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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
FOR
VURAL LIMITED**



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**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2000**

DIRECTORS:

Y Akyuz
K Akyuz

SECRETARY:

K Akyuz

REGISTERED OFFICE:

Rooms 405-410, Radnor House
93-97 Regent Street
London W1R 7TD

REGISTERED NUMBER:

1000000 (England and Wales)

AUDITORS:

Cooper Hathaway
Radnor House
93-97 Regent Street
London W1R 7TD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000**

The directors present their report with the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturing garments.

DIRECTORS

The directors during the year under review were:

Y Akyuz

K Akyuz

The beneficial interests of the directors holding office on 31 December 2000 in the issued share capital of the company were as follows:

	31.12.00	1.1.00
Ordinary £1 shares		
Y Akyuz	4	4
K Akyuz	1	1

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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,
- 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

The auditors, Cooper Hathaway, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Dated: 4/06/01

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
VURAL LIMITED**

We have audited the financial statements of VURAL LIMITED for the year ended 31 December 2000 on pages four to eight. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cooper Hathaway
Radnor House
93-97 Regent Street
London W1R 7TD

Cooper Hathaway

Dated: *5th June 2001*

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

		31.12.00	31.12.99
	Notes	£	£
TURNOVER		7,098,972	6,772,595
Cost of sales		6,223,463	5,938,197
GROSS PROFIT		875,509	834,398
Administrative expenses		738,167	740,884
		137,342	93,514
Other operating income		38,000	34,841
OPERATING PROFIT	2	175,342	128,355
Interest receivable and similar income		6,576	3,507
		181,918	131,862
Interest payable and similar charges		42,505	6,841
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		139,413	125,021
Tax on profit on ordinary activities	3	33,922	30,994
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		105,491	94,027
Retained profit brought forward		141,442	47,415
RETAINED PROFIT CARRIED FORWARD		£246,933	£141,442

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2000

	Notes	31.12.00		31.12.99	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	4		814,071		127,427
CURRENT ASSETS:					
Stocks		177,710		318,107	
Debtors	5	352,445		525,008	
Cash at bank		348,848		123,605	
		879,003		966,720	
CREDITORS: Amounts falling due within one year	6	968,244		947,875	
NET CURRENT (LIABILITIES)/ASSETS:			(89,241)		18,845
TOTAL ASSETS LESS CURRENT LIABILITIES:			724,830		146,272
CREDITORS: Amounts falling due after more than one year	7		477,892		4,825
			£246,938		£141,447
CAPITAL AND RESERVES:					
Called up share capital	8		5		5
Profit and loss account			246,933		141,442
SHAREHOLDERS' FUNDS:			£246,938		£141,447

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Approved by the Board on 4/06/01

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery etc - 25% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.00	31.12.99
	£	£
Depreciation - owned assets	40,749	34,801
Depreciation - assets on hire purchase contracts or finance leases	24,583	24,583
Auditors' remuneration	5,000	5,000
Pension costs	12,000	12,511
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	103,022	105,294

3. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.00	31.12.99
	£	£
UK corporation tax	33,922	30,994

UK corporation tax has been charged at 20.21% (1999 - 20.21%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

4. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST:			
At 1 January 2000	-	237,538	237,538
Additions	728,187	23,789	751,976
At 31 December 2000	728,187	261,327	989,514
DEPRECIATION:			
At 1 January 2000	-	110,111	110,111
Charge for year	-	65,332	65,332
At 31 December 2000	-	175,443	175,443
NET BOOK VALUE:			
At 31 December 2000	728,187	85,884	814,071
At 31 December 1999	-	127,427	127,427

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Plant and machinery etc
	£
COST:	
At 1 January 2000 and 31 December 2000	98,333
DEPRECIATION:	
At 1 January 2000	49,166
Charge for year	24,583
At 31 December 2000	73,749
NET BOOK VALUE:	
At 31 December 2000	24,584
At 31 December 1999	49,167

**5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.00 £	31.12.99 £
V.A.T.	-	3,711
Trade debtors	352,440	521,292
Other debtors	5	5
	352,445	525,008

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

**6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.00	31.12.99
	£	£
Bank loans and overdrafts	48,934	33,701
Trade creditors	336,033	293,704
Directors current accounts	76,005	45,510
Hire purchase	4,825	37,375
Other creditors	350,411	443,780
V.A.T.	70,525	-
Social security & other taxes	39,503	40,807
Taxation	34,008	47,998
Accrued expenses	8,000	5,000
	<u>968,244</u>	<u>947,875</u>

**7. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.00	31.12.99
	£	£
Bank loans	477,892	-
Hire purchase	-	4,825
	<u>477,892</u>	<u>4,825</u>

The bank loan is secured by means of a charge over the company's freehold property and land dated 8 June 2000.

8. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.00	31.12.99
			£	£
500	Ordinary	£1	<u>500</u>	<u>500</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.00	31.12.99
			£	£
5	Ordinary	£1	<u>5</u>	<u>5</u>