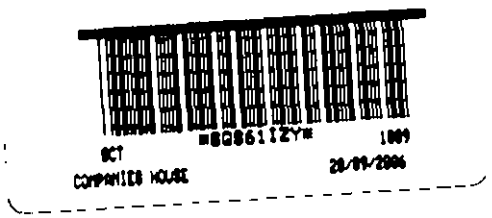
Company Registration No. SC81663 (Scotland)

WEYLAND FARMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006



WEYLAND FARMS LIMITED

COMPANY INFORMATION

Directors	J Foubister Mrs K A Sutherland M J F Drever J M Hamilton J W R Moar
Secretary	G O Waterson
Company number	SC81663
Registered office	Council Offices Kirkwall Orkney KW15 1NY
Auditors	A J B Scholes 37 Albert Street Kirkwall Orkney KW15 1HQ
Bankers	The Royal Bank of Scotland plc 1 Victoria Street Kirkwall Orkney KW15 1DP

WEYLAND FARMS LIMITED

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WEYLAND FARMS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

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

Directors
The following directors have held office since 1 April 2005:

J Foubister
Mrs K A Sutherland
M J F Drever
J M Hamilton
J W R Moar

J M Hamilton and Mrs K A Sutherland retire from the Board at the Annual General Meeting, and being eligible, offer themselves for re-election.

Directors' interests
There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that A J B Scholes be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

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

On behalf of the board

J Foubister
Director

18 SEPTEMBER 2006

WEYLAND FARMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WEYLAND FARMS LIMITED

I have audited the financial statements of Weyland Farms Limited for the year ended 31 March 2006 set out on pages 5 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 me 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 AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF WEYLAND FARMS LIMITED

Opinion

In my opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended ;
- the information given in the directors' report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

A J B Scholes

Chartered Accountants
Registered Auditor

37 Albert Street
Kirkwall
Orkney
KW15 1HQ

WEYLAND FARMS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 as restated £
Turnover		157,314	154,576
Cost of sales		(68,312)	(68,569)
Gross profit		89,002	86,007
Administrative expenses		(107,891)	(106,868)
Other operating income		1,365	-
Operating loss	2	(17,524)	(20,861)
Gain on sale of tangible assets		-	5,554
Loss on write off of quota		-	(31,200)
Loss on ordinary activities before interest		(17,524)	(46,507)
Other interest receivable and similar income	3	1,000	-
Loss on ordinary activities before taxation		(16,524)	(46,507)
Tax on loss on ordinary activities	4	-	-
Loss for the year	12	(16,524)	(46,507)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WEYLAND FARMS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 as restated £
Loss for the financial year		(16,524)	(46,507)
Actuarial (loss)/gain on pension scheme		(13,000)	2,000
Prior year adjustment	12	(17,000)	-
Total gains and losses recognised since last financial statements		(46,524)	(44,507)

WEYLAND FARMS LIMITED

BALANCE SHEET
AS AT 31 MARCH 2006

	Notes	2006 £	2006 £	2005 as restated £	2005 as restated £
Fixed assets					
Tangible assets	5		30,588		32,470
Investments	6		1,183		1,183
			31,771		33,653
Current assets					
Stocks		124,895		117,532	
Debtors	7	34,654		42,138	
Cash at bank and in hand		33,099		19,870	
		192,648		179,540	
Creditors: amounts falling due within one year	8	(15,610)		(6,860)	
Net current assets			177,038		172,680
Total assets less current liabilities			208,809		206,333
Creditors: amounts falling due after more than one year	9		(132,260)		(112,260)
			76,549		94,073
Pension scheme liability	10		(29,000)		(17,000)
			47,549		77,073
Capital and reserves					
Called up share capital	11		510,000		510,000
Other reserves	12		(29,000)		(17,000)
Profit and loss account	12		(433,451)		(415,927)
Shareholders' funds	13		47,549		77,073

These 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 and authorised for issue on 18 SEPTEMBER 2006

J Foubister

J Foubister
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Changes in accounting policies

The company has adopted the requirements of FRS 17 Retirement Benefits during the current accounting period. The comparative figures have been restated. The effect on the financial statements is to reduce the loss on ordinary activities after taxation reported in the Profit & Loss Account by £1,000 (2005: £NIL), and in the Balance Sheet to reduce net assets and reserves by £29,000 (2005: £17,000).

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Tenant's improvements	10% reducing balance
Plant and machinery	20% - 25% reducing balance

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Livestock is stated at 75% of market value or at purchase price. Other stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The company employees are eligible to join a defined benefit local government 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. These contributions are invested separately from the company's assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies **(continued)**

1.10 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by any timing differences between the treatment of certain items for taxation and accounting purposes. There is no deferred tax balance for the current or prior year.

1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Operating loss

	2006	2005
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	6,962	7,085
Operating lease rentals		
- Plant and machinery	2,764	1,827
- Other assets	14,921	12,880
Auditors' remuneration	1,250	1,250
and after crediting:		
Government grants	250	-

3 Investment income

	2006	2005
	£	£
Other finance income	1,000	-

4 Taxation

There is no tax charge for the year. The company has estimated losses of £ 431,418 (2005: £ 413,039) available for carry forward against future trading profits.

The company has a capital loss of £31,200 available to carry forward against future capital gains.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2005	34,174	41,983	76,157
Additions	-	5,079	5,079
At 31 March 2006	34,174	47,062	81,236
Depreciation			
At 1 April 2005	28,737	14,950	43,687
Charge for the year	543	6,418	6,961
At 31 March 2006	29,280	21,368	50,648
Net book value			
At 31 March 2006	4,894	25,694	30,588
At 31 March 2005	5,437	27,033	32,470

6 Fixed asset investments

	Unlisted investments
	£
Cost	
At 1 April 2005 & at 31 March 2006	1,183
Net book value	
At 31 March 2006	1,183
At 31 March 2005	1,183

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

7 Debtors	2006	2005
	£	£
Trade debtors	30,061	35,645
Other debtors	4,593	6,493
	34,654	42,138

8 Creditors: amounts falling due within one year	2006	2005
	£	£
Trade creditors	12,627	4,823
Taxation and social security	669	-
Other creditors	2,314	2,037
	15,610	6,860

9 Creditors: amounts falling due after more than one year	2006	2005
	£	£
Other creditors	132,260	112,260
Analysis of loans		
Not wholly repayable within five years other than by instalments	132,260	112,260
Loan maturity analysis		
In more than five years	132,260	112,260

10 Pension costs

Defined benefit

The company's employees are eligible to join a Local Government pension scheme, which is a defined benefit statutory scheme. The most recent full actuarial valuation was on 31 March 2005 and was carried out by a qualified independent actuary. An updated valuation has been prepared at 31 March 2006 for the purposes of FRS17 disclosure. Contributions to the scheme are determined by the actuary on the basis of triennial valuations using the projected unit method. The agreed contribution rate for 2006-2007 is 17.4%.

The major assumptions used by the actuary were:

	2006 %	2005 %	2004 %
Rate of increase in salaries	4.60	4.40	4.40
Rate of increase in pensions payment	3.10	2.90	2.90
Discount rate	4.90	5.40	5.50
Inflation assumption	3.10	2.90	2.90

The long term expected rates of return are as follows:

	2006 %	2005 %	2004 %
Equities	7.40	7.70	7.70
Bonds	4.60	4.80	5.10
Property	5.50	5.70	6.50
Other assets	4.60	4.80	4.00

The assets in the scheme are as follows:

	2006 £	2005 £	2004 £
Equities	92,000	62,000	54,000
Bonds	17,000	13,000	12,000
Other assets	6,000	6,000	6,000
Total market value of assets	115,000	81,000	72,000
Present value of scheme liabilities	144,000	98,000	91,000
Deficit in scheme	(29,000)	(17,000)	(19,000)
Net pension liability	(29,000)	(17,000)	(19,000)

10 Pension costs **(continued)**

Analysis of the amount charged to operating profit:

	2006 £	2005 £
Current Service Cost	(3,000)	(4,000)
Total Operating Charge	(3,000)	(4,000)

Analysis of the amount credited to other finance income:

	2006 £	2005 £
Expected return on pension scheme assets	6,000	5,000
Interest on pension scheme liabilities	(5,000)	(5,000)
Net Return	1,000	-

Analysis of amount recognised in the statement of total recognised gains and losses:

	2006 £	2005 £
Actual return less expected return on pension scheme assets	20,000	3,000
Experience gains and losses arising on scheme liabilities	(15,000)	-
Changes in assumptions underlying the present value of the scheme liabilities	(18,000)	(1,000)
Actual gain recognised in the statement of total recognised gains and losses	(13,000)	2,000

Movement in deficit during the year:

	2006 £	2005 £
Deficit in scheme at 01 April 2005	(17,000)	(19,000)
Operating charge	(3,000)	(4,000)
Other finance income	1,000	-
Contributions made	3,000	4,000
Actuarial losses	(13,000)	2,000
Deficit in scheme at 31 March 2006	(29,000)	(17,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

10 Pension costs **(continued)**

History of experience gains and losses:

		2006 £	2005 £
Difference between the expected and actual return on scheme assets:			
	Amount	20,000	3,000
	Percentage of scheme assets	17.39%	3.70%
Experience gains and losses on scheme liabilities:			
	Amount	(15,000)	-
	Percentage of the present value of the scheme liabilities	10.42%	-
Total amount recognised in statement of recognised gains and losses:			
	Amount	(13,000)	2,000
	Percentage of the present value of scheme liabilities	9.03%	2.04%

11 Share capital	2006 £	2005 £
Authorised		
510,000 Ordinary shares of £1 each	510,000	510,000
Allotted, called up and fully paid		
510,000 Ordinary shares of £1 each	510,000	510,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

12 Statement of movements on profit and loss account

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2005 as previously reported	-	(415,927)
Prior year adjustment	-	(17,000)
Balance at 1 April 2005 as restated	-	(432,927)
Loss for the year	-	(16,524)
Actuarial gains or losses on pension scheme assets	-	(13,000)
Transfer between profit and loss account reserve and pension scheme reserve	(29,000)	29,000
Balance at 31 March 2006	(29,000)	(433,451)

Other reserves

Pension scheme reserve

Increase	(29,000)
Balance at 31 March 2006	(29,000)

13 Reconciliation of movements in shareholders' funds

	2006 £	2005 as restated £
Loss for the financial year	(16,524)	(46,507)
Other recognised gains and losses	(13,000)	2,000
Net depletion in shareholders' funds	(29,524)	(44,507)
Opening shareholders' funds	77,073	121,580
Closing shareholders' funds	47,549	77,073

Opening shareholders' funds were originally £94,073 before deducting prior year adjustments of £17,000.

14 Financial commitments

At 31 March 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2007:

	Land and buildings 2006 £	Land and buildings 2005 £
Operating leases which expire:		
Within one year	8,500	8,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

15 Control

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

16 Related party transactions

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

	2006	2005
	£	£
Expenditure		
Rent	10,360	8,500
Service charges	13,233	15,183
Insurance, Water, Gas	2,827	2,667
	26,420	26,350
Creditors		
Trade creditors and accruals	5,400	102
Long term loan	132,260	112,260
	137,660	112,362

Orkney Islands Council has confirmed that it will support and underwrite the company in the next twelve months.