

2003/04



The
Taverners
Trust PLC

Capital growth through investment in the leisure,
entertainment and hotels sector



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COMPANIES HOUSE 29/08/03

Annual Report and Accounts
Year ended
30 April 2003

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Financial Calendar

1 July 2003	Announcement of results for the year ended 30 April 2003
17 September 2003	Annual General Meeting
18 September 2003	Payment of dividend for the year ended 30 April 2003
December 2003	Announcement of interim results for the six months ending 31 October 2003



The
Taverners
Trust PLC

Corporate Summary

Investment Objective

The Company aims to achieve above average capital growth, mainly through investment in the equity of companies in the Restaurants, Pubs & Breweries components of the Leisure, Entertainment and Hotels sector. Emphasis is placed on smaller brewers and pub companies, though the Company may, in addition, invest in other companies engaged in the production, distribution or retailing of drinks. Investments in OFEX and unquoted stocks are limited to a maximum of 10% of the portfolio value.

Risk

The main risks arising from the Company's financial instruments are market price risk, interest rate risk, liquidity risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks.

Duration

The Company has an initial life of 15 years. In April 2011, and every fifth year thereafter, the Directors will be required, unless they have been previously released from their obligation to do so by an ordinary resolution passed at the Annual General Meeting held in the preceding year, to convene an Extraordinary General Meeting of the Company at which an ordinary resolution will be proposed to wind up the Company.

Capital Structure

The Company's share capital consists of Ordinary 25p shares and Warrants to subscribe for Ordinary shares at 100p per share.

PEP and ISA Status

The Company intends to manage its affairs so as to be a fully qualifying investment trust for inclusion in a PEP or ISA.

Management and Administration Agreement

The Company has an agreement with the Manager to provide management and administration services, details of which are shown in note 19 to the financial statements.

Corporate Information

Directors

Lionel J Ross, Chairman
Christopher D Fishwick
Dr Martin J Hawkins
Hubert V Reid
H William Whitbread

Alternate Director

Martin J Gilbert (alternate for Mr H W Whitbread)

Manager

Aberdeen Asset Managers Limited
One Bow Churchyard, Cheapside
London EC4M 9HH

Secretaries & Registered Office

Aberdeen Asset Management PLC
One Bow Churchyard, Cheapside
London EC4M 9HH

Company Registration Number: 3173591

Registrars

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ

Shareholder Helpline: 0870 601 5366
(calls charged at National Call Rate)

Stockbrokers

Arbuthnot Securities
Royex House
Aldermanbury Square
London EC2V 7NV

Auditors

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Bankers

Bank of Scotland
Corporate Banking (Scotland)
38 Albyn Place
Aberdeen AB10 1ZS

J P Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Custodian Bankers

State Street Bank and Trust Company
One Canada Square
London E14 5AF

Solicitors

Lawrence Graham
190 Strand
London WC2R 8JN

Website

www.taverners-trust.co.uk

Board Members

Chairman

Lionel Jack Ross*, aged 74, was formerly finance director of Whitbread PLC and a non-executive director of several public companies. He is currently a non-executive director of Ambient PLC.

Directors

Christopher David Fishwick, aged 41, is a former director of the Manager. He was previously responsible for smaller companies investment and the management of specialist funds. He is a director of The Smaller Companies Investment Trust PLC.

Martin James Gilbert, aged 47, is an alternate Director for Mr H W Whitbread. He qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management. He was one of the founding directors and is now chief executive of Aberdeen Asset Management PLC. He is a director of a number of investment trusts, FirstGroup PLC and Lombard International Assurance SA.

Dr Martin James Hawkins*, aged 62, has been associated with the drinks and leisure industries since 1971, first as a management consultant with Harold Whitehead & Partners Ltd, then in group planning and financial analysis with Scottish & Newcastle PLC and since 1982 as an investment analyst in the securities industry until retiring from Greig Middleton & Co in 2000. He continues to be involved in the leisure industry as a consultant.

Hubert Valentine Reid*, aged 62, was for ten years managing director of The Boddington Group PLC, becoming chairman in June 1995 until its acquisition by The Greenalls Group PLC. He is currently chairman of Enterprise Inns PLC and of The Royal London Mutual Insurance Society Limited, deputy chairman of Majedie Investments PLC and a non-executive director of Michael Page International PLC.

Hugh William Whitbread, aged 61, was investment manager of Whitbread Investment Company PLC from 1989 until 1994, when it was absorbed by Whitbread PLC; from 1992 he was also a director of the company. Prior to this, he was, from 1981 until 1988, the specialist director of Whitbread PLC responsible for sales to the national on-chains and the rest of the brewing industry. He is currently a non-executive director of Hanover International PLC. He is retained by Aberdeen Asset Managers Limited as a consultant.

** Member of the Audit Committee Management Engagement Committee and Independent Director. All of the Directors are non-executive and together form the Nomination Committee.*

Manager

Aberdeen Asset Managers Limited is the Manager of the Company. It is a subsidiary of Aberdeen Asset Management PLC whose Group Companies as at 31 May 2003 managed a combined £20.3 billion for institutions, unit trusts, investment trusts, closed end investment funds, private clients and offshore funds.

Chairman's Statement

I last wrote to Shareholders before Christmas 2002 in order to detail an unhappy period of underperformance in the life of the Taverners Trust which, I am sorry to say, continued albeit to a lesser degree until the end of March. In fact the Trust's Net Asset Value bottomed on 14 March at 70.1p just before the commencement of the war in Iraq. The last two weeks of March saw the nadir of our fortunes relative to the benchmark. From then on, the measures already taken and referred to in my Interim statement to position the Trust in regional brewers and other companies paying sensible dividends stabilised the portfolio. At the same time we reduced our exposure in particular to the more volatile Alternative Investment Market. Since the end of March the Trust's Net Asset Value has risen by 22% in line with the benchmark index which is up by 21%. This rise in Net Asset Value has also brought in its train a most welcome 29% improvement in the Trust's share price from 50p to 64.5p. Most of our larger holdings have contributed to this advance; a big move by Enterprise Inns, where we have had to take some profit because the holding threatened to become over large, accounted for over 15% of the advance and we were also helped by recoveries from a low base by Luminar and Georgica.

Over the year on which we are reporting the Trust's Net Asset Value declined by 37% while the broader based Leisure and Hotels Index was down by 25%. To lose over a third of the value held by investors in this way is seriously unfortunate and we can only apologise for this decline in value. Sadly we are not alone in having to report a fall of this dimension. Most of this decline occurred before the end of the 2002 calendar year and I explained in my Interim statement that these difficulties stemmed from the Trust's failure to exit fully the town centre managed pubcos and in particular from our remaining large investment in SFI Group whose shares were eventually suspended after a long decline. Over the second half of the year on which we are reporting, ie. from 31 October 2002 to 30 April 2003, the Trust's NAV declined by 13.7% while the benchmark remained almost static falling by only 1.6%. As explained above the underperformance lasted approximately six months from the end of September 2002. During February the Trust repaid £500,000 of its three million pound bank loan in order to reduce its gearing ratio; the market was still falling, our cash was strong, break costs were low and it was felt that this action was an appropriate precautionary response in case of a further sharp deterioration in the indices.

Christmas trading statements confirmed the pattern established during the autumn whereby the managed retailers trading in town centres continued to suffer, while regional brewers and tenancies reported less difficulty although most stated that trade was challenging. Food oriented pubs did well and the economy proved more resilient away from London and the South East. Another of our town centre holdings Po Na Na failed to make needed disposals and went into receivership after our year end, yet another accident that need not have occurred as success tempted the company to operate larger units beyond their core late night bars which were cash generative. Over the winter months of 2002/3 following the autumn disasters on the High Streets both the pubco and regional brewery sub-sectors were totally out of favour with investors until the market slowly became aware that investment in the regional brewers remained as solid in this downturn as it has been in the past. We increased our holdings in Hardys and Hansons and to a lesser extent Burtonwood Brewery. Hardys, a debt free company which has benefited from proactive management and the closure of the other two regional breweries in the Nottingham area, has rewarded us with a 15% improvement in share price; Burtonwood is also well ahead having acquired the freeholds of 94 leased pubs and disposed of a clutch of non-viable small houses.

Opinion is divided as to whether the recent rise in the market presages a return to bull market conditions or whether we are rather in the middle of a strong bear market rally. We are also mindful that the full effects of the recent market upheaval and slowing economy may not as yet have worked through to consumer expenditure and may well impact our sector. However in recent weeks we have returned to some of the stronger town centre retailers whose shares look to us to be standing at unjustifiably low levels after the collapse.

Chairman's Statement

Obviously consumers have welcomed the fact that the Iraq war has ended yet there is also a sense that the resultant feel-good factor is somewhat fragile. As we witnessed in the sharp but shortlived stockmarket decline in 1998 the late night town centre market has proved less resilient to the downturn than the community public house. Looking forward to the autumn we will be entering a period when comparatives for the town centre operators will be weak. In June 2002 we had the Jubilee and then the World Cup; both these events were negative for the late night operators but positive for community houses with large screens. Moreover all of the regional brewers who have reported recently have said that trade is for the present holding up well. If confidence is truly returning we may even see a resurgence in the town centre later in the year.

For a second year we have decided to dip a little into our revenue reserve in order to repeat our small dividend of 0.5p per share. If approved by shareholders at the Annual General Meeting, the dividend will be payable on 18 September 2003 to Ordinary shareholders on the register on the record date 25 July 2003.

1 July 2003



L J Ross
Chairman

Manager's Review

In previous editions of our Manager's Review we have taken the opportunity to reflect on some of the political and regulatory issues that are relevant to the licensed trade. We believe investors may be grateful for background on this area as it is frequently not covered in any detail in investment publications but is obviously important to public house operators. We are therefore repeating our coverage of these regulatory issues once again.

There is considerable activity at present on the political and regulatory front which is going to affect public houses. The most important issue is undoubtedly the Licensing Bill which has almost completed its passage through both Houses of Parliament and which eventually hands over responsibility for licensing from the magistrates to local authorities. This is a move which many mainstream pub companies have opposed as they have in the past found the magistrates straightforward to deal with and fear that the new process may become altogether more bureaucratic and politicized. There is also concern on the part of some members of the industry that some other aspects of the outcome of the Parliamentary process have not been as satisfactory as hoped. Despite holding a number of reservations when the bill was published the industry nevertheless welcomed it and felt that it would be possible for its defects to be removed by amendments. Unfortunately this expectation was not realised and nearly all the amendments proposed by the Lords were knocked back by the Commons. For example the White Paper "Time for a Change", that laid the ground for the bill, was rightly applauded for separating the personal licence from that of the premises. This offered a quicker and less costly system of handling the situation when an individual licensee moves from one pub to another. Sadly the bill itself dilutes this benefit in a welter of paperwork which requires notification to the police and local authority at every turn. Nor is the risk absent that the new regime may turn out to be considerably more expensive, as the bill has been pushed through Parliament without the final guidance to local authorities on costings having been published or indeed the all important guidance on policy.

Even some of those who worked hardest to help the Department of Culture, Media and Sports (DCMS) to put the Act together are describing the final product as disappointing and it seems likely that the new act will require much expensive interpretation and even possibly amendment, a situation that could easily have been avoided. This change in the licensing process will have a profound effect on the industry when in due course the new hierarchy takes over. The local authorities will be in a much stronger position to impose conditions on licences than in the past, although an appeal will lie to the magistrates. However it is unclear quite how the local authorities will behave once the industry starts working closely with them. Westminster has been taking action against pubs and aggressively refusing late licenses in the West End of London but is now said to be promoting the area for tourism on the basis that it has been cleaned up. Westminster's earlier attitude has generated fears that other authorities might behave in a similar manner.

It may be worth examining once again how the background to the situation over licensing has developed. The recession of the early 1990s saw the closure of many shops, banks and building society branches in High Streets throughout the country. As local authorities looked for businesses to replace these departures, and a more relaxed attitude to new licences was fostered, a number of the voids in the town centre were filled by licensed premises developed by a new breed of retailing entrepreneur. These new concepts were welcomed and seen as a breath of fresh air, and in the more liberal licensing climate which the Home Office did little to discourage many of these new units were granted late night licences. Thus licensing in the town centres had already been effectively deregulated prior to consideration of the Licensing Bill by Parliament. Unfortunately, as more and more companies rolled out new units, these town centre circuits became overpopulated with bars and the environment less attractive. The outcome has been that the managed retail section of the pub industry, which led the way in share price growth during the first five years of the Trust's existence, has become much less profitable. Indeed there have been well-publicized failures. Many town-centre companies are still encountering problems when attempting to dispose of poorly trading units and remain exposed to high operational gearing. As we have already explained, Taverner's Trust has lost net asset value through failing to reduce its holdings in this sub-sector sufficiently. On the other hand the more traditional regionals and tenanted pubcos, while finding the going quite tough in the current economic conditions, are managing to live through this period successfully.

Manager's Review

The authorities have of course become concerned at the 'job' behaviour which the town centre circuits tend to engender, and the alteration in the licensing arrangements now looks as if it will have a much more restrictive effect than appeared likely when first mooted, in spite of responsibility having been transferred from the Home Office to the DCMS. It will certainly become more difficult to achieve new licences in residential areas; this should favour those community public houses, often belonging to the tenanted pubcos or regional brewers, already sited in these places. On the other hand, it may become easier for local residents to object to and campaign against individual public houses. Bars that close at 11pm and trade strongly at this time eg. units such as All Bar Ones and Slug and Lettuces may also be winners, but those who choose to trade late may be subject to capacity restrictions. In Manchester the police have asked for contributions towards extra policing on the circuit and this approach has not been frowned upon by the Home Office, although predictably the industry has protested that it already pays its share of the rate assessment; however the improvement in the environment effected by the increased police presence may make the cost worthwhile. Other local authorities such as Middlesborough and Bournemouth have adopted the approach of attempting to impose minimum prices on those who trade late, thus preventing the discounting that has developed as town-centre competition intensified. However, a doubt still exists as to whether these authorities have a legal right to enforce higher prices. The industry dislikes such restriction but once again it might well in the end prove beneficial through the protection of margins.

In parallel with the licensing changes piloted through Parliament by the DCMS the Department of Health has been pressing the pub industry on the topic of smoking in public places. Led by the Association of Licensed Multiple Retailers (ALMR) the industry formed the Charter group and reached an agreement with the Department that half of all public houses would post a notice indicating their smoking policy by the end of 2002. This target was easily met; a possibly more important target was that 35% of the 50% conforming would either have non-smoking areas, would have installed good ventilation or banned smoking altogether; in fact the figure was 51% so this target was massively over-achieved as well. However, the Department has immediately asked for more to be done quickly, and following legislation in New York and probably in Ireland there is concern at the possibility of a total ban. In fact, provided a pub is large enough and the configuration appropriate there is no doubt that no-smoking areas are good for trade especially if serving food, and encourage female custom; the industry is therefore ready to co-operate with the Department on a self-regulatory basis. However it may be that the implicit threat of a ban is inhibiting progress. The ALMR has concocted the slogan 'Ban the smoke, not the smoker' and it is clear that the industry would spend good money on improved ventilation but might hesitate if it felt that this was pointless because a ban was imminent. The industry is cognizant of the problem of passive smoking for bar staff and in many pubs notices will be found requesting patrons not to smoke at the bar. The attitude of local authorities on the topic of smoking will be key. However a ban is not as yet thought to be a serious threat as the department has consistently said it would prefer to make 'fast and substantial progress in partnership with the industry' in spite of the fact that its Chief Medical Officer is in favour of a ban. Improved ventilation and no-smoking areas are obviously more difficult issues for the smaller houses.

The increases in National Insurance contributions, the minimum wage and insurance premiums mean that the cost base of managed houses continues to rise, so that the threshold for a viable turnover is increasing as well. Inevitably this means that more houses will move from management to tenancy; companies with tail-end managed houses and no tenanted arm will probably need to put together packages for sale. On the other hand some regionals feel that the price of many tenanted houses is unsustainably high. A further concern of the industry is the cost of alteration to premises required by the Disability Discrimination Act.

None of the above should be interpreted as indicating that the pub industry is in serious danger of suffering a massive set back. These problems have a habit of working themselves out and the better companies see such issues as a nuisance rather than a serious problem. However the situation that has been outlined does show that industry executives have a number of difficult areas to navigate in addition to normal trading headaches.

Investment Portfolio

By value at 30 April 2003

Company	Nature of Business	Valuation £'000	Net Assets %
Enterprise Inns	Leisure & Hotels	1,248	10.16
Hardys & Hansons	Leisure & Hotels	1,233	10.03
Belhaven Group	Leisure & Hotels	1,115	9.08
Greene King	Leisure & Hotels	1,102	8.97
Wolverhampton & Dudley Breweries	Leisure & Hotels	1,085	8.83
Young & Co's. Brewery non-voting Ordinary & 'A' Ordinary	Leisure & Hotels	894	7.28
Fuller Smith & Turner 'A' Ordinary	Leisure & Hotels	878	7.14
Burtonwood Brewery	Leisure & Hotels	814	6.63
City Centre Restaurants	Leisure & Hotels	750	6.11
Luminar	Leisure & Hotels	538	4.38
Top ten investments		9,656	78.61
Rank Group	Leisure & Hotels	484	3.94
Shepherd Neame * *	Leisure & Hotels	460	3.75
Regent Inns	Leisure & Hotels	432	3.52
Hanover International	Leisure & Hotels	418	3.40
Georgica*	Leisure & Hotels	409	3.33
Ultimate Leisure Group *	Leisure & Hotels	347	2.83
Brakspear (WH) & Sons **	Leisure & Hotels	319	2.60
Eldridge Pope & Co	Leisure & Hotels	315	2.56
Jennings Brothers *	Leisure & Hotels	252	2.05
Giardino Group *	Leisure & Hotels	244	1.98
Top twenty investments		13,335	108.57
Heineken	Leisure & Hotels	232	1.89
Hartford Group *	Leisure & Hotels	209	1.70
Ask Central *	Leisure & Hotels	177	1.44
Coliseum Group *	Leisure & Hotels	128	1.04
Springwood	Leisure & Hotels	110	0.90
Prezzo *	Leisure & Hotels	107	0.87
Inventive Leisure*	Leisure & Hotels	86	0.70
Multi Bintang Indonesia	Leisure & Hotels	56	0.46
Po Na Na Group *	Leisure & Hotels	54	0.44
Urbium *	Leisure & Hotels	41	0.33
Top thirty investments		14,535	118.34
Other investments (4)		33	0.26
Total fixed asset investments		14,568	118.60
Net liabilities		(2,285)	(18.60)
Total net assets		12,283	100.00

With the exception of those companies' shares marked above all investments are in the Ordinary shares of the investee company.

* Listed on the AIM

** Listed on OFEX

Sector Analysis

Based on valuations at 30 April 2003

Geographical analysis of investments as a percentage of total net assets

	2003		2002	
	Number of investments	%	Number of investments	%
United Kingdom	32	116.2	38	115.3
Indonesia	1	0.5	1	0.3
Europe	1	1.9	-	-
Total fixed assets	34	118.6	39	115.6
Net liabilities		(18.6)		(15.6)
Total net assets		100.0		100.0
Classification of investments				
Leisure & Hotels		100.0		98.5
Beverages		-		1.5
		100.0		100.0

Breakdown of Investment Portfolio

By value at 30 April 2003

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 30 April 2003.

Review of the Business

A review of the Company's activities is given in the Chairman's Statement on pages 4 and 5 and in the Manager's Review on pages 6 and 7. On 7 February 2003, the Company announced the early repayment of £0.5 million of its outstanding term bank loan. The repayment was funded from current cash resources. Following this repayment, the Company's outstanding term loan is £2.5 million, which is scheduled for repayment next year. One-off breakage costs of £18,000 were incurred. This amount has been charged wholly to the Company's capital account in line with guidance contained within the Statement of Recommended Practices: 'Financial Statements of Investment Trust Companies' issued in January 2003.

Principal Activity and Status

The business of the Company is that of an investment trust investing in the securities of companies whose activities are entirely or mostly in the Leisure, Entertainment and Hotels sector. The Company is an investment company as defined by Section 266 of the Companies Act 1985.

The Company has been approved by the Inland Revenue as an approved investment trust company for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 April 2002. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 April 2003 so as to be able to seek approval as an Investment Trust.

The Company is a qualifying trust for the purposes of Personal Equity Plans or Individual Savings Accounts and it is the Directors' intention that the Company should continue to be a qualifying trust. Potential investors should seek independent financial advice before making such an investment.

Results and Dividends

Revenue return on ordinary activities after taxation for the year amounted to £56,000 (2002 - £62,000). The Directors recommend a first and final dividend for the year of 0.50p net per Ordinary share (2002 - 0.50p), at a cost of £80,000 (2002 - £80,000) which, if approved by Shareholders at the Annual General Meeting, will be payable on 18 September 2003 to Shareholders on the register on the record date, 25 July 2003, leaving a deficit of £24,000 (2002 - deficit of £18,000) to be transferred from distributable reserves.

Directors and Directors' Interests

The current Directors of the Company, all of whom served throughout the year, are shown with brief biographical details on page 3. Mr Reid and Mr Whitbread will retire at the Annual General Meeting to be held on 17 September 2003 and, being eligible, offer themselves for re-election.

No Director has a service contract with the Company.

The Directors who held office at the year end had no interest other than those interests, all of which are beneficial interests, shown below in the Ordinary shares of the Company.

	At 30 April 2003		At 1 May 2002	
	Ordinary shares	Warrants	Ordinary shares	Warrants
L J Ross (Chairman)	27,650	2,000	24,072	2,000
C D Fishwick	6,639	1,000	6,639	1,000
M J Hawkins	12,500	-	12,500	-
H V Reid	21,697	2,000	21,560	2,000
H W Whitbread	118,600	135,000	118,600	135,000

Directors' Report

The interests of Mr Ross have increased since 30 April 2003 by 618 Ordinary shares, pursuant to his participation in the Aberdeen Investment Trust Share Plan. There have been no other changes to the Directors' beneficial interests between 30 April 2003 and 10 July 2003, being the latest practicable date prior to the signing of this Report. Mr Gilbert has a beneficial interest in 10,000 Ordinary shares and 2,000 Warrants of the Company.

The Directors' interests in contractual arrangements with the Company are as detailed in note 19 to the financial statements. Subject to these exceptions no other Directors were interested in contracts with the Company during the period or subsequently.

The Company owns shares representing 1.31% in Hanover International PLC of which Mr Whitbread is a director and 0.12% in Enterprise Inns PLC of which Mr Reid is chairman.

Substantial Interests

At 10 July 2003, being the nearest practicable date to the signing of this Report, the following Shareholders were registered or had notified the Company as being interested in 3% or more of the issued share capital of the Company:

Shareholder	Number of shares held	% of Ordinary share capital
Clients of Aberdeen Asset Management PLC		
Yale University	3,915,000	24.57
Other	1,707,862	10.71
	5,622,862	35.28
Quilter & Co Limited	3,025,000	18.98
Marlborough Fund Managers Limited	1,580,000	9.91
Kappa Alpha	638,000	4.00
Ecclesiastical Insurance	525,000	3.29

Corporate Governance

The Board has in place a framework for corporate governance which it believes is suitable for an investment trust and which enables the Company to comply with Section 1 of the Principles of Good Governance and Code of Best Practice ("the Combined Code"), prepared by the Committee on Corporate Governance, published in June 1998.

The Board considers that the Company has complied with the provisions contained within the Combined Code throughout this accounting period. This statement describes how the relevant principles of governance are applied to the Company.

The Board

The Board currently consists of five non-executive Directors, a majority of whom are independent of the Company's Investment Manager. Mr Ross is the non-executive Chairman of the Company and has also been nominated as the senior non-executive Director. From their biographies on page 3 it will be seen that the Board

Directors' Report

has a breadth of experience relevant to the Company. The Articles of Association provide that not more than a third of the Directors retire by rotation every year; there is no requirement for Directors to be re-elected every three years. Consideration will be given to altering the Articles in due course to make them comply with the Combined Code on this subject. However, it is unlikely to be undertaken until the Company requires a general redrafting of its Articles. In the meantime, in order to comply with best practice a further Director will voluntarily retire at each Annual General Meeting and offer himself for re-election. Accordingly Mr Reid and Mr Whitbread will retire and offer themselves for re-election at the forthcoming Annual General Meeting.

The Board meets regularly and between these formal meetings there is regular contact with the Investment Manager. The Directors also have access to the Company Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The Board has delegated the following areas of responsibility:

Management and Administration

Subject to the direction of the Board, the management of the investment portfolio and the administration of the Company has been delegated to Aberdeen Asset Management PLC ("Aberdeen") and its subsidiaries pursuant to the Management Agreement. Custody and settlement services are undertaken by State Street Bank and Trust Company, a subsidiary of State Street Corporation. The Board has delegated the exercise of voting rights attaching to the Company's investments to the Investment Manager.

All other matters are reserved for the approval of the Board.

Board Committees

The Board as a whole fulfils the function of a Nomination Committee which meets when necessary to select and propose suitable candidates for appointment. Given the constitution of the Board it is not felt appropriate to establish a separate Nomination Committee.

Separate Audit and Management Engagement Committees have been established, which consist of Directors independent of the Investment Manager with Mr Ross acting as Chairman. The Audit Committee examines the effectiveness of the Company's internal controls system and receives information from the Investment Manager's internal audit and compliance departments and has direct access to the auditors, Ernst & Young LLP. The Committee reviews all announcements of the Company and the Interim and Annual Reports prior to sign off. The Management Engagement Committee keeps under review the terms of the Management Agreement.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness.

In accordance with 'Internal Control: Guidance for Directors' on the Combined Code (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Accounts, and is regularly reviewed by the Board. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

Directors' Report

The key components designed to provide effective internal control for the year under review and up to the date of this Report are outlined below:

- The Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- The Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Investment Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- As a matter of course the compliance department of Aberdeen continually reviews the Investment Manager's operations;
- Written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers;
- The Board has considered the need for an internal audit function, but because of the internal control system in place at the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal control procedures; and
- At its June 2003 Board meeting, the Board carried out an annual assessment of internal controls for the year to 30 April 2003 by considering documentation from the Investment Manager, including their internal audit and compliance functions and taking account of events since 30 April 2003.

The internal control systems are designed to meet the Company's particular needs and to address the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve investment objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Financial Statements

The Directors' responsibilities regarding the financial statements are set out on page 14. The Directors acknowledge that their responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

Going Concern

After making enquiries and given the nature of the Company, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing accounts.

Relations with Shareholders

The Investment Manager maintains a regular dialogue with institutional Shareholders, the feedback from which is reported to the Board. In addition, Board members and representatives of the Investment Manager are available to answer Shareholders' questions at the Annual General Meetings of the Company.

The Secretaries are available to answer general Shareholder queries at any time.

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors.

Directors' Report

Special Business at Annual General Meeting

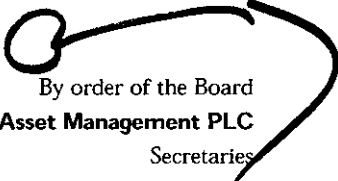
The Directors are seeking renewal of a limited authority to allot Ordinary shares. This authority will be restricted to the allotment of shares in connection with a rights issue or open offer in favour of Shareholders and to issues of new shares up to an aggregate nominal amount of £199,200, being 5% of the total capital in issue on 10 July 2003, being the nearest practicable date prior to the signing of this Report.

In addition, whilst the Directors have no present intention of implementing a share buy back, the Company is also seeking Shareholder authority to buy back for cancellation up to 14.99% of its Ordinary shares. Accordingly a special resolution, resolution 9, has been proposed as set out in the Notice of Meeting at the back of the Accounts. The share buy back proposal requires the approval of Warranholders. A notice convening the Warranholders' meeting to be held on 17 September 2003 immediately following the conclusion of the Annual General Meeting has been despatched to Warranholders together with a copy of the Accounts.

Auditors

The Company's auditors Ernst & Young LLP have indicated their willingness to remain in office. A resolution to re-appoint Ernst & Young LLP as the Company's auditors and to authorise the Directors to determine their remuneration will be put to the forthcoming Annual General Meeting.

One Bow Churchyard, Cheapside
London EC4M 9HH
10 July 2003


By order of the Board
Aberdeen Asset Management PLC
Secretaries

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the total return of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Remuneration Report

This Report is prepared in accordance with Schedule 7A of the Companies Act 1985, which applies to the Company for the first time this year. As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £100,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and the time committed to the Company's affairs.

No element of the Directors' remuneration is performance related, however, Mr Whitbread has a consultancy agreement with the Manager whereby he receives 31.25% of the investment management fee paid monthly. The amount due to Mr Whitbread during the year was £76,702 (2002 - £93,572) inclusive of VAT.

No Director has a service contract with the Company.

The Directors' interests in contractual arrangements with the Company are as detailed in note 19 to the financial statements. Subject to these exceptions, no other Directors were interested in contracts with the Company during the period or subsequently.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Total Shareholder Return

Source: Fundamental Data

The chart shown above illustrates the five year total shareholder return for a holding in the Company's shares as compared to the FTSE Leisure, Entertainments and Hotels Index until 30 April 2003. This Index does not fully approximate to the universe of companies in which the Trust invests because it includes some large hotel

Directors' Remuneration Report

companies which account for a high proportion of weighting and in which the Trust would not invest; however, since the Restaurant, Brewery and Pub Index was subsumed into this Leisure and Hotels Index, this latter is the best Index available.

Directors' Emoluments

Director	2003 £'000	2002 £'000
Lionel J Ross (Chairman and highest paid Director)	12.5	12.5
Christopher D Fishwick	10.0	10.0
Dr Martin J Hawkins	10.0	10.0
Hubert V Reid	10.0	10.0
H William Whitbread	10.0	10.0
Totals	52.5	52.5

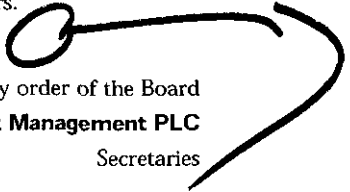
The information in the above table has been audited (see the Independent Auditors' Report on page 17).

Sums paid to Third Parties (audited)

Of the Directors' fees disclosed above £16,666 (2001 - £20,000) were paid to Aberdeen Asset Management PLC in respect of making available the services of Directors.

The amounts paid by the Company to the Directors were for services as non-executive Directors.

10 July 2003


By order of the Board
Aberdeen Asset Management PLC
Secretaries

Independent Auditors' Report to the Members of The Taverners Trust PLC

We have audited the Company's financial statements for the year ended 30 April 2003 which comprise the Statement of Total Return, Balance Sheet, Cash Flow Statement and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and Accounting Standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Summary, Corporate Information, Board Members, Chairman's Statement, Investment Portfolio, Sector Analysis, Directors' Report, unaudited part of the Directors' Remuneration Report, Statement of Directors' Responsibilities, Shareholder Information, Marketing Strategy, Information about the Manager's Investment Services, Notice of Meeting and Capital Structure. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Independent Auditors' Report to the Members of The Taverners Trust PLC

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

Opinion

In our opinion; the financial statements give a true and fair view of the state of affairs of the Company as at 30 April 2003 and of its revenue for the year then ended; and the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

10 July 2003

Statement of Total Return

	Notes	Year ended 30 April 2003			Year ended 30 April 2002		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	9	-	(6,865)	(6,865)	-	2,059	2,059
Income	2	507	-	507	519	-	519
Investment management fee	3	(123)	(123)	(246)	(150)	(150)	(300)
Other expenses	4	(228)	-	(228)	(202)	-	(202)
Exchange losses		-	(2)	(2)	-	-	-
Net return before finance costs and taxation		156	(6,990)	(6,834)	167	1,909	2,076
Interest payable and similar charges	5	(98)	(114)	(212)	(103)	(100)	(203)
Return on ordinary activities before taxation		58	(7,104)	(7,046)	64	1,809	1,873
Taxation on ordinary activities	6	(2)	-	(2)	(2)	2	-
Return on ordinary activities after taxation		56	(7,104)	(7,048)	62	1,811	1,873
Dividends in respect of equity shares	7	(80)	-	(80)	(80)	-	(80)
Transfer (from)/to reserves		(24)	(7,104)	(7,128)	(18)	1,811	1,793
Return per Ordinary share (pence):	8						
Basic		0.35	(44.58)	(44.23)	0.39	11.36	11.75

The revenue column of this statement represents the revenue account of the Company.


The accompanying notes on pages 22 to 30 are an integral part of the financial statements.

All revenue and capital items in the above statement derive from continuing operations.

Balance Sheet

	Notes	As at 30 April 2003 £'000	As at 30 April 2002 £'000
Fixed assets			
Investments	9	14,568	22,438
Current assets			
Debtors	10	45	215
Cash at bank and in hand		500	-
		545	215
Creditors: amounts falling due within one year	11	(330)	(242)
Net current assets/(liabilities)		215	(27)
Total assets less current liabilities		14,783	22,411
Creditors: amounts falling due after more than one year			
	12	(2,500)	(3,000)
Net assets		12,283	19,411
Capital and reserves			
Called-up share capital	13	3,984	3,984
Share premium account	14	10,536	10,536
Other reserves:			
Warrant reserve	14	981	981
Capital reserve – realised	14	750	1,922
Capital reserve – unrealised	14	(4,100)	1,832
Revenue reserve	14	132	156
Shareholders' funds		12,283	19,411
Net asset value per Ordinary share (pence):			
Basic	15	77.08	121.81
Fully-diluted		n/a	118.27

The financial statements were approved by the Board of Directors on 10 July 2003 and signed on its behalf by:

 L. J. Ross, Chairman

The accompanying notes on pages 22 to 30 are an integral part of the financial statements.

Cash Flow Statement

	Notes	Year ended 30 April 2003		Year ended 30 April 2002	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	16		8		47
Servicing of finance					
Bank and loan interest paid		(216)		(203)	
Net cash outflow from servicing of finance			(216)		(203)
Financial investment					
Purchases of investments		(6,087)		(3,960)	
Sales of investments		7,400		4,019	
Net cash inflow from financial investment			1,313		59
Equity dividends paid			(80)		(72)
Net cash inflow/(outflow) before financing			1,025		(169)
Financing					
Part repayment of bank loan		(500)		-	
Net cash outflow from financing			(500)		-
Increase/(decrease) in cash	17		525		(169)
Reconciliation of net cash flow to movements in net debt					
Increase/(decrease) in cash as above			525		(169)
Cash outflow from decrease in loans			500		-
Change in net debt resulting from cash flows			1,025		(169)
Exchange movements			(2)		-
Movement in net funds/(debt) for the year			1,023		(169)
Net debt at 1 May			(3,023)		(2,854)
Net debt at 30 April	17		(2,000)		(3,023)

The accompanying notes on pages 22 to 30 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 30 April 2003

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of fixed asset investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice "Financial Statement of Investment Trust Companies".

(b) Valuation of investments

UK listed investments are valued according to the prices issued by the London Stock Exchange, being the closing mid-market prices for all investments other than FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices are used. Unlisted investments are included in the financial statements at valuations determined by the Directors. Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve – realised and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve – unrealised, as explained in note 1 (f) below.

(c) Income

Dividends receivable on equity shares are brought into account on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amounts of the cash dividend is recognised in capital reserve.

(d) Expenses

All expenses are accounted for on an accrual basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- expenses are charged to capital reserve – realised where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fee and loan interest on the £2.5m bank loan have been allocated 50% to capital reserve – realised and 50% to revenue account.

(e) Taxation

The charge for taxation is based on the net revenue for the year. In accordance with Financial Reporting Standard 16 'Current Tax', franked investment income is shown net of notional tax credits.

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset.

Notes to the Financial Statements

(f) Capital reserves

Capital reserves – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature;
- expenses and finance costs, together with the related taxation effect, charged to this reserve in accordance with the above policies;
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Capital reserves – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end;
- unrealised exchange differences of a capital nature;
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

(g) Foreign currency

Overseas monetary assets and liabilities are converted into Sterling at the rate of exchange ruling at the balance sheet date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively.

	2003	2002
	£'000	£'000
2. Income		
Income from investments		
Franked investment income	487	503
Overseas dividends	11	3
	<hr/> 498	<hr/> 506
Other income		
Deposit interest	8	9
Underwriting commission	1	4
	<hr/> 9	<hr/> 13
Total income	<hr/> 507	<hr/> 519
Total income comprises:		
Dividends	498	506
Interest	8	9
Other income	1	4
	<hr/> 507	<hr/> 519
Income from investments:		
Listed UK	413	426
Listed overseas	11	3
Unlisted	74	77
	<hr/> 498	<hr/> 506

Notes to the Financial Statements

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3. Investment management fee						
Investment management fee	123	123	246	150	150	300

Details of the investment management agreement are shown in note 19 to the financial statements.

	2003	2002
	£'000	£'000
4. Other expenses		
Share Plan marketing contribution	13	14
Administration fees	68	67
Directors' fees	53	53
Printing	10	13
Auditors' remuneration:		
– audit	17	12
– for other services	10	3
Other	57	40
	228	202

The Chairman, who is the highest paid Director, received £12,500 (2002 – £12,500) in fees during the year. Each of the other Directors received £10,000 (2002 – £10,000).

Details of the Marketing and Administration agreements are shown in note 19 to the financial statements.

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5. Interest payable and similar charges						
On bank loans and overdrafts	98	96	194	103	100	203
Breakage costs (See note 12)	–	18	18	–	–	–
	98	114	212	103	100	203

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Tax on ordinary activities						
Overseas taxation	2	–	2	–	–	–
Tax attributable to expenses charged to capital	–	–	–	2	(2)	–
	2	–	2	2	(2)	–

Notes to the Financial Statements

(a) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>58</u>	<u>64</u>
Profit on ordinary activities multiplied by standard tax rate of corporation tax	17	19
Effects of:		
Non-taxable UK investment income	(146)	(151)
Withholding tax written off	2	–
Disallowable expenses	6	1
Excess management expenses	194	206
Expenses charged to capital	(71)	(75)
Tax relief on expenses charged to capital	–	2
Current tax charge	<u>2</u>	<u>2</u>

(b) Factors that may affect future tax charges

The Company has surplus unused expenses of £4,284,000 which it is able to carry forward against future profits. It is highly unlikely that future profits will be of a level which causes these unused expenses to crystallise. As a result no deferred tax asset has been shown in respect of this item.

	2003 £'000	2002 £'000
7. Dividends on equity shares		
Proposed dividend on equity shares at 0.50p per share (2002 – 0.50p)	<u>80</u>	<u>80</u>

	2003			2002		
	Revenue p	Capital p	Total p	Revenue p	Capital p	Total p
8. Return per Ordinary share						
Basic	<u>0.35</u>	<u>(44.58)</u>	<u>(44.23)</u>	<u>0.39</u>	<u>11.36</u>	<u>11.75</u>

The basic revenue return per Ordinary share is calculated on the net revenue on ordinary activities after taxation of £56,000 (2002 – £62,000) and on 15,936,000 (2002 – 15,936,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The basic capital return per Ordinary share is calculated on net capital losses for the year of £7,104,000 (2002 – £1,811,000 capital gain) and on 15,936,000 (2002 – 15,936,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Fully diluted returns calculated on the basis set out in Financial Reporting Standard 14 'Earning per share' ('FRS14') indicate that the exercise of Warrants in issue would have no dilutive effect on returns.

Notes to the Financial Statements

	2003	2002
	£'000	£'000
9. Investments		
Realised (losses)/gains on sales based on historical cost	(933)	106
Amount recognised as unrealised in previous year	(482)	(44)
Realised (losses)/gains based on carrying value at previous balance sheet date	(1,415)	62
Movement in unrealised (depreciation)/appreciation	(5,450)	1,997
(Losses)/gains on investments	(6,865)	2,059

	Listed in UK £'000	Listed overseas £'000	Unlisted (incl. OFEX & AIM shares) £'000	Total £'000
Book cost at 1 May 2002	12,305	220	8,081	20,606
Opening unrealised appreciation/(depreciation)	2,557	(156)	(569)	1,832
Valuation at 1 May 2002	14,862	64	7,512	22,438
Movements in the year:				
Purchases at cost	3,696	239	2,295	6,230
Sales – proceeds	(4,274)	–	(2,961)	(7,235)
– realised losses	(641)	–	(292)	(933)
Decrease in unrealised appreciation	(2,196)	(15)	(3,721)	(5,932)
Valuation at 30 April 2003	11,447	288	2,833	14,568
Book cost at 30 April 2003	11,086	459	7,123	18,668
Unrealised appreciation/(depreciation) at 30 April 2003	361	(171)	(4,290)	(4,100)
	11,447	288	2,833	14,568

	2003	2002
	£'000	£'000
10. Debtors: amounts falling due within one year		
Amounts due from brokers	–	165
Prepayments and accrued income	45	50
	45	215

	2003	2002
	£'000	£'000
11. Creditors: amounts falling due within one year		
Bank overdrafts	–	23
Amounts due to brokers	143	–
Proposed dividends	80	80
Other creditors	107	139
	330	242

Notes to the Financial Statements

	2003	2002
	£'000	£'000
12. Creditors: amounts falling due after more than one year		
Bank loan	2,500	3,000

On 21 June 1999 the Chase Manhattan Bank (formerly Robert Fleming) loan facility was rolled forward for five years at a fixed rate of 6.67% per annum. On 7 February 2003 £500,000 was repaid, incurring breakage costs of £18,000. Under guidelines issued under FRS13, the loan has an estimated fair value of £2,531,000 (2002 – £3,080,000).

	2003		2002	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£'000	£'000	£'000	£'000
13. Called up share capital				
Ordinary shares of 25p each	12,500	3,984	12,500	3,984

At 30 April 2003 there were in issue 15,936,000 (2002 – 15,936,000) Ordinary shares of 25p each. At 30 April 2003 there were in issue 3,081,600 (2002 – 3,081,600) Warrants to subscribe for one Ordinary share at 100p on 31 August in each of the years 2003 to 2010 inclusive or, if later, the date in any such year 30 days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are dispatched to Shareholders.

	Share premium account	Warrant reserve	Capital reserve - realised	Capital reserve - unrealised	Revenue reserve
	£'000	£'000	£'000	£'000	£'000
14. Capital reserve					
At 1 May 2002	10,536	981	1,922	1,832	156
Exchange losses	–	–	(2)	–	–
Net losses on realisation of investments	–	–	(1,415)	–	–
Transfer on disposal of investments	–	–	482	(482)	–
Movement in unrealised appreciation	–	–	–	(5,450)	–
Costs charged to capital	–	–	(237)	–	–
Tax effect of capital items	–	–	–	–	–
Net deficit for the year	–	–	–	–	(24)
At 30 April 2003	10,536	981	750	(4,100)	132

Notes to the Financial Statements

15. Net asset value per share

The net asset value per share and the net asset values attributable to equity Shareholders at the year end calculated in accordance with the Articles of Association and FRS 4 were as follows:

	Net asset value per share attributable		Net asset values attributable	
	2003	2002	2003	2002
	p	p	£'000	£'000
Ordinary shares				
Basic	77.08	121.81	12,283	19,411
Fully diluted	n/a	118.27		

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

	2003 £'000	2002 £'000
Total net assets attributable at 1 May 2002	19,411	17,618
Total recognised (losses)/gains for the year	(7,048)	1,873
Dividends appropriated in the year	(80)	(80)
Total net assets attributable at 30 April 2003	12,283	19,411

16. Reconciliation of operating revenue to net cash inflow from operating activities

	2003 £'000	2002 £'000
Net revenue before interest payable and taxation	156	167
Increase in prepayments and accrued income	(2)	(6)
Decrease in other debtors	7	-
(Decrease)/increase in other creditors	(28)	36
Expenses charged to capital	(123)	(150)
Overseas withholding tax suffered	(2)	-
Net cash inflow from operating activities	8	47

17. Analysis of changes in net funds/(debt)

	1 May 2002 £'000	Cash flow £'000	Other non-cash movements £'000	30 April 2003 £'000
Net cash:				
Cash at bank and overdrafts	(23)	525	(2)	500
Debt:				
Debts falling due after more than one year	(3,000)	500	-	(2,500)
	(3,023)	1,025	(2)	(2,000)

Notes to the Financial Statements

18. Contingent liabilities

As at 30 April 2003 there was a contingent liability of £13,000 (2002 – £23,000). This sum is the total cost which would arise on conversion of Warrants held in Luminar plc.

19. Related party transactions

Mr Gilbert is a director of Aberdeen Asset Managers Limited ("AAM") which acts as Investment Manager of the Company and is also a director of Aberdeen Asset Management PLC ("Aberdeen"), the Secretary of the Company and the holding company of AAM. AAM is entitled to receive fees under the Management Agreement, Administration Agreement and Marketing Agreement as set out below.

Mr Fishwick is a former director of Aberdeen and its subsidiary AAM. Fees for his services as a director prior to his resignation from AAM and were paid to Aberdeen and amounted to £6,666.

Mr Whitbread has a consultancy agreement with AAM. His fee is calculated at 31.25% of the investment management fee paid monthly. The amount due to Mr Whitbread during the year was £76,702 (2002 – £93,572). Fees for the services of Mr Whitbread for his services as a director amounted to £10,000 and were paid to Aberdeen.

The Company has an agreement with AAM for the provision of management services. Management fees are calculated on the total assets at each month-end (including loan facilities) at the rate of 0.1% per month plus VAT. The agreement is terminable on twelve months' notice. The balance due to AAM at the year end was £34,000 (2002 – £78,000).

The Company makes a contribution towards the costs incurred by AAM in marketing the Trust's shares. The accrual due to AAM at the year end was £14,000 (2002 – £1,000).

The Company has an agreement with AAM for the provision of administration services. The fee is charged at £50,000 per annum plus VAT to be reviewed annually to take account of changes in RPI, but in no event to be less than £50,000. The agreement is terminable on six months' notice. The accrual to AAM at the year end was £6,000 (2002 – £6,000).

20. Financial instruments

The Company's financial instruments comprise:

- Equities that are held in accordance with the Company's investment objectives, which are set out on page 1 of this Report and Accounts;
- Term loans and bank overdrafts, the main purpose of which are to raise finance for the Company's operations; and
- Cash and liquid resources that arise directly from the Company's operations.

The main risks arising from the Company's financial instruments is market price risk. There is also some exposure to interest rate risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Company.

The Company has taken advantage of the exemption allowed under FRS 13, 'Derivatives and Other Financial Instruments', and excluded short-term debtors and creditors from disclosures under financial instruments.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

Notes to the Financial Statements

To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

A list of the investments held by the Company at 30 April 2003 is shown in the 'Investment Portfolio' table on page 8. All investments are stated at market value.

Interest rate risk

The Company, at present, has no investments in fixed or floating rate securities. The borrowings of £2.5 million (2002 – £3 million) at the year-end were fixed at a rate of 6.67% (2002 – 6.67%) (see note 12).

The Company has financial assets in the form of bank balances, which attract prevailing floating market interest rates.

Foreign currency risk

The income and capital value of the Company's investments are mainly denominated in Sterling; therefore, the Company is not subject to any significant risk of currency movements. At the year end the Company held investments totalling £288,000 (2002 – £64,000) in currencies other than Sterling.

Shareholder Information

Shareholder distribution

As at 30 April 2003 there were 15,936,000 Ordinary shares of 25p in issue. These were distributed as follows:

Range	Number of Shareholders	%	Number of shares held	%
1 – 1,000	66	24.09	32,905	0.21
1,001 – 5,000	98	35.77	302,829	1.90
5,001 – 10,000	39	14.23	315,347	1.98
10,001 – 100,000	48	17.52	1,480,312	9.29
100,001 and over	23	8.39	13,804,607	86.62
	274	100.00	15,936,000	100.00

In addition to the above, there were 156 members of the Company's Aberdeen Investment Trust Share Plan and Aberdeen Investment Trust PEP and ISA.

Net Asset Value

The net asset value of the Company's Ordinary shares may be obtained daily by contacting Aberdeen Asset Managers Limited on 0500 00 00 40 or by email at inv.trusts@aberdeen-asset.com or alternatively by visiting the Company's web site at www.taverners-trust.co.uk

Stock Exchange Codes

Class of Security	Epic Code	SEDOL Number	ISIN Number
Ordinary 25p shares	TVT	0876999	GB 0008769993
Warrants	TVTW	0877000	GB 0008770009

Five year Net Asset Performance

Information about the Manager's Investment Services

Aberdeen Investment Trust Share Plan

Aberdeen Asset Managers Limited ("AAM") runs a Share Plan (the "Plan") which covers a number of investment companies under its management including The Taverners Trust PLC. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250 per trust, while regular savers may invest from just £50 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Investment Trust Individual Savings Account

The Aberdeen Investment Trust ISA (the "ISA") has been available from 6 April 1999. It aims to generate income and/or capital growth within a tax efficient environment. Investors can hold up to three components within an ISA: stocks and shares (including Investment Trusts), cash and life insurance. AAM offers both a Mini and Maxi stocks and shares ISA, but does not offer the cash or life insurance components.

Maxi ISA

The Maxi ISA offers a wide range of AAM managed or advised Investment Companies. The Maxi ISA does not have a cash or life insurance component. An investment of up to £7,000 can be made in the tax year 2003/2004.

Mini ISA

AAM offers a Mini ISA which will enable investors to invest up to £3,000 in the Aberdeen Investment Trusts in the tax year 2003/2004.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA management charge is 0.5% + VAT, calculated monthly and deducted from income half yearly. Under current legislation, trusts can grow free of income or capital gains tax. In the case of dividends from equity assets held within an ISA or a PEP, a 10% tax credit will be reclaimed until April 2004, when the tax credit will be abolished.

Trust Information

If investors would like details of any trust managed by AAM, or information on the Share Plan or ISA please telephone 0500 00 00 40 or write to Aberdeen Asset Managers Limited, One Albyn Place, Aberdeen AB10 1YG or e-mail at inv.trusts@aberdeen-asset.com. Details are also available by accessing the internet on the following page: <http://www.aberdeen-asset.com>

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, One Bow Churchyard, Cheapside, London EC4M 9HH which is authorised and regulated by the Financial Services Authority.

Marketing Strategy

The Taverners Trust PLC contributes to the marketing programme run by the Manager, Aberdeen Asset Managers Limited ("AAM"), on behalf of a number of investment trusts under its management. This agreement sees the Company's contribution matched by AAM over a three-year period. This contribution, which is reviewed annually on a calendar year basis, amounted to £11,820 (plus VAT) for 2002.

The purpose of the Programme is to communicate effectively with existing Shareholders and gain more new Shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. AAM's experience has also shown that well-targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost-effective way of gaining new investors.

These aims can be met in several ways:

Investor relations programme Aberdeen runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month, institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Group schemes The Manager runs both a group Share Plan, PEP and ISA. These schemes allow investment free of dealing costs and with only nominal exit charges, and have proved popular with private investors.

Direct response advertising The Manager advertises the packaged product availability of the Trust in selected surveys in national broadsheets as well as the specialist financial press.

Direct mail Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other AAM investment trusts as well as known buyers of investment trusts.

Newsletter The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by AAM is distributed free of charge twice a year, and shortly, quarterly.

Public relations The Manager undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder services AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately. The Marketing Programme is under the direction of AAM's Head of Investor Relations for Investment Trusts, who has considerable experience in the marketing and communication of investment products. He is supported by a team of marketing professionals.

Internet The AAM Investment Trusts web site contains a link to TrustNet, which allows web users to access real time information on the Company's share price performance and yield, as well as historical data. The site is continuously being evaluated for improvement. The site is <http://www.aberdeen-asset.com>. Taverners Trust PLC also has its own dedicated web site. The site is <http://www.taverners-trust.co.uk>

It is intended that ongoing Programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its Shareholder base, improve liquidity and sustain ratings.

The Company is committed to closely monitoring the Marketing Programme. The Head of Investor Relations for Investment Trusts reports to the Board, and provides a written summary quarterly.

If you have any questions about your company, the Manager or performance, please telephone the Manager's Customer Services Department (direct private investors) on 0500 00 00 40 or the Broker Desk on 0800 592 487 (Institutions and IFAs). Alternatively, internet users may e-mail the Manager on inv.trusts@aberdeen-asset.com or write to One Albyn Place, Aberdeen AB10 1YG.

Notice of Meeting

Notice is hereby given that the seventh Annual General Meeting of The Taverners Trust PLC will be held at One Bow Churchyard, Cheapside, London EC4M 9HH, at 12.30 pm on 17 September 2003 to consider the following resolutions:

As Ordinary Business

To consider and, if thought fit, pass the following Resolutions which will be proposed as Ordinary Resolutions:

1. To receive the Directors' report and financial statements for the year ended 30 April 2003, together with the auditors' report thereon.
2. To declare a first and final dividend.
3. To re-elect Mr H W Whitbread, a Director, retiring by rotation, as a Director.
4. To re-elect Mr H V Reid, a Director, retiring by rotation, as a Director.
5. To reappoint Ernst & Young LLP as auditor of the Company and to authorise the Directors to agree their remuneration.
6. To approve the Directors' Remuneration Report.

As Special Business

To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution.

7. THAT with effect from the time of the passing of this resolution the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate amount of £199,200 representing approximately 5 per cent. of the present issued share capital during the period expiring at the conclusion of the next Annual General Meeting of the Company in 2004, but so that this authority shall allow the Company and its Directors to make offers or agreements before the expiry and the Directors may do so as if such expiry had not occurred.

To consider the following Resolution, which will be proposed as a Special Resolution:

8. THAT, subject to the passing of resolution number 7 set out above, the Directors be and are hereby empowered, pursuant to Section 95(1) of the Companies Act 1985, to allot equity securities (within the meaning of Section 94(2) of the said Act) for cash pursuant to the authority conferred by resolution number 7 as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) (otherwise than pursuant to sub-paragraph (b) below) which are, or are to be, wholly paid up in cash, at a price not less than the net asset value per share at allotment, as determined by the Directors, up to an aggregate nominal value of £199,200; and
 - (b) in common with issues by way of rights in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them on the record date of such allotment or otherwise allotted in accordance with the rights conferred on such equity securities (but subject in either case to such exclusions or other arrangements or legal problems under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price of not less than the net asset value per share at allotment, as determined by the Directors; and shall expire at the conclusion of the Annual General Meeting of the Company in 2004, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

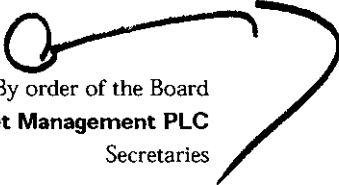
To consider the following Resolution, which will be proposed as a Special Resolution:

9. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of Section 163 of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), provided that:
 - (a) the maximum number of Ordinary shares hereby authorised to be purchased is 2,388,806 being 14.99 per cent. of the issued share capital of the Company as at the date of the passing of this resolution;

Notice of Meeting

- (b) the minimum price which may be paid for an Ordinary share is 25p;
- (c) the maximum price which may be paid for an Ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary share is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2004 or, if earlier, on the expiry of 12 months from the passing of this resolution, unless such authority is renewed prior to such time;
- (e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

One Bow Churchyard, Cheapside
London EC4M 9HH
10 July 2003


By order of the Board
Aberdeen Asset Management PLC
Secretaries

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to The Registrars, The Taverners Trust PLC, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZR, so as to arrive not less than forty eight hours before the time fixed for the meeting.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.
4. No Director has a service contract with the Company.
5. The Register of Directors' interests is kept by the Company in accordance with Section 325 of the Companies Act 1985 and will be open for inspection at the meeting.

Capital Structure

	Issued Share Capital
15,936,000	Ordinary shares of 25p
3,081,600	Warrants to subscribe for Ordinary shares at 100p per share
	Capital History
19 March 1996	Offer of up to 40,000,000 Ordinary shares of 25p with up to 8,000,000 Warrants attached
4 April 1996	Dealings commence in units comprising 5 Ordinary shares and 1 Warrant per unit
15 May 1996	Dealings commence separately in Ordinary shares and Warrants
7 September 1999	88,000 Ordinary shares of 25p issued following the exercise of 88,000 Warrants in the period to 31 August 1999

Shares and Warrant prices

The prices of the Company's Ordinary shares are published daily in the Financial Times and The Daily Telegraph.

Share price and its relationship with the net asset value

Some private investors in investment trusts may be unfamiliar with the concept of 'premium' and 'discount' to net asset value. The Directors thought that it would be helpful to offer an explanation of a concept that is mentioned a great deal in the financial press. Put simply, the idea is to measure the percentage difference between the share price of an investment trust and its net asset value (which is the intrinsic value of a company's assets less liabilities divided by the number of shares in issue). Thus if the net asset value was 100p and the shares were trading at 90p the shares are said to trade on a discount (to nav) of 10%. Similarly if the shares were trading at 105p there would be a premium of 5%. On 8 July 2003 the shares in The Taverners Trust PLC were trading at a mid-market price of 65p and the fully diluted net asset value was 90.55p. This means that they were trading at a discount of 28.2%.

Many people ask what determines whether a particular trust trades at a discount or a premium and what determines the correct level? The simple answer to this question is 'the market'. Premiums and discounts are driven by the fundamental law of supply and demand. This in turn is affected very much by fashion and, it has to be said, the record and reputation of the management. At the time of writing, the average discount of the AITC UK Smaller Companies sector is approximately 19.1%.



Aberdeen Asset Managers Limited

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