

Company Registered Number: 2933559

ATHELNEY TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

ATHELNEY TRUST PLC

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ATHELNEY TRUST PLC

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CHAIRMAN'S STATEMENT

I have pleasure in enclosing the audited results for the twelve months to 31 December 2004. The key points are as follows:-

- Audited Net Asset Value ("NAV") is 134.9p per share (31 December 2003 : 110.9p), a rise of 21.6 per cent.
- Gross Revenue fell by 21.2 per cent to £79,822 (31 December 2003: £101,345).
- On a like-for-like basis revenue was actually up by 9.1 per cent and dividend income rose by 6.4 per cent.
- Revenue return per ordinary share was 2.4p, a decrease of 29.4 per cent (31 December 2003: 3.4p).
- Recommended dividend for the year of 2p per share (2003: 1.8p).

The Market

The year 2004, one of solid achievement for Athelney, was not at all straightforward, despite the pleasing rise of 21.6% in the NAV to 134.9p per share. For a start, the economic background was not particularly helpful: rising interest rates both here and in America were an obvious sign that monetary conditions remained on a tightening path.

Sterling continued to be strong against the Dollar but eased against the Euro - such a mix was good at hiding inflation but bad for the UK balance of payments position in relation to all those countries (starting with China) whose currencies are pegged to the Dollar. Consumers continued to spend money like a drunken sailor but that elusive combination - steady growth in both consumer and business spending - was not achieved.

Rising interest rates eventually choked off the residential property market although, with a huge aspirational demand for new properties, it would be in nobody's interests to knock the housebuilders any further.

Oil prices averaged \$41 per barrel and OPEC's official target of \$25 - \$30 per barrel was quietly abandoned during the year. Gas prices, too, were very strong and it is an unusual business indeed not to be adversely affected by these increases, higher business rates and a tightening labour market.

Having said all that, small companies have now delivered a sustained spell of outperformance: on 28 February 2003, the Athelney NAV was 79.4p per share, so between that date and 31 December 2004, the Company has experienced a growth in value of fully 69.9 per cent. Yes, there has been something of a rise in corporate activity, but what has made a huge difference is that investors, both individual and corporate (formerly victims of the increased volatility of blue chips) now see the perceived risk of investing in small caps as being much narrower.

ATHELNEY TRUST PLC

CHAIRMAN'S STATEMENT

(CONTINUED)

Results

Gross revenue fell by 21.2 per cent to £79,822 in 2004. These figures actually hide the true position, which is one of steady growth in dividends from the vast majority of our investments. Additionally, in 2003, a total of £34,756 was received by way of special dividends, including £30,756 as part of the proceeds from the sale of Amalgamated Metal Corporation, whereas, in 2004, the only such dividend was from Stanley Gibbons. Taking the one-off factors into account, gross revenue moved ahead by a satisfactory 9.1 per cent which, when allied to the 21.6 per cent rise in NAV, adds up to what the Board considers to be a year of achievement.

The growth in dividend income is illustrated by the following table:-

	<u>Number</u>
Companies paying dividends	75
Companies sold (therefore no true comparison)	15
Companies purchased (therefore no true comparison)	14
Increased total dividend in the calendar year	41
Reduced total dividend in the calendar year	1
No change in dividend	4

Portfolio Review

In what has been quite a busy year, the following were purchased for the first time or were existing holdings which were increased in size: *Ben Bailey, Brandon Hire, CD Bramall, Charles Taylor Consultancy, Countryside Properties, Erinaceous Group, European Motor Holdings, Havelock Europa, Lookers, PD Ports, Robotic Technology Systems, SCS Upholstery, J Smart & Co., Albemarle & Bond Holdings, Bristol & West Investments, Collier C.R.E., Gooch & Housego, UK Betting, Ultimate Leisure and Vantis.*

C D Bramall, Christie Group, Ifx Group, Reed Health Group, Robotic Technology Systems, Sportech, Wintrust, Alliance Pharma, CA Coutts, Cobra Bio-Manufacturing, Collins & Hayes, Ideal Shopping Direct, Oasis Healthcare, UK Betting, Universe Group, Clyde Marine have all been sold. Several other shares were top-sliced.

Dividend

The Board is recommending an increased annual dividend of 2p per ordinary share for the year ended 31 December 2004 (2003: 1.8p). This represents a doubling of the 1p per ordinary share paid for the Company's first full year of 1995.

ATHELNEY TRUST PLC**CHAIRMAN'S STATEMENT****(CONTINUED)****Update**

The unaudited NAV at the 28 February 2005 was 142.1p per share, which means that at the price of 105.5p on 28 February 2005 the shares stood at a discount of 25.8 per cent. Without doubt, an improvement from the position twelve months ago, but the directors would like to see a further improvement in the market rating of our shares.

Outlook

The past two years have seen a substantial re-rating take place in small caps which was both welcome and long overdue. It is right, though, to be more cautious about 2005 particularly bearing in mind that it is election year. We do not know whether the hawks or doves will win the debate on interest rates and what effect this may have on the residential property market and on consumer spending generally. What we do know is that a carefully managed portfolio of small caps has performed well in terms of both capital growth and providing a rising dividend income over the past ten years. Your Board looks forward to the next ten years with considerable confidence.

Hugo Deschampsneufs
Chairman

5 April 2005

ATHELNEY TRUST PLC

INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2004

SECTOR	STOCK	HOLDING	VALUE (£)	SECTOR £	SECTOR %
Automobiles and Parts	European Motor Holdings	11,350	24,232	47,812	1.87%
	Lookers	7,200	23,580		
Beverages	Merrydown	47,000	60,395	110,495	4.32%
	Shepherd Neame "A"	6,000	50,100		
Construction & Building Materials	Ben Bailey	6,800	28,798	292,659	11.45%
	Clarke (T)	6,000	35,760		
	Countryside Properties	22,500	63,900		
	Galliford Try	65,000	33,313		
	Gibbs & Dandy	10,000	38,150		
	Havelock Europa	24,000	33,600		
	Latham (James)	4,000	26,100		
	Rok Property Solutions	7,500	33,038		
Diversified Industrials	N.W.F. Group	13,000	92,300	92,300	3.61%
Engineering Machinery	Gooch & Housego	18,000	32,850	163,585	6.40%
	Goodwin	17,000	47,600		
	Severfield-Rowen	6,500	31,135		
	Slingsby (H.C.)	4,000	52,000		
Food Processors	Wynnstay Group	30,000	82,500	82,500	3.23%
General Retail	Beattie, James	17,000	21,844	235,939	9.23%
	Flying Brands	14,000	30,450		
	Mallett	12,000	34,380		
	SCS Upholstery	12,000	42,420		
	Stanley Gibbons	90,000	76,500		
	Wyevale Garden Centres	7,000	30,345		
Insurance	Personal Group Holdings	22,000	44,550	44,550	1.74%
Leisure & Hotels	Enterprise Inns	10,000	79,500	112,845	4.42%
	Ultimate Leisure	9,500	33,345		
Media & Entertainment	International Greetings	18,000	59,130	120,687	4.72%
	Landround	5,000	14,125		
	Media Square	213,179	47,432		
Real Estate	Colliers C.R.E.	16,000	20,560	161,948	6.34%
	Mountview Estates	1,925	87,588		
	Smart (J) & Co.	4,000	23,600		
	Unite Group	10,000	30,200		
Software & Computer Services	ICM Computer Group	7,500	30,750	46,700	1.83%
	Pennant International	116,000	15,950		
Speciality & Other Finance	Albemarle & Bond	20,000	26,000	337,383	13.20%
	Bristol & West Investments	200,000	19,000		
	Broadcastle	40,000	34,000		
	Camellia	1,631	95,413		
	Cardpoint	30,000	34,650		
	Charles Taylor Consulting	8,000	18,720		
	Park Group	80,000	24,800		
	S & U	8,000	43,200		
	Secure Trust Banking Group	7,500	22,425		
	Vantis	14,750	19,175		
Support Services	Brandon Hire	20,000	30,300	429,210	16.80%
	Dawson Holdings	34,000	56,950		
	Enterprise	16,000	63,520		
	Erinaceous Group	13,000	25,545		
	Fountains	20,000	29,000		
	Genus	15,000	40,500		
	Penna Consulting	16,000	23,120		
	VP Group	17,000	31,875		
	Waterman Partnership Holdings	40,000	36,800		
	Watermark Group	20,000	31,800		
	WSP Group	23,000	59,800		
	Telecommunications	Patientline	20,000		
Transport	Air Partner	8,500	41,013	253,268	9.91%
	Braemar Seascope Group	20,000	80,300		
	Clarkson	8,000	57,800		
	Fisher (James)	17,000	50,405		
	PD Ports	25,000	23,750		

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 2004.

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 2004	1 January 2004
H.B. Deschampsneufs	116,875	129,575
R.G. Boyle	485,000	485,000
D.A. Horner	15,000	5,000

The above figures include a holding of 58,000 shares (2003 - 58,000) owned by a pension fund in which R.G. Boyle and H.B. Deschampsneufs have an interest and 15,000 shares (2003 - 5,000) owned by a pension fund in which D.A. Horner has 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 revenue activities before dividends for the year is £42,818 (2003: £60,621) as detailed on page 9. It is recommended that a final dividend of 2.0p (2003: 1.8p) per ordinary share be paid. The retained profit for the year of £6,762, after providing for payment of dividends, has been added to 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.

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

5 April 2005

**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 2004, 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. This other information comprises only the Directors' Report, the Chairman's Statement and the Investment and Portfolio Analysis. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes 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 2004 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

5 April 2005

ATHELNEY TRUST PLC

STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	31 December 2004			31 December 2003		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Profits on investments	8	-	535,518	535,518	-	584,517	584,517
Income	2	79,822	-	79,822	101,345	-	101,345
Investment management expenses	3	(6,810)	(19,789)	(26,599)	(11,576)	(11,576)	(23,152)
Other expenses	3	(38,199)	-	(38,199)	(38,003)	-	(38,003)
Return on ordinary activities before taxation		34,813	515,729	550,542	51,766	572,941	624,707
Taxation	5	8,005	(90,367)	(82,362)	8,855	(101,616)	(92,761)
Return on ordinary activities after taxation		42,818	425,362	468,180	60,621	471,325	531,946
Dividend	7	(36,056)	-	(36,056)	(32,450)	-	(32,450)
Transfer to reserves		<u>6,762</u>	<u>425,362</u>	<u>432,124</u>	<u>28,171</u>	<u>471,325</u>	<u>499,496</u>
Return per ordinary share	6	2.4p	23.6p	26.0p	3.4p	26.1p	29.5p
Dividend per ordinary share							
Final dividend		2.0p			1.8p		

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 13.

There have been no recognised gains or losses, other than the results for the financial years shown above.

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

ATHELNEY TRUST PLC

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004	2003
		£	£
Fixed assets			
Investments	8	<u>2,555,581</u>	<u>2,048,785</u>
Current assets			
Debtors	9	116,514	87,392
Cash at bank and in hand		61,311	74,593
		<u>177,825</u>	<u>161,985</u>
Creditors: amounts falling due within one year	10	<u>(57,673)</u>	<u>(47,461)</u>
Net current assets		<u>120,152</u>	<u>114,524</u>
Total assets less current liabilities		2,675,733	2,163,309
Provisions for liabilities and charges	11	(244,100)	(163,800)
Net assets		<u><u>2,431,633</u></u>	<u><u>1,999,509</u></u>
Capital and reserves			
Called up share capital	12	450,700	450,700
Share premium account	13	405,605	405,605
Other reserves - non distributable			
Capital reserve - realised	13	389,458	311,754
Capital reserve - unrealised	13	1,129,445	781,787
Revenue reserve	13	56,425	49,663
Shareholders' funds - all equity	14	<u><u>2,431,633</u></u>	<u><u>1,999,509</u></u>
Net Asset Value per share		134.9p	110.9p

Approved by the board of directors on 5 April 2005.

.....
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 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		19,170		45,471
Servicing of finance				
Dividends paid		(32,450)		(30,648)
		(32,450)		(30,648)
Net cash (outflow) from servicing of finance				
Taxation				
Corporation tax paid		-		(373)
Investing activities				
Purchases of investments		(575,195)		(385,319)
Sales of investments		575,193		385,318
		(2)		(1)
Net cash (outflow) from investing activities				
(Decrease) / increase in cash in the year		(13,282)		14,449
Reconciliation of operating net revenue to net cash inflow from operating activities		£		£
Revenue on ordinary activities before taxation		34,813		51,766
(Increase) / decrease in debtors		(398)		43
Increase in creditors		4,544		5,238
Management expenses charged to capital		(19,789)		(11,576)
		19,170		45,471
Analysis of net debt				
		2003	Cashflow	2004
		£	£	£
Cash at bank and in hand		74,593	(13,282)	61,311

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

ATHELNEY TRUST PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2004****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. UK dividend 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 expenses

Investment management expenses have been allocated 25% to revenue and 75% 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 Official List of 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. Accounting policies (continued)

1.7 Deferred taxation

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

	2004	2003
	£	£
Income from investments		
UK dividend income	75,922	99,338
Bank interest	<u>3,900</u>	<u>2,007</u>
Total income	<u><u>79,822</u></u>	<u><u>101,345</u></u>
	£	£
Income from investments		
UK listed investments	52,713	52,116
AIM investments	22,153	12,293
Other investments	<u>1,056</u>	<u>34,929</u>
	<u><u>75,922</u></u>	<u><u>99,338</u></u>

ATHELNEY TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

3. Return on ordinary activities before taxation

	2004	2003
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:-		
Directors' remuneration:-		
- Services as a director	8,000	8,000
- Otherwise in connection with management	20,000	20,000
Auditors' remuneration:-		
<i>Audit services</i>		
- Statutory audit	6,580	6,169
- Audit related regulatory reporting	1,240	476
<i>Other services</i>		
- Accounts production and distribution	4,176	3,349
	20,000	20,000

4. Employees

	2004	2003
	£	£
The only employees during the year were the directors.		
Costs in respect of these directors:-		
Wages and salaries	20,000	20,000
Social security costs	1,957	1,930
	21,957	21,930

5. Taxation

	2004			2003		
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
(i) The tax charge for the year is based on the return for the year						
Corporation tax	-	2,062	2,062	-	-	-
Tax relief on management expenses charged to income	(8,005)	8,005	-	(8,855)	8,855	-
Adjustment in respect of previous years	-	-	-	-	(39)	(39)
Deferred taxation	-	80,300	80,300	-	92,800	92,800
	(8,005)	90,367	82,362	(8,855)	101,616	92,761

ATHELNEY TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

5. Taxation (continued)

	2004	2003
	£	£
(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 per cent). The differences are explained below:		
Total return on ordinary activities before tax	<u>550,542</u>	<u>624,707</u>
Total return on ordinary activities multiplied by the average small company rate of corporation tax 19% (2003: 19%)	104,603	118,694
<i>Effects of:</i>		
UK dividend income not taxable	(14,425)	(18,874)
Revaluation of shares not taxable	(81,312)	(95,226)
Indexation relief for capital gains	(2,138)	(4,779)
Relief for losses brought forward	(4,656)	-
Other	(10)	185
Current tax charge for the year	<u><u>2,062</u></u>	<u><u>-</u></u>

6. Return per ordinary share

The calculation of earnings per share has been performed in accordance with FRS 14 'Earnings per share'.

	2004			2003		
	£	£	£	£	£	£
	Revenue	Capital	Total	Revenue	Capital	Total
Attributable return on ordinary activities after taxation	42,818	425,362	468,180	60,621	471,325	531,946
Number of shares		1,802,802			1,802,802	
Return per ordinary share	2.4p	23.6p	26.0p	3.4p	26.1p	29.5p

7. Dividend

	2004	2003
	£	£
Final proposed dividend of 2.0p (2003 -1.8p) per share.	<u><u>36,056</u></u>	<u><u>32,450</u></u>

ATHELNEY TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

8. Investments

	2004	2003
	£	£
Movements in year		
Valuation at beginning of year	2,048,785	1,497,461
Purchases at cost	575,195	385,319
Sales - proceeds	(603,917)	(418,512)
- realised gains on sales	107,560	83,329
Increase in unrealised appreciation	427,958	501,188
Valuation at end of year	2,555,581	2,048,785
	£	£
Book cost at end of year	1,182,036	1,103,198
Unrealised appreciation at the end of the year	1,373,545	945,587
	2,555,581	2,048,785
UK Listed	1,791,814	1,380,154
AIM	713,667	546,348
Other investments	50,100	122,283
	2,555,581	2,048,785

Gains on investment

	2004	2003
	£	£
Realised gains on sales	107,560	83,329
Increase in unrealised appreciation	427,958	501,188
	535,518	584,517

9. Debtors

	2004	2003
	£	£
Amounts falling due within one year:		
Investment transaction debtors	112,080	83,356
Other debtors	4,434	4,036
	116,514	87,392

ATHELNEY TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

10. Creditors: amounts falling due within one year

	2004	2003
	£	£
Corporation tax	2,062	-
Social security and other taxes	3,781	3,776
Other creditors	4,921	1,077
Proposed dividend	36,056	32,450
Accruals and deferred income	10,853	10,158
	57,673	47,461

11. Deferred taxation

	2004		2003	
	Provided	Not Provided	Provided	Not Provided
	£	£	£	£
Tax on unrealised gains net of losses	244,100	-	163,800	-
	244,100	-	163,800	-
		2004		2003
		£		£
Balance at beginning of year		163,800		71,000
Charge to the capital element of the Statement of Total Return		80,300		92,800
Balance at end of year		244,100		163,800

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.

12. Called up share capital

	2004	2003
	£	£
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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

13. Reserves

	2004			Revenue reserve £
	Share premium account £	Capital reserve realised £	Capital reserve unrealised £	
Balance at beginning of year	405,605	311,754	781,787	49,663
Net gain on realisation of investments	-	107,560	-	-
Increase in unrealised appreciation	-	-	427,958	-
Management expenses allocated to capital	-	(19,789)	-	-
Taxation	-	(10,067)	(80,300)	-
Retained profit for the year	-	-	-	6,762
Balance at end of year	<u>405,605</u>	<u>389,458</u>	<u>1,129,445</u>	<u>56,425</u>

14. Reconciliation of movement on shareholders' funds

	2004 £	2003 £
Retained net revenue for the year after taxation	42,818	60,621
Dividend	(36,056)	(32,450)
	<u>6,762</u>	<u>28,171</u>
Total recognised gains for the year	425,362	471,325
	<u>432,124</u>	<u>499,496</u>
Shareholders' funds at beginning of year	1,999,509	1,500,013
Shareholders' funds at end of year	<u>2,431,633</u>	<u>1,999,509</u>

ATHELNEY TRUST PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

15. 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 8) are valued at middle market prices where available 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.

ATHELNEY 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

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
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 eleventh Annual General Meeting of the Company will be held at 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP on Wednesday 11 May 2005 at 4.30 p.m. 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 2004.
2. To declare a final dividend of 2.0p per ordinary share. It is intended that dividend cheques in respect of the final dividend will be posted on Monday 16 May 2005 to all shareholders on the register of members at close of business on Friday 15 April 2005.
3. To approve the remuneration of the Directors
4. To re-elect Mr R.G. Boyle as a Director of the Company.
5. To re-appoint Clement Keys as Auditors and to authorise the Directors to fix their remuneration.

By Order of the Board



Secretary
5 April 2005

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.

ATHELNEY TRUST PLC

FORM OF PROXY

(See Note (i))

To be used at the Annual General Meeting to be held on 11 May 2005

I/We (*Block letters please*)

of

and (*Names of any joint holders*)

being (a) member(s) of the above-named Company hereby appoint the Chairman of the Meeting or (see Note (ii))
as my/our proxy for me/us and on my/our behalf
at the Annual General Meeting of the Company to be held on 11 May 2005 at 4.30 p.m. and at every adjournment
thereof.

I/We wish this proxy to be used to vote on the following:

Please indicate with an X in the appropriate spaces how you wish the proxy to vote. Unless otherwise instructed, the proxy will use his/her discretion to vote as he/she thinks fit or to abstain from voting on any of the resolutions set out below and on any other business considered at the Meeting.

RESOLUTIONS		For	Against
1	To receive and adopt the accounts for the year ended 31 December 2004		
2	To declare a final dividend		
3	To approve the remuneration of the Directors		
4	To re-elect Mr R.G. Boyle as a Director		
5	To re-appoint Clement Keys as Auditors To authorise the Directors to fix the Auditors' remuneration		

Signed

Dated

NOTES

- (i) This form is for the use of shareholders only and will be used only in the event of a poll being directed or demanded.
- (ii) If you wish to appoint someone other than the Chairman of the Meeting as your proxy please delete the words "the Chairman of the Meeting" and insert the name of the person you wish to appoint. A proxy need not be a member of the Company.
- (iii) To be effective, this form of proxy together with any Power of Attorney or other authority under which it is executed or a duly certified copy of any such Power or authority must be deposited at the Company's Registered Office (2 Queen Anne's Gate Buildings, Dartmouth Street, London, SW1H 9BP) not less than 48 hours before the time fixed for the Meeting.
- (iv) Where the member is a corporation, this form must be executed under its common seal or signed by an officer or attorney or other person duly authorised in writing.
- (v) In the case of joint holders, only one need sign this form but the names of all the joint holders should be shown. The vote of the senior holder who tenders a vote, whether in person or proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the holders appear in the register of members in respect of the joint holding.