

Company Registered Number: 2933559

ATHELNEY TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

ATHELNEY TRUST PLC

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ATHELNEY TRUST PLC

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CHAIRMAN'S STATEMENT

I enclose the results for the twelve months to 31 December 2002. The key points are as follows:

- Audited Net Asset Value ("NAV") is 83.2p per share (31 December 2001 : 95.9p), a fall of 13.2 per cent.
- Gross Revenue down by 30.2 per cent to £60,328 (31 December 2001: £86,424).
- On a like for like basis revenue was actually up by 5.8 per cent and dividend income rose by 13.3 per cent.
- Revenue return per ordinary share was 1.3p, a decrease of 53.6 per cent (31 December 2001: 2.8p).
- Recommended dividend for the year 1.7p per share (2001: 1.7p).

The Market

When discussing one of the worst years for stock market performance in living memory, it is difficult to find optimistic, positive things to say, beyond the fact that prospects for 2003 and especially 2004 look considerably more intriguing.

As far as 2002 is concerned, however, the main market indices fell by about 25% and the AIM index (at 31 December 2002, Athelney held as much as 23% of its portfolio in AIM-traded shares) declined by over 30%. In these circumstances, it was always going to be difficult to show a good absolute performance, even though the relative performance looks to be acceptable.

The current unease in markets is due to the twin factors of political uncertainty and increasing worries about the economic outlook both at home and abroad. Last year's corporate scandals in the U.S. have not helped either with plenty of examples of financial chicanery, accounting irregularities and business failures to spook the market.

At home, the continued fall in the FTSE 100 index brought into question the financial health of the life assurance companies, although it is encouraging to note that over-zealous regulators are now apparently happy to make the rules of financial adequacy more flexible. Above all, the year 2002 was dominated by a huge number of profit warnings, thus illustrating the typical problem of static or declining sales and remorselessly rising costs. In the second half of 2002, there were a total of 192 profit warnings of which 86 occurred in the third quarter and 106 in the fourth. A typical profit warning was accompanied by a fall in the relative share price of 25-40 per cent. Some companies have even managed a second and third profit warning in 2002.

You do not need me to tell you how the threat of terrorist activity has badly affected the business and social life of the country recently. In particular, the leisure and tourist industries suffered greatly from the aftermath of the 11th September attacks and there has been (and there may be again) a huge spike in the price of crude oil as we move towards a final decision on the Iraq question.

ATHELNEY TRUST PLC

CHAIRMAN'S STATEMENT

(CONTINUED)

The Market (continued)

Looking overseas, the global economy is in a mess. The U.S. is hooked on credit, Japan and Germany are facing deflation and recession and China is happily exporting deflation via impossibly low-priced manufactured goods. In the U.K., New Labour has metamorphosed into Old Labour with a tax and spend policy just as unrealistic as all those of previous Labour Chancellors. And as a final comment, fifty-six small quoted companies went bust last year - the highest level for a number of years.

Results

Against the above background, the Board is not displeased with the 13.2% fall in NAV to 83.2p, after full allowance has been made for Capital Gains Tax liabilities in the event that the entire portfolio of investments were sold. On the face of it, Gross Revenue fell by 30.2% to £60,328 compared with £86,424 in 2001. However, we actually received a large exceptional dividend from William Nash, a former holding, in 2001 so that, in fact, Gross Revenue (i.e. dividend income plus bank interest) rose by 5.8% on a like for like basis and dividend income actually increased by a highly satisfactory 13.3%.

Dividend

Even though Return per Ordinary Share was just 1.3p for the year 2002, the Board has decided to recommend an unchanged dividend of 1.7p. The balance will be taken from Revenue reserve which stood at £28,033 as at 31 December 2001 and £21,492 (assuming the proposed dividend is, in fact, paid) at the equivalent date in 2002.

The main reason for recommending an unchanged dividend is the Board's confidence in the ability of the companies in the Athelney portfolio to generate higher dividends in the future. The following statistics for 2002 make interesting reading:

	<u>Number</u>
Companies paying dividends	74
Companies sold (therefore no true comparison)	11
Companies purchased (therefore no true comparison)	14
Increased total dividend in the calendar year	32
Reduced total dividend in the calendar year	7
No change in dividend	10

The Board expects a similarly positive outcome for 2003 and, in the absence of unforeseen circumstances, expects to pay a similar dividend for 2003.

Portfolio Review

Sadly *Mettoni* succumbed to harsh economic conditions and its shares are consequently worthless. *SFI* shares were suspended and, again, it is highly unlikely that anything will be recovered for shareholders; in its case, however, there is an apparent discrepancy of £20 million in the accounts which must be explained to *SFI's* shareholders.

ATHELNEY TRUST PLC**CHAIRMAN'S STATEMENT****(CONTINUED)****Portfolio Review (continued)**

In a typically busy year, the following shares were sold or top-sliced: *Ann Street Group*, *Compel Group*, *Enterprise Inns*, *Folkes Group*, *Gowrings*, *Simon Group*, *Wyevale Garden Centres*, together with *Comprop* and *Enterprise* from the list of AIM-traded shares. The following were purchased for the first time or an existing holding was increased: *Flying Brands*, *Merrydown*, *Reed Health Group*, *SCS Upholstery*, *Severfield-Rowen*, *Watermark Group*; from the AIM market *Fountains*, *Pennant International* and *Wynnstay Group* from OFEX.

Update

The unaudited NAV as at 28 February 2003 was 79.4p per share.

The Board is also proposing to amend the Articles of Association by means of a special resolution to allow the company to continue as an investment company after 2005. The effect of this is to remove the requirement to seek a shareholders' resolution in that and every subsequent five years.

Outlook

The Board believes that there is every chance of a significant rally starting in 2003 to be extended into the following year. Shares are much cheaper than a year ago. Profit expectations have been scaled back, so the number of profit warnings is likely to diminish as the year progresses, finances are being improved at the expense of ambitious expansion plans and, above all, the Board expects a resumption of corporate activity later this year. In short, the Board believes that recovery prospects for smaller companies in general, and for Athelney in particular, are excellent.

Hugo Deschampsneufs
Chairman

7 April 2003

ATHELNEY TRUST PLC

INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2002

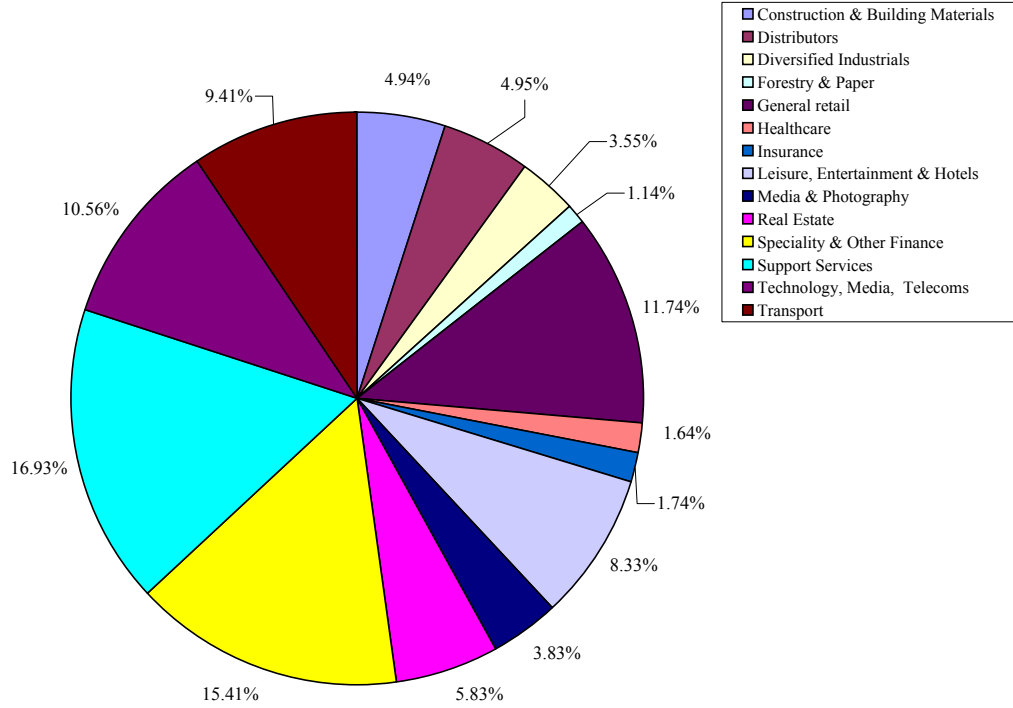
SECTOR	STOCK	HOLDING	VALUE (£)	£	SECTOR %
Construction & Building Materials	Clarke (T)	6,000	24,960	73,910	4.94%
	Galliford Try	68,000	17,000		
	Gibbs & Dandy "A"	10,000	19,250		
	Latham (James)	4,000	12,700		
Distributors	N.W.F. Group	13,000	42,250	74,125	4.95%
	Wynnstay Group	7,500	31,875		
Diversified Industrials	Goodwin	17,000	14,535	53,123	3.55%
	Severfield-Rowen	6,500	17,388		
	Slingsby (H.C.)	4,000	21,200		
Forestry & Paper	Cropper (James)	10,000	17,000	17,000	1.14%
General Retail	Flying Brands	14,000	20,090	175,820	11.74%
	Mallett	12,000	25,440		
	SCS Upholstery	8,000	18,840		
	Stanley Gibbons	120,000	19,200		
	Wyevale Garden Centres	25,000	92,250		
Healthcare	Reed Health Group	26,666	24,533	24,533	1.64%
Insurance	Personal Group Holdings	22,000	26,070	26,070	1.74%
Leisure, Entertainment & Hotels	Enterprise Inns	8,600	49,063	124,707	8.33%
	Gowrings	15,000	8,325		
	Merrydown	47,000	19,505		
	SFI Group	20,000	-		
	Shepherd Neame "A"	8,930	42,864		
	Springwood	18,000	4,950		
Media & Photography	CA Coutts Holdings	22,000	16,830	57,330	3.83%
	International Greetings	18,000	40,500		
Real Estate	Estates & Agency	3,150	18,113	87,282	5.83%
	Mountview Estates	1,925	53,419		
	Unite Group	10,000	15,750		
Speciality & Other Finance	Amalgamated Metal	6,600	33,000	230,893	15.41%
	Broadcastle	40,000	21,600		
	Camellia	3,331	92,435		
	IFX Group	13,300	18,620		
	Private & Commercial Finance Corp.	35,000	18,725		
	S & U	10,000	34,000		
	Wintrust	3,500	12,513		
Support Services	Christie Group	25,000	10,875	253,602	16.93%
	Dawson Holdings	37,200	36,828		
	Enterprise	16,000	33,920		
	Fountains	15,000	16,500		
	Genus	20,000	33,000		
	Landround	7,700	11,589		
	NBA Quantum	15,000	9,375		
	Penna Consulting	16,000	14,640		
	Photo-scan	15,000	14,100		
	Reed Executive	20,000	23,700		
	Universe Group	40,000	9,000		
	Waterman Partnership Holdings	25,000	13,250		
	Watermark Group	25,000	21,625		
WSP Group	13,000	5,200			
Technology, Media, Telecoms	Alphameric	25,000	12,750	158,158	10.56%
	CRC Group	12,000	29,580		
	Dicom Group	5,000	20,250		
	Delcam	10,000	12,500		
	ICM Computer Group	7,500	13,688		
	Intelek	65,000	7,475		
	Mettoni Group	110,000	-		
	MTL Instruments Group	7,250	9,715		
	Pennant International	56,000	7,840		
	Plasmon	20,000	21,400		
	Radstone Technology	8,000	22,960		
Transport	Air Partner	8,500	23,800	140,908	9.41%
	Braemar Seascope Group	10,000	13,500		
	Clarkson	9,600	18,384		
	Clyde Marine	19,520	46,848		
	Fisher (James)	23,400	38,376		

ATHELNEY TRUST PLC

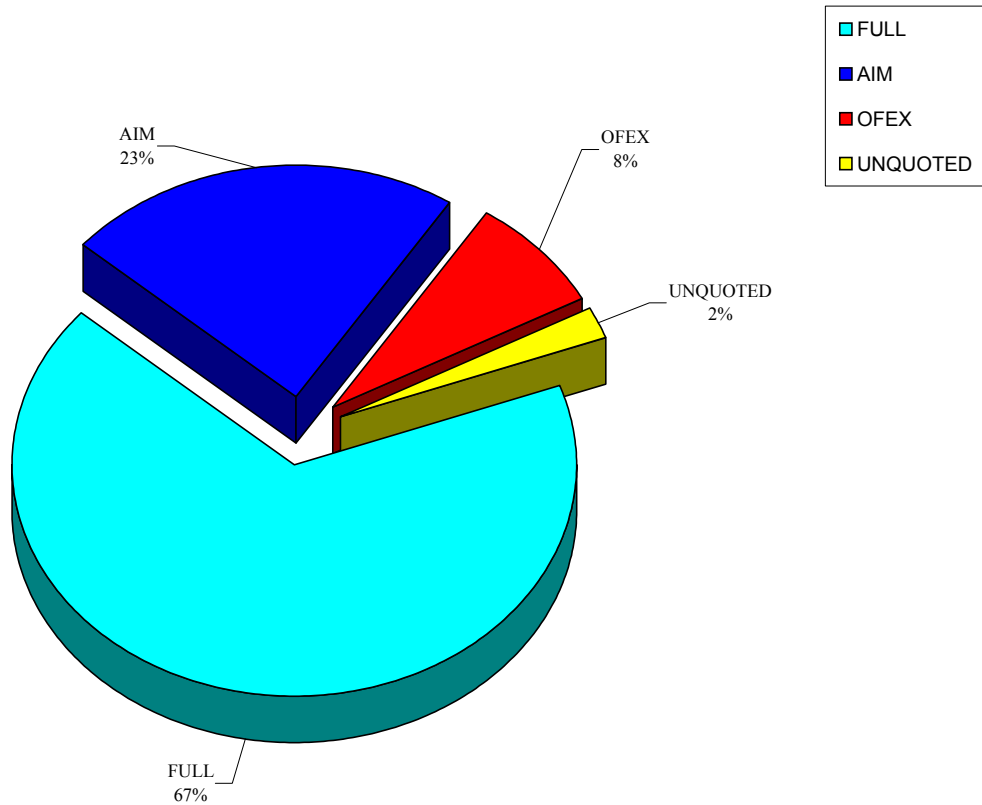
INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2002 (CONTINUED)

Portfolio Value	£ 1,497,461	100.00%
Net Current Assets	£ 73,552	
Deferred tax	£ (71,000)	
TOTAL VALUE	£ 1,500,013	
Shares in issue	1,802,802	
Audited NAV	83.2p	

Portfolio by Sectors



Portfolio by Listing



REPORT OF THE DIRECTORS OF

ATHELNEY TRUST PLC

The directors present their report and audited financial statements of the Company for the year ended 31 December 2002.

Principal activity and business review

The principal activity of the Company is that of an investment company. The investment objectives of the Company are to achieve long term capital growth while at the same time producing a progressive income return.

Investments made by the Company are primarily in the equity securities of both unquoted and quoted UK companies, including smaller companies with a market capitalisation of below £50 million.

During the period, the Company followed the normal activities of an investment company. Details of these are given in the Chairman's Statement on pages 1, 2 and 3.

Directors and their interests

The directors who held office during the year and their interest in the ordinary shares of the Company are stated below:-

	31 December 2002	31 December 2001
H.B. Deschampsneufs	122,575	120,200
R.G. Boyle	485,000	480,000
D.A. Horner (appointed 12 April 2002)	-	-

R.J Ellert resigned on 12 April 2002.

The above figures include a holding of 58,000 shares (2001 - 58,000) owned by a pension fund in which R.G.Boyle and H.B Deschampsneufs have an interest.

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the result for the year.

The directors consider that in preparing the financial statements the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS OF**ATHELNEY TRUST PLC****(CONTINUED)****Corporate governance**

The Board continues to give careful consideration to the principles of corporate governance as set out in the Combined Code appended to the Listing Rules issued by the Financial Services Authority. However the Company is small and it is the opinion of the directors that not all the provisions of the Code are relevant or desirable for a company of Athelney's size.

The Board meets regularly and has ultimate responsibility for the management of the Company, although the Remuneration Committee makes recommendations to the Board relating to the remuneration of the managing director and the non-executive directors.

The Audit Committee assists the Board in relation to matters concerning corporate governance and financial reporting. Both Committees, currently comprising H.B. Deschampsneufs and D.A. Horner, meet during the year as required, with the Audit Committee to include external auditors if appropriate.

Results and dividends

The return on ordinary activities before dividends for the year is £24,107 (2001: £50,289) as detailed on page 9. It is recommended that a final dividend of 1.7p (2001: 1.7p) per share be paid. The retained loss for the year of £6,541, after providing for payment of dividends, has been deducted from revenue reserves.

Payment of suppliers

It is the Company's policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to the terms used. The Company contracts the terms on which business will take place throughout the year with its suppliers. There were no invoiced trade creditors outstanding at the end of the year, the amounts shown as creditors in the balance sheet comprise expenses and proposed dividends.

Amendment to the Articles of Association

The Articles of Association require that the Company pass a resolution at the Annual General Meeting in 2005 and every subsequent five years so that it might continue in being as an investment company. The Board proposes to amend the Articles to remove this requirement and enable the Company to continue as investment company until otherwise resolved by the shareholders.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Clement Keys be re-appointed as auditors of the Company will be put to the annual general meeting.

BY ORDER OF THE BOARD**J.M. Davies**
Secretary

2 Queen Anne's Gate Buildings
Dartmouth Street
LONDON
SW1H 9BP

7 April 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATHELNEY TRUST PLC

We have audited the financial statements of Athelney Trust plc for the year ended 31 December 2002, set out on pages 9 to 19. These financial statements have been prepared under the historical cost convention as modified to include fixed asset investments at valuation and the accounting policies set out on pages 12 and 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by the law, we do not accept 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 described in the statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of the revenue, total return and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Clement Keys Chartered Accountants

Registered Auditors
39 / 40 Calthorpe Road
Edgbaston
BIRMINGHAM
B15 1TS

7 April 2003

ATHELNEY TRUST PLC
STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	31 December 2002			31 December 2001		
		Revenue £	Capital £	Total £	Revenue £	Capital <i>as restated</i> £	Total <i>as restated</i> £
(Losses) on investments	7	-	(275,430)	(275,430)	-	(9,071)	(9,071)
Income	2	60,328	-	60,328	86,424	-	86,424
Investment management expenses	3	(10,868)	(10,869)	(21,737)	(9,071)	(9,070)	(18,141)
Other expenses	3	(33,532)	-	(33,532)	(34,406)	-	(34,406)
Return on ordinary activities before taxation		15,928	(286,299)	(270,371)	42,947	(18,141)	24,806
Taxation	5	8,179	63,485	71,664	7,342	3,573	10,915
Return on ordinary activities after taxation		24,107	(222,814)	(198,707)	50,289	(14,568)	35,721
Dividend	6	(30,648)	-	(30,648)	(30,648)	-	(30,648)
Transfer (from) / to reserves		<u>(6,541)</u>	<u>(222,814)</u>	<u>(229,355)</u>	<u>19,641</u>	<u>(14,568)</u>	<u>5,073</u>
Return per ordinary share		1.3p	(12.3)p	(11.0)p	2.8p	(0.8)p	2.0p
Dividend per ordinary share							
Final dividend		1.7p			1.7p		

The revenue column of this statement is the profit and loss account for the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the above financial years. A statement of movements of reserves is given in note 12.

The notes on pages 12 to 19 form part of these financial statements.

ATHELNEY TRUST PLC

BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	2002 £	2001 <i>as restated</i> £
Fixed assets			
Investments	7	<u>1,497,461</u>	<u>1,798,443</u>
Current assets			
Debtors	8	54,241	15,535
Cash at bank and in hand		60,144	112,457
		<u>114,385</u>	<u>127,992</u>
Creditors: amounts falling due within one year	9	(40,833)	(54,067)
Net current assets		<u>73,552</u>	<u>73,925</u>
Total assets less current liabilities		1,571,013	1,872,368
Provisions for liabilities and charges	10	(71,000)	(143,000)
Net assets		<u><u>1,500,013</u></u>	<u><u>1,729,368</u></u>
Capital and reserves			
Called up share capital	11	450,700	450,700
Share premium account	12	405,605	405,605
Other reserves - non distributable			
Capital reserve - realised	12	248,817	204,361
Capital reserve - unrealised	12	373,399	640,669
Revenue reserve	12	21,492	28,033
Shareholders' funds	13	<u><u>1,500,013</u></u>	<u><u>1,729,368</u></u>
Net asset value per share		83.2p	95.9p

Approved by the board of directors on 7 April 2003.

.....
R.G.Boyle

The notes on pages 12 to 19 form part of these financial statements.

ATHELNEY TRUST PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash (outflow) / inflow from operating activities		(487)		38,369
Servicing of finance				
Dividends paid		(30,648)		(28,845)
		(30,648)		(28,845)
Net cash (outflow) from servicing of finance				
Taxation				
Corporation tax paid		(8,009)		(51)
Investing activities				
Purchases of investments		(359,428)		(554,529)
Sales of investments		346,259		553,083
		(13,169)		(1,446)
Net cash (outflow) from investing activities				
(Decrease) / increase in cash in the year		(52,313)		8,027
Reconciliation of operating net revenue to net cash (outflow) inflow from operating activities		£		£
Revenue on ordinary activities before taxation		15,928		42,947
Decrease in debtors		15		890
(Decrease) / increase in creditors		(5,561)		3,602
Management expenses charged to capital		(10,869)		(9,070)
		(487)		38,369
Analysis of net debt				
		2001	Cashflow	2002
		£	£	£
Cash at bank and in hand		112,457	(52,313)	60,144

The notes on pages 12 to 19 form part of these financial statements.

ATHELNEY TRUST PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1. Accounting policies

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention modified to include fixed asset investments at valuation.

The financial statements are prepared in accordance with applicable accounting standards and, unless otherwise stated, the provisions of the Statement of Recommended Practice in 'Financial Statements of Investment Trust Companies' (SORP) currently in effect.

1.2 Income

Income from investments including taxes deducted at source is recognised as income on the date the dividend is due for payment. Franked investment income is reported net of tax credits in accordance with Financial Reporting Standard 16 'Current Tax'. Interest is dealt with on an accruals basis.

1.3 Expenses

Expenses (including VAT) and interest payable are dealt with on an accruals basis and charged through the Revenue Account.

1.4 Investment management fee

The investment management fee has been allocated 50% to revenue and 50% to capital, in line with the Board's expected long term split of returns, in the form of income and capital gains respectively, from the investment portfolio.

1.5 Investments

Listed investments comprise those listed on the London Stock Exchange. Profits and losses on sales of investments are taken to realised capital reserve. Any unrealised appreciation or depreciation is taken to unrealised capital reserve.

The Company's investments have been valued according to the following rules:-

- (i) Where bid and offer prices are quoted by a market maker in such securities on the valuation date, investments have been valued on the basis of the middle market price.
- (ii) Where no spread is available, investments have been valued on the basis of the average of the dealing prices recorded by a market maker for such securities on the valuation date or, in the absence of any dealings on that date, at the average of such dealing prices on the latest practicable day prior to the valuation date.

1.6 Taxation

The tax effect of different items of income and expenses is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the year.

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1. Accounting policies (continued)

1.7 Deferred taxation

The company has adopted Financial Reporting Standard 19 in the year. Deferred taxation is provided in respect of all future obligations to pay additional tax arising as a result of past events. Tax is provided at the latest known rates on all timing differences. Deferred tax assets and liabilities are not discounted.

1.8 Capital reserves

Capital reserve- Realised

Gains and losses on realisations of fixed asset investments are dealt with in this reserve.

Capital reserve- Unrealised

Increases and decreases in the valuations of fixed asset investments are dealt with in this reserve.

2. Income

	2002	2001
	£	£
Income from investments		
Franked investment income	58,416	79,659
Foreign dividends	-	1,270
	58,416	80,929
Other income		
Bank interest	1,900	5,495
Other interest	12	-
	60,328	86,424
	£	£
Income from investments		
UK listed investments	42,159	38,451
AIM investments	11,039	38,205
Other investments	5,218	4,273
	58,416	80,929

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

3. Return on ordinary activities before taxation

	2002	2001
	£	£
The following amounts (inclusive of VAT) are included within management and other expenses:-		
Directors' remuneration:-		
- Services as a director	7,997	6,000
- Otherwise in connection with management	20,000	16,000
Auditors' remuneration:-		
- Audit Services	6,466	6,404
- Non audit services	810	6,858
	810	6,858

4. Employees

	2002	2001
	£	£
The only employees during the year were the directors.		
Costs in respect of these directors:-		
Wages and salaries	20,000	16,000
Social security costs	1,821	1,378
	21,821	17,378

5. Taxation

	2002			2001		
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
(i) The tax charge for the year is based on the profit for the year						
Corporation tax	-	412	412	-	8,085	8,085
Tax relief on management expenses charged to income	(8,179)	8,179	-	(7,342)	7,342	-
Adjustment in respect of previous years	-	(76)	(76)	-	-	-
Deferred taxation	-	(72,000)	(72,000)	-	(19,000)	(19,000)
	(8,179)	(63,485)	(71,664)	(7,342)	(3,573)	(10,915)

The deferred taxation figures for 2001 are restated in accordance with the requirements of Financial Reporting Standard 19.

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

5. Taxation (continued)

	2002	2001
	£	£
(ii) Factors affecting the tax charge for the year		
The tax charge for the period is lower than the average small company rate of corporation tax in the UK (19.25 per cent). The differences are explained below:		
Total return on ordinary activities before tax	<u>(270,371)</u>	<u>24,806</u>
Total return on ordinary activities multiplied by the average small company rate of corporation tax 19.25% (2001: 20%)	(52,046)	4,961
<i>Effects of:</i>		
Franked investment income not taxable	(11,245)	(15,932)
Revaluation of shares not tax deductible	65,309	20,828
Indexation relief for capital gains	(1,628)	(1,874)
Other	22	102
Current tax charge for the year	<u><u>412</u></u>	<u><u>8,085</u></u>

6. Dividend

	2002	2001
	£	£
Final proposed dividend of 1.7p (2001 -1.7p) per share.	<u><u>30,648</u></u>	<u><u>30,648</u></u>

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

7. Investments

	2002	2001
	£	£
Movements in year		
Valuation at beginning of year	1,798,443	1,788,046
Purchases at cost	242,123	649,806
Sales - proceeds	(267,675)	(630,338)
- realised gains on sales	63,840	95,069
(Decrease) in unrealised appreciation	(339,270)	(104,140)
	<u>1,497,461</u>	<u>1,798,443</u>
	£	£
Book cost at end of year	1,053,062	1,014,774
Unrealised appreciation at the end of the year	444,399	783,669
	<u>1,497,461</u>	<u>1,798,443</u>
UK Listed	1,001,895	1,323,676
AIM	340,979	354,319
Unlisted	154,587	120,448
	<u>1,497,461</u>	<u>1,798,443</u>

(Losses) / gains on investment

	2002	2001
	£	£
Realised gains on sales	63,840	95,069
(Decrease) in unrealised appreciation	(339,270)	(104,140)
	<u>(275,430)</u>	<u>(9,071)</u>

8. Debtors

	2002	2001
	£	£
Amounts falling due within one year:		
Other debtors	54,241	15,535
	<u>54,241</u>	<u>15,535</u>

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

9. Creditors: amounts falling due within one year

	2002	2001
	£	£
Corporation tax	412	8,085
Social security and other taxes	1,682	1,080
Other creditors	554	939
Proposed dividend	30,648	30,648
Accruals and deferred income	7,537	13,315
	40,833	54,067

10. Deferred taxation

	2002		2001	
	Provided	Not Provided	Provided	Not Provided
	£	£	£	£
Tax on unrealised gains net of losses	71,000	-	143,000	-
	71,000	-	143,000	-
		2002		2001
		£		£
Balance at beginning of year (as restated)		143,000		162,000
Credit to profit and loss account		(72,000)		(19,000)
Balance at end of year		71,000		143,000

The provision for deferred taxation has been restated in accordance with the requirements of Financial Reporting Standard 19. Tax is provided at the latest known rates on all taxable gains net of losses which would arise if investments were sold at the market value included in the balance sheet at the end of the financial year.

11. Called up share capital

	2002	2001
	£	£
Authorised		
10,000,000 Ordinary shares of 25p each	2,500,000	2,500,000
	£	£
Allotted, called up and fully paid		
1,802,802 Ordinary shares of 25p each	450,700	450,700

ATHELNEY TRUST PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

12. Reserves

	2002			
	Share premium account £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £
Balance at beginning of year	405,605	204,361	640,669	28,033
Net gain on realisation of investments	-	63,840	-	-
(Decrease) in unrealised appreciation	-	-	(339,270)	-
Management charge allocated to capital	-	(10,869)	-	-
Corporation tax	-	(8,515)	72,000	-
Retained loss for the year	-	-	-	(6,541)
Balance at end of year	<u>405,605</u>	<u>248,817</u>	<u>373,399</u>	<u>21,492</u>

The opening unrealised capital reserve is restated in accordance with Financial Reporting Standard 19. Deferred tax of £143,000 has been provided in accordance with that Standard.

13. Reconciliation of movement on shareholders' funds

	2002 £	2001 £
Retained net revenue for the year after taxation	24,107	50,289
Dividend	(30,648)	(30,648)
	(6,541)	19,641
Total recognised (losses) for the year	<u>(222,814)</u>	<u>(14,568)</u>
	(229,355)	5,073
Shareholders' funds at beginning of year (as restated)	<u>1,729,368</u>	<u>1,724,295</u>
Shareholders' funds at end of year	<u><u>1,500,013</u></u>	<u><u>1,729,368</u></u>

ATHELNEY TRUST PLC**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 DECEMBER 2002****14. Risk management, financial assets and liabilities**

The following information is given in accordance with Financial Reporting Standard 13.

Risk management

The major risks associated with the Company are market and liquidity risk. The Company has established a framework for managing these risks. The directors have guidelines for the management of investments and financial instruments.

Market risk arises from changes in interest rates, valuations awarded to equities, movements in prices and the liquidity of financial instruments.

The Company's portfolio is invested in UK securities.

Financial assets and liabilities

The Company's financial instruments comprise equity investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13.

Fixed asset investments (see note 7) are valued at middle market prices which equate to their fair values. The fair values of all other assets and liabilities are represented by their carrying values in the balance sheet.

AHELNEY TRUST PLC**OFFICERS AND FINANCIAL ADVISORS**

Directors:	H.B. Deschampsneufs (Chairman) R.G. Boyle D.A. Horner
Secretary:	J.M.Davies 9 Limes Road Beckenham Kent, BR3 6NS
Registered Office:	2 Queen Anne's Gate Buildings Dartmouth Street London, SW1H 9BP
Nominated Adviser:	Noble & Company Limited 76 George Street Edinburgh, EH2 3BU
Nominated Broker:	Spiers & Jeffrey Limited 36 Renfield Street Glasgow, G2 1NA
Auditor:	Clement Keys 39 /40 Calthorpe Road Edgbaston Birmingham, B15 1TS
Banker:	The Royal Bank of Scotland plc London City Office 62/63 Threadneedle Street London City Office, EC2R 8LA
Registrar:	Park Circus Registrars Limited James Sellar's House 2nd Floor 144 West George Street Glasgow, G2 2HG
Company Number:	2933559

ATHELNEY TRUST PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ninth Annual General Meeting of the Company will be held at 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP on Wednesday 14 May 2003 at 4.30 pm for the following purposes:

As Ordinary Business

1. To receive and adopt the Company's Accounts and the Reports of the Directors and the Auditors for the year ended 31 December 2002.
2. To declare a final dividend of 1.7p per ordinary share. It is intended that dividend cheques in respect of the final dividend will be posted on Monday 19 May 2003 to all shareholders on the register of members at close of business on Tuesday 22 April 2003.
3. To approve the remuneration of the Directors
4. To re-elect Mr H.B. Deschampsneufs as a Director of the Company.
5. To re-appoint Clement Keys as Auditors and to authorise the Directors to fix their remuneration.

As Special Business

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

6. That the Articles of Association of the Company be and hereby are amended as follows:
 - (a) by the deletion of paragraphs (i) and (ii) of Article 154 headed 'Duration and Winding up of the Company'
 - (b) by the deletion of the words 'Duration and ' from the heading of Article 154; and
 - (c) by the renumbering of Article 154 headed 'Indemnity' as Article 155 and the renumbering of the subsequent Articles accordingly.

By Order of the Board



Secretary
7 April 2003

Registered Office: 2 Queen Anne's Gate Buildings, Dartmouth Street, London, SW1H 9BP

NOTES

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is enclosed with this Notice for use at the Meeting. To be valid, completed forms of proxy (together with any Power of Attorney or other authority under which it is executed or duly certified copy of any such Power or authority) must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for the Meeting.

Completion and return of a form of proxy will not prevent the member from attending and voting at the Meeting in person.

- (ii) The register of Directors' interests kept in accordance with Section 325 of the Companies Act 1985 and copies of Directors' service contracts will be available for inspection during normal business hours at the Company's Registered Office from the date of this Notice until the date of the Meeting.