

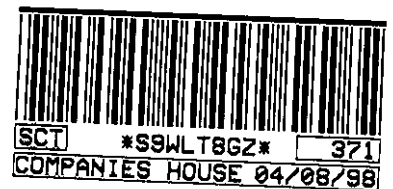
W, DC & F Thomson Limited

Directors' report and accounts

31 December 1997

Registered number 8621

3AM



W, DC & F Thomson Limited

Directors' report

To the Eighty Fifth Annual General Meeting of the Company to be held on 18 June 1998 at 11.30 am.

The directors submit herewith the accounts of the company for the year ended 31 December 1997.

Activities

The company carried on business as an Investment Trust during the year to 31 December 1997 and is a close company.

Financial

	£
Profit available for distribution	166,028
Proposed dividend of £10.50 per share for the year ended 31 December 1997	119,700
Profit for year retained	46,328
Balance brought forward from 31 December 1996	273,330
Amount carried forward at 31 December 1997	319,658

Directors

The directors of the company at the date of this report and throughout the year are shown in note 3 to the accounts.

In terms of the Articles of Association Messrs BH and DB Thomson retire by rotation and being eligible offer themselves for re-election.

Mr CHW Thomson was appointed a director on 19 June 1997. In terms of the Articles of Association he retires at the Annual General Meeting and being eligible offers himself for re-election.

Auditors

Since the last Annual General Meeting, KPMG have resigned as auditors and Henderson Loggie were appointed to fill the casual vacancy. In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of Henderson Loggie as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


R Holland
Secretary

Dundee
8 May 1998

W, DC & F Thomson Limited

Directors' responsibilities for the preparation of financial statements

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 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; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

W, DC & F Thomson Limited

Report of the auditors to the members of W, DC & F Thomson Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of the directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our 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.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Henderson Loggie

Henderson Loggie
Chartered Accountants
Registered Auditors

Royal Exchange
Dundee
DD1 1DZ
8 May 1998

W, DC & F Thomson Limited

Profit and loss account

for the year ended 31 December 1997

	Note	1997 £	1996 £
Dividends - UK		227,431	231,491
Interest received		12,731	9,985
		<u>240,162</u>	<u>241,476</u>
Gain on sale of investments		12,792	8,389
		<u>252,954</u>	<u>249,865</u>
Administration expenses	2	33,294	32,261
Profit before taxation		<u>219,660</u>	<u>217,604</u>
Taxation	4	42,340	44,761
Profit after taxation		<u>177,320</u>	<u>172,843</u>
Transfer to capital reserve		11,292	7,817
Profit available for distribution		<u>166,028</u>	<u>165,026</u>
Dividends			
Ordinary shares			
Proposed dividend of £10.50 (1996 - £9.00) per share		119,700	102,600
Profit for year retained		<u>46,328</u>	<u>62,426</u>
Earnings per share	5	14.56	14.48

A statement of reserves is given in note 9.

There are no other recognised gains and losses for the year other than the profit of £177,320 (1996 - £172,843). Profit for year retained of £46,328 (1996 - £62,426) represents the only movement on shareholder funds.

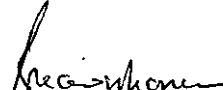
W, DC & F Thomson Limited

Balance sheet

at 31 December 1997

	Note	£	1997 £	£	1996 £
Fixed assets					
Investments	6		1,222,058		1,161,754
Current assets					
Sundry debtors		4,217		5,493	
Cash at bank and short term deposits		186,330		170,614	
		<u>190,547</u>		<u>176,107</u>	
Creditors : Amounts falling due within one year	7	120,934		103,810	
Net current assets			<u>69,613</u>		<u>72,297</u>
Total assets less current liabilities			<u><u>1,291,671</u></u>		<u><u>1,234,051</u></u>
Capital and reserves					
Called up share capital	8		11,400		11,400
Capital reserve	9		960,613		949,321
Profit and loss account	9		319,658		273,330
			<u><u>1,291,671</u></u>		<u><u>1,234,051</u></u>

These financial statements were approved by the board of directors on 8 May 1998 and were signed on its behalf by:


BH Thomson
 Director


DB Thomson
 Director

W, DC & F Thomson Limited

Cash flow statement for the year ended 31 December 1997

	Note	£	1997 £	1996 £
Net cash inflow from operating activities	10		165,828	157,648
Financial investment				
Purchase of investments		(82,625)		(38,441)
Sale of investments		35,113		17,551
			(47,512)	(20,890)
Equity dividends paid			(102,600)	(91,200)
Increase in cash	11		<u>15,716</u>	<u>45,558</u>

W, DC & F Thomson Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with appropriate accounting standards.

Investment income

Franked investment income is stated on the basis of cash receipts in the year with the addition of related tax credits. Unfranked investment income is stated on the basis of gross receipts in the year before deduction of income tax.

Management expenses

Management expenses are stated on the basis of amounts applicable to the financial year.

Foreign currencies

Foreign assets are valued using the middle rates of exchange ruling at the year end. Foreign income is converted at the rate of exchange applicable on receipt.

2 Administration expenses

These include audit fees of £1,225 (1996 - £1,200) and non-audit fees of £787 (1996 - £699).

The directors received no remuneration or fees for their services during the year to 31 December 1997 (1996 - £nil).

3 Directors

The directors of the company throughout the year ended 31 December 1997 are shown below.

The respective interests of the directors, including shares held as trustees without beneficial interest, in the shares of the company are set out below:-

	31 December 1997	1 January 1997
Interest in £1 Ordinary shares including shares held as trustees without beneficial interest		
B H Thomson	60	100
D B Thomson	3,920	3,920
A G Thomson	20	20
L M Thomson	20	20
A F Thomson	60	60
CHW Thomson	40	-
In addition as joint trustees without beneficial interest		
B H Thomson)		
D B Thomson)	120	120
CHW Thomson)		
B H Thomson)		
D B Thomson)	620	540
A F Thomson)		
A G Thomson)		
L M Thomson)	620	620

W, DC & F Thomson Limited

Notes (continued)

4 Taxation

	1997	1996
	£	£
Imputation tax on franked income	<u>42,340</u>	<u>44,761</u>

No provision has been made for advance corporation tax on the proposed final dividend, as in the opinion of the directors, such taxation will be fully relieved.

5 Earnings per share

The earnings per share are based on profit available to shareholders of £166,028 (1996 - £165,026) divided by the 11,400 shares in issue at the year end.

6 Investments

	Listed in UK £
<i>At cost</i>	
At 31 December 1996	1,161,754
Add - Purchases	82,625
	1,244,379
Less - Sales	22,321
At 31 December 1997	<u>1,222,058</u>
<i>The market value of the investments</i>	
At 31 December 1997	<u>6,885,319</u>
At 31 December 1996	<u>5,588,840</u>

The estimated liability to taxation on chargeable gains which would have arisen had the investments been realised on 31 December 1997 at the value stated amounts approximately to £1,450,000 (1996 - £1,140,000).

W, DC & F Thomson Limited

Notes (*continued*)

7 Creditors

	1997	1996
	£	£
Amounts falling due within one year:		
Proposed final dividend	119,700	102,600
Other creditors	1,234	1,210
	<u>120,934</u>	<u>103,810</u>

8 Share capital

Authorised

12,600 shares of £1 each	<u>12,600</u>	<u>12,600</u>
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Allotted, called up and fully paid

11,400 (1996 - 11,400) shares of £1 each	<u>11,400</u>	<u>11,400</u>
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9 Reserves

Capital Reserve

At 31 December 1996	949,321
Transfer from profit and loss account	11,292

At 31 December 1997	<u>960,613</u>
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Profit and loss account

At 31 December 1996	273,330 -
Profit for year retained	46,328

At 31 December 1997	<u>319,658</u>
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The distributable reserves of the company are £319,658 (1996 - £273,330).

W, DC & F Thomson Limited

Notes (continued)

10 Reconciliation of profit to net cash inflow from operating activities

	1997	1996
	£	£
Profit before taxation	219,660	217,604
Gain on sale of investments	(12,792)	(8,389)
Decrease/(increase) in other debtors	1,276	(5,493)
Increase/(decrease) in other creditors	24	(1,313)
Tax on franked investment income included within income from UK companies	(42,340)	(44,761)
Net cash inflow from operating activities	165,828	157,648

11 Reconciliation of net cash flow to movement in net funds

Balance at 1 January 1997	170,614	125,056
Net cash inflow	15,716	45,558
Balance at 31 December 1997	186,330	170,614

12 Related party transactions

Two of the directors of W, DC & F Thomson Limited are partners of William Thomson & Sons which manages the investment portfolio for the company. The fee charged in the year by William Thomson & Sons was £31,033 (1996 - £30,550).