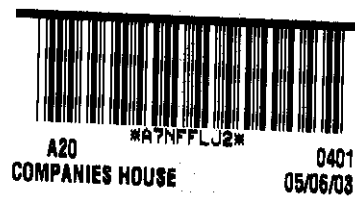


4. ST. JAMES'S SQUARE LIMITED
(Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2002

Registered Number: 1006501



4 ST. JAMES'S SQUARE LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2002

The directors have pleasure in submitting their report and audited financial statements for the year ended 31st December 2002.

RESULTS AND PRINCIPAL ACTIVITY

The support of The Naval and Military Club continues to be the policy of the Company. To that end, interest free loans were made to the Club. The Directors note with concern that these loans are unsecured, and that The Naval and Military Club is currently trading unprofitably. Despite this the Directors have resolved not to call the loan at this time.

The loss for the year after taxation was £523 (2001: £234).

DIRECTORS

The directors who served during the year were:

Commander J.M.S. Ekins, RN - Chairman	
D.B. Andrews, Esq., JP	
Captain N.I.C. Kettlewell, RN, JP	(re-elected 17th June 2002)
Captain B.R. Outhwaite, RN	
Captain J.C.C. Russell, CBE	(re-elected 17th June 2002)
W.L. Weller, Esq., DL, FRICS	(re-elected 17th June 2002)

On 1st January 2003, Captain N.I.C. Kettlewell, RN, JP was appointed Chairman, replacing Commander J.M.S. Ekins, RN.

Mr. M.G.G. Ebbitt resigns as Company Secretary with effect from 9th May 2003, and Mrs. Indra Pedropillai, BSc, FCMA, FCCA., was appointed Company Secretary effective 10th May 2003.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

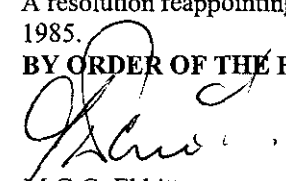
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS

A resolution reappointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD


M.G.G. Ebbitt
Secretary
15th April 2003

4 St. James's Square
London SW1Y 4JU

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF 4 ST JAMES'S SQUARE LIMITED

We have audited the financial statements of 4 St James's Square Limited for the year ended 31st December 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

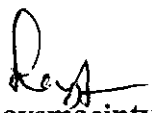
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

15th April 2003

Southampton House
317 High Holborn
London
WC1V 7NL

4 ST. JAMES'S SQUARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

	Note	2002 £	2001 £
INVESTMENT INCOME		215	755
Administrative expenses		(738)	(989)
LOSS FOR THE YEAR BEFORE TAXATION	2	(523)	(234)
Taxation		-	-
LOSS FOR THE YEAR AFTER TAXATION		(523)	(234)
RETAINED PROFITS BROUGHT FORWARD		322,028	322,262
RETAINED PROFITS CARRIED FORWARD		<u>£321,505</u>	<u>£322,028</u>

Turnover and operating loss are derived solely from continuing activities.

All recognised gains and losses are included in the profit and loss account.

A separate movement of funds statement is not provided, as there are no changes for the current or previous year other than the retained profit in the profit and loss account.

4 ST JAMES'S SQUARE LIMITED

BALANCE SHEET

AT 31ST DECEMBER 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Debtors	3	152,800	152,318
Investments	4	268,600	235,600
Cash at bank and in hand		38,513	41,624
		<u>459,913</u>	<u>429,542</u>
CREDITORS: amounts falling due			
Within one year	5	(138,408)	(107,514)
NET CURRENT ASSETS		<u>321,505</u>	<u>322,028</u>
TOTAL ASSETS LESS		<u>£321,505</u>	<u>£322,028</u>
CURRENT LIABILITIES			
PROFIT AND LOSS ACCOUNT		<u>£322,505</u>	<u>£322,028</u>

Director

[Signature]

Director

[Signature]

Approved by the Board on 15th April 2003

4 ST JAMES'S SQUARE LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

(a) Accounting basis

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

2. OPERATING LOSS

	2002	2001
	£	£
Operating loss is stated after charging/(crediting):		
Auditors' remuneration audit work	352	515
non audit work	200	165
Interest received	(215)	(755)
	<u> </u>	<u> </u>

3. DEBTORS

Loan to connected company	150,000	150,000
Amount owed by connected company	2,800	2,250
Sundry debtors	-	68
	<u> </u>	<u> </u>
	£152,800	£152,318

The loan to connected company, In and Out Limited, is interest free and at call. Attention is drawn to the second paragraph of the Directors' Report.

4. INVESTMENTS

	£	£
At 1st January 2002	235,600	193,600
Additions	70,200	98,600
Disposals	(37,200)	(56,600)
	<u> </u>	<u> </u>
31st December 2002	£268,600	£235,600

Investments at 31st December 2002 comprised shares in In and Out Limited stated at cost, which is equal to their market value. The shares are to be held for transfer to future members of the Naval & Military Club on acceptance of their application for membership.

5. CREDITORS

	2002	2001
	£	£
Amounts falling due within one year:		
Accruals & Sundry Creditors	658	864
Amount owed to former members	137,750	106,650
	<u> </u>	<u> </u>
	£138,408	£107,514

6. LIABILITY OF MEMBERS

The liability of each fully paid member of In and Out Limited in 4 St James's Square Limited is restricted to 25p.