

MODERN HOUSING LIMITED

Company No. SC106918

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

30 JUNE 1996



AL



BANNERMAN
JOHNSTONE
MACLAY

CHARTERED ACCOUNTANTS

Tara House
46 Bath Street
Glasgow G2 1HG
Tel: 0141 332 2999
Fax: 0141 333 0171



BANNERMAN
JOHNSTONE
MACLAY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS OF

MODERN HOUSING LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 3 to 6 together with the full financial statements of Modern Housing Limited for the year ended 30 June 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 3 and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion, the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A, Part III of Schedule 8 to that Act in respect of the year ended 30 June 1996, and the abbreviated financial statements on pages 3 to 6 have been properly prepared in accordance with that Schedule.

On 28 April 1997 we reported, as auditors of Modern Housing Limited, to the shareholders on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 June 1996, and our audit report was as follows:

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the accounting policies set out on page 6.

Respective responsibilities of the directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

AUDITORS' REPORT TO THE MEMBERS OFMODERN HOUSING LIMITEDPURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

(Continued)

Basis of opinion

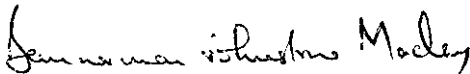
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 affairs of the company as at 30 June 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 30 June 1996 to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group financial statements.'



Chartered Accountants and
Registered Auditor

Tara House
46 Bath Street
Glasgow G2 1HG

28 April 1997

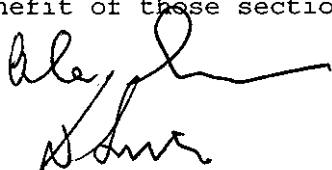
MODERN HOUSING LIMITED

ABBREVIATED BALANCE SHEET AT 30 JUNE 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	2	532,365	449,410
Investments	2	100	-
		<u>532,465</u>	<u>449,410</u>
CURRENT ASSETS			
Stocks		148,570	320,691
Debtors		14,460	30,303
Cash at bank and in hand		5,086	4,456
		<u>168,116</u>	<u>355,450</u>
CREDITORS: Amounts falling due within one year	3	<u>(454,784)</u>	<u>(527,763)</u>
NET CURRENT LIABILITIES		<u>(286,668)</u>	<u>(172,313)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		245,797	277,097
CREDITORS: Amounts falling due after more than one year	4	<u>(210,297)</u>	<u>(253,667)</u>
		<u>35,500</u>	<u>23,430</u>
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account		35,400	23,330
		<u>35,500</u>	<u>23,430</u>

In preparing these abbreviated financial statements:-

- We have relied upon the exemptions for individual financial statements under sections 246 and 247 of the Companies Act 1985.
- We have done so on the grounds that the company is entitled to the benefit of these sections as a small company.



) AS
) Directors
) DS

Date: 24 April 1997

The notes on pages 4 to 6 form part of these financial statements

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards issued by U.K. accountancy bodies.

1.2 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

Fixtures and fittings	20%/25%	Straight line
Motor vehicles	25%	Straight line

No depreciation is provided on freehold buildings as it is the company's policy to maintain these so as to extend their useful lives.

1.3 STOCKS

Stocks are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated revenues less further costs to completion and disposal.

1.4 DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

1.5 GRANTS

Improvement grants are credited to the cost of refurbishment of the properties to which they relate.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

MODERN HOUSING LIMITED
 ABBREVIATED FINANCIAL STATEMENTS
 NOTES TO THE ACCOUNTS
 30 JUNE 1996

2. FIXED ASSETS

	Tangible assets £	Investments £	Total £
<u>Cost</u>			
At 1 July 1995	791,450	-	791,450
Additions	124,974	100	125,074
Disposals	(40,941)	-	(40,941)
At 30 June 1996	875,483	100	875,583
Grants receivable: At 1 July 1995 and at 30 June 1996	326,728	-	326,728
Net cost at 30 June 1996	548,755	100	548,855
<u>Depreciation</u>			
At 1 July 1995	15,312	-	15,312
Charge for year	9,373	-	9,373
On disposals	(8,295)	-	(8,295)
At 30 June 1996	16,390	-	16,390
<u>Net book value at 30 June 1996</u>	532,365	100	532,465
<u>Net book value at 30 June 1995</u>	449,410	-	449,410

3. CREDITORS: AMOUNTS FALLING DUE
 WITHIN ONE YEAR

Included in creditors due within one year are:

	1996 £	1995 £
Bank overdraft and loan instalments falling due within one year (Note 4)	353,239	385,429
Directors' current accounts	1,220	-

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1996

4. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

Included in creditors due after more than one year are:

	1996 £	1995 £
Loans	210,297	250,000
Net obligations under finance leases and hire purchase contracts	-	3,667
	<u>210,297</u>	<u>250,000</u>
<u>Loans</u>		
Loans due within five years	<u>210,297</u>	<u>250,000</u>

Total bank borrowings are secured by a bond and floating charge over the entire assets of the company together with standard securities over the company's properties at 491/517 Merry Street, Motherwell.

5. SHARE CAPITAL

	1996 £	1995 £
<u>Authorised</u>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<u>Allotted, called up and fully paid</u>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

6. CONTINGENT LIABILITIES

The company has contingent liabilities in respect of grants received from Scottish Homes for its development at Merry Street, Motherwell. These grants are repayable in certain circumstances, principally the disposal of the properties. At 30 June 1996 grants of £326,728 had been received or credited in respect of these properties. Scottish Homes holds a second ranking standard security over the company's property at 495-517 Merry Street, Motherwell, in respect of these sums.