Company Registration No SC81663 (Scotland)

WEYLAND FARMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007



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 2007

The directors present their report and financial statements for the year ended 31 March 2007

Principal activities
The principal activity of the company continued to be farming

Directors
The following directors have held office since 1 April 2006

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

Messrs Moar and Foubister 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 regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 that 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 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

WEYLAND FARMS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

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

18th September 2007

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 2007 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
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 whether in my opinion the information given in the directors' report is consistent with the financial statements

In addition I report to you if, in my opinion, 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 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

I have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard Provisions Available for Small Entities, in the circumstances set out in note 15 to 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 2007 and of its loss for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the directors' report is consistent with the financial statements

A J B Scholes

Chartered Accountant
Registered Auditor

18th September 2007

37 Albert Street
Kirkwall
Orkney
KW15 1HQ

WEYLAND FARMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover		121,009	157,314
Cost of sales		(41,921)	(68,312)
Gross profit		79,088	89,002
Administrative expenses		(108,062)	(107,891)
Other operating income		3,070	1,365
Operating loss	**2**	(25,904)	(17,524)
Loss on sale of tangible assets		(1,486)	
Loss on ordinary activities before interest		(27,390)	(17,524)
Other interest receivable and similar income	**3**	1,000	1,000
Loss on ordinary activities before taxation		(26,390)	(16,524)
Tax on loss on ordinary activities	**4**		
Loss for the year	**12**	(26,390)	(16,524)

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 2007

	Notes	2007 £	2006 £
Loss for the financial year		(26,390)	(16,524)
Actuarial gain/(loss) on pension scheme		8,000	(13,000)
Prior year adjustment	12		(17,000)
Total gains and losses recognised since last financial statements		(18,390)	(46,524)

WEYLAND FARMS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	5		24,391		30,588
Investments	6		1,183		1,183
			25,574		31,771
Current assets					
Stocks		145,540		124,895	
Debtors	7	12,086		34,654	
Cash at bank and in hand		16,317		33,099	
		173,943		192,648	
Creditors. amounts falling due within one year	8	(18,098)		(15,610)	
Net current assets			155,845		177,038
Total assets less current liabilities			181,419		208,809
Creditors: amounts falling due after more than one year	9		(132,260)		(132,260)
			49,159		76,549
Pension scheme liability			(20,000)		(29,000)
			29,159		47,549
Capital and reserves					
Called up share capital	11		510,000		510,000
Other reserves	12		(20,000)		(29,000)
Profit and loss account	12		(460,841)		(433,451)
Shareholders' funds	13		29,159		47,549

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 18th September 2007

J Foubister

J Foubister
Director

WEYLAND FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

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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 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)

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

1.4 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 5 Leasing
Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1 6 Investments
Fixed asset investments are stated at cost less provision for diminution in value

1 7 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 8 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

1 9 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 year

1 10 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

2	Operating loss	2007	2006
		£	£
	Operating loss is stated after charging		
	Depreciation of tangible assets	5,481	6,962
	Operating lease rentals		
	Plant and machinery	4,021	2,764
	Other assets	15,920	14,921
	Auditors' remuneration	1,750	1,250
	and after crediting		
	Government grants	2,970	250

3	Investment income	2007	2006
		£	£
	Other finance income	1,000	1,000

4	Taxation	2007	2006
	Current tax charge		
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(26,390)	(16,524)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19 00% (2006 19 00%)	(5,014)	(3,140)
	Effects of		
	Non deductible expenses		(190)
	Depreciation add back	1,041	1,323
	Capital allowances	(195)	(195)
	Tax losses utilised	3,870	3,492
	Herd basis adjustment	580	(1,242)
	Assets disposed	282	
	Grants not taxable	(564)	(48)
		5,014	3,140
	Current tax charge		

The company has estimated losses of £ 451,788 (2006 £ 431,418) 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 2007

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2006	34,174	47,062	81,236
Additions		820	820
Disposals		(3,750)	(3,750)
At 31 March 2007	34,174	44,132	78,306
Depreciation			
At 1 April 2006	29,280	21,368	50,648
On disposals		(2,214)	(2,214)
Charge for the year	489	4,992	5,481
At 31 March 2007	29,769	24,146	53,915
Net book value			
At 31 March 2007	4,405	19,986	24,391
At 31 March 2006	4,894	25,694	30,588

6 Fixed asset investments

	Unlisted investments
	£
Cost	
At 1 April 2006 & at 31 March 2007	1,183
Net book value	
At 31 March 2007	1,183
At 31 March 2006	1,183

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

7 Debtors	2007 £	2006 £
Trade debtors	8,975	30,061
Other debtors	3,111	4,593
	12,086	34,654

8 Creditors· amounts falling due within one year	2007 £	2006 £
Trade creditors	9,580	12,627
Taxation and social security	849	669
Other creditors	7,669	2,314
	18,098	15,610

9 Creditors amounts falling due after more than one year	2007 £	2006 £
Other creditors	132,260	132,260
Analysis of loans		
Not wholly repayable within five years other than by instalments	132,260	132,260
Loan maturity analysis		
In more than one year but not more than two years	132,260	132,260

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

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 2007 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 2007 2008 is 17 70%

The major assumptions used by the actuary were·

	2007 %	2006 %	2005 %
Rate of increase in salaries	4 70	4 60	4 40
Rate of increase in pensions payment	3 20	3 10	2 90
Discount rate	5 40	4 90	5 40
Inflation assumption	3 20	3 10	2 90

The long term expected rates of return are as follows

	2007 %	2006 %	2005 %
Equities	7 80	7 40	7 70
Bonds	4 90	4 60	4 80
Property	5 80	5 50	5 70
Other assets	4 90	4 60	4 80

The assets in the scheme are as follows.

	2007 £	2006 £	2005 £
Equities	96,000	92,000	62,000
Bonds	15,000	17,000	13,000
Other assets	8,000	6,000	6,000
Total market value of assets	119,000	115,000	81,000
Present value of scheme liabilities	139,000	144,000	98,000
Deficit in scheme	(20,000)	(29,000)	(17,000)
Net pension liability	(20,000)	(29,000)	(17,000)

10 Pension costs (continued)

Analysis of the amount charged to operating profit

	2007 £	2006 £
Current Service Cost	(4,000)	(3,000)
Past Service Cost	1,000	
Total Operating Charge	(3,000)	(3,000)

Analysis of the amount credited to other finance income

	2007 £	2006 £
Expected return on pension scheme assets	8,000	6,000
Interest on pension scheme liabilities	(7,000)	(5,000)
Net Return	1,000	1,000

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

	2007 £	2006 £
Actual return less expected return on pension scheme assets	(3,000)	20,000
Experience gains and losses arising on scheme liabilities	(1,000)	(15,000)
Changes in assumptions underlying the present value of the scheme liabilities	12,000	(18,000)
Actual gain recognised in the statement of total recognised gains and losses	8,000	(13,000)

Movement in deficit during the year.

	2007 £	2006 £
Deficit in scheme at 01 April 2006	(29,000)	(17,000)
Operating charge	(3,000)	(3,000)
Other finance income	1,000	1,000
Contributions made	3,000	3,000
Actuarial gains	8,000	(13,000)
Deficit in scheme at 31 March 2007	(20,000)	(29,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

10 Pension costs **(continued)**

History of experience gains and losses

		2007 £	2006 £	2005 £
Difference between the expected and actual return on scheme assets				
	Amount	(3,000)	20,000	3,000
	Percentage of scheme assets	2 52%	17 39%	3 70%
Experience gains and losses on scheme liabilities				
	Amount	(1,000)	(15,000)	
	Percentage of the present value of the scheme liabilities	0 72%	10 42%	
Total amount recognised in statement of recognised gains and losses				
	Amount	8,000	(13,000)	2,000
	Percentage of the present value of scheme liabilities	5 76%	9 03%	2 04%

11 Share capital

	2007 £	2006 £
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 2007

12 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2006	(29,000)	(433,451)
Loss for the year		(26,390)
Actuarial gains or losses on pension scheme assets		8,000
Transfer between profit and loss account reserve and pension scheme reserve	9,000	(9,000)
Balance at 31 March 2007	(20,000)	(460,841)

Other reserves

Pension scheme reserve	
Balance at 1 April 2006	(29,000)
Decrease	9,000
Balance at 31 March 2007	(20,000)

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(26,390)	(16,524)
Other recognised gains and losses	8,000	(13,000)
Net depletion in shareholders' funds	(18,390)	(29,524)
Opening shareholders' funds	47,549	77,073
Closing shareholders' funds	29,159	47,549

14 Financial commitments

At 31 March 2007 the company was committed to making the following payments under non cancellable operating leases in the year to 31 March 2008

	Land and buildings 2007 £	2006 £
Operating leases which expire		
Within one year	9,200	8,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

15 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

16 Control

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

17 Related party transactions

	2007	2006
	£	£
During the year, the company entered into the following transactions with its controlling party, Orkney Islands Council		
Expenditure		
Rent	10,128	10,360
Service charges	11,433	13,233
Insurance, Water, Gas	2,394	2,827
	23,955	26,420
Creditors		
Trade creditors and accruals	2,635	5,400
Long term loan	132,260	132,260
	134,895	137,660

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