WEYLAND FARMS LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

REGISTERED NUMBER: SC81663



WEYLAND FARMS LTD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

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WEYLAND FARMS LTD

COMPANY INFORMATION
AT 31 MARCH 2001

DIRECTORS

J Foubister
Mrs K A Sutherland
M J F Drever
M A J Petrie
J M Hamilton

SECRETARY

D A Robertson

AUDITOR

A. J. B. Scholes
Chartered Accountant and Registered Auditor
37 Albert Street
KIRKWALL
Orkney

PRINCIPAL BANKERS

The Royal Bank of Scotland plc
1 Victoria Street
KIRKWALL
Orkney

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES
The principal activity of the company in the year was farming.

REVIEW OF THE BUSINESS
The net profit after providing for taxation amounted to £2,438.

This represented a reduction of £75,775 on last year's reported loss and has been achieved mainly through repositioning the business, which involved surrendering the lease of the milk unit at Seatter.

As part of the restructure, Orkney Islands Council has increased its shareholding by £500,000. An equivalent reduction in the debt outstanding to the Council has also been effected.

DIRECTORS AND THEIR INTERESTS
The directors have no interest in the share capital of the company. The directors in office in the year were as follows:

J Foubister
Mrs K A Sutherland
M J F Drever
M A J Petrie
J M Hamilton

M J F Drever and M A J Petrie retire from the Board at the Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

AUDITOR

A. J. B. Scholes was appointed auditor to the company during the year, and in accordance with section 385 of the Companies Act 1985 is willing to be re-appointed.

SMALL COMPANY PROVISIONS

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 21.1.2002 and signed on its behalf:

.....

D A Robertson
Secretary

WEYLAND FARMS LTD

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITOR

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

BASIS OF OPINION

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide myself with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A. J. B. Scholes
Chartered Accountant and Registered Auditor
37 Albert Street
KIRKWALL
Orkney

Date: 21.1.2002.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
TURNOVER		329,408	242,580
Cost of sales		157,581	140,390
GROSS PROFIT		171,827	102,190
Administrative expenses		173,539	186,343
		(1,712)	(84,153)
Other operating income		3,120	2,880
OPERATING PROFIT	2	1,408	(81,273)
Gain on asset disposals		1,030	7,936
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,438	(73,337)
Tax on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	2,438	(73,337)

Continuing operations
None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 13 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Profit/(loss) for the year after taxation	2,438	(73,337)

TOTAL NET PROFIT/(LOSSES) RECOGNISED SINCE LAST ANNUAL REPORT

Profit/(loss) for the year after taxation	2,438	(73,337)
Prior year adjustment	-	(57,482)
	2,438	(130,819)

The accumulated losses as at 1 April 1999 were restated to correct an error in livestock valuations in previous periods. The cumulative effect of the restatement of stock was to increase accumulated losses by £57,482. This error has no effect on the reported profit/(loss) for the financial years ended 31 March 2001 and 31 March 2000.

BALANCE SHEET
AT 31 MARCH 2001

	Notes	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Tangible assets	5		50,222		74,825
Investments	6		1,042		1,042
			51,264		75,867
CURRENT ASSETS					
Stocks	7	139,465		187,957	
Debtors	8	57,812		30,909	
Cash at bank and in hand		122,314		-	
		319,591		218,866	
CREDITORS: amounts falling due within one year	9	(83,223)		(44,019)	
NET CURRENT ASSETS			236,368		174,847
TOTAL ASSETS LESS CURRENT LIABILITIES			287,632		250,714
CREDITORS: amounts falling due after more than one year	10		(127,171)		(592,691)
NET ASSETS / (LIABILITIES)			160,461		(341,977)
CAPITAL AND RESERVES					
Called up share capital	11		510,000		10,000
Profit and loss account	12		(349,539)		(351,977)
TOTAL SHAREHOLDERS' FUNDS	13		160,461		(341,977)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on ..... and signed on its behalf by:

J. Foubister

J Foubister
Director

The notes on pages 8 to 13 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Cash flow
The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover
Turnover represents the amounts derived from the provision of goods sold and services rendered during the year, and is stated net of value added tax.

Depreciation of tangible fixed assets
Depreciation is provided at the following annual rates in order to write off the cost of each asset over its useful life:

Heritable property - Central heating	10% reducing balance
Tenant's improvements	10% reducing balance
Plant equipment and machinery	20% - 25% reducing balance

No depreciation has been provided on farm cottages.

Stocks
Stocks are stated at the lower of cost and net realisable value. The cost of home-bred stock is based on 75% of market value, and the cost of bought stock is at purchase price. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Investments
Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Operating lease commitments
Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Pension costs
The company pension scheme is a defined benefit pension scheme. Contributions payable to this scheme are charged to the profit and loss account over the working lives of the members of the scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations.

2. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated	**2001**	**2000**
	£	**£**
After charging:		
Depreciation of fixed assets	4,084	6,481
Directors' remuneration	-	-
Auditor's remuneration	980	980
Operating lease rentals		
Land and buildings	20,837	22,386
Plant and machinery	16,709	29,041

3. PENSION COSTS

Defined benefit scheme
The employees are eligible to join an Orkney Islands Council pension scheme based on final pensionable pay. The assets of the scheme are held separately from those of the company and Orkney Islands Council, being invested with insurance companies. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employee's working lives with the company.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pension cost for the financial period is based on the actuarial valuation made as at 31 March 1999.

The pension charge for the year was £4,318 (2000: £4,094).

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability to corporation tax in the year due to the trading losses brought forward.

5. TANGIBLE FIXED ASSETS

	Heritable Property £	Tenant's Improvements £	Plant & Equipment £	Total £
Cost:				
At 1 April 2000	34,443	76,880	15,170	126,493
Disposals	-	(42,706)	-	(42,706)
At 31 March 2001	34,443	34,174	15,170	83,787
Depreciation:				
At 1 April 2000	1,144	47,155	3,369	51,668
Charge for year	130	920	3,034	4,084
On disposals	-	(22,187)	-	(22,187)
At 31 March 2001	1,274	25,888	6,403	33,565
Net book value:				
At 31 March 2001	33,169	8,286	8,767	50,222
At 31 March 2000	33,299	29,725	11,801	74,825

Heritable Property includes £32,000 for farm cottages, which are not depreciated.

6. INVESTMENTS

	Beginning and end of year £
Unlisted investments - at cost	1,042

The directors consider that the value of the company's investments is not less than the amount stated in the company's balance sheet.

The company also owns sheep quota. The quota has been allocated to the company at no cost, as a result of changes in government agricultural policies.

7. STOCKS

	2001 £	2000 £
Livestock	129,465	183,077
Crop	10,000	4,880
	139,465	187,957

8. DEBTORS

	2001 £	2000 £
Trade debtors	31,278	12,948
Other debtors	26,534	17,961
	57,812	30,909

9. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	-	13,939
Trade creditors	38,150	25,644
Other creditors	45,073	4,436
	83,223	44,019

10. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Loan from Orkney Islands Council	127,171	592,691

This loan has no fixed repayment terms.

11. SHARE CAPITAL

	2001 £	2000 £
Authorised:		
Equity interests:		
510,000 Ordinary shares of £1	510,000	10,000
Allotted, called up and fully paid:		
Equity interests:		
510,000 Ordinary shares of £1	510,000	10,000

12. PROFIT AND LOSS ACCOUNT

	2001 £
Accumulated loss as at 1 April 2000	(351,977)
Profit for the year	2,438
Accumulated loss as at 31 March 2001	(349,539)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit / (loss) for the year	2,438	(73,337)
New share capital subscribed	500,000	-
Net addition / (reduction) to shareholders' funds	502,438	(73,337)
Opening shareholders' funds	(341,977)	(211,158)
Prior year adjustment	-	(57,482)
Closing shareholders' funds	160,461	(341,977)
Represented by:-		
Equity interests	160,461	(341,977)

14. RELATED PARTY DISCLOSURES

During the year, the company entered into the following related party transactions with its controlling party, Orkney Islands Council.

		2001 £	2000 £
Expenditure	Payroll costs	77,523	64,998
	Leasing charges	12,309	24,641
	Rent	16,292	17,000
	Service charge	12,300	11,600
	Insurance	6,255	4,813
		124,679	123,052

The following balances were due to Orkney Islands Council at year end:

Trade creditors and accruals	59,785	17,563
Long term loan	127,171	592,691
	186,956	610,254

Orkney Islands Council has provided the directors with a guarantee to support and underwrite the company in the next twelve months.

15. CAPITAL COMMITMENTS

	2001 £	2000 £
Details of capital commitments at the accounting date are as follows:		
Contracted but not provided for in the financial statements	11,061	-

16. ULTIMATE PARENT ORGANISATION

The ultimate parent organisation is Orkney Islands Council, a local authority incorporated under the Local Government Scotland Act 1973.