PERSONAL ASSETS TRUST PLC

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2010

Corporate Information

Board of Directors

Hamish Buchan (Chairman)
Robin Angus
Martin Hamilton-Sharp
Gordon Neilly
Stuart Paul
Frank Rushbrook

Executive Office

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

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Shareholder Information

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Investment Adviser

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Custodian Bankers

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Solicitors

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Company Secretary

Steven Davidson ACIS
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Registrars

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Investment Plan Administration

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Registered Office

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Because we are proposing changes to the Articles of Association we are required to include the statement below.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all of your Ordinary Shares in Personal Assets Trust PLC, please forward this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

KEY FEATURES

(ALL FIGURES AS AT 30 APRIL)

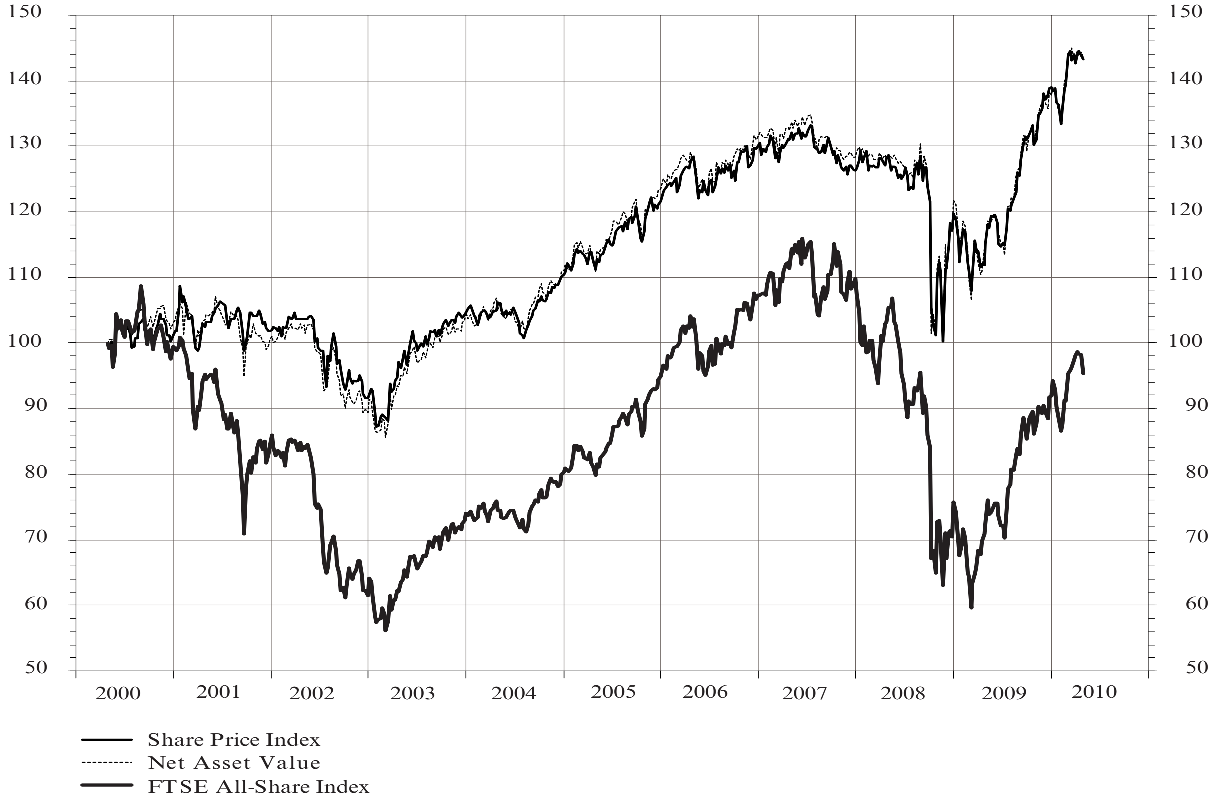
	2010	2009	2007	2005	2000
Market Capitalisation	**£236.0m**	£173.6m	£193.4m	£152.2m	£74.6m
Shareholders' Funds	**£233.8m**	£171.1m	£192.4m	£149.8m	£73.8m
Shares Outstanding	**815,281**	745,231	726,921	677,185	369,121
Effective Liquidity	**34.5%**(1)	29.9%(2)	50.7%	35.3%	45.3%
Share Price	**£289.50**	£233.00	£266.00	£224.75	£202.00
NAV per Share	**£286.75**	£229.64	£264.70	£221.26	£199.80
FTSE All-Share Index	**2,863.35**	2,173.06	3,355.60	2,397.05	3,001.92
Premium to NAV	**1.0%**	1.5%	0.5%	1.6%	1.1%
Earnings per Share	**£4.61**	£5.34	£4.95	£3.41	£2.98
Dividend per Share	**£5.20**	£5.00	£4.10	£3.40	£2.62½

(1) Includes holding in Gold Bullion Securities of 9.7%.
(2) Includes holding in Gold Bullion Securities of 5.8%.

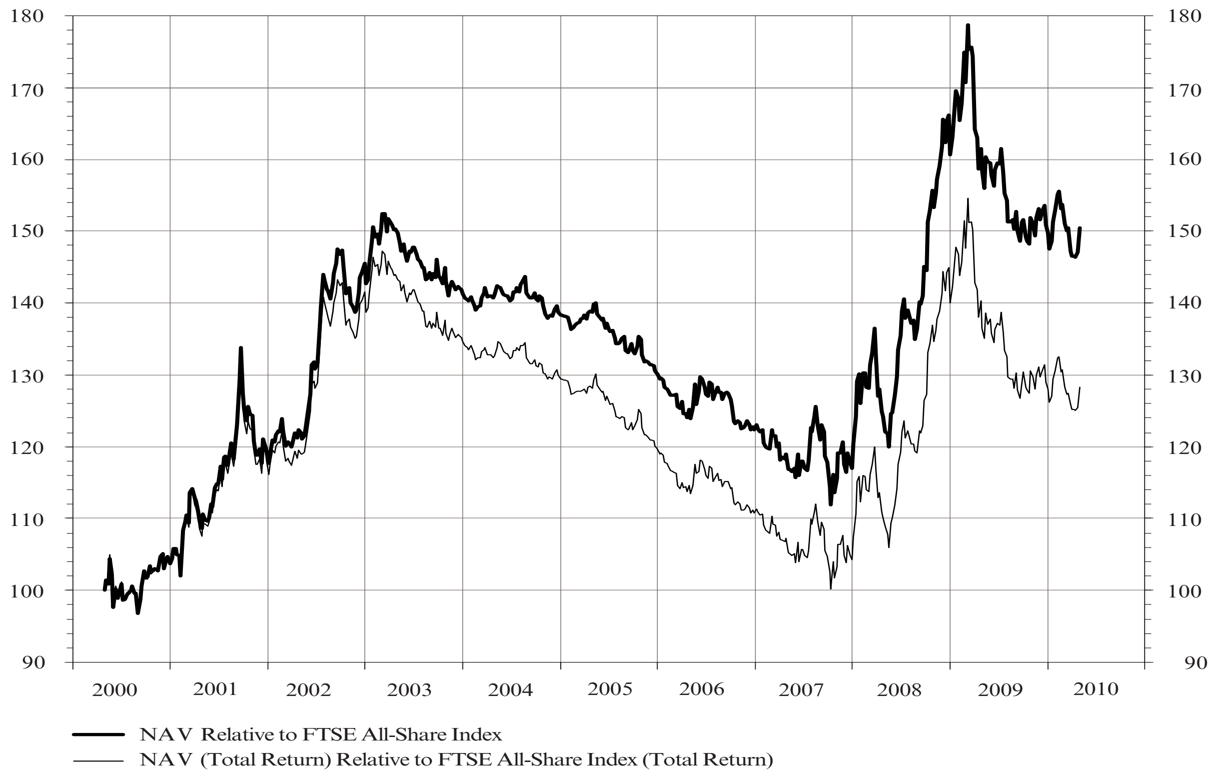
	Percentage Changes			
	1 Year	**3 Years**	**5 Years**	**10 Years**
Market Capitalisation	35.9	22.0	55.1	216.3
Shareholders' Funds	36.6	21.5	56.1	216.8
Shares Outstanding	9.4	12.2	20.4	120.9
Share Price	24.2	8.8	28.8	43.3
NAV per Share	24.9	8.3	29.6	43.5
FTSE All-Share Index	31.8	(14.7)	19.4	(4.6)
Share Price Total Return	26.6	15.2	41.7	70.1
NAV per Share Total Return	27.2	14.8	42.7	69.7
FTSE All-Share Total Return	36.6	(4.4)	42.5	32.3
Share Price relative to FTSE All-Share Index	(5.7)	27.5	7.8	50.2
NAV relative to FTSE All-Share Index	(5.2)	27.0	8.5	50.4
Share Price Total Return relative to FTSE All-Share Index Total Return	(7.3)	20.5	(0.6)	28.6
NAV Total Return relative to FTSE All-Share Index Total Return	(6.9)	20.1	0.1	28.3
Dividend Growth	4.0	26.8	52.9	98.1
Inflation (RPI)	5.3	8.5	16.3	31.0
Inflation (CPI)	3.7	9.3	14.5	22.9

PERFORMANCE 2000-2010

Share Price and NAV in £ versus FTSE All-Share Index



Performance Relative to FTSE All-Share Index



CHAIRMAN'S STATEMENT

This is my first Chairman's Statement since taking office after the Annual General Meeting (''AGM'') last year and I want to begin by paying tribute to Bobby White, my predecessor. When he became Chairman in 1994 Personal Assets (''PAT'') was a £13 million company with a share price of £87, paying an annual dividend of £2 per share. At our 30 April 2010 year end PAT was a £236 million company with a share price of £289½, paying dividends at an annual rate of £5.30 per share. Such progress speaks for itself and we owe Bobby a great deal, not only for his sure hand and lightness of touch over a happy and highly successful fifteen years in office but also for his dedicated and skilful leadership following Ian Rushbrook's untimely death in October 2008, when during a turbulent and sometimes terrifying period for world stock markets he co-ordinated the running of the Company on a day to day basis while guiding our search for a new Investment Adviser. It is also my pleasure to follow Bobby in his last Statement in welcoming two new Directors, Frank Rushbrook and Stuart Paul, who joined the Board immediately after the AGM last July and have already proved invaluable as colleagues.

Sebastian Lyon of Troy Asset Management (''Troy''), our Investment Adviser, discusses our performance in detail in his report on pages 6 and 7. To avoid repetition I shall simply record here (in keeping with our practice for the last two decades of measuring our performance not over single years but over rolling three year periods) that over the three years to 30 April 2010, while the FTSE All-Share Index (the ''All-Share'') fell by 14.7%, our share price and NAV rose by 8.8% and 8.3% respectively, an outperformance in share price terms of 27.5%, or the equivalent of 8.4% annually. The Board is grateful both to the late Ian Rushbrook, who managed the portfolio for the first half of the period until his death on 12 October 2008, and to Sebastian and Troy for what we believe to be a very satisfactory result.

You will notice some modest changes to the Report & Accounts this year. One of these is that we pay greater attention to total return in the performance charts and tables. In the past we tended to look at capital return and dividend growth in isolation, but the Board felt that shareholders would get a clearer picture of our overall progress if we considered total return as well. This does, of course, raise the performance hurdle for us. We have been used to looking principally at capital return, overlooking the fact that the UK equity market yields, at the time of writing, roughly twice what PAT does. I am pleased to be able to report, therefore, that over the three years to 30 April 2010 we have still outperformed the All-Share by a healthy amount, our share price total return being 15.2% compared to the All-Share's loss of 4.4%. This is a 20.5% outperformance over the three year period, equivalent to an annual rate of 6.4%.

The other element of total return is income. Our dividend rose during the year from £5.00 to £5.20, an increase of 4.0%, and there are two points to which I should like to draw your attention here. The first is that, for the first time since 1991, our earnings per share were lower than our dividend (£4.61 compared to £5.20). The shortfall reflected the non income bearing nature of our gold bullion holdings, the unprecedentedly low rates of interest on cash and deposits, the effect of our 9.4% increase in equity capital through the issue of new shares at different times during the year, and the one-off effect of bringing in house our secretarial and administration services. In subsequent years I would expect our dividends to be increasingly covered by earnings and we also intend to re-examine our policy of charging all our investment advisory fees to revenue rather than apportioning them between revenue and capital, as was our practice prior to 2006. We therefore did not hesitate in this transitional year to make a transfer of £0.63 per share from revenue reserve, which, following the transfer, still stood at the healthy figure of £3.96 per share, or 75% of a full year's dividend at the current annual rate of £5.30 per share (twice the last half-yearly dividend of £2.65 per share paid on 16 April 2010).

The second point concerns this year's rate of increase in the dividend. As stated on page 12, in the section headed Dividend Policy in the *Business Review for the Year to 30 April 2010*, it is the Directors' intention that the dividend paid by the Company will continue to grow in real terms relative to both the Retail Price Index (''RPI'') and the Consumer Price Index (''CPI''). As you will see from *Key Features* on page 2, PAT's dividend for the year to 30 April 2010 rose by only 4.0% compared to the RPI's 5.3%. The RPI's dismaying April figure was announced after our dividend had been declared and paid, but even had it been announced before this we would not have thought it either necessary or prudent to declare an increase of 5.3% for the year.

CHAIRMAN'S STATEMENT (CONTINUED)

Our aim is to increase the dividend at a rate higher than the RPI and the CPI not necessarily in each individual year but over rolling three year periods, as we do when measuring capital growth and total return. Over the three years to 30 April 2010 our dividend has grown by 26.8% compared to the RPI's 8.5% and the CPI's 9.3%, and while it is unlikely that our dividend will continue to outstrip inflation at this rate it is our intention, barring extreme circumstances, to continue to increase the real value of the dividend over the long term.

This has been the first full year of working with our new Investment Adviser and it has proved a happy and productive experience. When he spoke at PAT's Annual General Meeting ("AGM") in July 2009, Sebastian stressed that in trying to follow in Ian Rushbrook's footsteps his approach, with the Board's encouragement, would be *'evolution, not revolution'*. This is what we have seen in practice over the past twelve months. We have restated our investment policy in order to make it clearer and more succinct (see the section headed Investment Policy on pages 11 and 12 in the *Business Review for the Year to 30 April 2010*) but what we wrote in previous years about our investment approach still holds true. Our equity portfolio is usually concentrated in a short list of stocks and turnover tends to be low. In managing PAT we concentrate on decisions that will have an appreciable effect on our NAV. First in order of importance come decisions about the attractiveness or otherwise (relative to cash) of the markets in which we invest and about the sectors we favour within equity markets. Stock selection complements these decisions.

Compared to recent years you will notice this year an increased emphasis on individual stocks rather than on investment through the use of FTSE 100 Futures. This represents something of a return to PAT's roots following a tumultuous decade for world markets and the world financial system during which the Board thought it necessary to concentrate on macro economic factors and on movements in markets as a whole. While we intend to continue to use FTSE 100 Futures to vary our percentage equity exposure from time to time, we have been building a solid core portfolio of equities which will not only offer scope for steady capital appreciation but also produce a growing stream of income.

From time to time we review Directors' fees, taking external advice where appropriate, and details are shown in the *Directors' Remuneration Report* on page 19. Resolution 9 at the AGM, which is explained in the *Directors' Report* on page 16, provides for what we believe to be a necessary increase in the maximum aggregate sum the Directors are entitled to receive as remuneration.

Discussions are still taking place on the European Union's ("EU") proposed Alternative Investment Fund Managers ("AIFM") Directive, which is likely to have adverse implications for investment trusts in a number of ways referred to in Quarterly 55 (November 2009). Some form of AIFM Directive is a political certainty and the inevitable consequence of this for the UK investment trust sector will be increased cost and red tape. A decision from the EU on the Directive is expected later in the year, but much will then depend on how the UK authorities decide to implement it. We support the Association of Investment Companies ("AIC") as it continues to work to try to ensure that the adverse effects of the Directive on UK investment trusts are kept to a minimum.

Here in Britain we have the first peacetime coalition government since 1931 at a time when the public finances are in a deplorable condition. In his report on pages 6 and 7 Sebastian comments in detail on the economic, political and fiscal outlook, which is very far from favourable. It is sad to think that the apology from the retiring Chief Secretary to the Treasury to his successor that *"there's no money left"* is unsurpassed among recent political pronouncements for its frankness and truthfulness.

I referred earlier to change. One thing we shall not change is our practice of holding our AGM in Edinburgh, which we believe to be appropriate given both our history and the fact that we are a Scottish-registered company. In order to try to get the best of both worlds, however, in January this year we for the first time held a meeting for shareholders in London. This drew an attendance of nearly 200 and proved so popular that we have decided to make it an annual event. Details of next year's will be announced on PAT's website, www.patplc.co.uk.

Hamish Buchan

INVESTMENT ADVISER'S REPORT

Given that our investment policy is to protect and increase *(in that order)* the value of shareholders' funds per share over the long term, Personal Assets Trust ("PAT") had the sort of year one would expect when markets rise strongly and (we believe) unjustifiably. Over the year to 30 April 2010 our share price and net asset value per share ("NAV") increased by 24.2% and 24.9% respectively (because of our discount and premium control policy they will always move in lock step), but they lagged well behind the 31.8% rise in our comparator, the FTSE All-Share Index (the "All-Share"). Our NAV total return was 27.2% compared to the All-Share's 36.6%.

The contrast with our performance over the year to 30 April 2009, when markets fell and our share price and NAV dropped by only 9.8% and 10.8% respectively compared to the All-Share's 29.9%, is revealing. As a general rule, PAT will tend to outperform during sharply falling markets and underperform during sharply rising ones. This sometimes brings short term disappointments but the long term soundness of our approach is demonstrated by the ten years from 30 April 2000, when stock markets peaked and the secular bear market began. Over that period PAT's NAV is up by 43.5% against our comparator's fall of 4.6%, an outperformance of 50.4%, and in NAV total return terms we rose by 69.7% over ten years compared to the All-Share's 32.3%, an outperformance of 28.3% (equivalent to an annual rate of 2.5%).

The rally in equities over the past year was based on financial illusion. It was fuelled not by a strong rebound in profits or the economy but by concerted and aggressive state intervention. This took the form of the creation of free money through central banks' zero interest rate policy combined with blatant printing of still more money (euphemistically labelled *'Quantitative Easing'*). The UK and the US started this policy in early 2009 and the European Central Bank has become their partner in folly. Investors now find themselves in a *'phoney world'* in which the compass no longer works and all asset prices are distorted, whether bonds, stocks, property or commodities. Savers are being strangled by derisory returns on cash and are effectively being coerced into taking more risk in order to generate any level of income at all. Money, as a store of value, is losing its meaning.

Since 2007, the world has lurched from one financial crisis to the next. However, no-one in authority has yet been prepared publicly to acknowledge and then tackle the common factor – too much debt. Governments are trying to solve the problem with even more debt, but doping up the addict with ever more potent drugs is unlikely to have a happy ending. It is clear that the dope is having an ever diminishing effect even as a palliative, while nothing whatsoever is being done to tackle the underlying disease.

A year ago we highlighted the unprecedented fiscal stimulus being applied to the global economy to try to keep it moving. In the case of the UK, the boost has resulted in a recovery so anæmic as to be pitiful. The response of governments to the credit crisis of 2008 was to transfer debts from the private sector to the state. This has set the course for the next stage of the credit bust – within the government bond markets. Greece may be an economic basket case after its prolonged borrowing spree and eccentric approach to probity in its public finances, but it is unlikely to be the last sovereign debt crisis. Countries that can print their currencies, like Britain or the United States, will make the choice of inflation over technical default. Greece and other European peripheral countries such as Portugal, Spain and Italy which are part of the Euro have no such option and face years of harsh austerity. The recent problems in Athens are merely a warning rumble of the thunderstorms to come. Financial crises are still ahead of us and will play havoc with markets in the coming years. Official interventions mask the reality but cannot be sustained. One cannot pay off one's overdraft by writing the bank cheque after cheque on the overdrawn account.

The UK government is spending £4 for every £3 raised in tax, while the United States spends almost $5 for every $3 raised. With debt to GDP threatening to reach 90% in the coming years, these economies face the prospect of a prolonged period of low growth and the possibility of higher inflation – what in the sordid 1970s was known as 'stagflation'. This, to put it mildly, is not a good combination for those seeking to preserve real wealth. In their book, ***This Time is Different: A Panoramic View of Eight Centuries of Financial Crises***, Princeton University Press, 2009, Carmen M Reinhart and Kenneth S Rogoff highlight that government debt at 60–90% of GDP is a tipping point. At that level, more state spending actually reduces growth. It will therefore be a challenge for the western economies to grow their way out of trouble. As debts increase, the struggle will feel like running up a down escalator.

INVESTMENT ADVISER'S REPORT (CONTINUED)

The ambiguous election result in the UK highlights the growth of the dependency culture in western economies. Labour's surprise recovery in the polls is a sad indication that the electorate demands a high standard of living without recognising that the productive part of the economy, which pays for it, is shrinking. People have got used to getting money from the state without realising that the state is not a benign third party with a bottomless purse but is merely the aggregate of the people themselves. One cannot go on stealing from oneself, or from one's children and grandchildren, indefinitely. Public spending is now running at 48% of GDP and public sector jobs account for 21% of total employment. The election result shows there is no consensus for the cuts to the bone required in public spending. Pressure is likely to remain on Sterling as a result. Over the year, we have increased PAT's overseas exposure and part of this is unhedged. It is also worth noting that the UK equity market is in itself much more diversified than most other equity markets, the companies in the FTSE 100 deriving a considerable percentage of their profits from overseas. Even if we held only FTSE 100 stocks in our portfolio, therefore, we would still be substantially diversified internationally.

It is unnerving to see so many investors justifying buying stocks on their relative value compared to returns available on cash *when there are no returns available on cash*. Ultimately, stocks are priced in relation not to cash but to long-dated bonds. Government bonds, traditionally low risk assets, nowadays look anything but safe. Higher yields, whether driven by inflation or default, are coming. As a result, we have steadily reduced our equity exposure through the year. It is easy for rising share prices to go to one's head, but with higher valuations comes greater risk. Equity markets have a tendency to rise steadily and fall sharply, often with no warning. Liquidity driven markets have an ability to run far further than fundamentals justify but they are always unsustainable. Mindful of our mandate '*to protect first*', we will always manage PAT with preservation of capital as our guiding principle.

During the period we increased PAT's exposure to gold bullion. In a world of monetary irresponsibility the yellow metal should be a cornerstone of a portfolio. During the recent Greek crisis, gold has performed quite differently from the way in which it performed in response to the fall of Lehman Brothers in 2008. Back then, gold fell along with other commodities and resources. This time it behaved more like a currency – like money that cannot be printed – and that is essentially what it is. While the Dollar has been appreciating this year, a US administration which has a policy of trying to expand exports and support jobs will want to see the Dollar depreciate. With Sterling and the Euro under pressure and the new socialist government in Japan wanting a weaker Yen, gold will be the ultimate winner in this ugly competition of leapfrog devaluations. Since PAT first purchased gold a year ago, the holding has played its historic rôle of preserving real wealth in a crisis.

Within this hostile environment, PAT has a bias towards high quality, cash generative companies with robust balance sheets, which will be able to pass on higher prices if and when inflation returns; and we continue to steer away from financials where solvency remains in doubt. Our portfolio as at 30 April 2010 is shown in full on page 8. Many of the companies held in the portfolio have broad international earnings and are not reliant on a robust global economy. Strong brands, critical in maintaining a competitive position, were highly desired by investors in the late 1990s. Yet blue chip companies such as Coca Cola, Colgate Palmolive, Johnson & Johnson and Nestlé are no longer rated at a premium. This has provided us with the chance to purchase exposure to their resilient earnings at valuations not seen for twenty years. These companies also have outstanding track records of returning cash to shareholders *via* dividends and share buybacks. In addition to our holdings of equities we intend to retain material levels of liquidity in US Treasury Inflation-Protected Securities ("TIPS") and gold bullion.

Once over the painful hurdle of sovereign crises, we will be able to continue our strategy of investing for the long term in stocks at attractive valuations with greater confidence of outstanding returns. Such aspirations are neatly summed up by Gerald Loeb, the famed American banker, investment commentator and contrarian once described in *Forbes* magazine as the most quoted man on Wall Street:

"*Profits can be made safely only when the opportunity is available and not just because they happen to be desired or needed . . . Willingness and ability to hold funds uninvested while awaiting real opportunities is a key to success in the battle for investment survival.*"

Sebastian Lyon

PORTFOLIO AS AT 30 APRIL 2010

Company	Country	Sector	Valuation 30 April 2010 £'000	Shareholders' funds %
US Treasury 1.375% 15/07/18	USA	Government Bond	72,152	30.9
Gold Bullion Securities	–	Gold	22,585	9.7
Royal Dutch Shell	UK	Oil & Gas Producer	15,405	6.6
Nestlé	Switz	Food Producer	12,096	5.2
Coca Cola	USA	Beverages	11,234	4.8
British American Tobacco	UK	Tobacco	10,578	4.5
Diageo	UK	Beverages	8,769	3.7
GlaxoSmithKline	UK	Pharmaceuticals	7,868	3.4
Tesco	UK	Food Retailer	7,534	3.2
Berkshire Hathaway "A"	USA	Insurance	7,233	3.1
US Treasury 0.5% 15/04/15	USA	Government Bond	6,952	3.0
Philip Morris International	USA	Tobacco	5,740	2.4
Sage	UK	Technology	5,667	2.4
Centrica	UK	Utility	5,156	2.2
Newcrest Mining	Aus	Mining	4,696	2.0
Johnson & Johnson	USA	Pharmaceuticals	4,620	2.0
Newmont Mining	USA	Mining	4,580	2.0
National Grid	UK	Utility	4,246	1.8
Colgate Palmolive	USA	Personal Products	4,118	1.8
Greggs	UK	Food	2,432	1.0
Capita	UK	Support Services	1,419	0.6
F&C UK Select Trust	UK	Investment Trusts	693	0.3
Total investments			**225,773**	**96.6**
Exposure to FTSE 100 *via* June 2010 Futures			29,190	12.5
Liability in relation to FTSE 100 *via* June 2010 Futures			(29,829)	(12.8)
Net current assets			8,651	3.7
Shareholders' funds			**233,785**	**100.0**

GEOGRAPHIC ANALYSIS AS AT 30 APRIL 2010

	Valuation 30 April 2010 £'000	Shareholders' funds %
UK equities	69,767	29.7
Exposure to FTSE 100 *via* June 2010 Futures	29,190	12.5
Total UK equity exposure	98,957	42.2
Liability in relation to FTSE 100 *via* June 2010 Futures	(29,829)	(12.8)
US equities	37,525	16.1
Swiss equities	12,096	5.2
Australian equities	4,696	2.0
Gold Bullion Securities	22,585	9.7
US Treasury Inflation-Protected Securities	79,104	33.9
Net current assets	8,651	3.7
Shareholders' funds	**233,785**	**100.0**

RECORD 1983-2010

Date 30 April	Share-holders' Funds £'000	Shares Out-standing	Net asset value per share (£)	Share Price (£)	Earnings per share (£)	Dividend per share (£)	Dividend Growth (%)	Inflation (RPI) %
1983 (Sept)	5,397	149,313	36.15	22				
1984	4,797	149,313	32.13	30	0.43	0.40		
1985	6,011	149,313	40.26	39	0.21	0.20		
1986	6,988	149,313	46.80	40	0.38	0.35		
1987	9,168	149,313	61.40	54	0.61	0.50		
1988	8,283	149,313	55.47	44	1.12	1.00		
1989	9,174	149,313	61.44	51	1.46	1.25[1]		
1990[2]	8,462	149,313	56.67	$39^{1}/_{2}$	1.09	1.00		
1991	9,006	149,313	60.32	$48^{1}/_{2}$	1.45	1.50	50.0	6.4
1992	10,589	149,313	70.92	66	1.67	1.60	6.7	4.3
1993	11,441	152,187	75.18	$81^{1}/_{2}$	2.52	1.80	12.5	1.3
1994	12,987	152,187	85.34	$89^{1}/_{2}$	2.12	1.95	8.3	2.6
1995	13,939	152,187	91.59	87	2.00	2.00	2.6	3.3
1996	19,473	169,173	115.11	$118^{1}/_{2}$	2.90	2.20	10.0	2.4
1997	27,865	208,114	133.89	$141^{1}/_{4}$	3.01	2.30	4.5	2.4
1998	48,702	270,250	180.21	$199^{1}/_{2}$	3.57	2.45	6.5	4.0
1999	65,200	323,966	201.26	$202^{1}/_{2}$	3.67	2.55	4.1	1.6
2000	73,751	369,121	199.80	202	2.98	$2.62^{1}/_{2}$	2.9	3.0
2001	78,000	376,750	207.03	$208^{1}/_{2}$	3.27	2.70	2.9	1.8
2002	92,430	454,472	203.38	$209^{1}/_{2}$	3.88	2.80	3.7	1.5
2003	104,324	559,925	186.32	$193^{3}/_{4}$	3.40	2.90	3.6	3.1
2004	134,770	641,253	210.17	$214^{1}/_{2}$	3.98	3.10	6.9	2.5
2005	149,834	677,185	221.26	$224^{3}/_{4}$	3.41	3.40	9.7	3.2
2006	189,351	739,234	256.14	$259^{1}/_{4}$	3.78	3.70	8.8	2.6
2007	192,416	726,921	264.70	266	4.95	4.10	10.8	4.5
2008	188,664	733,051	257.37	$258^{1}/_{4}$	5.59	4.60	12.2	4.2
2009	171,132	745,231	229.64	233	5.34	5.00	8.7	(1.2)
2010	**233,785**	**815,281**	**286.75**	**$289^{1}/_{2}$**	**4.61**	**5.20**	**4.0**	**5.3**

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

[1] Includes special dividend of £0.25 per share.

[2] Personal Assets 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.

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: Aberforth Smaller Companies; JPMorgan American (Chairman); Scottish Investment Trust; Standard Life European Private Equity; Templeton Emerging Markets.

Robin Angus

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

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.

Martin Hamilton-Sharp

Joined the Board as a non-executive Director in 1990.

For over 20 years he was responsible for managing Equitable Life Assurance Society's substantial investment trust portfolio. He later served as a director of Jupiter Asset Management.

Other Trust Directorships: None.

Gordon Neilly

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

Managing Director, Corporate Finance of Canaccord Genuity, with responsibility for general financials and investment companies. He was previously Chief Executive of Intelli Corporate Finance and Finance and Business Development Director of Ivory & Sime. He was Company Secretary of Personal Assets for 10 years and has considerable experience and knowledge of investment trusts.

Other Trust Directorships: INVESCO Leveraged High Yield Fund.

Stuart Paul

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

Joint Managing Partner of the Asia Pacific Emerging Markets equity team at First State Investments and has a wide knowledge of international markets.

Other Trust Directorships: None

Frank Rushbrook

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

Associate Director of the Continental European Small Cap team at F&C Asset Management plc and co-manages European Assets Trust NV.

Other Trust Directorships: None

BUSINESS REVIEW FOR THE YEAR TO 30 APRIL 2010

INTRODUCTION

The review 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 1159 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 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 Growth Sector.

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

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. 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. Under the terms of the Investment Advisory Agreement between the Company and Troy, certain key matters have been expressly reserved to the Board (as explained further on page 36, in note 3 to the Accounts).

The Directors, Sebastian Lyon and their respective families have substantial shareholdings in the Company (worth in aggregate £5.5 million as at 2 June 2010) 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 4–7.

INVESTMENT POLICY

The Company's investment policy is to protect and increase (*in that order*) the value of shareholders' funds per share over the long term and to earn as high a total return as is compatible with a risk equivalent to that of the FTSE All-Share Index. Since Personal Assets invests for the long term, the Board assesses performance not annually at the end of each accounting year but over rolling three-year periods.

The Company's equity portfolio is usually concentrated in a short list of stocks and turnover tends to be low. There are no predefined maximum or minimum exposure levels for asset classes but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. No holding in an individual company will represent more than 15% by value of the Company's investments at the time of acquisition.

The Company's portfolio will have a high UK content. Depending on circumstances, however, the Company may want to hold investments overseas, typically in the United States. While the Company invests predominantly in the UK, overseas exposure for the Company may range between 50% of total assets and zero. The Company is prepared to make use of both gearing and liquidity, the former by using either short-term borrowed funds or (*more likely*) derivatives such as FTSE 100 Futures. When it believes markets to be overvalued, the Company may either hold part of its resources in cash or short term fixed interest securities, or use such derivatives as a way of reducing its equity exposure. The Company's gearing will not exceed 50% of shareholders' funds. In exceptional circumstances, the Company's liquidity could be as high as 100% of shareholders' funds. These limits would not be exceeded without shareholder approval.

The Company may from time to time hold fixed interest or index-linked securities and make use of currency hedging. The Company may also invest in other investment trusts, especially as a way of gaining exposure to a geographical or industrial area in which the Company preferred not to invest directly. The Company's policy is not to invest more than 15% of its gross assets in other investment trusts and other listed investment companies.

An analysis of the investment portfolio as at 30 April 2010 can be found on page 8.

DIVIDEND POLICY

The Company aims to pay as high, secure and sustainable a dividend as is compatible with maintaining its investment flexibility. In accordance with their existing policy, the Directors intend to pay dividends in April and October of each year. It is the Directors' intention that the dividend paid by the Company will continue to grow in real terms relative to both the Retail Price Index and the Consumer Price Index and it is the Directors' policy never to cut the dividend rate, so shareholders know that each half-yearly payment will at least equal the previous one.

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 the 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.

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.

BUSINESS REVIEW FOR THE YEAR TO 30 APRIL 2010 (CONTINUED)

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 1159 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 33–46.

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 page 23.

PERFORMANCE

The Board assesses its performance in meeting the Company's objective against the following Key Performance Indicators:

- Net asset value per share and share price against the FTSE All-Share Index over a rolling three-year period whilst aiming to protect and increase *(in that order)* the value of shareholders' funds per share in accordance with the Company's investment objective.
- Dividend policy against the Retail Price Index and the Consumer Price Index.
- Discount and premium control policy.

By Order of the Board

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

4 June 2010

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 2010.

ACTIVITIES AND BUSINESS REVIEW

A review of the Company's activities and a business review 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 Business Review 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 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 the Inland Revenue up to 30 April 2009. Subsequently the Company's affairs have been conducted so as to enable it to continue to seek such approval. The Company will continue to seek approval under section 1159 of the Corporation Taxes Act 2010 each year.

The Company has a wholly owned subsidiary, incorporated in Scotland: Personal Assets Trust Administration Company Limited, a secretarial and administration company.

CAPITAL STRUCTURE

As at 30 April 2010 there were 815,281 Ordinary shares of £12.50 each in issue.

During the year the Company issued 5,645 shares from Treasury for proceeds of £1,349,000 and 64,405 shares from its block listings for proceeds of £17,295,000 before issue costs of £44,000.

The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of interim and second interim 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 28.

	Group £'000
Revenue available for dividends	3,600
Distributed as dividends:	
First interim dividend (£2.55 per share) paid on 22 October 2009	(1,964)
Second interim dividend (£2.65 per share) paid on 16 April 2010	(2,150)
Amount transferred from revenue reserve (£0.63 per share)	514

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.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The Directors at the end of the year and their interests in the shares of the Company at 30 April 2010 and 30 April 2009 were as follows:

Director	Interest	2010	2009
Hamish Buchan (Chairman)	Beneficial	**453**	445
Robin Angus	Beneficial	**2,715**	2,646
Martin Hamilton-Sharp	Beneficial	**2,218**	1,892
Gordon Neilly	Beneficial	**198**	195
Stuart Paul	Beneficial	**209**	192(1)
Frank Rushbrook	Beneficial	**12,034(2)**	2,340(1)

(1) Interest in the shares of the Company at date of appointment on 16 July 2009.

(2) Includes 9,660 shares received from the estate of his late father, Ian Rushbrook.

Since 30 April 2010, Mr Angus has acquired a beneficial interest in an additional 3 shares, Mr Hamilton-Sharp in an additional 72 shares and Mr Paul in an additional 17 shares. There have been no other changes in the above holdings between 30 April 2010 and 4 June 2010.

INVESTMENT ADVISER

Troy Asset Management Limited ("Troy") provides investment advisory services to the Company. A summary of the advisory agreement between the Company and Troy in respect of those services is provided on page 36, in note 3 to the Accounts.

During the year the Board has reviewed the appropriateness of the 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 Adviser.

Following this review the Directors are satisfied with the 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 4 June 2010 Sebastian Lyon held interests in 1,413 shares of the Company.

SUBSTANTIAL INTERESTS

As at 4 June 2010 the following holdings representing (directly or indirectly) 3% or more of the voting rights attaching to the issued share capital of the Company have been disclosed to the Company:

Substantial Holders	Shares Held	Percentage
Personal Assets Trust ISA	199,248	24.2
Personal Assets Trust Investment Plan	127,430	15.5
Rushbrook Family Holding	55,372	6.7
Legal & General	29,162	3.5

FINANCIAL INSTRUMENTS

Information on the Company's financial instruments can be found in the Business Review for the Year to 30 April 2010 on pages 11–13 and in the Notes to the Accounts on pages 33-46.

PRINCIPAL RISKS AND RISK MANAGEMENT

Information on the principal risks to shareholders and management of these risks can be found in the Business Review for the Year to 30 April 2010 on pages 11-13.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INDEMNITY

The Company's Articles of Association entitle any Director or other 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.

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

Annual Report and Accounts

Resolutions 1 and 2 are, respectively, to receive the Annual Report and Accounts for the year to 30 April 2010 and to approve the Directors' Remuneration Report contained therein.

Directors

Resolutions 3, 4 and 5 are, respectively, to re-elect Hamish Buchan, Martin Hamilton-Sharp and Gordon Neilly, all of whom retire annually.

Resolutions 6 and 7 are, respectively, to re-appoint Stuart Paul and Frank Rushbrook, who, having been appointed as Directors on 16 July 2009, retire at the first Annual General Meeting following their appointment to the Board.

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-appointment and 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.

Resolution 9 is to set the maximum aggregate sum the Directors would be entitled to receive as remuneration for their services at £175,000 (currently £100,000). Directors' fees have recently been reviewed and, for the year to 30 April 2011, would slightly exceed the £100,000 currently authorised. The excess over current fees will be available for the appointment of additional Directors or increases in fees in future years.

Auditors

Resolution 10 is to re-appoint Ernst & Young LLP as auditors and fix their remuneration.

Authority to Issue Shares

During the year the Company held an Extraordinary General Meeting ("EGM") to renew the Board's authority to issue further shares and issued a Prospectus to allow the Company to continue its policy of issuing shares at a small premium to net asset value where the market allows.

The authority granted at the EGM expires at the conclusion of the Annual General Meeting to be held on 22 July 2010. In order to meet the continuing demand for shares, two resolutions will be proposed.

Resolution 11 is to authorise the Directors to issue new shares up to an aggregate nominal amount of £1,026,125, being 9.99% of the total issued shares as at 4 June 2010.

Resolution 12 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 £1,026,125, being 9.99% of the total issued shares as at 4 June 2010, 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 11 and 12 will continue in effect until 31 October 2011, or, if earlier, the conclusion of the Company's Annual General Meeting in 2011.

The Directors issue new shares only when they believe it is advantageous to the Company's shareholders to do so and 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 did not acquire any shares to be held in Treasury and re-issued 5,645 Ordinary shares from Treasury for a total consideration of £1,349,000, representing 0.8% of the Ordinary shares in issue at the previous year end. The Company's current authority to make market purchases of up to 14.99% of the issued Ordinary shares expires at the end of the Annual General Meeting.

Resolution 13 is to renew the authority for a further period until the Company's Annual General Meeting in 2011. 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 5% above the average of the middle market quotations of those shares for the five business days before the shares are purchased. The authority, which may be used to buy back shares either for cancellation or (subject to statutory limits) 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.

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 3 June 2009 the Company had re-sold all of its Ordinary shares in Treasury and has not acquired any shares to be held in Treasury since this date.

Resolutions 12 and 13 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 only be sold 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% to the middle market price of the shares at the time of sale.

Amendments to Articles of Association

Resolution 14 proposes to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Articles") to take account of the implementation of the last parts of the Companies Act 2006 (the "2006 Act"), the Companies (Shareholders Rights) Regulations (the "Regulations") 2009 and best practice in respect of, amongst other things, the Company's authorised share capital and its Memorandum of Association. The Companies Act 1985 was, for all practical purposes, repealed on 1 October 2009.

DIRECTORS' REPORT (CONTINUED)

A copy of the New Articles will be available for inspection at Royal London House, 22/25 Finsbury Square, London EC2A 1DX during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the Annual General Meeting ("AGM") until the conclusion of the AGM and on the date of the AGM at the AGM from 15 minutes prior to the AGM until the conclusion of the AGM.

A summary of the material changes proposed to be brought about by the adoption of the New Articles is set out in the Appendix to this document.

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

4 June 2010

DIRECTORS' REMUNERATION REPORT

POLICY ON DIRECTORS' REMUNERATION

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.

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

Directors do not receive any pension benefits, share options, long-term incentive schemes or other benefits. The Remuneration Committee comprises Hamish Buchan, Martin Hamilton-Sharp and Gordon Neilly. The Remuneration Committee meets at least annually to review the Directors' fees, employees' salaries and the remuneration paid to the Investment Adviser.

DIRECTORS' FEES

Following review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts, which had remained unchanged since 2007, should be increased for the forthcoming year. Therefore, with effect from 1 May 2010, the Chairman's fee was increased to £30,000 (previously £24,000) and the Directors' fees were increased to £15,000 (previously £12,000) per annum.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Robin Angus has a rolling twelve month contract of employment, signed in November 2002. His salary was paid under the Investment Management Fee until 12 October 2008, after which his salary was paid directly by the Company. The salary paid to Mr Angus was increased to £190,000 with effect from 1 May 2010, the increase in his salary equalling the Director's fee payable to the other Directors (with the exception of the Chairman) in respect of the financial year ending 30 April 2011. Mr Angus will not receive a separate Director's fee in respect of the year ending 30 April 2011. In the event of termination of his contract, the Company would incur a liability for 12 months' salary.

Until Ian Rushbrook's death on 12 October 2008, investment management services were provided by Mr Rushbrook to the Company under a rolling twelve-month contract of employment signed in July 1990. The contract covered the costs of salaries of the Company's employees (including its two executive Directors), the provision of office premises and equipment and the provision of company secretarial and administration services.

DIRECTORS' REMUNERATION FOR THE YEAR (AUDITED)

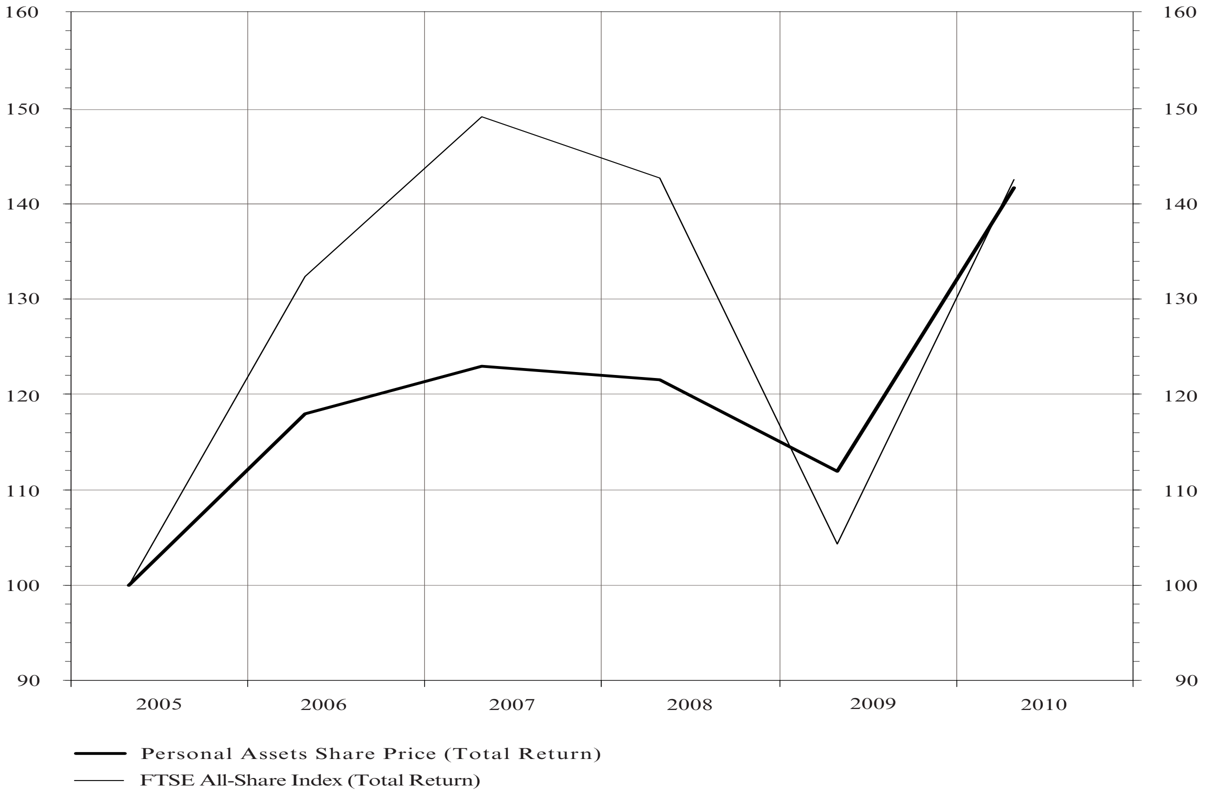
	Year ended 30 April 2010		Year ended 30 April 2009	
Directors	**Fees**	**Salaries**	Fees	Salaries
Hamish Buchan (Chairman)	**£21,516**	**–**	£12,000	–
Robin Angus	**£12,000**	**£175,000**	£12,000	£175,000
Martin Hamilton-Sharp	**£12,000**	**–**	£12,000	–
Stuart Paul	**£9,516**	**–**	–	–
Gordon Neilly(1)	**£12,000**	**–**	£22,000	–
Frank Rushbrook	**£9,516**	**–**	–	–
Ian Rushbrook(2)	**–**	**–**	£6,000	£596,000
Robert White (former Chairman)	**£5,032**	**–**	£24,000	–
Total	**£81,580**	**£175,000**	£88,000	£771,000

(1) In the year ended 30 April 2009 the Board approved the payment of an additional £10,000 to Gordon Neilly in acknowledgement of his efforts leading to the appointment of Troy as Investment Adviser.

(2) Details of the terms of remuneration paid to Ian Rushbrook can be found in the Notes to the Accounts on pages 36 and 37.

Company Performance

The graph below compares, for the five financial years ended 30 April 2010, 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 2010 is given in the Chairman's Statement and Investment Adviser's Report on pages 4–7.



On behalf of the Board

Hamish N Buchan
Chairman

4 June 2010

CORPORATE GOVERNANCE

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 Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council (the "Combined Code"), as well as setting out additional principles and recommendations which are of specific relevance to investment trusts.

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

The Company has complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the Combined 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.3.3 of the Combined Code.

The Board does not consider it appropriate for Directors to be appointed for a specific term as recommended by principle 3 of the AIC Code and provision A.7.2 of the Combined Code. However, the Board has decided that each Director will retire annually and, if appropriate, stand for re-election.

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. Martin Hamilton-Sharp 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.

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
Robin Angus	18 May 1984	AGM 2010
Hamish Buchan (Chairman)	5 July 2001	AGM 2010
Martin Hamilton-Sharp	16 November 1990	AGM 2010
Gordon Neilly	30 April 1997	AGM 2010
Stuart Paul	16 July 2009	AGM 2010
Frank Rushbrook	16 July 2009	AGM 2010

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.

During the year there were eight Board meetings, each of which was attended by all of the Directors. 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.

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.

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.

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 provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Board.

The Audit Committee, chaired by Stuart Paul and comprising Mr Paul, Martin Hamilton-Sharp, 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 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. Fees for these services amounted to £4,000 for the year ended 30 April 2010 (2009: £8,000) and related to the provision of taxation services. Notwithstanding such services the Board considers Ernst & Young LLP to be independent of the Company.

The Nomination Committee, chaired by Hamish Buchan and comprising Mr Buchan, Stuart Paul and Frank Rushbrook, considers the appointment of new Directors. The Nomination Committee meets at least annually.

The Remuneration Committee, chaired by Hamish Buchan and comprising Mr Buchan, Martin Hamilton-Sharp and Gordon Neilly, 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.

During the year the performance of the Board, the Audit Committee, the Nominations 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.

F&C Investment Business Limited ("F&C") provided secretarial and other corporate services to the Company until 31 March 2010. With effect from 1 April 2010, all secretarial and administrative services are now provided by the Company's own Executive Office.

CORPORATE GOVERNANCE (CONTINUED)

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.

Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, 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 last 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.

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.

After making inquiries, and bearing in mind the nature of the Group's business and assets, which are considered to be readily realisable if required, the Directors believe 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

4 June 2010

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 adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 IFRS 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 Business Review), 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 website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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 IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company 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 Company 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

4 June 2010

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 2010 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity 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 (''IFRSs'') as adopted by the European Union 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 Statement of Directors' Responsibilities set out on pages 24 and 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 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 (''APB'') 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 Group's and the Parent 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2010 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; *and*

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

- the information given in the Corporate Governance Statement set out on pages 21–23 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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; *or*

- a Corporate Governance Statement has not been prepared by the Group.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 23, in relation to going concern; *and*

- the part of the Corporate Governance Statement on pages 21–23 relating to the Group's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Edinburgh
Ratan Engineer (Senior Statutory Auditor)

4 June 2010

For and on behalf of Ernst & Young LLP, Statutory Auditor

GROUP INCOME STATEMENT

		Year ended 30 April 2010			Year ended 30 April 2009		
		Revenue return	**Capital return**	**Total**	Revenue return	Capital return	Total
	Notes	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Investment income	2	**6,181**	**–**	**6,181**	5,164	–	5,164
Other operating income	2	**73**	**–**	**73**	491	–	491
Gains on investments held at fair value through profit or loss	9	**–**	**31,279**	**31,279**	–	3,728	3,728
Gains on derivatives held at fair value through profit or loss		**–**	**10,946**	**10,946**	–	1,911	1,911
Foreign exchange gains/(losses)	15	**–**	**2,342**	**2,342**	–	(26,359)	(26,359)
Total income		**6,254**	**44,567**	**50,821**	5,655	(20,720)	(15,065)
Expenses	3	**(2,413)**	**–**	**(2,413)**	(1,759)	–	(1,759)
Profit/(loss) before taxation		**3,841**	**44,567**	**48,408**	3,896	(20,720)	(16,824)
Taxation	5, 6	**(241)**	**–**	**(241)**	–	–	–
Profit/(loss) for the year		**3,600**	**44,567**	**48,167**	3,896	(20,720)	(16,824)
Earnings per share	8	**£4.61**	**£57.12**	**£61.73**	£5.34	(£28.43)	(£23.09)

The Group does not have any income or expense that is not included in the profit for the year. Accordingly, the "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 Company's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRS").

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	**2010**	2009
Dividends per share	**£5.20**	£5.00
	£'000	£'000
First interim dividend of £2.55 per share (2009: £2.50 per share)	**1,964**	1,849
Second interim dividend of £2.65 per share (2009: £2.50 per share)	**2,150**	1,824
	4,114	3,673

The accounting policies on pages 33-35 and the Notes to the Accounts on pages 35–46 form part of these accounts

BALANCE SHEETS

	Notes	**Group 30 April 2010 £'000**	**Company 30 April 2010 £'000**	Group 30 April 2009 £'000	Company 30 April 2009 £'000
Non current assets					
Investments held at fair value through profit or loss	9	**225,773**	**225,788**	158,183	158,183
Current assets					
Financial assets	10	**–**	**–**	3,418	3,418
Other receivables	10	**2,849**	**2,849**	1,621	1,621
Cash and cash equivalents		**6,391**	**6,381**	8,202	8,202
Total assets		**235,013**	**235,018**	171,424	171,424
Current liabilities					
Financial liabilities	11	**(639)**	**(639)**	–	–
Other payables	11	**(589)**	**(594)**	(292)	(292)
Net assets		**233,785**	**233,785**	171,132	171,132
Capital and reserves					
Ordinary share capital	12	**10,191**	**10,191**	9,386	9,386
Share premium		**103,607**	**103,607**	87,224	87,224
Capital redemption reserve		**219**	**219**	219	219
Special reserve		**22,517**	**22,517**	22,517	22,517
Treasury share reserve		**–**	**–**	(1,346)	(1,346)
Other capital reserves		**94,024**	**94,029**	49,457	49,457
Revenue reserve		**3,227**	**3,222**	3,675	3,675
Total equity		**233,785**	**233,785**	171,132	171,132
Net asset value per Ordinary share	13	**£286.75**	**£286.75**	£229.64	£229.64

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf on 4 June 2010 by:

Hamish N Buchan
Chairman

The accounting policies on pages 33-35 and the Notes to the Accounts on pages 35–46 form part of these accounts

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2010	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2009	9,386	87,224	219	22,517	(1,346)	49,457	3,675	171,132
Profit for the year	–	–	–	–	–	44,567	3,600	48,167
Ordinary dividends paid	–	–	–	–	–	–	(4,114)	(4,114)
Issue of Ordinary shares from Treasury	–	3	–	–	1,346	–	–	1,349
Issue of new Ordinary shares	805	16,446	–	–	–	–	–	17,251
Balance as at 30 April 2010	**10,191**	**103,673**	**219**	**22,517**	**–**	**94,024**	**3,161**	**233,785**

For the year ended 30 April 2009	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2008	9,386	87,582	219	22,517	(4,669)	70,177	3,452	188,664
Loss for the year	–	–	–	–	–	(20,720)	3,896	(16,824)
Ordinary dividends paid	–	–	–	–	–	–	(3,673)	(3,673)
Issue of Ordinary shares from treasury	–	(358)	–	–	12,926	–	–	12,568
Buy-backs of Ordinary shares	–	–	–	–	(9,603)	–	–	(9,603)
Balance as at 30 April 2009	9,386	87,224	219	22,517	(1,346)	49,457	3,675	171,132

The accounting policies on pages 33-35 and the Notes to the Accounts on pages 35–46 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2010	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2009	9,386	87,224	219	22,517	(1,346)	49,457	3,675	171,132
Profit for the year	–	–	–	–	–	44,572	3,595	48,167
Ordinary dividends paid	–	–	–	–	–	–	(4,114)	(4,114)
Issue of Ordinary shares from Treasury	–	3	–	–	1,346	–	–	1,349
Issue of new Ordinary shares	805	16,446	–	–	–	–	–	17,251
Balance as at 30 April 2010	**10,191**	**103,673**	**219**	**22,517**	**–**	**94,029**	**3,156**	**233,785**

For the year ended 30 April 2009	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Treasury share reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Balance as at 30 April 2008	9,386	87,582	219	22,517	(4,669)	70,177	3,452	188,664
Loss for the year	–	–	–	–	–	(20,720)	3,896	(16,824)
Ordinary dividends paid	–	–	–	–	–	–	(3,673)	(3,673)
Issue of Ordinary shares from treasury	–	(358)	–	–	12,926	–	–	12,568
Buy-backs of Ordinary shares	–	–	–	–	(9,603)	–	–	(9,603)
Balance as at 30 April 2009	9,386	87,224	219	22,517	(1,346)	49,457	3,675	171,132

The accounting policies on pages 33-35 and the Notes to the Accounts on pages 35–46 form part of these accounts

Cash Flow Statements

	Group 30 April 2010 £'000	Company 30 April 2010 £'000	Group 30 April 2009 £'000	Company 30 April 2009 £'000
Cash flows from operating activities				
Profit/(loss) before taxation	**48,408**	**48,413**	(16,824)	(16,824)
Gains on investments	**(43,011)**	**(43,016)**	(6,036)	(6,036)
Foreign exchange differences at fair value through profit or loss	**(2,342)**	**(2,342)**	26,359	26,359
Operating cash flow before movements in working capital	**3,055**	**3,055**	3,499	3,499
Increase/(decrease) in other receivables	**(291)**	**(291)**	111	111
Increase in other payables	**297**	**297**	184	184
Net cash from operating activities before taxation	**3,061**	**3,061**	3,794	3,794
Taxation	**(241)**	**(241)**	(51)	(51)
Net cash inflow from operating activities	**2,820**	**2,820**	3,743	3,743
Investing activities				
Commission on purchase of FTSE 100 Futures	**(4)**	**(4)**	(11)	(11)
Profit/(loss) on disposal of FTSE 100 Futures	**15,007**	**15,007**	(6,480)	(6,480)
Purchase of investments – equity shares	**(59,092)**	**(59,102)**	(59,779)	(59,779)
Purchase of investments – fixed interest and other investments	**(16,838)**	**(16,838)**	(342,100)	(342,100)
Disposal of investments – equity shares	**32,202**	**32,202**	20,145	20,145
Disposal of investments – fixed interest and other investments	**8,193**	**8,193**	404,776	404,776
Net cash (outflow)/inflow from investing activities	**(20,532)**	**(20,542)**	16,551	16,551
Financing activities				
Equity dividends paid	**(4,114)**	**(4,114)**	(3,673)	(3,673)
Issue of Ordinary shares	**18,661**	**18,661**	12,568	12,568
Buy-backs of Ordinary shares	**–**	**–**	(9,603)	(9,603)
Net cash inflow/(outflow) from financing activities	**14,547**	**14,547**	(708)	(708)
Decrease/(increase) in cash and cash equivalents	**(3,165)**	**(3,175)**	19,586	19,586
Cash and cash equivalents at the start of the year	**8,202**	**8,202**	14,660	14,660
Effect of foreign exchange rate changes	**1,354**	**1,354**	(26,044)	(26,044)
Cash and cash equivalents at the end of the year	**6,391**	**6,381**	8,202	8,202

The accounting policies on pages 33-35 and the Notes to the Accounts on pages 35–46 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 ("IFRS"). 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 IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendation of the SORP.

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.

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. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006 net capital returns may not be distributed by way of dividend.

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 amount of the cash dividend is recognised as income.

Dividends from overseas companies continue to be 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.

Interest income is accounted for on an accruals basis.

EXPENSES

All expenses are accounted for on an accruals basis and are charged fully to revenue.

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

TAXATION

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

NOTES TO THE ACCOUNTS (CONTINUED)

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.

Investments are designated in terms of IFRS 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.

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 cancellation of the Share Premium Account, also following the Extraordinary General Meeting in April 1999.

TREASURY SHARE RESERVE

The Treasury Reserve was created following the introduction of Treasury Shares and IFRS. The cost of any shares bought back to be held in Treasury or subsequent proceeds from the re-sale of shares from Treasury is deducted from or added to the Treasury Share Reserve. If shares are re-sold at a premium over their cost the excess is transferred to the Share Premium Account.

OTHER CAPITAL RESERVES

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, Swiss Francs and US Dollars. The exchange rates applying against Sterling at 30 April were as follows:

	2010	2009
Australian Dollar	**1.64435**	2.01690
Swiss Franc	**1.65005**	1.68775
US Dollar	**1.53065**	1.48180

Forward currency contracts 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 2010 was 1.53026 (2009:1.4818).

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 capital reserve.

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 which 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

	2010	2009
	£'000	£'000
Income from investments		
Franked investment income	**3,484**	3,438
Fixed interest securities	**1,681**	1,421
Overseas dividends	**1,016**	305
	6,181	5,164
Other operating income		
Deposit interest	**28**	410
Other income	**45**	81
Total income	**6,254**	5,655
Total income comprises		
Dividends	**4,500**	3,743
Fixed interest securities	**1,681**	1,421
Other income	**73**	491
	6,254	5,655
Income from investments		
Listed UK	**3,484**	3,513
Listed overseas	**2,697**	1,651
	6,181	5,164

NOTES TO THE ACCOUNTS (CONTINUED)

3. EXPENSES

	2010	2009
	£'000	£'000
Investment advisory fee	**1,252**	162
Investment management expenses	**–**	659
Staff costs	**364**	286
Office costs	**56**	100
Secretarial and administration expenses	**115**	181
Directors' fees	**82**	88
Auditors' remuneration for:		
– audit	**14**	14
– tax services	**4**	8
Other expenses	**526**	261
	2,413	1,759

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% on the first £100 million; 0.625% on the next £50 million; 0.75% between £150 million and £500 million; and 0.625% thereafter, payable quarterly in arrears. In the year to 30 April 2010 the total cost amounted to £1,252,000 (2009: £162,000). 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. In addition, the Company is entitled to terminate the contract summarily (a) if Sebastian Lyon ceases to be a full-time executive of Troy, (b) if Troy commits a material breach of the UK regulatory system or (c) if Troy undergoes a change of control (other than through a change of control whereby the existing management team of Sebastian Lyon, Francis Brooke and Simon de Zoete increases its aggregate holding in Troy to more than 50% of the voting rights and where Sebastian Lyon's voting interest in the share capital of Troy is not decreased) or a change in corporate structure which may reasonably be expected to be materially prejudicial to the Company's interests (such right of summary termination being exercisable within 30 days of the Company receiving written notice of the change of control or change in corporate structure).

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; and (h) 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.

Investment management services were provided to the Company under a rolling twelve month contract of employment by Ian Rushbrook until his death on 12 October 2008. The contract covered the costs of salaries of the Company's employees, the provision of office premises and equipment and the provision of company secretarial and administrative services.

The investment management fee was calculated at 0.85% per annum of shareholders' funds, payable quarterly in advance. In the year to 30 April 2009 the total cost amounted to £873,000, comprising salary of £659,000 (including NIC of £63,000), Company's employee costs of £141,000 (including NIC of £15,000), office costs of £50,000 and secretarial and administration costs of £23,000.

The agreement between the Company and F&C for the provision of company secretarial and administrative services was amended on 13 October 2008 to include investment advisory services at a cost of £25,000 per month. The secretarial and administration fee was also increased to £125,000 per annum. The investment advisory services were terminated on 31 January 2009 and the secretarial and administrative services were terminated on 31 March 2010. With effect from 1 April 2010, all secretarial and administrative services are now provided by the Company's own Executive Office. Costs amounted to £285,000 in respect of these services in the period to 30 April 2010 of which £168,000 related to start-up costs. The Company also incurred fees of £66,000 in relation to the issue of its Prospectus in April 2010.

4. DIRECTORS' REMUNERATION AND EMPLOYEE COSTS	**2010**	2009
	£'000	£'000
Directors' fees and salaries	**257**	859
Other salaries	**150**	80
Employer's national insurance	**44**	95
	451	1,034

Details of the highest paid Director can be found in the Directors' Remuneration Report on pages 19–20. Excluding the Directors, there were three employees during the year ended 30 April 2010 and one employee during the year ended 30 April 2009.

5. TAX ON ORDINARY ACTIVITIES	**2010**	2009
	£'000	£'000
Foreign tax suffered	**190**	51
Recovery of foreign tax suffered	**–**	(51)
Prior year adjustment	**51**	–
	241	–

The Company has £2,493,000 excess management expenses at 30 April 2010 (2009: £736,000). It is uncertain whether the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore, in accordance with IAS 12, no deferred tax asset in respect of these amounts has been recognised.

NOTES TO THE ACCOUNTS (CONTINUED)

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:

	2010	2009
	£'000	£'000
Profit / (loss) before tax	**48,408**	(16,824)
Corporation tax at standard rate of 28% (2009: 28%)	**13,554**	(4,711)
Effects of:		
Capital (gains) / losses not subject to taxation	**(12,479)**	5,802
Investment income not subject to taxation	**(1,248)**	(963)
Disallowed expenses	**27**	–
Increase in excess management expenses	**146**	(128)
Withholding tax suffered	**190**	51
Recovery of foreign tax suffered	**–**	(51)
Prior year adjustment	**51**	–
Total tax charge (note 5)	**241**	–

7. DIVIDENDS

	2010	2009
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 April 2010 of £2.55 (2009: £2.50) per Ordinary share	**1,964**	1,849
Second interim dividend for the year ended 30 April 2010 of £2.65 (2009: £2.50) per Ordinary share	**2,150**	1,824
	4,114	3,673

8. RETURN PER SHARE

The revenue return per share of £4.61 (2009: £5.34) is based on the net revenue profit for the financial year of £3,600,000 (2009: £3,896,000), and on 780,184 (2009: 728,778) shares, being the weighted average number in issue during the year, excluding Treasury shares.

The capital return per share of £57.12 (2009: loss per share £28.43) is based on a net capital profit for the financial year of £44,567,000 (2009: loss of £20,720,000), and on 780,184 (2009: 728,778) shares, being the weighted average number in issue during the year, excluding Treasury shares.

9. INVESTMENTS – GROUP

	2010 £'000	2009 £'000
Investments listed on a recognised investment exchange	**225,773**	158,183

	Listed UK £'000	Listed Overseas £'000	Total £'000
Opening book cost	69,798	81,326	151,124
Opening unrealised (depreciation)/appreciation	(3,261)	10,320	7,059
Opening valuation	66,537	91,646	158,183
Movements in the year			
Purchases at cost	25,765	50,155	75,920
Effective yield adjustment	–	786	786
Sales proceeds	(37,139)	(3,256)	(40,395)
Sales – realised gains on sales	1,418	371	1,789
Unrealised gain on the fair value of investments during the year	13,186	16,304	29,490
Closing valuation	**69,767**	**156,006**	**225,773**
Closing book cost	59,842	129,382	189,224
Closing unrealised appreciation	9,925	26,624	36,549
	69,767	**156,006**	**225,773**

	2010	2009
Equity shares	**124,084**	80,805
Fixed interest securities	**79,104**	67,423
Other investments (Gold Bullion Securities)	**22,585**	9,955
	225,773	158,183
Realised gains on sales	**1,789**	116
Unrealised gain on the fair value of investments during the year	**29,490**	3,612
Gains on investments	**31,279**	3,728

Transaction costs

During the year the Group incurred transaction costs of £248,425 (2009: £303,228) on the purchase and sale of investments.

NOTES TO THE ACCOUNTS (CONTINUED)

9. INVESTMENTS – COMPANY

	2010 £'000	2009 £'000
Investments listed on a recognised investment exchange	**225,773**	158,183
Subsidiary undertaking	**15**	–
	225,788	158,183

	Listed UK £'000	Listed Overseas £'000	Unlisted £'000	Total £'000
Opening book cost	69,798	81,326	–	151,124
Opening unrealised (depreciation)/appreciation	(3,261)	10,320	–	7,059
Opening valuation	66,537	91,646	–	158,183
Movements in the year				
Purchases at cost	25,765	50,155	10	75,930
Effective yield adjustment	–	786	–	786
Sales proceeds	(37,139)	(3,256)	–	(40,395)
Sales – realised gains on sales	1,418	371	–	1,789
Unrealised gain on the fair value of investments during the year	13,186	16,304	5	29,495
Closing valuation	**69,767**	**156,006**	**15**	**225,788**
Closing book cost	59,842	129,382	10	189,234
Closing unrealised appreciation	9,925	26,624	5	36,554
	69,767	**156,006**	**15**	**225,788**

	2010	2009
Equity shares	**124,084**	80,805
Fixed interest securities	**79,104**	67,423
Other investments (Gold Bullion Securities)	**22,600**	9,955
	225,788	158,183
Realised gains on sales	**1,789**	116
Unrealised gain on the fair value of investments during the year	**29,495**	3,612
Gains on investments	**31,284**	3,728

Transaction costs

During the year the Company incurred transaction costs of £248,425 (2009: £303,228) on the purchase and sale of investments.

10. CURRENT ASSETS

	2010	2009
	£'000	£'000
Financial Assets		
Unrealised profit on FTSE 100 Future	**–**	3,418
Other Receivables		
Unrealised profit on forward currency contract	**1,742**	754
Prepayments and accrued income	**1,074**	802
Tax receivable	**–**	51
Other receivables	**33**	14
	2,849	1,621

11. CURRENT LIABILITIES

	Group	**Company**	Group	Company
	2010	**2010**	2009	2009
	£'000	**£'000**	£'000	£'000
Financial Liabilities				
Unrealised loss on FTSE 100 Future	**639**	**639**	–	–
Other Payables				
Due to subsidiary	**–**	**5**	–	–
Other payables	**589**	**589**	292	292
	589	**594**	292	292

NOTES TO THE ACCOUNTS (CONTINUED)

12. CALLED-UP SHARE CAPITAL

	Number	£'000
Authorised:		
Ordinary shares of £12.50 each	1,000,000	12,500
Allotted, called-up and fully paid:		
Balance at 30 April 2009	750,876	9,386
Shares issued in respect of allotments	64,405	805
Balance at 30 April 2010	815,281	10,191

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

	Number	£'000
Balance at 30 April 2009	5,645	(1,346)
Issued during the year	(5,645)	1,346
Balance at 30 April 2010	–	–

During the year the Company issued 5,645 shares from Treasury for proceeds of £1,349,000 and 64,405 shares from its block listings for proceeds of £17,295,000 before issue costs of £44,000.

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	
	2010	2009	**2010**	2009
	£	£	**£'000**	£'000
Ordinary shares	**286.75**	229.64	**233,785**	171,132

Net asset value per Ordinary share is based on net assets shown above and 815,281 (2009: 745,231) Ordinary shares, being the number of Ordinary shares in issue at the year end.

At the year end the Company held no Ordinary shares in Treasury.

14. BUSINESS SEGMENT

The Directors are of the opinion that the Company is engaged in a single segment of 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 also invests in FTSE 100 Futures and may from time to time enter into forward currency contracts. Cash balances are held for future investment and forward currency contracts are used to manage the exchange risk of holding foreign investments. Further information is given in the Business Review for the Year to 30 April 2010 on pages 11–13.

The fair value of the financial assets and liabilities of the Group at 30 April 2010 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.

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 the exposure to FTSE 100 Futures, are held by JPMorgan Chase Bank, the Group's custodian. Bankruptcy or insolvency of the custodian might cause the Group's rights with respect of 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 AA 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 over a large number of 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 Business Review 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 the UK equity market 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% increase in the value of the equity exposure as at 30 April 2010 would have increased net return for the year by £37,230,000 (2009: a 30% increase in the value of the equity exposure would have increased net return by £35,979,000). A decrease of 30% (2009: 30%) 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 derivatives during the year. These contracts were entered into to manage the Company's effective liquidity.

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. Cash balances are held with reputable banks with a credit rating of AA or higher, usually on overnight deposit. 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 2010 have a maturity period of less than three months.

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 due to 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 2010 was 0.50% in the UK (2009: 0.50%).

Floating interest rate exposure at 30 April:

	2010	2009
	£'000	£'000
Sterling	**6,391**	8,202

Fixed rate and zero rate

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

		£'000	Period to maturity
At 30 April 2010 the Company held:			
US Treasury 1.375%	15/07/2018	**72,152**	8 years 76 days
US Treasury 0.5%	15/04/2015	**6,952**	4 years 350 days
		79,104	
At 30 April 2009 the Company held:			
US Treasury 1.375%	15/07/2018	67,423	9 years 76 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 £32,000 (2009: £41,000). 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.

Currency exposure at 30 April:	**2010** **£'000**	2009 £'000
Australian Dollars	**4,696**	–
Swiss Francs	**12,096**	3,320
US Dollars	**139,236**	88,334

At 30 April 2010 the Sterling cost of the US Treasury exposure was protected by a forward currency contract. The gain of £1,742,000 (2009: gain of £754,000) on the US$120,000,000 (2009: US$122,100,000) sold forward against £80,160,000 (2009: £83,154,000) is included in other receivables (2009: other receivables). All foreign exchange contracts in place at 30 April 2010 were due to mature within two months.

The Company made a gain of £8,309,000 (2009: gain of £32,164,000) on its US Treasury and US equity investments in the year ending 30 April 2010 and a gain of £2,342,000 (2009: loss of £26,359,000) on the forward currency contracts that were in place throughout the year.

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% depreciation of Sterling against the Australian 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% against the currencies shown, this would have had the following effect:

		2010			2009
	Australian $	**Swiss Francs**	**US$**	Swiss Francs	US$
	£'000	**£'000**	**£'000**	£'000	£'000
Income statement – return on ordinary activities after taxation:					
Revenue return	**–**	**41**	**258**	14	145
Capital return	**522**	**1,344**	**4,169**	369	1,216
Total return	**522**	**1,386**	**4,427**	383	1,361

A 10% strengthening of Sterling against the above currencies would result in an equal and opposite effect on the above amounts.

NOTES TO THE ACCOUNTS (CONTINUED)

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

				2010				2009
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Description	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Investments	**225,773**	**–**	**–**	**225,773**	158,183	–	–	158,183
Current assets	**9,240**	**–**	**–**	**9,240**	13,241	–	–	13,241
Total Assets	**235,013**	**–**	**–**	**235,013**	171,424	–	–	171,424
Current liabilities	**(1,228)**	**–**	**–**	**(1,228)**	(292)	–	–	(292)
Total liabilities	**(1,228)**	**–**	**–**	**(1,228)**	(292)	–	–	(292)
Net assets	**233,785**	**–**	**–**	**233,785**	171,132	–	–	171,132

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 whose variables includes 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 2010, Personal Assets Trust's subsidiary undertaking, which has been consolidated, was as follows:

Name and Registered Office	**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.

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting ("AGM") of Personal Assets Trust Public Limited Company will be held at The Roxburghe Hotel, 38 Charlotte Square, Edinburgh, on Thursday 22 July 2010 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 2010 be received.
2. That the Directors' Remuneration Report for the year to 30 April 2010 be approved.
3. That Hamish Buchan, who retires from office annually, be re-elected as a Director.
4. That Martin Hamilton-Sharp, 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 at the first Annual General Meeting following his appointment to the Board, be re-appointed as a Director.
7. That Frank Rushbrook, who retires from office at the first Annual General Meeting following his appointment to the Board, be re-appointed as a Director.
8. That Robin Angus, who retires from office annually, be re-elected as a Director.
9. That the maximum aggregate sum available for Directors' remuneration for their services shall be £175,000 per annum.
10. That Ernst & Young LLP be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.
11. 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 £1,026,125, 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:

12. Disapplication of pre-emption rights

    That, subject to the passing of Resolution number 11 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 number 11 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 £1,026,125, being 9.99% of the nominal value of the issued share capital of the Company as at 4 June 2010.

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 number 11 above" were omitted.

13. Share buyback 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 cancellation), provided that:

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 123,170;

(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% above the average closing price 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 2011, 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.

14. Amendments to the Articles of Association

That:

(i) the Articles of Association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as part of the Company's Articles of Association;

(ii) the Articles of Association of the Company be amended by deleting all the provisions referred to in paragraph 42 of schedule 2 of the Companies Act 2006 (Commencement No 8, Transitional Provisions and Savings) Order 2008 (Statutory Instrument 2008 No. 2860); *and*

(iii) the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the existing Articles of Association of the Company.

By Order of the Board

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

4 June 2010

Notes

1. A shareholder who is entitled to attend 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 6ZR, 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 name entered on the Company's share register not later than 6.00 p.m. on 20 July 2010 or, if the meeting is adjourned, on the day and at the time which is 48 hours (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 they 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. 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, regardless of whether it constitutes the appointment of a proxy or 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 registrars, Equiniti Limited (ID RA19) by no later than 11.30 a.m. on 20 July 2010. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear 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.

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.

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 only be exercised by members of the Company.
7. As at 4 June 2010, the latest practicable date prior to publication of this document, the Company's issued share capital comprised 821,684 Ordinary shares of £12.50 each with a total of 821,684 voting rights.
8. Any person holding 3% 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 auditor's 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% 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 your full name and address and be sent to the Company's registered address at 10 St Colme Street, Edinburgh EH3 6AA.
13. A copy of the Articles of Association of the Company as proposed to be adopted with effect from the passing of Resolution 14 will be available for inspection at Royal London House, 22-25 Finsbury Square, London EC2A 1DX and at the registered office of the Company from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the Annual General Meeting 15 minutes prior to the start until the conclusion of the meeting.

APPENDIX

The principal changes which would arise from the adoption of the New Articles are set out below.

THE COMPANY'S MEMORANDUM OF ASSOCIATION

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a Memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which were contained in a company's Memorandum, for existing companies at 1 October 2009, are now deemed to be contained in a company's Articles but the company can remove these provisions by special resolution.

In addition, the 2006 Act states that unless a company's Articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. The Company is, therefore, proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the 2006 Act, would otherwise fall to be treated as forming part of the Articles as of 1 October 2009.

LIMITED LIABILITY OF SHAREHOLDERS

The liability of the Company's shareholders will continue to be limited to the amount, if any, unpaid on the shares held by them.

AUTHORISED SHARE CAPITAL AND UNISSUED SHARES

The 2006 Act abolishes the requirement for a company to have an authorised share capital. The Company is proposing changes to its Articles to reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act.

CHANGE OF NAME

Prior to the final implementation of the 2006 Act, a company could change its name only by special resolution. Under the 2006 Act, a company will be able to change its name by other means provided for by its Articles of Association. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

ISSUE OF REDEEMABLE SHARES

The New Articles will explicitly confer authority on the Board to determine the terms, conditions and manner of redemption of any issued redeemable shares in accordance with the 2006 Act, although this amendment would have practical effect only if the Company issues redeemable shares in the future.

CHAIRMAN'S CASTING VOTE

Provisions in the current Articles giving the Chairman a casting vote at shareholders' meetings became ineffective from 1 October 2007, but companies with a casting vote provision in their Articles on that date were, broadly, allowed to keep it. However, the EU Shareholders Rights Directive requires that all shareholders be treated equally and, therefore, the Regulations remove this saving provisions for UK traded companies such that the casting vote provision in the Company's Articles became redundant on 3 August 2009.

APPENDIX (CONTINUED)

ADJOURNMENTS FOR LACK OF QUORUM

Under the 2006 Act as amended by the Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

MULTIPLE PROXIES REPRESENTATIVES

The 2006 Act has been amended to clarify the position concerning the rights of proxies when voting on a show of hands in the event that a proxy has been appointed for the same meeting by more than one member and where a member appoints more than one proxy in respect of different shares within the same holding. The New Articles reflect the revised position under the 2006 Act.

ADDITIONAL CONTENT REQUIREMENTS FOR NOTICES OF MEETINGS

The 2006 Act provides that certain additional information must now be included in notices of general meetings. The New Articles contain a list of such information.

Ways of Investing in Personal Assets

Steven Budge and Steven Davidson will be pleased to provide information about the ways of investing in Personal Assets listed below. Their contact details are on the inside front cover. Information can also be accessed on the Company's website – www.patplc.co.uk.

The shares of Personal Assets are listed on the Official List and traded on the London Stock Exchange and private investors can buy or sell shares by placing an order either directly with a stockbroker or through an Independent Financial Adviser. Alternatively, investments can be made through the Company's Investment Plan (which offers three options, as outlined below) or Individual Savings Account ("ISA").

The Board believes investment costs for shareholders should be kept as low as possible. **No charges are therefore made by Personal Assets to shareholders using these plans.**

The Personal Assets Investment Plan

The Single Investment Option (minimum investment £5,000, no maximum) allows investors to acquire shares to be held within the Plan and to choose either to have dividends reinvested or to receive them directly in the usual way.

The Monthly Investment Option (minimum investment £500 per month, no maximum) allows investors to make regular investments by direct debit only and to choose either to have dividends reinvested or to receive them directly in the usual way.

The Cash Income Option lets investors draw an annual income of £4,000 or more (minimum £1,000 per quarter) from a shareholding in Personal Assets held within the Plan. Depending on their own tolerance of risk and view of markets, investors can choose to receive an annual 4%, 7% or 10% of the starting value of their holding as a quarterly cash income from the sale of shares. The minimum starting sum will depend on the percentage rate of cash income chosen.

The Personal Assets ISA

The Personal Assets zero-charge Individual Savings Account ("ISA") consists solely of Personal Assets shares and all cash (whether from subscriptions or dividends) is invested in the Company's shares on the earliest dealing day. Dealing days are Wednesday and Friday of each week. Subscribers must invest the maximum amount permissible in each year. Subscriptions may be made either by lump sum or by monthly direct debit. The current rate of monthly direct debit is £850 and the lump sum investment is £10,200. Investors can choose either to have dividends reinvested or to receive them directly in the usual way.

Transfer of Other ISAs into the Personal Assets ISA

Transfers may be made into the Personal Assets ISA of ISAs currently managed by other managers. Details are available from either Steven Budge or Steven Davidson.

Personal Assets Trust PLC, 10 St Colme Street, Edinburgh EH3 6AA.
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