

Athelney
TRUST PLC

Annual Report

for the year ended 31 December 2013

COMPANY NUMBER: 2933559

Athelney Trust plc

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Athelney Trust plc

DIRECTORS OF THE COMPANY

The Directors of the Company are:

Hugo Deschampsneufs, non-executive Chairman

Hugo Deschampsneufs, aged 68, has spent his entire working career in finance and is a fellow of the Institute of Chartered Accountants in England and Wales (FCA). He qualified with Binder Hamlyn. He has worked for the Rank Organisation and National CSS Inc., a subsidiary of Dunn & Bradstreet. In 1979 he joined Manchester Exchange & Investment Bank, leaving in 1989 as Director of Leasing Operations. For the next 20 years, he held the position of Finance Director of Longriver Holdings Limited, a group with assets of £70 million, specialising in the leasing of fixture-type assets to local authorities, in which his diverse roles encompassed the disciplines of marketing and legal. He currently acts as an adviser in the leasing industry. His work in both the accounting profession and investment banking has given him extensive knowledge in a wide-ranging variety of business sectors. He has considerable experience of asset management both as a non-executive Director of Dunbar Boyle & Kingsley Holdings, the holding company of a firm of stockbrokers, and as a Director of Athelney Trust plc since its formation.

David Horner, non-executive Director

David Horner aged 54, qualified as a Chartered Accountant in 1985 with Touche Ross & Co before joining 3i Corporate Finance Limited in 1986 where he was a manager giving corporate finance advice. In May 1993, he joined Strand Partners Limited and was appointed a Director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In October 1997 he left to set up Chelverton Asset Management Limited, which specialises in managing portfolios of private companies and small to medium-sized public companies. He was responsible for setting up Chelverton Growth Trust plc and, since May 1999, has managed the Small Companies Dividend Trust plc. In 2013 he resigned his membership of The Institute of Chartered Accountants in England and Wales, as his career is now fully involved in Fund Management.

Robin Boyle, Managing Director

The assets of the Company have been managed since formation by Robin Boyle, the Managing Director of the Company. Aged 69, he has spent the last forty nine years in a number of different roles with institutional fund management and stock broking firms but always retaining an intense interest in Small Caps. His first job in the City of London was with the company that eventually became Gartmore; he then went on to Panmure Gordon, Hoare Govett and Capel-Cure Myers before becoming founder, major shareholder and Managing Director of a private stock broking business, Dunbar Boyle & Kingsley, which he sold in 1994. From 2000 to 2006 he was co-manager of Small Companies Dividend Trust Plc run by Chelverton Asset Management Limited. Between 2006 and 2008 he was non-executive Director of Capcon Holdings plc, now Brady Exploration plc an AIM-traded commercial investigations and stocktaking business.

Jonathan Lancelot Addison, non-executive Director

Jon Addison, aged 61, has over 30 years experience in the investment management industry, including wide experience in superannuation. Currently he is the Investment Manager, (part time), formally Fund Manager of the Meat Industry Employee Superannuation Fund (MIESF) which he joined in 1999 and where he is responsible for the investment management of the fund. Prior to his appointment to MIESF, Jon was a Director and Asset Consultant within the corporate finance section of Pricewaterhouse Coopers and in this role was responsible for establishing an investment consulting practice with clients ranging from superannuation funds to insurance funds and funds managers. Prior to that, he was a manager Investment Consultant at Sedgwick Noble Lowndes. Jon holds Non Executive Directorships with African Enterprise Limited, African Enterprise New Zealand Limited, African Enterprise International, Hawksbridge Limited, Global Masters Fund, TPCG Limited and Phosphagenics Limited. Jon holds a Bachelor of Economics Degree and a postgraduate diploma from the Institute of Company Secretaries and is a member of the Australian Institute of Company Directors and has addressed a number of Australian and International conferences on investment related matters.

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DIRECTORS OF THE COMPANY (CONTINUED)

Dr Emmanuel Clive Pohl, alternate non-executive Director

Manny Pohl, aged 60, is the Chairman and CEO of investment house EC Pohl & Co which he founded after he stepped down in June 2012 as Managing Director and Chair of the Investment Committee of Hyperion Asset Management Limited. Manny founded Hyperion in 1996 and headed the business through its evolution into today's independent, highly acclaimed fund manager with in excess of Au\$3.2 billion in funds under management. Manny holds engineering and MBA degrees from the University of Witwatersrand and a doctorate in Business Administration (Economics) from Potchefstroom University.

Manny has over 29 years of investment experience, initially as head of research for leading South African broking firm, Davis Borkum Hare, followed by Westpac Investment Management in Australia after he emigrated to Australia in 1994. Furthermore, his engineering background gives him a methodical and disciplined approach to his role. He has served on the Boards of several major corporations in his native South Africa and his adopted home Australia.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

I enclose the results for the year ended 31 December 2013. The salient points are as follows:

- Audited Net Asset Value ("NAV") was 219.3p per share (31 December 2012: 149.1p) an increase of 47 per cent.
- Revenue return per ordinary share was 6.1p, (31 December 2012: 5.4p).
- Recommended final dividend of 5.5p per share (2012: 5p), an increase of 10 per cent.

Review of 2013

I had an out-of-body experience when a banker complained to me that a £4million pay packet was not enough.- Sir Philip Hammond, Chairman of Royal Bank of Scotland (apparently, someone the banker knew was earning £6m at a rival bank).

I can calculate the motion of the planets but not the madness of people.- Sir Isaac Newton, having lost all his money in the South Sea Bubble.

I do say that it would be a nice thing if we could raise enuff Hemp [marijuana] to pay our rates. – John Adams, (1763) before becoming a founding father of the United States.

In God we trust: everyone else bring data. – Mike Bloomberg, mayor of New York 2001-13.

The year 2013 might be remembered for what didn't happen rather than what did. The Eurozone managed to avoid a collapse with all the inmates of the intensive care ward showing signs of recovery, particularly plucky Ireland. The possible meltdown as a result of the US defaulting on its debt was avoided yet again. There were no oil shocks or signs of financial distress, with the possible exception of China where bad debts seem to be escalating fast.

So, a pretty dull year then? Well, er, no actually! All the major markets rose, New York by 26.5 per cent, Tokyo by an astonishing 56.7 per cent and London, burdened with a large proportion of commodity shares, by just 14.4 per cent. Shanghai, partly for the above reason, actually fell by 6.8 per cent. In smaller markets, Argentina rose by 88.9 per cent and Pakistan and Greece by 49.4 per cent and 28.1 per cent respectively. As for the fallers, the list was led by Brazil 15.5 per cent, Chile 13.5 per cent and Turkey 13.3 per cent.

Back to London, where small companies had a wonderful year with the Athelney Trust NAV being up by 47 per cent and the Small Cap, Fledgling and AIM indices following on with 29.6 per cent, 26.8 per cent and 20.2 per cent rises respectively.

I thought that we had all learned our lesson from the financial crisis not to deal in stuff that we didn't understand so was rather surprised to see Goldman Sachs, a well-known bank, flogging Autocallable Contingent Coupon Buffered Equity-Linked Medium-term Notes. But just to remind everyone, if you don't understand it, don't invest.

A worrying puritanical streak has entered the economic debate and I confess to have been as guilty as anyone. Celebration of our unexpected recovery tends to be followed soon after by complaints that Britain has the wrong sort of growth, fuelled by household debt and consumption. This mood may be strong but I am beginning to believe that it is wrong: consumption is the whole purpose of economic activity and allows us to meet all our material aims and ambitions in the pursuit of happiness.

It is also deeply patronising for those of us in comfortable circumstances to worry that *hoi polloi* are consuming too much for their own good or for that of the economy as a whole. True, Britain's household liabilities as a proportion of GDP rose from 70 per cent in 1998 to 106 per cent in 2007 but that was not to buy frivolous nonsense but was extra borrowing taken on by young people to buy increasingly expensive houses.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

Naturally, there are legitimate concerns about the strength of the recovery but most are not about consumption but, for example, Britain's enduring trade deficit says less about spending than about the ability of the economy to supply the goods that Britishers want. The only alternative to increased household spending would have been worse: stagnation, higher unemployment, lower incomes and deteriorating public finances – just have a look at France if you are not convinced.

The release of Grand Theft Auto V shows that computer games have matured from a cottage industry into big business so that the development cost of £170m rivals that of a Hollywood film. Sales will be helped by the outrage about a game which allows a young, single, keyboard-bound nerd to imagine himself a career criminal but older gentlemen seeking relaxation are an untapped market, so Athelney Games Inc. is proud to launch Robin B, Semi-retired Stockbroker. Immerse yourself in his world of taking a stroll to a country pub, braving midges and cow-pats on the way. Take a trip with him to buy a new suit. Travel with him to the City to have a liquid lunch with an old colleague. Can he stay awake going home? Can't fail, surely?

Plans for airports and other infrastructure projects are back to front. The saga of the Channel tunnel and the railway connecting it to London took a couple of decades. High Speed 2 looks like another 20 years. Fourteen years elapsed between the decision to build the last nuclear power station and its completion, the current nuclear renaissance started in 2006 and will not produce an outcome before 2022.

The search for a lasting solution to increasing airport capacity in the south-east has taken half a century so far. As long as we treat every project in isolation, delays are inevitable as the process gets bogged down in the battles between winners and losers, the latter worried about house prices and back gardens.

What is missing is the bigger picture of our needs, in other words a national infrastructure plan. West Londoners would probably be losers from a new Heathrow runway. As long as the question is narrowly phrased, they have every reason to complain yet they would most likely gain from all the other infrastructure projects proposed as part of a broader, long-term development plan including easier access to the north via HS2 and more power stations. So, decisions about new railway lines and airports should be taken together rather than on a case-by-case basis. Or is that too much to ask?

A story about fracking? The residents of Balcombe in West Sussex were not amused when a team of diggers arrived to start poking around under the North Downs. Just think about the possible damage to the water supply and what about earthquakes? No, the year is 1841 and the result was a tunnel for the London to Brighton Railway plus a handsome new viaduct and the villagers were given a free railway station. This time I'm sure that they are in line for cheap fracked gas.

Rarely has an ugliness competition between banks been so fierce. In November, we were all treated (if that is the right word) to tales of alleged rent-boys and drugs about Paul Flowers, the former chairman of the Co-operative Bank.

Then it emerged that the Serious Fraud Office was looking into allegations that the Royal Bank of Scotland had defrauded small business customers of the bank by pushing them into bankruptcy then grabbing their assets. What is absolutely certain is that RBS has failed to support its small business customers.

If RBS were a smallish bank, it would probably not matter very much that its treatment of customers was so shabby but this badly run giant dominates the market. On the eve of the financial crisis, its share of loans to small business was about 40 per cent: despite the taxpayers' bail-out, that share has now fallen to 33 per cent. It makes one doubt whether the bail-out was such a good idea after all.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

In describing Paul Flowers as a latter-day Falstaff, surely the Financial Times made an enormous mistake. Yes, Falstaff slept with prostitutes and drank enormous quantities of sherris wine but in doing so he certainly never intended to pay for either since he was permanently broke. He was the philosopher of the Boar's Head in Eastcheap, a lovable rogue who not only made us laugh at him and with him but also at ourselves. He is to England what Don Quixote is to Spain and delights each new generation that discovers him: I am not only witty in myself but the cause that wit is in other men. None of this can be said for Mr Flowers: liken him to Cloten or Caliban but not to Valiant Jack Falstaff.

It is disappointing that Alex Salmond wants to keep the pound rather than bring back the bawbee and the groat. There are obvious reasons to retain sterling although should anyone really want the thing? Before the Great War, the pound bought almost \$5, now it is about \$1.67. The loss of empire and the cost of two world wars did not help, although this performance is comparable to the disastrous fall in Scotland's currency against England's the last time each were independent of each other.

In the two centuries up to the fixing of the exchange rate in 1603, sterling rose 12 times against the Scots equivalent (the bawbee was sixpence). Anyone tempted to suggest that Scotland have its own currency so that devaluation could boost exports should, er, go away tae think again. In the long run, the competitive advantage would be wiped out by higher inflation. Still, Scottish banknotes could probably feature lurid pictures of patriotic Highlanders slaughtering Englishmen at Bannockburn.

Shares in Tweeter, a bankrupt electronics retailer, briefly soared 1,800 per cent in October as some investors mistook the ticker symbol TWTRQ for TWTR, the latter chosen by Twitter ahead of its stock-market flotation. Trading was halted but not before investors realized that the early bird does not always get the worm.

Yes, *Billy Boy* Ben Bernanke has made a real difference in his relatively short spell (2006-14) as Chairman of the US Federal Reserve and deserves to be counted amongst those economists such as John Maynard Keynes who have made a massive contribution in their specialist field. The history books will no doubt record the US Fed's role in the great financial upheavals of the age: it underestimated the impact of the housing bubble on the economy but its reaction to the financial panic of 2006-08 was exemplary; its role in cleaning up the US banking system in 2009 was far-sighted and its balance sheet expansion (QE) from 2010 onwards was more aggressive than most other central banks.

Essentially from the new Keynesian school of economics, he believed that there was a major role for the Fed in a time of deep recession and scolded Congress for tightening tax/spend policies in 2010-13. What is clear, though, is that he won the intellectual debate for an active monetary policy whereas many Republicans were extremely dubious about its effectiveness. Thank goodness that he did so!

More recently, he has been an advocate of *forward guidance* alongside our own Mark Carney – this is quite a controversial area but my own belief is that it has helped to ease monetary conditions. So what was his unique contribution? Some would say that he *saved the world* (probably Gordon Brown would not agree) by flooding markets with liquidity in the autumn of 2008. I would prefer to say that he fixed the US banking system in 2009 and designed innovative monetary policies thereafter. A really tough act to follow.

I was interested to read in the FT that the most lavish event for the retiring Sir Mervyn King, the former governor of the Bank of England, cost £4,672 or about £13.35 per head. Lavish? – try getting into Stamford Bridge or Old Trafford with that sort of money and see how you get on!

At a time of economic growth, the greatest concern in financial markets is, naturally, that inflationary pressures would force central banks to start raising interest rates ahead of the time-table that they had outlined.

At the close of Athelney's year-end, inflationary expectations in the US reached as much as 2.3 per cent for the next ten-year period. There is always one problem with this particular view and that is the evidence of deflationary pressures: all the developed world's central banks target 2 per cent inflation, which even the UK has hit and the US and Europe are now well below.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

December's meeting of the US Fed resulted in a document of 8,000 words and included plenty about tapering the amount of stimulus it has been providing to markets but not a single use of the word *deflation*. Maybe that was entirely correct but what about Japan where prime minister Shinzo Abe's campaign to lift inflation has resulted in a huge fall in the yen against all competitors? As the price of Japanese exports fall, so other countries suffer deflation.

Falling commodity prices also suggest that world economic growth remains feeble: metal prices have fallen by about 40 per cent from their 2011 'high.' Here, the source of deflation is China – as economic growth in that country slows and its communist leadership tries to shift from business investment to household consumption (i.e. the exact opposite of what has been happening here at home), so demand for commodities falls. Lower commodity prices results in lower inflation.

Why should deflation be such a problem? Usually inflation, which makes it harder for households to make ends meet, is regarded as far more dangerous. The problem with deflation, though, is that it makes any debt that much more expensive to pay off in real terms. This is particularly true in the Euro-zone. There, thanks to the sovereign debt crisis, the countries of Europe have made little or no progress in clearing their outstanding piles of debt so the risk of deflation is acute. Investors who have been worrying about inflation should realize that they have, in fact, been engaged in a bout of wishful thinking.

Your Chairman has failed to get to grips with the Twitter revolution – I simply could not think of anything misogynistic enough to say in 140 characters or less.

Is it really possible, as averred by the Centre for Economics and Business Research (CEBR), that the UK could overtake Germany and France to become Europe's biggest economy by 2030? Or is it that the CEBR is fond of a good headline and who will remember a forecast like this in 16 years anyway?

I have been banging on for years about our problems such as the chronic shortage of skills, too much investment in real estate, that our manufacturing sector is very good but too small, our productivity is poor and we have a modest record of taking innovation out of the lab/workshop and turning it into commercial success. But maybe France and Germany will also have problems over the next 16 years?

Italy and Spain may well continue to struggle with debt, joblessness, weak government and lack of social cohesion for the foreseeable future so we can concentrate on Germany and our neighbour across the Channel. Germany will be *top dog* for many years yet but it is not immune to low confidence in the rest of the euro-zone. Furthermore, its demographics look really bad: the population is both ageing and set to decline in size. After two generations of incredibly hard-working, frugal workers it would be a miracle to find the next one working even harder.

The French, meanwhile, believe themselves capable of overtaking Germany about the year 2040 but France is being dragged in the wrong direction by a bloated public sector, high tax rates and its citizens' sense of entitlement to a vast range of welfare benefits. The CEBR forecasts that the UK will overtake France in about five years' time.

So what are the factors which could work in our favour? Well, not being in the euro gives us a competitive exchange rate when needed, the flexibility of our labour markets gives our companies the chance to be more efficient, we attract foreign business investment and are reducing welfare costs. Furthermore, our attractive rates of tax have persuaded hundreds of thousands of French people to make their careers and businesses here. So, with our good demographics it really could happen, couldn't it?

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

I am indebted to the Private Eye magazine for the text in full of a recent speech by Lord (Neil) Kinnock:-

'I am totally, utterly and utterly, totally appalled, disgusted and outraged by the suggestion I see being made on every side that Ed Miliband is proving to be a totally, utter disaster as leader of the Labour Party. There are even those who are idiotic enough to be suggesting that Mr Miliband is the worst leader that Labour ever had. This, in my view, is utterly, totally, totally, utterly and utterly, totally wrong. As everyone who has made the most casual, cursory and superficial study of British politics would know, there is only one man whose grasp of political issues, whose sense of strategy and whose interminable oratorical wind-bagging have given him the undisputed claim to have been the most utterly, utterly and totally, totally useless leader of the Labour Party or, indeed, possibly any other party at any time in history. And that man, I can state without undue modesty and without fear of contradiction, is myself.'

Do you want to know how to have a tax holiday as a giant American multinational? First, set up two companies in Ireland: the first, which is generally resident in that country, pays royalties to use intellectual property which generates expenses that reduce the amount of tax paid in Ireland. The other company, which collects the royalties in a tax-haven like the Caymans, is incorporated in Ireland but not tax resident there so avoiding Irish tax. Simple!

Results

	<u>Number</u>
Companies paying dividends	80
Companies sold (therefore no true comparison)	13
Companies purchased (therefore no true comparison)	14
Increased total dividends in the year	36
Reduced total dividends in the year	5
No change in dividend	12

Capital Gains

During the year the Company realised capital profits arising on the sale of investments in the sum of £297,801 (31 December 2012: £183,707).

Portfolio Review

Holdings of *Amlin, Catlin, Costain, F&C UK Real Estate, GLI Finance, Hydrogen, Juridica, Lancashire Holdings, LondonMetric Property, Palace Finance, Picton Property Income, PLUS500, Redefine, Schroder REIT, Sprue Aegis, Standard Life Property Income Trust and Tritax Big Box* were all purchased for the first time. Additional holdings of *H & T Group and NewRiver Retail* were also acquired. *Albermarle & Bond, Consort Medical, Haynes Publishing Group, Local Shopping REIT, McKay Securities, Mucklow Group, Office 2 Office, Paypoint, Personal Group Holdings, Phoenix IT and Sweett Group* were sold. In addition, a total of seventeen holdings were top-sliced to provide capital for the new purchases.

Corporate Activity

A cash offer for *Fiberweb* was received and accepted, resulting in a 96.5 per cent profit.

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

Dividend

The Board is pleased to recommend an increased annual dividend of 5.5p per ordinary share (2012: 5p). This represents an increase of 10 per cent over the previous year. Subject to shareholder approval at the Annual General Meeting on 9 April 2014, the dividend will be paid on 14 April 2014 to shareholders on the register on 21 March 2014.

For those patient investors who subscribed for Athelney Trust shares in the IPO of 1994, the annual return has now risen to 11 per cent net of basic rate tax on the capital originally invested.

Update

The unaudited NAV at 28 February 2014 was 230.9p whereas the share price on the same day stood at 210p. Further updates can be found on www.athelneytrust.co.uk

Prospects

What can we say about 2014? Central banks have been pulling out all the stops in monetary policy terms, not just in the form of QE but in the low level of interest rates. In the first three centuries of its existence which included deflation, depression and world wars, the Bank of England never felt the need to push interest rates as low as they are now.

Markets will have to learn how to cope with threats to taper, tighten, unwind QE and increase interest rates. This may take some time so we probably need a period of consolidation before asset prices can start to move ahead again.

There again, it is likely that markets have got ahead of themselves in recent weeks: what we need are plenty of good company results and dividends and further good news on employment, steady inflation and increasing economic activity. A decent year for asset prices may eventually result.

**H.B. Deschampsneufs
Chairman
5 March 2014**

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INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2013

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	5,500	42,350	42,350	0.99%
Construction and materials	Costain Group	11,000	30,443	126,968	2.95%
	Renew Holdings	55,000	96,525		
Electronic and electrical equipment	XP Power Limited	4,000	63,520	94,520	2.20%
	Sprue Aegis	25,000	31,000		
Food and beverages	Greencore Group	32,500	72,443	163,757	3.81%
	Wynnstay Group	14,500	91,314		
General financial	Arbuthnot Banking Group	2,250	32,153	667,022	15.52%
	Camellia	500	43,270		
	Charles Taylor	25,000	62,938		
	GLI Finance	100,000	50,750		
	Jarvis Securities	27,500	122,375		
	Juridica Investments	22,000	28,380		
	Park Group	140,000	77,350		
	PLUS500	17,500	54,206		
	Randall & Quilter Investment Holdings	40,000	70,800		
S & U	8,000	124,800			
Industrial engineering	Goodwin	1,300	47,437	169,305	3.94%
	Hill & Smith	12,500	64,375		
	Slingsby (H.C)	4,000	15,990		
	Vitec	6,500	41,503		
Industrial transportation	ACM Shipping	22,500	51,750	252,168	5.87%
	Braemar Shipping Services	12,000	67,080		
	Fisher (James)	3,000	37,470		
	UK Mail	15,500	95,868		
Insurance	Abbey Protection	35,000	39,200	247,051	5.75%
	Amlin	9,500	43,586		
	Catlin	7,500	43,500		
	Chesnara	16,000	51,440		
	Hansard Global	30,000	28,800		
Lancashire Holdings	5,000	40,525			
Media	4Imprint	8,000	53,440	445,265	10.36%
	Chime Communication	20,000	67,350		
	Huntsworth	70,000	48,125		
	M&C Saatchi	20,000	66,600		
	Quarto Group Inc Com	40,500	64,800		
	UTV Media	20,000	42,950		
	Wilmington Group	42,500	102,000		
Property Investment Companies	Picton Property Income	100,000	55,750	100,600	2.34%
	Standard Life Property Income	65,000	44,850		
Real Estate Investment & Services	F & C UK Real Estate Investments	64,500	53,696	397,259	9.24%
	Lok'n Store Group	30,000	58,875		
	Londonmetric Property	25,000	34,550		
	Mountview Estates	1,500	102,750		
	Palace Capital	20,000	49,550		
	Redefine	85,000	50,575		
	Schroder Real Estate Investment Trust	95,000	47,263		

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INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2013 (CONTINUED)

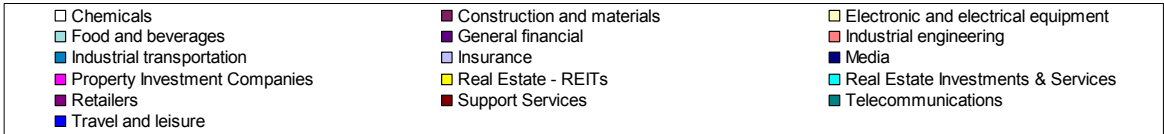
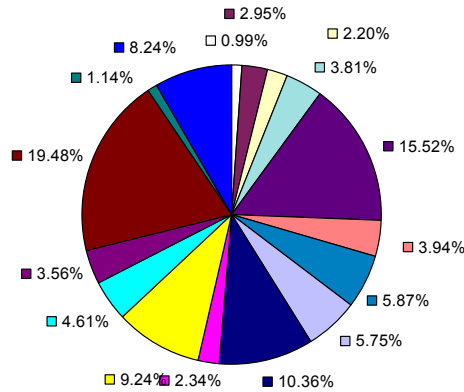
	Stock	Holding	Value (£)	SECTOR £	%
REITs	NewRiver Retail	25,000	73,750	198,203	4.61%
	Town Centre Securities	27,500	63,181		
	Tritax Big Box	60,000	61,272		
Retailers	H & T Group	22,000	31,515	152,965	3.56%
	Stanley Gibbons	35,000	121,450		
Support services	Begbies Traynor	60,000	24,300	838,058	19.48%
	Communis	100,000	56,500		
	Hydrogen	40,000	42,000		
	ISG	18,000	47,340		
	Latham (James)	14,000	57,400		
	Macfarlane Group	160,000	53,600		
	Matchtech	18,500	105,450		
	Nationwide Accident Repair	45,000	28,350		
	RWS Holdings	5,500	51,535		
	Smiths News	50,000	117,875		
	St Ives	50,000	86,250		
	Vianet Group	32,500	24,375		
VP	21,500	143,083			
Telecommunications	KCOM Group	50,000	49,100	49,100	1.14%
Travel and leisure	Air Partner	18,000	100,890	354,328	8.24%
	Cineworld	25,000	94,938		
	GVC Holdings	30,000	105,900		
	Photo-Me	40,000	52,600		

Portfolio Value		£ 4,298,919	100%
Net Current Assets		£ 50,774	
TOTAL VALUE		£ 4,349,693	
Shares in issue		1,983,081	
Audited NAV	219.3p		

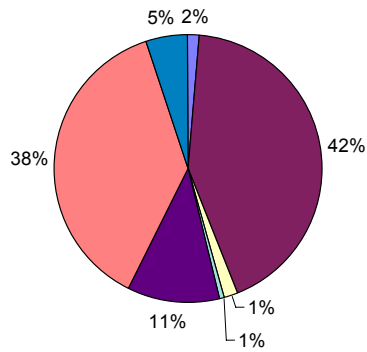
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INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2013 (CONTINUED)

Portfolio By Sectors



Portfolio By Listing



Athelney Trust plc

STRATEGIC REPORT

As explained within the Report of the Directors on page 16, the Company carries on business as an investment trust. Investment trusts are collective closed-ended public limited companies.

Business Model

Board

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate and gearing strategy, corporate governance procedures and risk management. Biographical details of the five male Directors, can be found on pages 2 to 3.

The Company has one male employee.

Investment Objective

The investment objective of the Trust is to provide shareholders with prospects of long-term capital growth with the risks inherent in small cap. investment minimized through a wide spread of holdings over various industries and sectors. The Fund Manager also considers that it is highly important to maintain a progressive dividend record.

Investment Policy

The assets of the Trust are allocated predominantly to companies with a market capitalization of less than £100m with either a full listing on the London Stock Exchange or a trading facility on AIM or ISDX. The assets of the Trust have been allocated in two main ways: first, to the shares of those companies which have grown steadily over the years in terms of profits and dividends but, despite this progress, the market rating has remained low or very low; second, to those companies whose shares are standing at a low level compared with the value of land, buildings or cash in the balance sheet.

Strategy

The investment strategy employed by the Fund Manager in meeting the investment objective focuses on active stock selection. The selection of individual holdings is based on analysis of, amongst other things, market positioning, competitive advantage, financial strength and cash flows. The weighting of individual investments reflects the Managers' conviction in those holdings and their aggregate views on asset allocation, including between UK and overseas equities, corporate bonds, cash and gearing.

Investment of Assets

At each Board meeting, the Board considers compliance with the Company's investment policy and other investment restrictions during the reporting period. An analysis of the portfolio on 31 December 2013 can be found on pages 10 to 12 of the accounts.

Responsible Ownership

The Fund Manager takes a particular interest in corporate governance and social responsible investment policy. As stated within the Corporate Governance Statement on pages 21 to 25. The Fund Manager's current policy is available on its website www.athelneytrust.co.uk. The Board supports the Fund Manager on his voting policy and their stance towards environmental, social and governance issues.

Athelney Trust plc

STRATEGIC REPORT (CONTINUED)

Environment Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, or operations of its own and does not generate any greenhouse gas or other emissions.

Social, Community and Human Rights Issues

The Company has only one employee and, as far as the Board is aware, no issues exist in respect of social, community or human rights issues.

Review of Performance and Outlook

Reviews 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 in the Chairman's Statement on pages 4 to 9 which forms part of the Strategic Report.

Principal Risks and Uncertainties and Risk Management

As stated within the Corporate Governance Statement on pages 21 to 25, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established a continuing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

The principal risks and uncertainties faced by the Company are described below and in note 13 which provides detailed explanations of the risks associated with the Company's financial instruments.

- Market – the Company's fixed assets consist almost entirely of listed securities and it is therefore exposed to movements in the prices of individual securities and the market generally.
- Investment and strategic – incorrect investment strategy, asset allocation, stock selection and the use of gearing could all lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Loss of investment trust status could lead to the Company being subject to tax on capital gains.
- Operational – failure of the accounting systems or disruption to its business, or that of other third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Fund Manager or other third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching bond and loan borrowing facilities could lead to a loss of shareholders' confidence and financial loss for shareholders.
- Liquidity – the Company may have difficulty in meeting obligations associated with financial liabilities.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's investment portfolio. Investment risk is spread through holding a wide range of securities in different industrial sectors.

Athelney Trust plc

STRATEGIC REPORT (CONTINUED)

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

BY ORDER OF THE BOARD

J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

5 March 2014

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 2013. This report also contains certain information required in accordance with s992 of the Companies Act 2006.

Results and Dividends

The return on ordinary revenue activities before dividends for the year is £121,884 (2012: £107,956) as detailed on page 31.

It is recommended that a dividend of 5.5p (2012: 5p) per ordinary share be paid.

Principal Activity and Status

The Company (company number: 02933559) is a public limited company and an investment company in terms of the Companies Act 2006.

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust.

Directors

Biographical details of the Directors, all of whom are non-executive, can be found on pages 2 and 3.

As explained in more detail in the Corporate Governance Statement on pages 21 to 25, the Board has agreed that all Directors will retire annually. Accordingly, the five Directors will retire at the Annual General Meeting. Being eligible, the five Directors offer themselves for re-election.

The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on pages 21 to 25, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected. In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution remove any Director without notice.

Directors' Deeds of Indemnity

Each Director of the Company is entitled to be indemnified to the extent permitted by the Companies Act 2006 against liabilities incurred by any of them in the execution of their duties and exercise of their powers.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where he has, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the Board in accordance with the Company's Articles of Association. The Board has approved a protocol for identifying and dealing with conflicts and conducts a review of actual or possible conflicts at least annually. No conflicts or potential conflicts were identified during the year.

REPORT OF THE DIRECTORS OF

Athelney Trust plc (CONTINUED)

Capital Structure

At 31 December 2013 the Company's capital structure consisted of 1,983,081 Ordinary Shares of 25p each (2012: 1,983,081 Ordinary Shares of 25p each).

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 2013	1 January 2013
H.B. Deschampsneufs	78,038	78,038
R.G. Boyle	428,175	448,970
D.A. Horner	20,000	20,000

H.B. Deschampsneufs' interest includes 19,163 (2012:19,163) shares held in his Self-Invested Personal Pension. R.G. Boyle's interest includes 16,970 (2012:16,970) shares held in his Self-Invested Personal Pension. D.A. Horner's interest includes 20,000 (2012:20,000) shares owned by a pension fund in which D.A. Horner has an interest.

Dr. E.C. Pohl and EC Pohl & Co, a company which he controls and which manages portfolios for clients, have a controlling interest in Global Masters Fund which itself holds 220,679 (2012: 180,279) shares in the company. There have been no changes in the above Directors' interests up to 28 February 2014.

Included within R.G. Boyle's holding is an interest in Trehellas House Limited, a company which holds 391,600 (2012: 391,600) ordinary shares representing 19.75 per cent of the company's share capital. R.G. Boyle has separately entered into an agreement with Hyperion Asset Management Limited giving Hyperion Asset Management Limited on behalf of its clients the ability to acquire such number of shares from Trehellas House Limited as shall when taken with their existing holding not exceed 29.9% of the issued equity share capital of the company. The price for any such sale and purchase has been agreed at the net tangible asset value of each share as determined by the most recent published statement. This agreement amounts to a right of first refusal only and there is no obligation on Trehellas House Limited to sell its shares at any particular time or, having determined to sell those shares, no obligation on Hyperion Asset Management Limited to buy.

The Company does not have any contract of significance subsisting during the year, with any other company in which a Director is or was materially interested.

Significant Shareholders

The Directors have been notified of the following major shareholdings in the Company that represent greater than 3% of the voting rights:

	Ordinary Shares	% of issue
Mr R.G. Boyle	428,175	21.59
Global Masters Fund	220,679	11.13
Mr G.W. & Mrs D.J. Whicheloe	114,000	5.75
NS Salvesen and Salvesen Family Trust	87,500	4.41
Mr H.B. Deschampsneufs	78,038	3.94
Mrs E. Davison	75,000	3.78
Mr D.C. & Mrs B.I. Matthey	60,000	3.03

On 6 January 2014 Mr G.W and Mrs D.J Whicheloe each sold 5000 shares this makes their revised percentage 5.24. There have been no other changes in the above major shareholdings in the company up to 28 February 2014.

REPORT OF THE DIRECTORS OF

Athelney Trust plc (CONTINUED)

Dividends

The Ordinary Shares carry a right to receive dividends which are declared from time to time by an Ordinary Resolution of the Company (up to the amount recommended by the Directors) and to receive any interim dividends which the Directors may resolve to pay.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

On a show of hands, every ordinary shareholder present in person or by proxy has one vote and on a poll every ordinary shareholder present in person has one vote for every share he/she holds and a proxy has one vote for every share in respect of which he/she is appointed.

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 are accrued expenses outstanding at the end of the year, all of which appear as creditors in the balance sheet.

Going Concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, and forecast revenues for the current financial year. The Directors have also taken into account the Company's investment policy, which is described on page 13 and which is subject to regular Board monitoring processes, and is designed to ensure that the Company is invested in mainly liquid, listed securities.

The Company retains title to all assets held by its custodian. Note 13 to the accounts sets out the financial risk profile of the Company and indicates the effect on its assets and liabilities of falls and rises in the value of securities, market rates of interest and changes in exchange rates.

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 13 to the accounts.

REPORT OF THE DIRECTORS OF

Athelney Trust plc (CONTINUED)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Under company law the Directors are required 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). The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the total return of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Remuneration Report and a Corporate Governance Statement.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the company; and
- the Strategic Report and Report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

REPORT OF THE DIRECTORS OF

Athelney Trust plc (CONTINUED)

Disclosure of Information to Auditors

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Clement Keys LLP have expressed their willingness to continue in office as Auditors and a resolution proposing that they be re-appointed and to authorise the Directors to determine their remuneration will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

5 March 2014

Athelney Trust plc

CORPORATE GOVERNANCE STATEMENT

Shareholders hold the directors of a company responsible for the stewardship of that company's affairs. Corporate governance is the process by which a board of directors discharges this responsibility. The Company's arrangements in respect of corporate governance are explained in this report.

The Company is required to comply with, or to explain its non-compliance with, the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the 'FRC') in September 2012 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in February 2013 (the 'AIC Code'), which can be found at www.theaic.co.uk and which has been approved by the FRC as it addresses all the principles of the UK Corporate Governance Code as well as setting out additional principles and recommendations on issues which are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders than the UK Corporate Governance Code on its own.

The Company has not complied with the provisions of the Corporate Governance Code in respect of the following:

- Due to the size of the Board, formal performance evaluations of the Chairman, the Board, its Committees and individual Directors are not undertaken. Instead it is felt more appropriate to address matters as and when they arise.
- Due to the size of the Board, it is felt inappropriate to appoint a senior independent non-executive Director.
- All the Directors have service contracts but no limit has been imposed on the overall length of service, however all Directors are required to retire and, if appropriate, seek re-election at least every three years. The recommendation of the Code is for fixed term renewable contracts.
- The Company has just one employee, other than Board members, the Company Secretary, whose line of communication in relation to whistle-blowing is to the Chairman of the Company.
- The Company does not have a Nominations Committee, as a Board of only five Directors who liaise continuously throughout the year and are aware of their obligations to consider recruitment of further directors as and when the occasion occurs, such a Committee is not considered necessary.
- In consequence of being a company with only five Directors, a Directors' and Officers' Liability Insurance policy has not been arranged but is a matter constantly under review by the Board.

At the end of the year the Board consisted of five independent Directors. The Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. The biographies of all the Directors are contained on pages 2 and 3.

The Board believes that each Director is independent in character and that there are no relationships or circumstances which are likely to affect his judgement. All Directors receive relevant training, collectively or individually, as necessary. The Directors believe that the Board has the balance of skills, experience, ages and length of service to enable it to provide effective leadership and proper governance of the Company. The Directors possess a range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs.

The Directors of the Company meet at regular Board Meetings, during the year to 31 December 2013, the Board met three times with all Directors present.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Athelney Trust plc
CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces his ability to act independently. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of services of any of the Company's Directors, including the Chairman, has been imposed, although the Board believes in the merits of periodic and progressive refreshment of its composition.

The basis on which the Company aims to generate value over the longer term is set out in the Strategic Report on pages 13 to 15. All matters, including corporate and gearing strategy, investment and dividend policies, corporate governance procedures and risk management are reserved for the approval of the Board of Directors. The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Board Responsibilities and Relationship with Investment Manager

The Board is responsible for the investment policy and strategic and operational decisions of the Company and for ensuring that the Company is run in accordance with all regulatory and statutory requirements. These matters include:

- The maintenance of clear investment objectives and risk management policies, changes to which require Board approval;
- The monitoring of the business activities of the Company, including investment performance and annual budgeting; and
- Review of matters delegated to the Investment Manager and Company Secretary.

The Investment Manager ensures that Directors have timely access to all relevant management and financial information to enable informed decisions to be made and contacts the Board as required for specific guidance. The Company Secretary and Investment Manager prepare monthly reports for Board consideration on matters of relevance, for example current valuation and portfolio changes, dividend comparisons with previous years, cash availability and requirements and a breakdown of shareholdings by listing and sector. The Board takes account of Corporate Governance best practice.

Chairman and Senior Independent Director

The Chairman, Hugo Deschampsneufs, is independent. He considers himself to have sufficient time to commit to the Company's affairs.

Given the size and nature of the Board it is not considered appropriate to appoint a senior independent Director.

Directors' Independence

In accordance with the Listing Rules for investment entities, the Board has reviewed the status of its individual Directors and the Board as a whole. The non-executive Directors are considered by the Board to be independent and free of any business or other relationship which could interfere with the exercise of their independent judgement.

Hugo Deschampsneufs and David Horner were appointed at the 2013 Annual General Meeting for a term to expire at the next Annual General Meeting. All four non-executive Directors offer themselves for re-election at the forthcoming Annual General Meeting.

Athelney Trust plc

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Remuneration Committee

The Remuneration Committee comprises Hugo Deschampsneufs and David Horner with David Horner as Chairman. The Committee will meet as necessary to determine and approve Directors' fees, following proper consideration of the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Company's affairs and remuneration levels generally within the Investment Trust Sector.

Under Listing Rule 15.6.6, the Code principles relating to directors' remuneration do not apply to an investment trust company other than to the extent that they relate specifically to non-executive directors. Detailed information on the remuneration arrangements can be found in the Directors' remuneration report on pages 26 to 27 and in note 4 to the financial statements.

The Committee met once during the year and both committee members were present at the meeting.

Company Secretary

The Company Secretary, John Girdlestone FCA, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary also ensures timely delivery of information and reports and that the statutory obligations of the Company are met.

All the directors have access to the advice and services of the company secretary.

Independent Professional Advice and Director's Training

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense.

The Chairman liaises on a regular basis with the other Directors and the Company Secretary to ensure that they are maintaining adequate training and continuing professional development.

Institutional Investors – Use of Voting Rights

The Investment Manager and Managing Director, Robin Boyle, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Voting Policy

The Company has given discretionary voting powers to the Investment Manager, Robin Boyle. The Manager votes against resolutions he believes may damage shareholders' rights or economic interests.

Audit Committee

The Audit Committee is chaired by David Horner and attended by Hugo Deschampsneufs. The committee met once during the year. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor, Clement Keys LLP (CK), including its independence and objectivity. It is also the forum through which CK reports to the Board of Directors.

Much of the Board's corporate governance responsibility is discharged through the Audit Committee. This Committee operates within clearly defined written terms of reference which are available upon request at the Company's registered office.

Athelney Trust plc

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements

Matter	Action
<p>Investment Portfolio Valuation The Company's portfolio is invested predominantly in listed securities. Although most of the securities are highly liquid and listed on recognised stock exchanges, errors in the portfolio valuation could have a material impact on the Company's net asset value per share.</p>	<p>The portfolio is valued at bid price at the end of each month by the custodians Speirs & Jeffrey Limited.</p>
<p>Misappropriation of Assets Misappropriation of the Company's investments or cash balances could have a material impact on its net asset value per share.</p>	<p>The portfolio is valued at bid price at the end of each month by the custodians Speirs & Jeffrey Limited. The portfolio is agreed on a monthly basis by the company secretary during the completion of the monthly accounts.</p>
<p>Income Recognition Incomplete or inaccurate income recognition could have an adverse effect on the Company's net asset value and earnings per share and its level of dividend cover.</p>	<p>The level of income received for the year is agreed on a monthly basis with the Fund Manager, the company secretary and the dividend forecast for the year.</p>

The Audit Committee reviews the scope and results of the audit and, during the year, considered and approved CK's plan for the audit of the financial statements for the year ended 31 December 2013. At the conclusion of the audit CK did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. CK issued an unqualified audit report which is included on pages 28 to 30.

The Audit Committee also reviews the provision of non audit services by the auditor. It has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit Committee. In addition to statutory audit fees of £10,260 (2012: £10,260) CK received fees for audit related regulatory reporting services of £1,050 for the year (2012: £1,050) which related to the work completed on the review of the interim accounts. The Audit Committee does not consider that the provision of such non-audit services is a threat to the objectivity and independence of the conduct of the audit.

As part of the review of auditor independence and effectiveness, CK has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating CK, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The appointment has not been put out to tender notwithstanding CK's tenure over many years as the Audit Committee, from direct observation and enquiry, remains satisfied that CK continues to provide effective independent challenge in carrying out its responsibilities. Following professional guidelines, the audit partner rotates after five years. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of CK to the Board. CK's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Athelney Trust plc

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Relations with Shareholders

The Company places great importance on communication with shareholders and welcomes their views. The Chairman and other Directors are available to meet shareholders. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors of the Company.

The notice of the Annual General Meeting, to be held in London on 9 April 2014, is set out on pages 44 to 51. The Annual Report and Notice of Annual General Meeting are sent to shareholders at least 20 working days before the Meeting.

Internal Control

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

Adequate internal controls are in place for identifying, evaluating and managing risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place for the full financial year and up to the date the financial statements were approved and is consistent with the internal control guidance issued by the Financial Reporting Council.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Directors, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Corporate Governance and Social Responsible Investment Policy

The Board is aware of its duty to act in the interests of the company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Investment Manager considers social environmental and ethical factors which may affect the performance or value of the company's investments. The Directors, through the Manager, encourage companies in which investments are held to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective is to deliver superior long term returns for Shareholders which the Board believe will be produced on a sustainable basis by investing in companies which adhere to best practice in the area of Corporate Governance. Accordingly the Fund Manager will seek to favour companies which pursue best practice in this area.

BY ORDER OF THE BOARD

J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

5 March 2014

Athelney Trust plc

DIRECTORS' REMUNERATION REPORT

The Board has prepared this Report in accordance with the requirements of Section 421 of the Companies Act 2006. An Ordinary Resolution will be put to the members to approve the Report at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 28 and 30.

Remuneration Committee

The Company has a Remuneration Committee comprising Hugo Deschampsneufs and David Horner. David Horner chairs the meetings. The Committee considers and approves Directors' remuneration.

Policy on Directors' Remuneration

The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. It is intended that this policy will continue for the year ended 31 December 2014. The remuneration of the non-executive Directors is determined within the limits set out in the Company's Articles of Association. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' Service Contracts

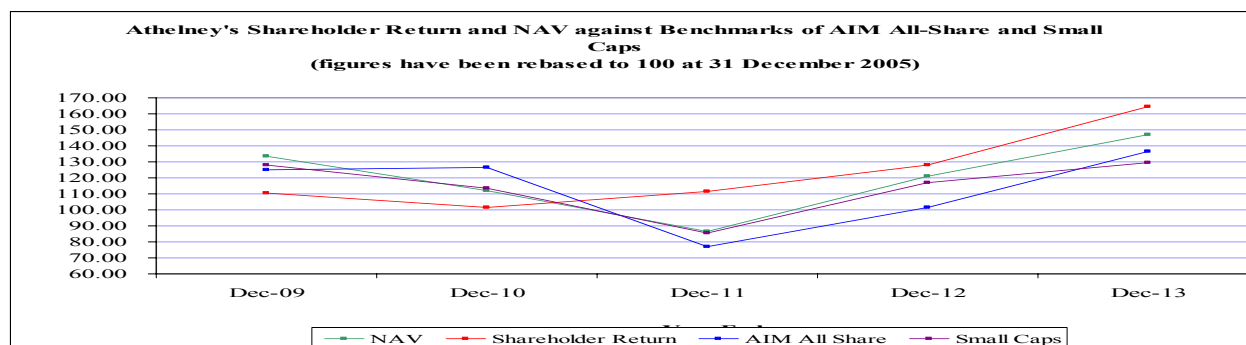
All the Directors have a service contract with the Company. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first annual general meeting after their appointment and at least every three years after that.

The Managing Director Robin Boyle has a service contract commencing 21 August 2008 which provides for retirement by the Company giving one year's written notice and by Robin Boyle giving six months' written notice.

The service contracts for the four non-executive Directors, Hugo Deschampsneufs and David Horner, Jonathan Addison and Manny Pohl provide for their contract to continue until the Annual General Meeting following the appointment and for renewal at each subsequent Annual General Meeting. Their service contracts commenced 21 August 2008 and 19 August 2008 and 28 June 2010 (for Jonathan Addison and Manny Pohl) respectively.

Company Performance

The graph below compares, for the five financial years ended 31 December 2013, the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the AIM All-Share Index and Small Caps Index. The comparison is made between AIM All-Share and Small Caps as the majority of investment holdings by the Company are a constituent of one or the other of these two indices.



*Assuming all dividends are reinvested
Past Performance is no guarantee of future performance.

Athelney Trust plc

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Directors' Remuneration for the Year (audited information)

The Directors who served in the year received the following remuneration in the form of salaries:

	2013 £	2012 £
Hugo Deschampsneufs (Chairman, non-executive)	10,000	10,000
Robin Boyle (Managing Director)	45,000	45,000
David Horner (Non-executive)	7,500	7,500
Jonathan Addison (Non-executive)	-	-
Manny Pohl (alternate Non-executive)	-	-
	<u>62,500</u>	<u>62,500</u>

Approval

The Directors' Remuneration Report was approved by the Board on 5 March 2014.

J. Girdlestone
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATHELNEY TRUST PLC

We have audited the financial statements of Athelney Trust plc for the year ended 31 December 2013, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

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

Valuation and existence of investments:

Due to the materiality of investments in the context of the financial statements as a whole.

Completeness of investment income:

Due to the materiality of the investment income in the context of revenue results for the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATHELNEY TRUST PLC
(CONTINUED)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit. This assists us in determining the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on our audit and on the financial statements and in forming our audit opinion. We also took into account that matters below these thresholds may still be considered material for qualitative reasons.

We determined materiality for the financial statements as a whole to be £72,200. This has been calculated by reference to several benchmarks of the financial statements and approximates to approximately 2.5% of investment assets. Due to the significance of the company's net assets compared to the amounts in the revenue column of the Income Statement, we calculated a separate materiality for the revenue column of the Income Statement of £14,900.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £3,600 in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement, together with an assessment of the control environment. Following this assessment, we determined the extent of testing required in each area within the financial statements. We considered the main areas of focus to be investment valuation and existence and investment income. We obtained audit evidence primarily through substantive procedures.

Our procedures over the existence, completeness and valuation of the company's investment portfolio included, but were not limited to:

- agreeing investment holdings to third party documentation;
- designing audit procedures to check that such investments have been correctly valued (at bid price);
- reviewing acquisitions and disposals of shares in the period to test whether all have been recorded accurately; and
- reviewing investment values after the balance sheet date, to consider the implications for the financial statements where there have been material changes.

Our procedures over the completeness of investment income included but were not limited to:

- for a sample of investments held confirming that the income that should have been received has been received and recorded within the accounting records;
- assessing whether any dividend receipts should be treated as capital receipts; and
- ensuring that income has been recognised in accordance with the company's accounting policies.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATHELNEY TRUST PLC
(CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 18, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Simon Atkins FCA
Senior Statutory Auditor
for and on behalf of

Clement Keys LLP
Chartered Accountants
Statutory Auditor

No. 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

5 March 2014

Athelney Trust plc

INCOME STATEMENT (INCORPORATING THE REVENUE ACCOUNT)

		For the Year Ended 31 December 2013			For the Year Ended 31 December 2012		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
Gains on investments held at fair value	8	-	1,466,773	1,466,773	-	601,046	601,046
Income from investments	2	155,571	-	155,571	141,049	-	141,049
Investment Management expenses	3	(5,765)	(53,034)	(58,799)	(5,774)	(52,847)	(58,621)
Other expenses	3	(27,922)	(42,804)	(70,726)	(27,319)	(39,658)	(66,977)
Net return on ordinary activities before taxation		121,884	1,370,935	1,492,819	107,956	508,541	616,497
Taxation	5	-	-	-	-	-	-
Net return on ordinary activities after taxation	6	121,884	1,370,935	1,492,819	107,956	508,541	616,497
Net return per ordinary share	6	6.1p	69.1p	75.3p	5.4p	25.6p	31.1p
Dividend per ordinary share paid during the year	7	5.0p			4.95p		

The total 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.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above Statement.

The notes on pages 35 to 42 form part of these financial statements.

Athelney Trust plc

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance brought forward at 1 January 2012	495,770	545,281	660,826	522,543	213,273	2,437,693
Net profits on realisation of investments	-	-	183,707	-	-	183,707
Increase in unrealised appreciation	-	-	-	417,339	-	417,339
Expenses allocated to capital	-	-	(92,505)	-	-	(92,505)
Profit for the year	-	-	-	-	107,956	107,956
Dividend paid in year	-	-	-	-	(98,162)	(98,162)
Shareholders' Funds at 31 December 2012	495,770	545,281	752,028	939,882	223,067	2,956,028
Balance brought forward at 1 January 2013	495,770	545,281	752,028	939,882	223,067	2,956,028
Net profits on realisation of investments	-	-	297,801	-	-	297,801
Increase in unrealised appreciation	-	-	-	1,168,972	-	1,168,972
Expenses allocated to capital	-	-	(95,838)	-	-	(95,838)
Profit for the year	-	-	-	-	121,884	121,884
Dividend paid in year	-	-	-	-	(99,154)	(99,154)
Shareholders' Funds at 31 December 2013	495,770	545,281	953,991	2,108,854	245,797	4,349,693

The notes on pages 35 to 42 form part of these financial statements.

Athelney Trust plc

BALANCE SHEET AS AT 31 DECEMBER 2013

Company Number: 02933559

	Note	2013	2012
		£	£
Fixed assets			
Investments held at fair value through profit and loss	8	4,298,919	2,859,671
Current assets			
Debtors	9	41,782	90,209
Cash at bank and in hand		24,709	21,369
		66,491	111,578
Creditors: amounts falling due within one year	10	(15,717)	(15,221)
Net current assets		50,774	96,357
Total assets less current liabilities		4,349,693	2,956,028
Provisions for liabilities and charges		-	-
Net assets		4,349,693	2,956,028
Capital and reserves			
Called up share capital	11	495,770	495,770
Share premium account	12	545,281	545,281
Other reserves (non distributable)			
Capital reserve - realised	12	953,991	752,028
Capital reserve - unrealised	12	2,108,854	939,882
Revenue reserve (distributable)	12	245,797	223,067
Shareholders' funds - all equity		4,349,693	2,956,028
Net Asset Value per share	14	219.3p	149.1p

Approved and authorised for issue by the Board of Directors on 5 March 2014.

.....
R.G. Boyle
Director

The notes on pages 35 to 42 form part of these financial statements.

Athelney Trust plc

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

		2013		2012	
	£	£	£	£	£
Net cash inflow/(outflow) from operating activities		74,969		(17,319)	
Taxation					
Corporation tax paid		-		-	
Capital Expenditure and Financial Investment					
Purchases of investments	(722,310)		(308,880)		
Sales of investments	749,835		425,776		
		27,525		116,896	
Equity dividends paid		(99,154)		(98,162)	
Increase in cash in the year		3,340		1,415	
Reconciliation of operating net revenue to net cash outflow from operating activities		£		£	
Revenue on ordinary activities before taxation		121,884		107,956	
Decrease/(increase) in debtors		48,427		(32,860)	
Increase in creditors		496		90	
Investment management expenses charged to capital		(53,034)		(52,847)	
Other expenses charged to capital		(42,804)		(39,658)	
Net cash inflow/(outflow) from operating activities		74,969		(17,319)	
Reconciliation of net cashflow to movement in net funds					
		Net funds at		Cashflow	Net funds at
		31.12.2012			31.12.2013
		£		£	£
Cash at bank and in hand		21,369		3,340	24,709

The notes on pages 35 to 42 form part of these financial statements.

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of investments held at fair value.

The financial statements are prepared in accordance with the Companies Act 2006, applicable UK accounting standards and the provisions of the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (SORP) issued by the A.I.C. in January 2009.

The financial statements have been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements, and the net asset value per share figures, have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

1.2 Income

Income from investments including taxes deducted at source is recognised when the right to the return is established (normally the ex-dividend date). UK dividend income is reported net of tax credits in accordance with FRS 16 “Current Tax”. Interest is dealt with on an accruals basis.

1.3 Investment Management Expenses

Of the two directors involved in investment management, 10% of their salaries have been charged to revenue and the other 90% to capital. All other investment management expenses have been charged to capital. The Board propose continuing this basis for future years.

1.4 Other Expenses

Expenses (including VAT) and interest payable are dealt with on an accruals basis and charged through the Revenue and Capital Accounts in an allocation that the Board consider to be a fair distribution of the costs incurred.

1.5 Investments

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

Investments have been classified as “fair value through profit and loss” upon initial recognition.

Subsequent to initial recognition, investments are measured at fair value with changes in fair value recognised in the Income Statement.

Securities of companies quoted on a recognised stock exchange are valued by reference to their quoted bid prices at the close of the year.

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 2013

1. Accounting Policies (continued)

1.7 Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.8 Capital Reserves

Capital Reserve – Realised

Gains and losses on realisation 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.

1.9 Dividends

In accordance with FRS 21 “Events after the Balance Sheet Date”, dividends are included in the financial statements in the year in which they are paid.

1.10 Share Issue Expenses

The costs associated with issuing shares are written off against any premium arising on the issue of Share Capital.

2. Income

Income from investments

	2013	2012
	£	£
UK dividend income	155,543	141,018
Bank interest	28	31
Total income	<u>155,571</u>	<u>141,049</u>

UK dividend income

	2013	2012
	£	£
UK Main Market listed investments	94,552	94,597
UK AIM traded shares	60,991	46,421
	<u>155,543</u>	<u>141,018</u>

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3. Return on Ordinary Activities Before Taxation

	2013	2012
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:		
Directors' remuneration:		
- Services as a director	17,500	17,500
- Otherwise in connection with management	45,000	45,000
Auditors' remuneration:		
- Audit Services - Statutory audit	10,260	10,260
- Audit Services - Statutory audit movement on accruals from previous years	-	100
- Audit Services - Audit related regulatory reporting	1,050	1,050
Miscellaneous expenses:		
- Other wages and salaries	32,035	31,307
- PR and communications	6,065	5,847
- Stock Exchange subscription	8,241	7,638
- Sundry investment management and other expenses	9,374	6,896
	<u>129,525</u>	<u>125,598</u>

4. Employees

	2013	2012
	£	£
Costs in respect of Directors:		
Wages and salaries	62,500	62,500
Social security costs	5,495	5,583
	<u>67,995</u>	<u>68,083</u>
Costs in respect of administrator:		
Wages and salaries	24,250	23,500
Social security costs	2,290	2,224
	<u>26,540</u>	<u>25,724</u>
Total:		
Wages and salaries	86,750	86,000
Social security costs	7,785	7,807
	<u>94,535</u>	<u>93,807</u>
Average number of employees:		
Chairman	1	1
Investment	2	2
Administration	1	1
	<u>4</u>	<u>4</u>

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Taxation

(i) On the basis of these financial statements no provision has been made for corporation tax (2012: Nil).

(ii) Factors affecting the tax charge for the year

The tax charge for the period is lower than (2012: lower than) the average small company rate of corporation tax in the UK 20 per cent. The differences are explained below:

	2013	2012
	£	£
Total return on ordinary activities before tax	1,492,819	616,497
Total return on ordinary activities multiplied by the average small company rate of corporation tax 20% (2012: 20%)	298,564	123,299
<i>Effects of:</i>		
UK dividend income not taxable	(27,412)	(24,072)
Revaluation of shares not taxable	(233,794)	(83,468)
Capital gains not taxable	(59,560)	(36,741)
Unrelieved management expenses	22,202	20,982
Current tax charge for the year	-	-

The Company has unrelieved excess revenue management expenses of £82,300 at 31 December 2013 (2012: £67,123) and £102,597 (2012: £102,597) of capital losses for Corporation Tax purposes and which are available to be carried forward to future years. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

For the year ended 31 December 2012, the Company received approval from HM Revenue and Customs under Section 1158 of the Corporation Tax Act 2010, therefore the Company was not liable to Corporation Tax on any realised investment gains for 2012. The Directors intend to continue to meet the conditions required to obtain approval and therefore no deferred tax has been provided on any capital gains or losses arising on the revaluation or disposal of investments.

6. Return per Ordinary Share

The calculation of earnings per share has been performed in accordance with FRS 22 "Earnings Per Share".

	2013			2012		
	£	£	£	£	£	£
	Revenue	Capital	Total	Revenue	Capital	Total
Attributable return on ordinary activities after taxation	121,884	1,370,935	1,492,819	107,956	508,541	616,497
Weighted average number of shares		1,983,081			1,983,081	
Return per ordinary share	6.1p	69.1p	75.3p	5.4p	25.6p	31.1p

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Dividend

	2013 £	2012 £
Final dividend in respect of 2012 of 5p (2012: a final dividend of 4.95p was paid in respect of 2011) per share	99,154	98,162

Set out below is the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

It is recommended that a final dividend of 5.5p (2012: 5p) per ordinary share be paid amounting to a total of £109,069. For the year 2012, a final dividend of 5p was paid on 12 April 2013 amounting to a total of £99,154.

	2013 £	2012 £
Revenue available for distribution	121,884	107,956
Final dividend in respect of financial year ended 31 December 2013	(109,069)	(99,154)
Undistributed Revenue Reserve	<u>12,815</u>	<u>8,802</u>

8. Investments

	2013 £	2012 £
Movements in year		
Valuation at beginning of year	2,859,671	2,375,521
Purchases at cost	722,310	308,880
Sales - proceeds	(749,835)	(425,776)
- realised gains on sales	297,801	183,707
Increase in unrealised appreciation	1,168,972	417,339
Valuation at end of year	<u>4,298,919</u>	<u>2,859,671</u>
Book cost at end of year	2,190,065	1,919,789
Unrealised appreciation at the end of the year	2,108,854	939,882
	<u>4,298,919</u>	<u>2,859,671</u>
UK Main Market listed investments	2,679,736	1,754,504
UK AIM traded shares	1,619,183	1,105,167
	<u>4,298,919</u>	<u>2,859,671</u>

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. Investments (continued)

Gains on investments

	2013	2012
	£	£
Realised gains on sales	297,801	183,707
Increase in unrealised appreciation	1,168,972	417,339
	1,466,773	601,046

The purchase costs and sales proceeds above include transaction costs of £4,496 (2012: £2,305) and £3,615 (2012: £1,719) respectively.

9. Debtors

	2013	2012
	£	£
Investment transaction debtors	37,105	76,299
Other debtors	4,677	13,910
	41,782	90,209

10. Creditors: amounts falling due within one year

	2013	2012
	£	£
Social security and other taxes	3,198	2,975
Other creditors	172	172
Accruals and deferred income	12,347	12,074
	15,717	15,221

11. Called Up Share Capital

	2013	2012
	£	£
Authorised		
10,000,000 Ordinary Shares of 25p	2,500,000	2,500,000
Allotted, called up and fully paid		
1,983,081 Ordinary Shares of 25p (2012: 1,983,081 Ordinary Shares of 25p)	495,770	495,770

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. Reserves

	2013			
	Share premium account £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £
Balance at 1 January 2013	545,281	752,028	939,882	223,067
Net gains on realisation of investments	-	297,801	-	-
Increase in unrealised appreciation	-	-	1,168,972	-
Expenses allocated to capital	-	(95,838)	-	-
Profit for the year	-	-	-	121,884
Dividend paid in year	-	-	-	(99,154)
Balance at 31 December 2013	545,281	953,991	2,108,854	245,797

13. Financial Instruments

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.

Fixed asset investments (see note 8) are valued at market bid price where available which equates to their fair values. The fair values of all other assets and liabilities are represented by their carrying values in the balance sheet.

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

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

At the end of the year the Company's portfolio was invested in UK securities with the exception of 2.76 per cent, which was invested in overseas securities.

Liquidity Risk

Liquidity Risk is the risk that the Company may have difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings; therefore there is no exposure to interest rate changes.

The company is able to reposition its investment portfolio when required so as to accommodate liquidity needs.

Athelney Trust plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

14. Net Asset Value Per Share

The net asset value per share is based on net assets of £4,349,693 (2012: £2,956,028) divided by 1,983,081 (2012: 1,983,081) ordinary shares in issue at the year end.

	2013	2012
Net asset value	<u>219.3p</u>	<u>149.1p</u>

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

Directors:	H.B. Deschampsneufs (Chairman) R.G. Boyle (Managing Director) D.A. Horner J.L. Addison Dr. E.C. Pohl (Alternate Director)	Email: hugo@athelneytrust.co.uk Email: robin@athelneytrust.co.uk Email: dah@chelvertonam.com Email: jladdison@bigpond.com Email: manny.pohl@ecpohl.com
Secretary:	J. Girdlestone Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Email: john@athelneytrust.co.uk Tel: 01326 378 288
Registered Office:	Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Website: www.athelneytrust.co.uk Email: info@athelneytrust.co.uk Tel: 01326 378 288
Company Number:	02933559 (Registered in England)	
Solicitor:	McClure Naismith LLP 49 Queen Street Edinburgh EH12 3NH	Email: awilliamson@mccclurenaismith.com Tel: 0131 272 8378
Stockbroker:	Speirs & Jeffrey Limited 50 George Square Glasgow, G2 1EH	Email: graeme.dickie@speirsjeffrey.co.uk Tel: 0141 248 4311
Auditors:	Clement Keys LLP 8 Calthorpe Road Edgbaston Birmingham, B15 1QT	Email: simon.atkins@clementkeys.co.uk Tel: 0121 456 4456
Banker:	HSBC Bank Plc Market Street Falmouth Cornwall, TR11 3AA	
Registrar:	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey, GU9 7LL	Email: peter@shareregistrars.uk.com Tel: 01252 821 390
Public Relations Consultants:	City Road Communications Limited 42-44 Carter Lane London, EC4V 5EA	Email: paulquade@cityroad.uk.com Tel: 0207 248 8010

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the content or action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Athelney Trust plc please send this document, together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ATHELNEY TRUST PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting to be held at the offices of McClure Naismith LLP, Equitable House, 47 King William Street, London EC4R 9AF on 9 April 2014 at 4.30pm is set out at the end of this document. The accompanying Form of Proxy for use at the Annual General Meeting should be completed and returned and to be valid to reach John Girdlestone, C/O Athelney Trust plc, Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW as soon as possible but, in any event so as to arrive not later than 48 hours prior to the meeting time being not later than 4.30pm on 7 April 2014.

Letter from the Chairman
Athelney Trust PLC
(Incorporated and registered in England and Wales with No. 02933559)

Directors

H. B. Deschampsneufs
R.G. Boyle
D.A. Horner
J.L. Addison
Dr E.C. Pohl

Registered office:

Waterside Court
Falmouth Road
Penryn
Cornwall TR10 8AW

To the holders of ordinary shares of 25p each (“Shares”) in the capital of Athelney Trust plc (“Company”).

5 March 2014

Dear Shareholder,

ANNUAL GENERAL MEETING
APPROVAL OF ANNUAL REPORT AND ACCOUNTS AND OTHER RESOLUTIONS

Introduction

The Annual General Meeting (“AGM”) of the Company is to be held on 9 April 2014 at 4.30pm at the offices of McClure Naismith LLP, Equitable House, 47 King William Street, London EC4R 9AF. A copy of the notice convening the AGM (the “Notice”) is set out at the end of this letter.

Your full attention is directed to the full terms of the Notice.

As you will see from the Notice, there are those additional items of special business to be considered at Resolutions 11, 12 & 13 and I am writing to you to explain its purpose.

In addition, the normal business of the Annual General Meeting including appointment of directors and the approval of the Annual Report and Accounts for the year ended 31 December 2013 will be undertaken at this meeting. Reference is made to those resolutions at the end of this letter. A copy of the Annual Report and Accounts is enclosed.

Proposal

It is the belief of the directors of the Company (the “Directors” or the “Board”) that the Company would benefit from the directors being authorised to allot further shares in the Company so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for, or convert other securities into, shares to be granted after the authority ends. The directors further believe that the statutory pre-emption rights contained in the Companies Act be disapplied and that the Company be allowed to purchase its own shares.

Resolution 11 proposes as follows:

The authority given to the Directors to allot further shares or to grant rights to subscribe for, or to convert securities into ordinary shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006.

Upon the passing of the Resolution 11, the Directors will have the necessary authority until the date of the next annual general meeting or, 9 April 2015 if earlier, to allot and/or grant equity securities (as defined in section 560(1) of the Act), up to an aggregate nominal amount of £49,577.

In addition, upon the passing of Resolution 11, (pursuant to paragraph (ii) of Resolution 11) the Directors will have authority, until the date of the next annual general meeting of the Company or 9 April 2015 if earlier, to allot and/or grant equity securities (as defined in section 560(1) of the Act) in connection with a rights issue in favour of Shareholders up to an aggregate nominal amount equal to £49,577 as reduced by the aggregate nominal amount of any shares issued under paragraph (a)(i) of Resolution 11.

The Directors will continue to seek to renew this authority at each annual general meeting in accordance with current best practice.

This limited authority will enable the Directors to issue shares when they believe it is in the interests of the Company to do so. While the Company would always consider from time to time the best manner of financing the Company, there is no present intention of issuing ordinary shares pursuant to Resolution 10.

Resolution 12 proposes as follows:

If the Directors wish to exercise the authority under Resolution 11 and offer Shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new shares must be offered first to existing shareholders in proportion to their existing shareholdings.

Resolution 12 empowers the Directors until the date of the next annual general meeting of the Company or, 9 April 2015 if earlier, to allot and/grant equity securities for cash (or transfer shares which are from time to time held by the Company in treasury)

(i) (a) by way of a rights issue (subject to certain exclusions), or (b) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions) or

(ii) otherwise than pursuant to (i) up to an aggregate nominal value of £49,577. The Directors will seek to renew such authority and power at successive annual general meetings.

This limited authority will enable the Directors to issue shares when they believe it is in the interests of the Company to do so.

As at 25 February 2014 (being the last practicable date prior to publication of this document), the Company held no shares in treasury.

Resolution 13 proposes as follows:

That authority be granted to the directors to make market purchases (as defined in section 693 Companies Act 2006) of ordinary shares of 25p in the capital of the Company. In this case the authority contained in the resolution will be limited to a maximum number of ordinary shares of 25p each equivalent to 10 per cent of the issued ordinary shares of the Company at a minimum price of 25 pence per share and a maximum price (exclusive of expenses) being an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company (as derived from the Daily Official List of London Stock Exchange plc) for the five trading days immediately preceding the day on which the share is contracted to be purchased. This authority will expire at the Annual General Meeting for 2014 or on 9 April 2015 if sooner.

Other resolutions

The other resolutions proposed to be taken at the AGM are set out below and constitute the normal annual business of the meeting.

Resolutions 1 to 10 relate to the receiving of the report and accounts; the declaration of a dividend; the approval of the report of the remuneration committee; the re-election of the five directors who retire by rotation under the articles of association; and the re-appointment of the auditors and approval of authority to set their remuneration.

Form of proxy and meeting arrangements

A form of proxy is enclosed for you to complete according to the instructions given in the Notice and on the proxy form. The completed form should be sent to John Girdlestone, C/O Athelney Trust plc, Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW to be received not later than 48 hours before the start of the meeting being not later than 4.30pm on 7 April 2014. Appointment of a proxy will not prevent you from attending and voting at the meeting if you subsequently find that you are able to do so.

We would very much welcome you to the meeting, if you can attend, where there will be an opportunity for you to ask questions relating to the business of the meeting.

Recommendation

I consider that all resolutions in the Notice are in the best interests of the Company and shareholders as a whole and I recommend that you vote in favour of them.

Yours sincerely,

Hugo Deschampsneufs
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Athelney Trust plc “the Company” will be held at the offices of McClure Naismith LLP, 4th Floor, Equitable House, 47 King William Street, London, EC4R 9AF on 9 April 2014 at 4.30 pm to consider the following Ordinary and Special business, of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 will be proposed as Special Resolutions:

ORDINARY BUSINESS

- 1 To receive and adopt the Company’s Accounts for the year ended 31 December 2013.
- 2 To declare a final dividend of 5.5p per ordinary share. It is intended that dividend cheques in respect of the dividend will be posted on Monday 14 April 2014 to all shareholders on the register of members at close of business on 21 March 2014.
- 3 To approve the Directors’ Remuneration Report for the year ended 31 December 2013.
- 4 To re-elect R.G. Boyle as a Director of the Company until the date of the next Annual General Meeting.
- 5 To re-elect H. B. Deschampsneufs as a Director of the Company until the date of the next Annual General Meeting.
- 6 To re-elect D.A. Horner as a Director of the Company until the date of the next Annual General Meeting.
- 7 To re-elect J.L. Addison as a Director of the Company until the date of the next Annual General Meeting.
- 8 To re-elect Dr E.C. Pohl as a Director of the Company until the date of the next Annual General Meeting.
- 9 To re-appoint Clement Keys LLP as auditors to the Company and to authorise the Directors to fix their remuneration.
- 10 That subject to and in accordance with the provisions of the Companies Act 2006, the Company be permitted to send, convey, and/or supply, all types of notices, documents or information to the members by means of electronic equipment for the processing, storage and transmission of data, using wires, radio, optical technologies or any other electronic means, including, without limitation, by making such notices, documents or information available on a website. If this resolution is passed at the meeting, paper copies of annual and half yearly accounts will only be forwarded to those shareholders who make a request in writing.

SPECIAL BUSINESS

11 **Directors’ authority to allot shares**

To resolve that the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares:

- (i) up to an aggregate nominal amount of £49,577; and
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £49,577 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (i) above) in connection with an offer by way of a rights issue;

such authorities to apply in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 9 April 2015, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements

during the relevant period which would, or might, require shares to be allotted or rights to subscribe for, or convert other securities into, shares to be granted after the authority ends.

For the purposes of this resolution “rights issue” means an offer to:

- (a) ordinary shareholders in proportion (or as near as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities;

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory.

12 **Limited disapplication of pre-emption rights**

That, subject to the passing of Resolution 11 above, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 11 above or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 in each case:
 - (a) in connection with a pre-emptive offer; and
 - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £49,577; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 11 above in connection with a rights issue, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment;

such power to expire at the conclusion of the next annual general meeting or on 9 April 2015, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this resolution:

- (a) “rights issue” has the same meaning as in Resolution 11 above;
- (b) “pre-emptive offer” means an offer of equity securities open for acceptance for a period fixed by the directors to (a) holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory;
- (c) references to an allotment of equity securities shall include a sale of treasury shares; and
- (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

13 Authority to purchase ordinary shares

That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 25p each in the capital of the Company and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be such amount as represents 10 per cent of the Company's issued share capital from time to time;
- (b) the minimum price which may be paid for each ordinary share shall be 25p;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (a) 105 per cent of the average closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five London business days immediately preceding the day on which such share is contracted to be purchased or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of the Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- (d) this authority shall expire at the conclusion of the next annual general meeting or on 9 April 2015 whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of its ordinary shares under that contract.

Dated 5 March 2014

By Order of the Board
John Girdlestone

Company Secretary

Registered office:
Waterside Court
Falmouth Road
Penryn
Cornwall TR10 8AW

Notes:

1. *A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.*
2. *Completion of a proxy will not prevent members from attending and voting in person if they so wish.*
3. *The Company specifies that for a member to be entitled to attend and vote at the meeting (and for the determination by the Company of the number of votes they may cast) they must be entered on the Company's register of members by 48 hours before meeting ("the Specified Time"). Changes to entries on the register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the meeting.*
4. *Copies of all directors' service contracts of more than one year's duration will be available for inspection at the Registered Office during normal business hours on weekdays from the date of this notice to the date of the meeting convened by this notice and at the meeting itself for at least 15 minutes prior to and during the meeting. At the date of this Notice there were no directors' service contracts of more than one year's duration.*
5. *The register of directors' interests will be produced at the commencement of the meeting and will remain open and accessible during the continuance of the meeting to any person attending the meeting.*

Notes:

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 4.30 pm on 7 April 2014; or, if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.
2. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the Company Secretary, John Girdlestone.
4. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
6. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
 - (i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
7. All joint holders should sign this form.
8. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Members in respect of the joint holding.
9. In the case of a corporation this proxy must be given under its Common Seal or signed on its behalf by an attorney or officer duly authorised.
10. Any alterations made in this form should be initialled.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.
12. This Proxy should be returned to John Girdlestone, C/O Athelney Trust plc, Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW.

ATHELNEY TRUST PLC
Company Number 02933559

Form of Proxy for use at the Annual General Meeting to be held on 9 April 2014
at the offices of McClure Naismith LLP
Equitable House, 47 King William Street, London EC4R 9AF

I/We (name in full)(IN BLOCK CAPITALS) of
.....hereby appoint the Chairman of the Meeting or
failing himof to act as my/our proxy
to attend, speak and vote at the Annual General Meeting of the Company to be held on 9 April 2014 and at any
adjournment thereof.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box
with an "X". If no indication is given below, my/our proxy will vote or abstain from voting at his or her discretion.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN	DISCRETIONARY
1	To receive and adopt the Company's Accounts for the year ending 31 December 2013.				
2	To declare a final dividend of 5.5 p per ordinary share.				
3	To approve the Directors' Remuneration Report for the year ended 31 December 2013.				
4	To re-elect R.G Boyle as a Director until the date of the next Annual General Meeting.				
5	To re-elect H.B Deschampneufs as a Director until the date of the next Annual General Meeting (see comments on page 22).				
6	To re-elect D.A Horner as a Director until the date of the next Annual General Meeting (see comments on page 22).				
7	To re-elect J.L Addison as a Director until the date of the next Annual General Meeting (see comments on page 22).				
8	To re-elect Dr E. C. Pohl as a Director until the date of the next Annual General Meeting (see comments on page 22).				
9	To re-appoint Clement Keys LLP as the Auditors and authorise the Directors to fix their remuneration.				
10	To permit the Company to send, convey, and/or supply, all types of notices, documents or information to the members by means of electronic equipment.				
11	To resolve that the Directors be generally and unconditionally authorised to allot shares.				
12	Limited disapplication of Pre-emption rights.				
13	To Authorise purchase of own shares.				

Your attention is drawn to the notes on the previous page.

Signature(s).....

Dated.....