Personal Assets Trust PLC
Annual Report and Accounts 30 April 1996

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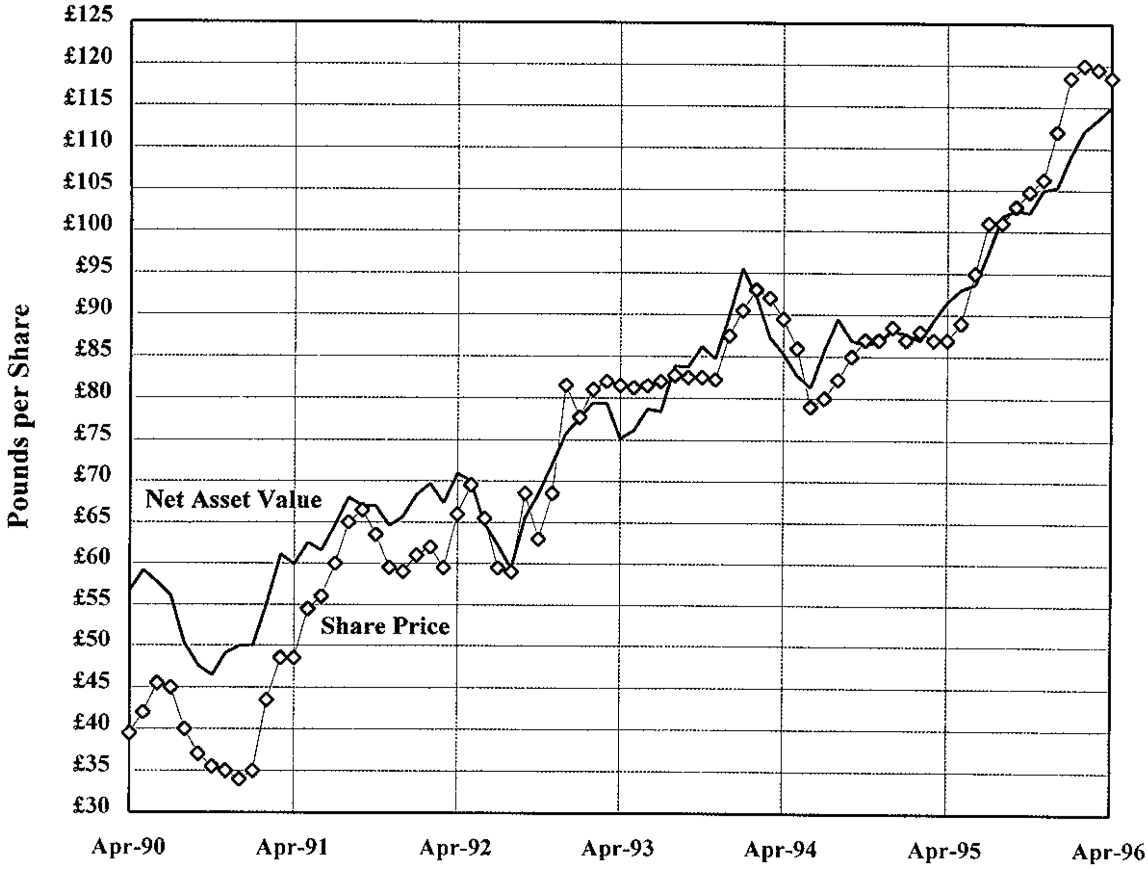
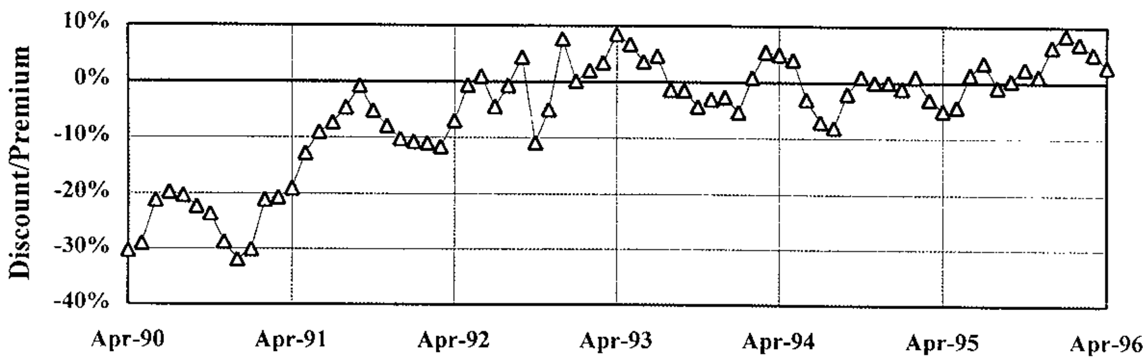
PERFORMANCE OVER LAST SIX YEARS

Net Asset Value and Share Price



Share Price Discount/Premium to Net Asset Value



ABOUT PERSONAL ASSETS

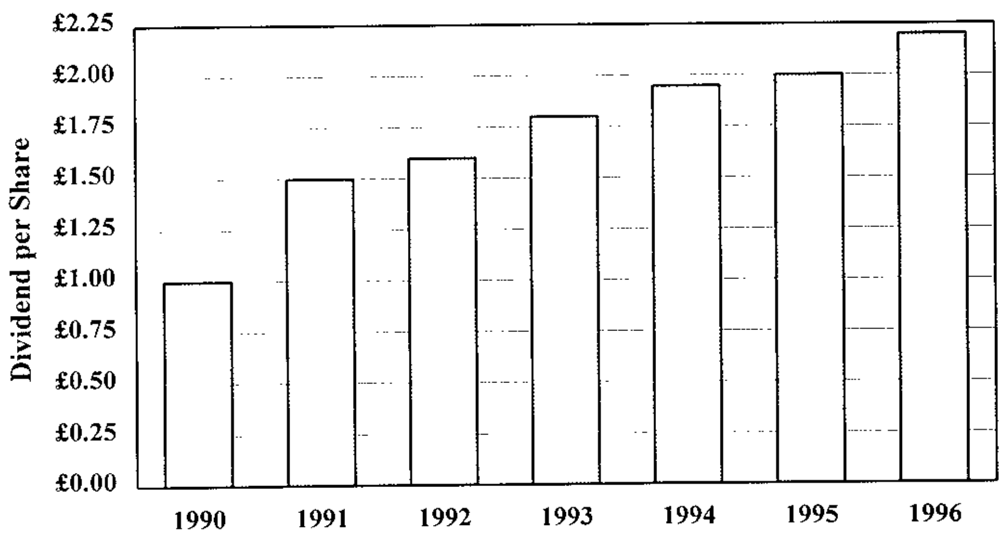
Personal Assets Trust is an investment trust run for individual investors who may wish to commit to it a significant proportion of their capital. It differs from other investment trusts in that its activities are defined not by any portfolio specialism or investment method but by a desire to satisfy the investment requirements of its shareholders. We do not, however, offer full global investment coverage and Personal Assets should not be the only shareholding of any investor who wants this.

Our performance benchmark is the FT-SE-A All-Share Index. This is appropriate because most of the Company's shareholders are UK residents or expatriates who need both to protect their assets' current UK purchasing power against inflation and to see it rise along with the standard of living in the UK. Experience shows that for such investors the UK equity market is over the long term both a dependable protector against inflation and the best measure of UK economic prosperity.

Small and flexible, Personal Assets is free from the constraints of size faced by large general trusts, the policy restrictions of specialist trusts or the complex capital structure of many new trusts. Furthermore, because it caters for the needs of individual investors it does not have to take account of the differing and often conflicting objectives of investing institutions. Personal Assets is run not by an investment management firm but by its Board. The directors and their families together own 29% of the share capital of the Company and we run Personal Assets for people like ourselves.

Our aim is to protect and to increase the value of our shareholders' funds over the long term and to achieve as high a total return as possible given our dislike of a level of risk significantly greater than that of investing in the FT-SE-A All-Share Index. We seek also to provide tax-efficient and cost-effective ways for shareholders to invest in Personal Assets and to ensure (so far as is within the Board's power) that the Company's shares do not sell at a discount to their underlying net asset value.

Dividend Record



Corporate Information

BOARD OF DIRECTORS

R P White (Chairman)
R B Anderson
R J Angus
J M G Hamilton-Sharp
I F Rushbrook

INVESTMENT MANAGER

I F Rushbrook
10(a) St Colme Street
Edinburgh EH3 6AA
Tel: 0131-225 1357

BANKERS

Bank of Scotland
The Mound
Edinburgh EH1 1YZ

The Bank of New York
67 Broad Street
New York, USA

SOLICITORS

Shepherd & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET

REGISTRARS

Bank of Scotland
Apex House
9 Haddington Place
Edinburgh EH7 4AL
Tel: 0131-442 7777

SECRETARY

G J Neilly, BCom, CA
W A Aitken
(Assistant Secretary)
Ivory & Sime plc
One Charlotte Square
Edinburgh EH2 4DZ
Tel: 0131-225 1357

STOCKBROKERS

Cazenove & Co
Tokenhouse Yard
London EC2R 7AN

AUDITORS

Ernst & Young
Chartered Accountants
Ten George Street
Edinburgh EH2 2DZ

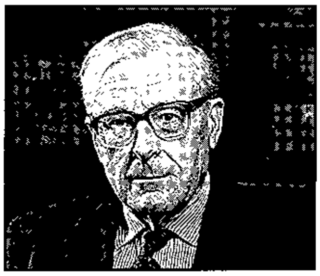
REGISTERED OFFICE

One Charlotte Square
Edinburgh EH2 4DZ

BOARD OF DIRECTORS

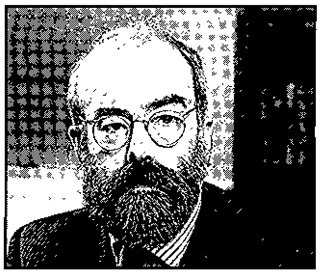
Bobby White, Chairman of Personal Assets, after qualifying as a chartered accountant, spent his working life in stockbroking. He was for many years a partner in Wood Mackenzie and later, following ownership changes, was a director of Robert White & Company and Bell Lawrie White.

Bobby White (60)



Dick Anderson, Bobby's predecessor as Chairman, was formerly senior partner of Arthur Young, Chartered Accountants, in Edinburgh. During his professional career he was personally responsible for the annual audits of many investment trust companies.

Dick Anderson (73)



Robin Angus is a senior investment trust analyst at NatWest Securities, in Edinburgh. His annual review of investment trust companies is keenly read, not only as an authoritative and stimulating, but also as an entertaining insight into the industry. He is also a consultant to Personal Assets.

Robin Angus (43)

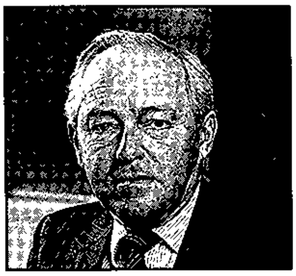
Martin Hamilton-Sharp joined Equitable Life Assurance Society in 1968 and for over 20 years was responsible for the Society's substantial investment trust portfolio. In 1994 he moved to Jupiter International and is now responsible for their Investment Trust of Investment Trusts. His other directorships include Exmoor Dual and Northern Investors.

Martin Hamilton-Sharp (53)

Ian Rushbrook, Investment Director of Personal Assets, has been responsible for the management of investment trusts for over 25 years. His other directorships include Ivory & Sime.

Ian Rushbrook (56)

CHAIRMAN'S STATEMENT



The year which ended on 30th April 1996 was a highly satisfactory one for Personal Assets. Our net asset value per share grew by 25.7% compared to a rise of 21.3% in our benchmark, the FT-SE-A All-Share Index. As you know, we measure ourselves against our benchmark over rolling three-year periods and during the three years just ended our net asset value per share has risen by no less than 53.1% compared to the All-Share's 37.9%. We also enjoyed a year of strong growth in dividend receipts and as a result felt justified in raising the dividend by 10%, well above the rate of inflation. Our policy will be to increase the new higher dividend of £2.20 per share at least in line with inflation during the years ahead.

Our share price performed even better than our net asset value over the last twelve months, rising by 36.2%. This reflects the fact that the shares started the year at a 5.0% discount and ended it at a 2.9% premium. It is particularly encouraging to note that this improvement in our rating took place during a time when our issued share capital increased by 11.2% through the regular creation of new shares to satisfy demand from our PEPs and Investment Plans. In the last three years our rating has fluctuated between an 8% discount and an 8% premium and despite their strong recent performance our shares are still at a less demanding premium than they were on 30th April 1993.

The year just past was a good one for making money, particularly in the first nine months of it for those who, like ourselves, had invested substantially in market leaders. Since the turn of the year, however, smaller companies have attracted support and many leaders have drifted. Market strength has been almost world-wide, a reflection of lower interest rates and higher corporate earnings which have produced between them high levels of liquidity. Nowhere has this been more evident than in the United States, where markets have surged as vast amounts of money have gone into mutual funds – and vast amounts of money have gone into mutual funds as markets have surged.

Interest rates have turned in the United States in the past two months or so, however, and higher rates and higher share prices cannot live together for long. Unless rates fall again, Wall Street looks a little vulnerable. Given also the political outlook in the UK it would be rash for me to promise that we could sustain the rate of net asset value growth we have achieved in recent years. It was Damon Runyon who produced the pearl of wisdom that in a contest between human beings the odds are never greater than 5/2. This was, if I remember correctly, for application to boxing matches and so should not, perhaps, be applied to political parties; I, for one, would require a substantially better price to wager even a modest amount on a Conservative victory. It is only prudent, therefore, to plan for the return of a Labour government and the level of liquidity we have built up is part of that plan.

Once again there has been only modest turnover in the portfolio. There is little point in changing a winning formula. We did, however, reduce our investment in the fund management sector by the sale of Edinburgh Fund Managers, which we felt might struggle to justify the price paid for Dunedin Fund Managers. We have intimated previously our intention to make no new investment in unquoteds but we retain a small number of those we inherited and there is no requirement to give them away. Our two principal unlisteds, Bankside and SEEL, have started to show some form and have been revalued as a result. They may well produce further useful profits in the next year or two.

Chairmen usually close by thanking the workforce for their efforts. Apart from our Secretaries, Ivory & Sime, to whom we are, as always, grateful for their professionalism and tireless efforts on our behalf, our employees are our Directors and so I shall end by thanking all of them for making our meetings both instructive and enjoyable. In particular, I should let you know that despite his initial reluctance we have persuaded Dick Anderson to stay with us for another year. We are not minded to part easily with so much valuable experience.

Chairman

Change Of Accounting Method

You will notice that the way we present the figures in the Accounts looks different this year. This is because in December 1995 the Association of Investment Trust Companies issued a SORP (Statement of Recommended Practice) for investment trust Accounts. We are not legally bound to follow the SORP's guidelines, but since they will become the trust industry standard it seemed silly not to do so, even though we do not regard them as being an improvement in all respects on what went before.

To shareholders of Personal Assets (although not necessarily to those of other trusts which have different capital structures), most of the changes are of academic interest only. They have about as much practical importance as the ever-longer statements we are obliged by the Cadbury Report and the regulators to print in the pages which follow, explaining helpfully that we are not crooks. The principal accounting change which actually means something is that in place of a Revenue Account we show on page 19 a 'Consolidated Statement of Total Return', combining what would have been the Revenue Account with a statement of realised and unrealised capital gains to give a 'total return' consisting of both capital and income.

The SORP's intention is to make clear the total return to shareholders over the year on the starting net asset value of their shares. This is helpful in that we believe a too rigid separation of capital and income to be misleading. A high yield is not much use if the net asset value constantly dwindles, just as it is pointless to complain about a low dividend payment by a trust specifically run for capital growth, and the SORP's recommendation that all trusts should show a Consolidated Statement of Total Return makes it easier to compare the performances of trusts with different objectives.

There is a potential problem with this, however. We look good this year, our total return per share having been £25.42. But sooner or later our Consolidated Statement of Total Return will show a *negative* total return over a period when markets have fallen. This will look much worse than a simple drop in the published net asset value per share, which is what would have been shown in the past. Please remember, therefore, that accounting changes do not change the facts. They change merely the way in which they are reported.

Investment Report

As the Chairman points out in his Statement, economic circumstances for UK equities were favourable during the year. Base rates fell from 6.75% to 6%, inflation eased from 3.3% to 2.7% and dividends grew by just over 10%. The result was a rise of 21.3% in our benchmark index, the FT-SE-A All-Share, while the net asset value of Personal Assets' shares grew by 25.7%. Our UK and US portfolios each outperformed their respective equity markets and the growth in our net asset value would have been even greater had we not felt it right to increase our liquidity towards the end of the year.

The Investment Reports of most trusts would at this stage proceed to a detailed discussion of the portfolio. Indeed, Robin in our Quarterlies often comments on the price movements of our individual holdings and he defends this by claiming that shareholders want to know about them. Such price movements do not interest me, however, and although my fellow directors will doubtless accuse me of being provocative in saying so I have no intention of dwelling on them here. In the short term, individual share prices are no more than corks bobbing in the water. What I am interested in is the longer-term price performance of just one stock, Personal Assets. On that score 1995-96 was a very good year, the share price rising by 36%.

This gives no cause for complacency, however. Achieving superior investment performance involves being good at either stock selection (picking investments that will outperform the stockmarket) or market timing (being able to value markets more accurately than other investors and knowing when to use liquidity or gearing to improve returns). Neither method is easy. In aggregate, all investors will fail to beat any appropriate benchmark index. In fact, 'Efficient Market Theory', beloved of investment academics who can believe anything except that investors (whether individually or as a class) can act irrationally, would claim that neither superior stock selection nor market timing is possible because at any given time the market knows all there is to know about each of the stocks traded in it.

INVESTMENT REPORT *(CONT'D)*

Leaving Efficient Market Theory aside for the moment, stock selection would appear at first glance to be the easier of the two approaches to superior performance. However, few investment managers have been consistently successful at it. As regards market timing, all logic would suggest that to claim to be able to value markets more accurately than other investors is futile. The existence of substantial derivatives markets (or at the very least the pricing mechanisms for derivatives) presupposes that no investor has the ability to predict market movements on better than a 50/50 basis.

However, all is not without hope. Efficient Market Theory is flawed in at least one fundamental aspect. Experience proves that investors do not always act rationally. The evidence is clear. Stock prices and stock market indices are in practice far more volatile than the expected cash flows from the underlying companies which prices and indices should, in theory, reflect. Therefore, if it is possible to produce reasonable mid-range estimated values for either companies or markets, this irrational volatility of stock prices and indices can be exploited to make profits.

The valuation of equities as a class does not, of course, exist in a vacuum. It is constantly changing with economic, industrial and political factors, all overlaid by the current state of investors' emotions. Furthermore, equities are only one choice open to money managers. Hence, equity values are closely tied to the valuations placed on fixed interest and index-linked gilts or the ultimate haven for investors – cash.

For many years I have wanted to create an explicit valuation framework for UK equities, fixed-interest and index-linked gilts, so that I could make investment judgements among them at any given time. This has now been done and for what it's worth I reproduce graphs on the page opposite for these investment instruments over the last three years. They are expressed in terms of actual and model yields on the markets, the degree of over- or under-valuation of the instruments, and their capital performances.

One frequent question that I used to find intensely annoying was, *'What do you think of the market?'* All one could say truthfully was that in the short-term there was a 50/50 chance that the market would go up or down and that in the long term it would be volatile around an 8% growth trend. This left the questioner wondering if I was stupid, incompetent or simply being facetious. Nowadays, if I were asked, I would pull out a series of charts similar to those on the page facing and bore the questioner for half an hour. However, as you might guess, once you have the answer, nobody asks the question!

The model valuations presented are not forecasts for these markets but rather estimates of fair value at any point in time. At the end of April 1995, equities were approximately 5% undervalued (and approximately 8% cheaper than fixed interest gilts). This, combined with the economic changes mentioned in the opening paragraph, produced a rise in the FT-SE-A All-Share of just over 20%. However, as at the end of April 1996 equities appeared to be no more than fairly valued and certainly not cheap against fixed-interest gilts.

By the time our Annual Report is published next year, we shall have had the General Election and it is likely that the British electorate will make a grave mistake and vote for a dose of socialism. This is not a comforting thought. Who said turkeys don't vote for Christmas? A socialist victory would have consequences far beyond what that nice Mr Blair is prepared to tell us (or possibly even knows). One certainty is that a Labour Government will spend more than a Conservative Government – and no-one should make the mistake of believing that the Conservatives have been particularly frugal. However, since international investors will ensure that such additional expenditure will not be fundable from borrowings, that only leaves higher taxes and higher inflation. Neither is good for equities.

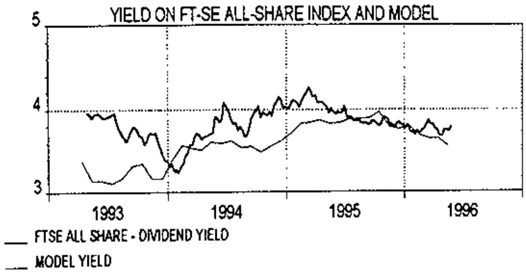
Sooner or later, the political risks of a Labour Government are going to be priced into the market. In anticipation, we have ignored the equity model presented (it suggests that equities are appropriately valued at present but it is unable to take account of what investors may think in the future) and increased our liquidity to 16%. As we move into what may prove difficult times, the one thing you can be sure of is that I will do with your money exactly what I will do with mine.

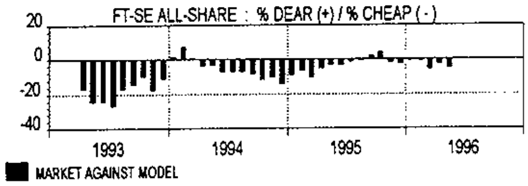
Ian Rushbrook

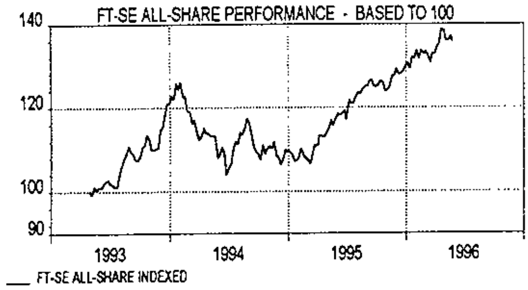
Investment Director

VALUATION OF UK MARKETS

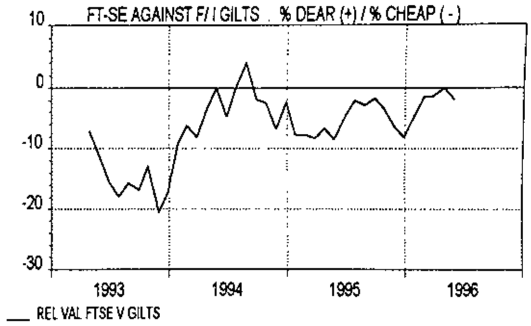
VALUATION OF UK £ EQUITIES

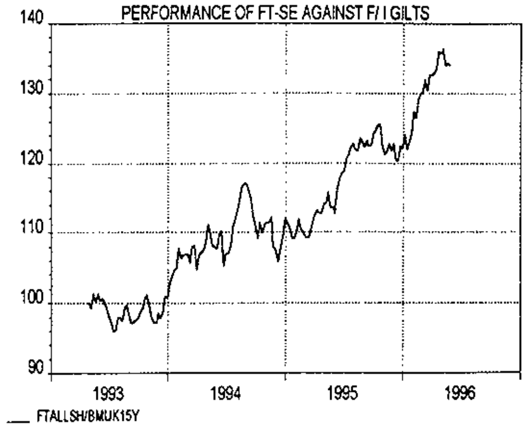




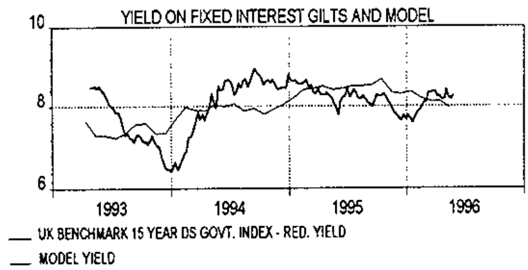


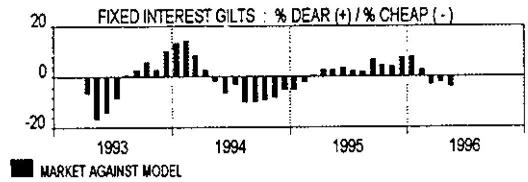
REL VALUE OF UK EQUITIES V F/I GILTS

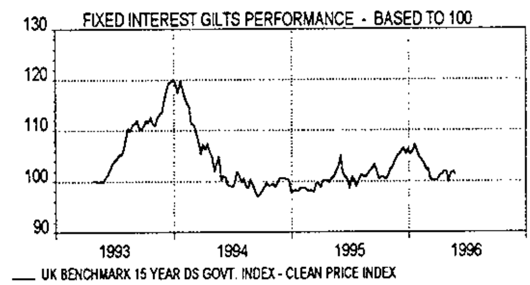




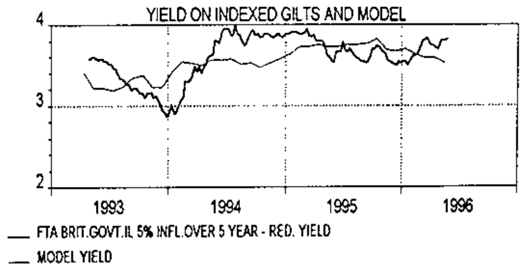
VALUATION OF UK £ FIXED INT GILTS

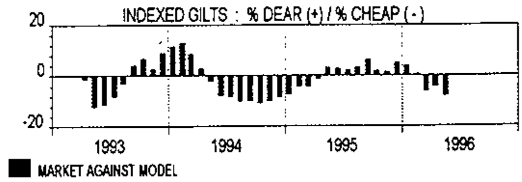


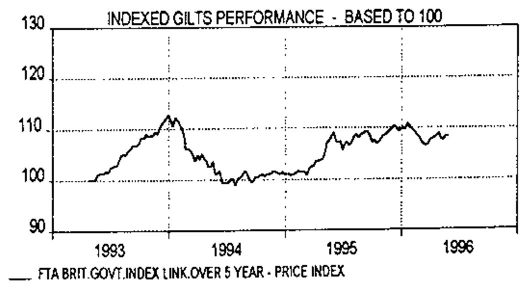




VALUATION OF UK £ INDEX GILTS







Source: DATASTREAM

THE BOARD'S POLICIES FOR PERSONAL ASSETS

The Management Of Personal Assets

Personal Assets is run by its Board. The day-to-day management of the portfolio is the responsibility of Ian Rushbrook, the Investment Director, and Robin Angus is a consultant to the Company and works alongside Ian on a part-time basis. The full Board meets monthly, the Edinburgh-based directors meet informally at least once a week, and we take all major decisions collectively. We are long-term investors and we measure our net asset value performance over rolling three-year periods against that of the FT-SE-A All-Share Index.

The Board's Investment Philosophy

Our objective is to protect and to increase the value of our shareholders' funds over the long term and to achieve as high a total return as possible given our dislike of a level of risk significantly greater than that of investing in the FT-SE-A All-Share Index. We distrust investment theories and 'investment styles' and in trying to achieve our objective we seek to be prudent and flexible and to use our common sense.

Guidelines For Decision-Making

There are, however, some guidelines which the Board follows in making investment decisions :

- *Meeting Our Shareholders' Needs.* Personal Assets is managed as a flexible investment trust specifically for individual investors who may wish to invest a significant proportion of their capital in the Company as an alternative to holding a diversified equity portfolio. All our decisions are therefore taken with the needs of our shareholders in mind as regards both reward and risk.

- *Stable, Long-Term Investing.* We hate high turnover because it costs us money. It also wastes opportunity, since good investments often take time to achieve their potential. It goes without saying that one needs good reasons to buy shares in a company. But it is not so often stated that one needs even better reasons to sell shares in a company one already holds.

- *Making Worthwhile Investment Decisions.* It is difficult to make good decisions. Because of this, we work hard at the decisions we do make. We therefore want our decisions to have an appreciable effect on our net asset value per share, and it would be unusual for us to decide to buy or sell a quantity of shares which was worth less than, say, 2% of our shareholders' funds.

- *International Diversification.* Most of our shareholders are UK residents or expatriates whose personal liabilities are denominated mainly in Sterling. The need for investors to match their liabilities with their assets therefore suggests that it is prudent for our portfolio to have a high Sterling content. Sometimes a degree of international diversification will be desirable in order to reduce risk. A suitable overseas (or non-Sterling) risk exposure for Personal Assets might accordingly be as high as 40% of total assets. But it might also be nil, because international diversification, like all investment techniques, is a means to an end and not an end in itself.

- *Recognising Our Own Limitations.* We cannot hope to satisfy all our shareholders' needs. Personal Assets will never be able to offer one-stop investment shopping for global investors, although we do intend it to be able to supply most of the basic necessities of life for Sterling-based equity investors. We stick to what we know about and investors who want a stake in specialised investment areas should look for it elsewhere, over and above their shareholdings in Personal Assets.

- *Equity Exposure, Gearing, Liquidity And Derivatives.* Personal Assets is an equity investor. We therefore accept the basic risks of equity investment by maintaining, in normal circumstances, a fully invested portfolio. From time to time, however, markets may look particularly attractive and we may wish to increase our market exposure to more than 100% of shareholders' funds. This we will do through using either borrowed funds or derivatives *(futures, options, warrants and the like).* Alternatively, there may be times when the Board believes markets to be dangerously overvalued. At such times we will either hold part of our resources in cash or use derivatives to lock in gains.

- *Bonds And Currencies.* Owing to recent tax changes it is not tax-efficient for Personal Assets to hold fixed interest gilts for capital gain and we will not do so. As regards currencies, if a foreign currency through the medium of which we held portfolio investments (at present this is only the US Dollar) looked unsustainably overvalued we would sell forward (if we thought it right to do so) all of our exposure to that currency, in order to lock in the gains we had made and to protect the underlying Sterling value of our foreign investments.

- *Unlisted Investments.* The Board believes that for a trust like Personal Assets, investing in unlisteds absorbs more time and energy than it is worth. We shall therefore make no new unlisted investments and shall continue to value those we still possess on a very conservative basis until they can be sold.

- *Use Of Other Investment Trusts.* If we felt confident about the attractions of an area we had not invested in before, but lacked expertise in the area or could not commit to it sufficient money to achieve the degree of diversification of risk we require, we would buy other investment trusts which provide the services we need.

Dividend Policy

Our dividend policy is to pay as high a dividend as is compatible with our twin aims of ensuring that future dividend payments are as secure as they reasonably can be, and preserving a high degree of flexibility as regards investment strategy. We intend the present dividend of £2.20 per share to grow at least in line with inflation. It is also our policy never to cut the dividend rate. Shareholders can therefore be confident that each half-yearly payment will at least equal the previous one.

Personal Assets has a considerable advantage over most other investment trusts in that it has a much larger than average Revenue Reserve. Our Group Revenue Reserve now stands at £6.07 per share, nearly three times the current rate of dividend payment. In other words, we could pay dividends at the current rate for the next two and a half years even if we had no earnings at all. This gives us the ability to maintain or increase the dividend even at times when we think it right to hold a portfolio with a much lower average yield than we do at present.

INVESTMENT TRUSTS FOR INDIVIDUAL INVESTORS

For Whom Do We Run Personal Assets?

Personal Assets is run for people who either possess a substantial amount of capital or hope to build it out of income. We want Personal Assets to provide for them an alternative to managing at least a substantial proportion of their own equity investments, whether directly or through professional advisers. In running Personal Assets we assume that our typical shareholder will pay Income Tax at 40% and will be exposed to Capital Gains Tax at the same rate.

This definition has bearing on our corporate actions where our shareholders' tax positions might be relevant. For example, such a shareholder would, we assume, be interested in having a PEP invested in an investment trust. Personal Assets therefore offers a simple, zero cost PEP, for which the unusually high minimum subscription level ensures that the Company can absorb without too much strain all the administration costs which would otherwise fall directly on the PEP investor.

Furthermore, it drives our attitude towards investment. Since the Directors and their families together own 29% of the Company, the investment policy we have adopted is the same as that which we would like to see followed on our own behalf.

Advantages Of Investing Through Investment Trusts

For people with high incomes or substantial capital, the advantages of investing through investment trusts as opposed to managing their own portfolios directly or through a financial adviser are considerable.

- Such people often do not have the time or the specialist expertise to devote their full attention to their investment portfolios. Investment trusts offer them the benefit of full-time, professional portfolio management, while the direct relationship between the shareholders and the Board of Directors whom they elect (and who are responsible for performance) ensures accountability for investment decisions.

- Investors who manage their portfolios directly or through an adviser cannot offset the investment management and administration costs they incur against their taxable income. Nor can they offset the interest paid on borrowings for equity investment purposes. Investment trusts, however, can offset all such costs against their pre-tax income.

- People with high incomes are taxed at their top rate of Income Tax (currently 40%) on all realised capital gains in excess of £6,300 per annum. They therefore often find themselves faced with the unwelcome choice of either incurring unwanted tax bills or making 'tax-driven' investment decisions which in the end may cost them dear. Investment trusts, however, are wholly free of Capital Gains Tax on gains realised within their portfolios. They can therefore buy and sell investments as required *on investment grounds alone.*

WAYS OF INVESTING IN PERSONAL ASSETS

The shares of Personal Assets Trust are listed on The Stock Exchange and private investors can buy or sell shares by placing an order directly with a stockbroker or by asking their bank manager, lawyer or accountant to do so for them. Alternatively, investments in the Company's shares can be made through the Company's *PEP, Monthly Investment Plan* or *Single Investment Plan.* Details of these can be obtained from the Assistant Company Secretary at the following address :

William Aitken
Assistant Company Secretary
Personal Assets Trust plc
One Charlotte Square
Edinburgh EH2 4DZ

Tel : 0131-225 1357

The Board believes that the investment costs for shareholders should be kept as low as possible and therefore no charges are made by Personal Assets to any shareholders using these investment plans. In order to minimise the administration costs to Personal Assets, we have set the minimum investment amount for each plan at what we believe to be a level appropriate to the likely needs of our shareholders.

The Personal Assets PEP

A zero-charge PEP, as a cost-effective and tax-free form of investment, is a highly attractive way for individuals to invest in the stock market and should be considered as a first course of action by investors in Personal Assets. The Personal Assets PEP, which is invested solely in the ordinary shares of the Company, is available as a lump sum investment of £6,000 or by monthly direct debit of £500 together with an initial payment sufficient to make up the PEP to the full £6,000 for the year in which it is taken out.

The Personal Assets Single Investment Plan

The Personal Assets Single Investment Plan accepts lump sums for investment in the Company's shares, the minimum sum being £5,000. As is the case for all Personal Assets investment plans, dividends are automatically reinvested. However, investors who want to invest £5,000 or more in the shares of Personal Assets but to receive their dividends in the normal way can do so using the Single Investment Plan. This requires that investors elect in their application form to have their shares transferred to the main Share Register immediately after buying them through the Plan.

The Personal Assets Monthly Investment Plan

The Personal Assets Monthly Investment Plan is available by direct debit only. It has a minimum subscription level of £500 per month.

Disposal Of Small Shareholdings

The Directors have established a scheme whereby holders of 10 shares or fewer in Personal Assets may sell their shares without incurring any stockbroking costs. Details of the scheme are available from the Assistant Company Secretary at the address above.

PORTFOLIO COMPARISONS OVER YEAR TO 30 APRIL 1996

COMPANY	30 April 1995 £'000	Pur/(Sales) £'000 or % Chng	30 April 1996 £'000	Business Activities of Companies
Scottish & Newcastle	£670	£85	£983	Brewing and leisure group
Kwik Fit Holdings	£612		£912	Retailer of car replacement parts
British Petroleum	£671		£898	Integrated international oil company
Rentokil	£568		£840	International environmental services
Mercury Asset Management	£714		£806	Investment management services
M&G	£682		£732	Unit trust management services
British Telecom	£466	£295	£729	National telephone company
Airtours	£505		£629	Holiday tour operator
National Westminster Bank	£540		£612	One of the 'Big Four' clearing banks
Glaxo Wellcome	£514		£564	Pharmaceuticals
Bass	£384		£549	Brewing and leisure group
General Electric Company	£457		£538	Electricals and electronics
Henderson Administration	£504		£502	Investment management services
London American Growth Trust	£233		£485	USA venture capital investment trust
Scottish Television	£313		£473	Central Scotland television broadcaster
Tate & Lyle	£346		£386	Sugar, sweeteners, starch producer
Ivory & Sime ISIS	£216		£297	UK quality growth investment trust
3i Smaller Quoted Companies	£171		£218	Small companies investment trust
Redland	£199		£204	Building materials and aggregates
Edinburgh Fund Managers	£761	(£708)	Nil	Investment management services
Bankside U/W Agencies	£143		£237	* Lloyd's managing and underwriting agencies
SEEL	£129		£252	* Telecom network design and installation
Others	£50	£11	£109	* Subsidiaries
UNITED KINGDOM	**£9,848**	**21.4%**	**£11,955**	(* Denotes an unlisted security)
Philip Morris	£842		£1,201	Tobacco, brewing, soft drinks, packaged foods
Applied Power	£590		£753	Hydraulic and industrial construction equipment
California Energy	£413		£693	Geothermal energy exploration and production
Alltel Corporation	£461		£657	Local, toll, network and other telephone services
Bristol-Myers Squibb	£320		£433	Pharmaceuticals
Tyco International	£212		£335	Fire protection systems, cable, solar panels
Wellman	£294		£280	Recycles plastic waste into fibre
Novell	£98		£70	Local area computer networks
UNITED STATES	**£3,230**	**36.9%**	**£4,422**	
NET CURRENT ASSETS	£861	259.5%	£3,096	
SHAREHOLDERS' FUNDS	**£13,939**	**39.7%**	**£19,473**	

COMPARATIVE VALUES	30 April 1995	% Change over Year	30 April 1996
SHARE PRICE	£87.00	36.2%	£118.50
NET ASSET VALUE/SHARE	£91.59	25.7%	£115.11
FT-SE A ALL-SHARE INDEX	1,578.67	21.3%	1,914.61
STANDARD & POOR'S COMP £	319.83	36.3%	435.94
STANDARD & POOR'S COMP $	514.71	27.1%	654.17
$/£ EXCHANGE RATE	1.6093	7.2%	1.5006

RECORD

Date 30 April		Shareholders' Funds £'000	Net Asset Value per Share	Share Price	Earnings per Share	Dividend per Share
Launch Sept	**1983**	5,397	£36.15	£22		
	1984	4,797	£32.13	£30	£0.43	£0.40
	1985	6,011	£40.26	£39	£0.21	£0.20
	1986	6,988	£46.80	£40	£0.38	£0.35
	1987	9,168	£61.40	£54	£0.61	£0.50
	1988	8,283	£55.47	£44	£1.12	£1.00
	1989	9,174	£61.44	£51	£1.46	£1.25 *
	1990	8,462	£56.67	£39 1/2	£1.09	£1.00
	1991	9,006	£60.32	£48 1/2	£1.45	£1.50
	1992	10,589	£70.92	£66	£1.67	£1.60
	1993	11,441	£75.18	£81 1/2	£2.52	£1.80
	1994	12,987	£85.34	£89 1/2	£2.12	£1.95
	1995	13,939	£91.59	£87	£2.00	£2.00
	1996	19,473	£115.11	£118 1/2	£2.90	£2.20

Per share values have been adjusted for the 1 for 100 consolidation of ordinary shares in January 1993.

* Includes special dividend of £0.25 per share.

INDUSTRIAL AND GEOGRAPHIC ANALYSIS OF INVESTMENTS

Category	UK £'000	USA £'000	Total £'000	%
Consumer	4,699	2,291	6,990	42.7
Capital Goods	538	1,088	1,626	9.9
Technology	252	70	322	2.0
Financial	3,889	-	3,889	23.7
Energy	899	693	1,592	9.7
Others	1,678	280	1,958	12.0
Total	11,955	4,422	16,377	100.0
	73.0%	27.0%	100.0%	

RATE OF EXCHANGE TO STERLING

As at 30 April		
	1996	**1995**
US Dollar	1.5006	1.6093

DIRECTORS' REPORT TO MEMBERS

The Directors have pleasure in presenting their Annual Report together with the Accounts of the Company and the Group for the year to 30 April 1996.

PRINCIPAL ACTIVITY AND STATUS

The Company carries on the business of an investment trust and has been approved as such by the Inland Revenue up to 30 April 1995. Subsequently the Company's affairs have been conducted so as to enable it to continue to seek approval. The Company has two wholly owned subsidiaries, both incorporated in Scotland: Personal Assets Investments Limited, an investment company, and The Edinburgh Agency Limited, a general commercial company.

A review of the Company's business is contained in the Chairman's Statement.

DIVIDEND

	Group £'000
Revenue available for dividends	458
First interim dividend (110p per share) paid on 17 November 1995	(169)
Second interim dividend (110p per share) paid on 24 May 1996	(186)
Transfer to Revenue Reserve (61p per share)	103

MANAGEMENT

The investment management of the Company is carried out by the Company's Investment Director, Ian Rushbrook, who has a rolling twelve month contract of employment. His salary is calculated on the basis of 0.9% of equity assets less £25,000 indexed annually to the Retail Price Index as from June 1990. Ian Rushbrook maintains, at his own expense, office premises for the investment management of the Company.

Robin Angus is a consultant to the Company and received a fee of £16,000 for the year to 30 April 1996.

Ivory & Sime provides secretarial and other corporate services to the Company together with computing facilities and services to Ian Rushbrook used for the investment management of the Company under an agreement that can be terminated by either party at any time by giving one year's notice. The fee to Ivory & Sime is calculated on the basis of £25,000 indexed annually to the Retail Price Index as from June 1990.

DIRECTORS

Robin Angus retires by rotation and, being eligible, offers himself for re-election at the Annual General Meeting.

ANNUAL GENERAL MEETING

A special resolution will be put to the Annual General Meeting to renew the present authority of the Directors to allot ordinary shares without application of pre-emption rights.

DIRECTORS' INTERESTS

The Directors' interests in the shares of the Company at 30 April 1996 and 1995 were as follows:

Director	Interest	1996	1995
R P White	Beneficial	400	250
R B Anderson	Beneficial	1,095	1,087
R J Angus	Beneficial	1,720	1,571
J M G Hamilton-Sharp	Beneficial	1,174	974
I F Rushbrook	Beneficial	26,500	26,500

There have been no changes in the above holdings between 30 April 1996 and 29 May 1996.

SUBSTANTIAL INTERESTS

The following interests in excess of 3% of the shares of the Company had been declared as at 30 April 1996 and remained unchanged as at 29 May 1996:

Name	1996	Percent
Personal Assets Trust Personal Equity Plans	29,782	17.6%
Rushbrook Investment Company Limited	18,100	10.7%
I F Rushbrook	8,400	5.0%
New World Trust Corporation	14,000	8.3%
F Rushbrook	13,548	8.0%
Personal Assets Trust Investment Plans	11,629	6.9%
St Clair Investment Trust Company	6,000	3.5%

The children of I F Rushbrook (all over the age of eighteen) hold in aggregate 4,944 shares (2.9%).

CORPORATE GOVERNANCE

Personal Assets is run by its Board. The day-to-day management of the portfolio is the responsibility of Ian Rushbrook, the Investment Director, and Robin Angus is a consultant to the Company. The full Board meets monthly, the Edinburgh-based directors meet informally at least once a week, and we take all major decisions collectively. Arrangements to ensure the appropriate level of corporate governance have been made by the Board. The Board believes that these are appropriate to an investment trust and enable the Company to operate within the recommendations of the Cadbury Committee's Code of Best Practice ("the Code").

The Board, which has a majority of non-executive Directors, carries out the functions of the Audit, Remuneration and Nomination Committees.

DIRECTORS' REPORT TO MEMBERS *(CONT'D)*

The Board does not consider it appropriate for Directors to be appointed for a specified term as recommended by the Code. The Articles of Association require that all Directors be subject to re-election by rotation at the Annual General Meeting.

The Directors are responsible for the Group's system of internal financial control. Day-to-day operations are delegated through agreements with Ivory & Sime plc and the Investment Director. These agreements set out clearly defined policies and standards. The system of internal financial control, which includes procedures such as physical controls, segregation of duties, authorisation limits and comprehensive financial reporting to the Board, is designed to provide reasonable but not absolute assurance against material mis-statement or loss. In accordance with the Cadbury Committee recommendations the Directors have reviewed the effectiveness of the system of internal financial control in operation throughout the year.

The Directors believe that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the accounts.

ACCOUNTING POLICIES

The Accounts have been prepared in accordance with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies ("SORP"). The SORP was issued by the Association of Investment Trust Companies in December 1995 with the approval of the Accounting Standards Board.

CREST

CREST is the new computerised system for settling transactions in shares and other securities starting from July 1996. The Directors intend to pass a resolution to enable the Company's ordinary shares to join CREST. Upon the passing of this resolution, a copy of it will be circulated to shareholders to comply with regulation 16 of the Uncertificated Securities Regulations 1995.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

G J Neilly
Secretary
One Charlotte Square
Edinburgh EH2 4DZ

29 May 1996

CONSOLIDATED STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)
FOR THE YEAR TO 30 APRIL 1996

		1996			1995 Re-stated		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
	Notes						
Gains/(losses) on investments	9	-	3,568	3,568	-	1,027	1,027
Realised exchange differences	11	-	18	18	-	(11)	(11)
Income	2	747	-	747	554	-	554
Investment management fee	3	(43)	(80)	(123)	(35)	(64)	(99)
Other expenses	4	(151)	-	(151)	(125)	-	(125)
Return on ordinary activities before tax		553	3,506	4,059	394	952	1,346
Tax on ordinary activities	6	(95)	52	(43)	(90)	-	(90)
Return attributable to equity shareholders	12,13	458	3,558	4,016	304	952	1,256
Dividends in respect of equity shares	7	(355)	-	(355)	(304)	-	(304)
Transfer to reserves		103	3,558	3,661	0	952	952
Return per ordinary £12.50 share:	8	£2.90	£22.52	£25.42	£2.00	£6.25	£8.25

The revenue column of this statement is the revenue account of the Group.
All revenue and capital items in the above statement derive from continuing operations.

The Accounting Policies on page 22 and the Notes on pages 23 to 30 form part of these accounts

BALANCE SHEET AS AT 30 APRIL 1996

	Notes	Group 1996 £'000	Group Re-stated 1995 £'000	Company 1996 £'000	Company Re-stated 1995 £'000
Fixed assets					
Investments	9	16,268	13,028	16,377	13,078
Current assets					
Investments held by subsidiary		3	8	-	-
Debtors:					
Dividends receivable		75	62	75	62
Interest & fees receivable		17	49	1	38
Due from subsidiary		-	-	31	17
Taxation recoverable		-	1	-	1
Cash at bank and on deposit		3,330	971	3,206	921
		3,425	1,091	3,313	1,039
Creditors: amounts falling due within one year					
Other creditors		(34)	(28)	(31)	(26)
Dividend payable		(186)	(152)	(186)	(152)
		(220)	(180)	(217)	(178)
Net current assets		3,205	911	3,096	861
Net assets		19,473	13,939	19,473	13,939
Capital and reserves					
Called-up share capital	10	2,114	1,902	2,114	1,902
Share premium account	11	2,546	885	2,546	885
Capital reserve - realised	11	6,080	5,645	6,080	5,645
Capital reserve - unrealised	11	7,706	4,583	7,801	4,630
Revenue reserve	11	1,027	924	932	877
Equity shareholders' funds	12,13	19,473	13,939	19,473	13,939

Net asset value per share:	12	£115.11	£91.59	£115.11	£91.59

The financial statements on pages 19 to 21 were approved by the Board on 29 May 1996
and were signed on its behalf by:

, Director

, Director

The Accounting Policies on page 22 and the Notes on pages 23 to 30 form part of these accounts

CASH FLOW STATEMENT FOR THE YEAR TO 30 APRIL 1996

	Notes	Group 1996 £'000	Re-stated 1995 £'000
Operating activities			
Cash received from investments (net of tax)			
Franked investment income		397	310
Overseas income		77	68
Deposit interest received		86	41
Other income		56	32
Investment management fees		(43)	(33)
Directors' fees		(28)	(28)
Other cash payments		(77)	(124)
Net cash inflow from operating activities	14	468	266
Servicing of finance			
Dividends paid on ordinary shares		(321)	(304)
Net cash outflow from servicing of finance		(321)	(304)
Taxation			
Tax recovered		73	-
Investing activities			
Purchase of investments		(785)	(780)
Disposals of investments		1,113	168
Management fees charged to capital		(80)	(64)
Net cash inflow/(outflow) from investing activities		248	(676)
Net cash inflow/(outflow) before financing		468	(714)
Financing			
Allotment of new shares	16	(1,873)	-
Net cash inflow from financing		(1,873)	-
Increase/(decrease) in cash and cash equivalents	15	2,341	(714)
		468	(714)

The Accounting Policies on page 22 and the Notes on pages 23 to 30 form part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Preparation

The accounts are prepared under the historic cost convention modified to include revaluation of fixed asset investments and in accordance with applicable accounting standards and with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies.

Basis of Consolidation

The consolidated statement of total return and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 30 April 1996. No statement of total return is presented for the Company, as permitted by Section 230 of the Companies Act 1985.

Investments

Quoted investments are valued at middle market prices. Unquoted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. Current asset investments are valued at the lower of cost or market value.

Capital Reserves

Capital Reserve – Realised

Gains and losses on realisation of investments and exchange differences are accounted for in this reserve.

Capital Reserve – Unrealised

Increases and decreases in the valuation of investments held at the year end are accounted for in this reserve.

Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend. Deposit income is included on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to revenue except those incurred in the maintenance and enhancement of the Company's assets and taking account of the expected long term returns, as follows:

Investment management costs have been allocated 35 per cent to revenue and 65 per cent to capital.

The above is a change from the policy applied in the previous year. A prior year adjustment has been made to reflect this change in policy and the comparative figures in the financial statements have been adjusted accordingly. In accordance with the SORP, the 1995 brought forward balances have not been re-stated.

Taxation

Advance Corporation Tax on dividends paid will be set off against surplus franked investment income.

Foreign Currency

Transactions denominated in foreign currencies are recorded at the actual exchange rate as at the date of the transaction. Monetary assets denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

2. INCOME	Group **1996** **£'000**	Group 1995 £'000
Income from investments		
Franked investment income	511	388
Overseas dividends	91	80
	602	468
Other income		
Deposit interest	84	44
Income from group undertakings	61	42
Total income	747	554
Total income comprises		
Dividends	602	468
Other income	145	86
	747	554
Income from investments		
Listed UK	456	355
Listed overseas	91	80
Unlisted	55	33
	602	468

3. INVESTMENT MANAGEMENT FEE

	1996			1995		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	43	80	123	35	64	99

Details of the above fee, together with details of the secretarial fee, are included in the Directors' Report on page 16.

4. OTHER EXPENSES	**1996** **£'000**	1995 £'000
Directors' fees (Note 5)	28	28
Auditors' remuneration for:		
- audit	7	6
- other services to the company	8	5
Other	108	86
	151	125

NOTES TO THE ACCOUNTS *(CONT'D)*

5. DIRECTORS' EMOLUMENTS

The Investment Director, the highest paid Director, received remuneration amounting to £128,000 (1995: £104,000). The Chairman received a fee of £8,500 (1995: same). The remuneration of Mr Angus was £21,000 (1995: same) and that of the other two Directors £5,000 (1995: same).

6. TAX ON ORDINARY ACTIVITIES

	1996			1995		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Tax on franked investment income	102	-	102	78	-	78
Overseas taxation	14	-	14	12	-	12
S242 reclaim	(21)	(52)	(73)	-	-	-
	95	(52)	43	90	-	90

7. DIVIDENDS

Dividends on ordinary shares:

First interim: £1.10 (1995: £1.00)	169	-	169	152	-	152
Second interim: £1.10 (1995: £1.00)	186	-	186	152	-	152
	355	-	355	304	-	304

8. RETURN PER ORDINARY SHARE

£2.90	£22.52	£25.42	£2.00	£6.25	£8.25

The revenue return per ordinary share is based on the net revenue from ordinary activities after taxation of £458,000 (1995: £304,000), and on 158,009 (1995: 152,187) ordinary shares, being the weighted average number in issue during the year.

The capital return per ordinary share is based on net capital gains for the financial year of £3,558,000 (1995: £952,000), and on 158,009 (1995: 152,187) ordinary shares, being the weighted average number in issue during the year.

9. INVESTMENTS

	Group 1996 £'000	Group 1995 £'000
Investments listed on a recognised investment exchange	15,779	12,756
Other listed investments	-	-
Total listed investments	15,779	12,756
Unlisted investments	489	272
Total equity investments	16,268	13,028

	Group			
	Listed UK £'000	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	6,461	1,833	151	8,445
Opening unrealised appreciation	3,065	1,397	121	4,583
Opening valuation	9,526	3,230	272	13,028
Movements in the year				
Purchases at cost	785	-	-	785
Sales - proceeds	(1,113)	-	-	(1,113)
- realised gains on sales	445	-	-	445
Increase in unrealised appreciation	1,714	1,192	217	3,123
Closing valuation	11,357	4,422	489	16,268
Closing book cost	6,578	1,833	151	8,562
Closing unrealised appreciation	4,779	2,589	338	7,706
	11,357	4,422	489	16,268

	Group 1996 £'000	Group 1995 £'000
Realised gains on sales	445	139
Increase in unrealised appreciation	3,123	888
Gains on investments	3,568	1,027

9. INVESTMENTS

	Company	
	1996 £'000	1995 £'000
Investments listed on a recognised investment exchange	15,779	12,756
Other listed investments	-	-
Total listed investments	15,779	12,756
Unlisted investments	489	272
Subsidiary undertakings	109	50
Total equity investments	16,377	13,078

	Company			
	Listed UK £'000	**Listed overseas £'000**	**Unlisted £'000**	**Total £'000**
Opening book cost	6,461	1,833	154	8,448
Opening unrealised appreciation	3,065	1,397	168	4,630
Opening valuation	9,526	3,230	322	13,078
Movements in the year				
Purchases at cost	785	-	11	796
Sales - proceeds	(1,113)	-	-	(1,113)
- realised gains on sales	445	-	-	445
Increase in unrealised appreciation	1,714	1,192	265	3,171
Closing valuation	11,357	4,422	598	16,377
Closing book cost	6,578	1,833	165	8,576
Closing unrealised appreciation	4,779	2,589	433	7,801
	11,357	4,422	598	16,377

	Company	
	1996 £'000	1995 £'000
Realised gains on sales	445	139
Increase in unrealised appreciation	3,171	898
Gains on investments	3,616	1,037

10. CALLED-UP SHARE CAPITAL	**1996 £'000**	1995 £'000
Authorised:		
200,000 ordinary shares of £12.50 each	2,500	2,500

Allotted, called-up and fully-paid:

152,187 ordinary shares of £12.50 each at 30 April 1995	1,902
Issued in respect of allotments	212
169,173 ordinary shares of £12.50 each at 30 April 1996	2,114

During the year 16,986 shares were allotted.

11. RESERVES	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
Company				
At beginning of year as previously stated	885	5,595	4,630	927
Prior year adjustment	-	50	-	(50)
At beginning of year as re-stated	885	5,645	4,630	877
Realised exchange differences	-	18	-	-
Premium resulting from allotment of shares	1,661	-	-	-
Net gain on realisation of investments	-	445	-	-
Increase in unrealised appreciation	-	-	3,171	-
Management fees charged to capital	-	(80)	-	-
S242 tax reclaim	-	52	-	-
Retained net revenue for the year	-	-	-	55
	2,546	6,080	7,801	932
Group				
At beginning of year as previously stated	885	5,595	4,583	974
Prior year adjustment	-	50	-	(50)
At beginning of year as re-stated	885	5,645	4,583	924
Realised exchange differences	-	18	-	-
Premium resulting from allotment of shares	1,661	-	-	-
Net gain on realisation of investments	-	445	-	-
Increase in unrealised appreciation	-	-	3,123	-
Management fees charged to capital	-	(80)	-	-
S242 tax reclaim	-	52	-	-
Retained net revenue for the year	-	-	-	103
	2,546	6,080	7,706	1,027

The prior year adjustment relates to a change in accounting policy in respect of the allocation of management fees between capital and revenue.

12. NET ASSET VALUE PER SHARE

The net asset value per share and the net asset value attributable to the ordinary shares at the year end were as follows:

	Net asset value per share attributable		Net asset value attributable	
	1996	1995	**1996**	1995
	£	£	**£'000**	£'000
Ordinary shares	115.11	91.59	19,473	13,939

The movements during the year of the assets attributable to the ordinary shares were as follows:

	Ordinary shares £'000
Total net assets attributable at beginning of year	13,939
Total of recognised gains and losses for the year	4,016
Dividends appropriated in the year	(355)
Capital subscribed	1,873
Total net assets attributable at end of year	19,473

Net asset value per ordinary share is based on net assets as shown above and 169,173 (1995:152,187) ordinary shares being the number of ordinary shares in issue at the year end.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company & Group	
	1996	1995
	£'000	£'000
Opening shareholders' funds	13,939	12,987
Premium resulting from allotment of shares	1,661	-
Increase in share capital	212	-
Dividends in respect of equity shares	(355)	(304)
Total recognised gains and losses before dividends	4,016	1,256
Closing shareholders' funds	19,473	13,939

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 1996 £'000	Group 1995 £'000
Net revenue before taxation	553	394
Tax on investment income	(111)	(90)
Decrease/(increase) in debtors	20	(44)
Increase in creditors	6	6
Net cash inflow from operating activities	468	266

15. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1996 £'000	1995 £'000
Opening balance	971	1,696
Net cash inflow	2,341	(714)
Effect of foreign exchange rates	18	(11)
Closing balance	3,330	971
Analysis of balances:		
Cash at bank and on deposit	3,330	971

16. ANALYSIS OF CHANGES IN FINANCE DURING THE YEAR

	Share capital and premium £'000
Balance at 30 April 1995	2,787
Proceeds from allotment of shares	1,873
Balance at 30 April 1996	**4,660**

17. SIGNIFICANT INTERESTS OF COMPANY

As at 30 April 1996, Personal Assets Trust held more than 10 per cent of the allotted share capital of the following company:

Company	Country of Incorporation & Operation	Description of shares held	% of Class Held	% of Equity Held	Value 30 April 1996
SEEL	Scotland	Ordinary £1 shares	36.6	14.6	£252,000

18. SUBSIDIARY UNDERTAKINGS

As at 30 April 1996, Personal Assets Trust's subsidiary undertakings, which have been consolidated, were as follows:

Company	Country of Incorporation & Operation	Description of shares held	% of Class Held	% of Equity Held	Value 30 April 1996
The Edinburgh Agency Ltd	Scotland	Ordinary £1 shares	100.0	100.0	£94,331
Personal Assets Investments Ltd	Scotland	Ordinary £1 shares	100.0	100.0	£14,769

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of the revenue of the Group for that period.

They are also responsible for ensuring that adequate accounting records are maintained and safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts have been prepared on a going concern basis, appropriate accounting policies have been used and consistently applied and the Board believes that reasonable and prudent judgements and estimates have been made in the preparation of the accounts. Applicable UK accounting standards have been followed.

REPORT BY THE AUDITORS TO PERSONAL ASSETS TRUST PLC ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the accounts we have reviewed the Directors' statements on pages 17 to 18 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosure relating to corporate governance' issued by the Auditing Practices Board and assessed whether the Directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the Group's system of internal financial control, the Company's corporate governance procedures or on the ability of the Group to continue in operational existence.

Opinion

With respect to the Directors' statements on internal financial control and going concern on page 18, in our opinion the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for Directors) and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain Directors and Officers of the Company, and examination of relevant documents, in our opinion the Directors' statements on pages 17 to 18 appropriately reflect the Company's compliance with the other paragraphs of the Code specified for our review.

Ernst & Young
Ernst & Young

ERNST & YOUNG
Chartered Accountants
Edinburgh

29 May 1996

Auditors' Report

Report Of The Auditors
To The Members Of
Personal Assets Trust Public Limited Company

We have audited the accounts on pages 19 to 30, which have been prepared under the historical cost convention modified to include the revaluation of fixed asset investments and on the basis of the accounting policies set out on page 22.

Respective Responsibilities of the Directors and Auditors

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

Basis of Opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 1996 and of the revenue of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young

ERNST & YOUNG
Chartered Accountants
Registered Auditor
Edinburgh

29 May 1996

Notice Of Annual General Meeting

Notice is hereby given that the fifteenth Annual General Meeting of Personal Assets Trust Public Limited Company will be held at One Charlotte Square, Edinburgh, on Wednesday, 10 July 1996 at 12:30pm for the following purposes:

To consider and, if thought fit, pass the following Ordinary Resolutions:

1. That the Report and Accounts for the year to 30 April 1996 be received.

2. That Mr R J Angus, who retires by rotation, be re-elected as a Director.

3. That Ernst & Young, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

4. That with effect from the time of passing of the resolution, the Directors be and are hereby generally and unconditionally authorised, pursuant to Section 80 of the Companies Act 1985, to exercise all powers of the Company, to allot Ordinary Shares of £12.50 up to a maximum nominal amount of £374,550, to such persons and on such terms as they think proper during the period of five years from the date of the passing of this resolution.

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

5. That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot Ordinary Shares of £12.50 for cash in accordance with the authority conferred on them as if subsection 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of Ordinary Shares up to a maximum nominal value of £374,550 and shall expire, unless renewed, on the date of the next Annual General Meeting after the passing of this resolution.

By Order of the Board

Carda Neilly-Cross-Neilly

G J Neilly
Secretary
One Charlotte Square
Edinburgh
EH2 4DZ

29 May 1996

Notes

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not be a member of the Company. A form of Proxy for use by members is enclosed with this Report. Completion of the Form of Proxy will not prevent a member from attending the meeting and voting in person.

The contract of service between Mr Rushbrook and the Company and minute of appointment of Mr Angus as consultant to the Company will be available for inspection at the registered office of the Company prior to the Annual General Meeting.

Members are requested to inform the Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh EH7 4AL, of any change of address. This Report is sent to the address at present registered with the Company for communications.