

TOPS MARKET SQUARE SHOPS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2002

DIRECTORS

E.N. Goodman (Chairman)
A.H. Cohen
D.J. Sharpe
A. Rawlings

SECRETARY AND REGISTERED OFFICE

(Registered in England No. 3892409)

A.H. Cohen
77, South Audley Street,
London, W1K 1EE.

AUDITORS

KPMG Audit Plc
Chartered Accountants
Registered Auditor



TOPS MARKET SQUARE SHOPS LIMITED

REPORT OF THE DIRECTORS

The audited financial statements of the Company for the year ended 31st March, 2002 are presented herewith.

PRINCIPAL ACTIVITY

The Company invests in freehold properties.

REVENUE AND DISTRIBUTION

The profit for the year after taxation, as set out in the profit and loss account on page 6, is £399,495 (Restated 2001: 189,036). A dividend of £500,000 for the year is proposed (2001: £ NIL).

The movement in reserves is set out in note 10 to the financial statements.

DIRECTORS

E.N. Goodman

A.H. Cohen

D.J. Sharpe

A. Rawlings (appointed 1st April, 2002)

No Director has any interest in the shares of the Company.

The interests of the Directors in the shares of the Ultimate Holding Company, Tops Estates PLC, are shown, where applicable, in the financial statements of that Company.

Mr. A.H. Cohen retires by rotation and, being eligible, offers himself for re-election.

Mr. A. Rawlings retires in accordance with the Articles of Association of the Company and, being eligible, offers himself for re-election.

CONTRACTS

There were no contracts subsisting, either during or at the end of the year, in which a Director of the Company had a material interest.

TOPS MARKET SQUARE SHOPS LIMITED

REPORT OF THE DIRECTORS (Continued)

PROMPT PAYMENT POLICY

It is the Company's policy to pay creditors when they fall due for payment, in accordance with agreed payment terms. There are no trade creditors at the year end.

77, South Audley Street,
London, W1K 1EE.

28th June, 2002



By Order of the Board

A.H. Cohen

Secretary

TOPS MARKET SQUARE SHOPS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' Report set out on page 5, is made with a view to distinguishing for Shareholders the respective responsibilities of the Directors and Auditors in relation to Financial Statements.

The Directors are required by the Companies Act, 1985 to prepare Financial Statements for each financial year which give a true and fair view of the state of the Company's affairs as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the Financial Statements on pages 6 to 14, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are required to prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies Act, 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
TOPS MARKET SQUARE SHOPS LIMITED

We have audited the Financial Statements on pages 6 to 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' Report and, as described on page 4, the Financial Statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31st March, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8, Salisbury Square,
London, EC4Y 8BB.

30th September, 2002

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

TOPS MARKET SQUARE SHOPS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

			<u>Restated</u> <u>10th December 1999</u> <u>to 31st March</u>
	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Rental income	1(g)	1,975,255	1,699,741
Net property recoveries		<u>67,292</u>	<u>506</u>
		2,042,547	1,700,247
Administrative expenses		<u>(4,337)</u>	<u>(4,004)</u>
Operating profit		2,038,210	1,696,243
Interest receivable		<u>8,689</u>	<u>8,733</u>
		2,046,899	1,704,976
Interest payable	2	<u>(1,444,904)</u>	<u>(1,485,290)</u>
Profit on ordinary activities before taxation	2	601,995	219,686
Taxation on profit on ordinary activities	3	<u>(202,500)</u>	<u>(30,650)</u>
Profit on ordinary activities after taxation		399,495	189,036
Dividend payable		<u>(500,000)</u>	<u>-</u>
(Loss)/profit retained for the financial year	10	<u>£(100,505)</u> =====	<u>£189,036</u> =====

The results of the Company's profit and loss account relate solely to continuing operations.

There is no material difference between the profit for the year and that calculated on a historical cost basis.

The notes on pages 9 to 14 form part of the financial statements.

TOPS MARKET SQUARE SHOPS LIMITED

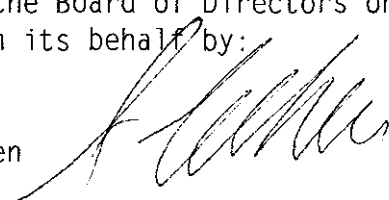
BALANCE SHEET AS AT 31ST MARCH, 2002

	<u>Notes</u>	<u>2002</u>	<u>Restated</u> <u>2001</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible Assets	4	25,775,000	24,800,000
CURRENT ASSETS			
Debtors	5	709,335	226,059
Cash at bank and in hand		<u>134,362</u>	<u>375,030</u>
		843,697	601,089
CREDITORS: amounts falling due within one year	6	<u>(4,786,519)</u>	<u>(4,335,433)</u>
NET CURRENT LIABILITIES		<u>(3,942,822)</u>	<u>(3,734,344)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,832,178	21,065,656
CREDITORS: amounts falling due after more than one year	7	(20,000,000)	(20,000,000)
PROVISIONS FOR LIABILITIES AND CHARGES	8	<u>(233,150)</u>	<u>(30,650)</u>
NET ASSETS		<u>£1,599,028</u>	<u>£1,035,006</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Revaluation reserve	10	1,510,496	845,969
Profit and loss account	10	<u>88,531</u>	<u>189,036</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£1,599,028</u>	<u>£1,035,006</u>

The notes on pages 9 to 14 form part of the financial statements.

Approved by the Board of Directors on 28th June, 2002
and signed on its behalf by:

A.H. Cohen



Director

TOPS MARKET SQUARE SHOPS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST MARCH, 2002

	<u>2002</u> <u>£</u>	<u>Restated</u> <u>2001</u> <u>£</u>
Profit on ordinary activities after taxation	399,495	189,036
Unrealised surplus on revaluation of investment properties	<u>664,527</u>	<u>845,969</u>
Total recognised gains and losses for the year	1,064,022	1,035,005
Prior year adjustment (see Note 1f)	<u>(30,650)</u>	<u>-</u>
Total gains and losses recognised since last annual report	<u>£1,033,372</u> =====	<u>£1,035,005</u> =====

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31ST MARCH, 2002

	<u>2002</u> <u>£</u>	<u>Restated</u> <u>2001</u> <u>£</u>
Total recognised gains and losses for the year	1,064,022	1,035,005
Dividend payable	(500,000)	-
Share capital issued	<u>-</u>	<u>1</u>
Net increase in shareholders' funds	564,022	1,035,006
Shareholders' fund at 1st April (originally £1,065,656 before deducting prior year adjustment of £30,650 (see Note 1f))	<u>1,035,006</u>	<u>-</u>
Shareholders' funds at 31st March	<u>£1,599,028</u> =====	<u>£1,035,006</u> =====

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002

1. Accounting Policies

The following accounting policies have, with the exception of the adoption of Financial Reporting Standards (FRS) 18 and 19 and Urgent Issues Task Force (UITF) Abstract 28, been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

- a. Basis of preparation: The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of freehold investment properties, and in accordance with applicable accounting standards and with the Companies Act 1985, except as noted in the depreciation policy note.
- b. Cash flow statement: Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking, Tops Estates PLC, includes the Company in its own published consolidated financial statements.
- c. Related party disclosures: As the Company is a wholly owned subsidiary of Tops Estates PLC, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.
- d. Revaluation of fixed assets: The surplus/(deficit) arising on revaluation is taken to the revaluation reserve.
- e. Depreciation: No depreciation is charged on freehold properties, in accordance with Statement of Standard Accounting Practice No. 19, as all such properties are held as investments and are revalued annually. In the Directors opinion, this departure from the requirement of the Companies Act, 1985, that all properties be depreciated, is adopted in order that the financial statements give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002

1. Accounting Policies (Continued)

- f. Deferred taxation: FRS19, 'Deferred Tax' has been adopted in the year ended 31st March, 2002. FRS19 requires that full provision is made for deferred taxation on timing differences, replacing the previous partial provisioning policy. The comparative figures have been restated in accordance with this change of policy. The effect on the balance sheet as at 31st March, 2001 is to increase the deferred tax provision and reduce reserves by £30,650. FRS19 has also resulted in a charge to the profit and loss account of £202,500 in the year ended 31st March, 2002. Deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more or less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised, have not been discounted. FRS19 requires that deferred tax is not recognised on revaluation gains and losses, where they are not taken to the profit and loss account. Following the sale of a property, any deferred tax provisions not required will be released to the profit and loss account.
- g. Rental income: Includes all rent receivable and where rent reviews are awaiting determination estimated rentals are accrued from the review date.
- h. Tenant incentives: UITF 28 'Operating Lease Incentives' has been adopted in the year. UITF 28 requires companies to treat any incentives for lessees to enter into lease agreements as a revenue cost and also to account for rental income from the commencement and not the expiry date of any rent free period. Rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date is now spread evenly over that period. The cost of other incentives is spread on a straight line basis over a similar period. The valuation of the properties is reduced by the unamortised incentives.

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002
(continued)

2. Profit on Ordinary Activities before Taxation

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
This amount is arrived at after charging:		
Administrative expenses:		
Auditors' remuneration	2,400	2,400
Directors' emoluments	NIL	NIL
	=====	=====
Interest payable:		
Bank interest on overdrafts and		
Loan payable within five years	-	264
Bank Loan Payable after more than five years	<u>1,444,904</u>	<u>1,485,026</u>
	<u>£1,444,904</u>	<u>£1,485,290</u>
	=====	=====

3. Taxation on Profit on Ordinary Activities

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Current tax	-	-
Deferred tax on accelerated Capital Allowances	<u>202,500</u>	<u>30,650</u>
	<u>£202,500</u>	<u>£30,650</u>
	=====	=====

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the U.K. (30%, 2001: 30%).

The differences are explained below:

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Profit on ordinary activities before taxation	<u>601,995</u>	<u>219,686</u>
Current tax at 30% (2001: 30%)	180,599	65,906
Capital allowances	<u>(180,599)</u>	<u>(65,906)</u>
Current tax (see above)	-	-
	=====	=====

The Company's properties are held as long-term investments and are revalued annually. In accordance with FRS 19, no provision has been made for Capital Gains Tax of £ Nil (2001: £ Nil), which would arise if they were disposed of at book value.

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002
(continued)

4. Tangible Assets

	<u>Freehold Land and Buildings</u> £
Valuation at 1st April, 2001	24,800,000
Additions	310,473
Revaluation	<u>664,527</u>
Valuation at 31st March, 2002	£25,775,000 =====

The Company's properties were valued at 31st March, 2002 by Messrs. Cluttons, Chartered Surveyors, on an open market value basis, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The historical cost of the freehold and long leasehold properties at 31st March, 2002 was £24,264,504 (2001: £23,954,031).

5. Debtors

	<u>2002</u> £	<u>2001</u> £
Rents receivable	189,736	75,498
Other debtors	<u>519,599</u>	<u>150,561</u>
	£709,335 =====	£226,059 =====

6. Creditors: amounts falling due within one year

	<u>2002</u> £	<u>2001</u> £
Rents and service charges in advance	429,294	476,425
Amounts due to parent undertaking	3,306,046	3,270,020
Other taxation	164,685	154,015
Other creditors	61,190	96,775
Accruals and deferred income	325,304	338,198
Proposed dividend	<u>500,000</u>	<u>-</u>
	£4,786,519 =====	£4,335,433 =====

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002
(continued)

7. Creditors: amounts falling due after more than one year

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Loan secured on freehold property - 7.16% repayable March, 2010	£20,000.000 =====	£20,000,000 =====

8. Provisions for Liabilities and Charges

	<u>Restated</u> <u>at 31st March</u> <u>2001</u>	<u>Provision in</u> <u>the year</u>	<u>At 31st March</u> <u>2002</u>
Deferred taxation on accelerated capital allowances	£30,650 =====	£202,500 =====	£233,150 =====

9. Share Capital

<u>Authorised</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
1,000 Ordinary Shares of £1 each	£1,000 =====	£1,000 =====
<u>Allotted, called up and fully paid</u>		
1 Ordinary Share of £1 each	£1 ==	£1 ==

10. Reserves

	<u>Profit and Loss</u> <u>Account</u> <u>£</u>	<u>Revaluation</u> <u>Reserve</u> <u>£</u>
Balance at 1st April, 2001	219,686	845,969
Prior year adjustment (see Note 1f)	<u>(30,650)</u>	<u>-</u>
Balance at 1st April, 2001 (as restated)	189,036	845,969
Loss retained for the financial year	(100,505)	-
Surplus arising during the year	<u>-</u>	<u>664,527</u>
Balance at 31st March, 2002	£88,531 =====	£1,510,496 =====

TOPS MARKET SQUARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2002
(continued)

11. Capital Commitments and Contingent Liabilities

There are no capital commitments or contingent liabilities as at 31st March, 2002 (2001: £ Nil).

12. Holding Company

The Holding Company is Tops Shop Estates PLC, and the Ultimate Holding Company is Tops Estates PLC, which is registered in England and Wales and whose shares are listed on the London Stock Exchange.

A copy of the Ultimate Holding Company's financial statements can be obtained from the Company's Registered Office at 77, South Audley Street, London, W1K 1EE.