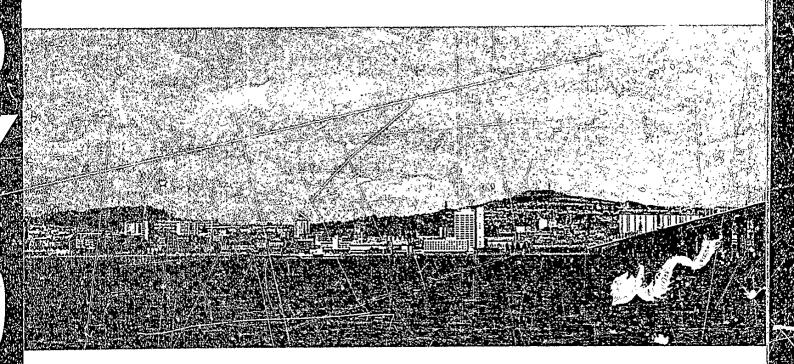
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T h e A L L I A N C E T r u s t P L C



1990 REPORT AND ACCOUNTS

Marie Marie



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REGISTERED OFFICE

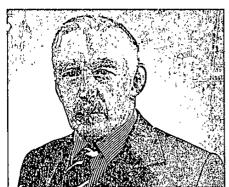
Meadow House, 64 Reform Street, Dundee DDI 1TJ. Telephone 0382 201700

REGISTRARS

The Royal Bank of Scotland plc, Registrar's Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR. Telephone 031-442 4111



DIRECTORS



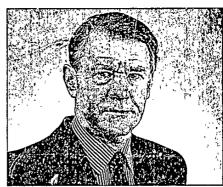
SIR ROBERT SMITH, CBE, MA, LLD, CA, Chairman (62). A director of several companies including the Bank of Scotland, Edinburgh Investment Trust, Sidlaw Group and the Standard Life Assurance Company.



LYNDON BOLTON, Managing Director (53).
A director of the TSB Group and General Accident.



GAVIN R SUGGETT, MA, MSc, FCA (45). Managing Director of Alliance Trust (Finance) Limited.



CHRISTOPHER BLAKE, MA, PhD, FRSE (63). Chairman of William Low & Co and Glenrothes Development Corporation.°*



SIR DOUGLAS HARDIE, CBE (66).
Deputy Chairman of the Scottish Development Agency, Chairman of Grampian Television and a director of other companies including the Clydesdale Bank.*



ANDREW F THOMSON, (47).
A director of D C Thomson & Co Ltd and a number of other companies.

- Non-Executive
- * Member of Audit Committee



PROFILE

The Company

The Alliance Trust was founded in 1888 and, in common with other investment trust companies, has funds in the form of capital and borrowings which it invests with a view to increasing value for its stockholders. Its origins can be traced buck to the 1870's when a group of Dundee businessmen formed a company to finance land mortgages in the USA, and since then it has grown into one of the largest investment trusts in the UK, with assets of £693m. The operations are still conducted from Dundee. A history of the Alliance Trust may be obtained from the Secretary.

Management

The Company's growth has been achieved by the successful management of stockholders' funds and the retention of capital gains and not by acquisition and merger. The company is most unusual in being an independent investment trust, conducting its own affairs and not engaging the services of a separate management company. The task of the management team is to seek out investment opportunities and administer and implement the policies of the Board. The directors normally meet weekly with the managers to form and monitor those policies.

Objectives

Investment policy is aimed at producing a steady growth of both income and capital.

Portfolio

The bulk of the portfolio is invested on a longterm basis in top quality commercial, financial and industrial concerns spread throughout the major economies of Europe, North America and the Far East. In the main these investments are marketable and changes in investment policy are achieved by moderate movements of funds from one investment to another.

Mineral Rights

The company owns numerous individual oil and gas properties in the USA which, although shown at nominal value in the Balance Sheet, are income producing.

Stockholders

A significant part of the Company's stock is held directly for the benefit of individuals; and the number of registered ordinary stockholders (15,773 at 31.1.90) does not reflect the large number of individuals who hold their stock through nominees, for example in the Alliance PEP and Savings Scheme. Many stockholders acquire their stock through inheritance or by gift and, reflecting the origins and location of the Company, the stockholder profile has a strong Scottish bias.

ATTRACTIONS TO THE PRIVATE STOCKHOLDER

Investment

The Alliance provides a good vehicle for obtaining the necessary investment diversification to reduce overall risk, as well as providing stockholders with all the advantages of professional management. Virtually all income is distributed as dividends and it is usually possible to buy stock at a discount to the value of the underlying assets.

Taxation

The Company pays no tax on capital gains, allowing a tax free capital fund to be built up and the management to follow investment policies free from the distortions of capital taxation. On the income side the Company is able to offset both expenses and interest against investment income for taxation purposes.

Cost

The Company structure provides efficient cost management with management charges amounting to less than 0.2% of total assets. Low transaction costs, freedom from capital gains tax, the ability to borrow and the company structure all enhance the ability of the managers to execute a flexible investment policy.

STOCK PURCHASE SCHEMES

A subsidiary company, Alliance Trust Savings Limited, a member of FIMBRA, manages and administers the Alliance PEP and Dividend and Savings Investment Scheme. Both schemes work on an execution only basis and no financial or investment advice is given. Details may be obtained from the Secretary.

Dividend and Savings Investment Scheme

This enables investors to buy stock using dividends paid by the Company or cash payments made into the scheme on an occasional or regular basis. Many stockholders find it a useful means of gifting the Company's stock to grandchildren.

Personal Equity Plan

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Introduced in 1987, the Alliance PEP allows stockholders to hold a portfolio of equities free of UK income and capital gains tax.

Investors may purchase Alliance Stock up to the current relevant limit, with the balance in a selection of other equities of their choice.

The PEP is highly flexible, offering a choice of over 150 shares, lump sum or regular subscription, several income options and the facility to hold cash on deposit within the PEP. Also particularly relevant is the low cost structure with no initial or annual charges, which makes the PEP a viable investment even for standard rate tax payers with no CGT liabilities.

CHAIRMAN'S STATEMENT

EARNINGS

Dividends received during our year to 31st January 1990 still reflected a prolonged period of strong company profit growth in all major economies, brought about by exceptionally high levels of consumer demand and productivity improvement. Our earnings have consequently again benefited and show an increase of 14% over the previous year despite a movement in the portfolio towards lower yielding equities in Europe and the Far East and smaller interest-bearing cash balances. In the second half of our year that rate of increase had slowed to a more normal pace, in line with economic growth, and we must expect this trend to continue for the foreseeable future.

DIVIDEND

It is recommended that the final dividend be increased from 22.25p to 25.0p to give a total for the year of 35.0p, an increase of 12.9% over last year.

CAPITAL

Our net asset value has risen over the twelve months by 17% compared with a 10½% increase in the FTA Ali-Share Index.

Over half of this favourable comparison can be attributed to the excellent performance of many of our individual stockholdings but there has been, also, a significant gain from the geographical distribution of the portfolio across world markets.

There was a further shift in the portfolio, mainly away from Japan and the US into the smaller markets of the Far East and to Europe, where our early move into Germany proved of particular benefit. It is worth commenting that our German portfolio, after substantial appreciation, stood by 31st January 1990 at £59m, a material figure in its own right.

OUTLOOK

Over the last ten years we in we been able to increase our dividend declarations by an average of 13% p.a. and our net asset value by 17% p.a., against an average rate of inflation in the UK of 7% p.a.

We look back on 1989 as a year remarkable for its political developments and the last in a remarkable economic decade which saw a period of virtually uninterrupted growth in almost all the developed economies, flowing through to company earnings, dividends and share prices, to the considerable benefit of investors.

It has come as no surprise that such a rate of growth could not be sustained indefinitely and interest rates intended to curb the rising trend of inflation are now having a painful but salutary effect. The increase in consumer, corporate and national debt had reached damaging proportions in many areas and their reduction will entail a return to lower levels of economic activity if not, in some cases, actual recession.

Political ideology had isolated the Eastern bloc from any real economic progress and we must expect the very recent upheavals, first in Eastern Europe and now within the USSR itself, to present a fundamentally different and profoundly influential background to both political and economic affairs. Even if one dares to hope that the frighteningly complex political changes can be managed in an orderly way the economic problems are no less daunting. The trading and financial assistance required from the 'western' nations may well divert growth away from some of the geographical and product areas, where it has been profitably concentrated in recent years, into more basic activities whose profitability will be, to say the least, uncertain.

It will be a stern test of the willingness of the strong and affluent to provide relevant help to support the fragile economies now so publicly exposed, both internally and externally, behind the crumbling political walls, and most of the mechanisms and relationships which had been taken for granted as stable and pennanent, even if feared or detested, are now suddenly vulnerable and unpredictable.

Caution in the face of uncertainty, not pessimism, would be an appropriate stance, for the new opportunities that will unfold are immense, and we are confident that our portfolio is well diversified geographically and concentrated in companies able to adapt to changing circumstances. We are effectively fully invested, though with minimal borrowing.

The rate of corporate profit growth is slowing but only to levels which are more normal by historical standards and are more sustainable in the long term. Without a commitment to specialisation we have a freedom of manoeuvre to achieve satisfactory results for stockholders in the years ahead, and at a cost which bears favourable comparison with any.

PEP

This year has seen a further welcome improvement in the perception of the advantages to the private investor of investment trusts as a means of managing their money. This has been reflected in buoyant demand for investment trust shares, much of it through Savings Schemes and PEPs.

I make no apology for referring again to the Alliance Personal Equity Plan covered in more detail elsewhere in this Report. It is quite evident that the advantages of holding savings in a PEP are now becoming much more widely perceived, and acted upon, as we see from the demand for our own scheme. All stockholders benefit, whether participants or not, for the costs we incur are more than covered by revenue and the initially small but growing regular demand for the Trust's stock has contributed to a welcome tightening of the market discount.

MANAGEMENT

As Chairman I am increasingly aware how many stockholders, only partly through the PEP and Savings Schemes, have contact with members of the management team and have, as a resuit, understood the undivided concentration of our management and staff on the interests of their stockholders. My appreciation for their constancy to that principle is no trite compliment.

12th March 1990

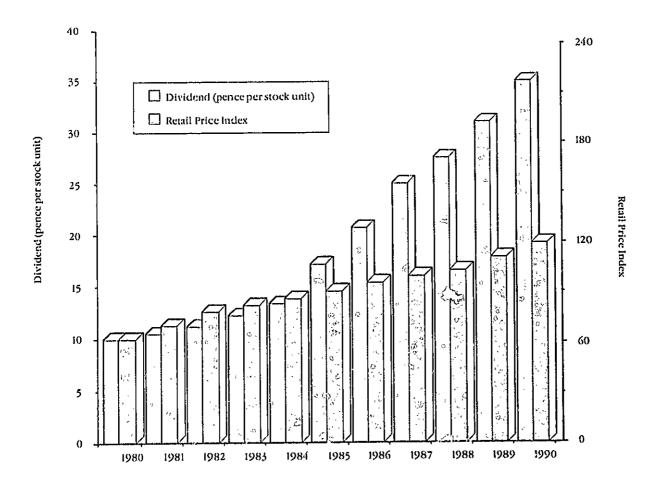
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FINANCIAL HIGHLIGHTS

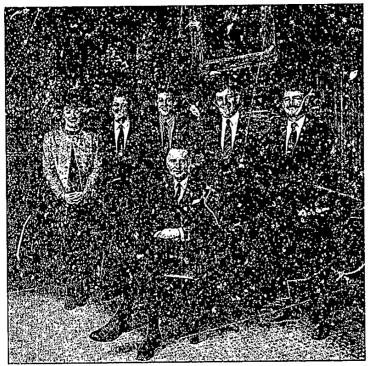
for the year to 31st January 1990

	1990	1989
Income		
Gross Revenue	£26.7m	£23.7m
Earnings per ordinary stock unit	35.74p	31.27p
Dividend per ordinary stock unit	35.00p	31 00p
Capital		
Total assets less current liabilities	£693.5m	£593.3m
Net asset value per ordinary stock unit	£13.68	£11.70
Distribution		
Proportion of total assets overseas	49.7%	45.6%

DIVIDEND RECORD



MANAGEMENT REVIEW



L-R Shona Dobbie (Economist), Alan Young (Manager), Matthew Strachan (Assistant Pontfolio Manager), Grant Lindsay (Manager), Ronald Hadden (Manager) Seated Lyndon Bolton (Managing Director)

SUMMARY

Investment Changes £000

	UK	North America	Japan	Europe	Other	Total
Valuation at 31/1/89	314,943	188,094	36,870	17,262	19,557	576,726
Purchases	28,845	15,332	11,420	47,944	9,517	113,058
Sales	(31,963)	(37,758)	(19,334)	(6,289)	(6,606)	(101,950)
Appreciation	39,434	38,480	5,421	15,374	1,325	100,034
Valuation at 31/1/90	351,259	204,148	34,377	74,291	23,793	687,868

UNITED KINGDOM

Over the period of our financial year, the UK equity market rose by 10.6% as measured by the FTA Index. This reflects quite fairly the profits and dividend background which unfolded as the year progressed and company profits rose by 10.8% and dividends showed an increase of 14.9%.

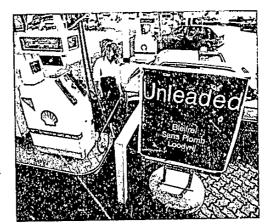
The year saw a pull between two sets of influences on the market. The high level of institutional cash had caused a sharp surge in January 1989, just before our year began, but that optimism gradually faded as it became progressively apparent just how much the economy had been overstimulated following the 1987 crash. The two rises in base rates in May

and in October, each of one point, then not only convinced investors that the Government was determined to correct earlier excesses but also provided a very attractive short term return on their cash. A brief period of optimism in the summer was quickly dashed by the July trade figures and the resulting slide in share values, accompanied by sterling weakness, culminated in Mr Lawson's resignation as Chancellor. That event marked the bottom of the market for the year at a level a little lower than that when it began. Thereafter, events in Eastern Europe, the first signs of improvement in the balance of trade and the successful water privatisation prompted some cash to be committed to the market although the year ended on an uncertain note which saw some recent gains eroded.

Against this volable background our UK portfolio outperformed the FTA Index. This was largely as a result of having successfully avoided some of the companies and sectors most exposed to the effects of lower volumes of trading activity or of high interest rates on profit margins.

We reduced our exposure to the property sector through part disposals of MEPC and Property Security and reduced or eliminated many holdings in areas affected by the downturn in consumer spending. As a result of the takeover of Ward White our exposure to the retail sector was further reduced and cash was realised through bids for Plessey, UEI and Avis Europe. We halved our holding in Security Services at a substantial profit following the uplift in values for cellular telephone companies and reduced our exposure to British Telecom. New holdings have been established in companies with a positive earnings outlook such as APV, Hoskyns, MTM and Caird Group, the waste management operation; and holdings in the relatively defensive bank and insurance sectors have been increased

Our performance was also helped by having avoided significant exposure to smaller companies in the last two years. After many years of growth superior to that of the blue chips, they have suffered particularly badly.

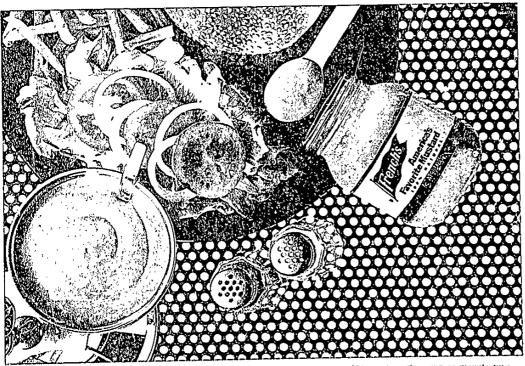


SHELL TRANSPORT & TRADING COMPANY PLO HOLDING &24,932,000

UNLEADED PETROLIS A FAST GROWING PART OF THE COMPANY'S BUSINESS

Owns 10% of Royal Dutch Shell Group, the world's leading petroleum enterprise.

Share values are still adjusting to the prospect of a lower growth trend in company profits than has been seen for the last ten years. Whether we face a recession or merely a long phase of slower growth is not yet altogether certain but the UK market retains some attractions for the selective investor. Although the inflation prospect is unsatisfactory, with a difficult wage outlook at



PECBLE & COLMANDIC HOLDINGAS, E29 000 THEN HIS MESTARD STHE MARKET LEADER IN THE USA

Operating in over 120 countries the company manulactures and c 48 a wide variety of food phantiacentical and housel old products

least for the moment, the long end of the gilt market is less distorted than it was when the government was buying in gilts; and equity yields now compare more favourably with gilt yields on a historical basis. We can look forward to some easing of interest rates perhaps in the second half of the year and the prices of some attractive companies may now have fallen sufficiently far for us to be looking for selective buying opportunities.

The most difficult remaining problems for the UK market to wrestle with are whether the economic and political cycles can be brought back into phase in time for the next election and whether the situation in Eastern Europe will continue to be a beneficial influence.

NORTH AMERICA

1989 began with a new administration in the United States, a buoyant economy but a Federal Reserve Board which was extremely concerned about rapidly rising inflation. Interest rates were accordingly raised to a peak of 9.3% at the end of March, subsequently falling steadily to 7.8% by July. The equity market, encouraged by takeovers, rising earnings expectations and a strong dollar, gained 21% from January to its all time high in October. It then fell back to give a net rise for the year of 10½%, or 15% adjusted for the currency benefit. As the year progressed the rate of growth in company profits and dividends gradually slowed reflecting declining consumer demand and capital investment.

Our US portfolio outperformed the indices for the fourth year of the past five. The sectors which contributed most to this were oil and oil services, regional telephone companies and the health care, electrical and insurance groups. The electric utilities, banks and retakers, with the exception of Wal-Mart and Toys 'R' Us, performed poorly.



HUMANA INC. HOEDING A8,0°1,000 INIAN'I CAREBURNS UNIT

Leading hospital management chain with 83 hospitals throughout the USA and abroad



GUINNESS PEC. HOLDING \$3,455,000 PART OF THE PRODUCT RANGE

The group's activities encompass the distilling and international marketing of Scotch whisks, gin and other spirits as well as the brewing and marketing of its world famous stout

During the year we sold equities to the value of £37.8m, £10m of which came from a further reduction in our large holding in Philip Morris. Thirteen names were disposed of including large holdings in Connaught, IBM, NCR, Pfizer and Sealed Air. Significant profits were also realised in Automatic Data, Dun & Bradstreet, EG & G. Pacific Telesis, PepsiCo, Premier Industrial and Unum, the long-term disability insurance company.

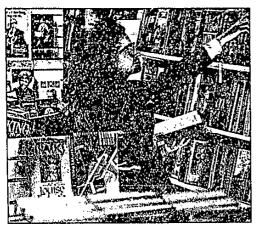
£15.3m was reinvested in existing holdings and in sixteen new names, the largest of which include First Financial Management, Minnesota Mining, Rubbermaid, Southdown, Texaco and Gamett, the largest newspaper group in the US. Other new holdings were established in smaller companies where valuations are low at present as they do not feature on the buying lists of the increasingly powerful 'indexed funds' and hence tend to be ignored.



MINNESOTA MINING AND MANUFACTURING CO HOLDING ALHO,000

PRESSURE SENSITIVE TAPES ARE ONE OF THE MANY ITEMS PRODUCED.

A highly diversified matatlacturer ca including a commercial health care and consumer products, including Scotch tapa. Post it notes and 3 M. yideo tapes.



RR DONNELLEY & SONS CO HOLDING £2,200,000
A SELECTION OF BOOKS PRINTED BY THE COMPANY.
Largest commercial printer in the USA.

Although higher manufacturing inventory levels suggest that industrial output may remain weak in the early part of the current year, we still expect modest growth for the year as a whole. Inflation should fall substantially from the exceptionally high levels which will be recorded in the first quarter of 1990, reflecting the impact of particularly cold weather on food and energy prices. Wage costs remain under control although labour costs in general have been inflated by higher medical insurance and employment taxes.

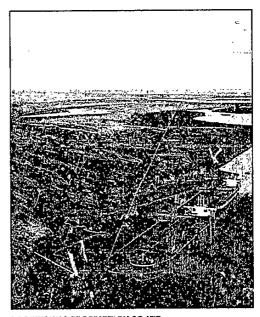
Problems caused by excessive borrowing have adversely affected the thrift, banking, bond, brokerage and property markets and have at least temporarily relegated concern over the trade and budget deficits to the sidelines. On an optimistic note it should be recognised that the budget deficit, although still high in absolute terms, has declined from 6.3% of GNP seven years ago to 2.4% today and probably under 2% next year. Furthermore, increased personal savings have reduced the need for the US government to rely as heavily as in the past on foreign sources to finance this deficit. Both these factors will help to underpin the value of the dollar.

The US economy is entering a period of slower growth than for some years. In that environment we expect those companies with dominant market share, pricing flexibility and operating in areas of steady underlying product demand to re-establish their premium valuations in the stock market. We have always maintained a strong representation in these groups, among which are the pharmaceutical companies, telecommunications and energy sectors and intend to add to them as favourable opportunities occur.

FAR EAST

The Japanese stock market rose by 12%, among the lowest rises of the major markets. When combined with a weak currency, which fell 10% against the dolfar and 6% against sterling, overseas investors saw their poorest returns for many years.

The economy remained brisk with real GNP growth of 4.5% being sustained by strong advances in personal consumption, construction and capital investment. Inflation for the most part remained subdued with the benefits of increased investment helping to offset the problems of imported inflation through the weaker currency and a tight labour market. When the official discount rate was raised in May it was the first upward move since 1980 and was a rather belated response to earlier rises around the world and two further rises followed shortly thereafter in order to combat perceived rising inflation and help steady the currency.



BROKEN HILL PROPRIETARY CO LTD HOLDING £1,248,000
THE COMPANY'S IRON ORE OPERATION IN WESTERN AUSTRALIA.

Australia's largest company with businesses comprising steel, oil and minerals.

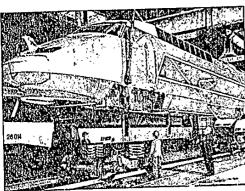
In reducing our presence by £8m, the proceeds being reinvested in South East Asia and Europe, major reductions were made in financial sector holdings with sales of Sumitomo Bank and Nomura Securities, and in the motor industry with sales of Honda and Nippon Denso. Our relatively high exposure to smaller growth stocks proved rewarding over the year with the index of second section companies rising by 36%. New holdings included Canon, the international camera and office products company, Sekisui House, a house builder, and Shimano, a small company benefiting from the leisure boom. We also added to Nippon Television Network and the retailer Ito-Yokado.

Elsewhere in the Far East we slightly reduced our exposure to Hong Kong but added to our largest holding, Dairy Farm. We increased our exposure to Singapore with the purchases of Development Bank of Singapore and a conglomerate Wearne Brothers, while taking profits in the property sector. In Malaysia an addition was Sime Darby and new investments were Malaysian Airline System and Public Bank. We also added to holdings in Thailand.

In Australia our exposure was little changed but we sold the retailer Coles Myer and the transport company TNT and add, d to Brambles and BTR Nylex. We also took a small initial holding in the New Zealand market where some economic improvement is long overdue.

EUROPE

During the year we invested a net £41.7m, primarily in German equities. The dominant factor in that market is now, of course, the removal of the barriers between East and West and the possible unification of Germany itself—perhaps even before our next year end. This has led the German market to rise by 37% in local currency terms over the year.



COMPAGNIF GÉNÉRALE D'ELECTRICITÉ HOLDING £1,007,000

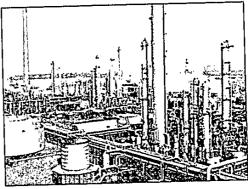
ASSEMBLY OF A TOV HIGH SPEED LOCOMOTIVE

One of France's leading companies with businesses concentrated in two major areas, telecommunications business networks and energy transportation

German companies stand to gain more than most from the boost to growth that the need to replace the infrastructure of Eastern Europe implies. Fortunately, we had built up a substantial portfolio of some twenty holdings earlier in the year because we had been attracted to the growth prospects resulting from capital investment in Europe in the run up to 1992 and also because of the stimulus to consumer expenditure being provided by tax cuts this year. Substantial new holdings were established in Veba, the utility conglomerate, and Kaufhof, the retailer. Major additions were made to Siemens and Schering and many smaller companies were added to the list. Now, however, some of the risks that were previously in the market have shifted. The threat to inflation from the current wage round looks less pressing but there is a new and potentially inflationary risk resulting from unification itself although there are reasonable grounds for optimism that this can be contained. The Federal elections due next December were already the other risk to the market but now the whole political background has become uncertain. On balance, the opportunities appear to outweigh the risks at present and we are taking care to ensure that the stocks held have a sound future without undue reliance on the East German factor.

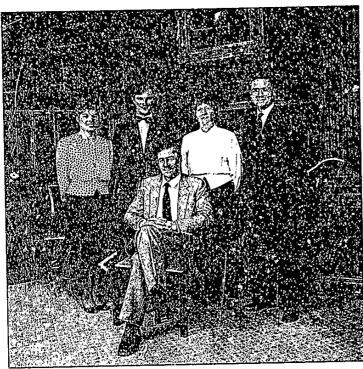
We also acquired our first holding in Austria, Strabag Österreich, the construction company, and added another holding, Sulzer, in Switzerland.

In France we increased our exposure and purchases included the water utility Générale des Eaux, the cosmetics company L'Oréal and the electrical company CGE. Our Spanish proportion remained little changed but we took profits from the utility company Endesa and deployed the funds in Uralita, a building supplies company, Mapfre, an insurance business and Ebro, a food group. Our small exposure to Sweden was sold.



VEBA AG HOLDING \$5,803,000 OIL REFINERY IN THE RUIR VALLEY PRODUCES AROMATIC PRODUCTS

A German group with numerous interests in the fields of energy, chemicals, minerals, oil, trade and transport



L-R Shella Gates (Company Secretary), Robin Thomson (Computer Manager), Marllyn Rowan (PEP Administrator), Jain Smith (Chief Accountant), Seated Gavin Suggett (Director)

ALLIANCE TRUST (FINANCE) LIMITED

The non-investment activities of the Company are encompassed within Alliance Trust (Finance) Limited and its subsidiaries. These activities draw on our resources of capital and expertise with a view to adding value for stockholders in profit and service.

As an authorised institution under the 1987 Banking Act, Alliance Trust (Finance) Limited uses its deposits to fund its leasing business, and acts as the banker to the PEP and Savings Scheme. The Company prospers in times of high interest rates and 1989 was no exception, with profits of £2.2m. Within this figure the PEP and Savings Scheme made a small but rapidly growing contribution.

Leasing

New business amounted to £15.4m compared with £11.3m for the previous year and our lease portfolio has increased to £35.1m. Growth has been achieved despite an extremely competitive environment and the deteriorating economic outlook which has reduced the number of potential customers who can meet our rigorous credit standards. We have strengthened our management and increased our capacity to handle a greater volume of business. Current indications are that these resources will be well used in 1990.

Personal Equity Plan

Alliance Trust Savings Limited which has managed the Alliance PEP since its inception in January 1987 experienced a massive surge in demand following the launch of the new Alliance PEP in the autumn. This expansion was achieved largely as a result of favourable press and investor comment as little had been spent on advertising and no commission is paid on introductions. The Alliance PEP is a flexible self-select PEP specifically designed for the Company's stockholders and noted for its exceptionally low charges. The PEP is administered by the Company's staff from our offices in Dundee, and details may be obtained from the Secretary.

At the time of writing, details of Mr Major's first Budget are not available but subject to there being no adverse changes to the PEP regulations we expect 1990 to be another year of strong and healthy expansion.

Savings Scheme

The Savings Schen e which provides a simple and cheap method of buying stock by lump sum payments, regular standing orders and by reinvestment of dividends has continued to expand. We expect to enhance aspects of this product during 1990.



FORTY LARGEST EQUITY INVESTMENTS

Company	Value £000	Main Activity	Country of Incorporation
Shell Transport & Trading	24,932	Oil	UK
British Petroleum	>,855	Oil	υĸ
BAT Industries	9,816	Conglomerate	UK
Johnson & Johnson	9,166	Health care	USA
Wal-Mart Stores	8,708	Discount stores	USA
British Gas	8,608	Gas utility	UK
Pacific Telesis	8,496	Telephone utility	USA
British Telecommunications	8,437	Telephone utility	UK
Humana	8,071	Hospital management	USA
Rentokil Group	7,754	Environmental services	UK
Barclays	7,662	Banking	UK
Abbott Laboratories	7,591	Health care	USA
BellSouth	7,303	Telephone utility	USA
Security Services	7,219	Communication services	UK
Schering	7,074	Health care	Germany
Philip Morris	6,954	Consume, products	USA
SmithKline Beecham	6,951	Health care	UK
US West	6,789	Telephone utility	USA
PepsiCo	6,212	Food manufacturing	USA
Merck	6,206	Pharmaceuticals	USA
Unilever	6,012	Food manufacturing	UK
J F Japan Smaller Company Trust	5,999	Unit trust	Hong Kong
Grand Metropolitan	5,927	Brewing	úΚ.
Slough Estates	5,885	Property	UK
Standard Chartered	5,879	Banking	UK
Veba	5,803	Conglomerate	Germany
Legal & General	5,575	Insurance	UK
National Westminster Bank	5,434	Banking	UK
Reckitt & Colman	5,429	Food manufacturing	UK
Dun & Bradstreet	5,349	Business services	USA
General Electric	5,336	Electrical equipment	USA
Siemens	5,196	Electrical equipment	Germany
Marsh & McLennan	5,054	Insurance	USA
General Accident	4,976	Insurance	UK
Bristol Myers Squibb	4,829	Health care	USA
Prudential	4,706	Insurance	UK
Stakis	4,562	Leisure	UK
BTR	4,511	Other industrial materials	UK
General Electric	4,446	Electrical equipment	UK
Trusthouse Forte	4,410	Leisure	UK

The above investments represent 40.9% of the Company's total equity holdings excluding the investment in Alliance Trust (Finance) Limited.

CLASSIFICATION OF INVESTMENTS

CLASSIFICATION

	UK	North America	Japan	Europe	Other	Total 1990	Total 1989
EQUITIES (INCLUDING CONVERTIBLES*)	%	%	%	%	%	%	%
·							
Capital Goods	5.7	2.8	1.2	3.3	0.2	13.2	11.5
Aerospace	0.7	0.6 0.1	0.5	0.8	0.2	1.3 2.5	0.8 1.3
Building and Construction Electrical and Electronics	0.9 2.3	1.6	0.5	0.8	U.2	2.5 5.1	5.5
Engineering	0.7	1.0	0.4	1,1	_	2.0	1.8
Metals and Metal Forming	0.7	_	V.4	0,2	_	0.2	0.3
Motors	0.3	0.3	0.1	0.1		0.8	1.1
Other Industrial Materials	0.8	0.2	-	0.3	_	1.3	0.7
Consumer Goods	17.7	10.9	1.3	4.6	0.5	35.0	35.8
Brewers and Distillers	3.9	0.2			_	4.1	4.3
Food Manufacturing	1.0	0.9	0.1	0.6	0.1	2.7	2.5
Food Retailing	1.3	0.1		0.1	0.3	1.8	1.9
Health and Household Products	3.0	4.1	~_	1.5	_	8.6	7.8
Leisure	2.8	0.2	0.4	_	0.1	3.5	3.5
Paper and Packaging Printing and Publishing	0.6 0.9	0.1 1.4	0.2	0.2 0.1		0.9 2.6	0.8 3.2
Stores	2.6	2.9	0.2	1.6	_	7.7	8.3
Textiles	0.2	4.9	0.0	0.2		0.4	0.3
Tobaccos	1.4	1.0	_	0.3	_	2.7	3.2
Other Groups	12.3	13.5	1.3	1.9	2.2	31.2	30.0
Chemicals	2.2	1.8	_	0.6	0.3	4.9	4.7
Hospitals and Hospital Services		1.1		_	_	1.1	0.9
Office Equipment		0.5	0.5			1.0	2.2
Oil and Oil Service	6.4	2.7	_	_	0.1	9.2	8.2
Public Utilities	1.8	5.7	~	_	0.1	7.6	8.4
Transport	0.5 1.4	0.1 1.6	0.4 0.4	1 2	0.1 1.6	1.1 6.3	1.5 4.1
Miscellaneous	1.4	1.0	0.4	1.3	1,0	0.5	4.1
Financial	14.1	2.2	1.1	0.9	0.6	18.9	18.7
Banks and Finance	4.7	1.4	_	0.7	0.4	7.2	6.3
Insurance	3.9	0.8	0.1	0.1		4.9	4.3
investment Trusts	1.9		0.9	0.1	0.2	3.1	3.0
Property Miscellaneous	2.1 1.5	_	0.1		-	2,2 1,5	2.9 2.2
							
Total Equities	49.8	29.4	4.9	10.7	3.5	98.3	96.0
FIXED INTEREST							
Preference and Loan Stocks	0.9		<u> </u>			0.9	1.2
Total Investments	50.7	29.4	4.9	10.7	3.5	99.2	97.2
OTHER NET ASSETS	(0.4)	0.3	1.0	(0.2)	0.1	8.0	2.8
TOTAL ASSETS (LESS CURRENT I	.IABII.	ITIES)					
1990 £693.5m	50.3	29.7	5.9	10.5	3.6	100.0	
1989 £593.3m	54.4	32.3	6.7	3.1	3.5		100.0
1707 1077010111	, 11°I	ن. سه ر	J.,	.,,,,	010		.00.0

^{*}Convertibles represent 1.8% (1.2%)

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31st January 1990.

DIVIDENDS

The Board recommends a final dividend of 25.0p per ordinary stock unit which, together with the interim of 10.0p paid on 13th October 1989, makes a total of 35.0p for the year compared with 31.0p for the previous year. The surplus of £372,000 is transferred to revenue reserve.

The Company has received approval as an investment trust from the Inland Revenue in respect of the year ended 31st January 1989 and has subsequently directed its affairs so as to enable it to continue to seek such approval. It is not a 'close company'. The Company is an investment company within the meaning of Section 266 of the Companies Act 1985. The outlook for the Company is referred to in the Chairman's Statement.

DIRECTORS

Mr Brian H Thomson retired as a director on 14th April 1989 and Mr Andrew F Thomson was elected to the Board at the annual general meeting of the Company on the same date. Otherwise the directors throughout the year have been as listed below. Professor Christopher Blake, who does not have a service agreement with the Company, retires by rotation from the Board and, being eligible, offers himself for re-election.

No director had any interest during the year in any significant contract with the Company or any subsidiary.

The interests of the directors in the ordinary stock units of the Company are:

		31st January 1990	1st February 1989
Christopher Blake	Beneficial	1,451	1,308
Lyndon Bolton	Beneficial	2,058	2,052
Sir Douglas Hardic	Beneficial	831	807
Sir Robert Smith	Beneficial	1,000	1,000
Gavin R Suggett	Beneficial As trustee	412 3,255	412 2,053
Andrew F Thomson	Beneficial As trustee	11,000 204,292	11,000* 206,096*
			* On appointment

Mr Gavin R Suggett, as trustee, acquired a further holding of 196 ordinary stock units on 27th February 1990, as a result of participation in the Dividend and Savings Investment Scheme operated by Alliance Trust Savings Limited. Apart from this transaction there has been no change in these holdings between 1st February and 12th March 1990.

Mrs Sheila Gates was appointed Company Secretary on 1st December 1989.

STOCKHOLDERS

The Company has received notification of the following holdings of more than 5% of its ordinary share capital:-

	Ordinary sto	ock units
National Coal Board Staff Superannuation Scheme and 'The Mineworkers' Pension Scheme	7,005,894	(13.90%)
D C Thomson & Co Ltd	3,241,503	(6.43%)
The Standard Life Assurance Companyl Standard Life Pension Funds Ltd	2,618,434	(5.20%)

AUDITORS

On 1st January 1990 the Company's auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly they have signed their report in their new name. A resolution concerning their re-appointment and remuneration will be submitted at the annual general meeting.

Duridee, 12th March 1990

S.M. Galas

REPORT OF THE AUDITORS

to the Members of The Alliance Trust PLC

We have audited the financial statements on pages 15 to 22 in accordance with Auditing Standards.

in our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st January 1990 and of its revenue and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985. Dundee, 12th March 1990

KPMG Reat Marwick Helutock Chartered Accountants

Royal Exchange Dundee



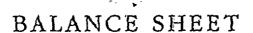
- a. These financial statements have been prepared under the historical cost convention, modified to include
- b. Income and expenditure of a revenue nature are included in the Company's Revenue Account. Realised and unrealised profits and losses on investments and foreign currencies, which may not be distributed, are included in capital reserves.
- c. Income from assets is determined on a basis of cash receipts including taxes deducted at source and imputed tax credits, with the exception of securities covered by the Finance Act 1985, where cash receipts are adjusted as appropriate for accrued interest on purchases and sales.
- d. Interest payable and management expenses are treated on an accruals basis.
- e. Listed investments are valued at market prices or middle market prices as appropriate. Unlisted investments are valued by the directors on a basis of market prices, latest dealings, stockbroker valuations and accounting information as appropriate,
- f. Foreign assets and liabilities 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.
- g. No depreciation has been charged on real estate, mineral rights and office premises which are shown at 1948 book value with subsequent additions at cost. In the opinion of the directors any provision for depreciation would be immaterial in relation to the revenue for the year and the assets of the Company.

REVENUE ACCOUNT

for the year ended 31st January 1990

INCOME FROM ASSETS	.Notes	!	990	19	089
Income from Investments		£000	£000 Unlisted	£000 Listed	£000 Unlisted
UK dividends		Listed 14,879	39	11,300	27
UK interest		14,879	20 20	56	20
Overseas dividends		7,814	20	6,871	42
Overseas interest Dividends from subsidiary		69 —	22 350	247 —	14 350
Interest on loan to subsidiary		ametria.	382	_	289
		22,868	833	18,474	742
Total Income from Investments		***************************************	23,701		19,216
Other Income					
Interest received	2	2,566		4,152	
Mineral royalties		304		228 62	
Underwriting commission		83			
					4,442
Total Revenue			26,659		23,658
EXPENSES, INTEREST & TAX	KATION				
Management expenses		1,078 10		927 9	
Audit fee					
Administration expenses Interest payable	1 2	1,088 102		936 80	
o.coc paymore	-		1,190		1,016
					22,642
Revenue before Taxation			25,469		-
Taxation	3		7,389		6,815
Revenue after Taxation			18,080		15,827
DIVIDENDS					
Preference Stock			68		68
			18,012		15,759
Ordinary Stock:	'En\	5,040		4,410	
Interim paid — 10.0p (8.7 Final proposed — 25.0p (22.2		12,600		11,214	
	-17		17,640	<u></u>	15,624
normation to the contract of t					
REVENUE RESERVE			372		135
Surplus revenue for the year Balance at 1st February 1989			8,288		8,153
					
Balance at 31st January 1990			8,660		8,288
Earnings per ordinary stock unit	4		35.74p		31.27p

The notes on pages 18 to 20 form part of these accounts.



as at 31st January 1990

1	Notes	4000	1990		1989
FIXED ASSETS		£000	£000	\$000	000£
investments	5				
Listed in the UK		339,515		300,607	
Listed overseas		332,131		259,701	
Unlisted		3,097		3,293	
Subsidiary company	6	13,125		13,125	
Bud Carrie Minaud Diaba and			687,868		576,726
Real Estate, Mineral Rights and Office Premises	7		172		172
CURRENT ASSETS					
Debtors					
Sales for future settlement		372		1,989	
Taxation recoverable		454		541 35,728	
Cash and short-term deposits		24,121		35,740	
		24,947		38,258	
Creditors: due within one year					
Purchases for future settlement		6,103		9,517	
Other creditors .		62		52	
Taxation Dividends		711 12,634		1,002 11,248	
Dividenda				*	
		19,510		21,819	
Net Current Assets			5,437		16,439
Total Assets less Current Liabilities			693,477		593,337
Creditors: due after one year 4½% Debenture stock 1956 or after			1,648		1,648
CAPITAL & RESERVES					
Called up Share Capital Authorised, issued and fully paid					
Preference stock	8		2,200		2,200
50,400,000 25p ordinary stock units		12,600		12,500	
Reserves					
Capital reserves	9	668,369		568,601	
Revenue reserve		8,660		£,288	
			689,629		589,489
			693,477		593,337

The financial statements on pages 15 to 22 were approved by the Board on 12th March 1990 and are signed on its behalf by:

Director Director

The notes on pages 18 to 21 form part of these accounts.

NOTES ON THE ACCOUNTS

1. ADMINISTRATION EXPENSES

Administration expenses include:	1990	1989
Directors' remuneration:	.2.	£
Fees	26,500	23,041
Management salaries	105,573	91,010
Pension contributions	28,192	31,237
	160,265	145,288

In addition fees totalling £6,500 (£5,760) were paid to the Company's directors by its subsidiary, Alliance Trust (Finance) Limited.

Particulars of directors' remuneration including that paid by Alliance Trust (Finance) Limited, but excluding pension contributions, were as follows:

Chairman	10,500	8,750
Highest paid director	64,517	55,830

The Company shares the cost of employing 29 (27) persons, excluding the directors, with The Second Alliance Trust PLC and Alliance Trust (Finance) Limited. The costs to The Alliance Trust PLC were salaries £253,000 (£203,000), pension contributions £84,000 (£95,000) and social security contributions £28,000 (£26,000). During the year, 1 (—) employee received emoluments in the range £30,001 - £35,000.

Lease rentals paid during the year were £57,000 (£67,000). Future rental commitments net of finance charges under finance leases total £45,000 (£34,000) within one year and £17,000 (£33,000) thereafter.

2. INTEREST	0003.	£000
Interest payable on loans repayable within 5 years	28	6
Interest on all other loans	74	74
	102	80
Interest received includes interest from related companies	****	2
3. TAXATION ON REVENUE		
Corporation tax at 35%	3,572	3,870
Less: relief for overseas tax	1,164	1,017
	2,408	2,853
Overseas tax	1,164	1,017
Tax credit on franked investment income	3,817	2,945
	7,389	6,815

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.

4. EARNINGS PER STOCK UNIT

The earnings per ordinary stock unit are based on revenue available to ordinary stockholders of £18,012,000 (£15,759,000) divided by the 50,400,000 stock units in issue.

5. INVESTMENTS	Listed in UK £000	Listed Overseas £000	Unlisted £000	Subsidiary Company £000	Total £000
Book cost at 31st January 1989	166,510	176,271	3,763	8,400	354,944
Unrealised appreciation	134,097	83,430	(470)	4,725	221,782
Valuation at 31st January 1989 Movements during year	300,607	259,701	3,293	13,125	576,726
Transfers	543	(137)	(406)		_
Purchases — cost	28,845	83,891	322		113,058
Sales — proceeds	(31,915)	(69,987)	(48)	_	(101,950)
— profits	12,841	26,701	18	_	39,560
Increase (decrease) in unrealised appreciation	28,594	31,962	(82)	•	60,474
Valuation at 31st January 1990	339,515	334,131	3,097	13,125	687,868

6. SUBSIDIARY COMPANY

The Company owns 600,000 ordinary shares (75%) in Alliance Trust (Finance) Limited, a company incorporated in Scotland, whose main activity is finance leasing in the UK. The accounts of this subsidiary and its own subsidiaries, Secdee Leasing Limited, Alliance Trust (Finance) No. 4 Limited, Alliance Trust (Finance) No. 10 Limited and Alliance Trust Savings Limited, are not consolidated in these accounts as the directors consider that to do so would be misleading. Secdee Leasing Limited, Alliance Trust (Finance) No. 4 Limited and Alliance Trust (Finance) No. 10 Limited whose main activities are finance leasing in the UK, and Alliance Trust Savings Limited, whose main activity is the management of personal equity plans and savings schemes, are also incorporated in Scotland. A separate statement of the affairs of Alliance Trust (Finance) Limited is presented on page 21.

An independent valuation of Alliance Trust (Finance) Limited was obtained at 31st January 1988 and was used as a basis for the valuation of the Company's interests at that date. The directors consider that the value at 31st January 1990 was not materially different from that used at 31st January 1988 and have valued the Company's interests as follows:

		0002	0003
600,000 ordinary shares of £1 each £3m floating rate subordinated loan notes		10,125 3,000	10,125 3,000
		13,125	13,125
7. REAL ESTATE, MINERAL RIGHTS AND OFFICE PREMISES			
Cost at ?1st January 1989 Sale of mineral rights		172 ,—	205 33
Cost at 31st January 1990	i	172	172

1989

1990

8. PREFERENCE STOCK

4¼ % (now 2.975% + tax credit) cumulat 4% (now 2.8% + tax credit) cumulative p 5% (now 3.5% + tax credit) cumulative p 4% (now 2.8% + tax credit) 'A' cumulative	1990 £000 700 650 750 100	1989 £000 700 650 750 100		
			2,200	2,200
9. CAPITAL RESERVES				
	Note	Realised	Unrealised	Total
Capital reserves at 31st January 1989		£000 346,819	£000 221,782	£000 568,601
Profit realised	5	39,560	-	39,560
Increase in unrealised appreciation	5		60,473	60,473
Losses on currency transactions		(277)	_	(277)
Premiums from mineral rights		12		12
Capital reserves at 31st January 1990		386.114	282.255	668.369

10. CONTINGENT LIABILITIES

There are contingent liabilities at 31st January 1990 of £377,000 (nil) in respect of underwriting and £391,000 (£252,000) in respect of commitments to subscribe for shares. An amount of £21,000 (£936,000) representing the final installments payable on certain of the Company's holdings has been included in creditors and added to the cost and market valuation of investments listed in the UK.

11. PENSION FUND

The Company, in conjunction with The Second Alliance Trust PLC, operates a defined benefit pension scheme which is separately funded, and is administered by an insurance company on behalf of the Trustees.

The pension cost charged to the accounts was £112,000 which represents a 27.0% funding rate applied to the Company's share of pensionable salaries.

The funding rate is determined by a qualified actuary at intervals not exceeding three years. The last actuarial valuation report was dated February 1989 and related to service by members up to 30th April 1989. The report was produced using the projected unit method of funding and assumed average investment returns of 9% per annum and salary progression of 8.5% per annum. This report showed assets valued at £1,725,000, funding of 104% and a surplus of £66,000.

12. ALLIANCE TRUST (FINANCE) LIMITED

Summarised statement of the affairs of Alliance Trust (Finance) Limited

Consolidated Profit and Loss Account for the year to 31st January

Rentalà from finance leasing	1990 £000 16,853	1989 £000 12,792
Gross earnings on finance leases	2,744	2,946
Net interest paid	(328)	(671)
Expenses	(256)	(147)
Profit on ordinary activities before taxation Taxation	2,160 (757)	2,129 (739)
Profit on ordinary activities after taxation	1,403	1,389
Minority interest	(47)	(50)
Profit for the year	1,356	1,339
Dividend	(350)	(350)
Retained profit	1,006	989

Balance	Sheets	as at	31st	โลกและง

Damine Sheets as at 51st January	Gı	Company		
	1990	1989	1990	1989
	000£	£000	0003	£000
Investment in subsidiary company	_		586	586
Finance lease receivables	35,117	31,748	18,694	20,503
Net current liabilities	(13,921)	(10,757)	472	(1,441)
	21,196	20,991	19,752	19,648
Subordinated loan notes	(4,000)	(4,000)	(4,000)	(4,000)
Deferred taxation	(3,900)	(4,713)	(2,297)	(3,191)
Minority interest	(132)	(120)		
	13,164	12,158	13,455	12,457
Capital and reserves	13,164	12,158	13,455	12,457

Accounting Policies

- a. These financial statements have been prepared under the historical cost convention.
- b. These consolidated accounts include the results of the Company for the year to 31st January 1990, those of Alliance Trust (Finance) No. 4 Limited for the year to 30th April 1989, those of Secdee Leasing Limited for the year to 31st July 1989, those of Alliance Trust (Finance) No. 10 Limited for the year to 31st October 1989 and those of Alliance Trust Savings Limited for the year to 31st December 1989. For commercial reasons the accounting dates of the Company's subsidiaries do not coincide with that of their parent.
- c. Gross earnings on finance leases are allocated to accounting periods such that the profit after tax represents a constant rate of return on the net cash investment in the lease during the period of the lease. The net investment in finance leases represents the total lease payments receivable net of finance charges allocated to future periods.
- d. Provision is made for taxation at 35% on the excess of the investment in finance leases over the corresponding value for tax purposes.

A full set of Report and Accounts will be delivered to the Registrar of Companies in Edinburgh,

SOURCE AND APPLICATION OF FUNDS

for the year ended 31st January 1990

SOURCE OF FUNDS

	10	90	1989	
Revenue before taxation	£000	£000 25,469	£000	£000 22,642
Sale of mineral rights Premiums from mineral rights		12		59 16
		25,481	·	22,717
APPLICATION OF FUNDS				
Dividends paid	16,322		14,306	
Net purchase of investments	11,108		29,945	
Taxation paid and suffered	7,594		6,659	
Depreciation of foreign currency balances	277		675	
		35,301		51,585
Total increase (decrease) in liquidity		(9,820)		(28,868)
Decrease (increase) in amount owed to			2	
subsidiary	(1,617)		1,430	
Increase (decrease) in debtors Decrease (increase) in creditors	3,404		(3,940)	
Increase (decrease) in cash and short-term deposits	(11,607)		(26,360)	
		(9,820)		(28,868)

TEN YEAR RECORD

years to 31st January

	Total Assets less Current Liabilities	Gross Revenue	Net Revenue available for Ordinary	Earned on Ordinary Net	Ordinary Dividend Net	Net Asset Value
	£m	£m	£m	Pence per Stock Unit	Pence per Stock Unit	Per Stock Unit
1981	174.7	10.0	5.7	11.24	10.50	£3.28
1982	211.4	10.5	5.9	11.63	11.25	.£4.00
1983	291.8	11.7	6.5	12.70	12,30	£5.60
1984	355.0	13.0	6.9	13.73	13.50	£6.85
1985	444.5	15.5	8.9	17.65	17.25	£8.74
1986	457.9	17.5	10.5	20.91	20.75	£9.01
1987	576.4	20.5	13.0	25.79	25.00	£11.36
1988	518.2	21.7	14.0	27.85	27.50	£10.21
1989	593.3	23.7	15.8	31.27	31.00	£11.70
1990	693.5	26.7	18.0	35.74	35.00	£13.68



FINANCIAL CALENDAR 1990

ANNOUNCEMENTS

Debenture stock

Ordinary and preference stocks interim

Final dividend and year-end results

Report and accounts sent to stockholders

Interim results

MEETINGS

Annual general meeting

DIVIDENDS AND INTEREST

Ordinary and preference stocks final

12th March
22nd March
13th August
18th April
30th April

15th May and 11th November

12th October

22



NOTICE IS HEREBY GIVEN that the One Hundred and Second annual general meeting of The Alliance Trust PLC will be held at MEADOW HOUSE, 64 REFORM STREET, DUNDEE, on Wednesday, 18th April 1990, at 12.30pm for the following purposes:-

ORDINARY BUSINESS

- 1. To receive the Report of the Directors and the Accounts for the year ended 31st January 1990.
- 2. To declare dividends.
- 3. To re-elect Professor Christopher Blake as a director.
- 4. To re-appoint KPMG Peat Marwick McLintock as auditors and to authorise the directors to determine their remuneration.

By order of the Board

5 M. Gate Secretary Dundee, 22nd March 1990.

A Member entitled to attend and vote at the above meeting may appoint a proxy in his stead who need not be a member of the Company. Proxies must be lodged at the Company's registered office not less than 48 hours before the time of the meeting. Only ordinary stockholders or their representatives are entitled to attend the meeting.

The register of directors' stock and debenture interests and copies of directors' service agreements will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the annual general meeting and at the meeting.

Subject to approval at the meeting, dividend warrants payable on 30th April will be posted on 27th April to stockholders on the register on 5th April.