Benefits will be provided in line with the above Policy.

The pension contribution (or cash allowance in lieu thereof) will be set in line with the maximum rate provided to other below Board employees (which is currently 5%).

DIRECTORS' REMUNERATION REPORT

Other elements may be included in the following circumstances:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance;
- if the Executive Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee and may include sums to cover the tax payable thereon.

The Committee may also alter the performance measures, performance period and vesting period of the annual bonus, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report.

The maximum level of variable remuneration which may be granted (excluding "buyout" awards as referred to below) is 200% of salary.

The Committee may make payments or awards in respect of appointing an employee to "buy out" remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors, including any performance conditions attached to the forfeited arrangements and the time over which they would have vested.

The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited. Any such payments or awards are limited to the expected value of the forfeited awards. Where considered appropriate, such special recruitment awards will be liable to forfeiture or "malus" and/or "clawback" on early departure.

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

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

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

Service Contracts

It is the Company's policy that Executive Directors are offered permanent contracts of employment with a 12-month notice period. Under an event of contract termination, any severance payment would be subject to negotiation but would be with regard to length of service and prevailing notice period.

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

Payments for Loss of Office

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

Policy	
Payment in lieu of notice	The Company has discretion to make a payment in lieu of notice. Such a payment would be calculated by reference to basic salary and shall include compensation for any employer pension contributions for the unexpired period of notice. The payment may also include compensation for benefits and pension for the period.
Annual bonus	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be prorated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).
LTIP	<p>The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if the participant leaves due to death, illness, injury, disability, sale of his employer or any other reason at the discretion of the Committee, any unvested awards will continue to be capable of vesting at the normal vesting date (or, exceptionally and at the Committee's discretion, at cessation). In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, subject to prorating by reference to the period of time elapsed from the start of the performance period to the date of cessation relative to the full performance period (although the Committee may disapply (in full or in part) time prorating if it considers it appropriate to do so). Where the Committee determines that awards shall vest at the date of cessation, performance shall be assessed on such basis as the Committee considers appropriate over the curtailed performance period.</p> <p>Once vested, awards held by leavers may then be exercised during such period as the Committee determines.</p> <p>The post-vesting holding period for LTIP awards granted from the date of the AGM in January 2020 onwards will continue to apply irrespective of employment status unless the Committee, in exceptional circumstances, determines otherwise.</p> <p>Awards that have already vested at the date of cessation may be exercised for such period as the Committee determines.</p>
Mitigation	The Committee's practice is that if an Executive Director's employment is terminated, any compensation payment will be calculated in accordance with normal legal principles including the application of mitigation to the extent appropriate to the circumstances of the termination.
All employee share plans	<p>Payments may be made either in the event of a loss of office or a change of control under the all employee share plans, which are governed by the rules and the legislation relating to such tax-qualifying plans. There is no discretionary treatment for leavers or on a change of control under these schemes.</p> <p>In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.</p>
Post-cessation shareholding requirements	<p>LTIP awards granted after the AGM in January 2020 will be subject to their applicable post-vesting holding period and awards (if any) retained on departure will not ordinarily be accelerated.</p> <p>Shares purchased by the Executives through their own funds (or which have been acquired through the vesting of earlier LTIP grants) will not be subject to a post-cessation shareholding requirement.</p>

DIRECTORS' REMUNERATION REPORT

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

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

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance. Where applicable, the Committee may impose additional conditions on the vesting or exercise of incentive awards as appropriate taking into account the circumstances of the Executive's departure.

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

Treatment on a Change of Control or Other Corporate Events

The extent to which unvested LTIP awards will vest on a change of control or other corporate events will be determined in accordance with the rules of the LTIP scheme.

LTIP awards will vest early on a takeover, merger, winding-up or other relevant corporate event. The Committee will determine the level of vesting taking into account the extent to which the performance conditions are satisfied over the curtailed performance period (on such basis as the Committee determines appropriate) and, unless the Committee determines otherwise, time prorating to reflect the period of time elapsed from the start of the performance period to the date of the relevant corporate event relative to the full performance period.

Alternatively, the Committee may provide that LTIP awards shall be automatically exchanged for new awards over shares in another company (for example, an award over shares in the new holding company following an internal reorganisation).

The Committee may adjust the number of shares under any LTIP award, or the performance conditions applicable to such awards, in the event of a variation in the share capital of the Company or on the occurrence of any other events (such as a demerger or rights issues) that impact the Company's share price.

A full or pro rata time-based bonus may be awarded on a change of control, and this may be paid either at the time of the change of control or on the normal payment date.

Existing Contractual Arrangements

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

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

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

Policy for the Remuneration of Employees More Generally

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

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

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

The Group has various ways of engaging employees collectively, as teams and one-to-one which provide a forum for employees to express their views on the Company's executive and wider employee reward policies.

Statement of Consideration of Shareholder Views

The Committee is committed to an ongoing dialogue with Shareholders and welcomes feedback on Directors' remuneration. Prior to the current Policy being formally put to Shareholders at the AGM in January 2020, the Committee engaged with major Shareholders and institutional bodies setting out the proposals and rationale for the changes.

Annual Report on Remuneration**Single Figure Table (Audited Information)**

The tables below detail the total remuneration receivable by each Director for the 52-week period ended 26 September 2020 and the 52-week period ended 28 September 2019.

2019/20	Salary and fees £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors								
R Parker (for the full year as CFO and then CEO)	350	30	29	-	-	409	409	-
M T M Williams (as CEO to 29 November 2019)	68	5	8	-	-	81	81	-
Non-Executive Directors								
D Shapland	120	2	-	-	-	122	122	-
A King	42	1	-	-	-	43	43	-
K Down	42	-	-	-	-	42	42	-
C Tiney	43	-	-	-	-	43	43	-

Note: Rob Parker's base salary and pension payments, and the Non-Executive Directors' fees, were reduced by 20% for four months as in reported in the Statement from the Chair of the Remuneration Committee, on page 73 (Performance in 2020 and Remuneration Outcomes). Note: The figures for MTM Williams do not include payments between December 2019 and May 2020, after stepping down as a Director.

2018/19	Salary and fees £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors								
R Parker	266	27	31	42	-	366	324	42
M T M Williams	402	31	44	64	-	541	477	64
Non-Executive Directors								
D Shapland	127	6	-	-	-	133	133	-
A King	44	1	-	-	-	45	45	-
K Down	44	1	-	-	-	45	45	-
C Tiney	45	1	-	-	-	46	46	-

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

Salary and fees	The amount of salary/fees received in the relevant period.
Benefits	The taxable value of benefits received in the relevant period. These are principally life insurance, income protection, private medical insurance, company car or car allowance, fuel allowance and the value of SAYE scheme options granted during the relevant period. The value attributable to Sharesave scheme options is calculated on the following basis: Monthly contribution × 12 × 20% (being the discount applied to market value in determining the exercise price). In the case of the Non-Executive Directors, taxable expenses are shown as being paid by way of benefits.
Pension	The pension figure represents the cash value of Company pension contributions paid to the Executive Directors as part of the Company's defined contribution scheme or as a cash supplement taken in lieu of contributions to the pension plan (paid as cash in lieu in respect of Rob Parker).
Annual bonus	The annual bonus is the cash value of the bonus earned in respect of the period. A description of performance against the objectives which applied for the relevant period is provided on page 84.
LTIP	The LTIP figure for the period 2019/20 represents the awards granted on 14 December 2017. The awards were based on cumulative EPS performance over three financial years to 26 September 2020 and did not vest. The LTIP figure for the period 2018/19 represents the awards granted on 15 December 2016. The awards were based on cumulative EPS performance over three financial years to 28 September 2019 and did not vest.

DIRECTORS' REMUNERATION REPORT

Chief Executive pay ratio

(Audited Information)

The table below compares the single total figure of remuneration for the Chief Executive with that of the Company's employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK employee population.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY20	Option A	23:1	21:1	16:1

The remuneration figures for the employee at each quartile were determined with reference to the financial year ended 26 September 2020.

Individual Elements of Remuneration

(Audited Information)

Base Salary and Fees

Base salaries for individual Directors are reviewed annually by the Committee and are set with reference to the Remuneration Policy.

During the Period, the following changes to base salary were made with effect from 1 October 2020:

	Base salary 1 October 2019	Base salary 1 October 2020	% increase
M T M Williams	£410,071	N/A	N/A
R Parker (as CFO, applicable to November 2019)	£270,928	N/A	N/A
R Parker (as CEO applicable from December 2019)	£400,000	£400,000	0%

The Non-Executive Directors' fees are reviewed annually with any changes effective from 1 October. Details of the current fee policy for the Non-Executive Directors are set out in the table below. As reported in the Statement from the Chair of the Remuneration Committee on page 73 (Remuneration Decisions for 2021), Non-Executive Directors were awarded a 0% increase in line with the wider workforce. No change to the fee policy is currently anticipated for 2020/21.

	Fees 1 October 2019	Fees 1 October 2020	% increase
Chairman's fee	£129,254	£129,254	0%
Non-Executive Directors' basic fee	£39,332	£39,332	0%
Additional fees			
Senior Independent Director/Chair of Remuneration Committee	£6,591	£6,591	0%
Employee Engagement Director	£5,493	£5,493	0%
Chair of the Audit Committee	£5,493	£5,493	0%

Total Pension Entitlements

During the year the Company pension benefit represented 5% of salary for the Executive Directors (paid as cash in lieu in respect of Rob Parker) and is in line with the Remuneration Policy. Rob Parker's pension payments were reduced by 20% over four months as reported in the Statement from the Chair of the Remuneration Committee, on page 73 (Performance in FY2020 and Remuneration Outcomes).

Annual Bonus

For the 52-week period ended 26 September 2020, the maximum annual bonus opportunity was 100% of salary. To encourage behaviours which facilitate profitable growth and future development of business, up to 80% of salary could be earned based on adjusted PBT performance and up to 20% of salary could be earned for the achievement of individual objectives specifically delivering the strategic plan. However, as reported in the Statement from the Chair of the Remuneration Committee, on page 73 (Performance in FY2020 and remuneration Outcomes) there will be no bonus payments made in relation to FY20.

Annual Bonus for 2020/21

The maximum annual bonus opportunity for FY21 financial year remains 100% of salary. Up to 20% of salary will continue to be focused upon achievement of individual objectives specifically delivering the strategic plan and 80% will be based on challenging adjusted PBT targets. The strategic objectives for FY21 are a mix of financial and non-financial measures which act to bind the senior management together to common objectives, based on improvements in customer satisfaction, buying, stock management and people based measures. As outlined in the Directors' Remuneration Policy on page 73, for FY21, the Committee has finalised the financial targets for first half of the year and will confirm those for the second half when the outlook becomes more certain. The Committee considers that the actual annual bonus targets are commercially sensitive and should therefore remain confidential to the Company at this stage. However, the Committee will continue to disclose how the bonus pay-out delivered relates to performance against the targets on a retrospective basis.

Long-Term Incentives (Audited Information)**Awards Vesting in Respect of the Financial Year**

The LTIP awards granted in December 2017 were based on cumulative adjusted EPS targets over the three financial years to September 2020. The performance targets for the awards were as follows:

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

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items. Cumulative EPS over the three-year period was 14.69 pence. This resulted in 0% of the award vesting.

Awards Granted During the Financial Year (Audited Information)

For the 52-week period ended September 2020, the following awards were granted to Executive Directors on 11 December 2019:

Type of award	Percentage of salary	Number of shares	Face value at grant ¹	% of award vesting at threshold	Performance period
R Parker	Nil-cost option	608,550	£400,000	25%	3 years

1. Valued using a share price of £0.6573 pence based on the average three-day share price ending on 4 October 2019.

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

Cumulative Adjusted EPS for the period 2019/20 to 2021/22	Percentage of the award that will vest
19.9 pence	25%
Greater than 19.2 pence but less than 22.3 pence	Determined on a straight-line basis between 25% and 100%
22.3 pence	100%

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

These targets are based on underlying adjusted PBT growth of between 2.5% and 8.5% per annum over the three-year period.

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

Long-Term Incentives for 2020/21**LTIP Awards**

The maximum LTIP opportunity will remain at 100% of salary, however the proportion of the award vesting for threshold performance is set at 10% of salary.

The vesting of these awards will be based on adjusted EPS for the financial year 2022/23, based on an adjusted PBT of between £8.0 million and £20 million.

The Remuneration Committee considers that the stretch target is challenging in the light of the growth environment and current business expectation

Adjusted EPS growth for the period 2020/21 to 2022/23	Percentage of the award that will vest
3.16 pence	10%
Greater than 3.16 pence but less than 7.89 pence	Determined on a straight-line basis between 10% and 100%
7.89 pence	100%

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

DIRECTORS' REMUNERATION REPORT

All Employee Share Plans

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

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

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

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

The following SAYE options were granted to the Executive Directors during the financial year ended 26 September 2020:

	Type of award ¹	Number of shares	Face value at grant ²
R Parker	3yr Discounted share option	5,965	£4,533

- In accordance with the scheme rules, the options are granted with an exercise price set at a discount of up to 20% to the market value of a share when the invitations to acquire the option are issued. For the awards granted in 2019/20, the share price at the date of invitation was 75.43 pence and the exercise price is 60.35 pence per share. In accordance with the scheme rules, the exercise of the options is not subject to any performance condition.
- The face value of the award is calculated by multiplying the number of shares under option by the market value of a share on the date of grant (being 76.00 pence for these options granted on 28 January 2020).

Statement of Directors' Shareholding and Share Interests (Audited Information)

In order to further align the Executive Directors' long-term interests with those of Shareholders and in accordance with the Remuneration Policy, the Committee introduced shareholding guidelines, effective from the 2017 AGM and revised effective from the 2020 AGM, which required that Executive Directors build up a shareholding of 200% salary. The table below sets out the number of shares held or potentially held (including by connected persons where relevant) as at 26 September 2020:

	Shareholding guidelines	Shareholding (as % of salary)
R Parker	200%	118

The interests of each Executive Director of the Company as at 26 September 2020 were as follows:

Directors	Shares		Type	Options exercised during the year (to 29 Nov 2019 for M Williams)	Options			Total options as at 26 September 2020 (29 Nov 2019 for M Williams)
	Shares owned (as at 26 Sept 2019)	Total shares owned as at 26 September 2020 (to 29 Nov 2019 for M Williams)			Vested options	Unvested options, subject to performance conditions	Unvested options, not subject to performance conditions	
Executive Directors								
R Parker	452,893	502,893						
	n/a	n/a	LTIP	0	616,063	1,524,713	n/a	2,140,776
	n/a	n/a	SAYE	n/a	n/a	n/a	32,766	32,766
M Williams	2,828,774	2,829,209						
	n/a	n/a	LTIP	0	0	1,154,702	n/a	1,154,702
	n/a	n/a	SAYE	n/a	n/a	n/a	32,294	32,294
Non-Executive Directors								
D Shapland	140,000	140,000		n/a	n/a	n/a	n/a	n/a
K Down	n/a	n/a		n/a	n/a	n/a	n/a	n/a
C Tiney	15,480	15,480		n/a	n/a	n/a	n/a	n/a
A King	n/a	n/a		n/a	n/a	n/a	n/a	n/a

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

The following changes in the Directors' shareholdings have occurred between 26 September 2020 and the date of this report:

Darren Shapland – purchase of 60,000 ordinary shares.

Rob Parker – purchase of 50,000 ordinary shares.

Payments Made to Former Directors during the Period**(Audited Information)**

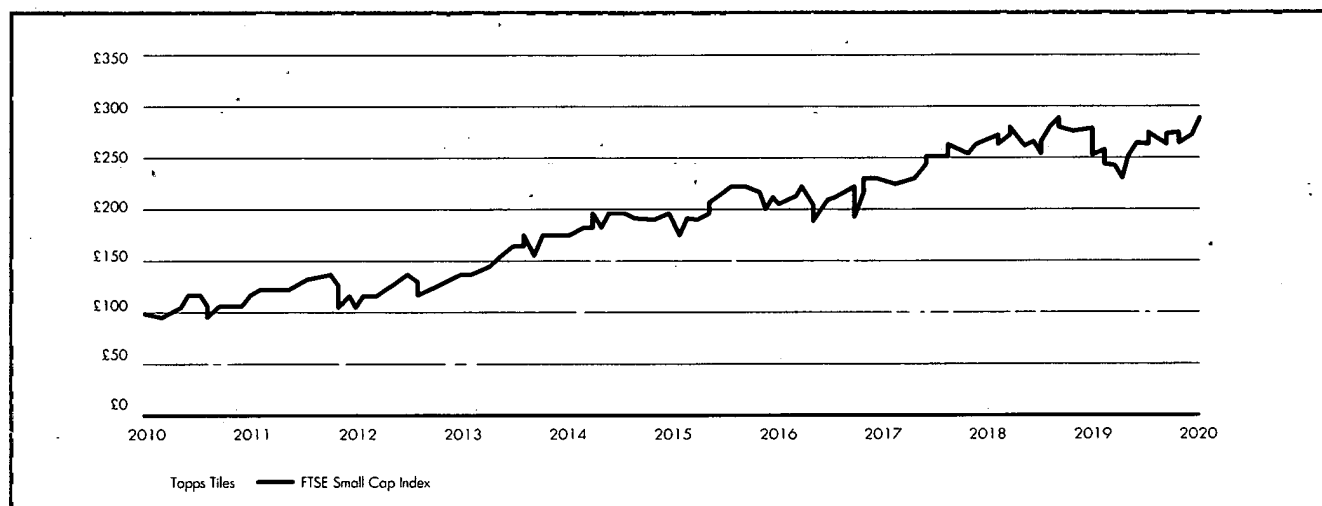
To ensure a smooth handover Matt Williams remained employed as an adviser to the business until the end of May 2020. Accordingly, Matt continued to receive his base salary, pension and benefits (but no bonus payment or LTIP awards) during this Period.

Payments for Loss of Office Made During the Period**(Audited Information)**

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

Performance Graph

The graph below shows the TSR performance for the Company's shares in comparison to the FTSE Small Cap Index for the ten years to 26 September 2020. For the purposes of the graph, TSR has been calculated as the percentage change during the ten-year period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value, by the end of the 2019/20 financial year, of £100 invested in the Group over the last ten financial years compared with £100 invested in the FTSE Small Cap Index, which the Directors believe is the most appropriate comparative index.

**Historical Chief Executive Remuneration Outcomes**

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

	Total remuneration £'000	Annual bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
52-week period ended 26 September 2020	403	0%	0%
52-week period ended 28 September 2019	541	16%	0%
52-week period ended 29 September 2018	538	14%	0%
52-week period ended 30 September 2017	765	9%	86.7%
52-week period ended 2 October 2016	1,180	67%	100%
53-week period ended 3 October 2015	2,027	83%	100%
52-week period ended 27 September 2014	849	99%	n/a
52-week period ended 28 September 2013	564	46.3%	n/a
52-week period ended 29 September 2012	579	35.2%	n/a
52-week period ended 1 October 2011	384	0%	n/a
52-week period ended 1 October 2010	515	40%	n/a

Note: the figure for the period ended 26 September 2020 are aggregated for Rob Parker who succeeded Matthew Williams as CEO on 29 November 2019. Individually, their total remuneration in the CEO role during the year ending 26 September 2020 was £81K (Matthew Williams) and £322K (Rob Parker)

DIRECTORS' REMUNERATION REPORT

Directors' Pay Increase in Relation to All Employees

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

Percentage change	Salary	Taxable benefits	Annual bonus
Executive Directors			
R Parker	0%	1.6%	-100%
M T M Williams ¹	0%	1.7%	n/a
Non-Executive Directors			
D Shapland	0%	-69.9%	n/a
A King	0%	-71.3%	n/a
K Down	0%	-100%	n/a
C Tiney	0%	-75.5%	n/a
Wider workforce	-4.9%	-12.8%	-24.4%

Note: Matthew William's FY19/20 salary and benefits in respect of the period he served as a Director have been annualised for the purpose of the comparison.

Executive Director's Remuneration from Non-Executive Roles

During the Period Rob Parker received no remuneration from Non-Executive roles.

Spend on Pay

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

	52-week period ended 26 September 2020	52-week period ended 28 September 2019	Percentage change
Dividends and share buybacks	0 pence per share	3.4 pence per share	-100%
Overall expenditure on pay	£ 49,638,000	£ 55,440,000	-10.47

Note: the reduction in spend on pay reflects a reduction in the overall size of the workforce.

Consideration by the Directors of Matters Relating to Directors' Remuneration

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

The role of the Committee is to:

- Set and keep under review the Remuneration Policy for the Executive Directors and Chairman;
- Determine the remuneration of the Executive Directors and Chairman, including short-term and long-term incentives, in line with the Remuneration Policy;
- Recommend and monitor the level and structure of remuneration for senior management;
- Approve the design of and determine targets for performance-related pay schemes and approve the payments made under them;
- Review the design of all share incentive plans and for those in place and determine what awards will be made; and
- Oversee any major changes in employee benefits structures throughout the Company or Group.

Advisers

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

The executive compensation business of Aon plc ("Aon") has acted as an independent adviser since March 2016. David Tuch, formerly our principle adviser at Aon, moved to become a Managing Director at Alvarez & Marsal during the Period and we have continued to work with David following this change.

Adviser	Details of appointment	Fees paid by the Company for advice to the Committee and basis of charge	Other services provided to the Company in the 52-week period ended 26 September 2020
Aon	Appointed by the Committee in March 2016	£21,837 (excluding VAT) Charged on a time/cost basis or fixed fee dependent on the nature of the project.	None
Alvarez & Marsal	Appointed by the Committee in August 2020	£3,466 (excluding VAT) Charged on a time/cost basis or fixed fee dependent on the nature of the project.	None

Both Aon and Alvarez & Marsal are members of the Remuneration Consultants Group and adhere to its Code of Conduct. The Remuneration Committee is satisfied that the advice received from Aon and from Alvarez & Marsal during the year has been objective and independent.

Statement of Voting at Last AGM

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report at the Company's Annual General Meeting on 22 January 2020:

Resolution	Votes for	% of vote	Votes against	% of vote	Discretion	% of vote	Votes withheld
Approve Remuneration Report	130,417,700	97.71%	2,969,237	2.22%	87,329	0.027	45,102

The following table sets out the actual voting in respect of the resolution to approve the Directors' Remuneration Policy at the Company's Annual General Meeting on 22 January 2020:

Resolution	Votes for	% of vote	Votes against	% of vote	Discretion	% of vote	Votes withheld
Approve Directors' Remuneration Policy	131,671,974	98.64%	1,716,113	1.29%	87,329	0.07%	43,952

Approval

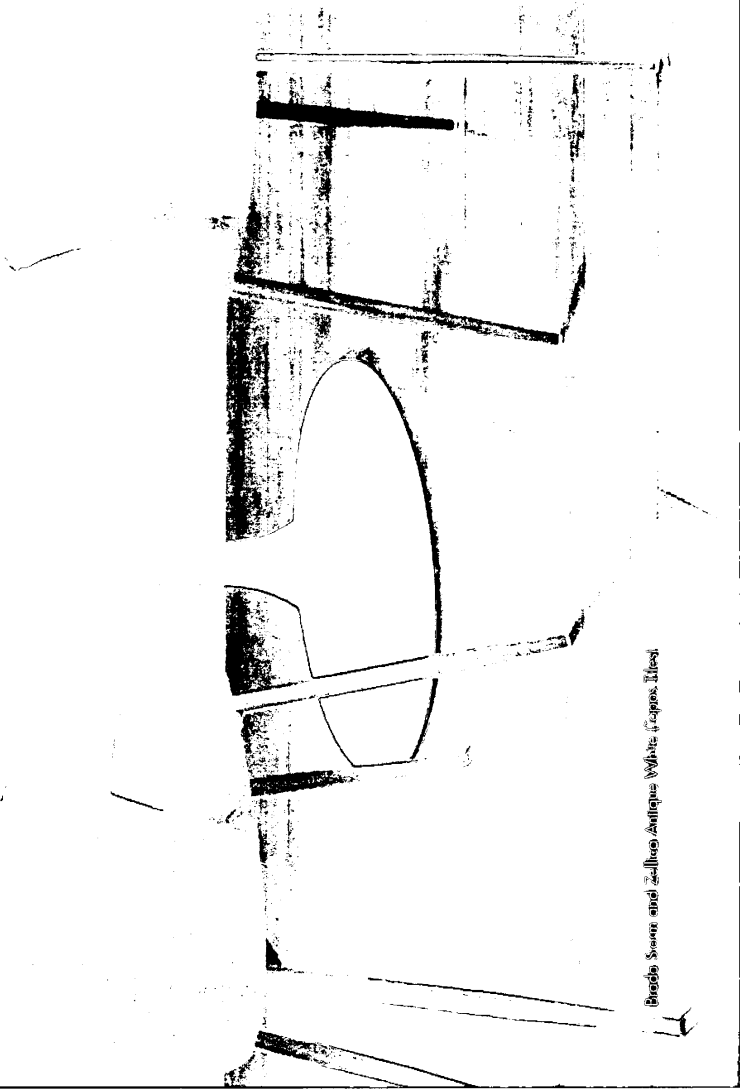
This report was approved by the Board on 18 November 2020 and signed on its behalf by:

Claire Tiney


Chairman of the Remuneration Committee
1 December 2020



OUR FINANCIALS



Beds, Sofas and Seating Antiques White, # 1000, 1100, 1200



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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Topps Tiles Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 26 September 2020 and of the group's loss and cash flows for the 52 week period (the "period") then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 26 September 2020; the Consolidated Statement of Financial Performance and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

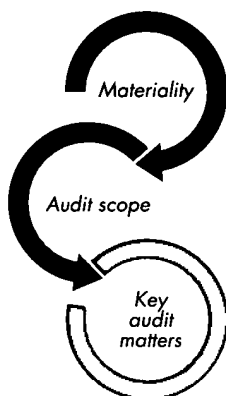
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

We have provided no non-audit services to the group or the company in the period from 29 September 2019 to 26 September 2020.

Our audit approach

Overview



- Overall group materiality: £455,000 (2019: £510,000), based on 5% of an average of the most recent three years profit before tax (2019: 5% of profit before tax) excluding the impact of IFRS 16.
 - Overall company materiality: £410,000 (2019: £480,000), based on 1% of net assets, capped at 90% (2019: 95%) of the group materiality where applicable.
-
- We performed a full scope audit over Topps Tiles UK as the main trading entity within the group
 - Where other entities contributed to a greater than 5% total of the FSU these balances were specifically selected to be in-scope
 - All audit testing has been performed by the UK Group Engagement Team and with the same members of Topps Tiles management
 - Our scoping results in coverage of 96% of revenue, and 96% of total assets
-
- Inventory carrying value;
 - Implementation of IFRS 16;
 - Impact of Covid-19.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions to increase the share price that would result in overstating profits, therefore raising shareholder expectations and senior management bonus payments. Appropriate audit procedures in response to these risks were carried out at both the group and component levels. These procedures included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or that were posted by senior management;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to inventory provisions and IFRS 16 (see related key audit matters below)

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	Key audit matter
<p>Inventory carrying value</p> <p>Refer to matters considered by the Audit Committee within the Corporate Governance Report on page 57 and the Critical Accounting Judgements and Key Sources of Estimation Uncertainty within the Group Accounting Policies.</p> <p>The valuation of inventory involves estimate in recording provisions for stock losses or obsolete inventory. The significant judgements and assumptions as applied when calculating the provisions are:</p> <ul style="list-style-type: none"> • the unidentified stock losses (shrinkage) at a store level; • slow moving stock, i.e. stock which has not been sold within the last 13 months; and • specific provisions recognised for discontinued inventory which require an estimate of expected inventory losses and realisable amounts. 	<p>We held conversations with members of the finance team and the buying team to ensure a detailed understanding was obtained of all of the different elements of the inventory provision;</p> <p>We reviewed the out turn of prior period provisions to assess managements forecasting ability;</p> <p>We examined inventory write-offs in the financial period to ensure they are consistent with the key assumptions used in the inventory provision model at the year-end;</p> <p>We tested the integrity of the provision model to ensure that it was using the underlying data correctly and calculating provision amounts accurately;</p> <p>We reviewed an analysis of stock disbursement by store to verify provision for low quantity items;</p> <p>We tested the integrity of the provision calculation to ensure it used underlying data correctly and calculated the provision accurately, including testing inventory stock count write-offs in the financial period;</p> <p>We challenged management's assumptions on identification of 'discontinued' inventory lines and corroborated that suppliers had been notified by the buying team. We also independently challenged the completeness of the 'at risk' lines based on our understanding of the nature of the group's inventory; and</p> <p>We tested the unsold report for stock lines not sold in the last 13 months and performed a reasonableness check of the aged balance compared to the inventory provision.</p>
<p>Implementation of IFRS 16</p> <p>Refer to matters considered by the Audit Committee within the Corporate Governance Report on page 57 and the Critical Accounting Judgements and Key Sources of Estimation Uncertainty within the Group Accounting Policies.</p> <p>The Group applied IFRS 16 from 29 September 2019 utilising the modified retrospective approach. The year ended 26 September 2020 are the first financial statements presented under IFRS 16 and the prior year presented have not been restated.</p> <p>The Group has implemented a new IT system to provide an initial calculation of IFRS 16 numbers and used a spreadsheet model to overlay adjustments on a lease by lease basis. The impact on transition at 29 September 2019 is £118m of right-of-use assets and £128m of lease liabilities.</p> <p>The Group has disclosed the impact of the transition in the accounting policies and note 14.</p> <p>Management have made certain estimates and judgements in their adoption of IFRS 16 including the assessment of lease term and discount rate applied to the leases</p>	<p>We obtained and inspected a sample of inputs into management's model and agreed these data points back to the underlying lease agreements;</p> <p>We have recalculated the accounting entries for a sample of leases and confirmed management's IT system is performing this calculation accurately;</p> <p>We have reviewed the adjustments made to IT system output and agreed a sample of these to underlying support to verify the appropriateness of the adjustment;</p> <p>We have considered the discount rate and other assumptions used by management to be appropriate, including ensuring the leases meet the definition of a lease under IFRS 16 and that the lease term is accurate;</p> <p>We assessed management's methodology applied to calculate the discount rate using an incremental borrowing rate specific to the Group in line with IFRS 16;</p> <p>We have tested the completeness of management's model by comparing the leases included to those included as operating leases in the prior year as well as our knowledge of contracts containing lease agreements within the Group; and</p> <p>We have reviewed the disclosures in the financial statements, and we are satisfied that they are consistent with the evidence obtained and compliant with IAS 8 and IFRS 16.</p>

Key audit matter	Key audit matter
<p>Impact of Covid-19</p> <p>Refer to matters considered by the Audit Committee within the Corporate Governance Report on page 57 and the Critical Accounting Judgements and Key Sources of Estimation Uncertainty within the Group Accounting Policies.</p> <p>During the financial year, the COVID-19 pandemic has had a significant impact on the Group. Lockdown measures resulted in stores and the warehouses closing for a period of time between March and June which had a significant impact on the revenue and profit results of the Group for the period.</p> <p>Management have provided disclosure in the financial statements relating to the risks and impact associated with COVID-19.</p> <p>As at the yearend date and the date of signing the financial statements, there continues to be significant uncertainty over the future impact of COVID-19. Management have considered implications for the Group's and Company's going concern and impairment assessments, by developing downside scenarios to model potential impacts specifically, management have considered the impact of slow recoveries and lower capital spends in certain customer markets. As a result of this modelling, management have impaired the goodwill, intangible assets and some fixed assets attributable to Parkside Ceramics and Strata Tiles.</p> <p>Management have taken advantage of a number of Government support schemes including utilising the Coronavirus Job Retention Scheme, business rates relief, VAT deferral and Coronavirus Large Business Interruption Loan Scheme.</p>	<p>We have considered the impact of Covid-19 upon the group and verified the conclusions reached by management for each of the areas.</p> <p>In relation to going concern we have performed the following work:</p> <p>We have evaluated management's base case and a "severe but plausible" downside scenario going concern model, challenged key assumptions included within the forecasted cash flows and assessed the appropriateness of the severity applied;</p> <p>We have agreed underlying assumptions to supporting data or market evidence and checked the integrity of managements model by agreeing key underlying data to source documents and validating the group and company's continuing liquidity;</p> <p>We have performed a full review and re-calculation of all debt covenants to ensure that these will not be breached during the forecast period;</p> <p>We have provided challenge to management, in relation to forecast growth rates within the forecasts in particular the commercial market;</p> <p>We have obtained supporting documentation for the financing facilities, in particular the loan facilities;</p> <p>We have understood the other potential cost saving/cash-preserving options which are available to management to utilise, should they be required; and</p> <p>We have reviewed the disclosure included within the financial statements to verify that this provides adequate detail of the scenarios considered and draws out the conclusions in order to support the use of the going concern basis.</p> <p>For the impairment assessment we have performed the following procedures:</p> <p>We have verified that the model is consistent with the assumptions utilised within the going concern assessment;</p> <p>We have provided challenge to management regarding the recovery of the commercial market and therefore which of the models to utilise;</p> <p>We have reviewed the discount rate and long-term growth rates used within the model and validated these are appropriate; and</p> <p>We have reviewed the disclosure within the accounts and verified this is adequate.</p> <p>Financial support consists of both furlough income and Government grants awarded within the year. We have performed the below procedures over these:</p> <p>We have obtained the detailed calculation of furlough and agreed a sample of inputs into the calculation back to employment contracts and supporting documents and verified cash payments received;</p> <p>We have re-performed a sample of individuals calculations in order to verify these were being performed correctly;</p> <p>We have reviewed the process and controls for collating employee data, preparing and submitting the furlough claims;</p> <p>We have inspected internal communications to employees, and we have obtained supporting evidence to verify individuals did not return to work whilst they were still included within the furlough calculation, on a sample basis;</p> <p>We agreed a sample of payments to supporting evidence and verified the validity of grants received; and</p> <p>We verified the accounting of the furlough income and grant income within the accounts is adequate and disclosures have been made appropriately.</p>

We determined that there were no key audit matters applicable to the company to communicate in our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	£455,000 (2019: £510,000).	£410,000 (2019: £480,000).
How we determined it	5% of an average of the most recent three years profit before tax (2019: 5% of profit before tax), excluding the impact of IFRS 16	1% of net assets, capped at 90% (2019: 95%) of the group materiality where applicable.
Rationale for benchmark applied	As the company does not trade, with its main operations being that of a holding company, we believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. Where applicable based upon scoping this materiality level has been capped at the 90% of the group materiality.	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £410,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £22,750 (Group audit) (2019: £26,000) and £20,000 (Company audit) (2019: £24,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 26 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (Corporate Governance Report) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (Corporate Governance Report) with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the company. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 57 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 50 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 71, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
 - The section of the Annual Report on pages 64 and 65 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
 - The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.
-

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit**Responsibilities of the directors for the financial statements**

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING**Companies Act 2006 exception reporting**

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

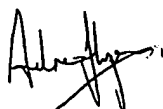
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 30 January 2019 to audit the financial statements for the year ended 28 September 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 28 September 2019 to 26 September 2020.

Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands



1 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

	Notes	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Group revenue	3	192,813	219,197
Cost of sales		(80,001)	(84,245)
Gross profit		112,812	134,952
Distribution and selling costs		(80,971)	(93,138)
Repayment of historical import duty		-	2,272
Other operating expenses		(10,105)	(8,070)
Administrative costs		(23,178)	(17,439)
Sales and marketing costs		(4,587)	(5,244)
Group operating (loss)/profit		(6,029)	13,333
Finance income	6	101	15
Finance costs	6	(3,901)	(873)
(Loss)/profit before taxation	4	(9,829)	12,475
Taxation	7	1,811	(2,397)
(Loss)/profit for the period	29	(8,018)	10,078
(Loss)/profit is attributable to:			
Owners of Topps Tiles Plc		(7,966)	10,119
Non-controlling interests	30	(52)	(41)
		(8,018)	10,078
All results relate to continuing operations of the Group.			
Earnings per ordinary share:			
- Basic		(4.11)p	5.18p
- Diluted		(4.11)p	5.14p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

		52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September, 2019 £'000
(Loss)/profit for the period		(8,018)	10,078
Total comprehensible income for the period is attributable to:			
Owners of Topps Tiles Plc		(7,966)	10,119
Non-controlling interests		(52)	(41)
		(8,018)	10,078

The Group has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019 (see note 34). The comparative period is presented under the previous accounting standard, IAS 17 'Leases' and has accordingly not been restated. As such, the results for the 52 week period ended 26 September 2020 are not directly comparable with those reported in the prior period. See note 34 for a reconciliation of the IFRS 16 impact on the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 26 SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Goodwill	10	-	3,104
Intangible assets	11	916	2,663
Property, plant and equipment	12a	27,170	46,958
Investment properties	12b	-	1,233
Other financial assets	14	2,749	-
Deferred tax assets	15	1,406	-
Right-of-use assets	14	106,258	-
		138,499	53,958
Current assets			
Assets classified as held for sale	12c	1,786	-
Inventories	16	29,337	30,924
Other financial assets	14	873	-
Trade and other receivables	17	3,567	8,142
Cash and cash equivalents	18	31,018	18,747
		66,581	57,813
Total assets		205,080	111,771
Current liabilities			
Bank loans	20	(4,981)	-
Trade and other payables	19	(58,446)	(43,336)
Lease liabilities	14	(25,520)	-
Current tax liabilities		(1,114)	(2,025)
Provisions	22	(462)	(1,235)
		(90,523)	(46,596)
Net current (liabilities)/assets		(23,942)	11,217
Non-current liabilities			
Bank loans	20	-	(29,884)
Lease liabilities	14	(98,636)	-
Deferred tax liabilities	15	-	(1,197)
Provisions	22	(1,867)	(3,862)
Total liabilities		(191,026)	(81,539)
Net assets		14,054	30,232
Equity			
Share capital	23	6,548	6,548
Share premium	24	2,492	2,490
Own shares	25	(1,483)	(1,548)
Merger reserve	26	(399)	(399)
Share-based payment reserve	27	3,965	3,962
Capital redemption reserve	28	20,359	20,359
Accumulated losses	29	(17,400)	(1,178)
Capital and reserves attributable to owners of Topps Tiles Plc		14,082	30,234
Non-controlling interests	30	(28)	(2)
Total equity		14,054	30,232

The Group has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019 (see note 34).

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

The financial statements of Topps Tiles Plc, registered number 3213782, on pages 100 to 103 were approved by the Board of Directors and authorised for issue on 1 December 2020. They were signed on its behalf by:

Stephen Hopson
Director
1 December 2020

Rob Parker
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

	Share capital £'000	Share premium £'000	Own shares £'000	Merger reserve £'000	Share- based payment reserve £'000	Capital redemption reserve £'000	Accumu- lated losses £'000	Non- controlling interest £'000	Total equity £'000
Balance at 29 September 2018	6,548	2,490	(3,750)	(399)	3,945	20,359	(2,530)	-	26,663
Profit and total comprehensive income for the period	-	-	-	-	-	-	10,119	(41)	10,078
Dividends	-	-	-	-	-	-	(6,623)	-	(6,623)
Own shares issued in the period	-	-	2,202	-	-	-	(2,202)	-	-
Credit to equity for equity-settled share-based payments	-	-	-	-	17	-	64	-	81
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(6)	-	(6)
Non-controlling interest on business combination	-	-	-	-	-	-	-	39	39
Balance at 28 September 2019	6,548	2,490	(1,548)	(399)	3,962	20,359	(1,178)	(2)	30,232
Impact of change in accounting policy (IFRS 16)	-	-	-	-	-	-	(3,605)	-	(3,605)
Adjusted balance at 29 September 2019*	6,548	2,490	(1,548)	(399)	3,962	20,359	(4,783)	(2)	26,627
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(7,966)	(52)	(8,018)
Dividends	-	-	-	-	-	-	(4,484)	-	(4,484)
Issue of share capital	-	2	-	-	-	-	-	-	2
Own shares issued in the period	-	-	65	-	-	-	(65)	-	-
Credit to equity for equity-settled share-based payments	-	-	-	-	3	-	-	-	3
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(2)	-	(2)
Acquisition of non-controlling interest on business combination	-	-	-	-	-	-	(100)	26	(74)
Balance at 26 September 2020	6,548	2,492	(1,483)	(399)	3,965	20,359	(17,400)	(28)	14,054

* The Group has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Cash flow from operating activities		
(Loss)/profit for the period	(8,018)	10,078
Taxation	(1,811)	2,397
Finance costs	3,901	873
Finance income	(101)	(15)
Group operating (loss)/profit	(6,029)	13,333
Adjustments for:		
Depreciation of property, plant and equipment	7,145	7,117
Depreciation of right-of-use assets	21,080	-
Amortisation of intangible assets	477	245
Loss on disposal of property, plant and equipment	338	866
Gain on sublease	(150)	-
Impairment charge/(reversal) of property, plant and equipment	1,155	(246)
Fair value adjustment for asset held for sale	558	-
Impairment of right-of-use assets	5,411	-
Impairment of goodwill	3,104	245
Impairment of intangible assets	1,687	-
Gain on lease disposal	(388)	-
Receipt of lease incentives	173	-
Decrease in fair value of investment properties	-	21
Loss on disposal of investment properties	483	-
Share option charge	3	17
Decrease in trade and other receivables	252	820
Decrease/(increase) in inventories	1,589	(681)
Increase in payables	18,990	4,412
Cash generated by operations	55,878	26,149
Interest paid	(856)	(861)
Interest element of lease liabilities paid	(3,033)	-
Taxation paid	(999)	(3,385)
Net cash from operating activities	50,990	21,903
Investing activities		
Interest received	20	15
Interest received on sublease assets	81	-
Receipt of capital element of sublease assets	343	-
Purchase of property, plant and equipment	(6,290)	(7,242)
Purchase of intangibles	(417)	(563)
Purchase of investment property	-	(21)
Proceeds on disposal of property, plant and equipment	18,552	185
Acquisition of subsidiary, net of cash acquired	(74)	(2,749)
Net cash from/(used in) investment activities	12,215	(10,375)
Financing activities		
Payment of capital element of lease liabilities	(21,452)	-
Dividends paid	(4,484)	(6,623)
Proceeds from issue of share capital	2	-
Drawdown of bank loans	20,000	5,000
Repayment of bank loans	(45,000)	(5,000)
Net cash used in financing activities	(50,934)	(6,623)
Net increase in cash and cash equivalents	12,271	4,905
Cash and cash equivalents at beginning of period	18,747	13,842
Cash and cash equivalents at end of period	31,018	18,747

The Group has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

1 General Information

Topps Tiles Plc is a public company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 55. The nature of the Group's operations and its principal activity are set out in the Directors' Report on page 68.

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

Adoption of New and Revised Standards

In the current period, there were no new or revised standards and interpretations adopted that have a material impact on the financial statements, apart from IFRS 16 (see below). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards Adopted in Current Period

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements that may impact the accounting for future transactions and arrangements, apart from IFRS 16.

Annual Improvements to IFRSs: 2015-17 Cycle (Dec 2017) – Annual Improvements to IFRSs: 2015-17 Cycle – IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments

Amendments to IFRS 10 and IAS 28 (Sept 2014) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

Amendments to IFRS 3 – Clarification of definition of a business

Amendments to IAS 1 – Amendments regarding the definition of material

Amendments to IAS 8 – Amendments regarding the definition of material

IFRS 16 'Leases'

The new lease accounting standard is now effective for the Group for the first time and it has had a material impact on the Group's financials statements. Further details of IFRS 16 'Leases', including the impact of adoption are included in note 34.

2 Accounting Policies

The principal accounting policies adopted are set out below.

A) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRS IC") interpretations. The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS regulation, and as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for the revaluation of derivative financial instruments and investment property. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The Group has applied for the first time IFRS 16 'Leases'. Refer to note 34 for details of the impact on transition to this standard.

2 Accounting Policies continued

B) Going Concern

When considering the going concern assertion, the Board reviews several factors including the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a series of more pessimistic trading scenarios that were deemed severe but plausible. The more pessimistic trading scenarios included a second lock down during the next 12 months that would see our retail stores closed for up to three months.

The Group took a number of actions to strengthen its liquidity during the Covid-19 pandemic. The UK Government put in place a range of support measures for businesses and we accessed all of those available to us. This included utilising the Coronavirus Job Retention Scheme to furlough the c.90% of our colleagues who were unable to work from home, business rates relief for the 2020/21 tax year, VAT deferral and utilising the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), which facilitates access to finance for medium-sized and larger businesses affected by the coronavirus outbreak. The sale and leaseback of the Group's head office and central warehouse buildings at Enderby was completed in June 2020. The going concern review also outlined a range of other mitigating actions that could be taken in a severe but plausible trading scenario. This included, but was not limited to, savings on store employee costs, savings on central support costs, and reduction of capital expenditure.

The Group's forecast covenant and cash headroom was reviewed against current lending facilities. These were refinanced in July 2018 and expire in July 2022, with an opportunity to extend in June 2021 for a further year, so a potential full term of five years ending July 2023.

In all scenarios, the Board have concluded that there is sufficient covenant headroom and available liquidity for the Group to continue in operational existence for the foreseeable future. The Board therefore continue to adopt the going concern basis in preparing the financial statements.

C) Business Combinations

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

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

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

Contingent consideration is recognised at fair value at the date of acquisition. Subsequent changes in contingent consideration which has been classified as an asset or liability which does not result from a measurement period adjustment is accounted for in accordance with IFRS 9 where the asset or liability is a financial instrument, and in accordance with IAS 37 in all other cases.

D) Basis of Consolidation

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

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

E) Financial Period

There has been a change in accounting policy during the year, from the accounting period ends on the Saturday which falls closest to 30 September resulting in financial periods of either 52 or 53 weeks, to the accounting period is drawn up to a Saturday within 7 days of 30 September resulting in financial periods of either 52 or 53 weeks. There has been no impact on prior period financial statements as a result of this change.

Throughout the financial statements, Directors' Report and Strategic Report, references to 2020 mean "at 26 September 2020" or the 52 weeks then ended; references to 2019 mean "at 28 September 2019" or the 52 weeks then ended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

F) Goodwill

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

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

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

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

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

G) Revenue Recognition

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

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

- the Group has satisfied its performance obligations to external customers, being the date goods are collected from store or received by the customers; and
- the customer has obtained controls of the goods being transferred.

These conditions are met, predominantly, at the point of sale. The exceptions to this are for: goods ordered in advance of collection, where revenue is recognised at the point that the goods are collected; sales of goods that result in award credits for customers (see below); and web sales, where revenue is recognised at the point of delivery.

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

The level of sales returns is closely monitored by management, and as such, the Group holds a sales return provision in the Consolidated Statement of Financial Position to provide for the expected level of returns. The sales value of the expected returns is recognised within Accruals, with the cost value of the goods expected to be returned recognised as a current asset within Inventories.

H) Intangible Assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at the fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated amortisation.

Costs that are directly associated with identifiable software products controlled by the Group, and that will generate economic benefits beyond one year are recognised as intangible assets. These intangible assets are stated at cost less accumulated amortisation and impairment losses, and are amortised over four years.

2 Accounting Policies continued

I) Property, Plant and Equipment

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

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

Freehold buildings	2% per annum on cost on a straight-line basis
Short leasehold land and buildings	over the period of the lease, up to 50 years on a straight-line basis
Fixtures and fittings	over 10 years, except for the following: four years for computer equipment or five years for display stands, as appropriate
Motor vehicles	25% per annum on a reducing balance basis

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Financial Performance.

Non-current assets are classified as held for sale if the assets are available for immediate sale in their present condition and the sale is highly probable. After reclassified as held for sale, the assets are measured at the lower of their carrying value and fair value less costs to sell.

J) Impairment of Tangible, Intangible and Right-of-Use Assets

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

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

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

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

K) Inventories

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

L) Taxation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

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

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

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

M) Foreign Currency

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

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

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

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

N) Leases

The Group has changed its accounting policy for leases as a result of IFRS 16 "Leases". The new policy is detailed below and the impact of the change is described in note 34.

IAS 17

Until 28 September 2019, as a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Rentals payable under operating leases were charged to the Consolidated Statement of Financial Performance on a straight-line basis over the term of the relevant lease even where payments are not made on such a basis, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed or a provision has been made for an onerous lease. Contingent rentals arising under operating leases were recognised as an expense in the period in which they are incurred.

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

The Group leases properties from which it no longer trades. These properties are often sublet to third parties. Rents receivable were recognised by offsetting the income against rental costs accounted for within the Consolidated Statement of Financial Performance.

The Group provided for the unavoidable costs prior to lease termination or sub-lease relating to onerous leases. Dilapidation costs were provided for against all leasehold properties across the entire estate. See note 2U and 2Y for details on how these provisions are calculated.

IFRS 16

The following policies apply subsequent to the date of initial application of IFRS 16, 29 September 2019.

Leases in Which the Group is a Lessee

The Group leases assets which consist of properties, vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options or break options to maximise operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

2 Accounting Policies continued

At the commencement date of property leases the Group determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. The Group considers the lease term to be the non-cancellable period and in assessing this applies the definition of a contract and determines the period for which the contract is enforceable.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

The Group has elected to take advantage of the following recognition exemptions and account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset;
- leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis.

For leases where the Group has taken short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Group accounts for the lease as a new lease.

From 29 September 2019 leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment comprises an element of capital and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

After lease commencement, the Group measures right-of-use assets using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The lease liability is also remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate);
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are matched by adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The capital element of payments related to leases are presented under cash flow from financing activities in the Consolidated Cash Flow Statement, and the interest element of payments presented under cash flow from operating activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

Leases in which the Group is a Lessor

Lessor accounting remains similar to current accounting under IAS 17. At lease inception, lessors will determine whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is considered to be the case, then the lease is recognised as a finance lease, if not then it is recognised as an operating lease. As part of this assessment, the Group considers certain factors such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption, then it classifies the sub-lease as an operating lease.

The Group has reassessed the classification of sub-leases in which the Group is a lessor. Under IAS 17, the subleases were classified with reference to the underlying asset which resulted in all subleases being classified as operating leases.

On transition to IFRS 16 on 29 September 2019, the Group has reclassified a small number of sub-leases as finance leases, resulting in recognition of a finance lease receivable, being equal to the net investment in the lease. The Group recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

There will be no change to the accounting for the remaining subleases which continue to be accounted for as operating leases, and income from these leases will continue to be recognised on a straight-line basis over the term of the lease.

Sale and Leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. On entering into a sale and leaseback transaction the Group determines whether the transfer of the assets qualifies as a sale (satisfying a performance obligation in IFRS 15 "Revenue from Contracts with Customers"). Where the transfer is a sale and providing the transaction is on market terms than the previous carrying amount of the underlying asset is split between:

- a right-of-use asset arising from the leaseback (being the proportion of the previous carrying amount of the asset that relates to the rights retained), and
- the rights in the underlying asset retained by the buyer-lessor at the end of the leaseback.

The Group recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into:

- an unrecognised amount relating to the rights retained by the seller-lessee, and
- a recognised amount relating to the buyer-lessor's rights in the underlying asset at the end of the leaseback.

The leaseback itself is then accounted for under IFRS 16.

O) Retirement Benefit Costs

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

P) Finance Costs

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

Q) Financial Instruments

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

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

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), financial assets "at fair value through other comprehensive income" (FVOCI), and financial assets carried at "amortised cost". The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

2 Accounting Policies continued

Financial Assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. Transactional costs of financial assets carried at FVTPL are expensed in the Consolidated Statement of Financial Performance. The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied, such as discounted cash flows and assumptions regarding market volatility. Financial assets at FVTPL are subsequently measured at fair value, with net gains and losses, including any interest or dividend income being recognised in profit or loss.

Trade and Other Receivables

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

Effective Interest Method

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

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

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for financial assets.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances including credit card receipts and deposits, less bank overdrafts which are repayable on demand where there is a right of offset. All cash equivalents have an original maturity of three months or less.

Financial Liabilities and Equity Instruments

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

Financial liabilities that are classified as FVTPL relate to derivatives that are not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

Other Financial Liabilities

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

Derecognition of Financial Liabilities

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

Derivative Financial Instruments

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

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

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each period end date. The resulting gain or loss is recognised in profit or loss immediately. The fair values are determined by reference to the market prices available from the market on which the instruments involved are traded.

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

R) Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

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

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

S) Trade Payables

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

T) Operating Costs

Restructuring costs relate to board approved decisions such as business closures or major organisational changes. Operating profit is stated after charging/(crediting) restructuring costs but before investment income and finance costs.

Employee profit sharing costs are classified as distribution and selling costs and administrative costs.

U) Provisions

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

V) Supplier Income

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

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

2 Accounting Policies continued

W) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Investment properties are not depreciated.

The Group obtains independent valuations for its investment properties, and at the end of the reporting period, the fair value of each property is updated, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

X) Government Grants

The Group applies IAS 20 'Accounting for Government Grants and Disclosures of Government Assistance' when accounting for government grants. A government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Consolidated Statement of Financial Performance on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The Group has chosen to present government grants netted off against the related expense.

Y) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

Critical Accounting Judgments

The key accounting judgements used in the financial statements are as follows:

Lease Terms

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options and break clauses, which can significantly affect the amount of lease liabilities and right-of-use assets recognised.

At the commencement date of a property lease the Group normally determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain that the Group will continue in occupation for any period beyond the lease term.

For property leases the key factors that are normally the most relevant are the profitability of the leased store, the future plans of the business, and whether there are any penalties associated with exercising an option.

Leases are regularly reviewed on a lease-by-lease basis and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

Key Sources of Estimation Uncertainty

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

Incremental Borrowing Rate

Under IFRS 16, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, adjusted to take into account the risk associated with the length of the lease which ranges between 1 and 20 years. The Group uses the lessee's incremental borrowing rate for all property and equipment leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

As a result of the significant impact the transition to IFRS 16 has had on the Group's opening balance sheet, the discount rate is considered to be a significant judgement with estimation. The weighted average incremental borrowing rate applied to the lease liabilities on transition was 2.30%, ranging between 2.17% and 3.09% dependent on the length of the lease term.

Onerous Lease Provision and Loss Making Stores/Store Impairment

During the period the Group has continued to review the performance of its store portfolio, which has resulted in thirteen further stores being exited before their lease terms had expired (2019: five stores). In the prior period, in respect of the leases in relation to stores exited before lease end dates in prior periods that are still vacant, the Group provided for what it considered to be the unavoidable costs prior to lease termination or sub-lease. The Group also reviewed any trading loss-making stores and provided for those leases considered to be onerous, and considered whether the net book value of the assets in relation to those stores were impaired. In the current period, as a result of the adoption of IFRS 16, the onerous lease provision and loss-making stores provision have been released, and instead each store is tested for impairment in line with IAS 36. For the prior period, the key estimates involved related to the forecast future cash flows of the stores identified as potentially loss making. These estimates were based upon available information and knowledge of the property market and retail market. For the current period, the key estimates involved relate to the pre-tax discount rate, long-term growth rate, and cashflow forecasts – see note 14 for further details.

Inventory Provision

The Group provides against the carrying value of the inventories held where it is anticipated that net realisable value (NRV) will be below cost. The key estimate involves an assessment of clearance and discontinued lines, with an anticipated 100% mark down. A 10% change in the volume of lines identified as clearance and discontinued would lead to a change in the provision of £226,000.

3 Revenue

An analysis of Group revenue is as follows:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Revenue from the sale of goods	192,813	219,197
Total revenue	192,813	219,197

The Group has one reportable segment in accordance with IFRS 8 – Operating Segments, which encompasses the Topps Tiles Group revenue generated instore and online from retail and commercial customers. The Board receives monthly financial information at this level and uses this information to monitor performance, allocate resources and make operational decisions. All revenue is derived from sales in the UK.

The Group's revenue is driven by the consolidation of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

4 (Loss)/Profit Before Taxation

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

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Depreciation of property, plant and equipment	7,145	7,117
Depreciation of right-of-use assets	21,080	–
Impairment charge/(reversal) of property, plant and equipment	1,155	(246)
Fair value adjustment for asset held for sale	558	–
Impairment of right-of-use assets	5,411	–
Loss on disposal of property, plant and equipment	338	866
Gain on sublease	(150)	–
Gain on lease disposal	(388)	–
Amortisation of intangibles	477	245
Impairment of intangibles	1,687	–
Impairment of goodwill	3,104	245
Decrease in fair value of investment properties recognised as an expense	–	21
Loss on disposal of investment properties	483	–
Property related provisions charged	12	406
Staff costs (see note 5)	49,638	55,440
Operating lease rentals	–	26,333
Furlough income received	(5,228)	–
Government grants received	(700)	–
Repayment of historical import duty	–	(2,272)
Exchange losses recognised in profit or loss	94	80
Write-down of inventories recognised as an expense	4,331	2,633
Cost of inventories recognised as an expense	75,573	81,612

During the year the business disposed of three freehold properties (2019: one freehold property). The loss on disposal of property, plant and equipment includes a gain of £1.1 million in relation to the sale and leaseback of the Group's head office and central warehouse buildings in June 2020 for cash consideration of £17.9 million, net of fees. In connection with the sale, the Group has entered into leases for the properties for a 20-year period following completion. If the profit on the sale of the properties had been accounted for under IAS 17, a profit of £4.0 million would have been recognised.

Analysis of the auditors' remuneration is provided below:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Fees payable to the Company's auditors with respect to the Company's annual accounts	49	49
Fees payable to the Company's auditors and their associates for other audit services to the Group:		
Audit of the Company's subsidiaries pursuant to legislation	184	110
Total audit fees	233	159
Audit related assurance services	0	20
Total non-audit fees	0	20
Total fees payable to the Company's auditors	233	179

Audit related assurance services relate to the fee payable for the interim review performed.

A description of the work of the Audit Committee is set out on page 64 and includes an explanation of how auditors' objectivity and independence is safeguarded when non-audit services are provided by the auditors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

5 Staff Costs

The average monthly number of persons employed by the Group in the UK during the accounting period (including Executive Directors) was:

	52 weeks ended 26 September 2020 Number employed	52 weeks ended 28 September 2019 Number employed
Selling	1,661	1,852
Administration	340	237
	2,001	2,089

The average monthly number of persons (fulltime equivalents) employed by the Group in the UK during the accounting period (including Executive Directors) was:

	52 weeks ended 26 September 2020 Number employed	52 weeks ended 28 September 2019 Number employed
Selling	1,573	1,754
Administration	332	231
	1,905	1,985

	2020 £'000	2019 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP, see note 32)	44,865	50,153
Social security costs	3,779	4,224
Other pension costs (see note 31b)	994	1,063
	49,638	55,440

Details of Directors' emoluments are disclosed on pages 83 to 87. The Group considers key management to be the Directors only. Employee profit sharing of £4.3 million (2019: £5.8 million) is included in the above and comprises sales commission and bonuses.

6 Finance Investment and Finance Costs

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Finance income		
Bank interest receivable	20	15
Interest income from finance lease receivables	81	-
	101	15
Finance costs		
Interest on bank loans and overdrafts	(868)	(871)
Interest payable on lease liabilities	(3,033)	-
Other interest	-	(2)
	(3,901)	(873)

No finance costs have been capitalised in the period, or the prior period.

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

7 Taxation

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Current tax – credit for the period	(48)	2,602
Current tax – adjustment in respect of previous periods	134	(101)
Deferred tax – credit for the period (note 15)	(2,028)	(65)
Deferred tax – adjustment in respect of previous periods (note 15)	42	(39)
Effect of tax rate change on opening balance	89	–
	(1,811)	2,397

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

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Continuing operations:		
Loss before taxation	(9,829)	12,475
Tax at the UK corporation tax rate of 19.0% (2019: 19.0%)	(1,868)	2,370
Expenses that are not deductible in determining taxable profit	966	74
Other movements	(49)	1
Fixed asset timing differences	(1,104)	105
Difference between FR5 2 and corporation tax relief	(7)	14
Increase/(Reduction) in UK corporation tax rate	91	(27)
Non-taxable income	(17)	–
Tax effect of adjustment in respect of prior periods	177	(140)
Tax expense for the period	(1,811)	2,397

In the period, the Group has recognised a corporation tax credit directly to equity of £nil (2019: £64,064) and a deferred tax charge to equity of £1,622 (2019: £5,961) in relation to the Group's share option schemes.

In the prior year we disclosed a contingent liability in recognition of a historic tax claim relating to EU loss relief in relation to the closed Dutch business. The Group now recognises that this contingent liability was disclosed in error and the tax liability was fully provided for in the prior year accounts.

8 Dividends

Amounts recognised as distributions to equity holders in the period:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Final dividend for the period ended 28 September 2019 of £0.023 (2018: £0.023) per share	4,484	4,483
Interim dividend for the period ended 26 September 2020 of £0.000 (2019: £0.011) per share	–	2,140
	4,484	6,623
Proposed final dividend for the period ended 26 September 2020 of £0.000 (2019: £0.023) per share	–	4,483

Due to the ongoing uncertainty in the wider environment, the Directors have not proposed a final dividend for the period ended 26 September 2020.

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FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

9 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.

	52 weeks ended 26 September 2020	52 weeks ended 28 September 2019
Weighted average number of issued shares for basic earnings per share	196,443,323	196,441,003
Weighted average impact of treasury shares for basic earnings per share	(1,472,264)	(1,762,806)
Total weighted average number of shares for basic earnings per share	194,971,059	194,678,197
Weighted average number of shares under option	-	1,545,658
For diluted earnings per share	194,971,059	196,223,855

The calculation of the basic and diluted earnings per share used the denominators as shown above for both basic and diluted earnings per share. The number of potentially exercisable shares were 1,758,101 but not included as they were anti-dilutive.

10 Goodwill

	£'000
Cost	
At 30 September 2018	1,461
Acquisition of Strata Tiles Limited	1,888
At 28 September 2019	3,349
At 26 September 2020	3,349
Accumulated impairment losses	
At 30 September 2018	-
Impairment losses in the period	245
At 28 September 2019	245
Impairment losses in the period	3,104
At 26 September 2020	3,349
Carrying amount	
At 26 September 2020	-
At 28 September 2019	3,104

The balance of goodwill remaining has been written down to £nil in the period. The carrying value held in the prior period arose on the acquisition of Parkside Ceramics Limited in 2017 and Strata Tiles Limited in 2019. The prior period balance related to two Cash Generating Units (CGUs). Goodwill of £1,216,000 (Parkside Ceramics Limited) related to one CGU, with the balance of £1,888,000 (Strata Tiles Limited) relating to another CGU.

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following years. The growth rate applied does not exceed the average long-term growth rate for the relevant markets.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates based on the Group's weighted average cost of capital. The growth rates of 1.5% are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Discounted cash flows are calculated using a pre-tax rate of 16.5% (2019: 14.8%).

11 Intangible Assets

	Brand £'000	Customer relationships £'000	Software £000	Total £'000
Cost				
At 29 September 2018	229	200	–	429
Additions	–	–	563	563
Acquired on business combination	835	842	–	1,677
Transferred from property, plant and equipment	–	–	457	457
At 28 September 2019	1,064	1,042	1,020	3,126
Additions	–	–	417	417
At 26 September 2020	1,064	1,042	1,437	3,543
Accumulated amortisation and impairment				
At 29 September 2018	23	67	–	90
Amortisation charge for the period	64	117	64	245
Transferred from property, plant and equipment	–	–	128	128
At 28 September 2019	87	184	192	463
Amortisation charge for the period	106	167	204	477
Impairment charge in the period	871	691	125	1,687
At 26 September 2020	1,064	1,042	521	2,627
Carrying amount				
At 26 September 2020	–	–	916	916
At 28 September 2019	977	858	828	2,663

The brand and customer relationships additions occurred on the acquisition of Parkside Ceramics Limited on 31 August 2017 and the acquisition of Strata Tiles Limited on 18 April 2019. These balances have been written down to £nil in the period.

The brands are amortised over their estimated useful life of 10 years. Customer relationships are amortised over their estimated useful lives of 3, 5 and 10 years. Software is amortised over its estimated useful life of 4 years. Amortisation is included within administrative costs within the Consolidated Statement of Financial Performance.

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12A Property, Plant and Equipment

	Land and buildings				Total £'000
	Freehold and long leasehold £'000	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	
Cost					
At 29 September 2018	15,507	1,604	95,127	75	112,313
Additions	–	313	6,929	–	7,242
Disposals	(155)	(94)	(9,616)	(1)	(9,866)
Transferred to intangibles	–	–	(457)	–	(457)
Acquisition of subsidiary undertakings	–	–	14	–	14
At 28 September 2019	15,352	1,823	91,997	74	109,246
Additions	2,651	57	3,433	–	6,141
Disposals	(14,047)	(314)	(8,627)	(2)	(22,990)
Reclassified to assets held for sale (note 12c)	(2,344)	–	–	–	(2,344)
At 26 September 2020	1,612	1,566	86,803	72	90,053
Accumulated depreciation					
At 29 September 2018	2,552	1,130	60,619	59	64,360
Charge for the period	230	89	6,792	6	7,117
Reversal of impairment	–	–	(246)	–	(246)
Eliminated on disposals	(21)	(91)	(8,702)	(1)	(8,815)
Transferred to intangibles	–	–	(128)	–	(128)
At 28 September 2019	2,761	1,128	58,335	64	62,288
Impact of change in accounting policy (IFRS 16)	–	–	93	–	93
At 29 September 2019	2,761	1,128	58,428	64	62,381
Charge for the period	164	113	6,865	3	7,145
Provision of impairment	–	109	1,046	–	1,155
Eliminated on disposals	(2,657)	(263)	(4,876)	(2)	(7,798)
At 26 September 2020	268	1,087	61,463	65	62,883
Carrying amount					
At 26 September 2020	1,344	479	25,340	7	27,170
At 28 September 2019	12,591	695	33,662	10	46,958

Land with a net book value of £4,104,000 included within land and buildings was disposed in the period.

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £nil (2019: £nil). Contractual commitments for the acquisition of property, plant and equipment are detailed in note 31.

During the period, the Group has continued to review the performance of its store portfolio and as the fixtures and fittings within these stores cannot be reused in other locations, the Group have provided for the net book value of the assets in relation to the sixteen stores (2019: seven) that are impaired. The carrying value of these assets has been fully provided for in the period, with an increase in the provision of £1,155,000 in the period (2019: £246,000 decrease in the provision) included within other operating expenses.

All assets classified as property, plant and equipment are UK based.

12B Investment Properties

At fair value	£'000
At 29 September 2018	1,233
Additions	21
Fair value adjustment	(21)
At 28 September 2019	1,233
Disposal	1,233
At 26 September 2020	-

On 11 May 2020, the Group completed the sale of its only investment property for a cash consideration of £750,000, to support the ongoing liquidity of the Group as the Covid-19 pandemic unfolded. The investment property was carried at fair value, and a fair value adjustment of £nil (2019: £21,000 loss) was recognised in the Consolidated Statement of Financial Performance in the period.

12C Assets Classified as Held for Sale

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Freehold properties reclassified from property, plant and equipment	2,344	-
Fair value adjustment for asset held for sale	(558)	-
Assets classified as held for sale	1,786	-

Two freehold properties were purchased in the year and subsequently reclassified as held for sale on 1 August 2020 in accordance with IFRS 5 – Non-current Assets Held For Sale and Discontinued Operations. The sale of both properties has been completed shortly after the reporting period. Both properties are measured at the lower of their carrying amounts and fair value less costs to sell, resulting in a write down of £558,000 in the Statement of Financial Performance.

13 Subsidiaries

A list of all subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company only financial statements.

14 Leases**As a Lessee**

Right-of-use assets included in the Consolidated Statement of Financial Position at 26 September 2020 were as follows:

	Land and buildings £'000	Equipment £'000	Total £'000
At transition: 29 September 2019	113,878	3,818	117,696
Additions	17,779	541	18,320
Disposals	(3,267)	-	(3,267)
Depreciation	(19,591)	(1,489)	(21,080)
Impairment	(5,411)	-	(5,411)
At 26 September 2020	103,388	2,870	106,258

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14 Leases continued

Lease liabilities included in the Consolidated Statement of Financial Position at 26 September 2020 were as follows:

	Land and buildings £'000	Equipment £'000	Total £'000
At transition: 29 September 2019	(124,414)	(3,831)	(128,245)
Additions	(20,803)	(528)	(21,331)
Disposals	3,934	35	3,969
Interest	(2,960)	(73)	(3,033)
Repayment of lease liabilities	22,958	1,526	24,484
At 26 September 2020	(121,285)	(2,871)	(124,156)

The maturity analysis of the lease liabilities is as follows:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Current	(25,520)	–
Non-current	(98,636)	–
	(124,156)	–

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Less than one year	26,810	–
One to five years	68,449	–
More than five years	52,274	–
Total undiscounted lease liability	147,533	–

The following amounts have been recognised in the Consolidated Statement of Financial Performance:

	Land and buildings £'000	Equipment £'000	Total £'000
Depreciation of right-of-use assets	19,591	1,489	21,080
Impairment of right-of-use assets	5,411	–	5,411
Interest expense	2,960	73	3,033
Expenses relating to short-term leases	93	98	191
Holdover lease expense	928	–	928
Gain from sale and leaseback	(1,134)	–	(1,134)

The total cash outflow for leases during the financial period was £24.5 million.

As a Lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

	Total £'000
Lease income (from operating leases)	193
Finance income (from finance leases)	81

14 Leases continued

The Group leases out a small number of properties, some of which are classified as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Less than one year	111	577
One to five years	82	1,919
More than five years	-	1,652
Total undiscounted lease payments receivable	193	4,148

Some of the properties that the Group leases out have been reclassified as a finance lease on transition to IFRS 16. These are shown as Other financial assets on the Consolidated Statement of Financial Position.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	52 weeks ended 26 September 2020 £'000	52 weeks ended 28 September 2019 £'000
Less than one year	948	-
One to five years	1,686	-
More than five years	1,350	-
Total undiscounted lease payments receivable	3,984	-
Less: unearned finance income	(362)	-
Present value of minimum lease payments receivable	3,622	-
Current	873	-
Non-current	2,749	-
	3,622	-

Impairment

At the end of the financial year the carrying value of assets, including right-of-use lease assets, was assessed against their recoverable amount determined by reference to their value-in-use. Assets and expected cashflows were assessed at the lowest identifiable level of Cash Generating Unit ("CGU") where the expected cash inflows and outflows of each CGU were expected to be independent of those incurred by other CGUs. Individual retail stores are considered to be separate CGUs.

The value-in-use calculations require the application of a number of assumptions.

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14 Leases continued

The key assumptions used in the estimation of recoverable amounts are set out below:

Assumption	Value	Sensitivity
Pre-tax discount rate	This is calculated by reference to the weighted average cost of capital of the Group. At the year-end, the pre-tax discount rate applied to forecast cashflows was 13.4%.	An increase in pre-tax discount rate of 500bps at year-end would result in an increase in value of impairments of £0.2 million.
Long-term growth rate	This is the average growth rate used to extrapolate cashflows beyond the budget period. At the year-end, a long-term growth rate of 1.5% was applied.	The impairment calculations are not materially sensitive to movements in long-term growth rate.
Cashflow forecasts	Cashflows are derived from extrapolation of trading performance of identified CGUs. Key assumptions include: <ul style="list-style-type: none"> • expected year-on-year growth in cash contributions for stores; and • expected cashflows associated with the replacement of leased assets expected to be incurred on the maturity of lease terms for existing leases. 	CGU cashflows are expected to grow in each year up to perpetuity. A reduction of 200bps to the forecast cashflow growth rates would lead to an increase in impairment for the year of £0.1 million. A 20% increase in expected cashflows associated with the replacement of leased assets at the end of lease terms would increase impairments for the period by £0.2 million.

15 Deferred Tax Liabilities/(Assets)

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

	Property related items £'000	Accelerated tax depreciation £'000	Share-based payments £'000	Stock provisions £'000	Intangible assets £'000	Total £'000
As at 29 September 2018	-	1,258	(269)	(38)	66	1,017
Recognised on acquisition of subsidiary	-	-	-	(7)	285	278
(Credit)/charge to income	-	(182)	139	11	(33)	(65)
(Credit)/charge in respect of previous periods	-	(58)	-	27	(8)	(39)
Charge to equity	-	-	6	-	-	6
As at 28 September 2019	-	1,018	(124)	(7)	310	1,197
Impact of change in accounting policy (IFRS 16)	(706)	-	-	-	-	(706)
Adjusted balance at 29 September 2019	(706)	1,018	(124)	(7)	310	491
(Credit)/charge to income	(70)	(1,646)	34	-	(348)	(2,030)
(Credit)/charge in respect of previous periods	-	42	-	-	-	42
Effect of tax rate change on opening balance	107	(56)	-	-	38	89
Charge to equity	-	-	2	-	-	2
As at 26 September 2020	(669)	(642)	(88)	(7)	-	(1,406)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset/liability at 30 September 2020 has been calculated at 19% (2019: 17%).

16 Inventories

52 weeks ended	26 September	2020	2019
52 weeks ended	26 September	£000	£000
		29,337	30,924

Goods for resale includes a net realisable value provision of £2,261,000 (2019: £267,000). Write-downs of inventories to net realisable value amounted to £4,332,000 (2019: £2,633,000) and were recognised as an expense during the period, included within cost of sales in the Consolidated Statement of Financial Performance.

17 Trade and Other Receivables

2020	2019
£000	£000
2,139	1,310
(155)	(26)
124	4,435
1,459	2,423
3,567	8,142

The Directors consider that the carrying amount of trade and other receivables at 26 September 2020 and 28 September 2019 approximates to their fair value on the basis of discounted cash flow analysis.

Credit Risk

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

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

Total trade receivables (net of expected credit losses/doubtful debts) held by the Group at 26 September 2020 amounted to £2.1 million (2019: £1.3 million). These amounts mainly relate to sundry trade account generated sales. In relation to these sales, the average credit period taken is 58 days (2019: 58 days) and no interest is charged on the receivables.

The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

Included in the Group's trade receivable balance are debtors with a carrying amount of £nil (2019: £nil) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables:

2020	2019
£000	£000
2020	2019
3,000	3,000

Greater than 60 days

The allowance for expected credit losses/allowance for doubtful debts was £155,000 by the end of the period (2019: £26,000). Given the minimal receivable balance, the Directors believe that there is no further credit provision required in excess of the allowance for expected credit losses/allowance for doubtful debts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and accrued income.

The allowance for expected credit losses/allowance for doubtful debts includes £nil relating to individually impaired trade receivables (2019: £12,000) which are due from companies that have been placed into liquidation.

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18 Cash and Cash Equivalents

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

	2020 £'000	2019 £'000
Sterling	28,862	18,049
US dollar	1,701	183
Euro	456	515
Total cash and cash equivalents	31,018	18,747

Cash and cash equivalents are in the scope of the expected credit loss model under IFRS 9, however balances are held with recognised financial institutions and therefore the expected impairment loss is considered to be minimal.

19 Trade and Other Payables

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade payables	22,450	17,394
Other payables	14,761	7,142
Accruals	15,543	14,622
Deferred income	1,039	1,013
Contract liabilities	4,653	3,165
	58,446	43,336

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 63 days (2019: 58 days). No interest is charged on these payables.

The Directors consider that the carrying amount of trade payables at 26 September 2020 and 28 September 2019 approximates to their fair value on the basis of discounted cash flow analysis. Accruals includes provisions for customer returns of £1,129,000 (2019: £1,078,000).

Deferred income relates to consideration for trader loyalty points earned but not yet redeemed. The value of deferred income as at 28 September 2019 that was recognised as revenue for the 52 weeks ended 26 September 2020 was £755,000.

Contract liabilities relate to deposits received from customers for orders not yet fulfilled. The value of contract liabilities as at 28 September 2019 that was recognised as revenue for the 52 weeks ended 26 September 2020 was £3,052,000.

20 Bank Loans

	2020 £'000	2019 £'000
Bank loans (all sterling)	4,866	29,762
	2020 £'000	2019 £'000
The borrowings are repayable as follows:		
On demand or within one year	5,000	-
In the second year	-	-
In the third to fifth year	-	30,000
	5,000	30,000
Less: total unamortised issue costs	(134)	(238)
	4,866	29,762
Issue costs to be amortised within 12 months	115	122
Amount due for settlement after 12 months	-	29,884
Amount due for settlement within 12 months	4,981	-

The Directors consider that the carrying amount of the bank loan at 26 September 2020 and 28 September 2019 approximates to its fair value since the amounts relate to floating rate debt.

20 Bank Loans continued

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

	2020 %	2019 %
Loans	2.11	2.36

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

The following is a reconciliation of changes in financial liabilities to movement in cash from financing activities:

	Lease liabilities £'000	Current borrowings £'000	Non-current borrowings £'000	Unamortised issue costs £'000
As at 30 September 2018	-	-	30,000	-
Repayment of bank loan	-	-	(5,000)	-
Drawdown of bank loan	-	-	5,000	-
Issue costs incurred in the year	-	-	-	(102)
Amortisation of issue costs	-	-	-	98
As at 28 September 2019	-	-	30,000	(238)
Impact of adoption of IFRS 16	128,245	-	-	-
As at 29 September 2019	128,245	-	30,000	(238)
Repayment of bank loan	-	(1,000)	(44,000)	-
Drawdown of bank loan	-	6,000	14,000	-
Repayment of lease liabilities	(24,484)	-	-	-
Additions/disposals of lease liabilities	17,362	-	-	-
Interest accrued on lease liabilities	3,033	-	-	-
Issue costs incurred in the year	-	-	-	(22)
Amortisation of issue costs	-	-	-	126
As at 26 September 2020	124,156	5,000	-	(134)

The Group has a revolving credit facility to 29 June 2022 of £39.0 million. As at the financial period end, £nil of this was drawn (2019: £30.0 million). The loan facility contains financial covenants which are tested on a bi-annual basis. In light of Covid-19 the September 2020 covenants have been removed and the March 2021 covenants relaxed. The Group did not breach any covenants in the period.

During the year the Group utilised the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), which facilitates access to finance for medium-sized and larger businesses affected by the coronavirus outbreak. The Group has a credit facility to 21 June 2021 of £10.0 million. As at the financial period end, £5.0 million of this was drawn.

At 26 September 2020, the Group had available £44.0 million (2019: £9.0 million) of undrawn committed banking facilities.

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21 Financial Instruments**Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents disclosed in note 18 and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 23 to 29.

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

Significant Accounting Policies

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

Categories of Financial Instruments

	Carrying value and fair value 2020 £'000
Financial assets	
Amortised cost (including cash and cash equivalents)	36,624
Fair value through profit and loss	23
Financial liabilities	
Amortised cost	182,011

	Carrying value and fair value 2019 £'000
Financial assets	
Loans and receivables (including cash and cash equivalents)	20,031
Fair value through profit and loss	89
Financial liabilities	
Amortised cost	69,042

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

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

Market Risk

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

21 Financial Instruments continued**Foreign Currency Risk Management**

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

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

	Assets		Liabilities	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Euro	456	636	5,891	3,157
US dollar	1,701	421	608	360

Foreign Currency Sensitivity Analysis

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

	2020 £'000	2019 £'000
Profit or loss movement on a 10% strengthening in sterling against the euro	494	229
Profit or loss movement on a 10% strengthening in sterling against the US dollar	99	6
Profit or loss movement on a 10% weakening in sterling against the euro	(604)	(280)
Profit or loss movement on a 10% weakening in sterling against the US dollar	(121)	(7)

Currency Derivatives

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

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

	2020 £'000	2019 £'000
Forward foreign exchange contracts	3,575	10,600

These arrangements are designed to address significant exchange exposures for the first half of 2021 and are renewed on a revolving basis as required.

At 26 September 2020 the fair value of the Group's currency derivatives is a gain of £23,417 within other debtors and prepayments (note 17) (2019: gain of £88,514 within other debtors and prepayments (note 17)).

Gains of £65,097 have been included in cost of sales during the period (2019: £99,957 gain).

Interest Rate Risk Management

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

Interest Rate Sensitivity Analysis

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

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21 Financial Instruments continued

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

	50 basis points increase in interest rates		50 basis points decrease in interest rates	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
(Loss) or profit	(146)	(143)	146	143

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

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Management have considered the counterparty risk associated with the cash and derivative balances and do not consider there to be a material risk. The Group has a policy of only dealing with creditworthy counterparties. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Trade receivables are minimal, consisting of a number of sundry trade accounts; further information is provided in note 17.

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

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows (and on the assumption that the variable interest rate remains constant at the latest fixing level of 2.11% (2019: 2.36%) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2020						
Non-interest bearing	52,754	-	-	-	-	52,754
Lease liabilities	2,134	6,541	18,134	68,449	52,274	147,532
Variable interest rate instruments	22	44	5,182	149	-	5,397
	less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2019						
Non-interest bearing	39,158	-	-	-	-	39,158
Lease liabilities	-	-	-	-	-	-
Variable interest rate instruments	59	119	539	31,251	-	31,968

The Group is financed through a £39.0 million (2019: £39.0 million) revolving credit facility, of which £nil (2019: £30.0 million) was utilised. At the balance sheet date, the total unused amount of financing facilities was £39.0 million (2019: £9.0 million).

The Group received a Coronavirus Large Business Interruption Loan Scheme of £10.0 million, of which only £5.0 million was utilised, the amount unused was £5.0 million at the balance sheet date.

The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

21 Financial Instruments continued

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2020						
Foreign exchange forward contracts payments	(1,091)	(1,436)	(1,048)	-	-	(3,575)
Foreign exchange forward contracts receipts	1,098	1,441	1,059	-	-	3,598
	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2019						
Foreign exchange forward contracts payments	(1,397)	(3,161)	(6,042)	-	-	(10,600)
Foreign exchange forward contracts receipts	1,458	3,226	6,005	-	-	10,689

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- The fair values are therefore categorised as Level 2 (2019: Level 2), based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

22 Provisions

	2020 £'000	2019 £'000
Onerous lease provision	-	2,990
Dilapidations provision	2,209	2,008
Redemption liability	120	99
	2,329	5,097
Current	462	1,235
Non-current	1,867	3,862
	2,329	5,097

	Onerous lease provision £'000	Dilapidations provision £'000	Redemption liability £'000	Total £'000
At 28 September 2019	2,990	2,008	99	5,097
Impact of change in accounting policy (IFRS 16)	(2,589)	-	-	(2,589)
Adjusted balance at 29 September 2019	401	2,008	99	2,508
Created in the year	-	413	96	509
Utilisation of provision	-	(212)	-	(212)
Release of provision in the period	(401)	-	(75)	(476)
At 26 September 2020	-	2,209	120	2,329

In 2019, prior to the adoption of IFRS 16, the onerous lease provision related to the estimated future unavoidable costs in respect of closed, non-trading and loss-making stores. This provision was expected to be utilised over the lease term of the various properties (with the majority being less than 4 years). Under IFRS 16, right-of-use assets are recognised on balance sheet and are depreciated and subject to impairment which replaces the need for an onerous lease provision. On the adoption of IFRS 16 on 29 September 2019, £2,589,000 of onerous lease obligations for rental costs were released and impairments have been recognised against the related right-of-use assets (refer to note 34 which shows the impact of IFRS 16 being adopted).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

22 Provisions continued

The dilapidations provision represents management's best estimate of the Group's liability under its property lease arrangements based on past experience and is expected to be utilised over the lease term of the various properties (average of 10 years which includes an estimation of future renewals after the current leases end).

The discount rate used to calculate the present value of property provisions is 6% (2019: 5%). A 10% reduction in discount rate would lead to an increase in property provisions of £53,000 (2019: £80,000).

Provisions include £120,000 redemption liability in relation to the purchase of Strata Tiles Limited, payable in 2021, and therefore have been classed as current. The liability is valued at amortised cost based on forecast attainment of performance conditions associated with the payment of the liability.

23 Share Capital

	2020 Shares	2019 Shares	2020 £'000	2019 £'000
Alotted, issued and fully paid ordinary shares of 3.33p (2019: 3.33p)				
At the start of the period	196,440,971	196,440,971	6,548	6,548
Issued in the period	2,352	-	-	-
At the end of the period	196,443,323	196,440,971	6,548	6,548

During the period the Group issued 2,352 (2019: nil) ordinary shares with a nominal value of £78 (2019: £nil) under share option schemes for an aggregate cash consideration of £2,100 (2019: £nil).

The authorised share capital of the Group is £8,000,000 (2019: £8,000,000), which consists of 240,000,000 ordinary shares (2019: 240,000,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24 Share Premium

	2020 £'000	2019 £'000
At start of the period	2,490	2,490
Premium on issue of new shares	2	-
At end of the period	2,492	2,490

25 Own Shares

	2020 £'000	2019 £'000
At start of the period	(1,548)	(3,750)
Disposed of on issue in the period	65	2,202
At end of the period	(1,483)	(1,548)

A subsidiary of the Group holds 1,470,517 (2019: 1,518,694) shares with a nominal value of £1,482,487 acquired for an average price of £1.01 per share (2019: £1,547,603 acquired for an average price of £1.02 per share) and therefore these have been classed as own shares. These shares are held in an employee benefit trust.

26 Merger Reserve

	2020 £'000	2019 £'000
At start and end of the period	(399)	(399)

The merger reserve arose on pre-2006 acquisitions. The Directors do not consider this to be distributable as at 26 September 2020 (2019: same).

27 Share-Based Payment Reserve

	2020 £'000	2019 £'000
At start of the period	3,962	3,945
Credit to equity for equity-settled share-based payments	3	17
At end of the period	3,965	3,962

The share-based payment reserve has arisen on the fair valuation of save-as-you-earn schemes and long-term incentive plans. The Directors consider this to be distributable as at 26 September 2020 (2019: same).

28 Capital Redemption Reserve

	2020 £'000	2019 £'000
At start and end of the period	20,359	20,359

The capital redemption reserve arose on the cancellation of treasury shares and as a result of a share reorganisation in 2006. The Directors do not consider this to be distributable as at 26 September 2020 (2019: same).

29 Accumulated Losses

	£'000
At 30 September 2018	(2,530)
Dividends	(6,623)
Deferred and current tax on Sharesave scheme taken directly to equity	58
Own shares issued in the period	(2,202)
Net profit for the period attributable to owners of Topps Tiles Plc	10,119
At 28 September 2019	(1,178)
Impact of change in accounting policy (IFRS 16)	(3,605)
Adjusted balance at 29 September 2019*	(4,783)
Dividends	(4,484)
Deferred and current tax on Sharesave scheme taken directly to equity	(2)
Own shares issued in the period	(65)
Acquisition of non-controlling interest on business combination	(100)
Net loss for the period attributable to owners of Topps Tiles Plc	(7,966)
At 26 September 2020	(17,400)

* The Group has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019.

30 Non-Controlling Interest

	2020 £'000	2019 £'000
At start of the period	(2)	-
Non-controlling interest on business combination	-	39
Net loss for the period distributable to non-controlling interests	(52)	(41)
Acquisition of non-controlling interests during the year	26	-
At end of the period	(28)	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

31 Financial Commitments**A) Capital Commitments**

At the end of the period there were capital commitments contracted of £nil (2019: £nil).

B) Pension Arrangements

The Group operates a defined contribution pension scheme for employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £994,000 (2019: £1,063,000). At the period end, the Group holds outstanding contributions of £216,673 (2019: £221,115).

C) Lease Commitments

Prior to the adoption of IFRS 16, the Group had entered into non-cancellable operating leases in respect of motor vehicles, equipment and land and buildings. The operating lease payments primarily represented rentals payable by the Group for certain of its office and store properties. Those leases were negotiated for an average term of ten years and rentals were fixed for an average of five years.

On adoption of IFRS 16, the Group recognised liabilities in relation to these leases which had previously been classified as operating leases under the principles of IAS 17.

A reconciliation of differences between the operating lease commitments disclosed under the prior standard and the lease liabilities recognised in the Consolidated Statement of Financial Position at 29 September 2019 is found in note 34.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- Within 1 year	23	-	23,037	1,745
- Within 2-5 years	-	-	72,606	2,563
- After 5 years	-	-	38,311	-
	23	-	133,954	4,308

32 Share-based Payments

The Group operates three (2019: three) share option schemes in relation to Group employees these are the employee share purchase plans, the 2013 Long Term Incentive Plan and the 2020 Long Term Incentive Plan.

Employee Share Purchase Plans

Employee share purchase plans are open to almost all employees and there no specific vesting conditions other than the requirement for continued employee service. The share plans provide for a purchase price equal to the average market price over the three days prior to the date of grant, less 20%. The shares can be purchased during a two-week period each financial period. The shares purchased are generally placed in the employee share savings plan for a three or five year period.

Movements in share-based payment plan options are summarised as follows:

	2020		2019	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	4,752,154	0.61	3,868,716	0.78
Issued during the period	1,634,712	0.60	3,195,674	0.51
Expired during the period	(169,344)	1.27	(356,341)	0.92
Forfeited during the period	(1,878,431)	0.59	(1,953,543)	0.73
Exercised during the period	-	-	(2,352)	0.51
Outstanding at end of the period	4,339,091	0.59	4,752,154	0.61
Exercisable at end of the period	440,975	0.70	169,344	1.27

During the financial period, the Group granted 1,634,712 share options under the existing share option scheme due to vest in April 2023 with a fair value of £357,773.

32 Share-based Payments continued

The inputs to the Black-Scholes Model for the employee three-year Employee Share Purchase Plans issued in the year are as follows:

Three-year plan

Weighted average share price	— pence	76.00
Weighted average exercise price	— pence	60.35
Expected volatility	— %	31.24
Expected life	— years	3.20
Risk-free rate of interest	— %	0.39
Dividend yield	— %	1.45

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years (2019: three years).

The weighted average remaining contractual life of the share options outstanding at the end of the period is 1.93 years (2019: 2.38 years).

The exercise price for share options under the share save scheme range from 43 pence to 127 pence.

The weighted average share price at the date of exercise of options exercised during the year ended 26 September 2020 is nil pence (2019: 69 pence).

2013 Long Term Incentive Plan

Long Term Incentive Plans have been granted to senior management and have a vesting period of three years. Vesting is subject to achievement of certain performance conditions which are detailed in the Remuneration Report.

Movements in the 2013 Long Term Incentive Plan options are summarised as follows:

	2020		2019	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	7,791,387	—	7,973,849	—
Issued during the period	2,110,791	—	2,885,557	—
Forfeited during the period	(3,236,692)	—	(1,496,684)	—
Exercised during the period	(48,177)	—	(1,571,336)	—
Outstanding at end of the period	6,617,309	—	7,791,387	—
Exercisable at end of the period	903,188	—	951,365	—

During the financial period, the Group granted 2,110,791 share options under the existing share option scheme due to vest in December 2022 with a fair value of £1,517,173.

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

Weighted average share price	— pence	75.00
Weighted average exercise price	— pence	Nil
Expected volatility	— %	31.08
Expected life	— years	2.92
Risk-free rate of interest	— %	0.55
Dividend yield	— %	1.47

Expected volatility for the additional share options was determined by calculating the historical volatility of the Group's share price over the previous one, two and three years (2019: one, two and three years).

The weighted average remaining contractual life of share options outstanding at the end of the period is 7.64 years (2019: 7.96 years).

The weighted average share price at the date of exercise of options exercised during the year ended 26 September 2020 is 67.09 pence (2019: 64.78 pence).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

32 Share-based Payments continued**2020 Long Term Incentive Plan**

Under the plan a number of share options were granted to management level employees across the Group. These options were due to vest in December 2020 subject to the achievement of certain performance criteria, however these have not been met.

Movements in 2020 Long Term Incentive Plan options are summarised as follows:

	2020		2019	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	2,402,648	–	2,656,830	–
Forfeited during the period	(513,205)	–	(254,182)	–
Outstanding at end of the period	1,889,443	–	2,402,648	–

The weighted average remaining contractual life of share options outstanding at the end of the period is 5.62 years (2019: 6.68 years).

In total, the Group recognised a total expense of £3,290 (2019: £17,069 income) relating to share-based payments.

33 Related Party Transactions

S.K.M. Williams is a related party by virtue of his close family relationship with key management, with a 10.1% shareholding (19,660,278 ordinary shares) in the Group's issued share capital (2019: 10.5% shareholding of 20,593,950 ordinary shares).

At 26 September 2020, S.K.M. Williams was the landlord of one property leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £59,000 (2019: two properties for £122,000) per annum.

No amounts were outstanding with S.K.M. Williams at 26 September 2020 (2019: £nil). The lease agreements on all properties are operated on commercial arm's length terms.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note, in accordance with the exemption available under IAS 24.

The remuneration of the Board of Directors, who are considered key management personnel of the Group, was £1.0 million (2019: £1.2 million) including share-based payments of £nil (2019: £nil million). Further information about the remuneration of the individual Directors is provided in the Remuneration Report on pages 83 to 87.

The Group's defined contribution pension scheme is administered by Legal and General. During the year the Group made contributions of £994,000 (2019: £1,063,000) and at year end the Group has outstanding contributions of £216,673 (2019: £221,115).

34 Adoption of IFRS 16 'Leases'

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group's financial statements. IFRS 16 was issued in January 2016 and has been endorsed by the EU. The standard specifies how to recognise, measure, present and disclose leases and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

The Group adopted IFRS 16 from 29 September 2019 using a modified retrospective transition approach, as described in paragraph C5(b) of the standard, under which the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 29 September 2019. The comparative information presented for the 52 weeks ended 28 September 2019 has not been restated and therefore continues to be shown under IAS 17. For all periods prior to 29 September 2019, the Group classified all of its leases as operating leases under IAS 17. Operating lease rental payments were recognised as an expense in the Consolidated Statement of Financial Performance on a straight-line basis over the lease term.

Lease Liabilities

On adoption of IFRS 16, the Group recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 29 September 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 29 September 2019 was 2.30%. The lease liabilities recognised on 29 September 2019 were as follows:

	29 September 2019 £'000
Current lease liabilities	23,637
Non-current lease liabilities	104,608
	128,245

Right-of-Use Assets

The associated right-of-use assets for the Group's property and equipment leases were measured at either:

- The carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application. The Group has applied this to a small number of property leases where it was possible to obtain sufficient historical data.
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Statement of Financial Position immediately before the date of initial application. The Group has applied this methodology to the majority of its property leases and equipment leases.

On transition the Group have performed an impairment review under IAS 36, recognising an impairment totalling £4.6 million to the right-of-use assets through retained earnings. The recognised right-of-use assets on transition relate to the following types of assets:

	29 September 2019 £'000
Property	113,878
Vehicles, plant and equipment	3,818
	117,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

34 Adoption of IFRS 16 'Leases' continued**Adjustments to Statement of Financial Position Items**

The opening balance sheet position as at 29 September 2019 has been restated on transition to IFRS 16. The Group recognised additional right-of-use assets, sub-lease assets, lease liabilities and deferred tax assets, as well as a reduction in prepayments, provisions and liabilities, recognising the difference as an adjustment to the opening balance of retained earnings. The impact on transition is summarised below. Comparative periods have not been restated.

	28 September 2019 (reported) IAS 17 £'000	IFRS 16 transition adjustments £'000	29 September 2019 IFRS 16 £'000
Non-current assets			
Goodwill	3,104	-	3,104
Intangible assets	2,663	-	2,663
Property, plant and equipment	46,958	(93)	46,865
Investment properties	1,233	-	1,233
Other financial assets	-	3,108	3,108
Deferred tax assets	-	706	706
Right-of-use assets	-	117,696	117,696
	53,958	121,417	175,375
Current assets			
Inventories	30,924	-	30,924
Other financial assets	-	342	342
Trade and other receivables	8,142	(4,264)	3,878
Cash and cash equivalents	18,747	-	18,747
	57,813	(3,922)	53,891
Total assets	111,771	117,495	229,266
Current liabilities			
Trade and other payables	(43,336)	4,556	(38,780)
Lease liabilities	-	(23,637)	(23,637)
Current tax liabilities	(2,025)	-	(2,025)
Provisions	(1,235)	806	(429)
Total current liabilities	(46,596)	(18,275)	(64,871)
Net current assets/(liabilities)	11,217	(22,197)	(10,980)
Non-current liabilities			
Bank loans	(29,884)	-	(29,884)
Lease liabilities	-	(104,608)	(104,608)
Deferred tax liabilities	(1,197)	-	(1,197)
Provisions	(3,862)	1,783	(2,079)
Total liabilities	(81,539)	(121,100)	(202,639)
Net assets	30,232	(3,605)	26,627
Equity			
Share capital	6,548	-	6,548
Share premium	2,490	-	2,490
Own shares	(1,548)	-	(1,548)
Merger reserve	(399)	-	(399)
Share-based payment reserve	3,962	-	3,962
Capital redemption reserve	20,359	-	20,359
Accumulated losses	(1,178)	(3,605)	(4,783)
Capital and reserves attributable to owners of Topps Tiles Plc	30,234	(3,605)	26,629
Non-controlling interests	(2)	-	(2)
Total equity	30,232	(3,605)	26,627

34 Adoption of IFRS 16 'Leases' continued

IFRS 16 requires derecognition of the onerous lease provision. The Group's property provisions have been adjusted to reflect this, with an associated adjustment to retained earnings on transition.

Under IFRS 16, balances such as rent prepayments/accruals, rent free incentives and landlord contributions are reflected in either the right-of-use asset or the lease liability, and therefore have been derecognised on transition.

The table below shows a reconciliation from the total operating lease commitment as disclosed at 28 September 2019 to the total lease liabilities recognised in the accounts immediately after transition:

	29 September 2019 £'000
Operating lease commitment at 28 September 2019	138,262
Recognition exemption for short-term leases	(107)
Adjustments as a result of a different treatment of leases as a result of IFRS 16	2,336
Impact of discounting	(12,246)
At 26 September 2020	128,245

Statement of Financial Performance Impact for the Period

The impact on the Statement of Financial Performance was as follows:

	52 weeks ended 26 September 2020		
	Presented under IAS 17 £'000	Impact of IFRS 16 £'000	Presented under IFRS 16 £'000
Group revenue	192,813	-	192,813
Cost of sales	(80,001)	-	(80,001)
Gross profit	112,812	-	112,812
Operating costs	(114,546)	(4,295)	(118,841)
Group operating loss	(1,734)	(4,295)	(6,029)
Net finance costs	(848)	(2,952)	(3,800)
Loss before taxation	(2,582)	(7,247)	(9,829)

There is no cash flow impact as a result of adoption of IFRS 16, except for a recategorisation between cash flow from operating activities, investing activities and financing activities. Lease payments/receipts and interest payments/receipts are shown separately on the Statement of Cash Flows.

Practical Expedients Applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate for portfolios of leases with reasonably similar characteristics;
- accounting for low value operating leases and operating leases with a remaining lease term of less than 12 months as at 29 September 2019 on a straight line basis as an expense without recognising a right-of-use asset or a lease liability;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- on transition, no recognition of initial direct costs incurred in entering the lease within the value of the right-of-use asset.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

Significant Areas of Judgement and Estimation

The application of IFRS 16 requires significant judgement and estimation, particularly around the calculation of the incremental borrowing rate and determining the lease term when there are options to extend or terminate early – see note 2Y.

COMPANY BALANCE SHEET

AS AT 26 SEPTEMBER 2020

	Notes	2020 £'000	Restated 2019 £'000
Non-current assets			
Investments	4	2,005	7,154
Right-of-use assets	8	647	-
Current assets			
Debtors	5	142,814	134,622*
Cash at bank and in hand		11,618	5,929
Creditors: amounts falling due within one year	6	(89,013)	(80,633)*
Provisions	7	(120)	-
Net current assets		65,299	59,918
Non-current liabilities			
Lease liabilities	8	(169)	-
Provisions	7	-	*(99)
Total liabilities		(89,302)	(80,732)
Net assets		67,782	66,973
Capital and reserves			
Called-up share capital	9	6,548	6,548
Share premium account		2,492	2,490
Share-based payment reserve		4,499	4,496
Capital redemption reserve		20,359	20,359
Other reserve	10	6,200	6,200
Profit and loss account		27,684	26,880
Equity shareholders' funds		67,782	66,973

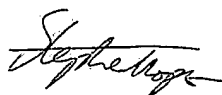
* Refer to notes 5 and 6 for further details of the restatement of balances as at 28 September 2019.

The Company made a profit after tax for the financial period ended 26 September 2020 of £5,287,000 (2019: £10,009,000).

The Company has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019 (see note 11).

The financial statements of Topps Tiles Plc, Companies House number 3213782, were approved by the Board of Directors on 1 December 2020 and signed on its behalf by:

Stephen Hopson
Director



Rob Parker
Director



COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

Company	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 30 September 2018	6,548	2,490	4,479	20,359	6,200	23,494	63,570
Profit for the period	-	-	-	-	-	10,009	10,009
Dividend paid to equity shareholders	-	-	-	-	-	(6,623)	(6,623)
Credit to equity for equity-settled share-based payments	-	-	17	-	-	-	17
Balance at 28 September 2019	6,548	2,490	4,496	20,359	6,200	26,880	66,973
Impact of change in accounting policy (IFRS 16)	-	-	-	-	-	1	1
Adjusted balance at 29 September 2019*	6,548	2,490	4,496	20,359	6,200	26,881	66,974
Profit for the period	-	-	-	-	-	5,287	5,287
Dividend paid to equity shareholders	-	-	-	-	-	(4,484)	(4,484)
Issue of new shares	-	2	-	-	-	-	2
Credit to equity for equity-settled share-based payments	-	-	3	-	-	-	3
Balance at 26 September 2020	6,548	2,492	4,499	20,359	6,200	27,684	67,782

The other reserves comprise an unrealised gain arising on the disposal of certain trademarks to a subsidiary company. At 26 September 2020, the Directors consider the other reserve of £6,200,000 to remain non-distributable.

The Directors consider £nil (2019: £nil) of profit and loss account reserves to be not distributable at 26 September 2020.

* The Company has initially applied IFRS 16 'Leases' at 29 September 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application, 29 September 2019.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

1 General Information and Basis of Accounting

Topps Tiles Plc is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 55.

The financial statements of Topps Tiles Plc have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council (FRC).

During the year, IFRS 16 was adopted in line with the requirements of accounting standards. Further detailed of IFRS 16 'Leases', including the impact of adoption are included in note 11.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that Standard:

- i. The requirements of IFRS 7 Financial Instruments: Disclosures
- ii. The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - a. Paragraph 79(a)(iv) of IAS 1
 - b. Paragraph 73(e) of IAS 16 Property, Plant and Equipment
- iii. The requirements of IAS 7 Statement of Cash Flows
- iv. The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- v. The requirements of paragraphs 10(d), 10(f), and 134 to 136 of IAS 1 Presentation of Financial Statements
- vi. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Where relevant, equivalent disclosures have been given in the Group financial statements of which the Company's results are included.

The financial statements have been prepared under the historical cost convention. Comparative data is for the period ended 28 September 2019.

2 Accounting Policies

The principal accounting policies adopted are set out below.

A) Going Concern

When considering the going concern assertion, the Board reviews several factors including the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a series of more pessimistic trading scenarios that were deemed severe but plausible. The more pessimistic trading scenarios included a second lock down during the next 12 months that would see our retail stores closed for up to three months.

The Group took a number of actions to strengthen its liquidity during the Covid-19 pandemic. The UK Government put in place a range of support measures for businesses and we accessed all of those available to us. This included utilising the Coronavirus Job Retention Scheme to furlough the c.90% of our colleagues who were unable to work from home, business rates relief for the 2020/21 tax year, VAT deferral and utilising the Coronavirus large Business Interruption Loan Scheme ("CLBILS"), which facilitates access to finance for medium-sized and larger businesses affected by the coronavirus outbreak. The sale and leaseback of the Group's head office and central warehouse buildings at Enderby was completed in June 2020. The going concern review also outlined a range of other mitigating actions that could be taken in a severe but plausible trading scenario. This included, but was not limited to, savings on store employee costs, savings on central support costs, and reduction of capital expenditure.

The Group's forecast covenant and cash headroom was reviewed against current lending facilities. These were refinanced in July 2018 and expire in July 2022, with an opportunity to extend at the end of the first and second years for a further year, so a potential full term of five years ending July 2023.

In all scenarios, the Board have concluded that there is sufficient covenant headroom and available liquidity for the Company to continue in operational existence for the foreseeable future. The Board therefore continue to adopt the going concern basis in preparing the financial statements.

B) Financial Period

There has been a change in accounting policy during the year, from the accounting period ends on the Saturday which falls closest to 30 September resulting in financial periods of either 52 or 53 weeks, to the accounting period is drawn up to a Saturday within 7 days of 30 September resulting in financial periods of either 52 or 53 weeks. There has been no impact on prior period financial statements as a result of this change.

Throughout the financial statements, Directors' Report and Strategic Report, references to 2020 mean "at 26 September 2020" or the 52 weeks then ended; references to 2019 mean "at 28 September 2019" or the 52 weeks then ended.

2 Accounting Policies continued

C) Taxation

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

D) Investments

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

E) Financial Instruments

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

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

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), financial assets "at fair value through other comprehensive income" (FVOCI), and financial assets carried at "amortised cost". The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Trade and Other Receivables

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

Effective Interest Method

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

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

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for financial assets.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. The Company will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

Cash and Cash Equivalents

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

Derecognition of Financial Assets

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

Financial Liabilities and Equity Instruments

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

Financial liabilities that are classified as FVTPL relate to derivatives that is not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other Financial Liabilities

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

Derecognition of Financial Liabilities

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

F) Dividends

Dividends payable are recorded in the financial statements in the year in which they are approved by the Company's shareholders.

G) Finance Income and Finance Costs

Interest receivable or payable is recognised on accrual basis.

H) Share-based Payments

The Company has applied the requirements of IFRS 2 Share-based Payments.

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

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

I) Leases

The Company has changed its accounting policy for leases as a result of IFRS 16 "Leases". The new policy is detailed below and the impact of the change is described in note 11.

Until 28 September 2019, as a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Rentals payable under operating leases were charged to the profit and loss account on a straight-line basis over the term of the relevant lease even where payments are not made on such a basis, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed or a provision has been made for an onerous lease. Contingent rentals arising under operating leases were recognised as an expense in the period in which they are incurred.

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

The following policies apply subsequent to the date of initial application of IFRS 16, 29 September 2019.

2 Accounting Policies continued

Leases in which the Company is a Lessee

The Company leases assets which consist of vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options or break options to maximise operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of property leases the Company determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. The Company considers the lease term to be the non-cancellable period and in assessing this applies the definition of a contract and determines the period for which the contract is enforceable.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases.

The Company has elected to take advantage of the following recognition exemptions and account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset;
- leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis.

For leases where the Company has taken short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Company accounts for the lease as a new lease.

From 29 September 2019 leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment comprises an element of capital and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

After lease commencement, the Company measures right-of-use assets using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The lease liability is also remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate);
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

2 Accounting Policies continued

The remeasurements are matched by adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

J) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical Judgements in Applying the Company's Accounting Policies

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

Key Sources of Estimation Uncertainty

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

Incremental Borrowing Rate

Under IFRS 16, the Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, adjusted to take into account the risk associated with the length of the lease. The Company has therefore made a judgement to determine the incremental borrowing rate used. As a result of the significant impact the transition to IFRS 16 has had on the Company's opening balance sheet, the discount rate is considered to be a significant judgement.

Recoverability of Intercompany Balances

The Directors consider that the recoverability of intercompany balances is a key source of estimation uncertainty. The company makes an estimate of the recoverable amount of amounts receivable to group undertakings by performing an annual review of net assets and cashflows for those group companies, and have concluded all intercompany receivables remain recoverable at the period end.

The Company considers whether investments in subsidiary undertakings are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs).

3 Profit for the Period

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the period. Topps Tiles Plc reported a profit for the financial period ended 26 September 2020 of £5,287,000 (2019: £10,009,000).

The auditors' remuneration for services to the Company was £49,000 for audit-related work (2019: £49,000 for audit-related work). Fees relating to non-audit work totalled £nil (2019: £nil); see note 4 to the Group financial statements for further details.

The Company had no employees other than the Directors (2019: same), whose remuneration is detailed on page 83.

4 Investments

	£'000
Cost at 30 September 2018	3,420
Acquisition of subsidiary	3,717
Movement in share options granted to employees	17
Cost at 28 September 2019	7,154
Acquisition of subsidiary	75
Movement in share options granted to employees	3
Impairment of investments in subsidiaries	(5,227)
Cost at 26 September 2020	2,005

4 Investments continued

During the year investments in Parkside Ceramics Limited of £1,435,000 and in Strata Tiles Limited of £3,792,000 have been written down to £nil.

The following were subsidiaries that the Company has investments in, both as at 26 September 2020 and 28 September 2019:

Subsidiary undertaking	% of issued shares held	Principal activity
Topalpha Limited*	100%	Property management and investment
Topalpha (Warehouse) Limited	100%	Property management and investment and provision of warehousing services
Topalpha (Stoke) Limited	100%	Property management and investment
Tiles4less Limited*	100%	Intermediate holding company
Topps Tiles (UK) Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Holdings Limited*	100%	Intermediate holding company
Topps Tile Kingdom Limited	100%	Intermediate holding company
Multi Tile Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Distribution Ltd	100%	Wholesale and distribution of ceramic tiles, wood flooring and related products
Multi-Tile Distribution Limited	100%	Intermediate holding company
Topps Tiles I.P Company Limited	100%	Ownership and management of Group intellectual property
Topps Tiles Employee Benefit Trust*	100%	Employee benefit trust
Strata Tiles Limited*	90%	Architectural ceramic sales and distribution
Parkside Ceramics Limited*	100%	Commercial distribution of ceramic and porcelain tiles, natural stone and related products

* Held directly by Topps Tiles Plc

The investments are represented by ordinary shares.

All undertakings are incorporated in Great Britain and are registered and operate in England and Wales.

The registered address of all of the above entities (excluding Strata Tiles Limited and Parkside Ceramics Limited) is Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU, United Kingdom.

The registered address of Strata Tiles Limited and Parkside Ceramics Limited is Barnsdale Way, Enderby, Leicestershire, England, LE19 1SN.

5 Debtors: Amounts Falling Due Within One Year

	2020	Restated
	£'000	2019
		£'000
Amounts owed by subsidiary undertakings	140,418	133,275
Prepayments	48	27
Other debtors	2,348	1,320
	142,814	134,622

The 2019 amounts owed by subsidiary undertakings have been restated by £8,000 and other debtors by £1,282,000, a net change of £1,290,000, to correct a previous misallocation of balances owed across the Group entities. There is no overall change in net assets as a result of this restatement.

Amounts owed by subsidiary undertakings are interest free, repayable on demand and not subject to any security.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

6 Creditors: Amounts Falling Due Within One Year

	2020	Revised 2019
	£'000	£'000
Trade and other creditors	9,393	5,722
Amounts owed to subsidiary undertakings	76,188	70,308
Accruals	2,952	4,603
Lease liabilities	480	–
	89,013	80,633

The 2019 trade creditors and other creditors have been restated by £5,565,000, amounts owed to subsidiary undertakings have been restated by £7,910,000 and accruals have been restated by £3,635,000, a net change of £1,290,000, to correct a previous misallocation of balances due across the Group entities. There is no overall change in net assets as a result of this restatement.

Amounts owed to subsidiary undertakings are interest free, repayable on demand and not subject to any security.

7 Provisions

Provisions include £120,000 redemption liability in relation to the purchase of Strata Tiles Limited, payable in 2021, and therefore have been classed as current. The liability is valued at fair value based on forecast attainment of performance conditions associated with the payment of the liability. The movement in year includes a net provision increase of £21,000 (2019: £99,000).

8 Leases

As a Lessee

Right-of-use assets included in the Balance Sheet at 26 September 2020 were as follows:

	Equipment £'000
At transition: 29 September 2019	1,114
Additions	86
Depreciation	(539)
At 26 September 2020	647

Lease liabilities included in the Balance Sheet at 26 September 2020 were as follows:

	Equipment £'000
At transition: 29 September 2019	(1,106)
Additions	(87)
Interest	(19)
Repayment of lease liabilities	563
At 26 September 2020	(649)

The maturity analysis of the lease liabilities is as follows:

	2020 £'000	2019 £'000
Current	(480)	–
Noncurrent	(169)	–
	(649)	–

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2020 £'000	2019 £'000
Less than one year	482	–
One to five years	174	–
More than five years	–	–
Total undiscounted lease liability	656	–

8 Leases continued

The following amounts have been recognised in the profit and loss account:

Equipment	£'000
Depreciation of right-of-use assets	553
Interest expense	19

The total cash outflow for leases during the financial period was £563,000.

9 Called-Up Share Capital

2020	£'000	2019	£'000
6,548		6,548	

Allocated, issued and fully paid 196,440,971 (2019: 196,440,971) ordinary shares of 3.33p each (2019: 3.33p)

During the period nil shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Group (2019: nil).

During the period the Group issued and allotted 2,352 (2019: nil) ordinary shares with a nominal value of £78 (2019: £nil) under share option schemes for an aggregate cash consideration of £2,100 (2019: £nil).

10 Other Reserves

The other reserves comprise an unrealised gain arising on the disposal of certain trademarks to a subsidiary company.

11 Adoption of IFRS 16 'Leases'

This note explains the impact of the adoption of IFRS 16 'Leases' on the Company's financial statements. IFRS 16 was issued in January 2016 and has been endorsed by the EU. The standard specifies how to recognise, measure, present and disclose leases and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

The Company adopted IFRS 16 from 29 September 2019 using a modified retrospective transition approach, as described in paragraph C5(b) of the standard, under which the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 29 September 2019. The comparative information presented for the 52 weeks ended 28 September 2019 has not been restated and therefore continues to be shown under IAS 17. For all periods prior to 29 September 2019, the Company classified all of its leases as operating leases under IAS 17. Operating lease rental payments were recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Lease Liabilities
On adoption of IFRS 16, the Company recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 29 September 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 29 September 2019 was 2.23%. The lease liabilities recognised on 29 September 2019 were as follows:

29 September 2019	£'000
Current lease liabilities	480
Non-current lease liabilities	626
	1,106

Right-of-Use Assets

The associated right-of-use assets for the Company's equipment leases were measured at either:

- The carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application. The Company has applied this to a small number of leases where it was possible to obtain sufficient historical data.
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application. The Company has applied this methodology to the majority of its leases.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 SEPTEMBER 2020

11 Adoption of IFRS 16 'Leases' continued

The recognised right-of-use assets on transition relate to the following types of assets:

	29 September 2019 £'000
Vehicles, plant and equipment	1,114
	1,114

Adjustments to Balance Sheet items

The opening balance sheet position as at 29 September 2019 has been restated on transition to IFRS 16. The Company recognised additional right-of-use assets, and lease liabilities, recognising the difference as an adjustment to the opening balance of retained earnings. The impact on transition is summarised below. Comparative periods have not been restated.

	28 September 2019 (reported) IAS 17 £'000	IFRS 16 transition adjustments £'000	29 September 2019 IFRS 16 £'000
Non-current assets			
Investments	7,154	-	7,154
Right-of-use assets	-	1,114	1,114
Current assets			
Debtors	134,622	-	134,622
Cash at bank and in hand	5,929	-	5,929
Creditors: amounts falling due within one year	(80,633)	(487)	(81,120)
Net current assets	59,918	(487)	59,431
Non-current liabilities			
Lease liabilities	-	(626)	(626)
Provisions	(99)	-	(99)
Total liabilities	(80,732)	(1,113)	(81,845)
Net assets	66,973	1	66,974
Capital and reserves			
Called-up share capital	6,548	-	6,548
Share premium account	2,490	-	2,490
Share-based payment reserve	4,496	-	4,496
Capital redemption reserve	20,359	-	20,359
Other reserve	6,200	-	6,200
Profit and loss account	26,880	1	26,881
Equity shareholders' funds	66,973	1	66,974

Under IFRS 16, balances such as rent prepayments/accruals are reflected in either the right-of-use asset or the lease liability, and therefore have been derecognised on transition.

The table below shows a reconciliation from the total operating lease commitment as disclosed at 28 September 2019 to the total lease liabilities recognised in the accounts immediately after transition:

	29 September 2019 £'000
Operating lease commitment at 28 September 2019	-
Adjustments as a result of a different treatment of leases as a result of IFRS 16	1,138
Impact of discounting	(32)
At 26 September 2020	1,106

11 Adoption of IFRS 16 'Leases' continued**Practical Expedients Applied**

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate for portfolios of leases with reasonably similar characteristics;
- accounting for low value operating leases and operating leases with a remaining lease term of less than 12 months as at 29 September 2019 on straight line basis as an expense without recognising a right-of-use asset or a lease liability;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- on transition, no recognition of initial direct costs incurred in entering the lease within the value of the right-of-use asset.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

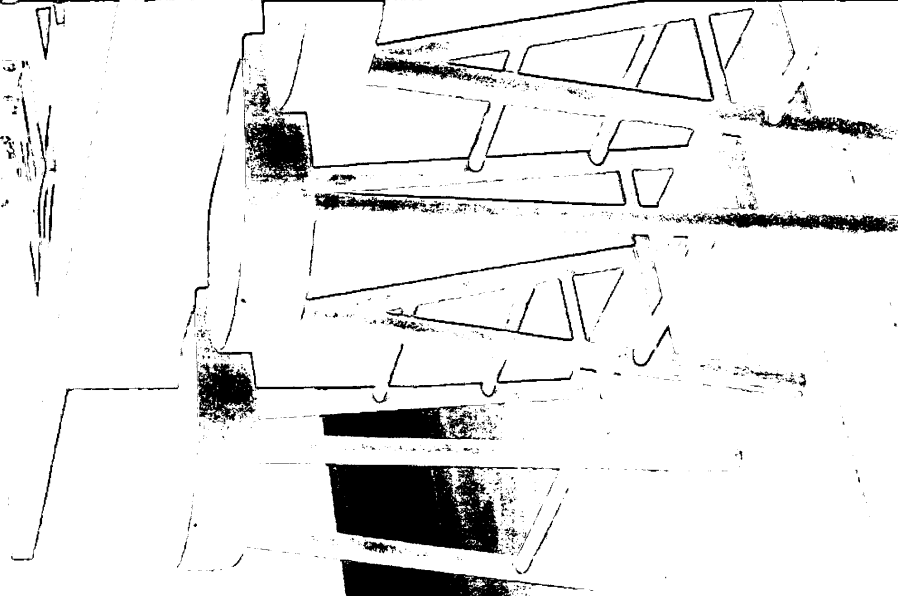
Significant Areas of Judgement

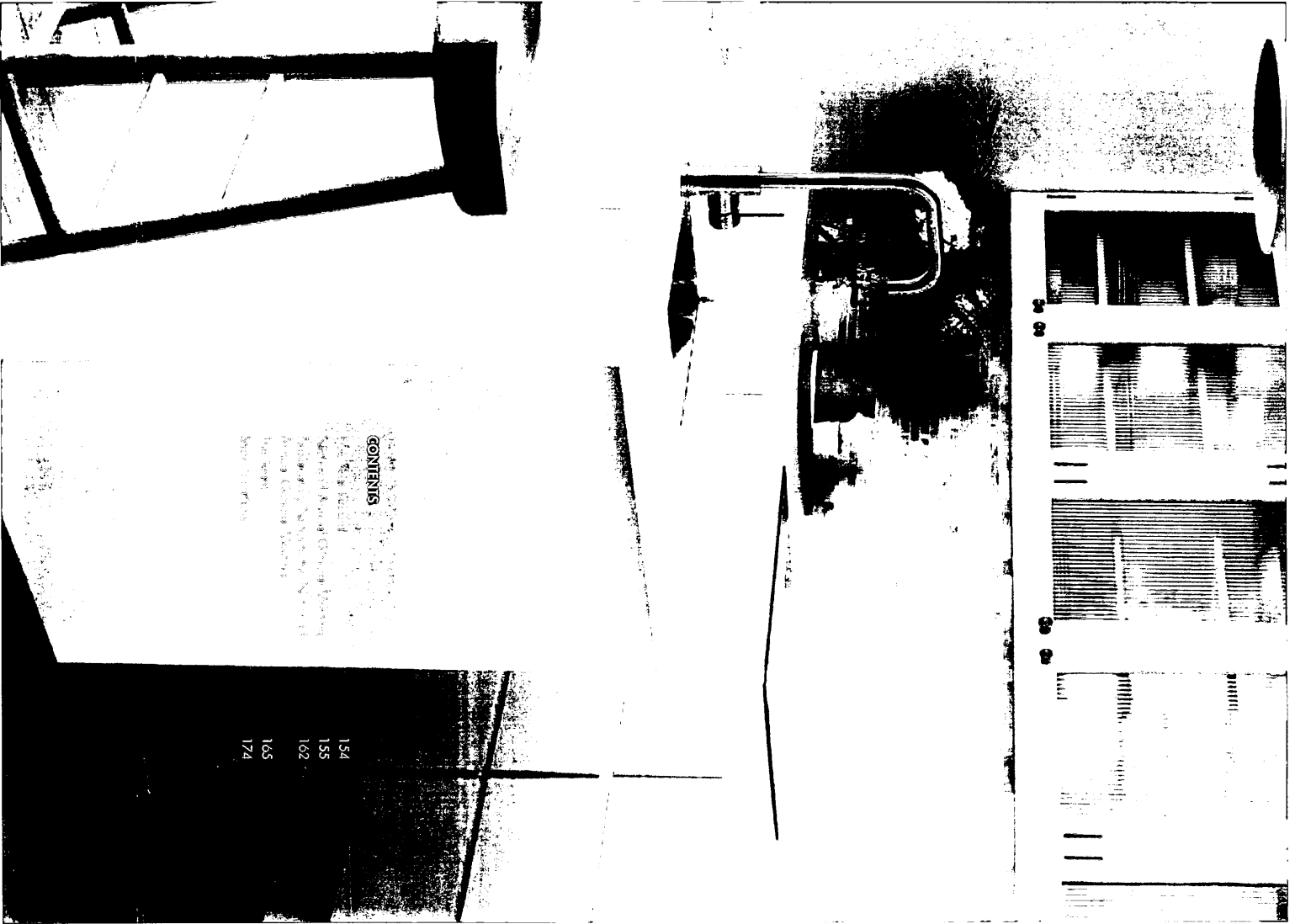
The application of IFRS 16 requires significant judgement and estimation, particularly around the calculation of the incremental borrowing rate – see note 2].

Discount Rate

The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Company uses the lessee's incremental borrowing rate for all equipment leases. The Company applies judgement in determining the appropriate discount rate used to calculate the lease liability. As mentioned above, the Company applies a single discount rate to all leases with similar characteristics, which is an option permitted by the standard. This rate is calculated based on the Revolving Credit Facility rate adjusted for a factor based on the lease term.

ADDITIONAL INFORMATION





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FIVE YEAR RECORD

UNAUDITED

	52 weeks ended 1 October 2016 £'000	52 weeks ended 30 September 2017 £'000	52 weeks ended 29 September 2018 £'000	52 weeks ended 28 September 2019 £'000	52 weeks ended 26 September 2020 £'000
Group revenue	214,994	211,848	216,887	219,197	192,813
Group operating profit	21,073	17,889	13,735	13,333	(6,029)
Profit before taxation	19,982	16,999	12,688	12,475	(9,829)
Shareholders' funds	17,545	23,553	26,663	30,232	14,054
Basic earnings per share	8.05p	6.98p	5.00p	5.18p	(4.11)p
Dividend per share	3.50p	3.40p	3.40p	3.40p	Nil
Dividend cover	2.30x	2.05x	1.47x	1.52x	Nil
Average number of employees	1,977	2,030	2,114	2,089	2,001
Share price (period end)	112.25p	75.50p	62.90p	66.60p	51.40p

All figures quoted are inclusive of continued and discontinued operations.

NOTICE OF ANNUAL GENERAL MEETING

This notice of meeting is important and requires your immediate attention. If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek personal financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in the Company, please pass this document and all accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected so that they can pass these documents to the person who now holds the shares.

STATEMENT FROM THE CHAIRMAN OF THE BOARD

DEAR SHAREHOLDER

Annual General Meeting

I am pleased to inform you that the Annual General Meeting ("**Annual General Meeting**", "**AGM**" or the "**Meeting**") of Topps Tiles Plc ("**Topps Tiles**" or the "**Company**") will be held at 10:00 a.m. on Wednesday 20 January 2021.

Notice of the Annual General Meeting, including the proposed resolutions, is set out on pages 155 to 161 with explanatory notes on pages 162 to 164.

Covid-19, meeting arrangements, voting and engagement with Shareholders

On 23 March 2020 the UK Government introduced measures to limit the spread of Covid-19, including restrictions on non-essential travel and public gatherings, subject to very limited exceptions. Some restrictions have since been relaxed, but as the Covid-19 pandemic has developed, new and different restrictions have been put in place. We expect that restrictions will still be in place by the time of the Annual General Meeting in January 2021, including stay at home measures.

The safety, wellbeing and health of our Shareholders and colleagues is of paramount importance. Therefore, we will not be running the Annual General Meeting in the same way as previous years. The Meeting will instead be held as a closed meeting and Shareholders will not be able to attend in person. The Meeting will be held in accordance with the Corporate Insolvency and Governance Act 2020 (as amended), with the minimum number of persons in attendance as is legally required to form a quorate meeting. No business will be considered at the Meeting other than the resolutions dealt with in this Notice. We will continue to assess the impact of the pandemic, so please monitor the Company's website (<http://www.toppstilesplc.com/>) and regulatory news announcements for any Meeting updates.

The Annual General Meeting is typically a good opportunity for Shareholders to meet with the Directors, when they can provide an update on the Company's business and answer Shareholders' questions. To ensure that Shareholders have an opportunity to engage with the Board, this year the Board will be pleased to answer questions proposed in advance of the Meeting. Please see the notes on page 161 for details of when and how to ask questions in advance.

Because the Meeting will be a closed meeting, this year the Board is encouraging Shareholders to vote online by proxy, to ensure that your vote is counted. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as Shareholders' votes are counted according to the number of shares registered in their names, rather than according to the votes of Shareholders who attend the Annual General Meeting. Shareholders will be asked to consider and vote on the resolutions set out in the Notice of Annual General Meeting on pages 155 to 161. The results will be published on our website www.toppstilesplc.com and they will also be released to the London Stock Exchange via a Regulatory Information Service. Please see the notes below on page 159 for detail of when and how to vote by proxy.

NOTICE OF ANNUAL GENERAL MEETING

Communications

This year we are encouraging Shareholders to receive their copy of the Annual Report and Accounts online. Therefore in accordance with the articles of association and unless a Shareholder requests otherwise, the Company communicates with its Shareholders by publishing information (including statutory documents, such as the Annual Report and Accounts) ("Shareholder Communications") on its website (www.toppstilesplc.com) ("Website").

In accordance with this policy, Topps Tiles Plc has published the Annual Report and Accounts 2020 on the Website. For those Shareholders who are opted in to receive paper copies of any Shareholder Communications, a copy of the Annual Report and Accounts 2020 has been sent by post.

Any Shareholders wishing to receive paper copies of Shareholder Communications should advise our Registrars, Link Asset Services, on 0371 664 0300.¹

Website

Our corporate website www.toppstilesplc.com provides more information about Topps Tiles including:

- a copy of our full Annual Report and Accounts; and
- all our latest news and regulatory announcements.

Recommendation

The Directors of the Company consider that all of the resolutions to be proposed at the Meeting are in the best interests of the Company and its Shareholders as a whole and are most likely to promote the success of the Company. The Directors unanimously recommend that Shareholders vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings currently amounting to 0.4% of the issued share capital of Topps Tiles.

Darren Shapland
Chairman, Topps Tiles Plc



1. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 8.30 a.m.–5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Notice

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Annual General Meeting**”, the “**AGM**” or the “**Meeting**”) of Topps Tiles Plc (the “**Company**”) will be held in accordance with the Corporate Insolvency and Governance Act 2020 (as amended) on Wednesday 20 January 2021 at 10.00 a.m. for the following purposes:

Ordinary Business

To consider and vote on the following resolutions, 1–9 (inclusive), which will be proposed as Ordinary Resolutions:

1. To receive, consider and adopt the Company’s audited financial statements for the financial year ended 26 September 2020, together with the Directors’ Report and the Auditors’ Report on those accounts (collectively the “**Annual Report and Accounts**”).
2. To approve the Directors’ Remuneration Report for the financial year ended 26 September 2020 which is set out on pages 72 to 89 within the Annual Report and Accounts (excluding the Directors’ Remuneration Policy which is which is set out on pages 74 to 77).
3. To re-elect Darren Shapland as a Director of the Company.
4. To re-elect Robert Parker as a Director of the Company.
5. To re-elect Claire Tiney as a Director of the Company.
6. To re-elect Keith Down as a Director of the Company.
7. To re-elect Stephen Hopson as a Director of the Company.
8. To reappoint PricewaterhouseCoopers LLP as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which the Annual Report and Financial Statements are laid before the Company.
9. To authorise the Directors to determine the remuneration of the auditors.

Special Business

To consider and vote on the following resolutions, which in the case of resolution 10 will be proposed as an Ordinary Resolution and in the case of resolutions 11 to 14 (inclusive), will be proposed as Special Resolutions:

10. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”):
 - a. to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “relevant securities”) up to an aggregate nominal amount of £2,180,521 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (b) below in excess of £2,180,521); and further:
 - b. to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £4,361,042 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (a) above) in connection with an offer by way of rights issue:
 - i. in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
 - ii. to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever, provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired
11. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 10 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:
 - a. the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 10, by way of a rights issue only):
 - i. in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

NOTICE OF ANNUAL GENERAL MEETING

ii. to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

b. the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £327,078; and

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

12. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution the Directors be and they are empowered, in addition to the authorities and powers granted to the Directors pursuant to resolution 11, to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 10 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be:

a. limited to the allotment of equity securities up to an aggregate nominal value equal to £327,078; and

b. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

13. THAT the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 3.33p each in the capital of the Company ("**Ordinary Shares**") provided that:

a. the maximum number of Ordinary Shares hereby authorised to be purchased is 19,644,332 (representing 10% of the Company's issued Ordinary Share capital);

b. the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 3.33p;

c. the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is contracted to be purchased; and

this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

14. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Dated: 1 December 2020

By order of the Board

Alistair Hodder

Company Secretary



Registered Office:

Thorpe Way

Grove Park

Enderby

Leicestershire

LE19 1SU

Registered Number: 3213782

NOTES

Entitlement to attend and vote

1. The safety, wellbeing and health of our Shareholders and colleagues is of paramount importance. Therefore, this year's Annual General Meeting is being held behind closed doors. Two Shareholders will be permitted to attend as facilitated by the Company and in line with the Government's social distancing guidance. No other Shareholders will be permitted to attend.
2. All Shareholders are strongly encouraged to submit their voting instructions online by proxy appointing the Chair of the Meeting as their proxy. Only persons entered on the register of Shareholders at close of business on 18 January 2021 (or, if the Meeting is adjourned, at close of business on the day two days (excluding non-working days) prior to the adjourned Meeting) ("**Shareholders**") shall be entitled to attend and vote at the Meeting. Changes to the register of members after this date shall be disregarded in determining the rights of any person to vote at the Meeting.

Website giving information regarding the Meeting

3. Information regarding the Meeting, including the information required by section 311A of the Act, can be found on our website at www.toppstilesplc.com.

Appointment of proxies, generally

4. A Shareholder is entitled to appoint one or more persons as proxies to exercise their rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. However, in line with the Government's social distancing guidelines we strongly suggest you appoint the Chair of the Meeting as your proxy as other proxies will not be permitted to attend on your behalf.
5. Shareholders can register their proxy appointment and give proxy instructions to vote:
 - online through www.Signalshares.com;
 - if a CREST member, by utilising the CREST online proxy appointment service;
 - by returning a Proxy Form by post.

See below for notes on when and how to do this and please refer to the terms and conditions of the online services on their websites.
6. Due to the Meeting being held behind closed doors, Shareholders are strongly encouraged to vote online and to appoint 'the Chair of the Meeting' to exercise rights to vote at the Meeting.
7. **If you submit your proxy form online or by post, you must ensure that it reaches Link Asset Services by 10.00 a.m. on 18 January 2021 in order for your vote to be counted.** Should you complete your proxy form online and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether online or posted.
8. A proxy does not need to be a Shareholder but must be duly appointed to represent a Shareholder. Shareholders can only appoint a proxy using the procedures set out in these notes, the notes to the Proxy Form and on the signalshares and Crest websites.
9. The appointment of a proxy will not prevent a Shareholder from attending and voting in person at the Meeting. Should a Shareholder do this, the votes at the Meeting will be counted to the exclusion of instructions received earlier, whether online or posted. However, as noted above, this year's Annual General Meeting is being held behind closed doors.
10. If you are not a Shareholder of the Company but you have been nominated by a Shareholder of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

Appointment of proxies, signalshares

11. Unless you are a CREST member, you are strongly encouraged to use the Electronic Proxy Appointment ("EPA") for the Annual General Meeting (even if you receive a paper proxy form). EPA enables Shareholders to lodge their proxy appointment by online means via a website provided by our Registrar, at www.signalshares.com. Full details of the procedures are given on that website.
12. For an online proxy appointment to be valid, the appointment must be received by Link Asset Services no later than 10.00 a.m. on 18 January 2021 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned Meeting). Any online communication sent by a Shareholder to the Company or Link Asset Services which is found to contain a virus will not be accepted by the Company but every effort will be made by the Company to inform the Shareholder of the rejected communication.

Appointment of proxies, through CREST

13. CREST members who wish to appoint a proxy or proxies through the CREST online proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
 - In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of

NOTICE OF ANNUAL GENERAL MEETING

- whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuers' agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice (10.00 a.m. on 18 January 2021). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Appointment of proxies, by post

14. A Proxy Form is only available on request from our Registrars, Link Asset Services, who will issue a Proxy Form free of charge to a Shareholder who requests one. You can call them on 0371 664 0300. Notes for completion can be found on the form and should be read carefully before it is completed. To be valid, the form of proxy must be completed, signed and sent to the offices of the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU together with the power of attorney or other authority (if any) under which it is signed or a notorially certified or office copy of the same, so as to arrive no later than 10.00 a.m. on 18 January 2021 (or, in the event that the Meeting is adjourned, no later than two working days before the time of any adjourned meeting). Please allow enough time to receive your Proxy Form by post, complete it and return it to Link Asset Services.

Appointment of proxies, by joint holders

15. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

16. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointment

17. A Shareholder may revoke a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to the Registrar at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by the Registrar no later than 10.00 a.m. on 18 January 2021. If you attempt to revoke your proxy appointment but the revocation is received after this time your original proxy appointment will remain valid unless you attend the Meeting and vote in person. However, as noted above, this year's Annual General Meeting is being held behind closed doors.

Votes withheld

18. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Companies and other Shareholders (not being individuals)

19. A Shareholder that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (as described above), or by a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association (the "Articles") and the relevant provision of the Act.

Issued shares and total voting rights

20. As at the close of business on 1 December 2020, the Company's issued share capital comprised 196,443,323 ordinary shares of 3.3p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. No Ordinary Shares were held in treasury but the Company's employee benefit trust holds 1,470,517 Ordinary Shares to which it has waived its voting rights. Accordingly, the total number of voting rights in the Company as at the close of business on 1 December 2020, is 194,972,806.

2. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 8.00 a.m.–5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Questions at the Meeting

21. Shareholders have the right to ask questions at the Meeting in accordance with section 319A of the Act. However, as noted above, this year's Annual General Meeting is being held behind closed doors.
22. Shareholders are encouraged to submit questions via email to AGM@toppstiles.co.uk, by 10.00 a.m. on Monday 18 January 2021. Please include your name as shown on the Company's Register of Members. The Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
- answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; or
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Website publication of audit concerns

23. It is possible that, pursuant to requests made by one or more Shareholders under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website. Where a Shareholder or Shareholders wish to request the Company to publish audit concerns, such request must be made by either sending:
- a request which states your full name and address to AGM@toppstiles.co.uk. Please state "AGM" in the subject line of the email; or
 - a hard-copy request which is signed by you and states your full name and address to the Company Secretary at Topps Tiles Plc, Topps Tiles, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

Nominated persons

24. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Act ("nominee"):
- the nominee may have a right under an agreement between the nominee and the member by whom he was appointed, to be appointed, or to have someone else appointed, as a proxy for the Meeting; or
 - if the nominee does not have any such right or does not wish to exercise such right, the nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights.

The right of a member under section 324 of the Act to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the Act.

Voting

25. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as Shareholders' votes are counted according to the number of shares registered in their names, rather than according to the votes of Shareholders who attend the Annual General Meeting.

Further information

26. Link Asset Services maintain the Company's share register. They also provide a telephone helpline service on 0371 664 0300.³ If you have any queries about voting or about your shareholding, please contact Link Asset Services.

Documents on display

27. Information regarding the Meeting, including the information required by section 311A of the Act, can be found at www.toppstilesplc.com. In addition, this information is available for inspection at the Company's registered office during normal business hours by prior appointment with the Company Secretary. Requests should be sent to AGM@toppstiles.co.uk. As the Meeting is to be held virtually, these documents will not be available during the Meeting.

Communication

28. You may not use any online address provided either in this Notice of Annual General Meeting or in any related documents (including the proxy form and the signalshares and Crest websites) to communicate with the Company for any purposes other than those expressly stated.

3. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 8.30 a.m.–5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING of the Company will be held in accordance with the Corporate Insolvency and Government Act 2020 on 20 January 2021 at 10.00 a.m.

By way of explanation of the proposed resolutions:

Ordinary Business

Resolution 1 (Receiving the Annual Report and Accounts)

The Directors are required to present to the Meeting the audited accounts and the reports of the Directors and the auditors for the financial year ended 26 September 2020; and Shareholders are invited to receive, consider and adopt them.

Resolution 2 (Directors' Remuneration Report)

The Remuneration Committee of the Board (the "**Committee**") is seeking Shareholder approval for the Directors' Remuneration Report. The Company is required to seek Shareholder approval in respect of the contents of this report on an annual basis. The vote is an advisory one and the entitlement of a Director to receive remuneration is not conditional on it.

Resolutions 3 to 7

Re-election of Directors

Although not required by the Company's Articles, in line with good corporate governance (2018 UK Corporate Governance Code) the Directors will all retire voluntarily and with the exception of Andy King, offer themselves for re-election.

Andy King will step down with effect from the conclusion of the Annual General Meeting, having served for approximately nine years as a non-executive Director (and accordingly, Andy is not offering himself for re-election).

For biographical details of all Directors standing for re-election, see the Directors' Report, on pages 54 and 55.

The Board considers that the contribution of each of the Directors standing for re-election is important to the Company's long-term sustainable success. For more on this, see the Corporate Governance Report, on page 61.

Resolution 8

Appointment of Auditors

This resolution concerns the reappointment of PricewaterhouseCoopers LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

Resolution 9

Auditors' Remuneration

This resolution authorises the Directors to fix the auditors' remuneration.

Special Business

Resolution 10

Directors' Power to Allot Shares

This resolution complies with guidance issued by the Investment Association and will, if passed, authorise the Directors to allot:

- relevant securities up to a maximum nominal amount of £2,180,521 which represents approximately one-third of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out in paragraph (b) of resolution 10 in excess of £2,180,521; and
- in relation to a pre-emptive right issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £4,361,042 which represents approximately two-thirds of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any relevant securities allotted under the authority set out in paragraph (a) of resolution 10.

Therefore, the maximum nominal amount of relevant securities (including equity securities) which may be allotted under this resolution is £4,361,042.

As at the date of this notice, the Company does not have any treasury shares.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

Resolutions 11 and 12**Directors' Power to Issue Shares for Cash**

Resolution 11 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing Shareholders in proportion to their holdings). The relevant circumstances are where the allotment:

- takes place in connection with a rights issue or other pre-emptive issue;
- is limited to a maximum nominal amount of £327,078 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 1 December 2020, being the latest practicable date before publication of this notice.

Resolution 12 authorises the Directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This authority, which is in addition to the authority granted to the Directors pursuant to resolution 11 and is being sought in accordance with the Pre-Emption Group's Statement of Principles, is limited to a maximum nominal amount of £327,078 which represents approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 1 December 2020, being the latest practicable date before publication of this notice.

The Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with Shareholders, except in connection with an acquisition or specified capital investment as referred to above.

Treasury Shares

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro rata basis to existing Shareholders unless Shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary shares on a non-pre-emptive basis, resolutions 11 and 12 will also give Directors power to sell ordinary shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above. As at the date of this notice, the Company does not have any treasury shares.

The Directors consider that the power proposed to be granted by resolutions 11 and 12 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Unless revoked, varied or extended, the authorities conferred by resolutions 11 and 12 will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 13**Authority to Purchase Shares (Market Purchases)**

This resolution authorises the Board to make market purchases of up to 19,644,332 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 1 December 2020, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 15 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent annual general meetings.

The minimum price that can be paid for an ordinary share is 3.33p, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official list of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

As at 1 December 2020, being the latest practicable date before publication of this notice, there were outstanding awards under the Company's various share option schemes in respect of 12,845,842 ordinary shares in the capital of the Company, representing 6.5% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares were exercised in full, the number of outstanding options would represent 7.3% of the Company's issued ordinary share capital following the repurchase of shares.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolution 14

Notice Period for General Meetings

The Companies (Shareholders' Rights) Regulations 2009 require the Company to call general meetings (other than annual general meetings) on at least 21 clear days' notice unless Shareholders approve a shorter notice period of not less than 14 clear days. Such approval was granted at last year's Annual General Meeting and this resolution therefore seeks to renew this approval. The approval will be effective until the Company's next Annual General Meeting, at which it is intended a similar resolution will be proposed. The Directors' intention is to only call general meetings on less than 21 days' notice where such shorter notice period would be in the interests of Shareholders as a whole.

THE TEAM

A

Aadil Mulla
 Aaron Gauntlett
 Aaron Kiddell
 Aaron Powell
 Abdihakim Osman
 Abdul Khaem
 Abigail Routley
 Abu Ubaida Mohammad
 Samad
 Adam Clarke
 Adam Connor
 Adam Crowe
 Adam Devine
 Adam Gaymer
 Adam Gilkes
 Adam Godfrey
 Adam Heffer
 Adam Holland
 Adam Jolly
 Adam Nuttall
 Adam Shearsmith
 Adam Simpson
 Adam Smolarek
 Adam Stevens
 Adam Woollam
 Addam Marsh
 Aderemi Adediran
 Adrian Gower
 Adrian Hoggard
 Afrim Mensah
 Aidan Dawes
 Airon Hurrell
 Akinyemi Orekoya
 Akshey Vadgama
 Alain Gouro
 Alan Lamb
 Alan Saunders
 Alan Sinclair
 Alan Smalley
 Alan Sproston
 Aleksandr Lagowski
 Alessandro Tedeschi
 Alex Bell
 Alex Bennet
 Alex Di Pace
 Alex Jones
 Alex Watkins
 Alex Whitmore
 Alexander Bennett
 Alexander Findley
 Alexander Ford
 Alexander Gaffney
 Alexander Marks
 Alexander Miles
 Alexander Walton
 Alexander Williams
 Alexandra Harding
 Alfie Abbott

Alice Cairns
 Alicija Romanovska-Stefanovic
 Alisha Millward
 Alison Mazzei-Foster
 Alistair Hodder
 Allan Busby
 Allan Harper
 Allysha Byrne
 Alnavaz Nuralah
 Amanda Brogan
 Amanda Lyon
 Amanda Plumb
 Amanda Samuel
 Amar Trivedi
 Amardeep Sanghera
 Amelia Foster
 Amin Ali
 Amy Swanson
 Amy Wilkins
 Amy Wirtz
 Ananithan Sivanesan
 Andre Osei
 Andrea Moon
 Andrew Carter-Riley
 Andrew Collins
 Andrew Davis
 Andrew Habbick
 Andrew Harrison
 Andrew Hawker
 Andrew Haynes
 Andrew King
 Andrew Loudon
 Andrew Oliver
 Andrew Playfoot
 Andrew Price
 Andrew Reilly
 Andrew Roseby
 Andrew Sansum
 Andrew Sharkey
 Andrew Shaw
 Andrew Tibbetts
 Andrew Warne
 Andrew Waterfield
 Andrew Wathan
 Andrew Wilkinson
 Andrew Woodier
 Andrius Matusevicius
 Aneta Kleczek
 Angela Capp
 Angela Cooke
 Angela George
 Ankit Mahes
 Anna Hibberd
 Anna Merta
 Anna-Marie Putt
 Anna-Marie Wells
 Annie Dickson
 Annmarie Malone
 Anthony Daly

Anthony Davies
 Anthony Dolan
 Anthony Gilbert
 Anthony Hollick
 Anthony Lyth
 Anthony Molyneux
 Anthony Reynolds
 Anthony Saunders
 Anthony Tarr
 Anthony Taylor
 Antony Belham
 Antony Miles
 Anub Varghese
 Anwar Marshall
 Arin Angliss
 Aron Hoff
 Aruna Mistry
 Arvydas Vaistasaras
 Ashley Burke
 Ashley Cutler
 Ashley Hegarty
 Ashley Hughes
 Ashley Katinas
 Ashley Kiffin
 Ashley Mansfield
 Ashley Somerville
 Astone Davids
 Athina Sesay
 Atul Patel
 Azim Ahmed

B

Bailey Fuller
 Barbara Connor
 Barbara Smith
 Barri Barnes
 Barry Beaver
 Barry Gilbert
 Barry Jones
 Barry Parker
 Barry Theobald
 Bartosz Pawelczyk
 Ben Adams
 Ben Barraclough
 Ben Bright
 Ben Howard
 Ben Warburton
 Benjamin Frost
 Benjamin Goodey
 Benjamin Hale
 Benjamin Hawes
 Benjamin Matthews
 Benjamin Nosworthy
 Benjamin Rich
 Berek K-Caesar
 Bethanie Evans
 Bethany Brame
 Beverley Orton
 Billy Stout

Billy Taylor
 Blake Ladeinde
 Bolaji Adeyanju
 Bonita Flinthill
 Bradley Cox
 Bradley Mattheou
 Bradley Powell
 Bradley Rockell
 Brajan Pyzlowski
 Brandon Abels
 Brandon Battle
 Brandon Edens
 Brandon Lodge
 Brendan Flynn
 Brett O'Harrow
 Brett Simkiss
 Brett Singers
 Brian Linnington
 Brian Morris
 Bruce Fielding
 Bruce Garrod
 Bruno Bernasconi
 Bryn Lewis
 Bryony Benson
 Byron Tree

C

Caitlin Pipes
 Callum Evans
 Callum Phillips
 Calvin Christopher
 Cameron Oakey
 Campbell Marr
 Carl Ainsworth
 Carl Courtney
 Carl Cumberbatch
 Carl Fraser
 Carl Hermit
 Carl Whatley
 Carla Sinnott
 Carlos Alford Maestre
 Carlos Chowdhury
 Carol Beattie
 Carol Hawkes
 Carole Hawken
 Caroline May
 Caroline Vernon-Sutton
 Carolyn Paull
 Carolynn Remington-Hobbs
 Carrie Peckston
 Catherine Britton
 Catherine Doulton
 Chakib Ayoub
 Chanel Sanganoo
 Chantelle Gurney
 Charjuan Knight
 Charlene Walpole
 Charles Johnson
 Charles Kift

THE TEAM

Charles Robbins
 Charles Rollins
 Charles Taylor
 Charles Watson
 Charlie Almond
 Charlie Truscott
 Charlotte Amos
 Charlotte Cook
 Charlotte Jackson
 Charlotte Lammin
 Charlotte Sweetlove
 Chay Smith
 Chelsea Battle
 Chelsea Cragg
 Chelsea Long
 Cheryl Vearncombe
 Chester South
 Chetna Shah
 Cheyanne Brown
 Chloe Jackson
 Chloe Singleton
 Chris Foster
 Chris Pargeter
 Christelle Armstrong
 Christian McCarthy
 Christine Berry
 Christine Pawlow
 Christine Taylor
 Christine Thistlethwaite
 Christopher Bailey
 Christopher Beeson
 Christopher Bentley
 Christopher Bodicoat
 Christopher Bowden
 Christopher Burrows-Simpson
 Christopher Butler
 Christopher Carey
 Christopher Collins
 Christopher Cooper
 Christopher Curtis
 Christopher D'Arts
 Christopher Edwards
 Christopher Fath
 Christopher Harbutt
 Christopher Heyes
 Christopher Holland
 Christopher Howe
 Christopher MacFarlane Leach
 Christopher Merrick
 Christopher Miskelly
 Christopher Moore
 Christopher Nicholls
 Christopher Nattle
 Christopher Perry
 Christopher Potter
 Christopher Proud
 Christopher Samuel
 Christopher Sansby
 Christopher Turley

Christopher Wells
 Chrystal McGill
 Cieran Armstrong
 Clair Jeffries
 Claire Chaffe
 Claire Donnachie
 Claire Herridge
 Claire Paterson
 Claire Ralphs
 Claire Steel
 Claire Tiney
 Clare Barden
 Clare Long
 Clifford Adams
 Clifford Tomlinson
 Clive Harlow
 Colin Clarke
 Colin Denson
 Colin Harvey
 Colin Markham
 Colin Petch
 Colin Rymer
 Colin Smith
 Colin Trenerly
 Conner Ockenden
 Connor Armstrong
 Connor Bantin
 Connor Garrow
 Connor Thompson
 Conrad Cassidy
 Conrad Harrup
 Cora Morrison
 Cosmin Zaharia
 Courtney Maglone-Gillies
 Craig Dolling
 Craig Franklin
 Craig Johnson
 Craig Jones
 Craig Matthews
 Craig Murphy
 Craig Reed
 Criss Hall
 Cristian Olaru
 Cristina Cole
 Crystal Wallace-Prince
 Curtis Julien
 Curtis Lee
 Czeslaw Majorek

D

Daisy Garnett
 Dale Sheppard
 Daljeet Gill
 Damian Merritt
 Damiano Seresini
 Dan Bevan
 Danial Holloway
 Daniel Bath
 Daniel Brain

Daniel Chambers
 Daniel Cheyne
 Daniel Colk
 Daniel Cox
 Daniel Cross
 Daniel Danks
 Daniel Fairless
 Daniel Fallows
 Daniel Geoghegan
 Daniel Gillett
 Daniel Jenkins
 Daniel Jones
 Daniel Lawrie
 Daniel Little
 Daniel McLean
 Daniel Milner
 Daniel Moyses
 Daniel Musguin
 Daniel O'Callaghan
 Daniel Pimm
 Daniel Poile
 Daniel Rowlands
 Daniel Sewell
 Daniel Sheppard-Brown
 Daniel Thornley
 Daniel Varnham
 Daniel Willows
 Daniel-Paul Petrut
 Daniella Winstone
 Danielle Kirby
 Danielle Noyes
 Danielle O'Mara
 Dannique Prince
 Danny Ostler
 Danny Wilson
 Darius Bright
 Darnelle Riley
 Darren Barker
 Darren Bebbington
 Darren Doughty
 Darren Finnegan
 Darren Harper
 Darren Jones
 Darren Mencarini
 Darren Mitchell
 Darren Morgan
 Darren Shapland
 Darren Square
 Darren Wagg
 Darren Young
 Darroll Watts
 Darron Kerr
 Darron Soos
 Darryl Lawson Innes
 David Augustus
 David Bowler
 David Carpenter
 David Clare
 David Clark

David Coupland
 David Cressey
 David Donaldson
 David Fletcher
 David Fox-Matthews
 David Green
 David Halpin
 David Hatton
 David Henderson
 David Hicks
 David Hill
 David Hirst
 David Hope
 David Houston
 David Hussey
 David Jackson
 David Jones
 David Kavanagh
 David Kershaw
 David Kettlewell
 David Knight
 David Lane
 David Lawson
 David Macartney
 David Medlam
 David Miller
 David Murray
 David Oliver
 David Parcell
 David Rendall
 David Reynolds
 David Sheehy
 David Simms
 David Sinclair
 David Spencer
 David Thomas
 David Thomasson
 David Thompson
 David Townsley
 David Webb
 David Whitelaw
 David Wilson
 David Yallop
 Davina Vitles
 Dawn Gale Curtis
 Dean Evans
 Dean Jones
 Dean Laker
 Dean Marshall
 Dean Rodger
 Dean Saunders
 Dean Spriggs
 Dean Titchen
 Dean Woolley
 Deane Rhone
 Debbie Marsh
 Deborah Edwards
 Deborah Fitzpatrick
 Debra Bandhigree

Declan Baker
 Declan Speede
 Deandra Bellew
 Deesha Bhatt
 Deividas Korsakas
 Denis O'Brien
 Dennecia Gordon
 Dennis Elford
 Dennis Jovellanos
 Dennis Winterburn
 Denzil Johns
 Derek Bloom
 Dermott Reilly
 Deryn Shipley
 Desmond Alleyne
 Devindren Govender
 Dilawar Ali
 Dipak Chauhan
 Dipal Parikh
 Dolton Gordon
 Dominic D'Souza
 Dominic Gray
 Dominic Hall
 Dominic Reilly
 Donald Magullian
 Donna Douglas
 Donovan Robinson
 Douglas Nicol
 Dylan Bradley
 Dylan Roberts

E
 Eamonn Clancy
 Edvinas Katinas
 Edward Corby
 Ekin Sahan
 Elaine Waterhouse
 Elaine Johnson
 Elaine Robinson
 Elizabeth Lee
 Elizabeth Sutton
 Ella Jones
 Ellen Robey
 Ellie Jordan
 Elliot Hancock
 Elliot Musk-Cooper
 Elliott Brown
 Elliott Davis
 Elliott Maitland-Price
 Ellysia Richards
 Emily Connelly
 Emily Davis
 Emily Gardiner
 Emily Gibbons
 Emily Hall
 Emily Lenton
 Emily Mansell
 Emily Pearson
 Emma Anderson

Emma Camps
 Emma Dudley
 Emma Gotch
 Emma Greenfield
 Emma Hilton
 Emma Lenton
 Emma McNaul
 Emma Rowbury
 Emma Shaw
 Emmanuel Melford-Rowe
 Emran Mannan
 Erandika Senevirathna
 Eren Ucman
 Erikas Mazeikis
 Ermiyas Girma
 Erwan Vauconsant
 Esme Sparrow
 Eve Ruckwood
 Ewelina Szreder-Politowska
 Ezra Deans

F
 Faizar Ali
 Fatima Pereira
 Faye Henderson
 Felipe West
 Fikriye Kiazim
 Filipe Albarraque
 Fitz Martin
 Fouche Lubbe
 Frances Aylward
 Francesca Harris
 Frank Hibbert
 Fraser Lockley

G
 Gabriel Jacob
 Gabriella Carvalho
 Gabrielle Moore
 Gareth Fogden
 Garrat Willsher
 Gary Crichton
 Gary Bloomfield
 Gary Curtis
 Gary Davies
 Gary Fellows
 Gary Gear
 Gary Gee
 Gary Gledhill
 Gary Mayo
 Gary Nash
 Gary Roberts
 Gary Tipler
 Gary West
 Gavin Bennett
 Gavin Collins
 Gavin Dale
 Gavin MacKay
 Gavin Magwood
 Gavin Munn

Gavin Winter
 Gemma Davies
 Gemma Stephens
 Gemma Wademan
 Geoffrey Greenwood
 Geoffrey Thomas
 Geordie Stock
 George Astill
 George Birkley
 George Dewis
 George Groves
 George Hopper
 Georgia Miles
 Georgina Duffy
 Geraint Griffiths
 Gergo Poroszlai
 German Ramirez Marin
 Gillian Grace
 Giovaughnni Reid
 Glenn Davies
 Glenn Elgy
 Glenn Smith
 Gokhan Karadogan
 Gordon Shennan
 Graham Cooper
 Graham Dye
 Graham Foster
 Graham Hancock
 Graham Hanson
 Graham Hitchin
 Graham Livingstone
 Graham Vance
 Grant Smith
 Grazvydas Garbacenokas
 Gregory McHugh
 Gregory Owen
 Grenville Davies
 Gurinder Chana
 Gurjinder Singh Lehal
 Gurninderjit Singh
 Guy Gorenski

H
 Hana Alexandria
 Hannah Booth
 Hannah Jones
 Hannah Marlow
 Hannah Pritchard
 Harley White
 Haroon Yunus
 Harriet Buckley
 Harriet Goodacre
 Harrison Bonnett
 Harrison Carley
 Harry Biggs
 Hayden Inman
 Hayden Mason
 Hazel Millington
 Heather Campbell

Helen Gosling
 Helen Hughes
 Helen Jagger
 Helen Meredith
 Helen Walker
 Helen Washington
 Holly Ballinger
 Holly Bishop
 Holly Dawson
 Holly Meager
 Holly Peck
 Holly Skerriitt
 Hope Armstrong
 Hugo Faria
 Hussein Mohamed

I
 Iain Arnott
 Ian Aikman
 Ian Ashton
 Ian Bloomfield
 Ian Croton
 Ian Fraser
 Ian Marshall
 Ian McNeish
 Ian Morton
 Ian Paterson
 Ian Smithson
 Ian Sykes
 Igor Koselevs
 Ingrid Obernauer
 Inha Oldoh
 Isaiah Khaoya
 Isha Denny-Gardener
 Ivan Paitoo

J
 Jacek Skubisz
 Jacek Zebrowski
 Jack Ablett
 Jack Davey
 Jack Day
 Jack Ellis
 Jack Finlay
 Jack Flannigan
 Jack Gallagher
 Jack Hill-Jones
 Jack Holyoake
 Jack Lloyd
 Jack Maddison
 Jack Millman
 Jack O'Neill
 Jack Relfe
 Jack Sharpe
 Jack Swann
 Jack Veall
 Jack Vickers
 Jack Wheeler
 Jacob Allan
 Jacob Powell

THE TEAM

Jacqueline Desborough- Morehead	Jason Barker	John Hesp	Joshua Osborne
Jade Girgensons	Jason Bloxham	John Hughes	Joshua Paton-Rolls
Jade Gosden-Adams	Jason Coupland	John McLaren	Joshua Rapley
Jagpal Sandu	Jason Darcy	John Moat	Joshua Wright
Jahtal Nisa Roberts-Joseph	Jason Ealden	John Page	Joshua Young
Jailuene Witterick Peake	Jason Nelson	John Scatchard	Josiah Andrew-Razemba
Jake Carter	Jason Pratt	John Shaw	Josie Colehan
Jake Shopland	Jason Rose	John Stannard	Juan Carlos Oliveira Mc Dowell
James Barnett	Jaspreet Sandhu	John Thompson	Jude McGuigan
James Beaumont	Jasveer Singh	Johnathan McCallum	Judith Duncan
James Biesty	Javeed Parkar	Johnathon Humphries	Juginder Gill
James Cameron	Jayne Piper	Jon Davis	Julia Kerr
James Carpenter	Jayne Young	Jon O'Neill	Julian Mitchell
James Carrington	Jedrzej Politowski	Jonatan Muti	Julian Myles
James Chamberlain	Jeffery Turner	Jonathan Boxall	Julie Brachtvogel
James Cheung	Jeffrey Coleman	Jonathan East	Julie Mitchell
James Clifford	Jennie Kane	Jonathan Hall	Julie Wood
James Fox	Jennifer Buddington	Jonathan Hargreaves	Julieann Pemberton
James Hawker	Jennifer Flowers	Jonathan Impey	Jullah Jabbi
James Heard	Jennifer Gregory	Jonathan Kirk	Juris Kalnins
James Hollis	Jennifer Opoku	Jonathan Stearman	Justas Ramasauskas
James Howard	Jennifer Seabrook	Jonathan Stone	Justin Marlow
James Hyland	Jennifer Wall	Jonathan Wallace	Justine Bowman
James Joyce	Jennifer Young	Jonathan Wiles	Juttinder Diggpal
James Lea	Jenny Inkson	Jonathan Williams	K
James McGuigan	Jeremy Long	Jonathon Turner	Kacper Dadel
James Morgan	Jessica Duncan	Jonathon Underdown	Kai Franklin
James O'Driscoll	Jessica Fraser	Jon-Paul Hughes	Kajetan Marcinek
James Pannett	Jessica Gurski	Jordan Bannister	Kalbir Heer
James Patston	Jessica Hatton	Jordan Byars	Kamaljit Aikar
James Piffold	Jessica Jarman	Jordan Collins	Kamaljit Thandi
James Robertson	Jessica Maynard	Jordan Edwards	Kamil Janas
James Rolfe	Jessica Sawyer	Jordan Lindsay	Kamlesh Shah
James Saunders	Jessica Thiarri	Jordan Lowes	Karen Dodds
James Snuggs	Jo Adamson	Jordan Maslen	Karis Hall
James Taylor	Joanna Britton	Jordan Scarbrow	Karl English
James Tuvey	Joanne Cox	Jordan Stephens	Karl Lippiatt
James Walker	Joanne Elton	Jordan Tift	Karl Lusardi
James Watton	Jodie Du-hamel	Jordan Vinluan	Karl Reeves
Jamie Calow	Jodie Jones	Josef Kinski	Karl Scoffham
Jamie Kelly	Joe Dwyer	Joseph Cox	Karl Stephens
Jamie Martin	Joe Garraghan	Joseph Daly	Karl White
Jamie Mears	Joe Guymmer	Joseph Durham	Katarzyna Zyga
Jamie Nethercot	Joe Mathews	Joseph Gregorace	Katherine Blitz
Jamie Ormrod	Joe Raynsford	Joseph Hardman	Katherine Huddleston
Jamie Rose	Joe Smith	Joseph Harvey	Katherine Jackson
Jamie Sia	Joe Whalley	Joseph Haynes	Kathryn Pell
Jamie Thornton	Joel Barker	Joseph Heath	Katie Brindley-Hughes
Jamie Wenborn	Joel Bray	Joseph Lewis	Katie Lunn
Jamie Whitear	Joel Lander	Joseph Rudd	Katie Wright
Jamie Wilson	Jogendra Kalicharan	Joseph Whittaker	Katy Todd
Jamie Lee McCann	John Bourke	Josephina Lane	Kayleigh Clemson
Jamye Walker	John Bryant	Josh Wood	Kayley Halliday
Jan Reddi	John Burton-Simm	Joshua Brown	Keaton Bayliss
Janaka Alahapperuma	John Conley	Joshua Burgess	Keeleigh Gibson
Janet Lee	John Fawkes	Joshua Crombie	Keely Powell
Janet Restrepo	John Harris	Joshua Elliott	Keiran Ling
Jasbir Singh	John Harrison	Joshua Higgs	Keith Ambrose
	John Hennessy	Joshua Hubbard	

Keith Down
 Keith Fitzpatrick
 Keith Howe
 Keith Maggs
 Keith Rudkin
 Keith Stanley
 Kellie Eamer
 Kelly Dalby
 Kelly Goodacre
 Kelly Miller
 Kelly Savile
 Kelvin Sam Junior Lansdowne
 Kenneth Ostler
 Kenneth Owen
 Kenneth Westley
 Kerri Atkinson
 Kerrie Burcham
 Kerry Hurst
 Kerry McAuliffe
 Kerry Williams
 Kester Fernandes
 Kevan Richardson
 Kevin Atherton
 Kevin Baker
 Kevin Bingham
 Kevin Bowtle
 Kevin Da Silva
 Kevin Fox
 Kevin Frampton
 Kevin Hailes
 Kevin Hardy
 Kevin Hartley
 Kevin Hooper
 Kevin Nicol
 Kevin Orusademe
 Kevin Rabbatt
 Kevin Smith
 Kevin Thorne
 Kie Mitchell
 Kieran Barnes-Warden
 Kieran Gardiner
 Kieran Gordon
 Kieran Reeves
 Kieran Warwick
 Kim Jones
 Kim Moriarty
 Kirk Irvine
 Kirk Randall
 Kirk Taylor
 Kirsten Cummings
 Kirstie Leonard
 Kirsty Graham
 Kirsty Rice
 Kirti Patel
 Klaudia Krzeminska
 Kouakou Tanoh Ange Davis
 Kranthi Billakanti
 Krishna Patel
 Kristal Green

Kristian Catterall
 Kristian Moore
 Kristian Prosser
 Kristopher Allatson
 Krystle Milan
 Krzysztof Burdajewicz
 Kurt Folkes
 Kye Harman
 Kyle Batley
 Kyle Crichton
 Kyle Foxon
 Kyle Hardie
 Kyle Landy
 Kyle Manns-Kennedy
 Kyle Martin
 Kyle Still
 Kyle White
 Kyran Andrews

L

Lakhanpal Landa
 Lakshmi Biswas
 Lance Cale
 Laney Taylor
 LaTwan Woods
 Laura Alder-Rose
 Laura Duncan
 Laura Giordano
 Laura Henry
 Laura Horton
 Laura James
 Laura Madigan
 Laura Racey
 Laura Smith
 Lauren Holmes
 Lauren Munro
 Lauren Richmond
 Laurence Jones
 Lauryn Cotton
 Layla Pring
 Leah Westwood
 Leanne Curry
 Lee Armstrong
 Lee Butcher
 Lee Clarke
 Lee Cornford
 Lee Dering
 Lee Eagling
 Lee Fish
 Lee Galloway
 Lee Gibson
 Lee Gladman
 Lee Harris
 Lee Holyoake
 Lee Hutchinson
 Lee Jamieson
 Lee Kent
 Lee Read
 Lee Woodman

Leighton Davies
 Leon Das
 Leon Dunnill
 Leon Pryce
 Leona Parker
 Lesley Jasper
 Lesley Willcox
 Lewis Adkins
 Lewis Crossley
 Lewis Elkin
 Lewis Hill
 Lewis Pilcher
 Lewis Walter
 Lewis Williams
 Liam Bantin
 Liam Childs
 Liam Day
 Liam Ellis
 Liam Flynn
 Liam Hounsell
 Liam Hunt
 Liam Johnson
 Liam McKenna
 Liam Rushen
 Lianne Harrison
 Libby Field
 Lily Yeo
 Linda Sleath
 Lindsay Bond
 Lindsey Flint
 Lisa Algar
 Lisa Cullen
 Lisa France
 Lisa Holmes
 Lisa Johnson
 Lisete Carvalho
 Lloyd Jackson
 Lois Bettinson
 Lola Halligan
 Lorna Sullivan
 Loucas Louca
 Louis Robinson
 Louis Spaett
 Louise Bunting
 Louise Cox
 Louise Groves
 Louise Henbest
 Louise Reddell
 Lucas Atkins
 Lucie Homewood
 Lucy Harper-Thompson
 Lucy Jenner
 Lucy Swain
 Lukasz Pirga
 Lukasz Tyrka
 Luke Barefield
 Luke Carson
 Luke Day
 Luke Gillmore

Luke Livermore
 Luke McNally
 Luke Morris
 Luke O'Connor
 Luke Potiphar-Trigwell
 Luke Rohrbasser
 Luke Saunders
 Luke Woodward
 Luke Joshua Stent
 Lyndsey Kell
 Lynne Meldrum
 Lynsey Smart

M

Macy Harvey
 Madeline Pipes
 Mahesh Wara
 Mahomadzuber Saiyed
 Mandy Antenbring
 Manisha Patel
 Marc Holland
 Marc Howl
 Marc Law
 Marcelo De Castro Amorim
 Marcia De Almeida
 Marcin Garbino
 Marcin Kupczyk
 Marcus Jackson
 Margaret Lawrie
 Margarita Starcea
 Maria Graham
 Maria Thompson
 Marie Hayward
 Mark Allman
 Mark Braithwaite
 Mark Brown
 Mark Burgess
 Mark Campbell
 Mark Coe
 Mark Frisby Rudd
 Mark Fuller
 Mark Hawkins
 Mark Heath
 Mark Hughes
 Mark Hunter
 Mark Johnston
 Mark Keymer
 Mark Maciver
 Mark Matthews
 Mark Owen
 Mark Palmer
 Mark Pancott
 Mark Richardson
 Mark Ridley
 Mark Rogers
 Mark Sloan
 Mark Tennant
 Mark Vaughan
 Mark Waldock

THE TEAM

Mark Walker
 Mark West
 Mark Whitaker
 Mark Williams
 Mark Woodyatt
 Mark Wordley
 Mark Wright
 Marley Payne
 Marley Wingrove
 Martin Abel
 Martin Brown
 Martin Ellis
 Martin Guest
 Martin Oliver
 Martin Osborne
 Martin Pickard
 Martin Turner
 Martin Williams
 Martina Way
 Martine Robinson
 Martyn Somerville
 Martyn Spring
 Maryam Nekzad
 Mateusz Kosior
 Mathew Bucket
 Mathew Hampshire
 Mathew Mitchell
 Matt Attwood
 Matt Garwood
 Matt Malloy
 Matthew Bailey
 Matthew Barcas
 Matthew Clarke
 Matthew Fisher
 Matthew Foster-Smith
 Matthew Grainger
 Matthew Hawley
 Matthew Haynes
 Matthew Ingram
 Matthew Jones
 Matthew Lindsay
 Matthew Lynch
 Matthew Martin
 Matthew Mc Manus
 Matthew Miller
 Matthew Moore
 Matthew Norris
 Matthew Rowson
 Matthew Sims
 Matthew Stevenson
 Matthew Whitlock
 Matthew Woodhouse
 Matthew Wright
 Mattia Galassi
 Max Evans
 Maya Hinova
 Megan Burrows
 Megan Walsh
 Mehlika Kilic

Mehmet Asdooyuran
 Melanie Abbott
 Melanie Rogers
 Melanie-Jane Tosh
 Melanija Nomgaude
 Melissa Richmond
 Melissa Wadman
 Mervyn Thorne
 Mhairi Wade
 Michael Beatty
 Michael Boughton
 Michael Buckley
 Michael Butler
 Michael Dinter
 Michael Edwards
 Michael Evans
 Michael Finn
 Michael Goodfield
 Michael Hall
 Michael Hopper
 Michael Humphrey
 Michael John
 Michael Jones
 Michael Kessler
 Michael Lethbridge
 Michael Lovelock
 Michael McGarry
 Michael Moss
 Michael Ohare
 Michael Quinn
 Michael Sear
 Michael Upton
 Michael Van Sittert
 Michael Wright
 Michele Trickett
 Michelle Astman
 Michelle Cahill
 Michelle Moore
 Mike Booth
 Miles Turner
 Minai Kanabar
 Miroslaw Hebda
 Mitchell Glover
 Mitchell Mortimer
 Mkhonto Gumede
 Mo Alhamwi
 Mohamed Larbi
 Mohamed Patel
 Mohammed Akthar
 Mohammed Hoque
 Mohammed Jimale
 Mohammed Khalid
 Montana Mills
 Mr Topps (Retired)
 Mubashir Uddin
 Mudassor Raja
 Muhammed Uddin
 Murdo Martin

N
 Nancy Jacques
 Naomi Baron
 Naomi McKenzie
 Narinder Chatha
 Naseer Ahmad Mir
 Nasir Hussain
 Nassim Keniza
 Natalia Zagrodnik
 Natalie Paine
 Natasha Johnson
 Nathalie Mpitu
 Nathan Austin
 Nathan Coulthard
 Nathan Harry
 Nathan Hughes
 Nathan Thorpe
 Nathan Winterton
 Nauris Vinkelis
 Nazim Ali
 Neely Stuart
 Neha Shah
 Neil Anderson
 Neil Homan
 Neil Jeremy
 Neil Jones
 Neil Lutterloch
 Neil Southgate
 Neil Topping
 Neil Wardlaw
 Neil Williams
 Niall Haughton
 Nicholas Culley
 Nicholas Gadd
 Nicholas Lodge
 Nicholas Stone
 Nicholas Stubbs
 Nicholas Taylor
 Nicholaus Buchanan
 Nick Meese
 Nick Walch
 Nick Wardman
 Nicky Glenister
 Nicola Brownley
 Nicola Fletcher
 Nicola Greenaway
 Nicola Howlett
 Nicola McWatt
 Nicola Monk
 Nicole Andrews
 Nicole Bliss
 Nicole Colvin
 Nigel Fleming
 Nigel Slaughter
 Nikita Bedford
 Nikita Sergejevs
 Nikolay Georgiev
 Nisha Sodha
 Nishit Shah

Nito Rajani
 Nixaal Patel
 Norton Kudlatz
 Numan Usman

O
 Oliver Hart
 Oliver McCann
 Olivia Dettmer
 Olivia Hughes
 Omar El-Zeinab
 Oscar Cork
 Osman Sendur
 Otis Kiananua
 Owen Tudor
 Oz Masaya

P
 Paige Makepeace
 Paige Morgan
 Pankaj Bhardwaj
 Paolo Segagni
 Paresh Nagar
 Parminder Garcha
 Patrick Howlett
 Patrick Stoner
 Patrick Tompsett
 Patryk Trolewski
 Paul Baker
 Paul Baxter
 Paul Burkett
 Paul Burrow
 Paul Cartledge
 Paul Cheetham
 Paul Cowen
 Paul Cox
 Paul Dalby
 Paul Gee
 Paul Godefroy
 Paul Haythorne
 Paul Hubbard
 Paul Irving
 Paul Jenkinson-Finn
 Paul Kelly
 Paul Keymer
 Paul Lee
 Paul Miller
 Paul Mills
 Paul Nicholls
 Paul Northern
 Paul Noyes
 Paul Semple
 Paul Smith
 Paul Starkey
 Paul Thomas
 Paul Tregaskis
 Paul West
 Paul Whittington
 Paul Wilson
 Paul Winter

Pauline Garrow
 Pauline Harrison
 Pawel Pudelko
 Pawel Warych
 Pele Elton
 Penny Davis
 Perran Kelly
 Perry Hodges
 Peter Ambrose
 Peter Brierly
 Peter Callan
 Peter Carr
 Peter Charles
 Peter Charters
 Peter Clements
 Peter Gilmore
 Peter Goulding
 Peter Hanley
 Peter Knights
 Peter Lees
 Peter Little
 Peter Smith
 Peter Turtle
 Peter West
 Peter White
 Peter Wiles
 Peter Young
 Phil Crawley
 Philip Botting
 Philip Cranston
 Philip Dunn
 Philip Gallop
 Philip Speed
 Philip Stocks
 Philippa Hill
 Philippa Keech
 Phillip Gilbert
 Phillipa Hewitt
 Polly Bayliss
 Poonam Patel
 Poppy Turner
 Portia Boehmer
 Priyanka Juttla
 Przemyslaw Swislocki

Q

Qasim Basharat

R

Rachael Roseman
 Rachel Caborn
 Rachel Fletcher
 Radoslaw Doktorski
 Rahim Benson
 Raj Sodha
 Raj Surani
 Rajan Toora
 Rajesh Thanki
 Rajiv Vadgama
 Rajneet Sahota

Rajnish Gaur
 Ranveer Ryaat
 Ratip Hassan
 Ravi Kalyan
 Raymond Howells
 Rebecca Wallis
 Rebecca Cole
 Rebecca Godfrey
 Rebecca Love
 Rebecca Mills
 Rebecca Moore
 Rebecca Oblein
 Rebecca Taylor
 Reece Brewin
 Reece Charlton
 Reece Coppins
 Reece Moss-Matthews
 Rhiannon Holland
 Rhyan Weekes
 Rhys Baird
 Ria Croft
 Ricardo Paine
 Richard Adamson
 Richard Arciero
 Richard Beaven
 Richard Bleach
 Richard Bourne
 Richard Carter
 Richard Clark
 Richard Davies
 Richard Eagland
 Richard Ellis
 Richard France
 Richard Geare
 Richard Greenwood
 Richard Keane
 Richard Mann
 Richard McMahon
 Richard Oates
 Richard Oldale
 Richard Palfrey
 Richard Prescott
 Richard Senior
 Richard Small
 Richard Sumner
 Rickie Byrne
 Rizwan Saleh
 Rob Moody
 Robbie Coleman
 Robbie Perry
 Robert Adams
 Robert Black
 Robert Brown
 Robert Buckley
 Robert Chawner
 Robert Collins
 Robert Dennis
 Robert Dunn
 Robert George

Robert Hardie
 Robert Howker
 Robert Keohone
 Robert Kroll
 Robert Kweli
 Robert Moss
 Robert Myers
 Robert Parker
 Robert Prince
 Robert Spencer
 Robert Tillotson
 Robert Tsui
 Robert Twiner
 Robert Wyatt
 Roberto Gaspar
 Robin Stagg
 Robin Williams
 Rochelle Davico
 Rocky Dennis
 Rodolfo Ferraris
 Roger Gridley
 Roger Knowles
 Roger Lazenby
 Roisin Smith
 Rolandson Thomas
 Romal Williams
 Romans Petuhovs
 Romany Andrew
 Romualdas Maciulevicius
 Rory Reeves
 Rose Bola
 Rosina Warren
 Ross Ashbrook
 Ross Farrell
 Ross Langford
 Ross Leitch
 Ross Matthews
 Ross Wilkins-Heath
 Roxanne Daly
 Roxanne Morris
 Roxanne Seurre
 Ryan Apark
 Ryan Buston
 Ryan Coleman
 Ryan Dunn
 Ryan Farquhar
 Ryan French
 Ryan Izard
 Ryan Lundberg
 Ryan Needham
 Ryan Patterson
 Ryan Randall
 Rytis Martinkenas

S

Sachin Gokani
 Sahibjit Samra
 Sally Cook
 Sam Almond

Sam Davis
 Sam Groves
 Sam Randle
 Sam Thomas
 Samantha Davies
 Samantha Gray
 Samantha Leavis
 Samantha Makrygiannis
 Samantha Peters
 Samantha Stewart
 Sameer Jamdar
 Samir Maifi
 Samuel Atkinson
 Samuel Hughes
 Samuel Knowles
 Samuel Taylor
 Sandra Ramsay
 Sandra Van Spronsen
 Sanjeev Pal
 Sara Lloyd
 Sara Watkins
 Sarah Bowles
 Sarah Darby
 Sarah Dabson Da Silva
 Sarah Garside
 Sarah Holey
 Sarah Jordan
 Sarah McLure
 Sarah Peters
 Sarah Rose
 Sasha Thornett
 Satvinder Sandhu
 Savio Coutinho
 Scott Ahmad
 Scott Birdseye
 Scott Bond
 Scott Gane
 Scott Gibson
 Scott Hopwood
 Scott Keeton
 Scott McCartney
 Scott Morrison
 Scott Ottaway
 Scott Thirlaway
 Sean Brandist
 Sean Cahill
 Sean Campbell
 Sean Dare
 Sean Gee
 Sean McClafferty
 Sean Mclean
 Sean Taylor
 Seaneen Ahmed
 Shabbir Bandali
 Shafeek Mohamed
 Shah Hussain
 Shahid Mahmood
 Shamara McKenzie-Rochester
 Shamari Sinclair-Lett

THE TEAM

Shana Esworthy
 Shane Bryan
 Shane Lindsay
 Shane Malone
 Shane Mason
 Shane Till
 Shane Trim
 Shanee Gately
 Shannon Calf
 Shannon Cochrane
 Shannon Dewdney
 Shannon Thomas
 Sharif Islam
 Sharon Buckley
 Sharon Papantoniou-Barrett
 Shaun Gordon
 Shaun Owens
 Shaun Pawsey
 Shaun Sargeant
 Shazan Syed
 Sheena Smith
 Sheikh Saidy
 Shelley Burton
 Shelley Francis
 Shelley Rutter
 Sheralyn Tidball
 Shrina Shah
 Shylo Brookes
 Sian Garvey
 Sian Horrigan
 Silvi Atanasova
 Silviu Oltean
 Simon Badhams
 Simon Beare
 Simon Bodell
 Simon Briggs
 Simon Brookfield
 Simon Chapman
 Simon Chappell
 Simon Cummins
 Simon Dugdale
 Simon Farley
 Simon Felix
 Simon Green
 Simon Grimmett
 Simon Lasham
 Simon Leslie
 Simon Macdonald
 Simon Marks
 Simon Neal
 Simon Pitt
 Simon Roberts
 Simon Webb
 Simon Witham
 Sinan Demir
 Sinead Fisher
 Siobhan Ashman
 Siobhan King
 Skye Antoniou

Slavka Georgieva
 Sophia Hussein
 Sophie Davies
 Sophie Francis
 Sophie Longdon
 Sophie McCluskey
 Sophie Pavey
 Sophie Swann
 Sophie-Anne Farnworth
 Stefan Andronic
 Stefan Clark-Carter
 Stefano Leveque
 Stefany Wiso
 Stephanie Bannister
 Stephanie Dinnis
 Stephanie Hogben
 Stephanie Kilner Roberts
 Stephanie Nevet
 Stephanie Shaw
 Stephen Amos
 Stephen Anthony
 Stephen Breslin Burn
 Stephen Carr
 Stephen Collins
 Stephen Corkett
 Stephen Edmonds
 Stephen Edwards
 Stephen Foote
 Stephen Freeman
 Stephen Harrington
 Stephen Hopson
 Stephen Johnson
 Stephen Kelly
 Stephen Lacey
 Stephen Lopes
 Stephen Maberley
 Stephen Machin
 Stephen Maidment
 Stephen Riley
 Stephen Sanders
 Stephen Seymour
 Stephen Smith
 Stephen Velvick
 Stephen Watson
 Steve McLean
 Steven Barrowcliffe
 Steven Dyer
 Steven Higgins
 Steven Howells
 Steven Ives
 Steven Kane
 Steven Karkari
 Steven Kernot
 Steven Souter
 Steven Ward
 Steven West
 Steven Whitehead
 Steven Wood
 Stuart Allman

Stuart Barrett
 Stuart Clarke
 Stuart Corlett
 Stuart Fletcher
 Stuart Harris
 Stuart Haywood
 Stuart Munton
 Stuart Rees
 Stuart Ross
 Stuart Smith
 Stuart Stevenson
 Stuart Tannock
 Stuart Whitby
 Stuart Williams
 Sukhdev Bains
 Summer Ellison
 Sunil Patel
 Susan Law
 Susan Shields
 Susanna Horwood
 Syann Watkins
 Syed Shah
 Sylvester Kane

T
 Tahmid Islam
 Tammie O'Lone
 Tammie Spencer
 Tanya Dix
 Tanya Roberts
 Tara Smith
 Tarik Bensadik
 Tauseef Usman
 Tegan Rowe
 Tejas Hirani
 Terence Cooper
 Terence Dooley
 Terreak Mathurin-Wrightson
 Terry Butler
 Terry Manto
 Terry Morris
 Terry Salisbury
 Thomas Ashmore
 Thomas Bedford
 Thomas Caldicott
 Thomas Colebeck
 Thomas Darlaston
 Thomas Evans
 Thomas Fuller-Winterburn
 Thomas Knight
 Thomas Langston
 Thomas Lee
 Thomas Mcgeown
 Thomas Murray
 Thomas Otley
 Thomas Quinn
 Thomas Ross
 Thomas Ryan
 Thomas Still

Thomas Utting
 Thomas Wade
 Tim Chatfield
 Tim Redmond
 Tim Richards
 Timothy Bentley
 Timothy Boardman
 Timothy Hilton
 Timothy Morgan
 Timothy Stanhope
 Timothy Tatlock
 Timothy Tuff
 Tina Clark
 Toby Vennard
 Toby Robert Jermy
 Todd Routledge
 Tom Bettinson
 Tom Cheevers
 Tom Newman
 Tony Chandler
 Tony Dumbleton
 Torey Buchanan
 Tracey Mangan
 Tracey Turner
 Tracey Waterman
 Tracy Clewes
 Tracy Wearmouth
 Travis Law
 Troy Fearon
 Troy Ledgerwood
 Troy Miller
 Tunc Suleyman
 Tyler King
 Tyler Nossent
 Tyrone Bower

U
 Udo Jungbecker
 Umut Ortac
 Uwais Ghumra

V

Valentin Ivan
Veronica Evett
Veronica Zudaire
Victoria Carrington
Victoria Cunday
Vikki Garland
Vilius Meilus
Vinod Joshi
Viorica Grapa
Vishal Depala

W

Warren Pettersen
Wayne Joy
Wayne Randall
Wendy Martindale
Wendy Sandford
Wesley Appadoo
William Aires
William Bailey
William Barreda
William Buxton
William Foxley
William Halfhide
William Short
Wyn Dunn-Davies

Y

Youssef Djeraoui
Yvonne Burgess
Yvonne Hardingham

Z

Zachary Sutton
Zeeshan Zaffar
Zhanna Knight
Zoe Fox
Zoe Gilbert
Zoe Marcus
Zoe Morris
Zoe Stevens

STORE LOCATIONS

London

Acton
 Balham Boutique
 Battersea
 Bayswater Boutique
 Beckenham Topps
 Beckton
 Blackheath Boutique
 Bow
 Brentford
 Brixton
 Bromley Common
 Catford Bromley Rd
 Charlton
 Cheam
 Chingford
 Clapham Boutique
 Colindale
 Croydon
 Croydon Purley
 Dagenham
 Dartford
 Denham
 Dorking
 Dulwich Boutique
 East Sheen
 Eltham
 Enfield
 Epsom
 Feltham
 Fulham Boutique
 Fulham Topps
 Golders Green
 Harrow
 Hayes Topps
 Hemel Hempstead
 Highgate
 Hounslow
 Ilford
 Ilford Seven Kings
 Islington Boutique
 Kings Cross
 Leyton
 New Southgate
 North Finchley
 Old Kent Road
 Orpington
 Park Royal Topps
 Penge
 Raynes Park
 Redhill
 Romford
 Ruislip
 Seven Sisters
 Sevenoaks
 Shoreditch
 South Bermondsey
 Southall
 St Albans

Staples Corner
 Streatham
 Sunbury upon Thames
 Surbiton
 Sydenham
 Tooting
 Uxbridge
 Vauxhall
 Waltham Cross
 Wandsworth
 Wembley
 Willesden
 Wimbledon

Midlands

Barnsley
 Binley
 Boston
 Burton upon Trent
 Cannock
 Chesterfield
 Coventry Tile Hill
 Derby
 Derby Osmaston
 Doncaster
 Enderby
 Erdington
 Fenton
 Grantham
 Great Barr
 Grimsby
 Kettering Baron
 Kidderminster
 Kings Norton
 Leicester
 Lichfield
 Lincoln Outer Circle
 Long Eaton
 Loughborough
 Mansfield
 Nantwich
 Newark
 Newcastle-under-Lyme
 Northwich
 Nottingham Arnold
 Nottingham Poulton
 Nuneaton
 Redditch
 Rotherham
 Sheffield Hillsborough
 Sheldon
 Shrewsbury
 Solihull
 Spalding
 Stoke
 Stourbridge
 Stratford upon Avon
 Tamworth
 Telford

Thurmaston
 West Bromwich
 Wolverhampton
 Worksop

North

Aintree
 Anfield
 Birkenhead
 Blackburn
 Blackpool
 Bolton
 Bury
 Carlisle
 Cheadle
 Cheetham Hill
 Chester
 Darlington
 Durham Dragonville
 Failsworth
 Gateshead
 Halifax
 Harrogate
 Huddersfield
 Hull
 Hyde
 Leeds
 Leeds Sheepscar
 Macclesfield
 Morecambe
 Northallerton
 Oldham
 Ormskirk
 Preston
 Sale
 Salford
 Scarborough
 Scunthorpe
 Shipley
 Snipe (Audenshaw)
 St Helens
 Stockport
 Stockton
 Tyneside
 Wakefield Ings Road
 Warrington
 Widnes
 Wigan
 Workington
 York Clifton Moor

Scotland and Northern Ireland

Aberdeen Bridge of Don
 Aberdeen Wellington
 Ayr
 Belfast Boucher Road
 Belfast Newtownabbey
 Dundee
 Edinburgh
 Fort Kinnaird

Glasgow
 Greenock
 Hillington
 Inverness
 Irvine
 Kirkcaldy
 Perth
 Shawfield
 Sighthill
 Stirling
 Wishaw

South

Abingdon
 Andover
 Amersham
 Ashford
 Aylesbury
 Banbury
 Barnstaple
 Basildon
 Basingstoke
 Bath
 Bedford Elms
 Bexhill
 Bicester
 Bishops Stortford
 Bodmin
 Bognor Regis
 Borehamwood
 Bounds Green
 Bournemouth
 Bracknell
 Braintree
 Brentwood
 Bridgwater
 Brighton
 Bristol
 Broadstairs
 Burgess Hill
 Bury St Edmunds
 Byfleet
 Camberley
 Cambridge
 Canterbury
 Chelmsford
 Chelmsford Springfield
 Cheltenham
 Chichester
 Chippenham
 Christchurch
 Cirencester
 Clacton on Sea
 Clevedon
 Colchester
 Cribbs Causeway
 Cromer
 Didcot
 Dorchester

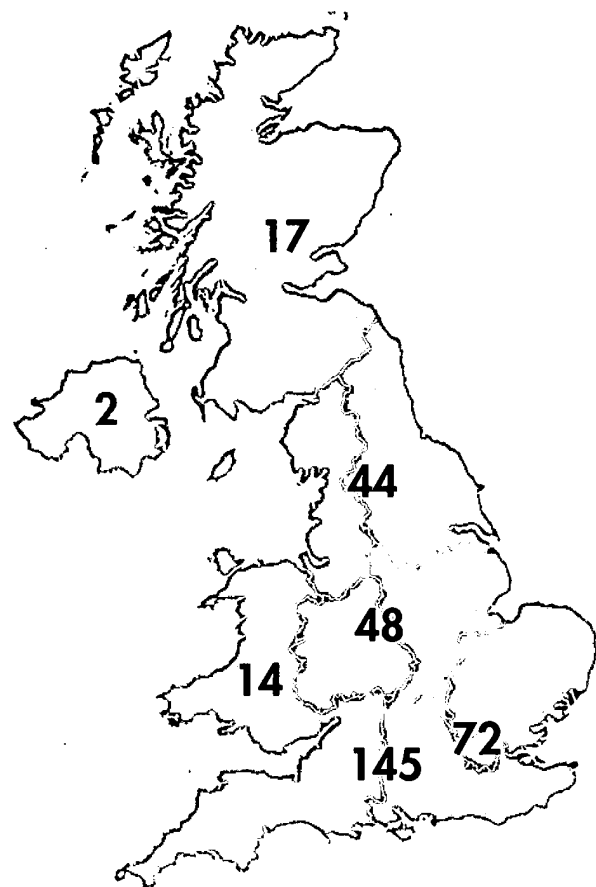
- | | |
|---------------------------|------------------------|
| Dover | Portsmouth |
| East Molesey | Rayleigh |
| Eastbourne | Reading |
| Egham | Reading Rose Kiln Lane |
| Eriith | Ringwood |
| Evesham | Rugby |
| Exeter Trusham Rd | Rustington |
| Exmouth | Salisbury |
| Fareham Topps | Saltash |
| Farnborough | Sittingbourne |
| Farnham | Slough |
| Folkestone | Southend |
| Frome | St Neots |
| Gatwick | Stamford |
| Glastonbury | Stevenage |
| Gloucester | Strood |
| Gravesend | Stroud |
| Grays | Sudbury |
| Great Yarmouth | Sutton |
| Guildford | Swindon |
| Hailsham | Taunton |
| Harlow | Theford |
| Havant | Thurrock |
| Hedgend | Tonbridge |
| Hereford | Torquay |
| High Wycombe | Truro |
| Horsham | Tunbridge Wells |
| Huntingdon | Uckfield |
| Ipswich | Waterlooville |
| Isle of Wight | Watford Imperial |
| Isleworth | Wellingborough |
| Kings Lynn | Welwyn Garden City |
| Launceston | Weston Super Mare |
| Leighton Buzzard | Weymouth |
| Letchworth | Winchester |
| Loughton | Wisbech |
| Lowestoft | Witney |
| Luton | Woking |
| Maidstone | Wokingham |
| Maidstone Langley | Worcester |
| Market Harborough | Yeovil |
| Marllesham | |
| Millbrook (Southampton) | |
| Milton Keynes | |
| Moreton in Marsh | |
| Newbury | |
| Newhaven | |
| Newton Abbot | |
| Northampton | |
| Northampton Brackmills | |
| Norwich | |
| Norwich Hall Road | |
| Oxford Cowley | |
| Oxford Botley | |
| Penzance | |
| Peterborough (Rex Centre) | |
| Peterborough Boongate | |
| Plymouth | |
| Poole | |

Commercial Showrooms

- Chelsea
- Clerkenwell
- Leicester
- Swerford

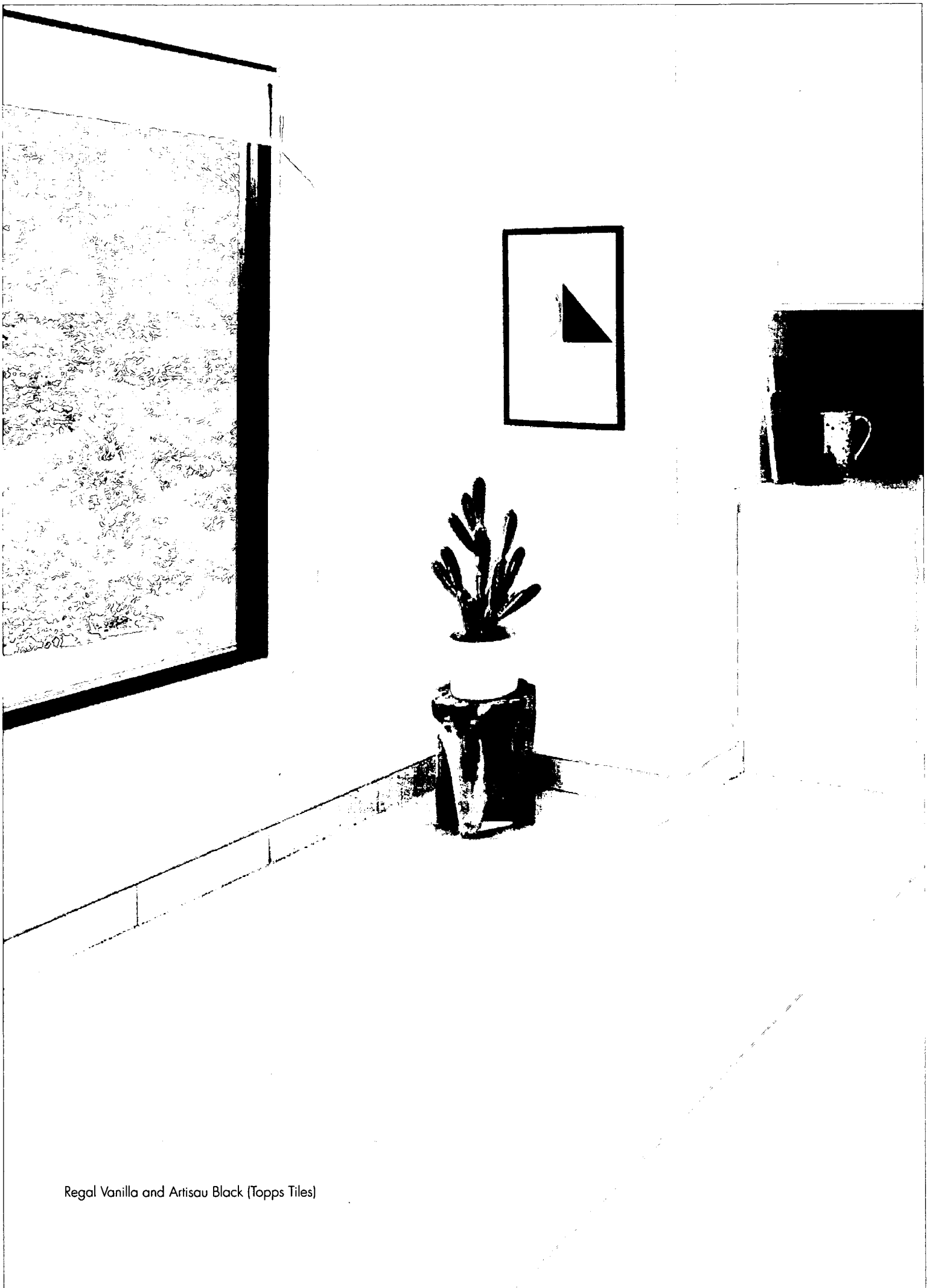
OUR RETAIL STORES

Topps Tiles has **342** retail stores across the UK with a broad geographic reach which means most customers require less than a 20-minute drive time to reach their local store.

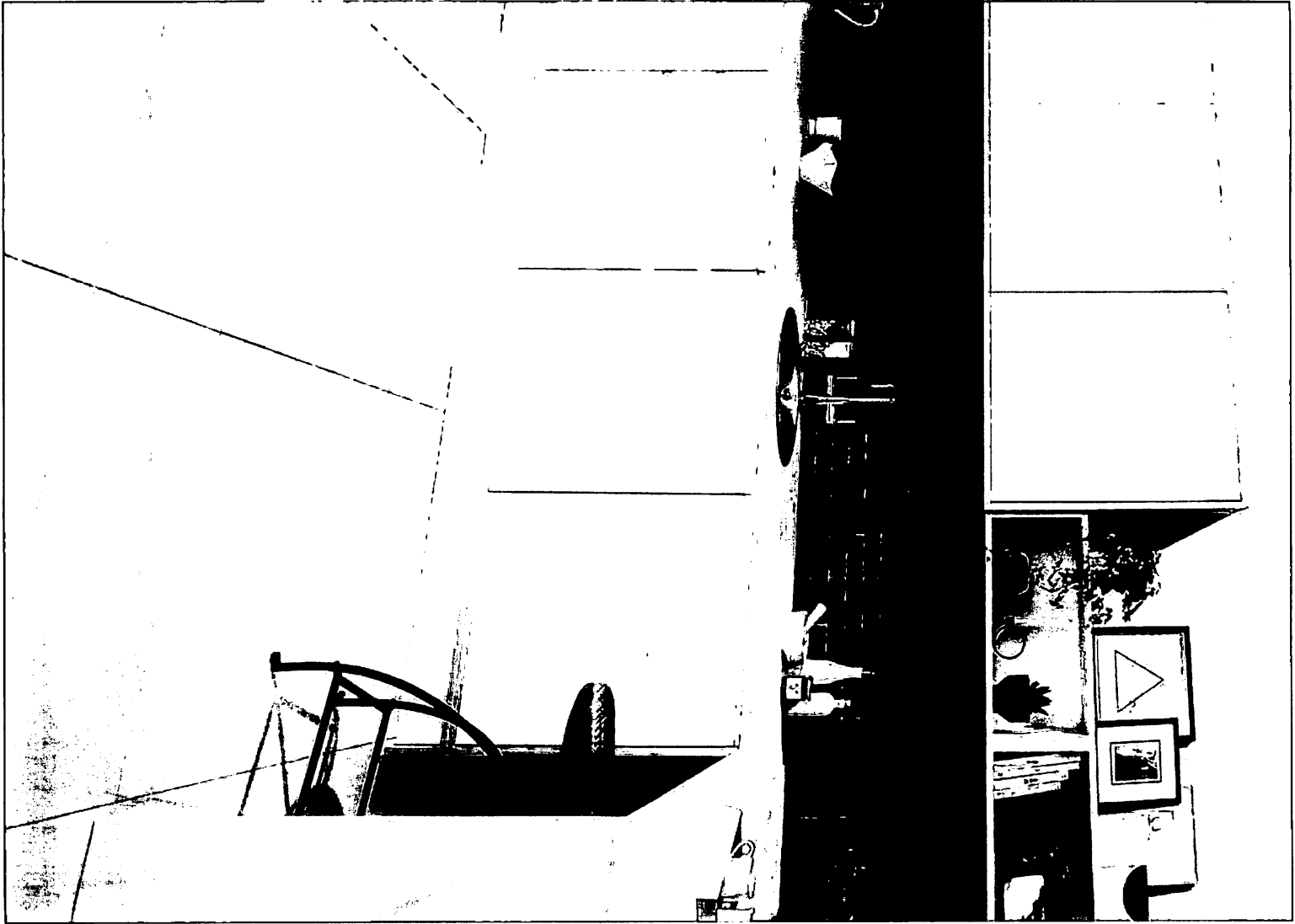


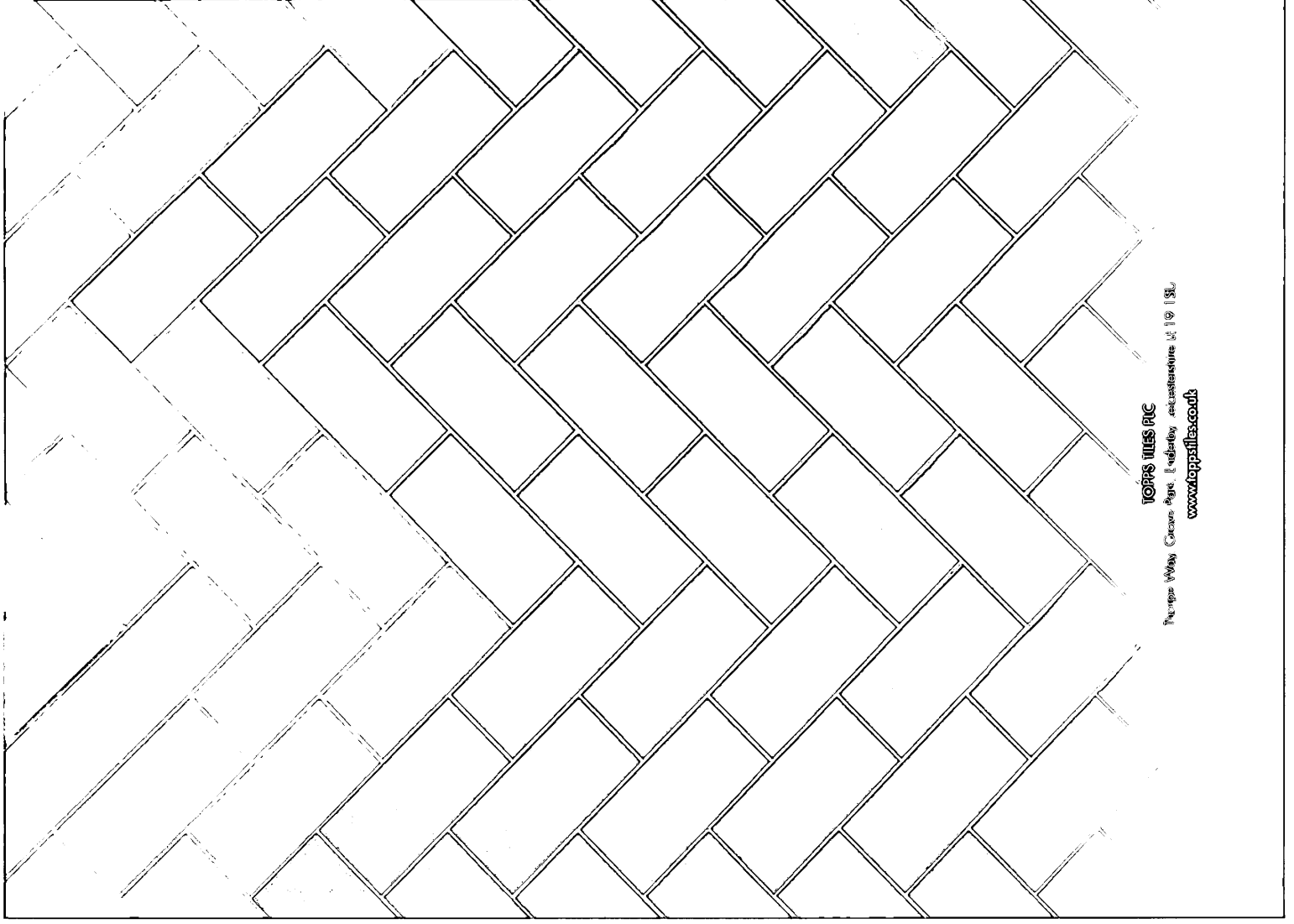
Wales

- Bangor
- Barry
- Bridgend
- Cardiff
- Cardiff Newport Road
- Carmarthen
- Haverfordwest
- Llanelli
- Merthyr Tydfil
- Neath
- Newport
- Rhyl
- Swansea Cwmdru
- Wrexham



Regal Vanilla and Artisan Black (Topps Tiles)





TORPS TILES RC
Purvis Way, Crook, York YO12 9JL
www.torps-tiles.co.uk