PERSONAL ASSETS TRUST PLC

Annual Report and Accounts 30 April 1999

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PERSONAL ASSETS TRUST PLC
ANNUAL REPORT AND ACCOUNTS 30 APRIL 1999

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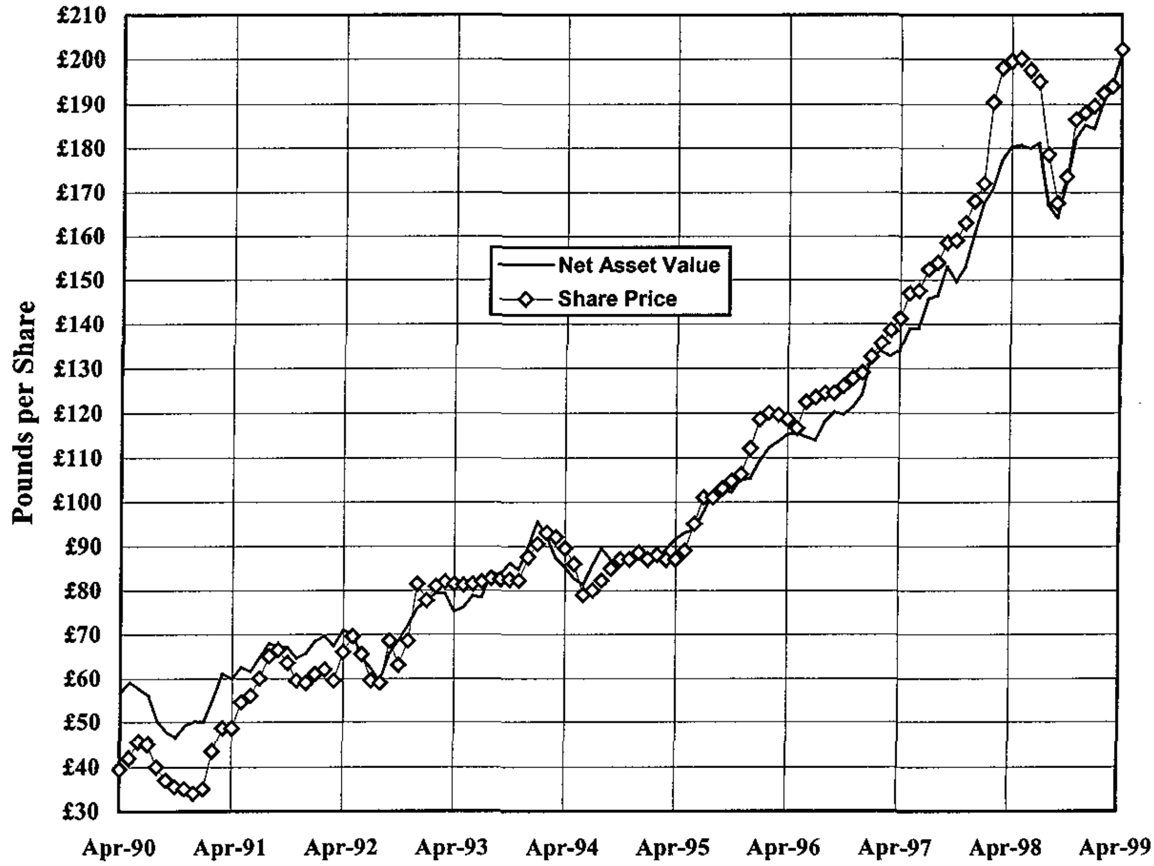
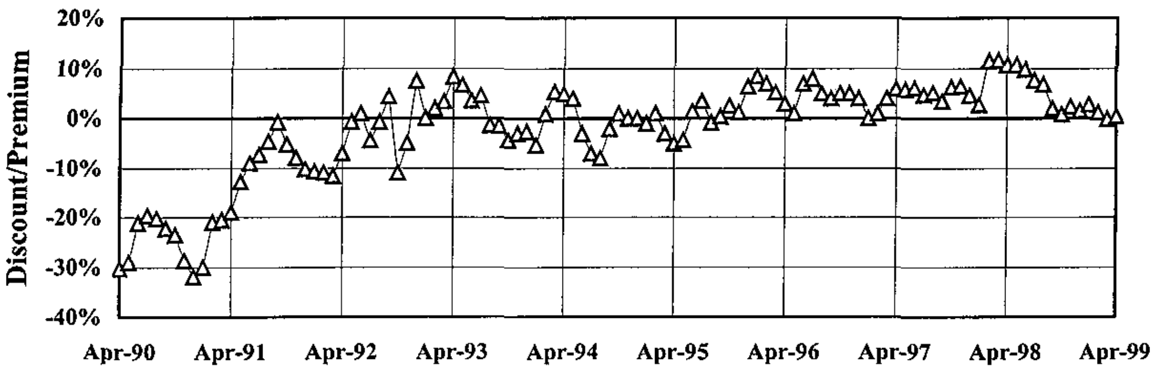
PERFORMANCE OVER LAST NINE YEARS*

**Personal Assets became independently managed in July 1990*

Net Asset Value and Share Price



Share Price Discount/Premium to Net Asset Value



ABOUT PERSONAL ASSETS

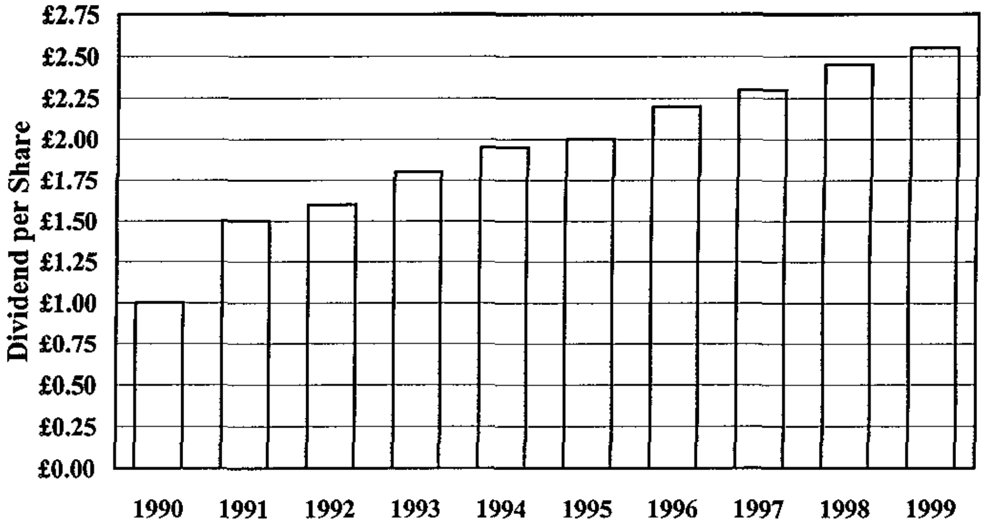
Personal Assets Trust is an investment trust run to satisfy the investment requirements of individual investors who may wish to commit to it a significant proportion of their capital. Its aim is to protect and to increase the value of shareholders' funds over the long term and to achieve as high a total return on shareholders' funds as possible given the Directors' dislike of a level of risk significantly greater than that of investing in the Company's benchmark index, the FTSE All-Share.

The FTSE All-Share Index is appropriate as Personal Assets' benchmark because most of the Company's shareholders are UK residents or expatriates who need to protect the purchasing power of their assets 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 provides over the long term both protection against inflation and the best means of benefiting from UK economic growth.

Personal Assets is free from the constraints of size faced by large general trusts, the policy restrictions of specialist trusts or the complex capital structures of some more recent trusts. Furthermore, because it is almost entirely held by individual investors it does not have to take account of the differing and at times 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 hold 15% of the share capital of the Company and the Directors run Personal Assets for people like themselves. The Company does not, however, offer global investment coverage and Personal Assets should not be the only shareholding of any investor who wants this.

The Directors 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 their power) that the Company's shares do not sell at a discount to their net asset value.

Dividend Record



Corporate Information

BOARD OF DIRECTORS

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

REGISTRARS

Lloyds TSB Registrars
117 Dundas Street
Edinburgh EH3 5ED
Tel: 0870 6015366

INVESTMENT MANAGER

I F Rushbrook
10 St Colme Street
Edinburgh EH3 6AA
Tel: 0131-465 1000

SECRETARY

William A Aitken
Friends Ivory & Sime plc
One Charlotte Square
Edinburgh EH2 4DZ
Tel: 0131-465 1000

BANKERS

RBS Trust Bank
67 Lombard Street
London EC3P 3DL

STOCKBROKERS

Cazenove & Co
Tokenhouse Yard
London EC2R 7AN

SOLICITORS

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

AUDITORS

Ernst & Young
Ten George Street
Edinburgh EH2 2DZ

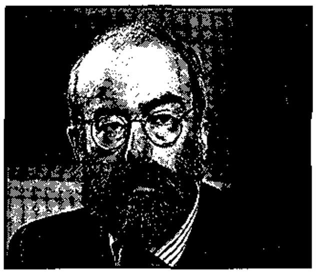
REGISTERED OFFICE

One Charlotte Square
Edinburgh EH2 4DZ
Tel: 0131-465 1000

Board Of Directors

Bobby White is Chairman of Personal Assets. After qualifying as a chartered accountant he 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 (63)



Robin Angus was until 1998 an investment trust analyst at NatWest Securities. He is a consultant to Personal Assets and works with Ian Rushbrook at Ian's office in Edinburgh.

Robin Angus (46)

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 Asset Management and is now responsible for its Investment Trust of Investment Trusts. He is also a director of a number of other investment trusts.

Martin Hamilton-Sharp (56)

Gordon Neilly joined Rutherford Manson Dowds as a partner in 1997, having previously been Finance and Business Development Director of Ivory & Sime. A former Company Secretary of Personal Assets, he has considerable experience and knowledge of investment trusts.

Gordon Neilly (38)

Ian Rushbrook, Investment Director of Personal Assets, has been responsible for the management of investment trusts for nearly 30 years. He is also Chairman of Friends Ivory & Sime Investment Trusts Business Limited.

Ian Rushbrook (59)

CHAIRMAN'S STATEMENT

Two years ago I wrote, *"The present bull market conditions will not last for ever"* and I quoted the statement again a year ago. Another year on, one begins to wonder if the capitalist system has discovered the secret of perpetual motion. In truth, when regard is given to the vast amounts of liquidity in the system and the fact that interest rates stand at their lowest levels for 40 years, it is hard to see what will disturb this trend. Nevertheless, the words of one hardened Wall Street 'pro' are worth bearing in mind. *"There are too many little people making too much money for this to be comfortable."*

Notwithstanding the bullishness of much market sentiment over the last few months, the fundamental criteria of value cannot be ignored for ever. Ian describes on the opposite page our reasons for remaining highly liquid. He also explains how we managed yet again to outperform our benchmark. One of the reasons is that although there is the impression of a universal bull market, it has in fact been concentrated on a very few sectors and stocks.

A concern resulting from this must be the influence of index tracking funds. One has to wonder if the slavish following of indices does not have the potential to sow the seeds of its own destruction. Already the size of the merged BP Amoco means that tracker funds cannot take their index weighting in the stock, while a little company called Colt (well, it *was* little), controlled by a single shareholder, is now valued at billions despite being several years away from making profits. Buying a stock on any valuation simply because it is in the index seems to carry the potential for pain and suffering. It is not a route we shall be following.

A year ago, I expressed my view that the Euro was the most dangerous political initiative we had seen since the Second World War. I nevertheless tended to agree then with Ian's view that it was likely to enjoy a steady start, if only because there seemed a strong political wish for it to do so. What we have seen, however, is a currency that, in four months, has lost 10% of its value against the US Dollar. Although one might argue that, in this weakness, there must be the seeds of its recovery, the whole idea, apart from the unspoken political agenda, was to create stability rather than to give birth to a sickly giant. It is not difficult to imagine the Germans, hard currency lovers, starting to feel both concerned and disillusioned.

I am pleased to report that in the Standard & Poor's Micropal 1998 UK Investment Trust Awards Personal Assets was awarded 1st Place out of 14 International Generalists over five and ten years. Over the last four years the Company's shares have consistently sold at a premium to net asset value and the number of shares in issue has more than doubled. This reflects the high level of demand for the Company's zero-charge Investment Plans. At 30 April 1999 no less than 41.5% of the Company's share capital was held in these Plans. Last month we launched the zero-charge Personal Assets Individual Savings Account (ISA) in succession to the Personal Assets PEP and already there has been a very encouraging response from investors.

A number of shareholders have told me how much they have missed Robin Angus's Quarterly Reports, so I am delighted to tell you that his health has improved and he will shortly be taking up his pen again. Our Company Secretary, Billy Aitken, who has worked with Personal Assets since 1989, is to leave us to take up a post in the South. We wish him every success in the move and I also thank him for the unfailing help he has given me and, indeed, all of my fellow directors.

Finally, the Board was saddened last month by the death of Jimmy Gammell, Chairman of Personal Assets between 1983 and 1990. We extend our sympathy to his widow and family.

Robert White Chairman

INVESTMENT DIRECTOR'S REPORT

Over the year to 30 April 1999 our net asset value per share outperformed its benchmark by 2.9%. It rose from £180.21 to a record £201.26, an increase of 11.7% compared to a rise of 8.6% in the FTSE All-Share Index. The increase in our share price, at 1.3%, was more modest. This was because the premium of our share price to net asset value fell from 10.7% a year ago to 0.4% at 30 April 1999. Nevertheless our share price also finished the year at its highest-ever level, having risen from £199.50 to £202.

The Board measures performance not over one year but over rolling three-year periods. Between 30 April 1996 and 30 April 1999 Personal Assets' net asset value per share grew by 74.8% compared to our benchmark's 58.2%, an outperformance of 3.4% per annum. Over the same period our share price rose by 70.5%, its 30 April 1996 level having been £118.50.

As you know, the Board believes that equities are considerably overvalued. We started the year with 35% liquidity and ended it with 38%. To have outperformed a strongly rising market by 2.9% is therefore little short of a miracle. It can be attributed mostly to a series of coincidences of good luck and good judgement. Our sizeable bank holdings outperformed the market by over 17%. We made timely purchases of holdings in four large investment trusts; all of these performed well and one of them, Anglo & Overseas, redeemed the shares we held at a gain to us of 47% over cost. Lastly, we enjoyed spectacular performances from two of our largest holdings, British Telecom and BP Amoco.

But why (I keep asking myself) do we continue to hold such a high level of liquidity in a market that seems determined to carry on rising?

At the risk of seeming repetitious, let me explain yet again. The simple truth is that equities have never before been so highly rated and have never before offered such low expectations of future return. It is true that if we extrapolate the past, investing in equities seems an obvious decision. The returns have been phenomenal. Over the last 20 years equities have produced a nominal rate of return of 18.6% and a real return of 11.8% per annum. These returns are the basis for the current level of enthusiasm for equities.

*However, these levels of return **cannot** and **will not** be achieved in the future from the current level of equity market valuation.*

It is Wall Street's performance that most strongly influences that of the UK market. To quote Samuel Brittan in the *Financial Times* of 13 May 1999, the idea that Wall Street can soar to ever greater heights from here onwards is *'nonsense on stilts'* and current expectations of 13% or 14% real annual growth in US corporate earnings are *'absurd'*. However strong the economic momentum in the US, it is still not strong enough to deliver the level of company earnings implied in current share prices.

So why are share prices so high today? Firstly, equity valuations owe much to current low levels of inflation, low bond yields and low short-term interest rates. Long-dated gilts yield under 5% and index-linked gilts yield 2%. Compared even to the current strained rating of equities, these returns do not look particularly attractive. The investing institutions, however, are faced with not only investing new cash flow but also reinvesting the proceeds of 'retired' equity. According to BT Alex. Brown there was a net return of over £30bn to UK shareholders through share buy-backs and cash takeovers in 1998 and there is a further £36bn forecast for this year. The money must go somewhere.

Yet the dividend yield on UK equities (after removal of the ACT tax credit) is only 2.3% compared to 2.7% before the 1987 Crash. Equities cannot go on being revalued upwards for ever. But certainty in investment management is nothing other than the conclusion of a fool – and I am certain of that!

Ian Rushbrook Investment Director

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. Robin Angus works alongside Ian and they meet with the Chairman once a week. The Board takes all major decisions collectively.

The Type Of Shareholder For Whom Personal Assets Is Intended

The Board runs Personal Assets for people who either have a substantial amount of capital or hope to build it out of income. Investing in Personal Assets gives them an alternative to managing (whether directly or through professional advisers) a significant proportion of their own equity investments.

A typical shareholder, we assume, will pay Income Tax at 40% and will also be exposed to Capital Gains Tax. This has bearing on our corporate actions where shareholders' tax positions might be relevant. For example, we assume that such a shareholder would be interested in having an Individual Savings Account (ISA) invested in an investment trust. Personal Assets therefore offers a simple, zero-charge ISA. Its unusually high subscription level (only a full £7,000 ISA is available in the tax year 1999-2000 and only a full £5,000 ISA will be available in each tax year thereafter) ensures that the Company can absorb without too much strain all the administration costs which would otherwise fall directly on the ISA investor.

Furthermore, the likely needs of such shareholders determine our investment actions. Since the Directors and their families together hold 15% of the Company, our investment policy is that which we should like to see followed on our own behalf.

Shareholder Value And Discounts

The Board's policy is to ensure (so far as is within its power) that the Company's shares do not sell at a discount to their net asset value. Accordingly, this year the Directors obtained the authority of shareholders at an EGM to buy in the market, for cancellation, up to 14.99% of the Company's shares. The Board intends to ask shareholders to renew this authority each year.

The Board's Investment Philosophy

The Board's aim is to protect and to increase the value of shareholders' funds over the long term. We seek to achieve as high a total return on shareholders' funds as possible given our dislike of a level of risk significantly greater than that of investing in our benchmark, the FTSE All-Share Index. As long-term investors we measure our net asset value performance against our benchmark over rolling three-year periods. We distrust investment theories and 'investment styles', trying instead to be prudent and flexible and to use our common sense.

Guidelines For Decision-Making

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

- ***Stable, Long-Term Investing.*** We dislike high turnover because it costs money. It also wastes opportunity, since good investments often take time to achieve their potential. One of an investment manager's greatest temptations is to take a profit on a good investment too early. Another is to feel that one must justify one's existence by *'doing something'*. We try to resist both these temptations.

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

THE BOARD'S POLICIES FOR PERSONAL ASSETS

- ***International Diversification.*** Most of our shareholders are UK residents or expatriates whose personal liabilities are denominated mainly in Sterling. We also assume that they may have invested a significant proportion of their net worth in the Company. The need for such shareholders to match their long-term Sterling liabilities with assets denominated in the same currency suggests that it is prudent for our portfolio to have a high Sterling content. A degree of international diversification will sometimes be desirable in order to reduce risk. A suitable overseas, or non-Sterling, risk exposure for Personal Assets might be as high as 40% of total assets. But it might also be zero, because international diversification (like all investment strategies) is a means to an end, not an end in itself.

- ***Recognising Our Own Limitations.*** We cannot satisfy all the needs of every shareholder. Personal Assets does not seek to offer one-stop investment shopping for global investors, although we do intend it to supply most of the 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. So we accept the basic risks of equity investment by maintaining, in normal circumstances, a fully invested portfolio. Markets may from time to time look particularly attractive and we may want to increase our market exposure to more than 100% of shareholders' funds. This we may do through using either borrowed funds or derivatives *(futures, options, warrants and the like).* Alternatively, sometimes the Board may believe markets to be considerably overvalued. We may then either hold part of our resources in cash or short-term fixed-interest securities, or use derivatives as a way to preserve capital.

- ***Fixed-Interest Securities.*** Personal Assets may from time to time hold fixed interest securities as an alternative to holding cash on deposit. It is not tax-efficient for investment trusts to hold fixed-interest gilts for capital gain and Personal Assets does not do so. This does not, however, apply to the preference shares of UK companies or to fixed-interest securities overseas.

- ***Currencies.*** If a foreign currency in which we held portfolio investments (at present this is only the US Dollar) looked unsustainably overvalued we would sell forward all our exposure to it, to lock in gains and protect the Sterling value of our foreign investments.

- ***Unlisted Investments.*** The Board believes that for a trust like Personal Assets, investing in unlisteds takes more time and energy than it is worth. We shall 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.*** Personal Assets may from time to time hold shares in other investment trusts if these look attractive compared to other equities. In addition, if we felt confident about the attractions of an area in which we lacked expertise, or to which we could not commit sufficient money to achieve our required degree of diversification of risk within it, we would buy shares in other investment trusts which provided the services we wanted.

Dividend Policy

Our dividend policy is to pay as high a dividend as is compatible with ensuring that future dividend payments are as secure as they reasonably can be, and preserving a high degree of flexibility in investment strategy. We intend the present dividend rate of £2.60 per share (double the last interim dividend of £1.30) 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 an advantage over many investment trusts in that it has a bigger than average Revenue Reserve. Our Group Revenue Reserve now stands at £5.07 per share, nearly twice the current rate of dividend payment. In other words, we could pay dividends at the current rate for at least the next eighteen months even if we had no earnings at all. This would give us the ability to maintain or increase the dividend at times when we thought it right to hold a portfolio with a much lower average yield than at present.

INVESTMENT TRUSTS FOR INDIVIDUAL INVESTORS

Advantages Of Investing Through Investment Trusts

For higher-rate taxpayers or people who have 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.

- Higher-rate taxpayers are also taxed at their top rate of Income Tax (currently 40%) on all realised capital gains in excess of £7,100 per annum. They therefore often find themselves faced with the unwelcome choice of either incurring unwanted tax bills or making 'tax-driven' investment decisions that 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.*

The Transition From PEPs To ISAs

On 6 April 1999 the Government replaced Personal Equity Plans ("PEPs") with Individual Savings Accounts ("ISAs"). Personal Assets has accordingly established a zero-charge ISA in succession to its zero-charge PEP. Full details of the Personal Assets ISA may be obtained from the Company Secretary at the address opposite. The following points, which may be of special interest to shareholders of Personal Assets, are set out here for information only.

- Shareholders were formerly able to invest £6,000 each tax year in a Personal Assets PEP. Now they may invest £7,000 in a Personal Assets ISA in the tax year 1999-2000 and £5,000 in each tax year thereafter. This may be done by way of a lump sum or by monthly direct debit.

- Like a Personal Assets PEP, a Personal Assets ISA consists solely of shares of Personal Assets. All the running costs are borne by the Company and there are no charges to investors.

- Investments held in an ISA will be free of Capital Gains Tax and there will also be a 10% tax credit paid on dividends in each of the five tax years until 2003-04.

- The Government has said that it intends the ISA scheme to last for an initial ten years. There will be a review of the scheme after the first seven years, to decide on any changes to be made when the first ten years expire in 2009.

- Contrary to earlier fears, there is no 'lifetime limit' on ISAs.

- Existing PEPs, including those taken out in respect of the tax year 1998-99, are unaffected by the launch of ISAs and will retain their tax-free status.

- The quarterly statement sent by Bank of Scotland to holders of a Personal Assets PEP will also *(should they subscribe for one)* contain details of their Personal Assets ISA.

WAYS OF INVESTING IN PERSONAL ASSETS

Introduction

The shares of Personal Assets are listed on the London 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 *Individual Savings Account (ISA), Monthly Investment Plan* or *Single Investment Plan.* Details of these can be obtained from the Company Secretary at the following address:

The Company Secretary
Personal Assets Trust plc
One Charlotte Square
Edinburgh EH2 4DZ

Tel: 0131-465 1000

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 ISA

The Personal Assets zero-charge Individual Savings Account (ISA) consists solely of shares of Personal Assets. Subscribers are required to invest the maximum amount in each year. Subscriptions may be made either by lump sum (£7,000 in the tax year 1999-2000 and £5,000 in each tax year thereafter) or by monthly direct debit. In the tax year 1999-2000 the monthly direct debit is £635 together with an initial payment sufficient to make up the ISA to the full £7,000. In the tax years 2000-01 onwards there will be a first monthly payment of £435 followed by eleven monthly payments of £415, making a total of £5,000 in each year.

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 50 shares or fewer in Personal Assets may sell their shares without incurring any stockbroking costs. Details of the scheme are available from the Company Secretary at the address above.

PORTFOLIO COMPARISONS FOR YEAR TO 30 APRIL 1999

COMPANY	30 April 1999 £'000	Purchases/ (Sales) £'000	30 April 1998 £'000	Business Activities of Companies
British Telecommunications	£3,654		£2,273	Telecommunications
BP Amoco	£2,948		£2,362	International oil and energy
National Westminster Bank	£2,245		£1,797	Banking and related financial services
Kwik Fit Holdings	£2,240		£2,094	Tyre, exhaust and car repair
Barclays	£1,974		£1,728	Banking and related financial services
Rentokil Initial	£1,609		£1,704	Environmental and property services
Foreign & Colonial Inv Trust	£1,597	£1,208	Nil	International general investment trust
Edinburgh Investment Trust	£1,594	£1,180	Nil	UK general investment trust
Scottish Investment Trust	£1,560	£1,218	Nil	International general investment trust
Airtours	*£1,557*		*£1,890*	*Holiday tour operator*
Royal Bank of Scotland	£1,466		£931	Banking and related financial services
Broadgate Investment Trust	£1,450	£587	£942	UK general investment trust
Shell Transport & Trading	£1,396		£1,337	International oil and energy
Glaxo Wellcome	£1,287		£1,185	Pharmaceuticals
Bank of Scotland	*£1,163*		*£921*	*Banking and related financial services*
Scottish & Newcastle	£1,126		£1,316	Brewing, retail and leisure
General Electric Company	£988		£738	Electronics, electrical and power
M&G Group	£750	(£748)	£1,102	Unit trust management services
Bass	£635		£738	Brewing, retail and leisure
Scottish Media	*£619*		*£503*	Central Scotland TV broadcaster, newspapers
Tate & Lyle	£513		£585	Sugar, sweeteners, starch producer
Ivory & Sime ISIS	£504		£464	UK growth investment trust
Advance UK Trust	£270		£318	UK investment trust of investment trusts
SEEL	£168		£168	Unlisted data communications company
Second London American	£111	(£50)	£145	USA venture capital investment trust
Anglo & Overseas Trust	Nil	(£572)	Nil	International capital growth investment trust
Others	£384		£304	Subsidiaries
UK EQUITIES	**£33,808**	**£2,823**	**£25,545**	
Applied Power	£1,411		£1,610	Hydraulic and production-automation equipment
Bristol-Myers Squibb	£1,263		£1,013	Pharmaceuticals
Alltel Corp	£1,257		£767	Local, toll, network and other telephone services
Dover Corp	£1,147		£1,181	Elevators and general engineering products
Philip Morris	£871		£888	Tobacco, brewing, soft drinks, packaged foods
Midamerican Energy	£800		£781	Geothermal energy exploration and production
USA EQUITIES	**£6,749**	**£0**	**£6,240**	
US Treas. Strip 0% 15/08/99	£7,198	£7,026	Nil	
US Treas. Strip 0% 15/11/99	£7,113	£6,944	Nil	
US Treas. Strip 0% 15/02/00	£7,025	£6,855	Nil	
US Treas. Strip 0% 15/11/98	Nil	(£35)	Nil	
US Treas. Strip 0% 15/05/98	Nil	(£3,222)	£3,134	
UK Treas. 12.25% 26/03/99	Nil	£290	Nil	
Scottish National ZDP	Nil	(£12,987)	£12,550	
Net Current Assets	£3,307	£2,074	£1,233	
LIQUIDITY TOTAL	**£24,643**	**£6,945**	**£16,917**	
SHAREHOLDERS' FUNDS	**£65,200**	**£16,498**	**£48,702**	

COMPARATIVE VALUES	30 April 1999	% Change over Year	30 April 1998
SHARE PRICE	£202.00	1.3%	£199.50
NET ASSET VALUE/SHARE	£201.26	11.7%	£180.21
FTSE ALL-SHARE INDEX	3028.40	8.6%	2788.99

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
	1997	27,865	£133.89	£141 1/4	£3.01	£2.30
	1998	48,702	£180.21	£199 1/2	£3.57	£2.45
	1999	65,200	£201.26	£202	£3.67	£2.55

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 EQUITY INVESTMENTS

Category	UK £'000	USA £'000	Total £'000	%
Energy	4,344	800	5,144	12.7
Capital Goods	988	2,558	3,546	8.8
Consumer	7,977	3,391	11,368	28.0
Financial	14,684	-	14,684	36.2
Others	5,815	-	5,815	14.3
Total	33,808	6,749	40,557	100.0
	83.4%	16.6%	100.0%	

RATE OF EXCHANGE TO STERLING

As at 30 April		
	1999	**1998**
US Dollar	1.6101	1.6720

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 1999.

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 1998. Subsequently the Company's affairs have been conducted so as to enable it to continue to seek such 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 activities is contained in the Chairman's Statement and the Investment Director's Report.

DIVIDEND

	Group £'000
Revenue available for dividends	1,082
First interim dividend (£1.25 per share) paid on 27 November 1998	(364)
Second interim dividend (£1.30 per share) paid on 21 May 1999	(424)
Transfer to Revenue Reserve (£0.91 per share)	294

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 0.85% of shareholders' funds less £25,000 indexed annually to the Retail Price Index as from June 1990 and less a consultancy fee of £20,000. 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 £20,000 for the year to 30 April 1999.

Friends 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 Friends Ivory & Sime is calculated on the basis of £25,000 indexed annually to the Retail Price Index as from June 1990.

DIRECTORS

Ian Rushbrook 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.

The Directors have allotted 4,581 Ordinary Shares between 30 April 1999 and 27 May 1999 and there are now 328,547 Ordinary Shares in issue.

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

DIRECTORS' INTERESTS

The Directors' interests in the shares of the Company at 30 April 1999 and 1998 were as follows:

Director	Interest	1999	1998
R P White	Beneficial	800	800
R J Angus	Beneficial	2,045	1,955
J M G Hamilton-Sharp	Beneficial	1,174	1,174
G J Neilly	Beneficial	65	35
I F Rushbrook	Beneficial	26,500	26,500

Mr Rushbrook's holding includes 18,100 shares which are owned by Collective Assets Trust PLC, a company of which he owns 72.9% of the issued share capital.

There have been no changes in the above holdings between 30 April 1999 and 27 May 1999.

SUBSTANTIAL INTERESTS

The following interests in excess of 3% of the shares of the Company had been declared as at 30 April 1999. The Company's PEP/ISA and Investment Plan have acquired a further 1,509 and 1,072 shares between 30 April 1999 and 27 May 1999:

Name	1999	Per Cent
Personal Assets Trust PEP/ISA	86,614 }	26.7%
Personal Assets Trust Investment Plans	47,955 }	14.8%
Collective Assets Trust PLC	18,100 }	5.6%
I F Rushbrook	8,400 }	2.6%
F Rushbrook	13,580 }	4.2%
The Morgan Trust Company	10,000	3.1%

The children of I F Rushbrook (all over the age of eighteen) hold in aggregate 4,983 shares (1.5%).

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. Robin Angus works alongside Ian and they meet with the Chairman once a week. The Board takes 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 Combined 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.

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

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 Friends Ivory & Sime 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 Code's recommendations the Directors have reviewed the effectiveness of the system of internal financial control in operation throughout the year. The London Stock Exchange confirmed that until guidance has been issued, by complying with the existing arrangements on internal controls (i.e. internal financial controls) the Company's statement on compliance satisfies the requirements of the new Code.

The Directors believe that the Group and the Company have adequate resources to continue operating and accordingly continue to adopt the going concern basis in preparing the accounts.

YEAR 2000 COMPUTER COMPLIANCE

The Group's accounting records are maintained on computer by Friends Ivory & Sime plc. As the Year 2000 issue could potentially affect all of the Group's accounting and other computer records held, the Directors have sought assurances from Friends Ivory & Sime that its systems will be Year 2000 compliant. Friends Ivory & Sime has confirmed that all of its business-critical in-house electronic systems are Year 2000 compliant. The ability of external service providers to cope with Year 2000 is also being assessed by Friends Ivory & Sime. Given the complexity of the issue, it is not possible for any organisation to guarantee that no Year 2000 problems will remain. The Directors believe, however, that an acceptable level of readiness will be achieved. The Group does not bear any of the costs associated with ensuring that the computer systems used in respect of the Group's operations are Year 2000 compliant.

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.

INDIVIDUAL SAVINGS ACCOUNTS

The Company's shares are qualifying investments for the stocks and shares component of an Individual Savings Account.

By Order of the Board

William A Aitken

William A Aitken
Secretary
One Charlotte Square
Edinburgh EH2 4DZ
27 May 1999

CONSOLIDATED STATEMENT OF TOTAL RETURN (INCORPORATING THE REVENUE ACCOUNT) FOR THE YEAR TO 30 APRIL 1999

		1999			1998		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
	Notes						
Gains on investments	9	-	6,650	6,650	-	10,324	10,324
Capital distributions received		-	-	-	-	11	11
Exchange differences	11	-	(491)	(491)	-	(79)	(79)
Income	2	1,815	-	1,815	1,374	3	1,377
Investment management fee	3	(157)	(291)	(448)	(100)	(186)	(286)
Other expenses	4	(297)	-	(297)	(211)	-	(211)
Return on ordinary activities before tax		1,361	5,868	7,229	1,063	10,073	11,136
Tax on ordinary activities	6	(279)	135	(144)	(223)	39	(184)
Return attributable to equity shareholders	12,13	1,082	6,003	7,085	840	10,112	10,952
Dividends in respect of ordinary shares	7	(788)	-	(788)	(619)	-	(619)
Transfer to reserves		294	6,003	6,297	221	10,112	10,333

Return per ordinary £12.50 share:	8	£3.67	£20.34	£24.01	£3.57	£42.89	£46.46

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 20 and the Notes on pages 21 to 29 form part of these accounts

BALANCE SHEET AS AT 30 APRIL 1999

	Notes	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Fixed assets					
Investments	9	61,509	47,165	61,893	47,469
Current assets					
Investments held by subsidiary		9	9	-	-
Debtors:					
Dividends receivable		91	149	91	149
Due from brokers		-	14	-	14
Interest & fees receivable		24	22	-	-
Due from subsidiary		-	-	32	13
Tax recoverable		227	24	224	27
Cash at bank and on deposit	15,17	4,045	1,962	3,643	1,764
		4,396	2,180	3,990	1,967
Creditors: amounts falling due within one year					
Due to subsidiary		-	-	-	(107)
Due to brokers		-	(247)	-	(247)
Other creditors		(281)	(58)	(259)	(42)
Dividend payable		(424)	(338)	(424)	(338)
		(705)	(643)	(683)	(734)
Net current assets		3,691	1,537	3,307	1,233
Net assets		65,200	48,702	65,200	48,702
Capital and reserves					
Called-up share capital	10	4,050	3,378	4,050	3,378
Share premium account	11	26,475	16,946	26,475	16,946
Capital reserve - realised	11	10,744	9,683	10,744	9,683
Capital reserve - unrealised	11	22,289	17,347	22,660	17,638
Revenue reserve	11	1,642	1,348	1,271	1,057
Equity shareholders' funds	12,13	65,200	48,702	65,200	48,702
Net asset value per share:	12	£201.26	£180.21	£201.26	£180.21

The financial statements on pages 17 to 29 were approved by the Board on 27 May 1999 and were signed on its behalf by:

, Director

, Director

The Accounting Policies on page 20 and the Notes on pages 21 to 29 form part of these accounts

CASH FLOW STATEMENT FOR THE YEAR TO 30 APRIL 1999

	Notes	Group 1999 £'000	Group 1998 £'000
Operating activities			
Investment income received		1,196	716
Deposit interest received		267	275
Other income		84	210
Investment management fees		(448)	(286)
Directors' fees		(43)	(44)
Other cash payments		(177)	(159)
Net cash inflow from operating activities	14	879	712
Taxation			
Corporation tax		(22)	(15)
Capital expenditure and financial investment			
Purchase of investments		(47,549)	(31,249)
Disposal of investments		39,622	14,825
Capital distributions received		-	11
Net cash outflow from capital expenditure and financial investment		(7,927)	(16,413)
Equity dividends paid		(702)	(521)
Management of liquid resources			
Cash uplifted from term deposit	15	-	6,100
Financing			
Allotment of new shares		10,201	10,504
Increase in cash	15	2,429	367

The Accounting Policies on page 20 and the Notes on pages 21 to 29 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 1999. 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 realised exchange differences are accounted for in this reserve.

Capital Reserve – Unrealised

Increases and decreases in the valuation of investments held at the year end and unrealised exchange differences 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 and interest from fixed interest securities are 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.

Taxation

Advance Corporation Tax on dividends paid is 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. Forward currency contracts are valued at the year end rates of exchange and resulting gains or losses are offset against the unrealised gains or losses on the related investments.

2. INCOME

	Group 1999 £'000	Group 1998 £'000
Income from investments		
Franked investment income	711	751
Unfranked investment income	612	68
Foreign income dividend	45	69
Stock dividend	-	10
Overseas dividends	94	88
	1,462	986
Other income		
Deposit interest	267	275
Income from group undertakings	86	113
Total income	1,815	1,374
Total income comprises		
Dividends	850	918
Fixed interest securities	612	68
Other income	353	388
	1,815	1,374
Income from investments		
Listed UK	1,319	702
Listed overseas	94	88
Unlisted	49	196
	1,462	986

Income from group undertakings relates to the revenues of the Company's subsidiaries. Further details are set out in Note 20.

3. INVESTMENT MANAGEMENT FEE

	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000	1998 Revenue £'000	1998 Capital £'000	1998 Total £'000
Investment management fee	157	291	448	100	186	286

Details of the above fee, together with details of the secretarial fee, are included in the Directors' Report on page 14.

4. OTHER EXPENSES

	1999 £'000	1998 £'000
Directors' fees (Note 5)	43	43
Auditors' remuneration for:		
- audit	9	8
- other services to the group	2	2
Other	243	158
	297	211

5. DIRECTORS' EMOLUMENTS

The Investment Director, the highest paid Director, received remuneration amounting to £451,000 (1998: £294,000). The Chairman received a fee of £11,250 (1998: £11,250). The remuneration of Mr Angus was £27,500 (1998: £27,500). Mr Hamilton-Sharp and Mr Neilly each received £7,500 (1998: £7,500).

6. TAX ON ORDINARY ACTIVITIES

	1999			1998		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Tax on franked investment income	115	-	115	150	-	150
Overseas taxation	7	-	7	13	-	13
Corporation tax at 31% (1998: 31%)	157	(135)	22	60	(39)	21
	279	(135)	144	223	(39)	184

7. DIVIDENDS

Dividends on ordinary shares:

First interim: £1.25 (1998: £1.20)	364	-	364	281	-	281
Second interim: £1.30 (1998: £1.25)	424	-	424	338	-	338
	788	-	788	619	-	619

8. RETURN PER ORDINARY SHARE

£3.67	£20.34	£24.01	£3.57	£42.89	£46.46

The revenue return per ordinary share is based on the net revenue from ordinary activities, after taxation, of £1,082,000 (1998: £840,000), and on 295,089 (1998: 235,743) 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 £6,003,000 (1998: £10,112,000), and on 295,089 (1998: 235,743) ordinary shares, being the weighted average number in issue during the year.

The earnings of the Company were £3.40 per ordinary share (1998: £3.07).

9. INVESTMENTS

	Group 1999 £'000	Group 1998 £'000
Investments listed on a recognised investment exchange	61,341	46,997
Other listed investments	-	-
Total listed investments	61,341	46,997
Unlisted investments	168	168
Total investments	61,509	47,165

	Group			
	Listed UK £'000	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	24,664	5,023	131	29,818
Opening unrealised appreciation	12,959	4,351	37	17,347
Opening valuation	37,623	9,374	168	47,165
Movements in the year				
Purchases at cost	21,289	26,013	-	47,302
Sales - proceeds	(31,162)	(8,446)	-	(39,608)
- realised gains on sales	1,414	149	-	1,563
Increase in unrealised appreciation	4,092	995	-	5,087
Closing valuation	33,256	28,085	168	61,509
Closing book cost	16,205	22,739	131	39,075
Closing unrealised appreciation	17,051	5,346	37	22,434
	33,256	28,085	168	61,509

Listed overseas investments comprise £6,749,000 of US equities and £21,336,000 of US Treasury Strips.

	Group 1999 £'000	Group 1998 £'000
Realised gains on sales	1,563	3,611
Increase in unrealised appreciation	5,087	6,713
Gains on investments	6,650	10,324

9. INVESTMENTS *(cont'd)*

	Company 1999 £'000	Company 1998 £'000
Investments listed on a recognised investment exchange	61,341	46,997
Other listed investments	-	-
Total listed investments	61,341	46,997
Unlisted investments	168	168
Subsidiary undertakings	384	304
Total investments	61,893	47,469

	Company Listed UK £'000	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	24,664	5,023	144	29,831
Opening unrealised appreciation	12,959	4,351	328	17,638
Opening valuation	37,623	9,374	472	47,469
Movements in the year				
Purchases at cost	21,289	26,013	-	47,302
Sales - proceeds	(31,162)	(8,446)	-	(39,608)
- realised gains on sales	1,414	149	-	1,563
Increase in unrealised appreciation	4,092	995	80	5,167
Closing valuation	33,256	28,085	552	61,893
Closing book cost	16,205	22,739	144	39,088
Closing unrealised appreciation	17,051	5,346	408	22,805
	33,256	28,085	552	61,893

Listed overseas investments comprise £6,749,000 of US equities and £21,336,000 of US Treasury Strips.

	Company 1999 £'000	Company 1998 £'000
Realised gains on sales	1,563	3,611
Increase in unrealised appreciation	5,167	6,831
Gains on investments	6,730	10,442

10. CALLED-UP SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised:		
500,000 ordinary shares of £12.50 each (1998: 300,000)	6,250	3,750

The creation of 200,000 additional ordinary shares of £12.50 each was approved at the Annual General Meeting of the Company on 1 July 1998.

Allotted, called-up and fully-paid:	
270,250 ordinary shares of £12.50 each at 30 April 1998	3,378
Issued in respect of allotments	672
323,966 ordinary shares of £12.50 each at 30 April 1999	4,050

During the year 53,716 shares were allotted, raising £10,201,000.

11. RESERVES

	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
Company				
At beginning of year	16,946	9,683	17,638	1,057
Exchange differences	-	(346)	(145)	-
Premium resulting from allotment of shares	9,529	-	-	-
Net gain on realisation of investments	-	1,563	-	-
Increase in unrealised appreciation	-	-	5,167	-
Management fees charged to capital	-	(291)	-	-
Corporation Tax	-	135	-	-
Retained net revenue for the year	-	-	-	214
	26,475	10,744	22,660	1,271
Group				
At beginning of year	16,946	9,683	17,347	1,348
Exchange differences	-	(346)	(145)	-
Premium resulting from allotment of shares	9,529	-	-	-
Net gain on realisation of investments	-	1,563	-	-
Increase in unrealised appreciation	-	-	5,087	-
Management fees charged to capital	-	(291)	-	-
Corporation Tax	-	135	-	-
Retained net revenue for the year	-	-	-	294
	26,475	10,744	22,289	1,642

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	
	1999	1998	**1999**	1998
	£	£	**£'000**	£'000
Ordinary shares	201.26	180.21	65,200	48,702

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	48,702
Total of recognised gains and losses for the year	7,085
Dividends declared in the year	(788)
Capital subscribed	10,201
Total net assets attributable at end of year	65,200

Net asset value per ordinary share is based on net assets as shown above and 323,966 (1998:270,250) ordinary shares, being the number of ordinary shares in issue at the year end.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company & Group	
	1999	1998
	£'000	£'000
Opening shareholders' funds	48,702	27,865
Premium resulting from allotment of shares	9,529	9,727
Increase in share capital	672	777
Dividends declared on ordinary shares	(788)	(619)
Total recognised gains and losses before dividends	7,085	10,952
Closing shareholders' funds	65,200	48,702

NOTES TO THE ACCOUNTS *(CONT'D)*

	Group	
	1999	1998
14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	**£'000**	£'000
Net revenue before taxation	1,361	1,063
Tax on investment income	(324)	(179)
Investment management fees charged to capital	(291)	(186)
Dealing activities	-	99
Stock dividends	-	(10)
Decrease/(increase) in debtors	56	(77)
Increase in creditors	77	2
Net cash inflow from operating activities	879	712

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in cash in the period	2,429	367
Cash used to (decrease)/increase liquid resources	-	(6,100)
Effect of foreign exchange rates	(346)	(79)
Change in net funds	2,083	(5,812)
Net funds at the beginning of the year	1,962	7,774
Net funds at the end of the year	4,045	1,962

ANALYSIS OF NET FUNDS

Cash at bank and call deposits	4,045	1,962

16. FINANCIAL INSTRUMENTS

The Group holds investments in listed and unlisted companies and holds cash balances. The Group may from time to time enter into forward currency contracts. Cash balances are held for future investment and forward currency contracts are used to manage the exchange risk of holding foreign investments.

The fair value of all financial assets and liabilities is not materially different from the carrying value. Forward currency contracts are valued at current exchange rates.

17. INTEREST RATE RISK

Floating rate
When the Group holds cash balances, such balances are held on overnight deposit accounts and call deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate, which is 5.25 per cent in the UK and 4.75 per cent in the US.

Floating interest rate exposure at 30 April 1999:

	Group	
	1999	1998
	£'000	£'000
Sterling	3,968	1,940
US Dollars	77	22
	4,045	1,962

Fixed rate and zero rate
The Group may from time to time hold fixed interest or zero interest investments.

At 30 April 1999 the Group held:

	£'000	**Weighted average period until maturity**
US Treasury Strips	21,336	199 days

18. FOREIGN CURRENCY RISK

The Group invests in overseas securities and holds foreign currency cash balances.

Currency exposure at 30 April 1999:

	Group	
	1999	1998
US Dollars	**£'000**	£'000
Fixed asset investments	6,749	9,374
Cash	77	22
	6,826	9,396

At 30 April 1999 the sterling value of the US Treasury Strips was protected by forward currency contacts.

19. SIGNIFICANT INTERESTS OF COMPANY

As at 30 April 1999, Personal Assets Trust held more than 20 per cent of the nominal value of the Ordinary £1 shares of the following company:

Company	Country of Incorporation & Operation	Description of shares held	% of Class Held	% of Equity Held	Value 30 April 1999
SEEL	Scotland	Ordinary £1 shares	36.6	14.6	£168,000

20. SUBSIDIARY UNDERTAKINGS

As at 30 April 1999, 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 1999
The Edinburgh Agency Ltd	Scotland	Ordinary £1 shares	100.0	100.0	£269,467
Personal Assets Investments Ltd	Scotland	Ordinary £1 shares	100.0	100.0	£114,796

The Edinburgh Agency Ltd generates revenues from the development of investment ideas. Its revenues for the year to 30 April 1999 amounted to £100,000 and its profits after tax to £66,000.

Personal Assets Investments Ltd undertakes investment activities. Its revenues for the year to 30 April 1999 amounted to £13,000 and its profits after tax to £14,000.

DIRECTORS' RESPONSIBILITY STATEMENT AND AUDITORS' REPORT

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 for 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 OF THE AUDITORS TO MEMBERS OF PERSONAL ASSETS TRUST PLC

We have audited the accounts on pages 17 to 29, 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 20.

Respective Responsibilities of the Directors and Auditors

The Directors are responsible for the preparation of the accounts, as described above. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

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

We review whether the statement on pages 15 and 16 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the Company's corporate governance procedures or the Group's internal controls.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications of our report if we become aware of any apparent mis-statements or material inconsistencies with the accounts.

Basis of Audit 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 1999 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
Registered Auditor
Edinburgh
27 May 1999

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighteenth Annual General Meeting of Personal Assets Trust Public Limited Company will be held at One Charlotte Square, Edinburgh, on Friday, 2 July 1999 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 1999 be received.
2. That Mr I F Rushbrook, who retires by rotation, be re-elected as a Director.
3. That Ernst & Young be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

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

4. That, in substitution for any existing authority under section 95 of the Companies Act ("the Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and are hereby generally and unconditionally authorised, pursuant to Section 95(1) of the Act, to allot Ordinary Shares of £12.50 each for cash in accordance with the authority conferred on them as if subsection 89(1) of the Act did not apply to such allotment, up to an aggregate nominal amount of £2,143,162.50, such power to expire, unless renewed, on the date of the next Annual General Meeting after the passing of this resolution.

By Order of the Board

William A Aitken

William A Aitken
Secretary
One Charlotte Square
Edinburgh
EH2 4DZ

27 May 1999

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 her/his 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 Lloyds TSB Registrars Limited, 117 Dundas Street, Edinburgh EH3 5ED, of any change of address.