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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002
FOR
VURAL LIMITED**



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COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2002

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
Chartered Accountants
Rooms 405-410, Radnor House
93-97 Regent Street
London W1B 4ES

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

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 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
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.

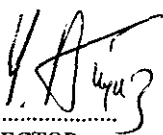
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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: 5TH MARCH, 2003.

**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 2002 on pages four to eight. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cooper Hathaway
Chartered Accountants
Rooms 405-410, Radnor House
93-97 Regent Street
London W1B 4ES

Dated:

Cooper Hathaway
6th March 2003

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

		31.12.02	31.12.01
	Notes	£	£
TURNOVER		9,017,928	7,943,634
Cost of sales		<u>7,427,585</u>	<u>6,961,278</u>
GROSS PROFIT		1,590,343	982,356
Administrative expenses		<u>1,141,637</u>	<u>865,336</u>
		448,706	117,020
Other operating income		<u>97,181</u>	<u>78,000</u>
OPERATING PROFIT	2	545,887	195,020
Interest receivable and similar income		<u>9,069</u>	<u>11,996</u>
		554,956	207,016
Interest payable and similar charges		<u>82,753</u>	<u>66,464</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		472,203	140,552
Tax on profit on ordinary activities	3	<u>111,950</u>	<u>35,632</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		360,253	104,920
Retained profit brought forward		<u>351,853</u>	<u>246,933</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£712,106</u></u>	<u><u>£351,853</u></u>

BALANCE SHEET
31 DECEMBER 2002

	Notes	31.12.02		31.12.01	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	4		737,961		763,421
CURRENT ASSETS:					
Stocks		95,468		185,066	
Debtors	5	965,759		320,974	
Cash at bank and in hand		239,443		1,181,519	
		1,300,670		1,687,559	
CREDITORS: Amounts falling due within one year	6	966,171		1,675,861	
NET CURRENT ASSETS:			334,499		11,698
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,072,460		775,119
CREDITORS: Amounts falling due after more than one year	7		360,349		423,261
			£712,111		£351,858
CAPITAL AND RESERVES:					
Called up share capital	8		5		5
Profit and loss account			712,106		351,853
SHAREHOLDERS' FUNDS:			£712,111		£351,858

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 June 2002).

ON BEHALF OF THE BOARD:



- DIRECTOR

Approved by the Board on 5TH MARCH, 2003

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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 June 2002).

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
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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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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/(crediting):

	31.12.02	31.12.01
	£	£
Depreciation - owned assets	46,060	41,992
Depreciation - assets on hire purchase contracts or finance leases	-	24,583
Profit on disposal of fixed assets	-	(4,999)
Auditors' remuneration	8,000	7,500
Pension costs	12,012	12,012
	<u>148,128</u>	<u>83,590</u>
Directors' emoluments and other benefits etc		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

3. TAXATION**Analysis of the tax charge**

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

	31.12.02 £	31.12.01 £
Current tax:		
UK corporation tax	114,039	35,632
Over provision in previous year	(2,089)	-
Total current tax	<u>111,950</u>	<u>35,632</u>
Tax on profit on ordinary activities	<u>111,950</u>	<u>35,632</u>

4. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST:			
At 1 January 2002	728,187	266,298	994,485
Additions	-	20,599	20,599
At 31 December 2002	<u>728,187</u>	<u>286,897</u>	<u>1,015,084</u>
DEPRECIATION:			
At 1 January 2002	-	231,063	231,063
Charge for year	-	46,060	46,060
At 31 December 2002	<u>-</u>	<u>277,123</u>	<u>277,123</u>
NET BOOK VALUE:			
At 31 December 2002	<u>728,187</u>	<u>9,774</u>	<u>737,961</u>
At 31 December 2001	<u>728,187</u>	<u>35,234</u>	<u>763,421</u>

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 2002 and 31 December 2002	<u>98,333</u>
DEPRECIATION:	
At 1 January 2002 and 31 December 2002	<u>98,332</u>
NET BOOK VALUE:	
At 31 December 2002	<u>1</u>
At 31 December 2001	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

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

	31.12.02	31.12.01
	£	£
Trade debtors	965,754	320,969
Other debtors	5	5
	<u>965,759</u>	<u>320,974</u>

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

	31.12.02	31.12.01
	£	£
Bank loans and overdrafts	54,000	45,000
Trade creditors	153,071	1,154,836
Directors current accounts	142,185	85,485
Other creditors	373,539	253,982
V.A.T.	100,358	51,225
Social security & other taxes	20,979	10,505
Taxation	114,039	36,828
Accrued expenses	8,000	38,000
	<u>966,171</u>	<u>1,675,861</u>

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

	31.12.02	31.12.01
	£	£
Bank loans	<u>360,349</u>	<u>423,261</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:	31.12.02	31.12.01	
		£1	£	£	
500	Ordinary		<u>500</u>	<u>500</u>	
Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	31.12.02	31.12.01	
		£1	£	£	
5	Ordinary		<u>5</u>	<u>5</u>	