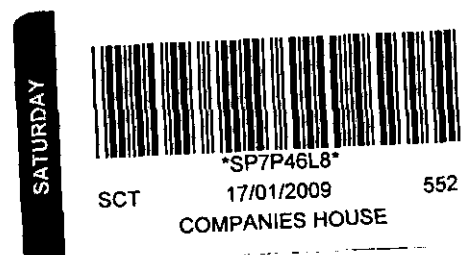


MODERN HOUSING LIMITED
ABBREVIATED ACCOUNTS
FOR
31 DECEMBER 2007



MODERN HOUSING LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

CONTENTS	PAGE
Independent auditor's report to the company	1
Abbreviated balance sheet	2
Notes to the abbreviated accounts	3

MODERN HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT TO MODERN HOUSING LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts, together with the financial statements of Modern Housing Limited for the year ended 31 December 2007 prepared under Section 226 of the Companies Act 1985.

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

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

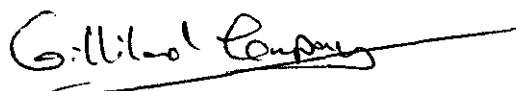
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and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

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin 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.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.



GILLILAND & COMPANY
Chartered Accountants
& Registered Auditors

216 West George Street
Glasgow
G2 2PQ

16 December 2008

MODERN HOUSING LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2007

	Note	2007	2006
		£	£
FIXED ASSETS	2		
Tangible assets		4,129,125	2,565,284
Investments		6	6
		<u>4,129,131</u>	<u>2,565,290</u>
CURRENT ASSETS			
Stocks		252,380	821,849
Debtors		172,373	351,709
Cash at bank and in hand		2,319	6,497
		<u>427,072</u>	<u>1,180,055</u>
CREDITORS: Amounts falling due within one year		<u>3,027,705</u>	<u>2,534,304</u>
NET CURRENT LIABILITIES		(2,600,633)	(1,354,249)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,528,498</u>	<u>1,211,041</u>
CREDITORS: Amounts falling due after more than one year		700,000	5,039
PROVISIONS FOR LIABILITIES		<u>130,356</u>	<u>-</u>
		<u>698,142</u>	<u>1,206,002</u>
CAPITAL AND RESERVES			
Called-up equity share capital	3	100	100
Revaluation reserve		664,996	664,996
Profit and loss account		33,046	540,906
SHAREHOLDERS' FUNDS		<u>698,142</u>	<u>1,206,002</u>

These abbreviated accounts 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 and authorised for issue on 16 December 2008, and are signed on their behalf by:

A SMITH
DIRECTOR



The notes on pages 3 to 6 form part of these abbreviated accounts.

MODERN HOUSING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small 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.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost. Costs of refurbishment of properties is based on costs specific to each property together with costs allocated to each property by the directors in line with professionally costed bill of quantities.

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
Equipment	- 25% Cost

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

MODERN HOUSING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are shown at 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.

Properties are valued a minimum of every 3 years by professionally qualified property experts. In the intervening years the directors assess the value of the properties.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase price of properties including all associated fees and duties, together with all attributable direct costs incurred to date as identified by the directors.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Pension costs

The company operates a small self-administered pension scheme for its directors and other nominated employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

MODERN HOUSING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

2. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST OR VALUATION			
At 1 January 2007	2,638,703	110	2,638,813
Additions	1,638,600	2	1,638,602
Disposals	(74,662)	—	(74,662)
At 31 December 2007	<u>4,202,641</u>	<u>112</u>	<u>4,202,753</u>
DEPRECIATION AND AMOUNTS WRITTEN OFF			
At 1 January 2007	73,419	104	73,523
Written off in year	—	2	2
Charge for year	97	2	99
At 31 December 2007	<u>73,516</u>	<u>108</u>	<u>73,624</u>
NET BOOK VALUE			
At 31 December 2007	<u>4,129,125</u>	<u>6</u>	<u>4,129,131</u>
At 31 December 2006	<u>2,565,284</u>	<u>8</u>	<u>2,565,292</u>

In accordance with Statement of Standard Accounting Practice No 19, investment properties are revalued annually on this basis, any surplus or deficit being transferred to the revaluation reserve. Accordingly, such assets are not depreciated as this would conflict in the Director's opinion, with the requirement to give a true and fair view, (see note 1). It is not possible to quantify the depreciation which would otherwise have been charged.

Had the company's investment properties not been revalued they would have been stated at cost and net book value of £3,461,988.

MODERN HOUSING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

2. FIXED ASSETS *(continued)*

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

Aggregate capital and reserves

	2007	2006
Modern Retail Properties Limited	1,849,518	2,139,516
Lapday Limited	2	2
Modern Housing (New Homes) Limited	2	2

Profit or (loss) for the year

Modern Retail Properties Limited	89,999	534,899
Lapday Limited	-	-
Modern Housing (New Homes) 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.

The company also own 100% of the issued share capital of Modern Housing New Homes (Hamilton) Limited. At the year-end the directors are of the opinion that the balance owed from Modern Housing New Homes (Hamilton) Limited will not be recovered and these accounts show full provision made against the cost of the investment and also any amounts due from Modern Housing New Homes (Hamilton) Limited.

3. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>