Company Registration No SC81663 (Scotland)

WEYLAND FARMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

WEDNESDAY

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WEYLAND FARMS LIMITED

COMPANY INFORMATION

Directors	J Foubister	
	M J F Drever	
	E F Scott	(Appointed 18 September 2007)
	J Moar	
	R W Crichton	(Appointed 18 September 2007)
Secretary	G O Waterson	
Company number	SC81663	
Registered office	Council Offices Kirkwall Orkney KW15 1NY	
Auditors	A J B Scholes Limited 8 Albert Street Kirkwall Orkney KW15 1HP	
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 2008

The directors present their report and financial statements for the year ended 31 March 2008

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

Directors
The following directors have held office since 1 April 2007

J Foubister	
Mrs K A Sutherland	(Resigned 18 September 2007)
M J F Drever	
J M Hamilton	(Resigned 18 September 2007)
E F Scott	(Appointed 18 September 2007)
J Moar	
R W Crichton	(Appointed 18 September 2007)

Messrs Moar and Drever 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 the company's articles, a resolution proposing that A J B Scholes Limited be appointed as auditors of the company will be put at 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 2008

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
24 September 2008

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 2008 set out on pages 5 to 17 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 2008 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

Emphasis of matter

In forming my opinion, I have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of the company's loan funding In view of the significance of this uncertainty I consider that it should be drawn to your attention but my opinion is not qualified in this respect

A J B Scholes

Chartered Accountants
Registered Auditor

8 Albert Street
Kirkwall
Orkney
KW15 1HP

WEYLAND FARMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover		115,079	121,009
Cost of sales		(53,824)	(41,921)
Gross profit		61,255	79,088
Administrative expenses		(110,102)	(108,062)
Other operating income		6,743	3,070
Operating loss	2	(42,104)	(25,904)
Gain/ loss on sale of tangible assets		1,999	(1,486)
Loss on ordinary activities before interest		(40,105)	(27,390)
Other interest receivable and similar income	3	2,000	1,000
Loss on ordinary activities before taxation		(38,105)	(26,390)
Tax on loss on ordinary activities	4		
Loss for the year	12	(38,105)	(26,390)

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 2008

	Notes	2008 £	2007 £
Loss for the financial year		(38,105)	(26,390)
Actuarial gain on pension scheme	12	19,000	8,000
Total recognised gains and losses relating to the year		(19,105)	(18,390)

WEYLAND FARMS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	5		24,075		24,391
Investments	6		1,183		1,183
			25,258		25,574
Current assets					
Stocks		144,137		145,540	
Debtors	7	16,667		12,086	
Cash at bank and in hand		3,085		16,317	
		163,889		173,943	
Creditors: amounts falling due within one year	8	(27,833)		(18,098)	
Net current assets			136,056		155,845
Total assets less current liabilities			161,314		181,419
Creditors: amounts falling due after more than one year	9		(152,260)		(132,260)
			9,054		49,159
Retirement benefit asset			1,000		(20,000)
			10,054		29,159
Capital and reserves					
Called up share capital	11		510,000		510,000
Other reserves	12		1,000		(20,000)
Profit and loss account	12		(500,946)		(460,841)
Shareholders' funds	13		10,054		29,159

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 24 September 2008

J Foubister
Director

WEYLAND FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through loan funding from Orkney Islands Council The directors consider that the company will be able to continue to operate within the available funding for the foreseeable future However, the margin of facilities over requirements is not large and inherently there can be no certainty in relation to these matters On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include any adjustments for the effects of the withdrawal of loan funding

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 provision for the year

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies **(continued)**

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

2 Operating loss

	2008	2007
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	5,464	5,481
Operating lease rentals		
Plant and machinery	2,015	4,021
Other assets	18,973	15,920
Auditors' remuneration	1,725	1,750
and after crediting		
Government grants	2,030	2,970

3 Investment income

	2008	2007
	£	£
Other interest	2,000	1,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

4 Taxation	2008	2007
Current tax charge		
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(38,105)	(26,390)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20 00% (2007 19 00%)	(7,621)	(5,014)
Effects of		
Non deductible expenses	(200)	
Depreciation add back	1,093	1,041
Capital allowances	(205)	(195)
Tax losses utilised	7,839	3,870
Herd basis adjustment	(100)	580
Assets disposed	(400)	282
Grants not taxable	(406)	(564)
	7,621	5,014
Current tax charge		

The company has estimated losses of £ 490,985 (2007 £ 451,788) 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 2008

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2007	34,173	44,132	78,305
Additions		5,150	5,150
Disposals		(1)	(1)
At 31 March 2008	34,173	49,281	83,454
Depreciation			
At 1 April 2007	29,769	24,146	53,915
Charge for the year	441	5,023	5,464
At 31 March 2008	30,210	29,169	59,379
Net book value			
At 31 March 2008	3,963	20,112	24,075
At 31 March 2007	4,405	19,986	24,391

6 Fixed asset investments

	Unlisted investments
	£
Cost	
At 1 April 2007 & at 31 March 2008	1,183
Net book value	
At 31 March 2008	1,183
At 31 March 2007	1,183

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

7 Debtors	2008 £	2007 £
Trade debtors	12,760	8,975
Other debtors	3,907	3,111
	16,667	12,086

8 Creditors amounts falling due within one year	2008 £	2007 £
Trade creditors	7,083	9,580
Taxation and social security	763	849
Other creditors	19,987	7,669
	27,833	18,098

9 Creditors. amounts falling due after more than one year	2008 £	2007 £
Other creditors	152,260	132,260
Analysis of loans		
Not wholly repayable within five years other than by instalments	152,260	132,260
Loan maturity analysis		
In more than five years	152,260	132,260

10 Pension and other post retirement benefit commitments

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 2008 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 2008 2009 is 17 70%

The major assumptions used by the actuary were·

	2008 %	2007 %	2006 %
Rate of increase in salaries	5 10	4 70	4 60
Rate of increase in pensions payment	3 60	3 20	3 10
Discount rate	6 90	5 40	4 90
Inflation assumption	3 60	3 20	3 10

The long term expected rates of return are as follows.

	2008 %	2007 %	2006 %
Equities	7 70	7 80	7 40
Bonds	5 70	4 90	4 60
Property	5 70	5 80	5 50
Other assets	4 80	4 90	4 60

The assets in the scheme are as follows

	2008 £	2007 £	2006 £
Equities	89,000	96,000	92,000
Bonds	19,000	15,000	17,000
Other assets	9,000	8,000	6,000
Total market value of assets	117,000	119,000	115,000
Present value of scheme liabilities	116,000	139,000	144,000
Surplus in scheme	1,000	(20,000)	(29,000)
Net pension asset	1,000	(20,000)	(29,000)

10 **Pension costs** **(continued)**

Analysis of the amount charged to operating profit.

	2008 £	2007 £
Current Service Cost	(2,000)	(4,000)
Past Service Cost		1,000
Total Operating Charge	(2,000)	(3,000)

Analysis of the amount credited to other finance income.

	2008 £	2007 £
Expected return on pension scheme assets	9,000	8,000
Interest on pension scheme liabilities	(7,000)	(7,000)
Net Return	2,000	1,000

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

	2008 £	2007 £
Actual return less expected return on pension scheme assets	(8,000)	(3,000)
Experience gains and losses arising on scheme liabilities	(1,000)	(1,000)
Changes in assumptions underlying the present value of the scheme liabilities	28,000	12,000
Actual gain recognised in the statement of total recognised gains and losses	19,000	8,000

Movement in surplus during the year

	2008 £	2007 £
Deficit in scheme at 01 April 2007	(20,000)	(29,000)
Operating charge	(2,000)	(3,000)
Other finance income	2,000	1,000
Contributions made	2,000	3,000
Actuarial gains	19,000	8,000
Surplus in scheme at 31 March 2008	1,000	(20,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

10 Pension costs (continued)

History of experience gains and losses

	2008 £	2007 £	2006 £	2005 £
Difference between the expected and actual return on scheme assets				
Amount	(8,000)	(3,000)	20,000	3,000
Percentage of scheme assets	6 84%	2 52%	17 39%	3 70%
Experience gains and losses on scheme liabilities				
Amount	(1,000)	(1,000)	(15,000)	
Percentage of the present value of the scheme liabilities	0 86%	0 72%	10 42%	
Total amount recognised in statement of recognised gains and losses				
Amount	19,000	8,000	(13,000)	2,000
Percentage of the present value of scheme liabilities	16 38%	5 76%	9 03%	2 04%

11 Share capital

	2008 £	2007 £
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

12 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2007	(20,000)	(460,841)
Loss for the year		(38,105)
Actuarial gains or losses on pension scheme assets		19,000
Transfer between profit and loss account reserve and pension scheme reserve	21,000	(21,000)
Balance at 31 March 2008	1,000	(500,946)

Other reserves

Pension scheme reserve	
Balance at 1 April 2007	(20,000)
Increase	21,000
Balance at 31 March 2008	1,000

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Loss for the financial year	(38,105)	(26,390)
Other recognised gains and losses	19,000	8,000
Net depletion in shareholders' funds	(19,105)	(18,390)
Opening shareholders' funds	29,159	47,549
Closing shareholders' funds	10,054	29,159

14 Financial commitments

At 31 March 2008 the company was committed to making the following payments under non cancellable operating leases in the year to 31 March 2009

	Land and buildings 2008 £	2007 £
Operating leases which expire		
Within one year	9,200	9,200

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

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

	2008	2007
	£	£
Transactions with ultimate controlling party, Orkney Islands Council		
Expenditure		
Rent	11,015	10,128
Service charges	27,088	11,433
Insurance, Water, Gas	2,009	2,394
	40,112	23,955
Creditors		
Trade creditors and accruals	22,263	9,125
Long term loan	152,260	132,260
	174,523	141,385

18 Post balance sheet events

On 9 April 2008 the Board of Directors agreed to cease active farming operations at Weyland Farms The directors have implemented an exit strategy which includes the sale of all livestock during 2008, renunciation of the land lease and other measures