

ANNUAL
RETURN COPY

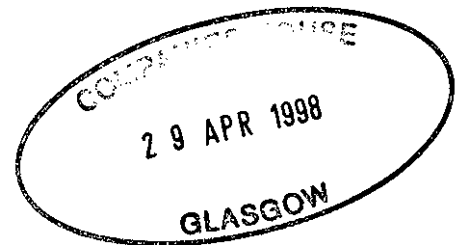
MODERN HOUSING LIMITED

Company No. SC106918

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

30 JUNE 1997



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.



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 SECTION 247B TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 2 to 5 together with the full financial statements of Modern Housing Limited prepared under Section 226 of the Companies Act 1985 for the year ended 30 June 1997.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Sections 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to prepare accounts in accordance with 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30 June 1997, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.

In our opinion the company is entitled for the year ended 30 June 1997 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

23 April 1998

Page 1

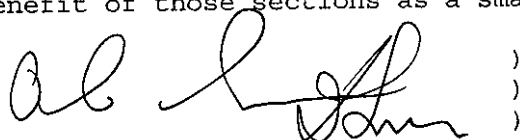
MODERN HOUSING LIMITED

ABBREVIATED BALANCE SHEET AT 30 JUNE 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	2	861,943	859,093
Investments	2	100	100
		<u>535,315</u>	<u>532,465</u>
CURRENT ASSETS			
Stocks		47,595	148,570
Debtors	3	146,096	14,460
Cash at bank and in hand		7,316	5,086
		<u>201,007</u>	<u>168,116</u>
CREDITORS: Amounts falling due within one year	4	<u>(268,788)</u>	<u>(454,784)</u>
NET CURRENT LIABILITIES		<u>(67,781)</u>	<u>(286,668)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		467,534	245,797
CREDITORS: Amounts falling due after more than one year	5	<u>(407,297)</u>	<u>(210,297)</u>
		<u>60,237</u>	<u>35,500</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account		60,137	35,400
EQUITY SHAREHOLDERS' FUNDS		<u>60,237</u>	<u>35,500</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 those sections as a small company.



) Directors

Date: 21 April 1998

The notes on pages 3 to 5 form part of these financial statements

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1997

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.

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1997

2. FIXED ASSETS

	Tangible assets £	Investments £	Total £
<u>Cost</u>			
At 1 July 1996	875,483	100	875,583
Additions	16,215	-	16,215
At 30 June 1997	891,698	100	891,798
Grants receivable:			
At 1 July 1996 and at 30 June 1997	326,728	-	326,728
Net cost at 30 June 1997	564,970	100	565,070
<u>Depreciation</u>			
At 1 July 1996	16,390	-	16,390
Charge for year	13,365	-	13,365
At 30 June 1997	29,755	-	29,755
<u>Net book value at 30 June 1997</u>	535,215	100	535,315
<u>Net book value at 30 June 1996</u>	532,365	100	532,465

3. DEBTORS

Included in debtors are the following:

	1997 £	1996 £
Loans to directors	6,457	-
Amounts owed by subsidiary company	125,179	-

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1997

4. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

Included in creditors due within one year are:

	1997 £	1996 £
Bank overdraft and loan instalments falling due within one year (Note 4)	160,702	353,239
Directors' current accounts	-	1,220
	<u>160,702</u>	<u>353,239</u>

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

Included in creditors due after more than one year are:

	1997 £	1996 £
Loans	<u>407,297</u>	<u>210,297</u>
<u>Loans</u>		
Loans due within five years	<u>407,297</u>	<u>210,297</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.

6. SHARE CAPITAL

	1997 £	1996 £
<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>

MODERN HOUSING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

30 JUNE 1997

7. 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 1997 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.

The company also guarantees under a cross guarantee agreement the bank borrowings of its subsidiary company, Modern Housing (Contracts) Limited. At the balance sheet date the contingent liability in respect thereof was £250,000.