

**MODERN HOUSING LIMITED
ABBREVIATED ACCOUNTS
FOR
30 JUNE 2003**



MODERN HOUSING LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2003

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MODERN HOUSING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 30 June 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 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 report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

216 West George Street
Glasgow
G2 2PQ

6 April 2004



GILLILAND & COMPANY
Chartered Accountants
& Registered Auditors

MODERN HOUSING LIMITED**ABBREVIATED BALANCE SHEET****30 JUNE 2003**

	Note	2003 £	£	2002 £	£
FIXED ASSETS	2				
Tangible assets			1,052,516		1,070,511
Investments			110		104
			<u>1,052,626</u>		<u>1,070,615</u>
CURRENT ASSETS					
Stocks		343,241		239,191	
Debtors		290,150		36,841	
Cash at bank and in hand		43		151	
		<u>633,434</u>		<u>276,183</u>	
CREDITORS: Amounts falling due within one year		<u>1,220,353</u>		<u>935,910</u>	
NET CURRENT LIABILITIES			<u>(586,919)</u>		<u>(659,727)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>465,707</u>		<u>410,888</u>
CAPITAL AND RESERVES					
Called-up equity share capital	3		100		100
Profit and loss account			465,607		410,788
SHAREHOLDERS' FUNDS			<u>465,707</u>		<u>410,888</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 6 April 2004 and are signed on their behalf by:

MR A SMITH



MODERN HOUSING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2003****1. ACCOUNTING POLICIES****Basis of accounting**

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).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% Cost
Motor Vehicles	- 25% Cost

Investment properties

Investment properties are shown at either cost or their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with the FRSSE which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

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

MODERN HOUSING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2003****1. ACCOUNTING POLICIES** *(continued)***Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Deferred taxation

Provision is made for deferred taxation arising from timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

2. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST			
At 1 July 2002	1,148,458	104	1,148,562
Additions	28,658	6	28,664
Disposals	(27,000)	—	(27,000)
At 30 June 2003	1,150,116	110	1,150,226
DEPRECIATION			
At 1 July 2002	77,947	—	77,947
Charge for year	19,653	—	19,653
At 30 June 2003	97,600	—	97,600
NET BOOK VALUE			
At 30 June 2003	1,052,516	110	1,052,626
At 30 June 2002	1,070,511	104	1,070,615

MODERN HOUSING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2003****2. FIXED ASSETS** *(continued)*

The company owns 100% of the issued share capital of the companies listed below.

	2003	2002
Aggregate capital and reserves		
Modern Housing (Glasgow) Limited	19,068	62,735
Modern Housing (New Homes) Limited	(346,791)	(169,813)
Carfin Builders Limited	(215,562)	(208,148)
Modern Housing New Homes (Hamilton) Limited	(42,315)	—
Modern Retail Properties Limited	(3,750)	—
Lapday Limited	2	—

Profit or (loss) for the year

Modern Housing (Glasgow) Limited	(43,667)	35,463
Modern Housing (New Homes) Limited	(176,979)	(136,088)
Carfin Builders Limited	(7,414)	(78,888)
Modern Housing New Homes (Hamilton) Limited	(42,313)	—
Modern Retail Properties Limited	(3,752)	—
Lapday Limited	—	—

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

3. SHARE CAPITAL**Authorised share capital:**

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>