Personal Assets Trust PLC

Annual Report and Accounts for the Year ended 30 April 2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Hamish Buchan (Chairman)
Robin Angus
Gordon Neilly
Stuart Paul
Frank Rushbrook

EXECUTIVE OFFICE

Robin Angus (Executive Director)
Steven Budge
Steven Cowie
Steven Davidson
Matthew Fleming

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COMPANY SECRETARY

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INVESTMENT ADVISER

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Brookfield House
44 Davies Street
London W1K 5JA

www.taml.co.uk

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JPMorgan Chase Bank
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SOLICITORS

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Edinburgh EH2 4DF

SHAREHOLDER INFORMATION

Telephone: 0131 538 6605

INVESTMENT PLAN ADMINISTRATION

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West Sussex BN99 6DA

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AUDITORS

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REGISTERED OFFICE

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IDENTIFICATION CODES

SEDOL:	0682754
ISIN:	GB0006827546
Bloomberg:	PNL LN
EPIC:	PNL

* Calls to this number cost 8p per minute plus network extras. Lines open 8:30am to 5:30pm, Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

Key Features

(All figures as at 30 April)

	2014	2013	2011	2009	2004	1990[1]
Market Capitalisation	£570.0m	£601.9m	£313.2m	£173.6m	£137.5m	£5.9m
Shareholders' Funds	£573.2m	£593.2m	£310.0m	£171.1m	£134.8m	£8.5m
Shares Outstanding	1,717,447	1,685,901	984,803	745,231	641,253	149,313
Allocation of Portfolio						
Equities	44.0%	43.5%	54.6%	70.1%	68.6%	88.2%
US TIPS	16.6%	21.4%	25.7%	39.4%	–	–
UK Index-Linked Gilts	4.6%	4.8%	–	–	–	–
Gold Bullion	10.7%	12.2%	13.8%	5.8%	–	–
UK cash and cash equivalent	19.2%	10.1%	5.9%	(15.3%)[2]	(22.8%)[2]	11.8%
Overseas cash and cash equivalent	4.9%	8.0%	–	–	54.2%	–
Share Price	£331.90	£357.00	£318.00	£233.00	£214.50	£39.50
NAV per Share	£333.77	£351.89	£314.78	£229.64	£210.17	£56.67
FTSE All-Share Index	3,619.83	3,390.18	3,155.03	2,173.06	2,237.34	1,043.16
(Discount)/premium	(0.6%)	1.5%	1.0%	1.5%	2.1%	(30.3%)
Earnings per Share	£4.78	£5.69	£5.68	£5.34	£3.98	£1.09
Dividend per Share	£5.60	£5.60	£5.40	£5.00	£3.10	£1.00

[1] Personal Assets Trust became self-managed in 1990.

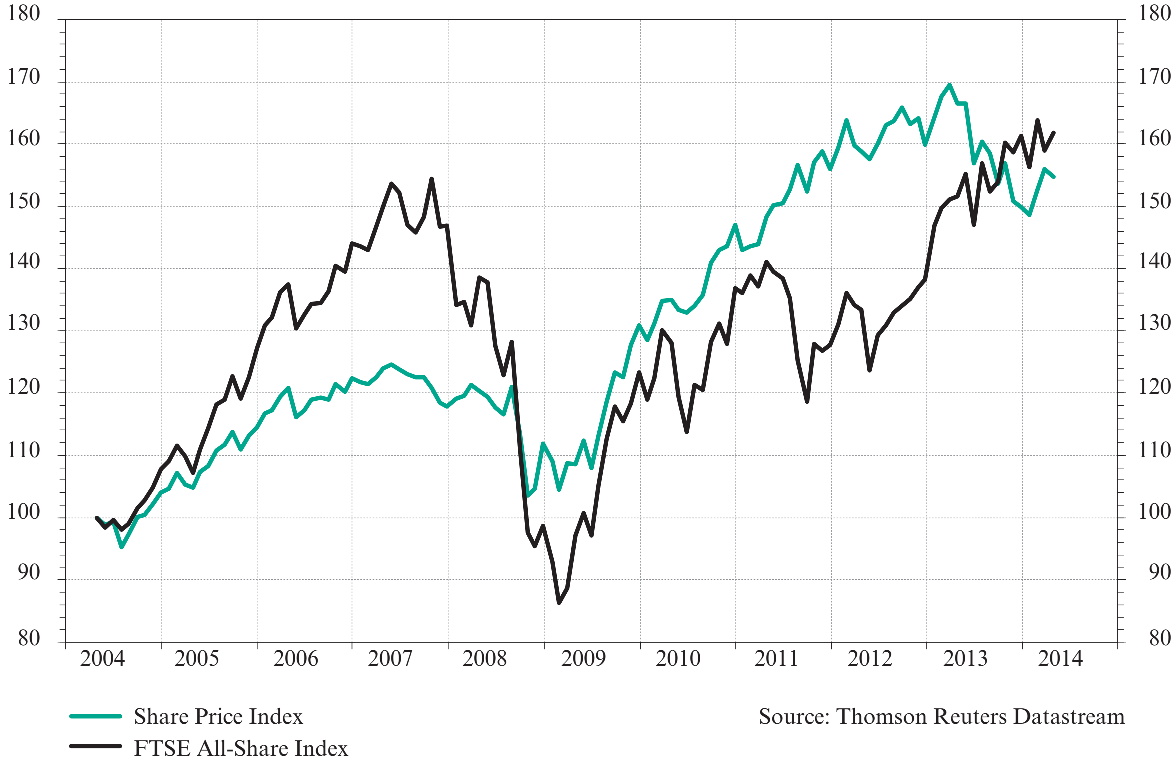
[2] Negative percentages reflect holdings of FTSE 100 Futures.

	Percentage Changes				
	1 Year	**3 Years**	**5 Years**	**10 Years**	**Since 1990[1]**
Share Price	(7.0)	4.4	42.4	54.7	740.3
NAV per Share	(5.1)	6.0	45.3	58.8	489.0
FTSE All-Share Index ("All-Share")	6.8	14.7	66.6	61.8	247.0
Share Price relative to All-Share	(12.9)	(9.0)	(14.5)	(4.4)	142.2
Share Price Total Return	(5.5)	9.6	55.2	84.7	1,305.6
NAV per Share Total Return	(3.5)	11.5	58.5	90.1	817.3
All-Share Total Return	10.5	27.6	98.2	128.9	715.4
Share Price Total Return relative to All-Share Total Return	(14.5)	(14.1)	(21.7)	(19.3)	72.4
Inflation (RPI)	2.5	9.1	20.9	37.7	104.4

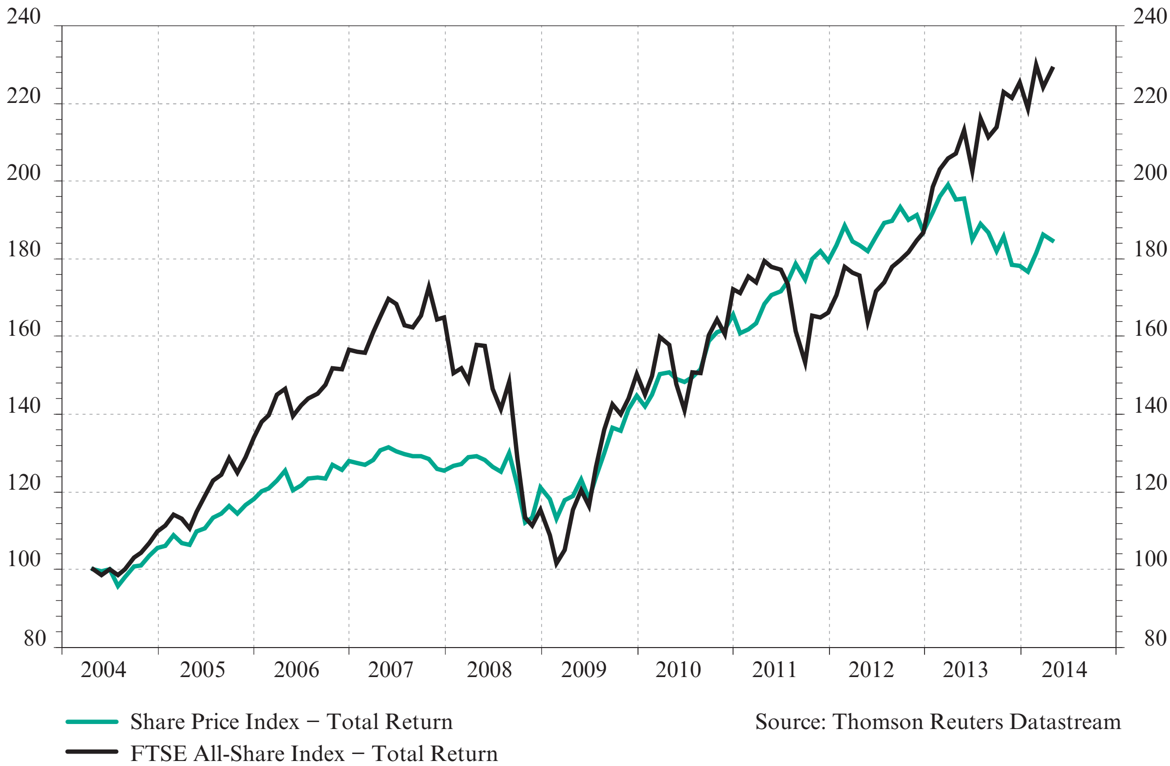
[1] Personal Assets Trust became self-managed in 1990.

TEN YEAR PERFORMANCE

Share Price versus FTSE All-Share Index (based to 100)



Share Price Total Return versus FTSE All-Share Index Total Return[1] (based to 100)

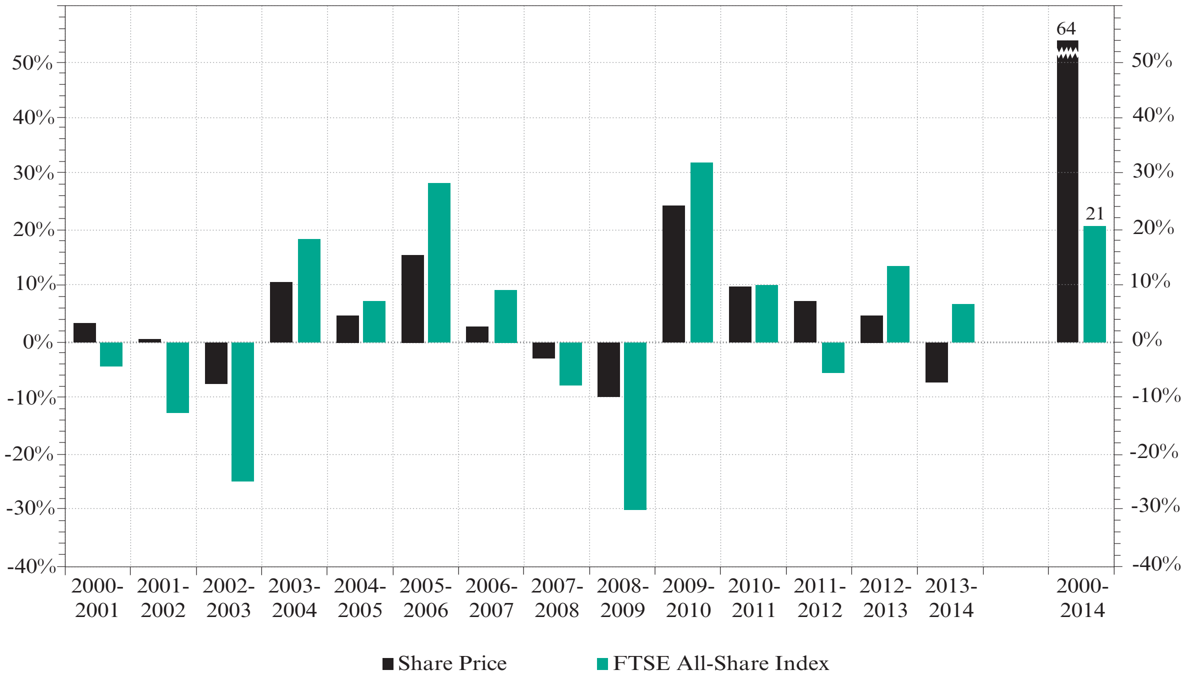


[1] In the Circular dated 28 November 2012 describing the revised investment policy approved by shareholders at the General Meeting on 21 December 2012 we wrote, "*To enable us to concentrate on our primary objectives of protecting and increasing the capital value of shareholders' investments in the Company, we do not seek to include the earning of any particular level of total return as an objective under the proposed investment policy*." However, we have decided this year to revert to our former practice of showing, for information, a chart of total return performance along with the chart of share price performance even although total return is not one of the Key Performance Indicators the Board uses for measuring the Company's performance.

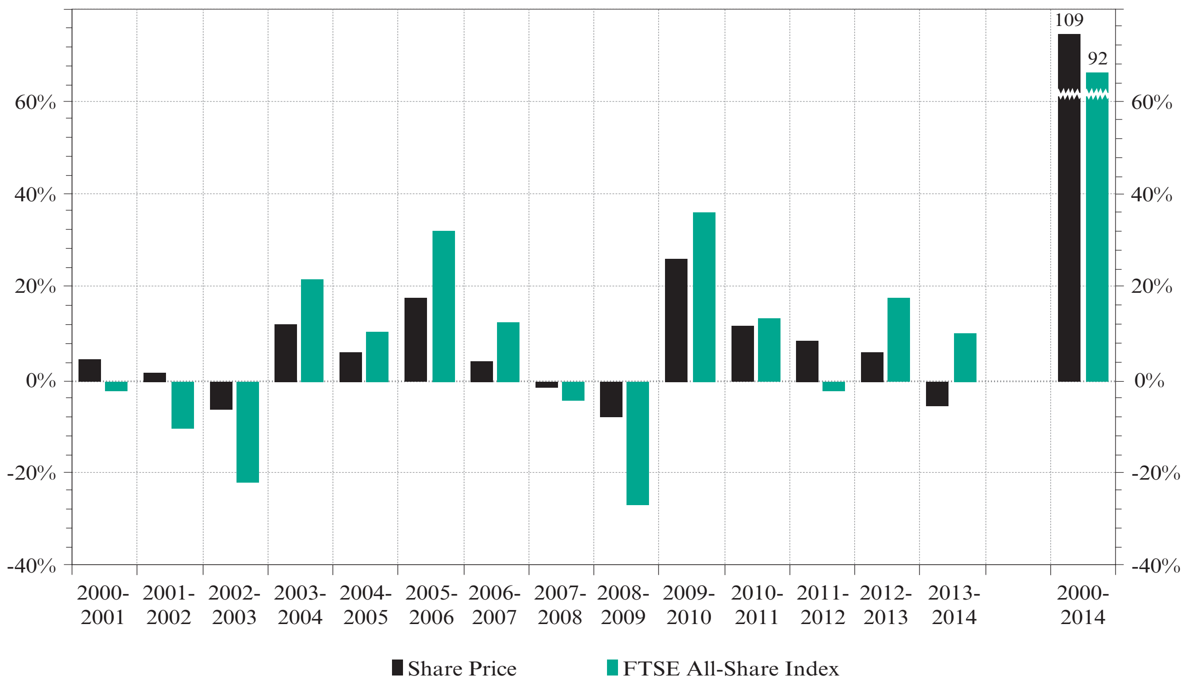
Annual Performance since 30 April 2000

Note: The two charts on this page are designed to show the share price volatility of Personal Assets compared to that of the FTSE All-Share Index. The first chart, *Annual percentage change in Share Price and FTSE All-Share Index to 30 April*, shows how, with the exception of the 2013-2014 aberration, the Company's capital performance has tended to be less volatile than that of the All-Share but how, even taking 2013-2014 into account, the Company's long-term price gain of 64% since April 2000 has comfortably exceeded the All-Share's 21%. The second chart shows the performance of Personal Assets compared to that of the FTSE All-Share Index in share price total return terms.

Annual percentage change in Share Price and FTSE All-Share Index to 30 April



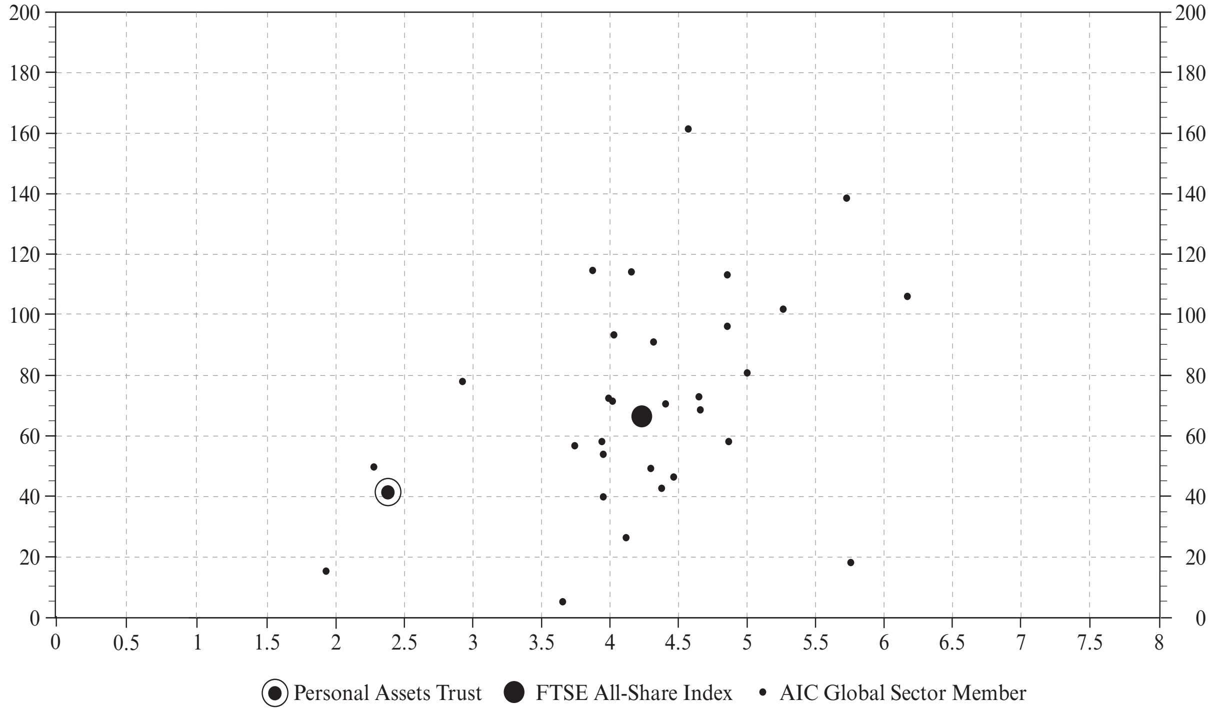
Annual percentage change in Share Price and FTSE All-Share Index to 30 April – Total Return



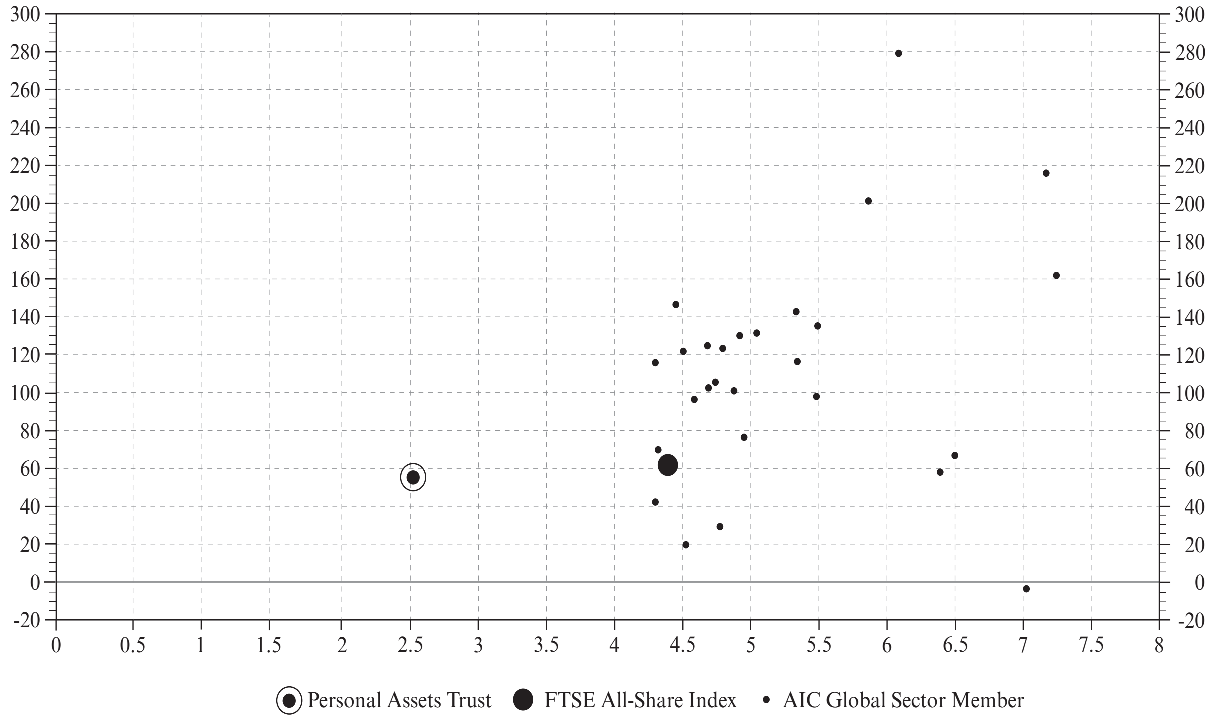
VOLATILITY AND SHARE PRICE PERFORMANCE OVER FIVE AND TEN YEARS

Note: The two Scatter Graphs headed *Volatility Compared to Peer Group 2009-2014* and *Volatility Compared to Peer Group 2004-2014* show the performance of Personal Assets (black dot inside a circle) and the FTSE All-Share Index (large black dot) compared to that of the other 29 trusts included within the Company's peer group, the Association of Investment Companies' ("AIC") Global Sector, in terms of share price (vertical axis) and monthly price volatility (horizontal axis) over the two periods specified. In each case, Personal Assets, while producing the relatively modest returns that might be expected given our cautious policy, shows up as one of the least volatile of all trusts.

Volatility Compared to Peer Group 2009-2014



Volatility Compared to Peer Group 2004-2014



CHAIRMAN'S STATEMENT

The last three years (our traditional timespan for measuring performance) were a switchback ride. During the first two years we were well ahead of our comparator, the FTSE All-Share Index ("All-Share"), our share price being up by 12.3% compared to the All-Share's 7.5%. However, for reasons explained by Sebastian Lyon, our Investment Adviser, in his report on the page opposite, our share price in the year to 30 April 2014 not only underperformed the All-Share by 12.9% but also (even more distressingly, since our primary aim is capital protection) recorded an absolute loss of 7.0%.

While last year we outperformed the All-Share over three, five and ten years, this year we underperformed over each of those periods. We have made a number of changes to the Annual Report to make it more informative about the workings of our investment philosophy and style, and at the forefront is a greater emphasis on our relative lack of share price volatility. For instance, while the Key Features page shows us lagging slightly behind the All-Share over the last ten years thanks to our disappointing 2013-2014, the second chart on page 5 shows that our increase in share price has typically been achieved in return for much less volatility than that of the All-Share. Volatility is the other side to price performance and the two new charts on page 5 demonstrate how much less volatile (i.e. steadier) we have been compared to most trusts in the AIC Global Sector. This accords with our objectives of seeking to avoid capital loss and of taking on a level of risk which will usually be less than that of our comparator. Other changes to the Key Features make it easier to see how the different constituents of the portfolio have varied in relative importance over a range of time periods, and the Portfolio table (page 8) now also gives information about purchases and sales during the year.

At the General Meeting in December 2012 shareholders voted to break the link between the dividend and inflation, leaving the Board better equipped to take any steps necessary to achieve our primary objective of capital protection. However, although we no longer have an income requirement we retain an income awareness, and are pleased to report that without compromising the way we invest we were able to maintain the dividend at £5.60 per share for the year to 30 April 2014. We also hope, barring unforeseen circumstances, to be able to maintain it at this rate in the current year.

For those shareholders who wish to draw a regular cash amount from their investment in Personal Assets, our Cash Withdrawal Option within our Investment Plan allows a quarterly sum of £500 or more to be withdrawn through topping up dividends with the proceeds of the sale of shares. This facility is also available to holders of Personal Assets ISAs, and in the 2014 Budget the ISA maximum was increased to £15,000. This means that a married couple can now save £30,000 a year into a fund which will be tax efficient on income and wholly free of tax on capital gains. Issuing or buying back shares is cyclical in response to demand. During the year the Company issued 61,683 new shares for net proceeds of £21.4 million and bought back 37,992 shares to be held in Treasury for a total consideration of £12.3 million. 7,855 of these were subsequently reissued from Treasury for proceeds of £2.6 million.

18 September 2014 sees the referendum on Scottish independence. The Board, like many other Boards of Scottish-registered companies, is of the opinion that no action can usefully be taken before the result of the referendum is known. However, it is important to note that we will not be affected by any short term market uncertainty in the period before the referendum, in that we at present have no Scottish-registered companies in our portfolio, our discount control policy is enshrined in our Articles of Association and the Company is and will continue to be listed on the London Stock Exchange and quoted in Sterling.

Our subsidiary, Personal Assets Trust Administration Company ("PATAC"), continues to see its business develop and its contribution has helped our Ongoing Charges Ratio (formerly known as the Total Expense Ratio) to fall to 0.86% compared to last year's 0.89%. PATAC will during the current year become the Company's Alternative Investment Fund Manager ("AIFM") in terms of an unsought European Directive on investment funds such as ours. This exercise will cost you a little money and provide you, regrettably in our view, with no discernible benefits of any kind.

Hamish Buchan

INVESTMENT ADVISER'S REPORT

Over the year to 30 April 2014 the net asset value per share of Personal Assets Trust ("PAT") fell by 5.1%, while our comparator, the All-Share, rose by 6.8%. Last year we said that *'our investment style tends to lead us to outperform in falling markets and lag in sharply rising markets'*. To underperform a rising index is one thing, but actually to lose money (albeit, we believe, only temporarily) is another, and calls for a full explanation.

Taking our equity holdings first, our preference is for 'compounders' — companies that can generate high and sustainable returns on invested capital, preferably rewarding us with a rising income stream. But such stocks are often ignored when there are spicier opportunities on offer, and the year just past was no exception. A year in which Greek government bonds rose by 50% and International Airlines Group (formerly British Airways) was one of the best performing shares in the FTSE 100 Index was never likely to be a vintage one for PAT. Some of our equity holdings made good progress, especially the software companies Microsoft and Sage (we reduced both holdings during the year after strong share price performance). Others, such as Coca-Cola and Diageo, suffered from their currency mix and from slower demand from emerging markets. Ian Rushbrook, the founder of Personal Assets, used to describe such stock price movements as *'corks bobbing up and down in the water'*. They do not distract us and occasionally they present us with the opportunity to add to our favoured holdings at attractive valuations, as we did with GlaxoSmithKline, Coca-Cola and Philip Morris.

We made a couple of additions to the portfolio. In keeping with our aim of investing in strong, sustainable franchises, both of the businesses we invested in have been around for well over a century. The first was Dr Pepper Snapple, which owns the Dr Pepper trademark (first registered in 1885, the year before Coca-Cola). This soft drinks business is an attractively valued franchise with an outstanding track record in rewarding its shareholders with its free cash flow *via* dividends and buybacks – perhaps dull, but very worthy. The second was American Express, established as an express mail business in 1850 and benefiting today from sustained strong growth in electronic payments. Cards in issue and card transactions have grown significantly faster than expenses and the company is also an inflation hedge with transaction values increasing in line with prices.

Overall, the performance of our equity holdings was unexciting. But where did we actually lose money? Ben Bernanke's hint last June that he would 'taper' quantitative easing ("QE") hurt all asset classes except cash. Our index-linked bonds fell in sympathy with conventional bonds, while gold became a four letter word, suffering its biggest sell off since the crisis in 2008 as it fell by 12% in US dollars (19% in sterling terms). Miners, to which we have a more modest exposure, also fell sharply. We are not *'gold bugs'*, committed to holding bullion for ever. But we believe that the preconditions for a secular bull market in gold remain in place. Negative real interest rates in all major currencies are likely to prevail for many years to come and the only prospect of positive real interest rates is from a spell of deflation, which the Federal Reserve is determined to avoid.

We are in the midst of an extraordinary and unprecedented monetary experiment which is unlikely to end well. More than five years after the financial crisis, interest rates remain at emergency levels (in the case of the UK, at a 300 year low) and there is little sign of an appreciable increase any time soon. Stock markets are back at their all-time highs (in nominal terms, at least), but valuations are overstretched and vulnerable, and we have yet to see the negative consequences of the US's tapering of QE on markets which have grown addicted to this sweet poison. Money printing has failed to secure the desired 'escape velocity' for western economies and corporate earnings have stagnated over the past two years. The disconnect between the economy and the stock market has become ever wider. Those piling into equities today may well be locking in very low prospective returns with commensurate high volatility and downside risk. Prudence will not always be punished. It is reckless behaviour that is ultimately penalised with permanent losses. Stock market bubbles make investors look foolish either before or after the peak. The last year gives no doubt as to where we stand.

Sebastian Lyon

PORTFOLIO AS AT 30 APRIL 2014

Security	Country	Equity Sector	Shareholders' funds %	Valuation 30 April 2014 £'000	Bought/ (sold) £'000	Gain/ (loss) £'000
Equities						
BAT	UK	Tobacco	4.2	24,100	–	(1,058)
Nestlé	Switzerland	Food Producer	3.8	21,622	–	(127)
GlaxoSmithKline	UK	Pharmaceuticals	3.3	19,083	6,794	(240)
Imperial Oil	Canada	Oil & Gas	3.3	18,945	–	2,170
Microsoft	USA	Software	3.3	18,842	(13,039)	2,074
Coca-Cola	USA	Beverages	3.0	17,255	1,722	(2,007)
Becton Dickinson	USA	Pharmaceuticals	2.6	15,069	(4,959)	1,511
Sage Group	UK	Technology	2.5	14,249	(2,665)	2,739
Philip Morris	USA	Tobacco	2.5	14,176	1,926	(2,716)
Dr Pepper Snapple	USA	Beverages	2.4	13,511	11,574	1,937
Altria	USA	Tobacco	2.1	12,293	–	139
Colgate Palmolive	USA	Personal Products	2.0	11,292	–	418
Berkshire Hathaway	USA	Insurance	1.9	10,998	–	1,161
Unilever	UK	Food Producer	1.8	10,285	–	(549)
Newmont Mining	USA	Mining	1.3	7,356	–	(3,071)
American Express	USA	Financial Services	1.1	6,220	6,435	(215)
Diageo	UK	Beverages	0.9	5,271	–	(423)
Greggs	UK	Food	0.8	4,815	–	1,088
Newcrest Mining	Australia	Mining	0.6	3,684	–	(3,497)
Agnico Eagle Mines	Canada	Mining	0.6	3,327	–	(623)
Johnson & Johnson	USA	Pharmaceuticals	–	–	(12,772)	514
Other	–	–	–	–	(80)[1]	80
Total Equities			44.0	252,393	(5,064)	(695)
US TIPS	USA		16.6	94,912	(14,910)	(16,980)
UK Index-Linked Gilts	UK		4.6	26,637	–	(1,668)
Gold Bullion	–		10.7	61,187	2,929	(14,234)
UK cash and cash equivalents			19.2	109,839	n/a	n/a
Overseas cash and cash equivalents			4.9	28,269	n/a	n/a
TOTAL PORTFOLIO			**100.0**	**573,237**	**n/a**	**n/a**

[1] Net position

GEOGRAPHIC ANALYSIS OF INVESTMENTS AND CURRENCY EXPOSURE AS AT 30 APRIL 2014

	UK %	USA %	Singapore %	Canada %	Switzerland %	Australia %	Total %
Equities	13	22	–	4	4	1	44
Index-Linked Securities	5	16	–	–	–	–	21
Gold Bullion	–	11	–	–	–	–	11
Cash and cash equivalents	19	–	5	–	–	–	24
Total	**37**	**49**	**5**	**4**	**4**	**1**	**100**
Net currency exposure %	61	25	5	4	4	1	100

RECORD 1990-2014

Date 30 April	Share-holders' Funds £'000	Shares Out-standing	Net asset value per share (£)	Share Price (£)	FTSE All-Share Index	Earnings per share[1] (£)	Dividend per share (£)	Dividend Growth (%)	Inflation (RPI) (%)
1990[2]	8,462	149,313	56.67	$39\frac{1}{2}$	1,043.16	1.09	1.00	n/a	n/a
1991	9,006	149,313	60.32	$48\frac{1}{2}$	1,202.75	1.45	1.50	50.0	6.4
1992	10,589	149,313	70.92	66	1,282.75	1.67	1.60	6.7	4.3
1993	11,441	152,187	75.18	$81\frac{1}{2}$	1,388.88	2.52	1.80	12.5	1.3
1994	12,987	152,187	85.34	$89\frac{1}{2}$	1,580.44	2.12	1.95	8.3	2.6
1995	13,939	152,187	91.59	87	1,578.67	2.00	2.00	2.6	3.3
1996	19,473	169,173	115.11	$118\frac{1}{2}$	1,914.61	2.90	2.20	10.0	2.4
1997	27,865	208,114	133.89	$141\frac{1}{4}$	2,135.31	3.01	2.30	4.5	2.4
1998	48,702	270,250	180.21	$199\frac{1}{2}$	2,788.99	3.57	2.45	6.5	4.0
1999	65,200	323,966	201.26	$202\frac{1}{2}$	3,028.40	3.67	2.55	4.1	1.6
2000	73,751	369,121	199.80	202	3,001.92	2.98	$2.62\frac{1}{2}$	2.9	3.0
2001	78,000	376,750	207.03	$208\frac{1}{2}$	2,869.04	3.27	2.70	2.9	1.8
2002	92,430	454,472	203.38	$209\frac{1}{2}$	2,512.04	3.88	2.80	3.7	1.5
2003	104,324	559,925	186.32	$193\frac{3}{4}$	1,891.50	3.40	2.90	3.6	3.1
2004	134,770	641,253	210.17	$214\frac{1}{2}$	2,237.34	3.98	3.10	6.9	2.5
2005	149,834	677,185	221.26	$224\frac{3}{4}$	2,397.05	3.41	3.40	9.7	3.2
2006	189,351	739,234	256.14	$259\frac{1}{4}$	3,074.26	3.78	3.70	8.8	2.6
2007	192,416	726,921	264.70	266	3,355.60	4.95	4.10	10.8	4.5
2008	188,664	733,051	257.37	$258\frac{1}{4}$	3,099.94	5.59	4.60	12.2	4.2
2009	171,132	745,231	229.64	233	2,173.06	5.34	5.00	8.7	(1.2)
2010	233,785	815,281	286.75	$289\frac{1}{2}$	2,863.35	4.61	5.20	4.0	5.3
2011	310,000	984,803	314.78	318	3,155.03	5.68	5.40	3.8	5.2
2012	463,473	1,380,659	335.69	$340\frac{7}{10}$	2,984.67	7.23	5.55	2.8	3.5
2013	593,245	1,685,901	351.89	357	3,390.18	5.69	5.60	0.9	2.9
2014	**573,237**	**1,717,447**	**333.77**	**$331\frac{9}{10}$**	**3,619.83**	**4.78**	**5.60**	**0.0**	**2.5**

Compound growth rates per annum	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**		**(%)**
3 Years	2.0	1.4	4.7	(5.6)	1.2	n/a	2.9
5 Years	7.8	7.3	10.7	(2.2)	2.3	n/a	3.9
10 Years	4.7	4.5	4.9	1.8	6.1	n/a	3.3
Since 30 April 1990	7.7	9.3	5.3	6.4	7.4	n/a	3.0

Shares outstanding and per share values have been adjusted for the 1 for 100 consolidation of Ordinary shares in January 1993.

[1] Based on the weighted average number of shares in issue during the year.

[2] Personal Assets Trust became self-managed in 1990.

BOARD OF DIRECTORS

Hamish Buchan

Joined the Board as a non-executive Director in 2001 and became Chairman in 2009.

Shares held: 1,069 Fees during year: £36,000

He has worked in the investment trust sector since 1969 and headed the award-winning Wood Mackenzie (later, NatWest Securities) trust research team for many years. He is a past Chairman of the Association of Investment Companies.

Other Trust Directorships: Templeton Emerging Markets; The Scottish Investment Trust.

Robin Angus

Joined the Board as a non-executive Director in 1984 and became Executive Director in 2002.

Shares held: 3,989 Fees during year: *nil* Salary: £190,000

He has worked in the investment trust sector since 1977. He trained as an investment trust manager at Baillie, Gifford & Co and worked with Hamish Buchan for 17 years as an investment trust analyst.

Other Trust Directorships: None.

Gordon Neilly

Joined the Board as a non-executive Director in 1997.

Shares held: 1,909 Fees during year: £18,000

Head of Corporate Finance at Cantor Fitzgerald Europe with responsibility for developing the investment banking business. He was previously Chief Executive of Intelli Corporate Finance and Finance and Business Development Director of Ivory & Sime. Company Secretary of the Company for ten years, he joined the Board as a non-executive Director in 1997 and has considerable experience and knowledge of investment trusts.

Other Trust Directorships: INVESCO Perpetual Enhanced Income.

Stuart Paul

Joined the Board as a non-executive Director in 2009.

Shares held: 4,296 Fees during year: £18,000

Managing Partner of First State Stewart which invests in Asia Pacific, Global Emerging and other markets worldwide on behalf of its clients. He is a Chartered Accountant and is a Director of Archangel Informal Investment Ltd.

Other Trust Directorships: None

Frank Rushbrook

Joined the Board as a non-executive Director in 2009.

Shares held: 12,346 Fees during year: £18,000

A partner in Rushbrook & Co LLP, he has worked in the fund management industry since 1998. Following eleven years at F&C Investment Management Ltd, latterly as Associate Director Continental European Smaller Equities, he co-founded Nettle Capital Management LLP and has considerable experience of European mid and small cap markets.

Other Trust Directorships: None

STRATEGIC REPORT FOR THE YEAR TO 30 APRIL 2014

INTRODUCTION

The report which follows is designed to provide shareholders with information about:

- the environment within which the Company operates;
- the Board's strategy for achieving its stated objectives;
- principal risks and risk management; *and*
- shareholders' returns measured against key performance indicators.

COMPETITIVE AND REGULATORY ENVIRONMENT

The Company is an investment trust quoted on the London Stock Exchange and is a member of the Association of Investment Companies ("AIC").

The Company operates so as to comply with Section 1158 of the Corporation Taxes Act 2010, which allows it to be exempted from capital gains tax on investment gains.

In addition to publishing annual and interim accounts the Company announces net asset values per Ordinary share daily and provides more detailed statistical information on a monthly basis to the AIC in order to enable investors and brokers to compare its performance and other relevant information with those of its peer group, the AIC Global Sector.

The Company also publishes quarterly reports on subjects of investment interest to shareholders together with portfolio information and performance statistics.

BUSINESS MODEL AND STRATEGY FOR ACHIEVING OBJECTIVES

Personal Assets is an investment trust run expressly for private investors. Its capital structure is the simplest possible for an investment trust, consisting only of Ordinary shares.

The Company is a self-managed investment trust run by its Board, which takes all major investment decisions collectively. At present all the Directors are male. The day-to-day management of the portfolio has been delegated by the Board to Troy Asset Management Limited ("Troy"), the Investment Adviser, and is the responsibility of Sebastian Lyon, the Chief Executive of Troy, in particular.

The Directors, Sebastian Lyon and their respective families have substantial shareholdings in the Company (see pages 12 and 20) and those who run the Company therefore have a community of interest with those who invest in it.

A review of the Company's returns during the financial year, the position of the Company at the year end and the outlook for the coming year are contained within the Chairman's Statement and Investment Adviser's Report on pages 6 and 7.

INVESTMENT POLICY

The Company is an investment trust with the ability to invest globally. Its investment policy is to protect and increase (*in that order*) the value of shareholders' funds per share over the long term. While the Company uses the FTSE All-Share Index (the "All-Share") as its comparator for the purpose of monitoring performance and risk, the composition of the All-Share has no influence on investment decisions or the construction of the portfolio. As a result, the Company's investment performance is likely to diverge from that of the All-Share. Our definition of "risk" is fundamentally different from that commonly used by other global growth investment trusts and the industry at large (ours being "risk of losing money" rather than "volatility of returns relative to an index"). Taking this as our definition of risk, the Board will usually, although not invariably, prefer the Company's portfolio as a whole to have a lower level of risk than the All-Share.

The Company will invest in equities and fixed income securities and it may also hold cash and cash equivalents (which may, depending on circumstances, include gold). The Company may use derivatives as a way of increasing or reducing its investment exposure and to enhance and protect investment positions. The Company may also from time to time make use of currency hedging.

The Company has no predetermined maximum or minimum levels of exposure to asset classes, currencies or geographic areas but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company's equity portfolio is typically concentrated in a short list of stocks and turnover tends to be low. No holding in an individual company will represent more than 10 per cent. by value of the Company's total assets at the time of acquisition.

The Company is prepared to make use of both gearing and liquidity, the former by using short-term borrowed funds or derivatives such as FTSE 100 Futures. The Company's gearing will not exceed 50 per cent. of shareholders' funds in aggregate. In exceptional circumstances, the Company's liquidity could be as high as 100 per cent. of shareholders' funds. These limits would not be exceeded without shareholder approval.

The Company may also invest in other investment trusts, especially as a way of gaining exposure to a region or industry in which the Company preferred not to invest directly. The Company's policy is not to invest more than 15 per cent. of its gross assets in other investment trusts and other listed investment companies.

An analysis of the investment portfolio as at 30 April 2014 can be found on page 8.

Investment Adviser

Troy Asset Management Limited provides investment advisory services to the Company.

During the year the Board has reviewed the appropriateness of the Investment Adviser's appointment. In carrying out its review the Board considered the investment performance of the Company since the appointment of Troy and the capability and resources of the Investment Adviser to deliver satisfactory investment performance. It also considered the length of the notice period of the investment advisory agreement and the fees payable to the Investment Adviser, details of which can be found in note 3 on page 37.

Following this review the Directors are confident of the Investment Adviser's ability to deliver satisfactory investment performance. It is therefore their opinion that the continuing appointment of the Investment Adviser, on the terms agreed, is in the interests of shareholders.

As at 30 April 2014 Sebastian Lyon had an interest in 5,612 (2013: 4,612) shares of the Company.

Dividend Policy

The Company aims to pay as high, secure and sustainable a dividend as is compatible with protecting and increasing the value of its shareholders' funds and maintaining its investment flexibility.

Discount and Premium Control Policy

Investment trusts have long suffered from volatile discounts to net asset value. Sometimes, too, the shares of individual investment trusts may sell temporarily at a significant premium to net asset value. This can put those investing regularly through investment plans at a disadvantage, because they may find themselves buying shares at a sizeable premium which almost certainly will not be sustained and which will therefore have an adverse effect on the return from their investment.

In view of the disadvantages to shareholders of such discount and premium fluctuations, the Company's policy is to ensure that its shares always trade at close to net asset value through a combination of share buy-backs coupled to the issue of new shares at a small premium to net asset value where demand exceeds supply. This discount and premium control policy is enshrined in the Articles of Association of the Company.

STRATEGIC REPORT FOR THE YEAR TO 30 APRIL 2014 (CONTINUED)

The Company had a Prospectus in place until 13 March 2014. The Prospectus Rules provide that where a company wishes to apply for the admission to trading on a regulated market of shares representing, over a period of 12 months, 10 per cent. or more of that company's shares which are already admitted to trading on that regulated market (excluding shares admitted pursuant to an exemption under the Prospectus Rules), then the company concerned is required to issue a Prospectus. In view of the level of demand for the Company's shares, the publication of a Prospectus is necessary from time to time to allow the Company to continue its current policy of issuing shares at a small premium to the net asset value where demand exceeds supply.

PRINCIPAL RISKS AND RISK MANAGEMENT

The Board believes that the principal risks to shareholders, which it seeks to mitigate through continual review of its investments and through shareholder communication, are events or developments which can affect the general level of share prices, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies.

Other risks faced by the Company include breach of regulatory rules which could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of Section 1158 of the Corporation Taxes Act 2010 could lead to the Company being subject to tax on capital gains. Details of the Company's financial risks are contained in the Notes to the Accounts on pages 34–46.

In the mitigation and management of these risks, the Board regularly monitors the investment environment and the management of the Company's investment portfolio, and applies the principles detailed in the guidance provided by the Financial Reporting Council. The Company's internal controls are described in more detail on pages 18 and 19.

PERFORMANCE

The Board assesses its performance in meeting the Company's objectives against the following Key Performance Indicators, details of which can be found in the Key Features on page 2 or, in the case of the volatility of the share price, on page 5 under the heading Volatility and Share Price Performance over Five and Ten Years:

- Share price and net asset value per share against the FTSE All-Share Index over the long term whilst aiming to protect and increase *(in that order)* the value of shareholders' funds per share in accordance with the Company's investment objective.
- Volatility of the share price compared to that of the FTSE All-Share Index and the other 29 member trusts included within the Company's peer group, the AIC Global Sector.
- The range and volatility of the discount or premium to net asset value at which the Company's shares trade, in order to ensure compliance with its discount and premium control policy enshrined in the Articles of Association of the Company.

By Order of the Board

Steven K Davidson
Secretary
10 St Colme Street
Edinburgh EH3 6AA

5 June 2014

DIRECTORS' REPORT

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 2014.

ACTIVITIES AND STRATEGIC REPORT

A review of the Company's activities and a Strategic Report which includes the Company's performance against its Key Performance Indicators are given on pages 11–13 and in the Chairman's Statement and Investment Adviser's Report. The Strategic Report does not include information about environmental matters and community issues, as these are not considered to be relevant to an understanding of the development, performance or position of the Company's business.

PRINCIPAL ACTIVITY AND STATUS

The Company is incorporated in Scotland (registered number SC074582). It is an investment company as defined by Section 833 of the Companies Act 2006. It carries on the business of an investment trust and has been approved as such by HM Revenue & Customs for all accounting periods commencing on or after 1 May 2012.

The Company has a wholly owned subsidiary, incorporated in Scotland, Personal Assets Trust Administration Company Limited, which provides secretarial and administration services to the Company and three other investment trust companies.

CAPITAL STRUCTURE

As at 30 April 2014 there were 1,717,447 Ordinary shares of £12.50 each in issue.

During the year the Company issued 61,683 Ordinary shares for net proceeds of £21,395,000. The Company also purchased 37,992 Ordinary shares to be held in Treasury for a total consideration of £12,317,000, then re-issued 7,855 of these shares for proceeds of £2,632,000.

The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the Ordinary shares (excluding any Ordinary shares held in Treasury, which have no entitlement to dividends).

Voting rights and deadlines for exercising voting rights can be found in the Notice of Annual General Meeting on pages 47–50.

RESULTS AND DIVIDEND

The results for the year are set out in the Group Income Statement on page 29.

	Group £'000
Current year revenue available for dividends	8,251
Distributed as dividends:	
First interim dividend (£1.40 per share) paid on 19 July 2013	(2,403)
Second interim dividend (£1.40 per share) paid on 18 October 2013	(2,439)
Third interim dividend (£1.40 per share) paid on 16 January 2014	(2,444)
Fourth interim dividend (£1.40 per share) paid on 17 April 2014	(2,393)
Amount transferred from revenue reserve (£0.83 per share)	(1,428)

DIRECTORS' REPORT (CONTINUED)

SUBSTANTIAL INTERESTS

As at 30 April 2014 the following holdings representing (directly or indirectly) 3 per cent. or more of the voting rights attaching to the issued share capital of the Company had been disclosed to the Company:

Substantial Holders	Shares Held	Percentage
Personal Assets Trust ISA	262,042	15.3
Personal Assets Trust Investment Plan	195,584	11.4

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

FINANCIAL INSTRUMENTS

Information on the Company's financial instruments can be found in the Strategic Report for the Year to 30 April 2014 on pages 11–13 and in the Notes to the Accounts on pages 34–46.

PRINCIPAL RISKS AND RISK MANAGEMENT

Information on the principal risks to shareholders and management of these risks can be found in the Strategic Report for the Year to 30 April 2014 on pages 11–13 and in Note 15 to the Accounts on pages 42–45.

DIRECTORS' INDEMNITY

The Company's Articles of Association entitle any Director or Officer of the Company to be indemnified out of the assets of the Company against any loss or liability incurred by him in the execution of his duties in relation to the Company's affairs to the extent permitted by law.

CREDITOR PAYMENT POLICY

The Company's payment policy is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

CARBON EMISSIONS

The Company's carbon emissions result predominantly from its consumption of gas and electricity at its single office. Using Defra/ DECC's GHG conversion factors for company reporting produced in 2013, emissions for the year to 30 April 2014 were 18.0 tonnes of CO2e (2013: 19.6 tonnes of CO2e). This equates to 0.11 tonnes of CO2e (2013: 0.12 tonnes of CO2e) per square metre.

AUDITORS

Ernst & Young LLP have indicated their willingness to continue in office as Auditors and a resolution proposing their re-appointment will be proposed at the Annual General Meeting.

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

Annual Report and Accounts

Resolutions 1, 2 and 3 are, respectively, to receive the Annual Report and Accounts for the year to 30 April 2014, to approve the Policy on Directors' Remuneration and to approve the Directors' Remuneration Report contained therein.

Directors

Resolutions 4, 5, 6 and 7 are, respectively, to re-elect Hamish Buchan, Gordon Neilly, Stuart Paul and Frank Rushbrook, all of whom retire annually.

Resolution 8 is to re-elect Robin Angus, who, as an executive Director, also retires annually.

The Board confirms that each of the Directors seeking re-election continues to make a significant contribution to Board deliberations, and that Robin Angus continues to undertake his executive duties in an effective and committed manner. The Board therefore believes that it is in the interests of shareholders that the above Directors be re-elected.

Auditors

Resolution 9 is to re-appoint Ernst & Young LLP as Auditors and authorise the Directors to fix their remuneration.

Authority to Issue Shares

During the year the Company issued two supplementary Prospectuses and a new Prospectus to allow the Company to continue its policy of issuing shares at a small premium to net asset value in response to demand.

In order to meet the continuing demand for shares, two resolutions will be proposed.

Resolution 10 is to authorise the Directors to issue new shares up to an aggregate nominal amount of £3,204,275, being 15 per cent. of the total issued shares as at 5 June 2014.

Resolution 11 is to enable the Directors to issue such new shares and to re-sell shares from Treasury (see Treasury Shares below) up to an aggregate nominal amount of £3,276,712.50, being 15 per cent. of the total issued shares as at 5 June 2014, for cash without first offering such shares to existing shareholders *pro rata* to their existing shareholdings.

If approved by shareholders, the authorities sought by Resolutions 10 and 11 will continue in effect until 31 October 2015, or, if earlier, the conclusion of the Company's Annual General Meeting in 2015.

The Directors issue new shares only when they believe it is advantageous to the Company's shareholders to do so and for the purpose of operating the Company's premium control policy. In no circumstances would such issue of new shares or re-sale of shares from Treasury result in a dilution of net asset value per share.

Authority to Buy Back Shares

During the year, the Company acquired 37,992 of its own shares to be held in Treasury. The Company's current authority to make market purchases of up to 14.99 per cent. of the issued Ordinary shares expires at the end of the Annual General Meeting.

Resolution 12 is to renew the authority for a further period until the Company's Annual General Meeting in 2015. The price paid for shares on exercise of the authority will not be less than the nominal value of £12.50 per share or more than the higher of (a) 5 per cent. above the average of the middle market quotations of those shares for the five business days before the shares are purchased and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. The authority, which may be used to buy back shares either for cancellation or to be held in Treasury, will be used to purchase shares only if, in the opinion of the Directors, a purchase would be in the best interests of the shareholders as a whole and would result in an increase in the net asset value per share for the remaining shareholders. There are no outstanding options/warrants to subscribe for equity shares in the capital of the Company.

Treasury Shares

Under UK company law investment trusts are able to acquire their own shares to hold in Treasury for re-sale. The Directors consider that this facility gives the Company more flexibility in managing its share capital. As at 5 June 2014 the Company held 38,637 Ordinary shares in Treasury, representing 2.2 per cent. of the total issued Ordinary Share Capital.

Resolutions 11 and 12 would provide the Directors with the authority they need to manage Treasury shares.

Any buy-back of shares into Treasury and re-sale of shares from Treasury will operate within the following limits:

- Treasury shares will be sold only at a premium to the net asset value of the shares at the time of sale; *and*
- Treasury shares will not be sold at a discount of more than 10 per cent. to the middle market price of the shares at the time of sale.

Notice period for General Meetings

The Company's Articles of Association enable the Company to call General Meetings (other than an Annual General Meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also approve annually the calling of meetings other than Annual General Meetings on 14 days' notice.

Resolution 13 will be proposed at the Annual General Meeting to seek such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company meets the requirements for electronic voting under the Companies Act 2006, offering facilities for all shareholders to vote by electronic means. The Directors believe it is in the best interests of the shareholders for the shorter notice period to be available to the Company, although it is intended that this flexibility will be used only for early renewals of the Board's authority to issue new Shares and non-routine business and only where merited in the interests of shareholders as a whole.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the shareholders as a whole and recommends that they vote in favour of such resolutions, as the Directors intend to do in respect of their own beneficial holdings.

By Order of the Board

Steven K Davidson
Secretary
10 St Colme Street
Edinburgh EH3 6AA

5 June 2014

REPORT OF THE AUDIT COMMITTEE

AUDIT COMMITTEE

The Audit Committee, chaired by Stuart Paul and comprising Mr Paul, Gordon Neilly and Frank Rushbrook, meets at least twice yearly to coincide with the annual and interim reporting cycle. The principal rôle of the Audit Committee is to review the annual and interim financial statements, the Accounting Policies applied therein and to ensure compliance with financial and regulatory reporting requirements. The Audit Committee discusses and agrees the scope of the audit plan for the full year and the Auditors' Report on their findings at the conclusion of the audit. The terms of reference of the Audit Committee clearly define the Committee's responsibilities. These terms are reviewed annually and are available for inspection on the Company's website.

The Audit Committee also reviews the system of internal controls, the terms of appointment of the Auditors (including their remuneration), the objectivity of the Auditors and the terms under which they are appointed to perform non-audit services. The Audit Committee also received a report from the Auditors identifying to its satisfaction how their independence and objectivity is maintained when providing these non-audit services. Fees for these services amounted to £11,000 for the year ended 30 April 2014 (2013: £10,000). The Board considers that the provision of such services at this level is cost effective and does not impair the independence of Ernst & Young LLP ("EY").

The Audit Committee assessed the effectiveness of the audit, the quality of the team and advice received from them through reviewing interaction with the Auditors, reports received from them and discussion with management. The Audit Committee continues to be satisfied with the effectiveness of the work provided by EY and that EY remain objective and independent.

At the request of the Board, the Audit Committee considered whether the 2014 Annual Report and Accounts were fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Company's performance, business model and strategy. The Audit Committee is satisfied that, taken as a whole, the Annual Report and Accounts are fair, balanced and understandable. In reaching this conclusion the Directors have assumed that the reader of the Annual Report and Accounts has a reasonable level of knowledge of the investment trust industry.

AUDIT TENDER

Under the FRC guidance issued and effective for accounting periods beginning on or after 1 October 2012 FTSE 350 constituents are expected to invite tenders for audit services, on a comply or explain basis, every ten years. Transitional provisions and guidance are in place to assist in determining when the first invitation to tender should take place. Incoming EU regulation in respect of audit tendering is expected to supersede the FRC guidance. However, this EU regulation is not yet enacted.

Given this incoming EU regulation the Board determined not to put the audit of Personal Assets Trust out for tender for the year ended 30 April 2014 and instead to await the enactment of the EU regulation. This regulation is expected to be enacted in July 2014 and the Board has committed to following the guidance in these regulations, including any transitional provisions, in full. The EU regulation, as drafted, would require a change of Auditors by 2020 and the Board's intention is to put the audit out for tender at the next Audit Partner rotation point, after the 30 April 2018 Annual Report and Accounts are approved.

EY were appointed at the Company's launch in 1983. The Audit Engagement Partner rotates every five years in accordance with ethical guidelines and 2014 is the first year for the current partner.

INTERNAL CONTROLS

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council. The process relies principally on a risk-based system of internal control whereby a test matrix is created that identifies the key functions carried out by the Company and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A formal annual review of these procedures is carried out by the Board and includes consideration of internal control reports issued by the Investment Adviser and other service providers.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report and Accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can provide only reasonable, not absolute, assurance against material misstatement or loss. At each Board meeting the Board reviews the Company's activities since the previous Board Meeting to ensure that the Investment Adviser adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to the guidelines.

Personal Assets Trust Administration Company Limited provides secretarial and administrative services to the Company.

The Company does not have an internal audit function as the Audit Committee believes that the Company's straightforward structure and small number of employees do not warrant such a function. This is reviewed by the Committee annually.

SIGNIFICANT ACCOUNTING MATTERS

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Group was the valuation of investments. The Company's accounting policy for valuing investments is set out on page 35 and the prices of all investments are agreed to an independent source.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Stuart W Paul
Director

5 June 2014

Directors' Remuneration Report

Statement by the Chairman

This report has been prepared in accordance with the requirements of the Companies Act 2006. Ordinary resolutions for the approval of this report and the remuneration policy will be put to shareholders at the forthcoming Annual General Meeting.

Remuneration Committee

The Remuneration Committee, chaired by Hamish Buchan and comprising Mr Buchan, Gordon Neilly and Stuart Paul, reviews the Directors' fees, employees' salaries and the remuneration paid to the Investment Adviser (together with the terms and conditions of appointment of the Investment Adviser) on an annual basis.

The terms of reference of the Remuneration Committee clearly define the Committee's responsibilities. These terms are reviewed annually and are available for inspection on the Company's website.

Directors' Remuneration Policy Report

The Board's policy is that fees should be sufficient to attract and retain Directors capable of managing the Company on behalf of its shareholders. It is intended that this policy will continue for the period ending 30 April 2017.

Non-executive Directors do not have service contracts but on being appointed are provided with a letter of appointment.

Executive Director's Service Contract

Robin Angus has a rolling twelve month contract of employment, signed in November 2002. Mr Angus does not receive any element of variable pay or a separate Director's fee. In the event of termination of his contract, the Company would incur a liability for 12 months' salary.

Directors do not receive any pension benefits, share options, long-term incentive schemes or other benefits. The pay and employment conditions of the employees of the Company's subsidiary are not taken into account when determining Directors' remuneration.

Annual Report on Remuneration

Following review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts, which had remained unchanged since 2010, should be increased for the forthcoming year. Therefore, with effect from 1 May 2014, the Chairman's fee was increased to £38,000 (previously £36,000) and the Directors' fees were increased to £19,000 (previously £18,000) per annum. The annual limit on Directors' fees is set out in the Company's Articles of Association. The present limit is £175,000 in aggregate per annum and the approval of shareholders in a General Meeting would be required to change this limit.

Directors' Interests (Audited)

The Directors at the end of the year and their interests in the shares of the Company at 30 April 2014 and 30 April 2013 were as follows:

Director	Interest	2014	2013
Hamish Buchan (Chairman)	Beneficial	**1,069**	1,056
Robin Angus	Beneficial	**3,989**	2,897
Gordon Neilly	Beneficial	**1,909**	1,906
Stuart Paul	Beneficial	**4,296**	3,814
Frank Rushbrook	Beneficial	**12,346**	12,191

Since 30 April 2014, Mr Buchan has acquired a beneficial interest in an additional 5 shares and Mr Angus in an additional 10 shares. There have been no other changes in the above holdings between 30 April 2014 and 5 June 2014.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Directors' Remuneration for the Year (Audited)

Directors	Year ended 30 April 2014 Fees	Year ended 30 April 2014 Salary	Year ended 30 April 2013 Fees	Year ended 30 April 2013 Salary
Hamish Buchan (Chairman)	**£36,000**	**–**	£36,000	–
Robin Angus	**–**	**£190,000**	–	£190,000
Gordon Neilly	**£18,000**	**–**	£18,000	–
Stuart Paul	**£18,000**	**–**	£18,000	–
Frank Rushbrook	**£18,000**	**–**	£18,000	–
Martin Hamilton-Sharp (retired 25 July 2013)	**£4,295**	**–**	£18,000	–
Total	**£94,295**	**£190,000**	£108,000	£190,000

The rates of Directors' fees and salary for the year ended 30 April 2014 were set out in the Directors' Remuneration Report contained in the Company's 2013 Annual Report and Accounts. A non-binding Ordinary resolution proposing adoption of that Remuneration Report was put to shareholders at the company's Annual General Meeting held on 25 July 2013, and was passed by 98.9 per cent. of shareholders voting on the resolution.

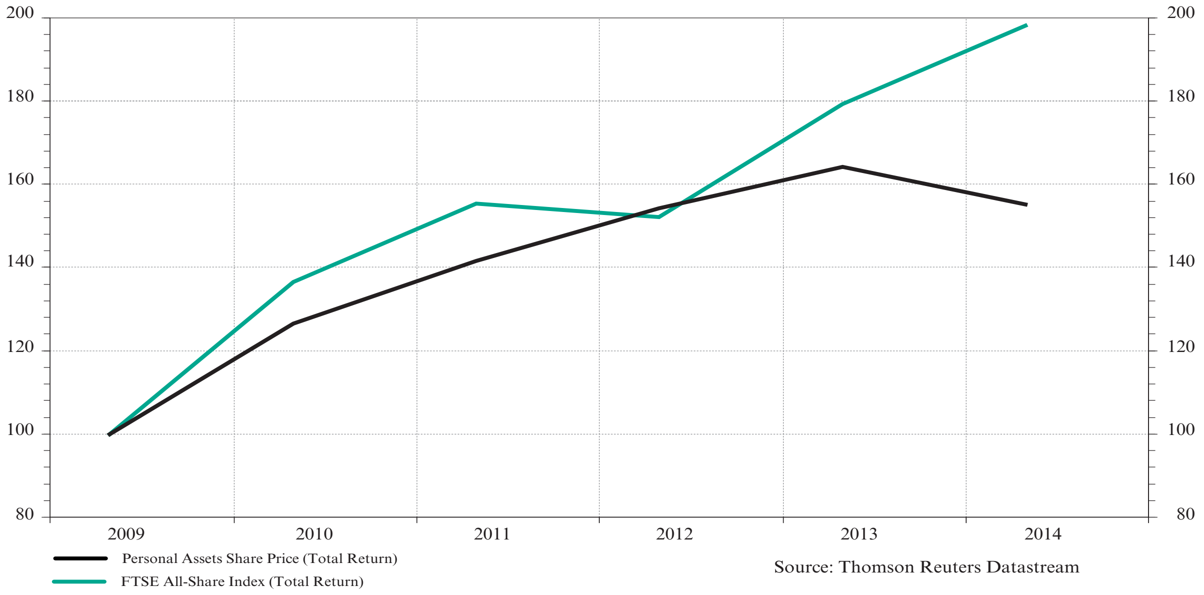
We are required to report on the remuneration of the Company's Chief Executive Officer over the five years to 30 April 2014. Mr Angus chose not to receive an increase in his remuneration in the year ended 30 April 2014. Mr Angus last received an increase in his remuneration in the year ended 30 April 2011, from £187,000 to £190,000. Mr Angus chose not to receive an increase in remuneration in the year ended 30 April 2010.

Relative importance of spend on pay

In the year ended 30 April 2014 the Company paid £738,000 (2013: £713,000) in remuneration for all employees in the Group (including Directors) compared to distributions to shareholders by way of dividends of £9.6 million (2013: £8.6 million).

Company Performance

The graph below compares, for the five financial years ended 30 April 2014, the share price total return (assuming all dividends were reinvested) to Ordinary shareholders in each period compared to the total shareholder return on a notional investment in the FTSE All-Share Index. This index represents a comparable broad equity market index and is the Company's comparator. An explanation of the performance of the Company for the year ended 30 April 2014 is given in the Chairman's Statement and Investment Adviser's Report on pages 6 and 7.



Source: Thomson Reuters Datastream

On behalf of the Board

Hamish N Buchan
Chairman

5 June 2014

Corporate Governance

Introduction

Personal Assets Trust is a self-managed investment trust run by its Board, which takes all major decisions collectively. While Robin Angus has executive duties, all of the Directors regard themselves and one another as equal in the duties and responsibilities they owe to shareholders and accordingly work together as a unitary Board within which the Chairman (who is elected by the Directors from among their own number) acts as *primus inter pares*.

The Directors are elected by the shareholders and regard corporate governance and accountability to shareholders as fundamental. They therefore place considerable emphasis on running the Company in the way they believe to be best suited to the successful management of an investment trust on behalf of its shareholders.

Arrangements appropriate to an investment trust in respect of corporate governance have been made by the Board. The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (the "UK Code"), as well as setting out additional principles and recommendations which are of specific relevance to investment trusts. The AIC Code can be obtained from the AIC's website at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders than if it had adopted the UK Code.

Compliance

The Company has complied throughout the year, and continues to comply, with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as disclosed below.

The Board does not consider it appropriate for a Senior Independent Director to be appointed as recommended by provision A.4.1 of the UK Code, as it operates as a unitary Board.

The Board does not consider it appropriate for Directors to be appointed for a specific term as recommended by principle 4 of the AIC Code and provision B.2.3 of the UK Code. The UK Code requires all Directors of FTSE 350 companies to retire annually. This has been the Company's practice since 2007 and each Director will retire at the forthcoming Annual General Meeting and offer himself for re-election.

The Board does not consider it appropriate for an external evaluation of the Board to be carried out as recommended by provision B.6.2 of the Code as it believes the current evaluation process to be objective and rigorous. The Board, which is a unitary Board and meets formally or informally at least once a month, is also of the view that its composition is suitably diverse and effective.

Directors

All of the non-executive Directors are considered to be independent in character and judgement and, in the opinion of the Board, there are no relationships or conflicts of interest which are likely to affect the judgement of any Director. Hamish Buchan and Gordon Neilly have served for more than nine years. However, the Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority, and does not consider that a Director's length of tenure reduces his ability to act independently.

CORPORATE GOVERNANCE (CONTINUED)

Directors' fees are determined within the limits set out in the Company's Articles of Association. The approval of shareholders in a General Meeting is required to change this limit.

Director	Date of Appointment	Due date for Re-election
Hamish Buchan (Chairman)	5 July 2001	AGM 2014
Robin Angus (Executive Director)	18 May 1984	AGM 2014
Gordon Neilly	30 April 1997	AGM 2014
Stuart Paul	16 July 2009	AGM 2014
Frank Rushbrook	16 July 2009	AGM 2014

Any new Directors appointed during the year must stand for re-appointment at the first Annual General Meeting following their appointment. All executive and non-executive Directors retire annually and, where appropriate, stand for re-election. Other than for Robin Angus there is no notice period and no provision for compensation on early termination of appointment.

Only Robin Angus has a contract of service with the Company. Details of this service contract, his remuneration, and fees paid to other Directors during the year are shown in the Directors' Remuneration Report.

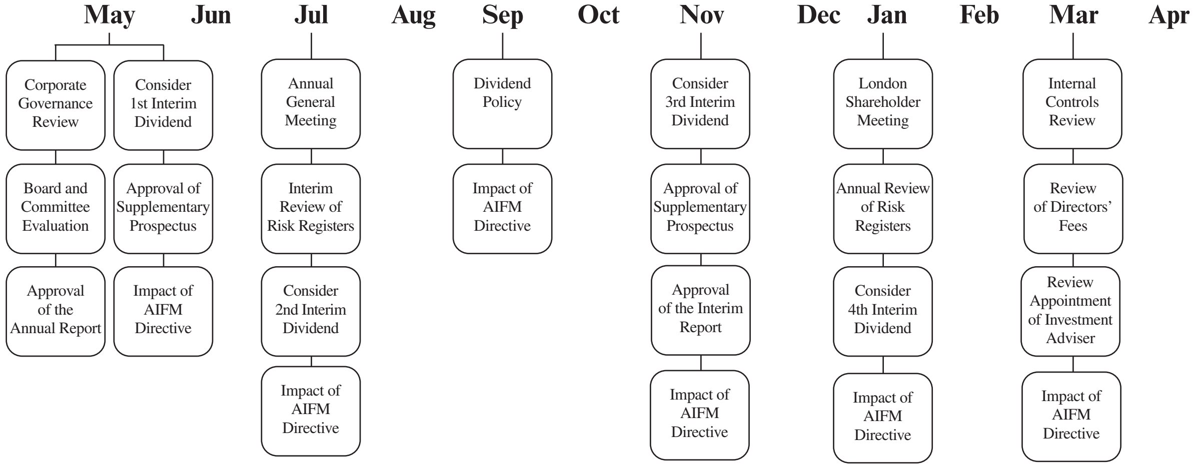
Individual Directors may, after having obtained the consent of any other Director, seek independent professional advice at the Company's expense on any matter that concerns the furtherance of their duties. Details of the Directors' authority in relation to the issue and buying back by the Company of its shares can be found in the Directors' Report. Similarly, details of those persons with significant holdings in the Company are set out in the Directors' Report.

MEETINGS

During the year there were six Board meetings, each of which was attended by all of the Directors except Gordon Neilly, who attended five meetings. There were three Audit Committee meetings, two Remuneration Committee meetings and a Nominations Committee meeting held during the year. All of these meetings were attended by all of the respective committee members.

Under the terms of the contract with the Investment Adviser, the following matters have been expressly reserved to the Board: (a) the level and form of liquidity within the portfolio; (b) asset allocation within the portfolio; (c) the Company's gearing levels; (d) matters relating to the buying back and issuance of the Company's shares; (e) matters relating to shareholder communication; (f) hedging; (g) investment in any new asset class; (h) and such other matters as the Board may reasonably intimate from time to time. However, the Board is required to engage in active dialogue with the Investment Adviser in relation to the matters referred to at items (a), (b), (e), and (f) above.

The following diagram highlights various matters considered by the Board during the past year:



CORPORATE GOVERNANCE (CONTINUED)

VOTING POLICY

The Investment Adviser is to exercise all votes exercisable by the Company in relation to the Company's investments in favour of resolutions proposed by the Boards of investee companies, save where the Board instructs otherwise. Board decisions regarding voting on corporate resolutions of companies in which the Company invests are a matter for the whole Board. All resolutions on which the Company is entitled to vote are monitored and, although normally the Company would vote in favour of all Board resolutions, any contentious matters are referred to the Directors by e-mail for comment. Any Director disagreeing that the Company should cast an affirmative vote informs the Company Secretary and requests that his view be considered by a sub-committee of the Board consisting of any two Directors. The sub-committee then considers the matter and informs the Director of its conclusion. Should the Director disagree with the sub-committee's conclusion, a full Board meeting is called to consider the matter.

COMMUNICATION WITH SHAREHOLDERS

The Board welcomes the views of shareholders and places considerable importance on communications with them. The Investment Adviser reports back to the Board on meetings with shareholders and the Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company and the London Shareholder Meeting provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Board.

NOMINATION COMMITTEE

The Nomination Committee, chaired by Hamish Buchan and comprising Mr Buchan, Stuart Paul and Frank Rushbrook, considers the appointment of new Directors. Diversity, including gender, is considered when seeking potential candidates. The Nomination Committee meets at least annually.

New Directors appointed to the Board are given an induction meeting with the Executive Office and are provided with all relevant information regarding the Company and their duties as a Director. Thereafter, regular briefings are provided on changes in regulatory requirements that could affect the Company and the Directors. Professional advisers report from time to time and Directors will, if necessary, attend seminars covering relevant issues and developments.

PERFORMANCE EVALUATION

During the year the performance of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and individual Directors was evaluated through a discussion based assessment process led by the Chairman. The performance of the Chairman was evaluated by the other Directors. The UK Code requires the Company to engage an external facilitator for the Board evaluation every three years. However, the Board has elected not to comply with this requirement as disclosed on page 22.

GOING CONCERN

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Group's business and assets, which are considered to be readily realisable if required, that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

By Order of the Board

Steven K Davidson
Secretary
10 St Colme Street
Edinburgh EH3 6AA

5 June 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRSs") adopted by the European Union.

Under company law the Directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing the Group financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in the IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance;
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- make judgments and estimates that are reasonable and prudent; *and*
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Strategic Report), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statements under the Disclosure and Transparency Rules

Each of the Directors listed on page 10 confirms that to the best of his knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; *and*
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Hamish N Buchan
Chairman
5 June 2014

Independent Auditors' Report to the Members of Personal Assets Trust PLC

We have audited the financial statements of Personal Assets Trust PLC for the year ended 30 April 2014 which comprise the Group Income Statement, the Group and Company Statements of Financial Position, the Group and Company Changes in Equity, the Group and Company Statement of Cash Flow and the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRSs") and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Company's annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- The financial statements give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2014 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- The parent company financial statements have been properly prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Independent Auditors' Report to the Members of Personal Assets Trust PLC (continued)

Our Assessment of Risks of Material Misstatement

We have identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- the valuation of the Group's investments.

Our Application of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of identified misstatements, if any, on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Auditors' Report.

When establishing our overall audit strategy, we determined materiality for the group to be £5.73 million which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessment, together with our assessment of the group's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the group should be 50% of materiality, namely £2.86 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We have agreed to report to the Audit Committee all audit differences in excess of £287k, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

An Overview of the Scope of Our Audit

Our response to the risk identified above was as follows:

- we agreed 100% of year end prices for quoted investments to an independent source.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to Report by Exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

Independent Auditors' Report to the Members of Personal Assets Trust PLC (continued)

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to Report to you if, in our Opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to Review:

- the Directors' statement, set out on page 24 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Susan Dawe (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Edinburgh

5 June 2014

GROUP INCOME STATEMENT

	Notes	**Year ended 30 April 2014** Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 April 2013 Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**11,194**	**–**	**11,194**	11,695	–	11,695
Other operating income	2	**376**	**–**	**376**	309	–	309
(Losses)/gains on investments held at fair value through profit or loss	9	**–**	**(40,827)**	**(40,827)**	–	31,804	31,804
Foreign exchange gains/(losses)		**–**	**13,076**	**13,076**	–	(6,629)	(6,629)
Total income		**11,570**	**(27,751)**	**(16,181)**	12,004	25,175	37,179
Expenses	3	**(2,725)**	**(2,539)**	**(5,264)**	(2,612)	(2,448)	(5,060)
(Loss)/profit before taxation		**8,845**	**(30,290)**	**(21,445)**	9,392	22,727	32,119
Taxation	5,6	**(594)**	**–**	**(594)**	(590)	–	(590)
(Loss)/profit for the year		**8,251**	**(30,290)**	**(22,039)**	8,802	22,727	31,529
Return per share	8	**£4.78**	**(£17.54)**	**(£12.76)**	£5.69	£14.70	£20.39

The Group does not have any income or expenses that are not included in the (loss)/profit for the year other than expenses of £2,000 (2013: £43,000) charged directly to the Share Premium account in respect of the issue of the Company's shares. Accordingly, the "(Loss)/profit for the Year" is also the "Total Comprehensive Income for the Year", as defined in IAS1 (revised), and no separate Statement of Comprehensive Income has been presented.

The "Total" column of this statement represents the Group's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRSs").

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

Dividend information	**2014**	2013
Dividends per share	**£5.60**	£5.60
	£'000	£'000
First interim dividend of £1.40 per share (2013: £1.40 per share)	**2,403**	1,994
Second interim dividend of £1.40 per share (2013: £1.40 per share)	**2,439**	2,113
Third interim dividend of £1.40 per share (2013: £1.40 per share)	**2,444**	2,228
Fourth interim dividend of £1.40 per share (2013: £1.40 per share)	**2,393**	2,296
	9,679	8,631

The Notes to the Accounts on pages 34–46, including the accounting policies on pages 34–36, form part of these accounts

STATEMENTS OF FINANCIAL POSITION

	Notes	**Group 30 April 2014 £'000**	**Company 30 April 2014 £'000**	Group 30 April 2013 £'000	Company 30 April 2013 £'000
Non-current assets					
Investments held at fair value through profit or loss	9	**541,151**	**541,186**	576,744	576,775
Current assets					
Financial assets	10	**2,273**	**2,273**	6,426	6,426
Receivables	10	**1,500**	**1,450**	1,956	1,947
Cash and cash equivalents		**45,068**	**45,045**	9,306	9,246
Total assets		**589,992**	**589,954**	594,432	594,394
Current liabilities					
Payables	11	**(16,755)**	**(16,717)**	(1,187)	(1,149)
Net assets		**573,237**	**573,237**	593,245	593,245
Capital and reserves					
Ordinary share capital	12	**21,845**	**21,845**	21,074	21,074
Share premium		**404,089**	**404,089**	383,380	383,380
Capital redemption reserve		**219**	**219**	219	219
Special reserve		**22,517**	**22,517**	22,517	22,517
Treasury share reserve		**(9,770)**	**(9,770)**	–	–
Capital reserve		**130,278**	**130,303**	160,568	160,589
Revenue reserve		**4,059**	**4,034**	5,487	5,466
Total equity		**573,237**	**573,237**	593,245	593,245
Net asset value per Ordinary share	13	**£333.77**	**£333.77**	£351.89	£351.89

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf on 5 June 2014 by:

Hamish N Buchan
Chairman

The Notes to the Accounts on pages 34–46, including the accounting policies on pages 34–36, form part of these accounts

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2014	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2013	21,074	383,380	219	22,517	–	160,568	5,487	593,245
Loss for the year	–	–	–	–	–	(30,290)	8,251	(22,039)
Ordinary dividends paid	–	–	–	–	–	–	(9,679)	(9,679)
Issue of new Ordinary shares	771	20,709	–	–	2,547	–	–	24,027
Buy-backs of Ordinary shares	–	–	–	–	(12,317)	–	–	(12,317)
Balance as at 30 April 2014	**21,845**	**404,089**	**219**	**22,517**	**(9,770)**	**130,278**	**4,059**	**573,237**

For the year ended 30 April 2013	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2012	17,258	280,322	219	22,517	–	137,841	5,316	463,473
Profit for the year	–	–	–	–	–	22,727	8,802	31,529
Ordinary dividends paid	–	–	–	–	–	–	(8,631)	(8,631)
Issue of new Ordinary shares	3,816	103,058	–	–	–	–	–	106,874
Balance as at 30 April 2013	**21,074**	**383,380**	**219**	**22,517**	**–**	**160,568**	**5,487**	**593,245**

The Notes to the Accounts on pages 34–46, including the accounting policies on pages 34–36, form part of these accounts

Company Statement of Changes in Equity

For the year ended 30 April 2014	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2013	21,074	383,380	219	22,517	–	160,589	5,466	593,245
Loss for the year	–	–	–	–	–	(30,286)	8,247	(22,039)
Ordinary dividends paid	–	–	–	–	–	–	(9,679)	(9,679)
Issue of new Ordinary shares	771	20,709	–	–	2,547	–	–	24,027
Buy-backs of Ordinary shares	–	–	–	–	(12,317)	–	–	(12,317)
Balance as at 30 April 2014	**21,845**	**404,089**	**219**	**22,517**	**(9,770)**	**130,303**	**4,034**	**573,237**

For the year ended 30 April 2013	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2012	17,258	280,322	219	22,517	–	137,855	5,302	463,473
Profit for the year	–	–	–	–	–	22,734	8,795	31,529
Ordinary dividends paid	–	–	–	–	–	–	(8,631)	(8,631)
Issue of new Ordinary shares	3,816	103,058	–	–	–	–	–	106,874
Balance as at 30 April 2013	**21,074**	**383,380**	**219**	**22,517**	**–**	**160,589**	**5,466**	**593,245**

The Notes to the Accounts on pages 34–46, including the accounting policies on pages 34–36, form part of these accounts

CASH FLOW STATEMENTS

	Group 30 April 2014 £'000	**Company 30 April 2014 £'000**	Group 30 April 2013 £'000	Company 30 April 2013 £'000
Cash flows from operating activities				
(Loss)/profit before taxation	**(21,445)**	**(21,449)**	32,119	32,112
(Losses)/gains on investments	**38,759**	**38,759**	(34,474)	(34,474)
Foreign exchange differences at fair value through profit or loss	**(13,076)**	**(13,076)**	6,629	6,629
Operating cash flow before movements in working capital	**4,238**	**4,234**	4,274	4,267
(Increase)/decrease in other receivables	**(10)**	**31**	416	420
(Decrease)/increase in other payables	**(25)**	**(25)**	243	225
Net cash from operating activities before taxation	**4,203**	**4,240**	4,933	4,912
Taxation	**(745)**	**(745)**	(600)	(600)
Net cash inflow from operating activities	**3,458**	**3,495**	4,333	4,312
Investing activities				
Purchase of investments – equity shares	**(30,382)**	**(30,382)**	(33,629)	(33,629)
Purchase of investments – fixed interest and other investments	**(434,797)**	**(434,797)**	(706,938)	(706,938)
Disposal of investments – equity shares	**35,447**	**35,447**	34,536	34,536
Disposal of investments – fixed interest and other investments	**442,159**	**442,159**	615,587	615,587
Net cash inflow/(outflow) from investing activities	**12,427**	**12,427**	(90,444)	(90,444)
Financing activities				
Equity dividends paid	**(9,679)**	**(9,679)**	(8,631)	(8,631)
Issue of Ordinary shares	**22,012**	**22,012**	106,768	106,768
Cost of issue of Ordinary shares	**(1)**	**(1)**	(151)	(151)
Cost of share buy-backs	**(12,317)**	**(12,317)**	–	–
Re-issue of Ordinary shares from Treasury	**2,633**	**2,633**	–	–
Net cash inflow from financing activities	**2,648**	**2,648**	97,986	97,986
Increase in cash and cash equivalents	**18,533**	**18,570**	11,875	11,854
Cash and cash equivalents at the start of the year	**9,306**	**9,246**	5,535	5,496
Effect of foreign exchange rate changes	**17,229**	**17,229**	(8,104)	(8,104)
Cash and cash equivalents at the end of the year	**45,068**	**45,045**	9,306	9,246

The Notes to the Accounts on pages 34–46, including the accounting policies on pages 34–36, form part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with such interpretations by the International Accounting Standards and Standing Interpretations Committee as have been approved by the IASB and still remain in effect, to the extent that these have been adopted by the European Union.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted are set out below. Where the presentational guidance set out in the Statement of Recommended Practice (the "SORP") for investment trusts issued by the Association of Investment Companies (the "AIC") in January 2009 is consistent with the requirements of IFRSs, the Directors have sought to prepare the financial statements on a basis compliant with the recommendation of the SORP.

A number of new standards have been issued but are not effective for this accounting period. These have not been adopted early and the Group does not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Company has availed itself of the relief from showing an Income Statement for the parent company, granted under Section 408 of the Companies Act 2006. The loss of the Company for the year ended 30 April 2014 was £22,039,000.

PRESENTATION OF INCOME STATEMENT

In order better to reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement.

INCOME

Dividends are recognised as income when the shareholders' right to receive payment has been established, normally the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established.

Where the Company has received its dividends in the form of additional shares rather than cash, the cash equivalent of the additional shares is recognised as income.

Dividends from overseas companies are shown gross of withholding tax.

Fixed interest returns on non-equity securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment. In practical terms this means that both the coupons and the principal are adjusted to take account of accrued inflation since the bond's first issue date.

Interest income and other income is accounted for on an accruals basis.

NOTES TO THE ACCOUNTS (CONTINUED)

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 advisory fees have been allocated 35 per cent. to revenue and 65 per cent. to capital.

Transaction costs incurred on the acquisition or disposal of investments are expensed to capital.

TAXATION

In accordance with the SORP, the marginal rate of tax is applied to taxable net revenue.

DEFERRED TAXATION

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

INVESTMENTS

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract the terms of which require delivery within a period of time established by the market concerned, and are measured at fair value being the consideration payable or receivable.

Investments are designated in terms of IFRSs as "investments held at fair value through profit or loss", and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or OEICs are valued at the closing price released by the relevant investment manager. The subsidiary is valued at fair value by the Directors on the basis of all information available to them at the time of valuation.

SHARE PREMIUM

The Share Premium represents the difference between the nominal value of new Ordinary shares issued and the consideration the Company receives for these Shares.

CAPITAL REDEMPTION RESERVE

The Capital Redemption Reserve represents the nominal value of Ordinary shares bought back for cancellation by the Company since authority to do this was first obtained at an Extraordinary General Meeting in April 1999.

SPECIAL RESERVE

The cost of any shares bought back for cancellation is deducted from the Special Reserve, which is a distributable reserve and was created from the Share Premium Account, also following the Extraordinary General Meeting in April 1999.

CAPITAL RESERVE

Gains and losses on the realisation of investments, gains and losses on the realisation of FTSE 100 Future contracts, realised exchange differences of a capital nature and returns of capital are accounted for in this Reserve.

Increases and decreases in the valuation of investments held at the year end, unrealised gains and losses on FTSE 100 Future contracts and unrealised exchange differences of a capital nature are also accounted for in this Reserve.

REVENUE RESERVE

Any surplus/deficit arising from the revenue profit/loss for the year is taken to/from this Reserve.

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 fair value by using the rate of exchange prevailing at the year end. The currencies to which the Company was exposed were Australian Dollars, Canadian Dollars, Singapore Dollars, Swiss Francs and US Dollars. The exchange rates applying against Sterling at 30 April were as follows:

	2014	2013
Australian Dollar	**1.8153**	1.4973
Canadian Dollar	**1.8486**	1.5641
Singapore Dollar	**2.1147**	1.9119
Swiss Franc	**1.4854**	1.4430
US Dollar	**1.6870**	1.5531

Forward currency contracts are classified as investments held at fair value through profit or loss and are reported at fair value at the year end by using the rates of exchange prevailing at the year end. The forward rate of exchange of US Dollars to Sterling at 30 April 2014 was 1.68636 (2013: 1.55263).

Any gain or loss arising from a movement in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement as a revenue or capital item depending on the nature of the gain or loss.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

2. INCOME

	2014 **£'000**	2013 £'000
Income from investments		
Franked investment income	**3,535**	3,425
Fixed interest securities	**3,135**	3,751
Overseas dividends	**4,524**	4,519
	11,194	11,695
Other operating income		
Deposit interest	**71**	–
Other income[1]	**305**	309
Total income	**11,570**	12,004

[1] Income generated by Personal Assets Trust Administration Company Limited for secretarial and administration services provided to other investment trust companies.

NOTES TO THE ACCOUNTS (CONTINUED)

3. EXPENSES	**2014 Revenue £'000**	**2014 Capital £'000**	**2014 Total £'000**	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Investment advisory fee	**1,367**	**2,539**	**3,906**	1,318	2,448	3,766
Staff costs	**637**	**–**	**637**	596	–	596
Directors' fees	**94**	**–**	**94**	108	–	108
Auditors' remuneration for:						
– audit	**17**	**–**	**17**	16	–	16
– tax services	**11**	**–**	**11**	10	–	10
Other expenses	**599**	**–**	**599**	564	–	564
	2,725	**2,539**	**5,264**	2,612	2,448	5,060

The Board appointed Troy Asset Management Limited ("Troy") as Investment Adviser with effect from 3 March 2009. The contract between the Company and Troy is on a rolling six months basis. The fee structure, which is based on the Company's shareholders' funds, is 0.5 per cent. on the first £100 million; 0.625 per cent. on the next £50 million; 0.75 per cent. between £150 million and £500 million; and 0.625 per cent. thereafter, payable quarterly in arrears. In the year to 30 April 2014 the total cost amounted to £3,906,000 (2013: £3,766,000). An amount of £974,000 was payable to the Investment Adviser at the year end (2013: £1,006,250). No compensation is payable to the Investment Adviser in the event of termination of the contract over and above payment in respect of the required six months' notice. The contract is also terminable summarily by either party in the event of: material breach by the other party; the occurrence of certain events suggesting the insolvency of the other party or relating to the winding up of the other party; or the negligence, wilful default or fraud of the other party.

Details of the Company's ongoing charges can be found at www.patplc.co.uk. The Ongoing Charges Ratio for the year ended 30 April 2014 was 0.86 per cent. (2013: 0.89 per cent.).

4. DIRECTORS' REMUNERATION AND EMPLOYEE COSTS	**2014 £'000**	2013 £'000
Directors' fees and salaries	**284**	298
Other salaries	**350**	340
Pension contributions	**28**	–
Employer's national insurance	**76**	75
	738	713

Personal Assets Trust Administration Company operates a defined contribution scheme for its employees. The Company has agreed to pay contributions up to $13^{1}/_{3}$ per cent. of employees' salaries depending on age. There are no pension arrangements for Directors or employees of Personal Assets Trust.

Details of the highest paid Director can be found in the Directors' Remuneration Report on pages 20 and 21. Excluding the Directors, there were four employees during the year ended 30 April 2014 and four employees during the year ended 30 April 2013.

NOTES TO THE ACCOUNTS (CONTINUED)

5. **TAX ON ORDINARY ACTIVITIES**	**2014**	2013
	£'000	£'000
Foreign tax suffered	**594**	590

The deferred tax asset of £1,007,000 (2013: £708,000) in respect of unutilised expenses at 30 April 2014 has not been recognised as it is uncertain that there will be taxable profits from which the future reversal of the deferred tax asset could be deducted.

6. FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax charge for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2014	2013
	£'000	£'000
(Loss)/profit before tax	**(21,445)**	32,119
Corporation tax at standard rate of 22.83 per cent. (2013: 23.92 per cent.)	**(4,896)**	7,683
Effects of:		
Capital gains not subject to taxation	**6,336**	(6,022)
Investment income not subject to taxation	**(1,840)**	(1,900)
Excess of expenses over chargeable income	**400**	239
Withholding tax suffered	**745**	716
Recovery of foreign tax suffered	**(151)**	(126)
Total tax charge (note 5)	**594**	590

7. **DIVIDENDS**	**2014**	2013
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
First interim dividend for the year ended 30 April 2014 of £1.40 (2013: £1.40) per Ordinary share	**2,403**	1,994
Second interim dividend for the year ended 30 April 2014 of £1.40 (2013: £1.40) per Ordinary share	**2,439**	2,113
Third interim dividend for the year ended 30 April 2014 of £1.40 (2013: £1.40) per Ordinary share	**2,444**	2,228
Fourth interim dividend for the year ended 30 April 2014 of £1.40 (2013: £1.40) per Ordinary share	**2,393**	2,296
	9,679	8,631

NOTES TO THE ACCOUNTS (CONTINUED)

8. RETURN PER SHARE

The revenue return per share of £4.78 (2013: £5.69) is based on the net revenue profit for the financial year of £8,251,000 (2013: £8,802,000), and on 1,727,421 (2013: 1,546,313) shares, being the weighted average number in issue during the year.

The capital return per share of (£17.54) (2013: £14.70) is based on a net capital loss for the financial year of £30,290,000 (2013: profit of £22,727,000), and on 1,727,421 (2013: 1,546,313) shares, being the weighted average number in issue during the year.

The total return per share of (£12.76) (2013: £20.39) is based on a net total loss for the financial year of £22,039,000 (2013: profit of £31,529,000), and on 1,727,421 (2013: 1,546,313) shares, being the weighted average number in issue during the year.

9. INVESTMENTS – GROUP AND COMPANY

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Investments listed on a recognised investment exchange	**541,151**	**541,151**	576,744	576,744
Subsidiary undertaking	**–**	**35**	–	31
	541,151	**541,186**	576,744	576,775

	Listed UK £'000	Listed Overseas £'000	Total £'000
Opening book cost	117,214	370,103	487,317
Opening unrealised appreciation	26,694	62,733	89,427
Opening valuation	**143,908**	**432,836**	**576,744**
Movements in the year			
Purchases at cost	234,036	246,736	480,772
Effective yield adjustment[1]	662	1,406	2,068
Sales proceeds	(211,366)	(266,240)	(477,606)
Sales – realised gains on sales	1,451	1,089	2,540
Unrealised loss on the fair value of investments during the year	(2,072)	(41,295)	(43,367)
Total movement during the year	22,711	(58,304)	(35,593)
Closing valuation	**166,619**	**374,532**	**541,151**

[1] See Income section of Accounting Policies for a fuller description.

NOTES TO THE ACCOUNTS (CONTINUED)

9. INVESTMENTS – GROUP AND COMPANY (CONTINUED)

	Listed UK £'000	Listed Overseas £'000	Total £'000
Closing book cost	141,997	353,094	495,091
Closing unrealised appreciation	24,622	21,438	46,060
	166,619	**374,532**	**541,151**

	2014 £'000	2013 £'000
Represented by:		
Equities	**252,393**	258,152
US TIPS	**94,912**	126,802
UK Index-Linked Gilts	**26,637**	28,305
Gold Bullion	**61,187**	72,492
UK cash equivalents	**62,179**	43,486
Overseas cash equivalents	**43,843**	47,507
	541,151	576,744
Realised gains on sales	**2,540**	10,945
Unrealised (loss)/gain on the fair value of investments during the year	**(43,367)**	20,859
(Losses)/gains on investments	**(40,827)**	31,804

The valuation of the Company's subsidiary is eliminated on consolidation.

Transaction costs

During the year the Company incurred transaction costs of £71,962 (2013: £89,269) on the purchase of investments and £52,196 (2013: £48,944) on the sale of investments.

10. CURRENT ASSETS

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Financial Assets				
Fair value of forward currency contract	**2,273**	**2,273**	6,426	6,426
Receivables				
Due from brokers	**–**	**–**	617	617
Prepayments and accrued income	**1,134**	**1,134**	1,160	1,160
Tax receivable	**287**	**287**	136	136
Due from subsidiary	**–**	**7**	–	22
Other receivables	**79**	**22**	43	12
	1,500	**1,450**	1,956	1,947

NOTES TO THE ACCOUNTS (CONTINUED)

11. CURRENT LIABILITIES

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Payables				
Due to brokers	**15,593**	**15,593**	–	–
Other payables	**1,162**	**1,124**	1,187	1,149
	16,755	**16,717**	1,187	1,149

12. CALLED-UP SHARE CAPITAL

	Number	£'000
Allotted, called-up and fully paid Ordinary shares of £12.50 each:		
Balance at 30 April 2013	1,685,901	21,074
Shares issued	61,683	771
Balance at 30 April 2014	1,747,584	21,845

Of the above shares in issue the movements in the Ordinary shares held in Treasury are as follows:

Balance at 30 April 2013	–	–
Shares purchased during the year	37,992	475
Shares re-issued during the year	(7,855)	(98)
Balance at 30 April 2014	30,137	377

13. NET ASSET VALUE PER SHARE

The net asset value per Ordinary 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	
	2014	2013	**2014**	2013
	£	£	**£'000**	£'000
Ordinary shares	**333.77**	351.89	**573,237**	593,245

Net asset value per Ordinary share is based on net assets shown above and 1,717,447 (2013: 1,685,901) Ordinary shares, being the number of Ordinary shares in issue at the year end.

At the year end the Company held 30,137 Ordinary shares in Treasury (2013: none).

14. BUSINESS SEGMENT

The Directors are of the opinion that the Company is engaged in the business of investing in equity shares, fixed interest securities and other investments.

15. FINANCIAL INSTRUMENTS

The Group holds investments in listed companies and fixed interest securities, holds cash balances and has receivables and payables. It may from time to time also invest in FTSE 100 Futures and 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. Further information is given in the Strategic Report for the Year to 30 April 2014 on pages 11–13.

The fair value of the financial assets and liabilities of the Group at 30 April 2014 is not different from their carrying value in the financial statements.

The Group is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk.

The Board reviews and agrees policies for managing its risk exposures. These policies are summarised below and have remained unchanged for the year under review.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

The Group's principal financial assets are investments, cash balances and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group did not have any exposure to any financial assets which were passed due or impaired at the year end (2013: none).

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. A list of pre-approved counterparties used in such transactions is maintained and regularly reviewed by the Group, and transactions must be settled on a basis of delivery against payment. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. Risk relating to unsettled transactions is considered to be small because of the short settlement period involved and the credit quality of the brokers used.

All of the assets of the Group, other than cash deposits and receivables, are held by JPMorgan Chase Bank, the Group's custodian. Bankruptcy or insolvency of the custodian might cause the Group's rights with respect to the securities held by the custodian to be delayed or limited. The Board monitors the Group's risk by reviewing the custodian's internal control reports on a regular basis.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings, rated A or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions might cause the Group's ability to access cash placed on deposit to be delayed or limited. The Group has no concentration of credit risk and exposure is spread between counterparties.

Market Price Risk

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues including the market perception of future risks. The Company's strategy for the management of market price risk is driven by the Company's investment policy as outlined within the Strategic Report on pages 11–13. The Board sets policies for managing this risk and meets regularly to review full, timely and relevant information on investment performance and financial results. The management of market price risk is part of the fund management process and is fundamental to equity investment. The portfolio is managed with an awareness of the effects of adverse price movements in equity markets with an objective of maximising overall returns to shareholders. Investment and portfolio performance are discussed in more detail in the Investment Adviser's Report and the investment portfolio is set out on page 8.

Any changes in market conditions will directly affect the profit or loss reported through the Income Statement. For instance, a 30 per cent. increase in the value of the equity exposure as at 30 April 2014 would have increased net return and net assets for the year by £75,718,000 (2013: a 30 per cent. increase in the value of the equity exposure would have increased net return by £77,446,000). A decrease of 30 per cent. (2013: 30 per cent.) would have had an equal but opposite effect. These calculations are based on investment valuations at the respective balance sheet date and are not representative of the year as a whole.

The Company continued to use forward currency contracts during the year.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. The risk of the Group not having sufficient liquidity at any time is not considered by the Board to be significant, given the liquid nature of the portfolio of investments and the level of cash and cash equivalents ordinarily held. The Investment Adviser reviews liquidity at the time of each investment decision. The Board reviews liquidity exposure at each meeting.

All of the Group's financial liabilities at 30 April 2014 had a maturity period of less than three months and were repayable at the date shown on the Balance Sheet.

Interest Rate Risk

Some of the financial instruments held by the Group are interest bearing. As such, the Group is exposed to interest rate risk resulting from fluctuations in the prevailing market rate.

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 at 30 April 2014 was 0.50 per cent. in the UK (2013: 0.50 per cent.).

Floating interest rate exposure at 30 April:

	2014	2013
	£'000	£'000
Singapore Dollar	**6**	42
Sterling	**45,049**	9,105
US Dollar	**13**	159
	45,068	9,306

NOTES TO THE ACCOUNTS (CONTINUED)

Fixed rate and zero rate

The Company may from time to time hold fixed interest or zero interest investments.

At 30 April 2014 the Company held:		£'000	Period to maturity
US TIPS 1.375%	15/07/2018	**68,571**	4 years 76 days
US TIPS 0.125%	15/01/2022	**26,341**	7 years 260 days
UK Index-Linked Gilt 0.125%	22/03/2024	**26,637**	9 years 327 days
UK Treasury Bill 0%	27/05/2014	**23,994**	27 days
UK Treasury Bill 0%	02/06/2014	**18,194**	33 days
UK Treasury Bill 0%	12/05/2014	**9,999**	12 days
UK Treasury Bill 0%	21/07/2014	**4,996**	82 days
UK Treasury Bill 0%	28/07/2014	**4,996**	89 days
Singapore Treasury Bill 0%	02/05/2014	**15,605**	2 days
Singapore Treasury Bill 0%	25/07/2014	**15,593**	86 days
Singapore Treasury Bill 0%	27/06/2014	**5,790**	58 days
Singapore Treasury Bill 0%	23/05/2014	**4,019**	23 days
Singapore Treasury Bill 0%	30/05/2014	**2,836**	30 days

At 30 April 2013 the Company held:		£'000	Period to maturity
US TIPS 1.375%	15/07/2018	**78,345**	5 years 76 days
US TIPS 0.125%	15/01/2022	**31,156**	8 years 260 days
US TIPS 1.125%	15/01/2021	**17,301**	7 years 260 days
UK Index-Linked Gilt 0.125%	22/03/2024	**28,305**	10 years 327 days
UK Treasury Bill 0%	28/05/2013	**20,993**	28 days
UK Treasury Bill 0%	03/06/2013	**18,193**	34 days
UK Treasury Bill 0%	13/05/2013	**4,300**	13 days
Singapore Treasury Bill 0%	31/05/2013	**17,257**	31 days
Singapore Treasury Bill 0%	19/07/2013	**7,058**	80 days
Singapore Treasury Bill 0%	03/05/2013	**6,407**	3 days
Singapore Treasury Bill 0%	21/06/2013	**6,326**	52 days
Singapore Treasury Bill 0%	10/05/2013	**4,446**	10 days
Singapore Treasury Bill 0%	28/06/2013	**3,137**	59 days
Singapore Treasury Bill 0%	27/05/2013	**2,876**	27 days

Considering effects on cash balances, an increase of 50 basis points in interest rates would have increased net assets and income for the period by £225,000 (2013: £47,000). A decrease of 50 basis points would have had an equal but opposite effect. The calculations are based on the cash balances at the balance sheet date and are not representative of the year as a whole.

Foreign Currency Risk

The Company invests in overseas securities.

	2014	2013
Gross currency exposure at 30 April:	**£'000**	£'000
Australian Dollars	**3,684**	7,781
Canadian Dollars	**22,272**	20,725
Singapore Dollars	**28,256**	47,548
Swiss Francs	**21,622**	21,749
US Dollars[1]	**283,123**	335,886

[1]At 30 April 2014 the Sterling cost of a portion of the US Dollar denominated assets (including US Treasury Inflation Protected Securities ("TIPS") and US equities) was protected by a forward currency contract. The fair value of £2,273,000 (2013: fair value of £6,426,000) on the US$229,700,000 (2013: US$252,000,000) sold forward against £138,483,000 (2013: £168,731,000) is included in other receivables (2013: other receivables). All foreign exchange contracts in place at 30 April 2014 were due to mature within two months. The exposure to US Dollars as shown above also includes Gold Bullion. At 30 April 2014 the net exposure to US Dollars was £146,913,000 (2013: £173,581,000) including Gold Bullion and £85,726,000 (2013: £101,089,000) excluding Gold Bullion.

Foreign Currency Sensitivity

The following table illustrates the sensitivity of the total return for the year and the shareholders' funds in relation to the Company's overseas monetary financial assets and financial liabilities. It assumes a 10 per cent. depreciation of Sterling against the Australian Dollar, Canadian Dollar, Singapore Dollar, Swiss Franc and US Dollar. The sensitivity analysis is based on the Company's monetary foreign currency financial instruments held at each balance sheet date.

If Sterling had weakened by 10 per cent. against the currencies shown, this would have had the following positive effect:

		2014			2013	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Income statement – return on ordinary activities after taxation:						
Australian Dollars	**–**	**409**	**409**	14	798	812
Canadian Dollars	**31**	**2,475**	**2,506**	29	2,303	2,332
Singapore Dollars	**–**	**3,139**	**3,139**	–	5,279	5,279
Swiss Francs	**84**	**2,402**	**2,486**	76	2,417	2,493
US Dollars	**733**	**16,322**	**17,055**	798	19,263	20,061
	848	**24,747**	**25,595**	917	30,060	30,977

A 10 per cent. strengthening of Sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts.

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

				2014				2013
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Description	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Investments	**541,151**	**–**	**–**	**541,151**	576,744	–	–	576,744
Current assets	**2,273**	**–**	**–**	**2,273**	6,426	–	–	6,426
Total	**543,424**	**–**	**–**	**543,424**	583,170	–	–	583,170

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique the variables of which include only data from observable markets.

Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

17. SUBSIDIARY UNDERTAKING

As at 30 April 2014, Personal Assets Trust's subsidiary undertaking, which has been consolidated, was as follows:

Name	**Place of incorporation**	**Business activity**	**Shares owned**	**Percentage of Share Capital owned**
Personal Assets Trust Administration Company Limited	Scotland	Company secretarial and administrative services	10,000 Ordinary shares of £1	100

The Company holds the full voting power in the subsidiary undertaking. There were no changes to the subsidiary undertaking during the year.

18. RELATED PARTY TRANSACTIONS

The Company pays £30,000 per annum for the rental of the Executive Office to Rushbrook & Co LLP, of which Frank Rushbrook is a partner. The notice period on the lease is six months. No amount was outstanding at the year end.

Troy Asset Management Limited received fees for its services as Investment Adviser. Further details are provided in note 3 on page 37.

Secretarial and administrative services are provided by the Company's wholly owned subsidiary, Personal Assets Trust Administration Company Limited. Costs, net of third party income, amounted to £252,500 (2013: £200,000) in respect of these services in the year to 30 April 2014. No amounts were outstanding at the year end.

Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report on pages 20 and 21. The Directors' shareholdings are also detailed on page 20.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting ("AGM") of Personal Assets Trust Public Limited Company will be held at Crowne Plaza Edinburgh – The Roxburghe, 38 Charlotte Square, Edinburgh, on Thursday 24 July 2014 at 11.30 am for the following purposes:

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

1. That the Report and Accounts for the year to 30 April 2014 be received.
2. That the Policy on Directors' Remuneration be approved.
3. That the Directors' Remuneration Report for the year to 30 April 2014 be approved.
4. That Hamish Buchan, who retires from office annually, be re-elected as a Director.
5. That Gordon Neilly, who retires from office annually, be re-elected as a Director.
6. That Stuart Paul, who retires from office annually, be re-elected as a Director.
7. That Frank Rushbrook, who retires from office annually, be re-elected as a Director.
8. That Robin Angus, who retires from office annually, be re-elected as a Director.
9. That Ernst & Young LLP be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.
10. Authority to allot shares

    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,204,275, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

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

11. Disapplication of pre-emption rights

    That, subject to the passing of Resolution 10 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into, Ordinary shares held by the Company as Treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority given by Resolution 10 above as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; *and*

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £3,276,712.50, being 15 per cent. of the nominal value of the issued share capital of the Company as at 5 June 2014.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 560(2) of the Act as if in the first paragraph of this resolution the words "subject to the passing of Resolution 10 above" were omitted.

12. Share buy-back authority

That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of £12.50 each in the capital of the Company ("Ordinary shares") (either for retention as Treasury shares for future reissue, resale, transfer or for cancellation), provided that:

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 256,171;

(b) the minimum price (excluding expenses) which may be paid for each Ordinary share is £12.50;

(c) the maximum price (excluding expenses) which may be paid for each Ordinary share shall not be greater than the higher of:

(i) 5 per cent. above the average middle market quotation on the London Stock Exchange of an Ordinary share over the five business days immediately preceding the date of purchase; *and*

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; *and*

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or on 31 October 2015, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

13. That a General Meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

Steven K Davidson
Secretary
10 St Colme Street
Edinburgh EH3 6AA

5 June 2014

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Notes

1. A shareholder who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.
2. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.
3. Only those shareholders having their names entered on the Company's share register not later than 6.00 pm on 22 July 2014 or, if the meeting is adjourned, 6.00 pm on the day which is 2 days (excluding non working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the Articles of Association of the Company or other instrument to the contrary.
4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that such corporate representatives do not do so in relation to the same shares.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's registrar, Equiniti Limited (ID RA 19), by no later than 11.30 am on 22 July 2014. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which the Company's registrar is able to retrieve the message by inquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.
7. As at 5 June 2014, the latest practicable date prior to publication of this document, the Company's issued share capital comprised 1,708,947 Ordinary shares of £12.50 each with a total of 1,708,947 voting rights.
8. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules.
9. Information regarding the meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, www.patplc.co.uk.
10. Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
    (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (b) the answer has already been given on a website in the form of an answer to a question; *or*
    (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
12. The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the auditors) setting out any matter relating to the audit of the Company's accounts, including the auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5 per cent. of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the sender's full name and address and be sent to the Company's registered address at 10 St Colme Street, Edinburgh EH3 6AA.
13. The letters of appointment of the non-executive Directors and the service contract of the executive Director will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice and at the location of the meeting for at least 15 minutes prior to the meeting and during the meeting.
14. Members meeting the threshold requirements set out in the Companies Act 2006 have the right (a) to require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Companies Act 2006; and/or (b) to include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Companies Act 2006.

Personal Assets Trust PLC, 10 St Colme Street, Edinburgh EH3 6AA.
Shareholder Telephone: 0131 538 6605. Website: www.patplc.co.uk