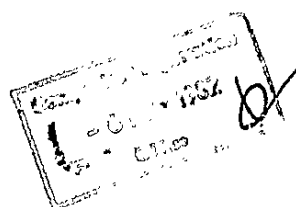
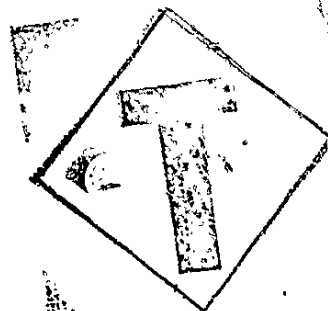


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Cover photograph: a view of the  
City of Dundee from the southern  
banks of the River Tay.

Viking Studios, Dundee.

# Directors and Officers



**George W. Dunn**  
Chairman



**Christopher Blake**  
Non Executive



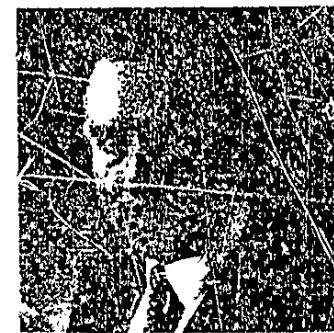
**Robert C. Smith**  
Non Executive



**David F. McCurrach**  
Non Executive



**Brian H. Thomson**  
Non Executive



**Lyndon Bolton**  
Joint Manager



**George A. Stout**  
Joint Manager



**Gavin R. Suggett**  
Secretary



**Ronald Hadden**  
Assistant Manager

# Profile of The Alliance Trust

## Profile of The Alliance Trust

### The Company

Founded in 1888 the Alliance has grown into the largest self-administered investment trust in the U.K. owning investments of over £200 million. This growth has been achieved by the successful management of stockholders' funds and the retention of capital gains and not by acquisition or merger. The operations are conducted from a single office located in Dundee.

### Management

To ensure continuity and the maximum benefits from professional management, the company has always employed its own management team whose task is to seek out investment opportunities, administer and implement the policies of the Board. The directors meet with the managers each week to form and monitor that policy.

### Objectives

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

### Portfolio

The bulk of the £200 million portfolio is invested on a long-term basis in top quality commercial, financial and industrial concerns spread throughout the major free-world economies. In the main these investments are marketable and changes in investment policy are achieved by moderate movements of funds from one investment to another. About half the portfolio is overseas with an emphasis on North America where the company has a long-standing expertise.

### Stockholders

Although the trend to institutional investment continues, the majority of the company's stock is held for the benefit of individuals directly, often in trusts or in the names of nominees. A large proportion of the stock is transferred by gift or inheritance and there is still a distinct Scottish bias.

## Attractions to the Private Stockholder

### Investment

The Alliance provides a good vehicle for obtaining the necessary investment spreads to reduce overall risk, as well as providing the 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.

### Cost

The company structure provides efficient cost management and with no promotion costs the management charges only amount to 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.

## Special Features

### Mineral Rights

The company owns a large number of oil and gas properties in the U.S.A. which although not valued in the Balance Sheet have been producing a growing income in recent years.

### Leasing

A recently formed leasing subsidiary is now providing a flow of income substantially above the cost of funds borrowed.

### Deposit Taking

The company is a licensed deposit taker and accepts short-term deposits from the public at attractive rates of interest.

### Dividend Reinvestment

The company operates a plan for stockholders whereby their dividends can be automatically reinvested in further stock. This plan makes reinvestment easy and cheap and has the advantage of market averaging. For example a stockholder with 1,000 units in January 1972 would have acquired a further 375 units by January 1982 at an average cost of 210p. In the past year about 8% of all new private stockholders have taken advantage of this plan.

The Secretary welcomes enquiries from stockholders and potential investors at any time.  
Telephone No. 0382 21234.

# Financial Highlights

for the year to 31st January 1982

Financial Highlights		1982	1981
	<b>Income</b>		
	Gross Revenue	<b>£10.5 million</b>	£10.0 million
	Earnings per ordinary stock unit	<b>11.63p</b>	11.24p
	Dividend per ordinary stock unit	<b>11.25p</b>	10.50p
	<b>Capital</b>		
	Total assets less current liabilities	<b>£211.4 million</b>	£174.7 million
	Net asset value per ordinary stock unit	<del>400.5p</del> <b>440.8p</b>	327.7p
	<b>Distribution</b>		
	Proportion of total assets overseas	<b>48.8%</b>	37.8%

## Financial Calendar 1982

### Announcements

Final Dividend and year-end results	5th March
Report and Accounts sent to stockholders	23rd March
Interim results	13th August

### Meetings

Annual General Meeting	16th April
------------------------	------------

### Dividends and Interest

Ordinary and Preference Stocks Final	23rd April
Ordinary and Preference Stocks Interim	21st October
5½% Debenture Stock	31st January and 31st July
Other Debenture Stocks	15th May and 11th November

### Net Assets

An estimated net asset valuation, a geographical distribution of investments, and performance figures are published on the fourth Saturday of each month in the "Financial Times" and "Daily Telegraph".

# Chairman's Statement

Mr. David F. McCurrach retires as a director after the Annual General Meeting this year on reaching the age limit. He joined the company in 1938, became a director in 1952 and was Chairman from 1969 to 1980. He has been a tower of strength to the Board. His influence on the affairs of the company has been very significant and we will miss his wise counsel. My colleagues would wish to record their acknowledgment of his exceptional contribution. We wish him many happy years in retirement.

It has always been Alliance policy to keep stockholders fully informed of the impact of economic and political developments on their investment and our response thereto. We have received many appreciative letters over the years from long-term investors for this approach. This year the Report, much altered in presentation, has been enlarged to include a Management Review which deals in more detail with the many aspects of our operations. We hope you approve of this change.

## Revenue

The company has had another successful year despite the economic difficulties affecting many countries. Gross revenue rose by 4% and earnings per ordinary stock unit by 3%. This can be considered satisfactory in view of the investment policy outlined last year of moving funds out of the U.K. into overseas territories where longer term prospects are better although the initial yield on securities purchased is lower.

## Dividends

It is proposed to increase the final dividend to 8.00p making with the interim dividend of 3.25p paid in October 1981 a total for the year of 11.25p compared with 10.50p last year and an increase of 7%. It is the intention to increase the interim dividend payable in October 1982 from 3.25p to 3.75p.

## Capital

The net asset value of each ordinary stock unit increased by 22% in 1981. This compares with a rise of 14½% for the F.T.A. All-Share Index and reflects both at home and overseas the quality of our investment portfolio which is amplified in the Management Review. We now have 48.8% of our total assets overseas and in addition at least 40% of the earnings of our U.K. investments originate overseas.

## Outlook

We have drawn attention in the past to the increasing instability of international financial affairs. Policies of monetary stringency to counter inflation are being pursued by governments with varying degrees of conviction. Simultaneously national budgets have encouraged high levels of public spending and borrowing and contributed to a scramble for credit. In consequence interest rates have risen to unprecedented levels and sharp currency movements have ensued.

We believe that the U.S. Dollar will retain its intrinsic strength but the current Reagan policies involve high budget deficits, the financing of which in a non-inflationary way can only be achieved by the continuation of high interest rates. This presents a horrible dilemma for other countries including the U.K. burdened as they are by serious unemployment problems. To attempt to cut interest rates unilaterally risks devaluation of the currency and a fresh outbreak of inflation; to maintain existing exchange parities with the Dollar requires a continuation of high interest rates which in turn is a check to economic recovery.

We see no reason to change our existing policy. We will continue to reduce our U.K. exposure as investment and currency valuations encourage such action. In the United States, in particular, the reinvestment of this money in attractive situations presents few problems. Almost all our overseas portfolio produces income which should over the years show an improving trend. In addition we expect our U.K. investments to increase their dividends at above the average rate.

Investors internationally have had unexpected shocks in recent years as many companies, including household names, from a variety of industries have run into serious problems. Some of these companies will eventually be restored to health; others will not. The corrosive effect of a poor economic outlook and continuing high interest rates on weak balance sheets will not in our view diminish in 1982. Despite this background I believe the Alliance Trust, diversified both geographically and industrially, is achieving for its stockholders, perhaps particularly its private stockholders, the steadily increasing income return allied to reasonable capital growth which is our objective. We shall adhere to that objective in 1982.

5th March 1982

G. W. Dunn

# Management Review

## Summary

As forecast in last year's report, the emphasis of our activity in 1981/82 has been on increasing the overseas proportion of our funds. In the early months of 1981 this had strong attractions as the outlook for U.K. profits was dismal and sterling was a substantially overvalued currency. 1981 indeed proved to be a most difficult year for British industry and sterling lost ground against other major currencies, most significantly a 24 % fall against the U.S. dollar.

### Investment Changes \$'000

	U.K. Equities	U.S. Equities	Other Equities	Fixed Interest	1982 Total
Valuation at 31/1/81	100,675	48,033	17,068	9,386	175,162
Purchases	8,007	20,278	8,537	—	36,822
Sales	(23,632)	(12,629)	(4,395)	(6,014)	(46,670)
Appreciation/(Depreciation)	17,561	15,383	2,859	(135)	35,448
Valuation at 31/1/82	102,611	71,065	24,069	3,017	200,762

We disposed of our \$6m. holdings in U.K. gilts and made substantial reductions in holdings of U.K. equities. \$18m. was converted into foreign currencies and invested in overseas securities particularly in the U.S.A. Towards the end of the year, however, as business conditions in the U.S.A. and Japan deteriorated we rebuilt our cash resources to \$13.8m. of which \$8.2m. is held in foreign currency.

Had last year's distribution of investments been retained, the net asset value of the ordinary stock would have increased by 16%. The effect of the greater overseas currency exposure, however, together with a particularly successful year for our selection of investments has been to increase the net asset value by 22%.



Security Services Ltd. Parcel collection and delivery service. Investment \$1,400,000



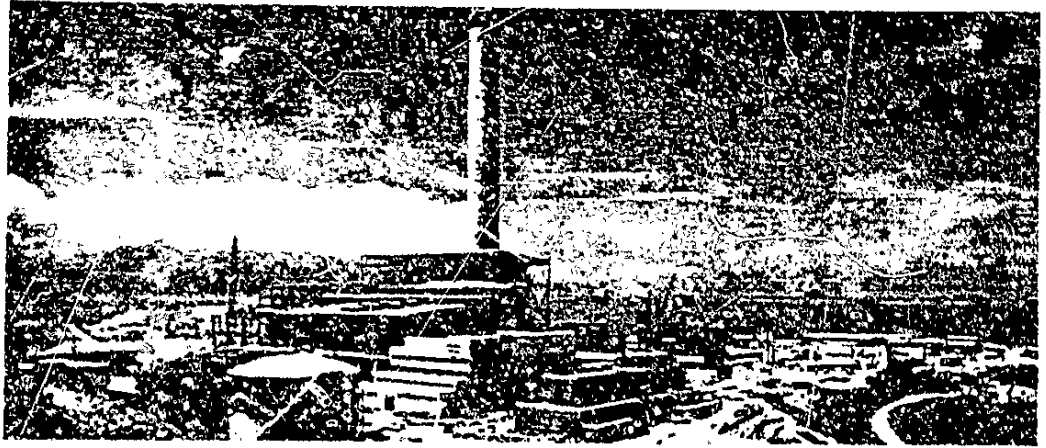
Rollins Inc. Patterson Subsidiary's oil field work over operations. Investment \$2,251,200

Economic and political uncertainties have produced sharp fluctuations in interest and exchange rates which have resulted in big swings in the stock market. This has provided favourable opportunities for an acceleration of the policy of reducing holdings in the U.K. to finance overseas investment and for improving the quality of those which we retain.

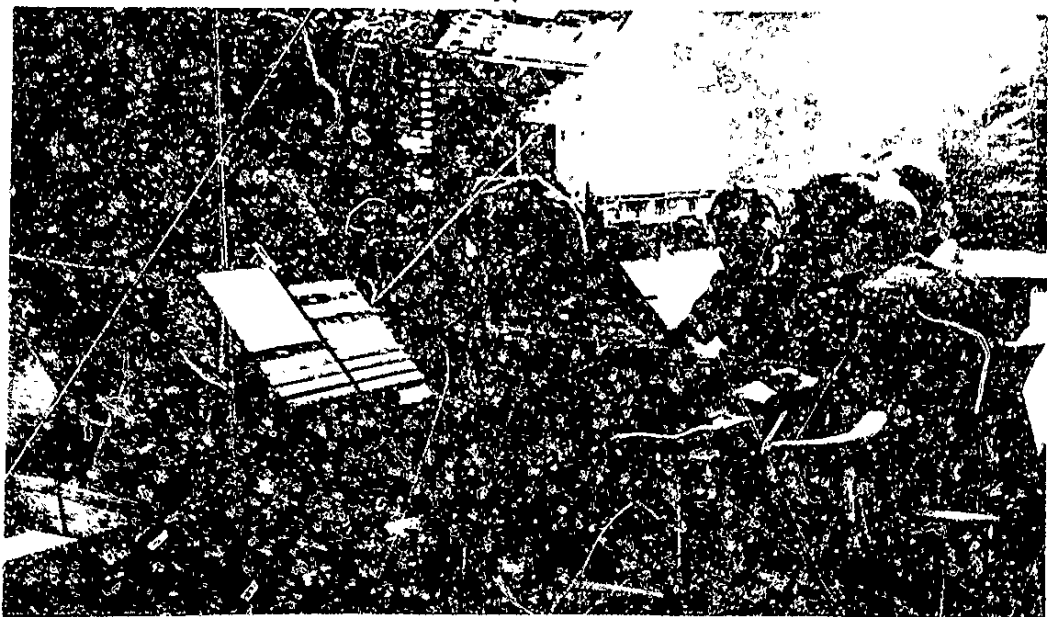
The proportion of investment in U.K. equities has fallen to 49% from 57% last year. As the market index has risen by 15% over the period this decline reflects the net sales of \$15.6m. that have been made. Total sales of £23.6m. were achieved by the disposal of nineteen holdings and the reduction of thirty-two others concentrated particularly but not exclusively in the electrical, property and consumer sectors.

This year's activity brings the total net reduction in U.K. equities in the last three years to over £23m. This involved gross sales of £53m., realising profits of £25m.

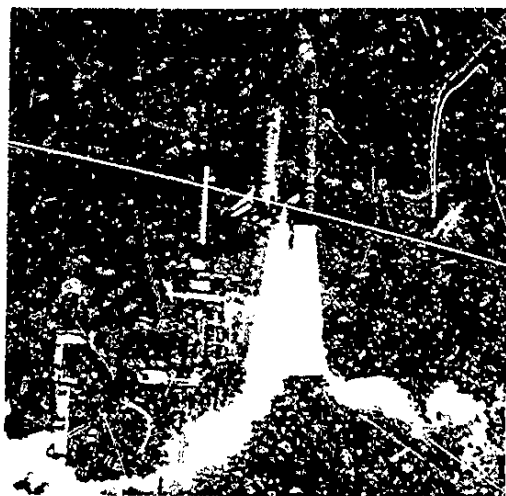
Electrical shares have shown massive gains for us in recent years as their earnings and ratings have risen. Present valuations largely discount future prospects, allow little for the effects of



General Electric Co. Ltd. Castle Peak power station, Hong Kong under construction.  
Investment **£4,733,400**



Plessey Ltd. Air traffic control radar display system.  
Investment **£1,160,200**



Thiokol Corp. Propulsion system for the space shuttle. Investment £909,500



Dixons Photographic Ltd. Multiple retailer. Investment £606,400

recession and increasing international competition and a lower level of exposure seems appropriate.

In the consumer sector where our proportion is now at its lowest level for many years sales have been concentrated in breweries, U.K. tobacco and stores. This reflects long-term concern about the outlook for consumer spending.

We have purchased £8.0m. of U.K. equities. These include the acquisition of, or addition to, holdings in over twenty smaller companies where the expertise, determination, and flexibility of the management is particularly evident. These qualities should enable them to increase their share of business available in sectors of the economy with above average prospects and despite the difficulties which beset the economy as a whole.

In general our holdings have done very well this year and a number outstandingly. For example, five long-term favourites of ours, B.A.T Industries, Beecham, Glaxo, G.E.C. and Racal have, on average, appreciated by 31% more than the market. Even after very substantial realisations they have a value of £26.5m. and represent 26% of the U.K. portfolio. They cost £6.3m.

U.S.

UNITED STATES

The feature of the U.S. economy has been the inability of the Reagan Administration to resolve the deep conflict between a restrictive monetary policy and an expansionary fiscal policy. This friction has resulted in a sustained period of high interest rates, unprecedented this century, which has now tipped the economy into a serious recession of unquantifiable duration. The consequences of penal interest rates during a recession on mature industries such as transportation, steel and other metal manufacturers and commodity producers, many of them financed with heavy borrowings, have been savage falls in profitability. For many of the companies concerned, the long-term outlook is little better than for their U.K. and European counterparts. They are locked into the financial and social problems of shrinking over-large, outmoded production facilities to prospective needs. We have little or no direct investment exposure to these industries.

Despite its current problems, however, the U.S.A. has enormous strengths, talents and natural advantages. With no impeding political or language barriers, population and economic power in the U.S.A. is shifting from the north and east of the country to the south and west. It is here that the new industries are developing in computers, communications, aerospace and medical services. They operate in a more attractive environment in small industrial units with non-unionised labour, making smaller demands on the use of energy for heating and power supplies.

We have therefore invested a further £7½m. in U.S. equities, increasing the proportion there from 27.8% to 33.6%. These funds are broadly spread over preferred sectors such as oil and

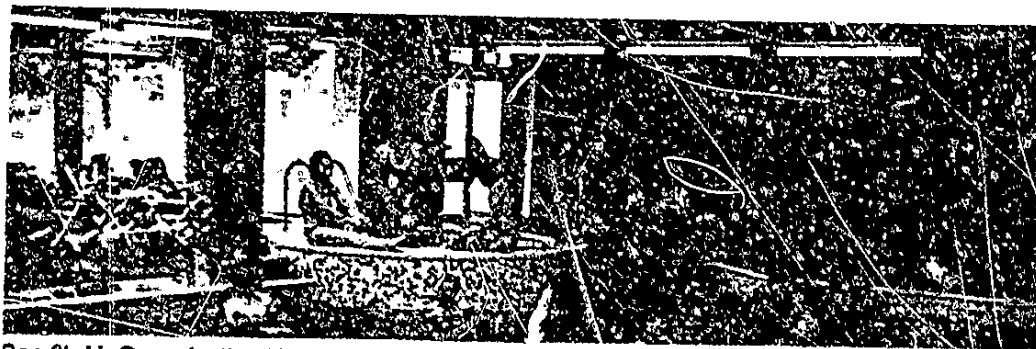


gas, electronics, specialist chemicals, drugs and consumer services. Many of the companies offer a unique technology and an investment opportunity unavailable elsewhere in the world.

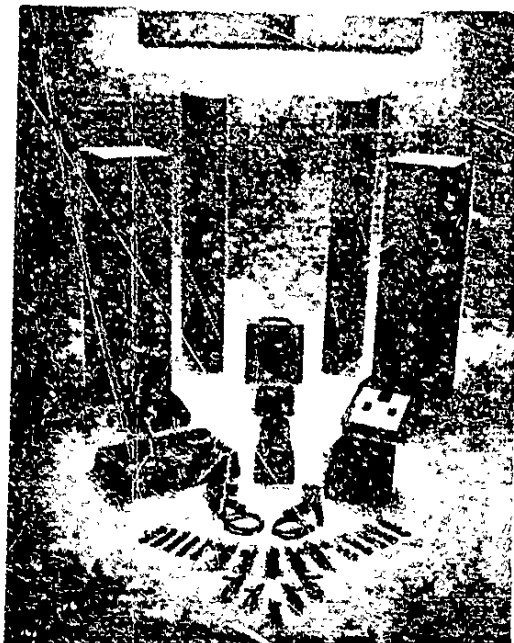
A major factor affecting the U.S. valuation has been the currency effect of holding investments in U.S. dollars in a year when the dollar appreciated against the pound by 26% from \$2.37 to \$1.88. This much more than compensated for the 7% fall in the U.S. stock market.

Our largest investment area continues to be in oil and oil services and this accounts for 27% of the U.S. fund. Our oil stocks performed significantly better than the market in 1981 and one of our major investments, Marathon Oil, was bought out at a substantial gain to us. We continue to believe that the best international values in oil can be obtained in the U.S. and, despite current uncertainties in the stock market about oil shares, this will remain a substantial proportion of our portfolio.

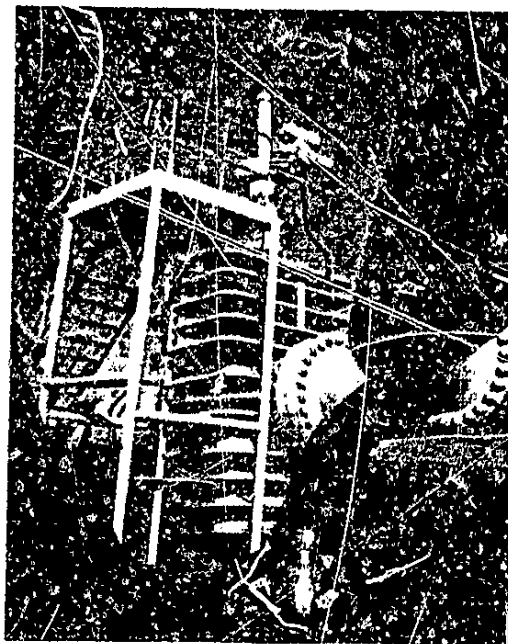
\$4m. was invested in communications and computer technology stocks which we regard as having a most attractive future. New investments were made in Digital Equipment, M/A-Ccom, and MCI Communications and additions were made to existing holdings. We now have \$15m. or 21% of the U.S. fund in this sector.



Reo Stakis Organisation Ltd. Coylumbridge Hotel swimming pool.  
Investment **\$477,000**



Sensomatic Electronics Corp. Electronic anti-liftage systems. Investment **\$1,321,700**



Rotork Ltd. Automatic valve control equipment. Investment **\$302,700**

In total we acquired twenty-three new stocks in the U.S. and added to twenty-eight existing holdings. Twelve holdings were eliminated and four others reduced. We have investments in 75 U.S. companies.

## Japan

We made no net investment in Japan having taken substantial profits on sales of pharmaceutical stocks bought earlier in the year. Our investments continue to be weighted in favour of electronic related products such as produced by Kyoto Ceramic, Fujii Photo and Nippon Electric.

While the Japanese stock market continues to show greater stability than other leading markets, share valuations are high compared with elsewhere. Moreover the near term outlook is obscure with international protectionist measures against Japanese exporting industries coinciding with a domestic recession. We are therefore content to have only a modest presence in Japan, 4.9% of our funds, at current stock market levels.

## Other Overseas

In Australia we have bought six new holdings and added to two others, making 13 in all, valued at \$6m. The emphasis of our investment is still wholly upon the growth and development of the economic infrastructure where the potential is substantial. We have avoided long-term direct investment in the mineral sector where international commodity prices are the main determinant of profitability.

At present our other overseas investments amount to \$7.8m. and do not represent significant exposure to any one market.



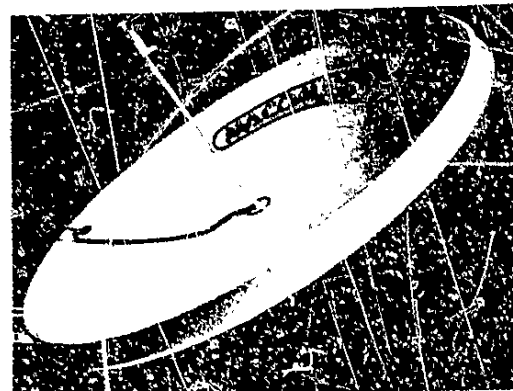
Dawson International Ltd. High quality  
knifewear. Investment \$611,700



Rentokil Group Ltd. Pest control treatment.  
Investment \$1,568,400



Ricardo Consulting Engineers Ltd. Pollution control research. Investment £116,900



M/A-Corn, Inc. Satellite earth station antenna. Investment £544,000

### Unlisted Investments

We have added Advent Technology to our small portfolio of young unquoted companies specialising in computer and related technologies particularly in Scotland.

City Oil has obtained a participation in attractive acreage in the English Channel offered in the Seventh Round of North Sea Licences through its 10% interest in a Union Oil of California Consortium.

### Leasing

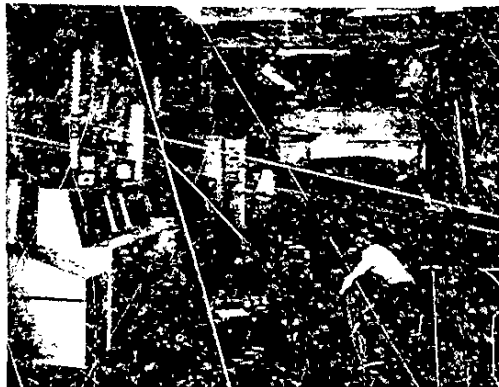
Our industrial leasing operations have continued to make good progress. £4m. of new business was written during the year and the spread of our portfolio, now amounting to £8m., should produce a satisfactory flow of profits for several years to come. Net profits of £113,000 were earned this year but have not been taken into the parent company revenues.

### Mineral Interests

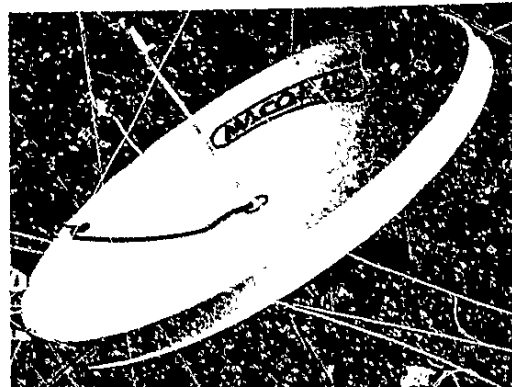
The continuing high level of oil exploration and development in the U.S.A. resulted in another favourable year for mineral interests. Royalty income rose by 28% to £127,000 while bonus payments and rentals on leases, credited to capital reserve, were up by 45% to £125,000. The last valuation of these properties, at £1m., was over 2 years ago and was not included in the company's net asset value. As it is a time consuming and expensive exercise to revalue almost 500 properties extending over 130,000 acres in Oklahoma, Texas, New Mexico, Idaho and Canada it would be uneconomic to repeat this exercise at frequent intervals. In the company's opinion however the present worth would be in excess of the last valuation.

### Deposits

Having been granted status by the Bank of England this year as a deposit-taking institution the company offers competitive rates and obtains most of its demand deposits locally. These are used in other parts of our operations. Total deposits increased this year from £640,000 to £744,000.



Ricardo Consulting Engineers Ltd. Pollution control research. Investment **£116,900**



M/A-Corn. Inc. Satellite earth station antenna. Investment **£544,000**

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~~company's~~  
Directors'

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# Forty Largest Equity Investments

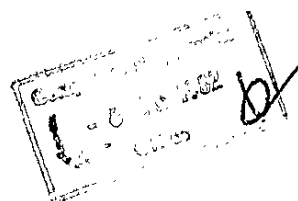
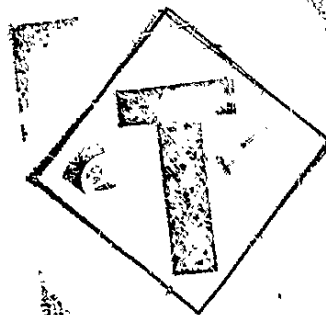
Company	Value	Main Activity	Country of Incorporation
Shell Transport & Trading	\$6,614,000	International oil	U.K.
B.A.T Industries	6,603,000	International tobacco	U.K.
Beecham Group	6,534,000	Drugs and toiletries	U.K.
Superior Oil	6,404,000	Gas and oil production	U.S.A.
Glaxo Holdings	5,292,000	Drugs	U.K.
General Electric	4,733,000	International electrical equipment	U.S.A.
Philip Morris	3,678,000	International tobacco	U.S.A.
Union Oil of California	3,554,000	Integrated oil	U.S.A.
Racal Electronics	3,345,000	Communication equipment	U.K.
International Telephone & Telegraph	2,922,000	International telecommunications and insurance	U.S.A.
Standard Chartered Bank	2,598,000	International banking	U.K.
Petrofina	2,571,000	International oil	Belgium
Fleming Japan Fund	2,283,000	Managed Fund - Japan	Luxembourg
Rollins	2,251,000	Oil-well and consumer services	U.S.A.
Telephone Rentals	2,249,000	Telephone equipment	U.K.
Electrocomponents	2,220,000	Electrical parts distributor	U.K.
Schlumberger	2,212,000	International oil-well service	U.S.A.
IBM	2,097,000	International business equipment	U.S.A.
Nalco Chemical	1,961,000	Water treatment chemicals	U.S.A.
A. C. Nielsen	1,947,000	Market research	U.S.A.
Tandy	1,882,000	T.V. and computer stores	U.S.A.
United Scientific	1,800,000	Defence and optical equipment	U.K.
Big Three Industries	1,717,000	Oil-well service and industrial gas	U.S.A.
Harris	1,679,000	Business equipment and electronics	U.S.A.
Marks & Spencer	1,609,000	Stores	U.K.
Security Services	1,600,000	Security and other services	U.K.
AGB Research	1,576,000	Market research	U.K.
Johnson & Johnson	1,568,000	Drugs and hospital supplies	U.S.A.
Rentokil	1,565,000	International pest control	U.K.
Lloyds Bank	1,555,000	Banking	U.K.
Lubrizol	1,534,000	Oil additives	U.S.A.
Kyoto Ceramic	1,518,000	Electronic ceramics	Japan
National Westminster Bank	1,477,000	Banking	U.K.
Brambles Industries	1,469,000	Industrial and consumer service	Australia
Marsh & McLennan	1,432,000	International insurance broker	U.S.A.
Wal-Mart Stores	1,417,000	Discount stores	U.S.A.
Great Lakes Chemical	1,383,000	Speciality chemicals	U.S.A.
Rockitt & Coleman	1,375,000	Food manufacturing	U.K.
Worland International	1,366,000	Industrial and consumer service	Australia
J. F. Eastern Trust	1,357,000	Managed Fund - Far East	Hong Kong

The above investments represent 52.1% of the company's total equity holdings. These include convertible holdings where applicable.

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Cover photograph: a view of the  
City of Dundee from the southern  
banks of the River Tay.  
Viking Studios, Dundee.

# Notice of Meeting

1731

NOTICE IS HEREBY GIVEN that the Ninety-Fourth Annual General Meeting of the Company will be held at MEADOW HOUSE, 64 REFORM STREET, DUNDEE, on Friday, 16th of April 1982, at 11.30 a.m. for the following purposes:—

## Ordinary business

- I. To receive the Report of the Directors.
- II. To declare Dividends.
- III. To elect a Director.
- IV. To re-appoint Thomson McIntock & Co., C.A., Dundee, as Auditors.
- V. To fix the remuneration of the Auditors.

By Order of the Directors  
G. R. Suggett  
Secretary

## Notes

Dundee,  
23rd March 1982.

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' Share and Debenture Interests and copies of Directors' Service Agreements will be available at the meeting.

Subject to approval at the meeting, dividend warrants payable on 23rd April will be posted on 21st April to Stockholders on the register on 26th March.

1732

# Report of the Directors

The Directors present their Report and the Accounts for the year ended 31st January 1982.

## Dividends

The Board recommends a final dividend of 8.00p per Ordinary Stock Unit which together with the interim of 3.25p paid on 21st October 1981 makes a total of 11.25p for the year, compared with 10.50p for the previous year. After payment of the dividend the surplus of £189,000, transferred to Revenue Reserve, is

## Change of Name

In accordance with the requirements of the Companies Act 1930 the Company has re-registered as a Public Limited Company under the name of The Alliance Trust Public Limited Company.

## Status

The Company has received approval as an Investment Trust by the Inland Revenue in respect of the year ended 31st January 1981 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 Part III of the Companies Act 1980.

## Directors

Mr. David F. McCurrach, having attained the age of seventy, retires from the Board in terms of the Companies Acts at the conclusion of the Annual General Meeting.

The Directors throughout the year have been as listed below. Mr. Brian H. Thomson retires by rotation from the Board and, being eligible, offers himself for re-election.

No contracts, apart from service agreements, entered into by the Company in which any Director is interested have subsisted during the year.

The following are the interests of Directors and their families in the Ordinary Stock Units of the Company:—

		31st January 1982	1st February 1981
George W. Dunn	Beneficial	800	800
	As Trustee	38,715	38,715
Christopher Blake	Beneficial	800	800
Lyndon Bolton	Beneficial	800	800
David F. McCurrach	Beneficial	2,804	2,804
Robert C. Smith	Beneficial	800	800
George A. Stout	Beneficial	911	877
Brian H. Thomson	Beneficial	29,264	29,264
	As Trustee	130,954	137,450

There has been no change in these holdings between 1st February and 5th March 1982.

The Directors have appointed Mr. Ronald Hadden to be an Assistant Manager.

## Stockholders

The Company has received notification of the following substantial interests in terms of Section 22 of the Companies Act 1967:—

D. C. Thomson & Co. Ltd.	3,241,503 Ordinary Stock Units (6.43%)
National Coal Board Staff Superannuation Scheme and The Mineworkers' Pension Scheme	6,636,894 Ordinary Stock Units (13.17%)
Number of Ordinary Stockholders 14,269	

## Auditors

Messrs. Thomson McIntock & Co., C.A. Dundee, will be proposed as Auditors in accordance with Section 14 of the Companies Act 1976.

By Order of the Board  
G. R. SUGGETT  
Secretary

Dundee, 12th March 1982.



# Accounting Policies

The Accounts of the Company have been prepared in accordance with the following accounting policies:—

- a Investment Revenue is determined on the basis of cash receipts during the year, foreign income being converted at the rate of exchange applicable at the time of receipt. Franked Investment Income has been included in the Revenue Account with the addition of the relevant Tax Credit.
- b Interest payable and management expenses are treated on an accruals basis.
- c Gains and losses on disposal of investments and on currency transactions are taken to Capital Reserve (Note 9).
- d Listed investments are valued at middle market prices and unlisted investments at directors' valuation. In valuing foreign assets and liabilities the middle rates of exchange ruling at the year end have been taken.
- e The investments are included in the Balance Sheet at market value and the amount by which this exceeds the book value is taken to Unrealised Appreciation on Investments.
- f No depreciation has been charged on freehold office premises, real estate and mineral rights 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.

The Accounts of Aldee Leasing Ltd. have been prepared in accordance with the following accounting policies:—

- a Lease rentals are treated on an accruals basis.
- b Provision has been made for Corporation Tax at the current rate of 52% on the excess of the book value of fixed assets qualifying for taxation allowances over the corresponding written down value for taxation purposes.
- c Depreciation of leased assets, along with the appropriate credit for Regional Development Grants, where applicable, is calculated using the 'Investment Period' method which ensures that the net leasing income being taken to profit is in proportion to the funds invested.

## Report of the Auditors

To the Members of The Alliance Trust PLC

We have audited the financial statements on pages 15 to 20 in accordance with the approved auditing standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st January 1982 and of the revenue and source and application of funds for the year then ended, and comply with the provisions of the Companies Acts 1948 to 1981 that were relevant to these statements.

DUNDEE, 12th March 1982

THOMSON McLINTOCK & Co., C.A., Auditors.

# Revenue Account

for the year ended 31st January 1982

	Notes	1982 £'000	1981 £'000
<b>Investment Revenue</b>			
<b>Franked Investment Income</b>		<b>6,096</b>	<b>6,424</b>
<b>Unfranked Investment Income</b>			
Sterling		369	1,207
U.S. Dollar		1,938	1,114
Other Overseas		739	527
Short Term Interest		<u>1,181</u>	<u>672</u>
		<b>4,227</b>	<b>3,520</b>
<b>Mineral Royalty Income</b>		<b>127</b>	<b>99</b>
<b>Total Revenue</b>		<b>10,450</b>	<b>10,043</b>
<b>Interest and Expenses</b>			
Interest on Bills and Advances repayable within 5 years		415	562
Interest on all other Loans		74	74
Administration Expenses		317	321
Directors' Remuneration	1	83	73
Audit Fee		<u>6</u>	<u>5</u>
		<b>892</b>	<b>1,035</b>
<b>Revenue before Taxation</b>		<b>9,558</b>	<b>9,008</b>
<b>Taxation</b>	2	<b>3,631</b>	<b>3,275</b>
<b>Revenue after Taxation</b>		<b>5,927</b>	<b>5,733</b>
<b>Dividends</b>			
<b>Preference Stocks for the year</b>		<b>68</b>	<b>68</b>
		<b>5,859</b>	<b>5,665</b>
<b>Ordinary Stock:</b>			
Interim of 3.25p (3.25p)		1,638	1,638
Proposed Final of 8.00p (7.25p)		<u>4,032</u>	<u>3,654</u>
		<b>5,670</b>	<b>5,292</b>
<b>Surplus Revenue for Year</b>		<b>189</b>	<b>373</b>
<b>Revenue Reserve at 31st January 1981</b>		<b>6,786</b>	<b>6,413</b>
<b>Revenue Reserve at 31st January 1982</b>		<b>6,975</b>	<b>6,786</b>
<b>Earnings per Ordinary Stock Unit</b>	3	<b>11.63p</b>	<b>11.24p</b>

The Notes on pages 18 and 19 are part of these Accounts.

# Balance Sheet

as at 31st January 1982

Assets Employed	Notes	1982 £'000	1981 £'000
<b>Investments</b>	4		
Listed at Market Valuation in the United Kingdom		104,886	109,523
Overseas		95,131	65,075
Unlisted at Directors' Valuation		775	564
		<u>200,782</u>	<u>175,162</u>
<b>Subsidiary Company</b>	6	1,360	456
<b>Real Estate, Mineral Rights and Office Premises</b>		30	30
<b>Current Assets</b>			
Temporary Deposits		13,754	2,402
Sales for subsequent settlement		279	1,011
Taxation		262	498
Bank Balances		34	28
Sundry Debtors		16	8
		<u>14,345</u>	<u>3,947</u>
		<b>216,997</b>	<b>179,605</b>
<b>Current Liabilities</b>			
Proposed Dividends		4,056	3,688
Short Term Deposits taken		744	640
Purchases for subsequent settlement		756	64
Bills discounted (related to Aldee Leasing Ltd.)		—	500
Sundry Creditors and Interest Accrued		41	37
		<u>5,607</u>	<u>4,929</u>
<b>Total Assets</b>		<b>211,390</b>	<b>174,676</b>
<b>Financed by</b>			
<b>Debenture Debt</b>	7	7,323	7,323
<b>Preference Share Capital</b>	8	2,200	2,200
		<u>9,523</u>	<u>9,523</u>
<b>Ordinary Stockholders' Funds</b>			
Share Capital — Authorised & Issued 50,400,000 25p units		12,600	12,600
Capital Reserve	9	106,553	88,312
Unrealised Appreciation on Investments		75,729	57,455
Revenue Reserve		6,975	6,786
		<u>201,857</u>	<u>165,153</u>
		<b>211,390</b>	<b>174,676</b>

12th March 1982

G. W. Dunn Director  
B. H. Thomson Director

*G. W. Dunn*  
*B. H. Thomson*

The Notes on pages 18 and 19 are part of these Accounts.

# Notes on the Accounts

		1982	1981
		£	£
<b>1. Directors' Remuneration</b>			
	Fees	29,000	25,333
	Managers' Salaries	34,018	30,173
	Pension Contributions	17,360	17,551
	Provision for Pension to Widow of former Director	2,711	—
		<u>83,089</u>	<u>73,057</u>

During the year the Chairman received £5,000 (the Chairman until 11th April 1980, received £4,197, the Chairman after 11th April 1980, received £4,803), and the highest paid Director received £21,932 (£19,907). Excluding the Chairman the Directors were in the brackets £20,001 - £25,000 2 (none), £15,001 - £20,000 none (2), and under £5,000 4 (4).

		£'000	£'000
<b>2. Taxation on Revenue</b>			
	Corporation Tax at 52% after group relief	923	438
	Less: Relief for Overseas Tax	429	260
		<u>494</u>	<u>178</u>
	Overseas Withholding Taxes	429	260
	Income Tax Credit applicable to Franked Investment Income	1,829	1,927
		<u>2,752</u>	<u>2,365</u>
	Payment to Subsidiary in respect of group relief at 52%	379	910
		<u>3,631</u>	<u>3,275</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.

<b>3. Earnings per Stock Unit</b>	The earnings per Ordinary Stock Unit are based on revenue available to Ordinary Stockholders of £5,859,000 (£5,665,000) divided by the 50,400,000 Stock units in issue.
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4. Investments

Included in the Company's Unlisted Investments were:-

Company	Shares & Class	Percentage Held
City Oil Exploration Ltd. (Registered in England)	150,000 Ordinary Shares of \$1	42.86%
Gate Investments Ltd. (Registered in Scotland)	17,500 Ordinary Shares of \$1	19.66%
	20,000 \$5 Units of Convertible Unsecured Loan Stock 1987/91	50.00%

These investments have not been consolidated in these accounts as the directors consider it would be misleading to do so. Neither Company shows any reserves in its latest Balance Sheet. Franked Income of £6,000 (£20,000) and Unfranked Income of \$11,000 (\$2,000) relating to all Unlisted Investments have been included in these accounts.

**5. Contingent Liabilities**

There are Contingent Liabilities at 31st January 1982, for underwriting of £97,000 (\$138,000). No liability is expected to arise.

**6. Subsidiary Company**

The Company owns 100% of Aldee Leasing Ltd., a Company registered in Scotland. This investment has not been consolidated in these accounts as the Directors consider it would be misleading to do so. A separate statement of the affairs of the subsidiary is presented below.

The accounts of Aldee Leasing Ltd. were prepared in accordance with the accounting policies stated on page 15. During the year to 31st January 1982 the accounts show a profit of \$113,000 (1981 - loss £2,000) and no dividend payment. The investment in Aldee Leasing Ltd. has been included in the Balance Sheet at a value of \$1,860,000 (\$466,000) being:-

	1982 \$'000	1981 \$'000
10,000 shares of \$1 at cost plus Accumulated Profits	418	5
Amount due by Aldee Leasing Ltd.	1,742	461
	<u>1,860</u>	<u>466</u>
The Balance is represented by:		
Equipment on lease at cost less Depreciation	8,316	5,657
Less: Net Current Liabilities	<u>2,766</u>	<u>2,487</u>
	5,550	3,170
Less: Deferred Taxation	<u>3,690</u>	<u>2,704</u>
	<u>1,860</u>	<u>466</u>

**7. Debenture Debt**

4½% Debenture Stock 1956 or after	1,648	1,648
3½% Debenture Stock 1975/85	675	675
5½% Debenture Stock 1980/85	5,000	5,000
	<u>7,323</u>	<u>7,323</u>

**8. Preference Share Capital Authorized and Issued**

4¼% (now 2.975% + tax credit) Cumulative Preference Stock	700	700
4% (now 2.8% + tax credit) Cumulative Preference Stock	650	650
5% (now 3.5% + tax credit) Cumulative Preference Stock	750	750
4% (now 2.8% + tax credit) "A" Cumulative Preference Stock	100	100
	<u>2,200</u>	<u>2,200</u>

**9. Capital Reserve**

Balance at 1st February 1981	118,312	75,008
Add: Net surplus on realisation of investments and currency for the year	16,108	13,213
Underwriting Commission less taxation thereon	8	5
Bonuses and Rentals from Mineral Rights	125	86
Balance at 31st January 1982	<u>106,553</u>	<u>88,312</u>

# Statement of Source and Application of Funds

for the year ended 31st January 1982

Source of Funds	1982 £'000	1981 £'000
Revenue before Taxation	9,558	9,008
Short Term Loans received	104	274
Appreciation of Foreign Currency Balances	973	—
Net Sale of Investments	9,845	—
	<b>20,483</b>	<b>9,282</b>
Application of Funds		
Taxation paid and suffered	2,525	2,199
Dividends paid:		
Preference Stock	68	68
Previous year Final on Ordinary Stock	3,654	3,200
Current year Interim on Ordinary Stock	<u>1,638</u>	<u>1,638</u>
	5,360	4,906
Net Purchase of Investments	—	258
Investment in subsidiary company:		
Loans	1,281	516
Payments in respect of Group Taxation Relief	<u>879</u>	<u>910</u>
	2,160	1,426
Depreciation of Foreign <del>Cash</del> <sup>Currency</sup> Balances	—	141
	<b>10,045</b>	<b>8,930</b>
<b>Total Increase in Liquidity</b>	<b>10,438</b>	<b>352</b>
Represented by:		
Decrease in debtors	(724)	(417)
Decrease (Increase) in creditors	(196)	2,323
Increase (Decrease) in cash	5	(13)
Increase (Decrease) in Temporary Deposits	<u>11,352</u>	<u>(1,541)</u>
	<b>10,438</b>	<b>352</b>

# Classification of Investments

Classification		U.K.	U.S.A.	Japan	Elsewhere	Total 1982	Total 1981
		%	%	%	%	%	%
<b>Equities (Including Convertibles)</b>	<b>Capital Goods</b>	<b>4.9</b>	<b>3.3</b>	<b>1.7</b>	<b>0.7</b>	<b>10.6</b>	<b>8.5</b>
	Aircraft	0.5	0.3	—	—	0.8	0.4
	Building and Construction	0.3	—	0.1	0.3	1.0	1.2
	Electrical	2.5	2.1	1.6	0.3	6.5	5.4
	Engineering	0.8	0.9	—	0.1	1.8	0.8
	Miscellaneous	0.5	—	—	—	0.5	0.7
	<b>Consumer Goods</b>	<b>20.8</b>	<b>6.9</b>	<b>1.9</b>	<b>1.0</b>	<b>30.6</b>	<b>30.4</b>
	Breweries and Distilleries	1.2	—	—	0.1	1.5	2.2
	Drugs and Cosmetics	5.6	2.5	0.1	0.2	8.4	6.4
	Electrical	5.6	—	0.1	—	5.7	7.0
	Leisure	0.2	—	—	—	0.2	0.2
	Food Manufacturing	0.9	0.3	—	0.2	1.4	1.6
	Motors and Distributors	0.2	—	—	—	0.2	—
	Paper and Packaging	0.2	—	—	0.1	0.3	0.1
	Publishing	0.1	0.3	—	—	0.4	0.2
	Retail Trade	2.1	2.0	0.7	0.4	5.2	5.7
	Textiles	0.7	—	—	—	0.7	0.6
	Tobacco	3.4	1.7	—	—	5.1	4.9
	Miscellaneous	0.4	0.1	1.0	—	1.5	1.5
	<b>Other Groups</b>	<b>8.3</b>	<b>21.0</b>	<b>—</b>	<b>3.6</b>	<b>32.9</b>	<b>31.2</b>
	Chemicals	0.7	3.3	—	0.3	4.3	4.5
	Office Equipment	0.9	2.0	—	—	2.9	2.4
	Oil and Oil Service	3.6	9.2	—	1.6	14.4	15.8
	Public Utilities	—	0.6	—	—	0.6	0.2
	Transport	—	0.2	—	—	0.2	0.4
	Miscellaneous	3.1	5.7	—	1.7	10.5	7.9
	<b>Financial</b>	<b>14.6</b>	<b>2.4</b>	<b>1.2</b>	<b>1.1</b>	<b>19.4</b>	<b>24.7</b>
	Banks and Finance	4.1	0.4	—	—	4.5	5.6
	Insurance	5.0	1.5	—	—	6.5	7.1
	Investment Trusts	3.5	—	1.3	0.7	5.5	7.9
	Property	1.6	0.5	—	—	2.1	3.3
	Metals and Diamonds	0.2	—	—	0.4	0.6	0.8
	Miscellaneous	0.2	—	—	—	0.2	0.1
	<b>Total Equities</b>	<b>48.6</b>	<b>32.6</b>	<b>4.9</b>	<b>6.4</b>	<b>93.5</b>	<b>94.9</b>
<b>Fixed Interest</b>	<b>Preference &amp; Loan Stocks</b>	<b>1.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.4</b>	<b>5.4</b>
	<b>Total Investments</b>	<b>50.0</b>	<b>32.6</b>	<b>4.9</b>	<b>6.4</b>	<b>94.9</b>	<b>100.3</b>
<b>Other Net Assets</b>		<b>1.2</b>	<b>2.2</b>	<b>1.3</b>	<b>0.4</b>	<b>5.1</b>	<b>(0.3)</b>
	<b>Total Assets</b>						
	1982 \$211,350,000	51.2	38.8	6.2	6.8	100.0	
	1981 \$174,676,000	62.2	28.3	4.5	5.0		100.0

# Ten Year Record

years to 31st January

	Total Assets Less Current Liabilities	Gross Revenue	Net Revenue Available for Ordinary	Earnings on Ordinary Net	Ordinary Dividend Net	Net Asset Value
	£'m	£'m	£'m	Pence per Share	Pence per Share	Pence per Share
<b>1973</b>	137.6	4.2	3.2	4.60	4.41	253.2
<b>1974</b>	109.5	4.8	2.6	5.25	4.785	197.3
<b>1975</b>	92.7	5.6	2.9	5.77	5.25	164.1
<b>1976</b>	135.3	5.5	2.8	5.56	5.35	248.5
<b>1977</b>	127.0	6.5	3.4	6.66	6.35	233.0
<b>1978</b>	140.3	6.9	3.7	7.37	7.10	259.5
<b>1979</b>	157.4	7.7	4.2	8.28	8.00	293.4
<b>1980</b>	150.5	9.1	5.2	9.68+0.65	9.35+0.65	279.4
<b>1981</b>	174.7	10.0	5.7	11.24	10.50	327.7
<b>1982</b>	211.4	10.5	5.9	11.63	11.25	400.5

## Capital Gains Tax

For Capital Gains Tax purposes, the 6th April 1965 prices of the Company's Loan and Share Capital quoted on the London Stock Exchange are given below:

4½% Debenture Stock 1956 or after	64½	4% Cumulative Preference Stock	54½
3½% Debenture Stock 1975/85	63½	5% Cumulative Preference Stock	69½
5¼% Debenture Stock 1980/85	82½	Ordinary Stock, 25p Units	£1.2125 (24/3)
4¼% Cumulative Preference Stock	58½		



# The Alliance Trust PLC

Form of Proxy  
for use by  
Members only

I/We .....

of .....

Please complete  
in  
BLOCK CAPITALS

being (n) member(s) of The Alliance Trust PLC, HEREBY APPOINT.....

or failing him Mr. George W. Dunn, or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Friday, 16th April 1982 at 11.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions set out in the notice convening the annual general meeting as follows:—

## Resolutions

- |                                                                     |               |
|---------------------------------------------------------------------|---------------|
| I. To receive the Report of the Directors.                          | FOR / AGAINST |
| II. To declare Dividends.                                           | FOR / AGAINST |
| III. To re-elect Mr. B. H. Thomson as a Director.                   | FOR / AGAINST |
| IV. To re-appoint Thomson McIntock & Co., C.A., Dundee as Auditors. | FOR / AGAINST |
| V. To fix the remuneration of the Auditors.                         | FOR / AGAINST |

Signature.....

Date.....

## Notes

1. Please indicate how you wish your proxy to vote by deleting "For" or "Against" as appropriate. Unless otherwise indicated, your proxy will use his discretion as to whether and how to vote.
2. In the case of joint holders, the vote of the senior shall be accepted to the exclusion of the vote of other joint holders. For this purpose seniority shall be determined by the order in which the names of such holders stand in the register of members.
3. In the case of a corporation, this form of proxy should be executed under its common seal or signed on its behalf by an attorney or officer of the corporation.
4. To be valid, this form must be lodged at the registered office of the company not less than 48 hours before the time of the meeting.
5. If you wish to appoint a proxy of your own choice, please insert his/her name in the spaces provided.