WEYLAND FARMS LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

REGISTERED NUMBER: SC81663

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COMPANIES HOUSE 22/01/03

WEYLAND FARMS LTD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

Contents	**Pages**
Company information	1
Directors' report	2 - 3
Auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 13
Detailed profit and loss statement	-

COMPANY INFORMATION
AT 31 MARCH 2002

DIRECTORS

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

SECRETARY

D A Robertson	- resigned 24th April 2002
M Burr	- appointed 24th April 2002

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 2002.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £8,476.

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

J M Hamilton and J Foubister 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 period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 17/01/03 and signed on its behalf:

Malcolm Burr

.....

M Burr
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

I have audited the financial statements on pages 6 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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the directors' report and consider the implications for my report if I become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with United Kingdom 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 that 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

Date: 9-10-2002

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
TURNOVER		126,031	329,408
Cost of sales		44,239	157,581
GROSS PROFIT		81,792	171,827
Administrative expenses		97,026	173,539
		(15,234)	(1,712)
Other operating income		3,120	3,120
OPERATING (LOSS) / PROFIT	2	(12,114)	1,408
Gain on asset disposals		3,638	1,030
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,476)	2,438
Tax on (loss) / profit on ordinary activities	4	-	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	(8,476)	2,438

Continuing operations
The company reduced the size of its farming activities during 2001.

Total recognised gains and losses
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

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

BALANCE SHEET
AT 31 MARCH 2002

	Notes	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS					
Tangible assets	5		59,337		50,222
Investments	6		32,383		1,042
			91,720		51,264
CURRENT ASSETS					
Stocks	7	133,635		139,465	
Debtors	8	21,791		57,812	
Cash at bank and in hand		17,177		122,314	
		172,603		319,591	
CREDITORS: amounts falling due within one year	9	(52,858)		(83,223)	
NET CURRENT ASSETS			119,745		236,368
TOTAL ASSETS LESS CURRENT LIABILITIES			211,465		287,632
CREDITORS: amounts falling due after more than one year	10		(59,480)		(127,171)
NET ASSETS			151,985		160,461
CAPITAL AND RESERVES					
Called up share capital	11		510,000		510,000
Profit and loss account	12		(358,015)		(349,539)
TOTAL SHAREHOLDERS' FUNDS	13		151,985		160,461

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 17 January 2003 and signed on its behalf by:

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 employees are eligible to contribute to a defined benefit pension scheme operated by Orkney Islands Council. Contributions payable to this scheme are charged to the income and expenditure account so as to spread the cost of the pension over the employee's expected working life. The contributions are determined by a qualified actuary on the basis of triennial valuations. These contributions are invested separately from the company's assets.

2. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated	2002 £	2001 £
After charging:		
Depreciation of fixed assets	5,646	4,084
Directors' remuneration	-	-
Auditor's remuneration	980	980
Operating lease rentals		
Land and buildings	15,791	20,837
Plant and machinery	4,541	16,709

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. The scheme is a multiple employer scheme, and the company is unable to identify its share of the underlying assets and liabilities. The last valuation confirmed that there is a surplus of assets over liabilities.

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 agreed contribution rate for future years is 14.1%.

The pension charge for the year was £3,362 (2001 - £4,318).

4. TAX ON LOSS 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 2001	34,443	34,174	15,170	83,787
Additions	-	-	14,763	14,763
Disposals	-	-	(2)	(2)
At 31 March 2002	34,443	34,174	29,931	98,548
Depreciation:				
At 1 April 2001	1,274	25,888	6,403	33,565
Charge for year	117	828	4,701	5,646
At 31 March 2002	1,391	26,716	11,104	39,211
Net book value:				
At 31 March 2002	33,052	7,458	18,827	59,337
At 31 March 2001	33,169	8,286	8,767	50,222

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

6. INVESTMENTS

	1 April 2001 £	Additions £	31 March 2002 £
Unlisted investments - at cost	1,042	31,341	32,383

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

	2002 £	2001 £
Livestock	126,344	129,465
Crop	7,291	10,000
	133,635	139,465

8. DEBTORS

	2002 £	2001 £
Trade debtors	3,834	31,278
Other debtors	17,957	26,534
	21,791	57,812

9. CREDITORS: amounts falling due within one year

	2002 £	2001 £
Trade creditors	14,341	38,150
Other creditors	38,517	45,073
	52,858	83,223

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

	2002 £	2001 £
Loan from Orkney Islands Council	59,480	127,171

This loan has no fixed repayment terms.

11. SHARE CAPITAL

	2002 £	2001 £
Authorised:		
Equity interests:		
510,000 Ordinary shares of £1	510,000	510,000
Allotted, called up and fully paid:		
Equity interests:		
510,000 Ordinary shares of £1	510,000	510,000

12. PROFIT AND LOSS ACCOUNT

	2002 £
Accumulated loss as at 1 April 2001	(349,539)
Loss for the year	(8,476)
Accumulated loss as at 31 March 2002	(358,015)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
(Loss) / profit for the year	(8,476)	2,438
New share capital subscribed	-	500,000
Net (reduction) / addition to shareholders' funds	(8,476)	502,438
Opening shareholders' funds	160,461	(341,977)
Closing shareholders' funds	151,985	160,461
Represented by:-		
Equity interests	151,985	160,461

14. RELATED PARTY DISCLOSURES

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

		2002 £	2001 £
Expenditure	Payroll costs	43,199	77,523
	Leasing charges	-	12,309
	Rent	8,500	16,292
	Service charge	11,400	12,300
	Insurance	4,011	6,255
		67,110	124,679

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

Trade creditors and accruals	47,418	59,785
Long term loan	59,480	127,171
	106,898	186,956

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

15. CAPITAL COMMITMENTS

	2002 £	2001 £
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.