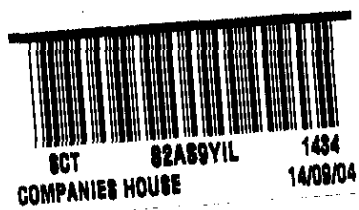


W, DC & F Thomson Limited

Directors' report and accounts
for the year ended 31 December 2003

Registered number 8621



W, DC & F Thomson Limited

Directors' report

To the Ninety First Annual General Meeting of the Company to be held
on 17 June 2004 at 12.15 pm.

The directors submit herewith the accounts of the company for the year ended 31 December 2003.

Activities

The company carried on business as an Investment Trust during the year to 31 December 2003 and is a close company.

Financial

	£
Profit available for distribution	198,636
Proposed dividend of £14.30 per share for the year ended 31 December 2003	163,020
Profit for year retained	35,616
Balance brought forward from 31 December 2002	534,612
Amount carried forward at 31 December 2003	570,228

Directors

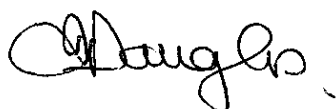
The directors of the company at the date of this report and throughout the year are shown in note 4 to the accounts.

In terms of the Articles of Association Messrs CHW and LM 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



I Douglas
Secretary
Dundee

19 May 2004

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

Independent auditors' report to the shareholders of W, DC & F Thomson Limited

We have audited the accounts of W, DC & F Thomson Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes on pages 8 to 11. These accounts have been prepared under the historical cost convention and 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. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

W, DC & F Thomson Limited

Independent auditors' report to the shareholders of W, DC & F Thomson Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2003 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
Dundee

19 May 2004

W, DC & F Thomson Limited

Profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
Dividends - UK		206,975	204,423
Interest received		21,566	20,358
		<u>228,541</u>	<u>224,781</u>
Gain on sale of investments	2	71,784	436
		<u>300,325</u>	<u>225,217</u>
Administrative expenses	3	40,010	38,445
Profit before taxation		<u>260,315</u>	<u>186,772</u>
Taxation	5	-	-
Profit after taxation		<u>260,315</u>	<u>186,772</u>
Transfer to capital reserve		61,679	436
Profit available for distribution		<u>198,636</u>	<u>186,336</u>
Dividends			
Ordinary shares			
Proposed dividend of £14.30 (2002 - £13.70) per share		163,020	156,180
Profit for year retained		<u>35,616</u>	<u>30,156</u>
Earnings per share	6	17.42	16.35

A statement of reserves is given in note 10.

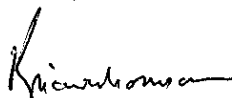
There are no recognised gains and losses for the year other than the profit of £260,315 (2002 - £186,772). Profit for year retained of £35,616 (2002 - £30,156) and transfer to capital reserves of £61,679 (2002 - £436) represent the only movement on shareholder funds.

W, DC & F Thomson Limited

Balance sheet at 31 December 2003

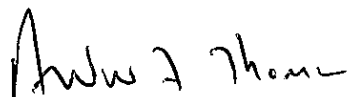
	Notes	£	2003 £	£	2002 £
Fixed assets					
Investments	7		1,322,734		1,390,262
Current assets					
Cash at bank and short term deposits		718,290		545,957	
Creditors : Amounts falling due within one year	8	172,477		164,967	
Net current assets			545,813		380,990
Total assets less current liabilities			1,868,547		1,771,252
Capital and reserves					
Called up share capital	9		11,400		11,400
Capital reserve	10		1,286,919		1,225,240
Profit and loss account	10		570,228		534,612
Shareholders' funds			1,868,547		1,771,252

These accounts were approved by the board of directors on 19 May 2004 and were signed on its behalf by:



BH Thomson

Director



AF Thomson

Director

W, DC & F Thomson Limited

Cash flow statement for the year ended 31 December 2003

	Notes	£	2003 £	2002 £
Net cash inflow from operating activities	11		189,201	188,192
Taxation			-	-
Financial investment				
Purchase of investments		(143,581)		(21,520)
Sale of investments		282,893		73,221
			139,312	51,701
Dividends paid			(156,180)	(149,340)
Increase in cash	12		172,333	90,553

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. 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 2003 has led to a capital gain of £33,684 with an associated tax charge of £10,105.

3 Administrative expenses

These include audit fees of £1,450 (2002 - £1,400) and non-audit fees of £881 (2002 - £764).

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 2003 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 2003	31 December 2002
Interest in £1 Ordinary shares including shares held as trustees without beneficial interest		
B H Thomson	60	60
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)		
CHW Thomson)	120	120
 B H Thomson)		
A F Thomson)	620	620
L M Thomson)		
 A G Thomson)		
L M Thomson)	620	620

5 Taxation

	2003 £	2002 £
Corporation tax		
Current year	-	-
Prior year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
 Profit per accounts	260,315	186,772
 Tax @ 30%	78,095	56,032
 Being effects of:		
Franked investment income	(62,093)	(61,327)
Capital gain not taxable	(11,430)	(131)
Losses forward	52	5,426
Losses utilised in year	(4,624)	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

W, DC & F Thomson Limited

Notes to the accounts (continued)

6 Earnings per share

The earnings per share are based on profit available to shareholders of £198,636 (2002 - £186,336) divided by the 11,400 shares in issue at the year end.

7 Investments

	Listed in UK £
<i>At cost</i>	
At 31 December 2002	1,390,262
Add - Purchases	143,581
	<u>1,533,843</u>
Less - Sales	211,109
	<u>1,322,734</u>

The market value of the investments

At 31 December 2003	<u>6,098,188</u>
At 31 December 2002	<u>5,541,348</u>

If the company investments were sold at their market value there would be a liability of approximately £1,100,000 (2002 - £900,000) to corporation tax on the gains which arise.

8 Creditors

	2003 £	2002 £
<i>Amounts falling due within one year:</i>		
Proposed final dividend	163,020	156,180
Other creditors	9,457	8,787
	<u>172,477</u>	<u>164,967</u>

9 Share capital

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

W, DC & F Thomson Limited

Notes to the accounts (continued)

10 Reserves

	£
Capital Reserve	
At 31 December 2002	1,225,240
Transfer from profit and loss account	61,679
At 31 December 2003	1,286,919
Profit and loss account	
At 31 December 2002	534,612
Profit for year retained	35,616
At 31 December 2003	570,228

The distributable reserves of the company are £570,228 (2002 - £534,612).

11 Reconciliation of profit to net cash inflow from operating activities

	2003 £	2002 £
Profit before taxation	260,315	186,772
Gain on sale of investments	(71,784)	(436)
Increase in other creditors	670	1,856
Net cash inflow from operating activities	189,201	188,192

12 Reconciliation of net cash flow to movement in net funds

Balance at 1 January 2003	545,957	455,404
Net cash inflow	172,333	90,553
Balance at 31 December 2003	718,290	545,957

13 Related party transactions

William Thomson & Sons which manages the investment portfolio for the company charged a fee of £37,355 (2002 - £35,976) in the year. At the balance sheet date, £7,980 was due to William Thomson & Sons (2002 - £6,601). Throughout the year the partners of William Thomson & Sons were directors of the company.