

Modern Housing Limited
Unaudited Financial Statements
31 January 2017

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Modern Housing Limited

Financial Statements

Year ended 31 January 2017

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Modern Housing Limited

Chartered Accountants Report to the Board of Directors on the Preparation of the Unaudited Statutory Financial Statements of Modern Housing Limited

Year ended 31 January 2017

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Modern Housing Limited for the year ended 31 January 2017, which comprise the statement of financial position, statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at www.icas.com/accountspreparationguidance.

This report is made solely to the Board of Directors of Modern Housing Limited, as a body, in accordance with the terms of our engagement letter dated 24 September 2015. Our work has been undertaken solely to prepare for your approval the financial statements of Modern Housing Limited and state those matters that we have agreed to state to you, as a body, in this report in accordance with the requirements of ICAS as detailed at www.icas.com/accountspreparationguidance. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Modern Housing Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Modern Housing Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Modern Housing Limited. You consider that Modern Housing Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Modern Housing Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



GILLILAND & COMPANY
Chartered Accountants

216 West George Street
Glasgow
G2 2PQ

27 October 2017

Modern Housing Limited
Statement of Financial Position
31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	4,126,306	4,127,176
Investments	5	1,102	1,002
		<u>4,127,408</u>	<u>4,128,178</u>
Current assets			
Stocks		—	20,000
Debtors	6	444,228	498,080
Cash at bank and in hand		63,472	7,857
		<u>507,700</u>	<u>525,937</u>
Creditors: amounts falling due within one year	7	<u>476,134</u>	<u>403,943</u>
Net current assets		<u>31,566</u>	<u>121,994</u>
Total assets less current liabilities		<u>4,158,974</u>	<u>4,250,172</u>
Creditors: amounts falling due after more than one year	8	<u>2,417,542</u>	<u>2,486,165</u>
Provisions			
Taxation including deferred tax		57,489	57,489
Net assets		<u>1,683,943</u>	<u>1,706,518</u>

The statement of financial position
continues on the following page.
The notes on pages 5 to 10 form part of these financial statements.

Modern Housing Limited

Statement of Financial Position *(continued)*

31 January 2017

	Note	2017 £	2016 £
Capital and reserves			
Called up share capital		100	100
Non distributable reserve		1,551,604	1,551,604
Profit and loss account		132,239	154,814
Members funds		1,683,943	1,706,518

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the income statement has not been delivered.

For the year ending 31 January 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 27 October 2017, and are signed on behalf of the board by:



Mr A Smith
Director

Company registration number: SC106918

The notes on pages 5 to 10 form part of these financial statements.

Modern Housing Limited
Statement of Changes in Equity
Year ended 31 January 2017

	Called up share capital £	Non distributable reserve £	Profit and loss account £	Total £
At 1 February 2015	100	1,551,604	235,469	1,787,173
Profit for the year	—	—	25,345	25,345
Total comprehensive income for the year	—	—	25,345	25,345
Dividends paid and payable	—	—	(106,000)	(106,000)
Total investments by and distributions to owners	—	—	(106,000)	(106,000)
At 31 January 2016	100	1,551,604	154,814	1,706,518
Profit for the year	—	—	141,425	141,425
Total comprehensive income for the year	—	—	141,425	141,425
Dividends paid and payable	—	—	(164,000)	(164,000)
Total investments by and distributions to owners	—	—	(164,000)	(164,000)
At 31 January 2017	<u>100</u>	<u>1,551,604</u>	<u>132,239</u>	<u>1,683,943</u>

The notes on pages 5 to 10 form part of these financial statements.

Modern Housing Limited
Notes to the Financial Statements
Year ended 31 January 2017

1. General information

The company is a private company limited by shares, registered in SCOTLAND. The address of the registered office is 216 West George Street, Glasgow, G2 2PQ.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 February 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 12.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

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.

Tangible 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.

Modern Housing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

3. Accounting policies *(continued)*

Depreciation

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

Plant and machinery	- 25% straight line
Fixtures and fittings	- 25% straight line
Equipment	- 25% straight line

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

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Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Modern Housing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

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.

4. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 February 2016 and 31 January 2017	<u>4,125,000</u>	<u>3,480</u>	<u>73,420</u>	<u>2,572</u>	<u>4,204,472</u>
Depreciation					
At 1 February 2016	—	1,305	73,419	2,572	77,296
Charge for the year	—	870	—	—	870
At 31 January 2017	<u>—</u>	<u>2,175</u>	<u>73,419</u>	<u>2,572</u>	<u>78,166</u>
Carrying amount					
At 31 January 2017	<u>4,125,000</u>	<u>1,305</u>	<u>1</u>	<u>—</u>	<u>4,126,306</u>
At 31 January 2016	<u>4,125,000</u>	<u>2,175</u>	<u>1</u>	<u>—</u>	<u>4,127,176</u>

Included within the above is investment property as follows:

	£
At 1 February 2016 and 31 January 2017	<u>4,125,000</u>

The company's investment properties were valued at £4,125,000 by Shepherd, Chartered Surveyors and DM Hall, Chartered Surveyors during the previous period and the directors consider that the valuations are accurate as at 31st January 2017.

Modern Housing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

5. Investments

	Shares in group undertakings £
Cost	
At 1 February 2016	1,102
Additions	100
At 31 January 2017	1,202
Impairment	
Impairment losses	100
At 31 January 2017	100
Carrying amount	
At 31 January 2017	1,102
At 31 January 2016	1,102

The company owns 100% of the issued share capital of the Lapday Limited, Modern Housing New Homes Limited and Modern Housing new Homes Contracts Limited. Lapday Limited has net assets of £418,852 (2016: £376,098) and profit of £42,754 (2016: £87,621) for the year ended 31st January 2017, Modern Housing New Homes Contracts Limited has net assets of £193,451 (2016: £100) and profit of £193,451 (2016: £nil) for the year ended 31st January 2017 and Modern Housing New Homes Limited has net assets of £1,564,564 (2016: £1,112,031) and a profit of £525,533 (2016: £973,216) for the year ended 31st January 2017.

Under the provision of the Companies Act 2006 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.

6. Debtors

	2017 £	2016 £
Trade debtors	19,359	19,724
Amounts owed by group undertakings and undertakings in which the company has a participating interest	422,518	468,356
Other debtors	2,351	10,000
	444,228	498,080

7. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	68,602	65,462
Trade creditors	9,425	9,918
Amounts owed to group undertakings and undertakings in which the company has a participating interest	250,911	198,992
Corporation tax	23,454	17,325
Other creditors	36,598	32,398
Other creditors	87,144	79,848
	476,134	403,943

Modern Housing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

7. Creditors: amounts falling due within one year *(continued)*

The bank borrowings are secured by a standard security and a bond and floating charge over the assets of the company and by inter-company guarantees and by a guarantee from the directors of £500,000.

8. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	<u>2,417,542</u>	<u>2,486,165</u>

The bank borrowings are secured by a standard security and a bond and floating charge over the assets of the company and by inter-company guarantees and by a guarantee from the directors of £500,000.

9. Directors' advances, credits and guarantees

The company was under the joint control of Mr A Smith and Mrs D Smith throughout the current and previous year. The balance owed to the Directors at 31st January 2017 amounted to £314 (2016: £726). Dividends of £164,000 (2016: £106,000) were paid to the directors during the year.

10. Related party transactions

£422,518 (2016: £468,356) is due to the company from Modern Housing New Homes Limited as at 31st January 2017. £150 is also owed from Modern Housing New Homes Contracts Limited as at 31st January 2017. Both companies are fully owned subsidiaries of Modern Housing Limited.

£250,907 (2016: £198,988) was owed from the company to Lapday Limited. Lapday Limited is also a fully owned subsidiary of Modern Housing Limited.

£7,444 (2016: £8,360) is owed to Modern Housing Pension Scheme as at 31st January 2017.

£13,272 (2016: £2,066) is due from the company to New Homes Developments Limited. Mrs D SMith is also a director in that company.

11. Controlling party

The company was under the joint control of Mr A Smith and Mrs D Smith throughout the current and previous year.

12. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 February 2015.

Modern Housing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

12. Transition to FRS 102 *(continued)*

Reconciliation of equity

	1 February 2015			31 January 2016		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	4,129,048	–	4,129,048	4,128,178	–	4,128,178
Current assets	1,043,769	–	1,043,769	525,937	–	525,937
Creditors: amounts falling due within one year	(136,766)	–	(136,766)	(403,943)	–	(403,943)
Net current assets	<u>907,003</u>	<u>–</u>	<u>907,003</u>	<u>121,994</u>	<u>–</u>	<u>121,994</u>
Total assets less current liabilities	5,036,051	–	5,036,051	4,250,172	–	4,250,172
Creditors: amounts falling due after more than one year	(3,191,389)	–	(3,191,389)	(2,486,165)	–	(2,486,165)
Provisions	–	–	–	–	(57,489)	(57,489)
Net assets	<u>1,844,662</u>	<u>–</u>	<u>1,844,662</u>	<u>1,764,007</u>	<u>(57,489)</u>	<u>1,706,518</u>
Capital and reserves	<u>1,844,662</u>	<u>–</u>	<u>1,844,662</u>	<u>1,764,007</u>	<u>(57,489)</u>	<u>1,706,518</u>

At transition to FRS102 the accounting policy for deferred tax has changed to now provide for deferred tax even in the circumstance where the company has no intention of selling the properties. The company had a balance relating to the revaluation of the investment properties held by the company and this is shown now as a non distributable reserve within the accounts.