

W, DC & F Thomson Limited

**Directors' report and accounts
for the year ended 31 December 1998**

Registered number 8621

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W, DC & F Thomson Limited

Directors' Report

To the Eighty Sixth Annual General Meeting of the Company to be held on 17 June 1999 at 12 noon.

The directors submit herewith the accounts of the company for the year ended 31 December 1998.

Activities

The company carried on business as an Investment Trust during the year to 31 December 1998 and is a close company.

Financial

	£
Profit available for distribution	183,929
Proposed dividend of £11.25 per share for the year ended 31 December 1998	128,250
Profit for year retained	55,679
Balance brought forward from 31 December 1997	319,658
Amount carried forward at 31 December 1998	375,337

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 LM Thomson and AF Thomson retire by rotation and being eligible offer themselves for re-election.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-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 M Holland

R Holland
Secretary
Dundee

15 April 1999

W, DC & F Thomson Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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 accounts 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

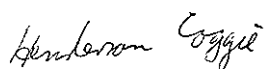
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

15 April 1999

W, DC & F Thomson Limited

Profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
Dividends - UK		205,393	227,431
Interest received		24,090	12,731
		<u>229,483</u>	<u>240,162</u>
Gain on sale of investments		127,064	12,792
		<u>356,547</u>	<u>252,954</u>
Administrative expenses	3	35,538	33,294
Profit before taxation		321,009	219,660
Taxation	5	37,166	42,340
Profit after taxation		283,843	177,320
Transfer to capital reserve		99,914	11,292
Profit available for distribution		183,929	166,028
Dividends			
Ordinary shares			
Proposed dividend of £11.25 (1997 - £10.50) per share		128,250	119,700
Profit for year retained		55,679	46,328
Earnings per share	6	16.13	14.56

A statement of reserves is given in note 10.

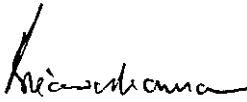
There are no other recognised gains and losses for the year other than the profit of £283,843 (1997 - £177,320). Profit for year retained of £55,679 (1997 - £46,328) represents the only movement on shareholder funds.

W, DC & F Thomson Limited

Balance sheet at 31 December 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Investments	7		1,374,144		1,222,058
Current assets					
Sundry debtors		-		4,217	
Cash at bank and short term deposits		211,025		186,330	
		<u>211,025</u>		<u>190,547</u>	
Creditors : Amounts falling due within one year	8	137,905		120,934	
Net current assets			<u>73,120</u>		<u>69,613</u>
Total assets less current liabilities			<u><u>1,447,264</u></u>		<u><u>1,291,671</u></u>
Capital and reserves					
Called up share capital	9		11,400		11,400
Capital reserve	10		1,060,527		960,613
Profit and loss account	10		375,337		319,658
Shareholders' funds			<u><u>1,447,264</u></u>		<u><u>1,291,671</u></u>

These accounts were approved by the board of directors on 15 April 1999 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 1998

	Note	£	1998 £	1997 £
Net cash inflow from operating activities	11		169,417	165,828
Financial investment				
Purchase of investments		(229,321)		(82,625)
Sale of investments		204,299		35,113
			(25,022)	(47,512)
Equity dividends paid			(119,700)	(102,600)
Increase in cash	12		24,695	15,716

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 Gain on sale of investments

The sale of investments in the year to 31 December 1998, has led to a chargeable gain of £87,581, with an associated tax charge of £27,150. This tax charge is partly offset by management expenses to give the corporation tax charge per note 5 to the accounts.

3 Administrative expenses

These include audit fees of £1,225 (1997 - £1,225) and non-audit fees of £1,116 (1997 - £787).

The directors received no remuneration or fees for their services during either this, or the previous, financial year.

W, DC & F Thomson Limited

Notes to the Accounts (continued)

4 Directors

The directors of the company throughout the year ended 31 December 1998 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 1998	1 January 1998
Interest in £1 Ordinary shares including shares held as trustees without beneficial interest		
B H Thomson	60	60
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	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	620
A F Thomson)		
 A G Thomson)		
L M Thomson)	620	620

5 Taxation

	1998 £	1997 £
Imputation tax on franked income	31,342	42,340
Corporation tax	5,824	-
	<u>37,166</u>	<u>42,340</u>

6 Earnings per share

The earnings per share are based on profit available to shareholders of £183,929 (1997 - £166,028) divided by the 11,400 shares in issue at the year end.

W, DC & F Thomson Limited

Notes to the Accounts (continued)

7 Investments

	Listed in UK £
<i>At cost</i>	
At 31 December 1997	1,222,058
Add - Purchases	229,321
	1,451,379
Less - Sales	(77,235)
At 31 December 1998	<u>1,374,144</u>
	<u>=====</u>
 The market value of the investments	
At 31 December 1998	<u>7,887,530</u>
	<u>=====</u>
At 31 December 1997	<u>6,885,319</u>
	<u>=====</u>

The estimated liability to taxation on chargeable gains which would have arisen had the investments been realised on 31 December 1998 at the value stated amounts approximately to £1,710,000 (1997 - £1,450,000).

8 Creditors

	1998 £	1997 £
Amounts falling due within one year:		
Proposed final dividend	128,250	119,700
Corporation tax	5,824	-
Other creditors	3,831	1,234
	<u>137,905</u>	<u>120,934</u>
	<u>=====</u>	<u>=====</u>

9 Share capital

Authorised		
12,600 shares of £1 each	<u>12,600</u>	<u>12,600</u>
	<u>=====</u>	<u>=====</u>
 Allotted, called up and fully paid		
11,400 shares of £1 each	<u>11,400</u>	<u>11,400</u>
	<u>=====</u>	<u>=====</u>

W, DC & F Thomson Limited

Notes to the Accounts (continued)

10 Reserves

	£
Capital Reserve	
At 31 December 1997	960,613
Transfer from profit and loss account	99,914
At 31 December 1998	<u>1,060,527</u>
Profit and loss account	
At 31 December 1997	319,658
Profit for year retained	55,679
At 31 December 1998	<u>375,337</u>

The distributable reserves of the company are £375,337 (1997 - £319,658).

11 Reconciliation of profit to net cash inflow from operating activities

	1998 £	1997 £
Profit before taxation	321,009	219,660
Gain on sale of investments	(127,064)	(12,792)
Decrease in other debtors	4,217	1,276
Increase in other creditors	2,597	24
Tax on franked investment income included within income from UK companies	(31,342)	(42,340)
Net cash inflow from operating activities	<u>169,417</u>	<u>165,828</u>

12 Reconciliation of net cash flow to movement in net funds

Balance at 1 January 1997	186,330	170,614
Net cash inflow	24,695	15,716
Balance at 31 December 1998	<u>211,025</u>	<u>186,330</u>

13 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 £31,964 (1997 - £31,033). At the balance sheet date, £2,606 was due to William Thomson & Sons (1997 - £4,217 debtor).