EVENING STANDARD WEDNESDAY 27 MAY 2009 29

City veteran Stuart Wheeler on
being expelled from the Tories
Chris Blackhurst interviews the IG Index founder

Page 33

FTSE100
up 1737 at 4429.09

Dow Jones Av CLOSE
Up 196.17 at 8473.49

Nikkei225 CLOSE
up 127.96 at 9438.77

£lbuys$1.5976
up 0.36 cent

€lbuys87.35p
down 0.35p

€lbuys$1.3964
down 0.26 cent

City Editor

Chris Blackhurst

Topps' dividend
cut on dire results
TOPPS Tiles, the flooring and tiles
retailer, today scrapped its interim
dividend as sales continued to
slide. Like-for-like sales fell 18.5%
in the six months to March 28,
pushing pre-tax profits down to
just £0.6 million from £15.8
million for the same period the
previous year. Topps is suffering
from consumer restraint and the
pound's weakness. In the first
seven weeks of the second half,
comparable sales dropped 11.9%.

Old Mutual pays to
ditch China deal

OLD MUTUAL, the London-based
insurer, is paying a €45 million (£39
million) break fee to walk away from
a € 165 million deal to buy a stake in
Chinese fund manager ABN Amro
Teda Fund Management, agreed last
August. Oid Mutual today said it had
agjred with Fcctxs Bank, the ultimate
I of ABN' Amro's Asian i
. not tot
4*\stal
did not give an i
dropping the deaL

Service sector sees

signs of recovery
THE worst of the recession-battered
UK service sector's pain may be
coming to an end as a survey today
said it had found "tentative grounds
for cautious optimism". While the
CBI saw further sharp falls in
business activity in the past three
months, declines had started to
moderate in some areas. Sentiment
picked up, with a balance of 15% of
consumer firms saying they were
more optimistic than three months
ago.

QUOTE OF THE DAY

tx>n\ i ncitig the markets
we are serious aiioiit

balancing our accounts
has to start now and not

be kicked Into the king
ffwm until alter tlie

general election'

Labour MP Frank
Field calls for the
rapid establishment
of a House of
Commons committee
devoted to getting
the public
accounts back
in order

Nationwide in a safety plea
for savers as it dives by 69%
Nick Goodway

NATIONWIDE chief executive Graham
Beale today called for an immediate
hike in the protection offered to all sav-
ers after he revealed that the country's
biggest building society saw hundreds
of millions of pounds of savings with-
drawn in the months following the
collapse of Lehman Brothers.
His call came as Nationwide revealed
a 69% drop in pre-tax profits to £212
million, which came after it was forced
to pay £241 million to the Financial
Services Compensation Scheme fol-
lowing the failures of Bradford & Bing-
ley and the Icelandic savings banks.
Beak said that NS&Land Northern
Rock took in seven out of every 10
pounds saved between October last
year and March this year.
He said: "Their success has not been
driven by particularly attractive savings
rates but by the guarantees which state-
owned institutions can offer.
"I don't know how I can respond. I
can only offer £50,000 of guarantees.
I want to see that raised to £100,000
for everyone.
"The compensation scheme is under
review but we are not getting any indi-
cation of anything happening soon. We
need to watch these market distortions
[and part-nation-

Cashflow:
Graham Beale
said investors
flocked to
state-owned
institutions for
their better
guarantees

The scale of the shift in savings imme-
diately after Lehman's collapse last
September was dramatic.
In its first half Nationwide took in a
net £2.6 billion of savers' money,
which was a 34% market share. In the
second half it had a net outflow of £900
million which meant for the full year
its market share had plummeted to
10% and was actually negative in the
last six months.
Beale pointed out that while UK con-
sumers saved £48 billion in the tax year

2007-8, that plunged 77% to just £11
billion in 2008-9. He said: "At the same
time with wholesale money markets
virtually closed there were more players
among the banks and building societies
chasing a smaller pot of savings."
During the year Nationwide took over
the Cheshire, Derbyshire and parts of
the Dunfermline building societies.
Beale would not rule out other societies
needing to be rescued in the coming
months.
But he said the events of the past year
proved the strength of building socie-
ties' mutual status as against banks and
their shareholders.
"We can take the medium-term view
and even tolerate lower profit levels for
a considerable period of time. The
majority of the 53 building societies out
there are still very stable," he said.

INVESTORS TAKE NO CHANCES

A BRIEF look at the best buy tables for savings rates
highlights just how the public's appetite for risk has
evaporated in the banking crisis.
State-owned National Savings & Investments and
Northern Rock may be seen as being the safest options,
but their interest rates are down towards the bottom of
what savers could be getting. NS&i's Easy Access Savings
Account offers interest of only 0.7%. Northern Rock's e-
Saver pays out only 2%.
Customers using regular savings accounts, who deposit a
certain capped amount every month, can receive annual
interest of 7% in Alliance & Leicester's Premier Regular
Saver or 6% with Abbey's Super Fixed Rate Monthly Saver.
And those are both owned by Spain's Santander, which has
been relatively unscathed by the crisis.
But in the minds of a justifiably jittery public, trust and
confidence is worth far more than a few extra percentage
points on an interest rate.

Mickey
Clari

READ HIS
ESSENTIAL
STOCK
MARKET

REPORT
Page 35

Shell braced for massive

job cuts in Berlin summit
SENIOR managers at Shell today
started a two-day conference where
they will be told of large potential
staff cuts.
The summit in Berlin comes a day
after the oil giant's head of gas, Linda
Cook, left Shell after being passed
over for the chief executive's role.
That job is being taken up by Peter
Voser, the company's finance
director, on 1 July. Shell insiders'
website RoyaldutchshellpIc.com
reported that Voser will tell his top
100 managers that Cook's old
division will be merged with
exploration and production in a
move aimed at dramatic staff cuts. It
is believed this was Voser's platform
on which he made his pitch to the
board for the chief executive's job.
Although oil prices have increased

hugely in the past few months, at
$61.59 a barrel today, it is still way
down on the $ 14 7 at which it peaked
last year, meaning Shell has to cut
costs in order to retain its
profitability.
Meanwhile, staff flocked to
Royaldutchshell.com to attack the
group's management.
One entry read: "Amongst those to
be culled are (I suspect) many who
are not only competent but who also
realised that Shell historically was a
bit different from the rest of the
American oil major groups. No more.
Sadly Shell is now the worst of the oil
majors by far in almost every respect.
And for those of us who in our small
ways helped build a company that we
were proud of its not just regrettable
but a scandal."

Great Portland stumping up £18m to escape costly hedge

Hugo Duncan

LONDON landlord Great Portland
Estates today became the first
major property company to pay its
way out of an expensive bet on
interest rates.
The firm, which owns shops and
offices in the West End, City and
Southwark, paid a hefty
£ 18.2 million break fee to end an
interest rate hedge on £190 million
of debt.
The deal, engineered by finance
director Timon Drakesmith, will
save Great Portland £8.5 million a
year in interest payments and is
expected to be followed by a flood
of similar deals from other
indebted property companies.
Self-storage group Big Yellow

recently paid £15.2 million to end
one of its costly hedges.
It follows the dramatic fall in the
cost of borrowing - the Bank of
England has cut interest rates from
5% in October to 0.5% today -
which has left firms tied in to
expensive deals.
Great Portland was paying an
average of 5.2% on its total debt
burden of £371 million, or
£19.3 million a year.
After today's deal on its
£ 190 million hedge, it will now pay
2.9%, or £10.8 million, saving it
£8.5 million.
It is rare for banks to lend over
£ 10 million without requiring
some sort of hedge which locks
part of the loan in to a fixed
interest rate.