

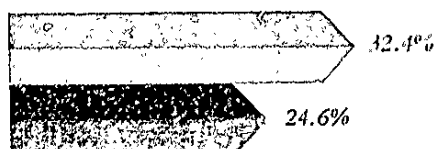
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FINANCIAL HIGHLIGHTS

Share price increased
by 32.4% to 290p

0 7 14 21 28 35 42 %

Share Price



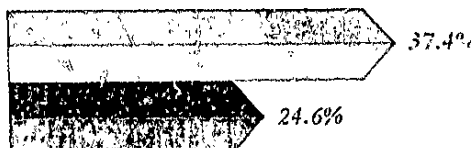
FTA All-Share Index

Percentage Change from 1 November 1992 – 31 October 1993

Net asset value increased
by 37.4% to 303.4p

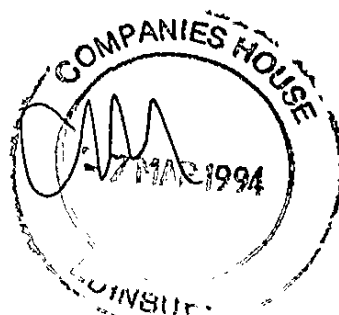
0 7 14 21 28 35 42 %

Net Asset Value



FTA All-Share Index

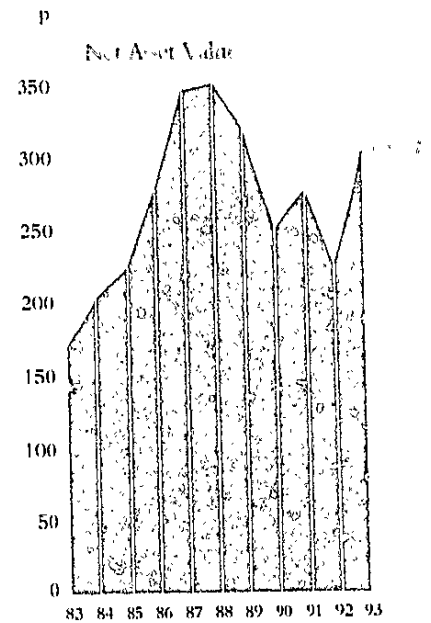
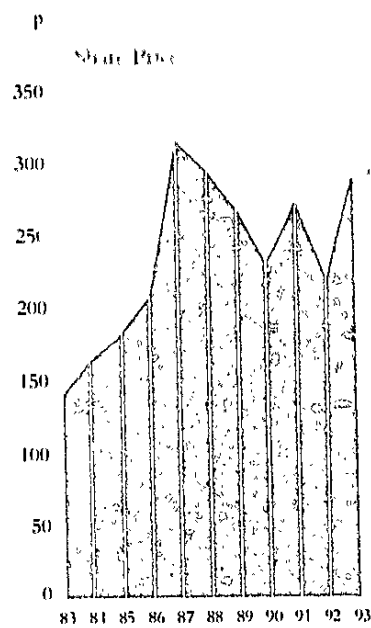
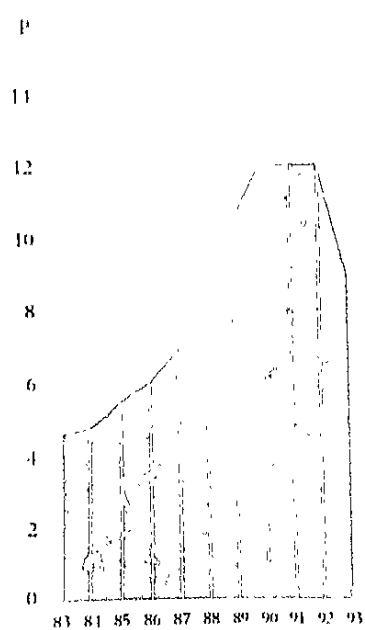
Percentage Change from 1 November 1992 – 31 October 1993



OBJECTIVES

... to meet the need of long term capital and revenue
... through investment in smaller companies
... in the United Kingdom.

LONG TERM RECORD



CHAIRMAN'S STATEMENT



Directors – Donald Grant retired from the board at the end of June, after serving as a director since 1969 and as Chairman for the last six years. On behalf of the directors and shareholders I should like to express our thanks to him for his commitment, leadership and stewardship of your company and wish him well in retirement.

At the end of the financial year Roland Jarvis also retired from the board following his move to the South of England. I would thank him also for his valuable contribution over the past eight years. On 1 November 1993 Lord Ramsay was appointed a director in his place. Lord Ramsay has merchant banking experience, including investment in small companies, and I am sure his knowledge of the City will be of great benefit to us.

Objectives – Your board believes strongly in the attractions of smaller companies as vehicles which are able to generate above-average returns and has for a number of years concentrated investment in companies with a market capitalisation of below £75 million. This segment of the stockmarket however, has proved to be a very difficult investment area over most of the past five years.

Accordingly your board has decided to extend the universe of stocks in which your company invests, and in future will measure the capital performance of the assets against the FTSE Small Cap Index (excluding Investment Trusts). At 31 October 1993 the upper size limit of companies in that index was £285 million.

Net Asset Value – In the twelve months to 31 October 1993 the net asset value per share rose by 37.4%, from 220.8p to 303.4p. This performance was ahead of the FT Actuaries All-Share Index which rose by 24.6%.

Dividend – The earnings of a number of small companies in which your company was invested were badly affected by the recession, which proved to be deeper and longer than expected. As indicated at the time of the interim report, your board believes that it is prudent to reduce the annual dividend to a level commensurate with the earnings of your company. A final dividend of 6p per share is recommended and your board hopes that dividend increases from this lower base can be resumed in future years.

Share Capital – At the Extraordinary General Meeting held on 29 November 1993 shareholders passed a resolution to reduce the capital of your company by £425,000, representing the paid-up value of the preference stock. This resolution has to be confirmed by the Court of Session before the reduction becomes effective.

Secretary – Dunedin Fund Managers Limited, the investment manager of your company, was also appointed as its Secretary with effect from 1 November 1993 and a fee of £24,500 was paid to KPMG Peat Marwick, the previous Secretary, in connection with the change. The registered office of your company was changed to Belsize House, West Ferry, Dundee from the same date.

Outlook – The recent results season has produced evidence of improvement in companies' earnings and this trend is expected to continue in the current year. As better earnings are reported, investors' sentiment will improve and, I believe, small company shares will regain more of their traditional premium valuation to the broader stockmarket.

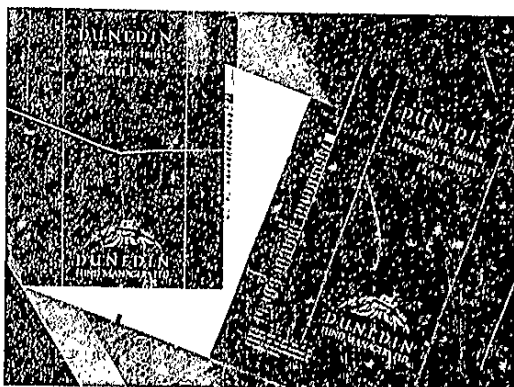
W D Marr, Chairman
29 November 1993

INVESTOR INFORMATION

It is the business of investment trusts, advised by their managers, to invest in the shares of other companies. The purchase of investment trust shares is therefore an ideal way to acquire a spread of investments, managed at low cost, to provide capital and/or income growth.

£1,000 invested in **Dundee and London Investment Trust** on 1 November 1978 would, after 15 years with dividends reinvested, have been worth £8,749 by 1 November 1993. This compares with £3,567 for the highest rate available from a building society and £2,796 for the UK Retail Price Index.

Source: Micropal 1 November 1978 – 1 November 1993. Basis: Net income reinvested. Shares: mid-market price.



HOW DO YOU INVEST?

Ordinary Shares – Shares can be bought or sold directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

Two other methods which are becoming increasingly popular are the **Dunedin Investment Trusts Share Plan** and the **Dunedin Investment Trusts Personal Equity Plan**.

Dunedin Investment Trusts Share Plan – Originally introduced in January 1987, the Plan has attracted over 800 investors to Dundee and London Investment Trust. You can buy shares in the Trust either by making **regular monthly payments** (minimum £30 per month) or by making an occasional **lump sum investment** (minimum £250 initially and minimum £30 thereafter). Lump sums of £250 or more are invested twice weekly. If you already own shares, you can also join the Share Plan and have your dividends reinvested.

Dividends from shares within the Plan can be reinvested, paid direct to you or mandated as required.

There is **no charge** for buying, selling or holding shares through the Plan, other than Government Stamp Duty of 0.5% which is currently payable on all share purchases.

Dunedin Investment Trusts Personal Equity Plan – The Dunedin Investment Trusts PEP was launched in 1990 and has already attracted over 1,500 investors to Dundee and London Investment Trust. The advantage of the PEP is that the income and capital growth from all investments held within it are free from Income Tax on dividends and free from Capital Gains Tax. You can invest up to £6,000 in Dundee and London Investment Trust through a PEP in the tax year 1993/94. A regular income facility is available through the PEP, whereby you can elect to receive tax free income twice yearly. There is a set up cost of £30 (plus VAT) and an annual charge of 0.5% (plus VAT), which is considerably cheaper than most other PEPs. There is no charge for buying or selling shares

in the Trust within the PEP other than Government Stamp Duty of 0.5% on purchases.

The Dunedin Investment Trusts Share Exchange Scheme – is now available within both the Share Plan and the PEP. This provides a convenient method for investors to sell an existing shareholding in any UK quoted company with the proceeds being reinvested in the Trust.

Please remember that past performance is not necessarily a guide to the future. The price of shares and the income from them can go down as well as up and you may not get back the amount invested.

Keeping you informed – The share price of Dundee and London Investment Trust appears under the heading 'Investment Trusts' in the Financial Times, The Daily Telegraph, The Times, The Guardian, The Independent, The Scotsman and The Herald. You can also obtain the latest share price by phoning FT City-Line on 0336 432385.

This year's Annual General Meeting will be held at Belsize House, West Ferry, Dundee on Tuesday 25 January 1994 at noon.

For information on the Share Plan, the PEP and the Share Exchange Scheme please contact:

Investor Relations Department
Dunedin Fund Managers Ltd
Dunedin House
25 Ravelston Terrace
EDINBURGH EH4 3EX
Telephone: 031-315 2500
or FREE on 0800 838993 (24 hours)

FINANCIAL CALENDAR

Announcements, ordinary share dividend payments and the issue of the annual and interim reports may normally be expected in the months shown below:

January – Annual General Meeting and final dividend paid

June – Interim dividend announced and interim report for half year to 30 April published

July – Interim dividend paid

December – Preliminary figures and final dividend for year announced

Annual report and accounts published

Dividends on the preference stock are payable half yearly on 30 April and 31 October.



The Company is a member of The Association of Investment Trust Companies.

ANALYSIS OF SHAREHOLDERS

No of Shares	No of Holders	% of Shares
1 – 5,000	3,284	21.0
5,001 – 25,000	164	9.5
Over 25,000	49	69.5
	<u>3,497</u>	<u>100.0</u>

Type of

Shareholder

UK Individuals (including Share Plan and PEP)	3,434	32.3
Insurance Companies and Pension Funds	16	35.3
Banks and Nominees	20	14.7
Local Authorities	5	1.0
Other Institutions	22	16.7
	<u>3,497</u>	<u>100.0</u>

INVESTMENT MANAGER'S REVIEW



From left to right, David McCraw is the Dunedin director with responsibility for your company and Neil Pirie is the fund manager.

The financial year under review has seen a resurgence of interest in small companies, which is reflected in the increase of 37.4% in the net asset value per share. This compares with a rise of 24.6% in the FTA All-Share Index. The departure of sterling from the Exchange Rate Mechanism in September 1992 and the subsequent interest rate cuts heralded a major reversal in the attitudes of investors towards small companies, ending a prolonged period of poor returns.

The impact of the long and deep recession which the UK economy had experienced was felt particularly sharply by small companies. A considerable number have had to reduce or pass their dividends in order to conserve cash and ensure that they are financially strong enough to participate in the recovery. This has adversely affected the company's income position which was also impacted by a reduction in deposit interest. Lower interest rates contributed to this reduction but the main element is attributable to the fact that the company became more fully invested in equities during the year.

As outlined in the Chairman's statement, it was considered appropriate to widen the universe of potential investments from the previous concentration on companies with a market capitalisation of less than £75 million and from 1 November 1993, the Board has selected the FTSE Small Cap index (excluding Investment Trusts) as the benchmark against which the company's capital performance will be measured.

Rather than set a specific upper size limit, we will look to invest in companies where the market capitalisation is within the range of the FTSE Small Cap index. The upper level of the market capitalisation range for this index is £285 million currently, and this change of emphasis will make the company more flexible, leaving it better placed to take advantage of the many opportunities which are expected to arise in the small company market.

As a result of these measures, a number of holdings at the smaller end of the market capitalisation scale have been disposed of, including Norish, Folkes Group and Computer People. New holdings include Manders and Peter Black which are both capitalised in excess of £100 million. The table on page 9 provides an analysis of the company's holdings by market capitalisation and comparative figures for the FTSE Small Cap Index.

In anticipation of economic recovery, the portfolio, as previously structured, gave emphasis to the capital goods sectors of the market. While we believe that the forecast recovery in earnings makes certain companies within these sectors attractive, it is desirable to have a more balanced portfolio in terms of

sector diversification. In order to reduce stock-specific risk, the number of holdings in the portfolio has been increased, and this has been funded by selling part of the larger holdings.

The strong performance of the small company market this year has encouraged a significant number of new issues in recent months. The company has participated in these issues on a very selective basis and will retain holdings in those companies which we consider to offer above-average returns.

In addition, a number of companies in the portfolio have sought to finance their expansion by way of rights issues and we have supported several of these, notably Perry Group and Marling Industries. There has generally been very little takeover activity in the UK stockmarket during the last twelve months, but the company's holding in Securiguard was bid for and a substantial profit was realised.

Notwithstanding the very strong performance of small companies during the last twelve months the outlook remains encouraging. The performance in 1993 only reversed a small part of the underperformance of smaller companies which had been experienced since 1988 and, with the ability of small companies to grow their earnings at a faster rate than large companies during periods of economic growth, out-performance should continue. Indeed, recent indications on earnings and dividends of companies in the portfolio have been encouraging.

ANALYSIS OF VALUATION

31 JANUARY 1993	United Kingdom	Overseas	1993 Total	1992 Total
	£000	£000	£000	£000
Equities and convertibles				
Capital goods				
Building materials	2,032	—	2,032	544
Contracting and construction	1,859	—	1,859	788
Electricals	1,885	—	1,885	2,167
Electronics	2,494	69	2,563	1,402
Engineering – aerospace	—	157	157	190
Engineering – general	6,803	—	6,803	6,342
Metals and metal forming	1,701	—	1,701	1,258
Motors	1,833	—	1,833	1,190
Other industrial materials	580	—	580	—
	19,187	226	19,413	13,881
Consumer group				
Brewers and distillers	906	—	906	—
Food manufacturing	1,577	—	1,577	1,732
Food retailing	1,916	—	1,916	1,694
Health and household	927	—	927	809
Hotels and leisure	1,539	—	1,539	1,835
Media	1,453	—	1,453	—
Paper and packaging	1,042	—	1,042	1,550
Stores	1,557	—	1,557	661
Textiles	691	—	691	596
	11,608	—	11,608	8,877
Other groups				
Business services	488	—	488	238
Chemicals	1,688	—	1,688	1,383
Conglomerates	1,036	—	1,036	593
Shipping and transport	967	—	967	430
Water	431	—	431	—
Miscellaneous	6,485	—	6,485	4,859
	11,098	—	11,098	7,503
Oil and gas	405	—	405	295
Financial group				
Merchant banks	3,466	—	3,466	1,934
Property	1,876	—	1,876	356
Other financial	1,855	333	2,188	1,768
	7,197	333	7,530	4,058
Total equities and convertibles	49,495	559	50,054	34,614
Fixed interest	—	1	1	1
Net current assets	1,333	—	1,333	2,903
Preference stock	(425)	—	(425)	(425)
Ordinary shareholders' funds	50,403	560	50,963	37,093
1993 %	98.9	1.1	100.0	—
1992 %	98.1	1.9	—	100.0

Convertibles amount to £1,027,000 (1992-£474,000)

LONG TERM RECORD

Year ended	Assets at valuation	Preference stock	Ordinary shareholders' funds	Revenue available for ordinary dividends	Per Ordinary Share			Share Price
					Net asset value	Earnings	Dividend	
31 Oct	£000	£000	£000	£000	£	p	p	p
1983	28,940	425	28,515	745	169.7	4.43	4.35	142
1984	34,508	425	34,083	805	202.9	4.79	4.70	161
1985	38,243	425	37,818	944	225.1	5.62	5.40	183
1986	46,877	425	46,452	1,023	276.5	6.09	6.00	204
1987	58,317	425	57,892	1,176	344.6	7.00	6.80	313
1988	59,261	425	58,836	1,516	350.2	9.02	8.80	291
1989	54,150	425	53,725	1,797	319.8	10.70	10.50	265
1990	42,413	425	41,988	2,030	249.9	12.08	12.00	227
1991	46,916	425	46,491	1,902	276.7	11.32	12.00	273
1992	37,518	425	37,093	1,821	220.8	10.84	12.00	219
1993	51,388	425	50,963	1,465	303.4	8.72	9.00	290

Figures for 1989 and subsequent years reflect the change in accounting policy from including investment income on a receivable basis to an ex-dividend basis.

COMPARISON OF MARKET CAPITALISATION

AT 31 OCTOBER 1993

UK quoted companies	Dundee and London weighting	FTSE Small Cap Index weighting
Equity market capitalisation		
£m	%	%
0 - 25	16.2	1.2
25 - 50	26.2	8.1
50 - 75	20.0	12.1
75 - 100	12.4	14.1
100 - 125	8.0	13.7
125 - 150	8.6	15.2
150 - 175	8.6	10.6
175 - 200	—	10.7
200 +	—	14.3
Total	100.0	100.0

INVESTMENT CHANGES

	Valuation at 31.10.92	Purchases	Sales	Appreciation/ (Depreciation)	Valuation at 31.10.93
	£000	£000	£000	£000	£000
Equities					
UK	33,892	13,731	(12,210)	14,082	49,495
Other Areas	723	—	(118)	(45)	560
Total	34,615	13,731	(12,328)	14,037	50,055

FIFTY LARGEST HOLDINGS

	£'000		£'000
Robert Fleming Holdings	3,466	Peter Black	726
Carlo Engineering	1,358	Saville Gordon (J) Group	684
Rotork	1,269	British Build. and Eng. Appliances	660
Servomex	1,161	Brent Chemicals International	622
Bromsgrove Industries	1,161	PCT Group	620
City Centre Restaurants	1,137	Southern Business Group	615
DFM Holdings	1,122	Westbury	607
Wolstenholme Rink	1,066	Triplex Lloyd	591
British Polythene	1,042	Matthew Clark	591
Avon Rubber	1,040	Swallowfield	589
Greggs	1,013	Marling Industries	580
UDO	1,000	Wyevale Garden Centres	570
Ricardo	990	Scantronic Holdings	563
Forth Ports	967	Airsprung Furniture Group	549
Watson and Philip	903	Epwin	546
JLI Group	891	In Shops	525
Grampian Holdings	858	Manders	523
Sterling Publishing	835	Everest Foods	520
Spandex	809	Bett Brothers	517
Dowding and Mills	799	Acal	506
Perry Group	793	Prospect Industries	497
Metsec	784	Austin Reed Group	462
Frederick Cooper	767	Allied London Properties	452
Burnfield	761	Bridport - Gundry	450
Walker Greenbank	752		<u>41,044</u>
Cala	735	Represents 82.0% of equities	

NOTICE OF MEETING

Notice is hereby given that the sixty-sixth Annual General Meeting of Dundee and London Investment Trust PLC will be held at Belsize House, West Ferry, Dundee on **Tuesday 25 January 1994 at noon** for the following purposes:

- 1 To receive the Report of the Directors and the Accounts for the year to 31 October 1993 and to declare a final dividend on the ordinary shares.
- 2 To re-elect Lord Ramsay as a director of the company.
- 3 To re-elect G S Lowden as a director of the company.
- 4 To re-appoint Ernst & Young as auditors of the company.
- 5 To authorise the board to fix the remuneration of the auditors.
- 6 To transact any other ordinary business of the company.

By order of the Board,
Dunedin Fund Managers Limited,
Secretary, 29 November 1993.
Registered office:
Dunedin House,
25 Ravelston Terrace,
Edinburgh EH4 3EX

NOTES

1 Holders of ordinary shares and preference stock are entitled to attend and vote at the meeting. Any such holder may appoint another person (whether a member of the company or not) as his proxy to attend in his stead. Proxies must be lodged at the company's registered office, Belsize House, West Ferry, Dundee DD5 1NF not less than 48 hours before the time appointed for the meeting.

2 There are special arrangements for holders of shares through the Dunedin Investment Trusts Share Plan and the Dunedin Investment Trusts Personal Equity Plan. These are explained in the 'Letters of Directions' which such holders will have received with this Report.

3 In accordance with Stock Exchange requirements, a statement giving details of all transactions of each director and of his family interests in ordinary shares and preference stock of the company, will be available for inspection at the registered office of the company during normal business hours from the date of this notice until the conclusion of the Annual General Meeting.

BOARD OF DIRECTORS



From left to right, M G N Walker, Lord Ramsay, W D Marr, G S Lowden.

W D Marr, (63), appointed a director in October 1992, is a director of Dunedin Income Growth Investment Trust, Dunedin Worldwide Investment Trust and Fleming Fledgeling Investment Trust. Prior to his retirement in 1992 Mr Marr was Chairman and Chief Executive of Dunedin Fund Managers Limited.

G S Lowden, (66), a director since 1981, was formerly Chairman of the Dundee Port Authority and Managing Partner, Peat Marwick McLintock, Dundee.

Lord Ramsay, (45), was appointed to the board on 1 November 1993. He was a founder of Enskilda Securities and between 1988 and 1991 was a director of Capel-Cure Myers Capital Management. He is Managing Director of Jamestown Investments Limited and a director of Alex Brown and Sons Holdings Limited and Dunedin Japan Investment Trust.

M G N Walker, (60), a director since 1982, is Chairman of Sidlaw Group, British International Helicopters and I&S UK Smaller Companies Trust and is a director of Scottish Hydro-Electric.

DIRECTORS' REPORT

The Directors have pleasure in submitting to shareholders the accounts for the year to 31 October 1993.

Revenue

Revenue for the year was £2,208,000 compared with £2,747,000 last year. Revenue available for ordinary shareholders was £1,465,000 compared with £1,821,000 last year representing earnings per ordinary share of 8.72p compared with 10.84p last year.

Dividend

A final dividend of 6.00p is recommended for payment on 31 January 1994 to shareholders on the register on 7 January 1994. The ex-dividend date is 13 December 1993. This dividend together with the interim dividend of 3.00p paid during the year makes a total of 9.00p per ordinary share costing £1,512,000 (1992-12.00p costing £2,016,000). This gives rise to a transfer of £47,000 (1992-£195,000) from revenue reserve.

Valuation

The valuation of investments at 31 October 1993 was £50,055,000 (1992-£34,615,000). Ordinary shareholders' funds amounted to £50,963,000 (1992-£37,093,000) after deducting prior charges at book value, giving a net asset value of 303.4p per share (1992-220.8p).

Principal activity and status

The business of the company is that of an investment company within the meaning of Section 266 of the Companies Act 1985. The company qualifies as an investment trust within the meaning of the Income and Corporation Taxes Act 1988 as amended. Inland Revenue approval for such treatment has been given up to 31 October 1992 and the company has subsequently directed its affairs so as to enable it to continue to seek such approval. The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. The company currently qualifies for the full investment trust limit of £6,000 in a Personal Equity Plan. It is the present intention that the company will conduct its affairs so as to continue to be a qualifying trust.

Review of the Business

A review of the business is given in the Chairman's statement on page 3 and the Investment Manager's review on pages 6 and 7.

Directors

The directors of the company at 31 October 1993 and their interests in the ordinary shares of the company as defined by Schedule 7 to the Companies Act 1985 are shown below:

		Number of Ordinary 25p shares	
		31.10.93	31.10.92
W D Marr	Beneficial	4,844	2,700
G S Lowden	Beneficial	4,345	4,345
M G N Walker	Beneficial	2,000	2,000

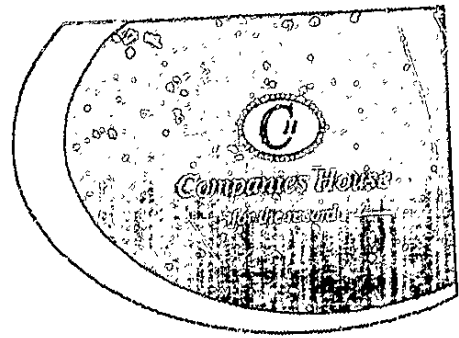
No director has an interest in the preference stock of the company. There have been no changes in the above holdings between 1 November 1993 and 29 November 1993.

D B Grant and R J Jarvis retired from the board during the year.

Lord Ramsay was appointed a director on 1 November 1993 and, in accordance with the Articles of Association, retires at the Annual General Meeting and is eligible for re-election. G S Lowden retires from the board by rotation and, being eligible, offers himself for re-election. Resolutions to this effect will be proposed at the Annual General Meeting.

Contracts of Service

No director has a service contract with the company. No contracts of significance in which any director has a financial interest were in existence at any time during the year.



Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

This has been noted but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

Companies House is a registry of company information. We carry out basic checks to make sure that documents have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. We accept all information that companies deliver to us in good faith and place it on the public record. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.

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The Directors have pleasure in submitting to shareholders the accounts for the year to 31 October 1993.

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Revenue for the year was £2,208,000 compared with £2,747,000 last year. Revenue available for ordinary shareholders was £1,465,000 compared with £1,821,000 last year representing earnings per ordinary share of 8.72p compared with 10.84p last year.

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		Number of Ordinary 25p shares	
		31.10.93	31.10.92
W D Marr	Beneficial	4,844	2,700
G S Lowden	Beneficial	4,345	4,345
M G N Walker	Beneficial	2,000	2,000

No director has an interest in the preference stock of the company. There have been no changes in the above holdings between 1 November 1993 and 29 November 1993.

D B Grant and R J Jarvis retired from the board during the year.

Lord Ramsay was appointed a director on 1 November 1993 and, in accordance with the Articles of Association, retires at the Annual General Meeting and is eligible for re-election. G S Lowden retires from the board by rotation and, being eligible, offers himself for re-election. Resolutions to this effect will be proposed at the Annual General Meeting.

Contracts of Service

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Manager and Secretary

Dunedin Fund Managers Limited is the investment manager of the company and receives an annual fee of 0.40% of the assets of the company, calculated quarterly. Other than in exceptional circumstances the contract is terminable on three years' notice. The fee paid during the year was £173,000 (1992-£172,000). KPMG Peat Marwick were until 31 October 1993 employed as secretary, receiving a fee of £72,000 (1992-£47,000) which included £24,500, in connection with the assignation of their contract as secretary to Dunedin Fund Managers Limited with effect from 1 November 1993.

Corporate Governance

The company has complied with the Code of Best Practice recommended in the Cadbury Committee's Report on the Financial Aspects of Corporate Governance in all material respects. The appointment and remuneration of directors and audit matters are dealt with by the full board rather than delegated to committees of the board.

Notifiable interest

As at 29 November 1993 the undernoted shareholders had reported an interest of 3% or more in the company's share capital:

Ordinary Shares of 25p	Holding	% of class
The Edinburgh Investment Trust plc	1,630,000	9.70
Prudential Corporation plc	1,002,546	5.97
Dunedin Income Growth Investment Trust PLC	835,000	4.97
IDC Thomson & Company Ltd	831,600	4.95
Scottish Widows Group	800,000	4.76
Cumulative Preference Stock		
Buchanan Partners Limited	120,000	28.24
Commercial Union Assurance Company plc	60,110	14.14
Danae Investment Trust plc	59,260	13.94
Provincial Insurance plc	52,721	12.40
NCB Trust Limited - Account 'D'	42,500	10.00
Royal Trust Preference Share Fund	42,500	10.00

Extraordinary General Meeting

At an Extraordinary General Meeting of the company held on 29 November 1993, the shareholders approved a special resolution to effect a reduction of the share capital of the company by repaying the cumulative preference stock of £1 each to the extent of £1 per stock unit. This resolution must be confirmed by the Court of Session before becoming effective.

Contributions

In accordance with its normal practice the company has made no contributions to political or charitable organisations during the year.

Auditors

The auditors, Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office and resolutions concerning their re-appointment and remuneration will be submitted to the Annual General Meeting.

DUNEDIN FUND MANAGERS LIMITED

By order of the board,

Dunedin Fund Managers Ltd, Secretary,
Edinburgh, 29 November 1993.


.....
AUTHORISED SIGNATORY

REVENUE ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER	Note	1993 £000	1992 £000
Revenue			
Income from investments	2	1,962	2,195
Interest receivable on short-term deposits		204	529
Underwriting commissions		<u>42</u>	<u>23</u>
		2,208	2,747
Less			
Administrative expenses	3	<u>298</u>	<u>259</u>
Revenue before taxation		1,910	2,488
Taxation	4	<u>430</u>	<u>652</u>
Revenue after taxation		1,480	1,836
Preference dividend		<u>15</u>	<u>15</u>
Revenue available for ordinary shareholders		1,465	1,821
Dividends on ordinary shares	5	<u>1,512</u>	<u>2,016</u>
Transfer from revenue reserve	12	<u>(47)</u>	<u>(195)</u>
Earnings per ordinary share	6	8.72p	10.84p
Dividends per ordinary share	5	9.00p	12.00p

BALANCE SHEET

	Note	1993		1992	
		£000	£000	£000	£000
Fixed assets					
Investments	7		50,055		34,615
Current assets					
Debtors	9	1,441		290	
Cash and short-term deposits		<u>1,570</u>		<u>4,073</u>	
		3,011		4,363	
Less					
Creditors					
Amounts falling due within one year	10	1,678		<u>1,460</u>	
Net current assets			<u>1,333</u>		<u>2,903</u>
Total assets less current liabilities			<u>51,388</u>		<u>37,518</u>
Capital and reserves					
Called up share capital	11				
Preference stock			425		425
Ordinary shares		4,200		4,200	
Capital reserves					
Realised reserves	12	37,619		38,678	
Unrealised appreciation/(depreciation)	12	8,508		(6,468)	
Revenue reserve	12	<u>636</u>		<u>683</u>	
Ordinary shareholders' funds			<u>50,963</u>		<u>37,093</u>
			<u>51,388</u>		<u>37,518</u>



W D Marr, Director

The accounts were approved by the board on 29 November 1993.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER	Note	1993		1992	
		£000	£000	£000	£000
Operating activities					
Cash received from investments			1,560		1,710
Interest received			206		520
Other cash received			42		23
Investment management and secretarial fees paid			(219)		(238)
Cash paid to and on behalf of directors			(22)		(19)
Other cash payments			(107)		(135)
Net cash inflow from operating activities	13		<u>1,460</u>		<u>1,861</u>
Servicing of finance					
Dividends paid			(1,897)		(2,031)
			(437)		(170)
Taxation					
UK corporation tax paid			(68)		(55)
Advance corporation tax paid			(251)		(62)
Overseas tax paid			(6)		—
			(325)		(117)
			(762)		(287)
Investing activities					
Purchase of investments			(13,177)		(5,858)
Sale of investments			<u>11,436</u>		<u>7,197</u>
Net cash (outflow)/inflow from investing activities			<u>(1,741)</u>		<u>1,339</u>
Net cash (outflow)/inflow before financing			<u>(2,503)</u>		<u>1,052</u>
(Decrease)/increase in cash	13		<u>(2,503)</u>		<u>1,052</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1993	1992
	£000	£000
Capital profit on investments		
Realised gains and losses	(939)	(3,403)
Increase in unrealised appreciation/(depreciation)	14,976	(5,714)
	14,037	(9,117)
Management and secretarial fees capitalised, net of taxation	(120)	(86)
Capital surplus/(deficit) for the year	13,917	(9,203)
Revenue available for distribution to ordinary shareholders	1,465	1,821
Total recognised gains and losses for the year	15,382	(7,382)

MOVEMENT IN ORDINARY SHAREHOLDERS' FUNDS

	1993	1992
	£000	£000
Distributable profits		
Revenue available for distribution to ordinary shareholders	1,465	1,821
Ordinary dividends	(1,512)	(2,016)
Transfer from distributable reserves	(47)	(195)
Non distributable profits		
Non distributable profits transferred to/(from) reserves	13,917	(9,203)
Movement in ordinary shareholders' funds	13,870	(9,398)

RECONCILIATION OF MOVEMENTS IN ORDINARY SHAREHOLDERS' FUNDS

	1993	1992
	£000	£000
Balance at 31 October 1992	37,093	46,491
Revenue available for distribution to ordinary shareholders	1,465	1,821
Dividends	(1,512)	(2,016)
Non distributable capital surplus/(deficit) for the year	13,917	(9,203)
Balance at 31 October 1993	50,963	37,093

NOTES ON THE ACCOUNTS

1 Accounting basis and policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable Accounting Standards. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

(a) **Revenue and expenses** – Income from investments, including taxes deducted at source and imputed tax credits, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short-term deposits and expenses are treated on an accruals basis.

(b) **Investments** – Listed investments are valued at market prices, foreign currencies being converted at the rate of exchange ruling at the relevant balance sheet date. Unlisted investments which include investments traded on the Unlisted Securities Market or under Rule 535(2) or (3) of The Stock Exchange are valued by the directors taking account of latest dealing prices, brokers' valuations and other available accounting information as appropriate.

(c) **Realised capital reserves** – Gains and losses on realisation of investments and currency are dealt with in the realised capital reserves. 50% of the investment management and secretarial fees along with the associated irrecoverable VAT are charged to this reserve. The associated tax relief is credited to this reserve.

(d) **Unrealised appreciation/(depreciation) reserve** – Increases and decreases in the valuation of investments held are dealt with in this reserve.

(e) **Taxation** – ACT on dividends paid and proposed is included in current taxation payable and recoverable only to the extent that it is not covered by tax credits on franked investment income received up to the balance sheet date or receivable in the following year. Deferred tax is provided for on short-term timing differences.

2 Income from investments

		1993		1992	
		Franked	Unfranked	Franked	Unfranked
		£000	£000	£000	£000
Dividends					
Listed investments	– UK	1,603	—	1,801	—
	– Overseas	—	37	—	33
Unlisted investments	– UK	279	—	318	—
	– Overseas	—	10	—	10
Interest					
Listed investments	– UK	—	33	—	33
		<u>1,882</u>	<u>80</u>	<u>2,119</u>	<u>76</u>
Total income from investments			<u>1,962</u>		<u>2,195</u>

ADMINISTRATIVE EXPENSES	1993	1992
	£000	£000
Investment management fee	87	86
Secretarial fee	37	23
Directors' fees	22	19
Auditors' remuneration – audit services	6	6
Other expenses including irrecoverable VAT	146	125
	<u>298</u>	<u>259</u>

50% of the investment management and secretarial fees along with the associated irrecoverable VAT are charged against capital. This charge excluding VAT amounted to £124,000 (1992–£109,000) including payment of £12,250, made to KPMG Peat Marwick in connection with the assignation of their contract as secretary.

4 Taxation	1993	1992
	£000	£000
UK Corporation tax at 33% (1992 – 33%) on the revenue before taxation	6	122
Less: Overseas tax relief	<u>6</u>	<u>3</u>
	—	119
Add: Overseas tax	6	3
Tax attributable to franked investment income	396	530
Irrecoverable Advance Corporation Tax	28	—
	<u>430</u>	<u>652</u>

No provision has been made for Advance Corporation Tax on the final dividend as in the opinion of the directors such tax will be fully relieved by tax credits.

5 Dividends	1993	1992
	£000	£000
Dividends on the ordinary shares for the year are as follows:		
Interim dividend of 3.0p per share (1992–3.8p) paid 29 July 1993	504	638
Final dividend of 6.0p per share (1992–8.2p) payable 31 January 1994	1,008	1,378
	<u>1,512</u>	<u>2,016</u>

6 Earnings per share	1993	1992
The calculation of earnings per ordinary share of 8.72p (1992–10.84p) is based upon the following figures:		
Number of ordinary shares in issue	16,800,000	16,800,000
Earnings	£1,465,000	£1,821,000

Investments	Listed in UK £000	Unlisted £000	Total £000
Valuation at 31 October 1992	28,277	6,338	34,615
Unrealised (depreciation)/appreciation	<u>(7,769)</u>	<u>1,301</u>	<u>(6,468)</u>
Book cost at 31 October 1992	36,046	5,037	41,083
Additions at cost	11,846	1,885	13,731
Disposals at cost	<u>(12,271)</u>	<u>(996)</u>	<u>(13,267)</u>
Book cost at 31 October 1993	35,621	5,926	41,547
Unrealised appreciation	<u>4,038</u>	<u>4,470</u>	<u>8,508</u>
Valuation at 31 October 1993	<u>39,659</u>	<u>10,396</u>	<u>50,055</u>

8 Unlisted investments

	1993 £000	1992 £000
Unlisted Securities Market	4,951	2,614
Unquoted	<u>5,445</u>	<u>3,724</u>
	<u>10,396</u>	<u>6,338</u>

9 Debtors

	1993 £000	1992 £000
Amounts falling due within one year:		
Net dividends receivable	221	216
Stockbrokers' settlements	892	—
Interest receivable	7	9
Taxation recoverable	310	62
Other debtors	<u>11</u>	<u>3</u>
	<u>1,441</u>	<u>290</u>

10 Creditors

	1993 £000	1992 £000
Amounts falling due within one year:		
Stockbrokers' settlements	554	—
Current taxation	—	68
Other creditors	116	14
Final dividend	<u>1,008</u>	<u>1,378</u>
	<u>1,678</u>	<u>1,460</u>

11 Share capital

	1993 £000	1992 £000
Authorised:		
5% (now 3½% + tax credit) cumulative preference stock	425	425
20,800,000 (1992–20,800,000) ordinary shares of 25p	<u>5,200</u>	<u>5,200</u>
	<u>5,625</u>	<u>5,625</u>
Allotted, called up and fully paid:		
5% (now 3½% + tax credit) cumulative preference stock	425	425
16,800,000 (1992–16,800,000) ordinary shares of 25p	<u>4,200</u>	<u>4,200</u>
	<u>4,625</u>	<u>4,625</u>

RESERVE ACCOUNTS AND RESERVES

£000

Realised capital reserve

Balance at 31 October 1992	38,678
Net losses on realisations during year	(939)
Management and secretarial fees, net of taxation (note 3)	(120)
Balance at 31 October 1993	<u>37,619</u>

Unrealised appreciation/(depreciation)

Balance at 31 October 1992	(6,468)
Appreciation in the year	14,976
Balance at 31 October 1993	<u>8,508</u>

Revenue reserve (distributable)

Balance at 31 October 1992	683
Revenue account transfer for the year	(47)
Balance at 31 October 1993	<u>636</u>

13 Cash Flow Statement

Reconciliation of operating surplus to net cash inflow from operating activities	1993	1992
	£000	£000
Net revenue before taxation	1,910	2,488
(Increase)/decrease in debtors	(11)	36
Increase/(decrease) in creditors	102	(4)
Tax on franked investment income included within income from UK companies	(396)	(530)
Investment management fees charged to capital	(145)	(129)
Net cash inflow from operating activities	<u>1,460</u>	<u>1,861</u>

Analysis of changes in cash during the year

	1993	1992
	£000	£000
Balance at 31 October 1992	4,073	3,021
Net cash (outflow)/inflow	(2,503)	1,052
Balance at 31 October 1993	<u>1,570</u>	<u>4,073</u>

Cash

The balance of cash is shown in the balance sheet as 'Cash and short-term deposits' of £1,570,000 (1992-£4,073,000).

14 Contingent liabilities

There are contingent liabilities in respect of underwriting agreements amounting to £3,011,000 (1992-£Nil).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of its revenue and cash flows for the year. In addition, the directors are responsible for ensuring that adequate accounting records are maintained, that the assets of the company are safeguarded and that fraud and other irregularities are prevented or detected.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements of the company for the year ended 31 October 1993 and that applicable Accounting Standards have been followed.

AUDITORS' REPORT TO THE MEMBERS OF DUNDEE AND LONDON INVESTMENT TRUST PLC

We have audited the financial statements on pages 16 to 23, which have been prepared under the historical cost convention modified to include the revaluation of investments and on the basis of the accounting policies set out on page 20.

Respective responsibilities of directors and auditors

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

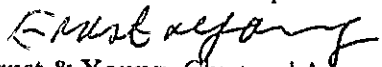
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 1993 and of its revenue for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young, Chartered Accountants, Registered Auditor,
Dundee, 29 November 1993.