Athelney
TRUST PLC

Annual Report

for the year ended 31 December 2015

COMPANY NUMBER: 02933559

Athelney Trust plc

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Athelney Trust plc

Directors of the Company

Dr Emmanuel Clive Pohl, non-executive Chairman

Manny Pohl, aged 62, 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 Australian fund manager. Manny holds engineering and MBA degrees from the University of Witwatersrand and a doctorate in Business Administration (Economics) from Potchefstroom University.

Manny has over 30 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, the UK and his adopted home Australia.

Robin Boyle, Managing Director

The assets of the Company have been managed since formation by Robin Boyle, the Managing Director of the Company. Aged 71, he has spent the last fifty 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.

Simon Moore, non-executive Director (appointed 1 May 2015)

Simon Moore, aged 54, is Head of Research at Tilney Bestinvest, a national UK financial adviser with £9bn under management. He has been an investment trust analyst since 1994 and has worked with several stockbrokers in the City of London including Williams de Broe, Teather and Greenwood and Collins Stewart. Simon is a long standing member of two important committees at the Association of Investment Companies: the Statistics committee and the Property and Infrastructure Forum. In 2013 & 2014 Simon was chosen as one of the Citywire Wealth Manager Top 100 most influential people in UK private client fund selection. Simon is a scientist by training and has worked at two start up UK biotechnology companies, before passing on his knowledge and passion as a science tutor for the Open University. He has a Biochemistry BSc from Imperial College, and an MSc in Computer modelling of molecules from Birkbeck College. He is a member of the UK Society of Investment Professionals and the CFA institute.

Jonathan Lancelot Addison, alternate director for Dr E C Pohl

Jon Addison, aged 63, has over 30 years experience in the investment management industry, including wide experience in superannuation and pension management. Jon holds Non Executive Directorships with African Enterprise International (Currently International Chairman), Hawksbridge Capital Limited, Global Masters Fund, Gardior Limited (formerly known as TPCG). He is also a member of the Investment Committee for The Trust Company Superannuation 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. Mr Addison acts as an alternate director for Dr Pohl in the event that Dr Pohl is unable to attend board meetings.

Athelney Trust plc

Strategic Report

Chairman's Statement and Business Review

I enclose the results for the year ended 31 December 2015. The salient points are as follows:

- The total return, which is the increase in NAV plus the dividend, is 10.4 per cent (31 December 2014: 6.5 per cent)
- Audited Net Asset Value ("NAV") was 245p per share (31 December 2014: 228p) an increase of 7.5 per cent.
- Revenue return per ordinary share was 9.3p (31 December 2014: 7.8p).
- Recommended final dividend of 7.9p per share (2014: 6.7p), an increase of 17.9 per cent.

Review of 2015

Live long and prosper. – Dr Spock, played by Leonard Nimoy (1931-2015).

When someone says that it is not about the money, it's about the money. – H. L. Mencken

If a second chamber dissents from the first, it is mischievous. If it agrees, it is superfluous – Abbé Sieyès (1748-1836).

The problem with Barack Obama is that all too frequently he is totally immersed in his own production of Hamlet – heard on BBC World Service.

The year 2015 had better be dubbed *the year of shocks and surprises* – in no particular order:-

The British steel crisis, partly self-inflicted by the failure to diversify into stainless and other special steels (as in Sweden) and sheet steel (Germany) and partly because of slab steel being dumped on international markets by Russia, China and Belarus.

- The Volkswagen emissions scandal.
- China slowing down.
- The crash in Shanghai and Shenzhen stock markets.
- Greece, at one point, on the verge of being ejected from the euro.
- Brent crude oil slipping to below $40 per barrel.
- Base metals plunging by 20-35%.
- An emerging markets debt problem following the credit binge (in U.S. dollars).
- The migration crisis.
- Three terrorist attacks in Paris (how I hate the BBC using the word *militant* instead of terrorist).
- Unpredicted General Election results in the U.K. and Spain.
- More than enough tornadoes, hurricanes, fires and floods to shake a stick at.

The upshot in stock market terms was surprisingly good with one major exception, as you will see. In major markets, Tokyo and Shanghai rose by 8.8 and 10.1 per cent respectively, New York was unchanged but London, with its index crammed with oil, gas, mining and bank shares, fell by 3.8 per cent. Among smaller markets, Hungary, Argentina and Denmark went up by 44.4, 36.4 and 34.2 per cent respectively whereas Columbia, Greece and Egypt fell by 26.7, 25.3 and 23.9 per cent. The interesting thing about New York is that, if you had failed to buy the FANGs (Facebook, Amazon, Netflix and Google) then your performance would be much the poorer for it. Back to London, with small companies yet again outperforming blue chips. The FTSE Small Cap, Fledgling and AIM All-share indices rose by 6.2, 12.7 and 4.7 per cent respectively whereas the NAV of Athelney Trust moved ahead by a decent 10.4 per cent in terms of total return (i.e. growth in NAV plus dividend).

The Scottish government has rejected an attempt by Donald Trump to defeat the installation of a wind farm because, he says, it would have spoiled the view from his Aberdeenshire golf course. Edinburgh must now move ahead with all speed to enrich his horizons with, say, a Mexican restaurant and, er, a mosque.

So the Federal Reserve Bank finally achieved lift-off with a 0.25 per cent increase at the last possible moment in 2015. Three months before that, it declined the opportunity to raise rates because *recent global developments and financial developments may restrain economic activity.* And yet the world since September did not become any more peaceful. Commodity prices tumbled: iron ore fell below $40 per metric ton, an all-time low, and Brent crude oil ended the year near a seven-year low. The reason to raise rates lay with the real economy. US unemployment fell consistently, close to full employment at 5 per cent. Core inflation hit 2 per cent, bang in line with the Fed's target. Big companies like Pfizer and Du Pont still felt confident enough to pursue transformational deals. Let the market bicker about whether asset prices are too high, about right or still cheap: the Federal Reserve has spoken.

October's meeting of the Public Administration Select Committee had as its guest the kaleidoscopically flamboyant Camila Batmanghelidjh, the former CEO of Kids Company, who looked more than ever like a pile of Aladdin's laundry. For over three hours, she seemed incapable of giving a straight answer to the charges that the charity was financially mismanaged and that there had been allegations of sexual abuse. This time Bernard Jenkin MP had gone too far, On what basis have you decided that this was a failing charity *she inquired?* It's gone bust, *was the reply*.

More shocks and surprises (see above) in the foreign exchange (FX) market: January's *de-pegging* of the Swiss franc, August's renminbi devaluation and December's euro correction were all the result of central bank action, which left currency traders exhausted and distinctly out of pocket. The Swiss National Bank set the tone by abandoning the floor set for the Swiss exchange rate against the euro only three days after calling it the *cornerstone* of its policy. Result: swings of up to 40 per cent against the franc's main currency rivals: second result, the local economy has stalled as have exports. If the SNB chose surprise, the People's Bank of China appears to have stumbled into its August currency shock. Days before the move, investors had digested unexpectedly soft trade data which raised questions about a possible hard landing for China's economy. Arguably, this move (only 3 per cent, it is true) was more important in that it hit global markets and stopped the US raising interest rates in September. December's euro correction showed again the effects of poor central bank communication. Investors had expected more QE and bet against the euro: when the ECB did not deliver, the euro rose by 4.5 per cent. Every little word in central bank texts is pored over for meaning which is not at all a healthy state of affairs.

Chairman's Statement and Business Review
(continued)

The Bank of Japan is giving its employees a pay rise of 0.2 per cent. It has been so long since the last rise that some long-term employees had to ask what the term in Japanese was – they had never heard it before………

From Chile to China, the sense that an once-in-a-lifetime raw materials boom has come to an end is haunting global commodities markets. On 9 December, the shares of mining and oil giants took a further battering as iron ore and oil fell below £40 per ton and barrel respectively. On the same day, Anglo-American said it would shed up to 85,000 jobs, shrink its business by 60 per cent and scrap the dividend until at least the end of 2016. Iron ore is certainly a problem area with the world having a third more steel-making capacity than is actually needed. China produces roughly half of global annual output of 1.6 billion tons a year with the largest 100 firms in that country having lost an estimated $11 billion during the first ten months of 2015. Unwanted product is finding its way onto global markets, even at a loss to the producer. China exported 200 million tons in the first 10 months of the year, which is more than the total production of any country save Japan. Excess supply on this scale will not disappear overnight and yet, and yet….. Forced liquidation by exchange traded funds (a sophisticated version of tracker unit trusts) and hedge funds having sold huge quantities of commodities which they do not own have massively distorted market prices. China's volume of copper and iron ore imports actually rose in November and copper inventories were down to only 13 days' supply in Chinese warehouses. Recovery beckons although only contrarians will be taking note and seeking to buy into undervalued mining and oil shares.

Best TV interview of the year?

Andrew Neil

Given Labour's response to the issue of national security and Syria, do you have confidence in Jeremy Corbyn?

John Mann, Labour MP

I have total confidence in Hilary Benn.

Andrew Neil

So you have confidence in your foreign affairs spokesman Hilary Benn but not in your leader Jeremy Corbyn?

John Mann

Jeremy has confidence in Hilary as well.

Andrew Neil

But you can't bring yourself to say you have confidence in Jeremy Corbyn.

John Mann

I have huge confidence in Jeremy allowing Hilary to lead on Syria.

You couldn't make it up, could you?

Over the past year, China has put its mark on the world economy as never before. Not only did its economic slowdown inflict pain on energy and commodities markets, it acted as a serious restraint on the rest of the developing world and held back global economic growth. The renminbi spent the early part of the year pegged to the rocketing dollar at the same time as Japan was deliberately devaluing its yen and other Far East currencies were sliding. China's effective exchange rate has risen by 30 per cent since 2012. At the same time, wages have been rising fast as China runs out of cheap labour from the villages. The effect has been a huge squeeze on profit margins with corporate profits falling month by month. The carnage has been terrible with East Heavy Industry and Mingde Heavy Industry (both shipbuilding) going bust and state giant Sinosteel defaulting. It is not all bad news, though, with the services sector increasing from 44 per cent of GDP in 2010 to 51 per cent now so that the *new economy* is doing well as the country abandons its obsolete model and shifts up the development ladder. Figures for GDP are, at best, opaque but a decent guess would be that economic growth is running at about 5 per cent at the moment. Rumours abound about the state of politics with Premier Li Keqiang promoting economic reform so as to centralize power in his hands while the old guard still controls much of the Central Committee. Let us all hope that he is not shoved aside by the old guard: the stability of the renminbi and global markets rests on such thin ice.

De La Rue's foreign banknotes are collected all over the world but, shame, the venerable security printer's shares are not, having fallen by 50 per cent over the past two years or so and slipped 7 per cent on the interim results published in December. The Company has won Banknote of the Year for seven out of the last eight years and stands a good chance this year with its jolly 'parrot and president' 100 dalasi note for Gambia, a serious Queen on the Canada $20 note and the Argentina 50 peso note with the inscription next to a map of the Falklands, Islas Malvinas. *Perhaps a left-field (baseball) off-the-wall (squash) suggestion for 2016.*

Brent crude was $115 per barrel in July, 2014 and $55.60 at the end of that year: it has now closed 2015 at an amazing $36.69. How much lower can it go? No idea, but I cannot leave the subject without mentioning *World Oil Outlook* published by OPEC towards the end of the year. World demand for oil and gas will continue to rise, says the document, for another 25 years so that fossil fuels will make up 78 per cent of global energy in 2040, barely less than today. There will be no meaningful advances in technology with rival fuels disappointing after costing a great deal of money to develop so that the old energy order will be preserved. Emissions of CO^2 will carry on rising as if nothing had been agreed in a solemn and binding accord by 190 countries at the Paris climate summit. Global demand for oil will rise by 18m barrels a day to 110m in 2040. The document swats aside electric vehicles with impatience. The world's fleet of cars will rise from 1bn to 2.1bn over the next 25 years but 94 per cent will still run on petrol and diesel. This is a brave call with Apple, Google, Ford, VW, Tesla and Toyota all developing new technologies involving electric, hydrogen or hybrid cars. In Norway, for instance, electric vehicles already account for over 16 per cent of all cars sold. Saudi Arabia and the Gulf states are lucky: they have 25 years to plan a new future that will require far less oil. If they have any sense, they will work to move prices back up to $60 then, over a period, slot oil into the $70 to $80 range then keep it there. Sheik Ahmed Yamani, the former Saudi oil minister, warned 15 years ago that this moment of reckoning was coming, *Thirty years from now there will be a huge amount of oil and no buyers. Oil will be left in the ground. The Stone Age came to an end not because we had a lack of stones.* Not sure that OPEC was listening then – or now.

Chairman's Statement and Business Review
(continued)

To absent friends, including the remarkable Jim Slater and Cynthia Payne. The former was one of the best share-tippers of my generation yet, when he was asked what he would like to be remembered for, he rattled off his sponsorship of the British chess championship, his support for Birthright and wild salmon, his happy marriage and his books. And Slater Walker? I'm not particularly proud of that, it failed after all but I'm not ashamed of it either. *Cynthia Payne, hostess, opened the door to a police raid in 1978: detectives found 53 men in various stages of undress. Newspapers had enormous fun – one cartoon showed a vicar in bed with a young lady and confronted by a policeman:* I demand to see my solicitor who is in the next bedroom *says the vicar. Afterwards, when released from Holloway prison, Mrs Sin was asked why she wouldn't name any of her customers.* Well, me morals is low but me ethics is high. Two remarkable people……

A boom, perhaps, just coming to an end is buy-to-let here in the UK. I am indebted to asset manager *Brewin Dolphin* for a rather scary worked example of a landlord with an 80 per cent loan-to-value (LTV) mortgage receiving £10,000 in rent and paying £8,000 in interest. On his £2,000 profit, he currently pays 40 per cent (£800) in tax leaving him with a net gain of £1,200. However, come 2020, his tax bill will be calculated on his turnover minus a 20 per cent tax credit: 40 per cent of £10,000 is £4,000. The relief comes to 20 per cent of the interest (£8,000 at 20% = £1,600). The result is a £2,400 tax bill. Add that to his mortgage interest and his annual profit turns into a loss of £400 – Ouch! The *Daily Telegraph* ran an article in December looking at a higher-rate taxpayer with a £240,000 mortgage on a £300,000 property. He has a five-year interest-only fixed-rate mortgage at 3.99 per cent. That costs £800 a month. He then receives £1,000 in rental income giving him a current annual profit of £1,440. However, his profit falls to nil in 2019 and becomes a loss of £480 in 2020. According to a recent survey, a large part of the UK population still doesn't think that any of this matters and that buy-to-let is a great investment. I am not so sure – getting into buy-to-let now with borrowed money just doesn't seem to be worth the risk.

Britain's biggest buy-to-let landlords, Fergus and Judith Wilson, have sold their 1,000-dwelling Kent property empire. Mr Wilson is also the author of Larry the Liger *(a Liger is a cross between a lion and tiger) and a former maths teacher, as was his wife. The Wilsons had no capital and expanded using debt. The era of easy money has long gone so perhaps they are right to get out now. That will please those who have criticised the Wilsons for throwing out 200 tenants on housing benefit and zero hours contracts in favour of eastern Europeans.*

So much for buy-to-let residential property but what about prospects for commercial property with Athelney Trust's portfolio having a 24.4 per cent per cent interest in the sector? On the face of it rather problematic in that pension funds, traditionally significant investors, are now paying out a large proportion of annual cash flow in pensions, which makes illiquid property less attractive relative to bonds and equities. At the same time, insurance companies, also big investors, face regulatory obstacles in buying any illiquid asset in that they have often faced a capital penalty since the financial crisis. Yet despite these headwinds the commercial property market has been enormously helped by globalisation. Before the financial crisis, excess savings in Asia and elsewhere tended towards US Treasuries, German Bunds or similar. Since 2008, sovereign wealth funds have poured money into real estate in the search for a higher income and better growth prospects. The first stage is over with *trophy assets* now fully priced but the gap between government bond yields and the income available on non-trophy assets very wide indeed. So far from becoming the Cinderella of capital markets, commercial property will continue to attract big money and the shares of regional property companies remain highly attractive.

Chairman's Statement and Business Review
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John McDonnell, shadow chancellor of the exchequer, responded to George Osborne's November Autumn Statement in a wholly singular way by reaching into his trouser pocket and saying, To assist Comrade Osborne in his dealings with his newfound friends [from China] I've brought along Mao's *Little Red Book! Deputy leader Watson could not believe his ears: there was his colleague, flicking casually through the selected musings of one of the most prolifically murderous Communists in history. Mr Osborne rose and picked up the book which Mr McDonnell had tossed in his direction*, Oh look, it's his personal signed copy! Obviously, John was just joking *said a staffer afterwards and, indeed, the joke went down very well albeit with the wrong side. Beyond parody, is it not?*

Capital Gains

During the year the Company realised capital profits before expenses arising on the sale of investments in the sum of £332,648 (31 December 2014: £478,743).

Portfolio Review

Holdings of *AEW UK REIT, Harworth Group, Heath (Samuel) & Sons, Low & Bonar, Premier Farnell, Record, Regional REIT Ltd, River & Mercantile Group, Safestyle UK* and *Trinity Mirror* were all purchased for the first time. Additional holdings of *Begbies Traynor, Capital & Regional, DX Group, Games Workshop, Goodwin, Juridica Investments, Picton Property Income, Quarto Group Inc Com* and *UK Commercial Property Trust* were also acquired. *Brit plc, Chime Communications, GLI Finance, Hydrogen, ISG, Nationwide Accident Repair, NewRiver Retail, Plus 500, Redefine, Renew Holdings and RWS Holdings* were sold. In addition, a total of nine holdings were top-sliced to provide capital for the new purchases and *Japan Residential* was bought and sold in the year.

Corporate Activity

The holding of *Catlin* was taken over at a capital profit of 21.5 percent.

Dividend

The Board is pleased to recommend an increased annual dividend of 7.9p per ordinary share (2014: 6.7p). This represents an increase of 17.9 per cent over the previous year. Subject to shareholder approval at the Annual General Meeting on 7 April 2016, the dividend will be paid on 14 April 2016 to shareholders on the register on 18 March 2016.

For those patient investors who subscribed for Athelney Trust shares in the IPO of 1994, the annual return has now risen to 15.8 per cent net of basic rate tax on the capital originally invested.

Update

The unaudited NAV at 31 January 2016 was 235.8p whereas the share price on the same day stood at 215p. Further updates can be found on www.athelneytrust.co.uk

Strategic Report
(continued)

Chairman's Statement and Business Review
(continued)

Prospects

Three of the most obvious risks to 2016 are, first: low interest rates have created credit bubbles in emerging markets that could now deflate; second, asset managers have been buying longer-term bonds with greater credit risk to increase income. Rising interest rates could cause substantial losses for such managers and their clients. Third, before the crisis, asset managers and banks placed spare cash in money market funds but, recently, this money has flooded onto the balance sheets of banks and the Fed itself. Rising interest rates could cause this flood to reverse with completely unpredictable results. As far as equities are concerned, it would be no great surprise to see small caps outperforming blue-chips again and, in doing so, register another unspectacular but acceptable rise.

Dr. E C Pohl
Chairman
2 March 2016

Athelney Trust plc

Strategic Report (continued)

Investment and Portfolio Analysis at 31 December 2015

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	22,500	37,293	**37,293**	**0.79%**
Construction & materials	Costain Group	14,666	54,741		
	Epwin Group	35,000	45,937		
	Heath (Samuel) & Sons	15,500	37,975	**138,653**	**2.94%**
Electronic & electrical equipment	XP Power Limited	3,000	43,530		
	Sprue Aegis	15,000	51,000	**94,530**	**2.01%**
Food & beverages	Greencore Group	20,000	70,840		
	Wynnstay Group	12,500	69,375	**140,215**	**2.98%**
General financial	Camellia	500	45,257		
	Charles Taylor	35,714	92,766		
	Jarvis Securities	24,500	89,609		
	Jupiter Fund Management	15,000	67,740		
	Juridica Investments	35,000	15,050		
	Park Group	140,000	104,650		
	Randall & Quilter Investment Holdings	40,000	37,200		
	Record	125,000	33,750		
	River & Mercantile Group	22,500	58,500		
	S & U	4,000	98,260	**642,782**	**13.65%**
Industrial engineering	Goodwin	2,000	36,780		
	Hill & Smith	12,500	94,563		
	Low & Bonar	65,000	42,977		
	Slingsby (H.C)	4,000	7,000		
	Vitec	6,500	39,130	**220,450**	**4.68%**
Industrial transportation	Braemar Shipping Services	23,162	103,245		
	DX Group	50,000	9,750		
	Fisher (James)	3,000	35,010		
	UK Mail	8,000	19,980	**167,985**	**3.57%**
Insurance	Amlin	14,000	92,820		
	Beazley	16,000	62,496		
	Chesnara	16,000	53,600		
	Hansard Global	30,000	33,825		
	Hiscox	4,699	49,480		
	Lancashire Holdings	8,000	50,200		
	Novoe Group	10,000	89,150	**431,571**	**9.16%**
Leisure goods	Games Workshop	8,000	46,760	**46,760**	**0.99%**
Media	4Imprint	6,500	82,485		
	Huntsworth	70,000	27,300		
	M&C Saatchi	8,500	27,730		
	Quarto Group Inc Com	50,000	108,500		
	Trinity Mirror	35,000	58,013		
	UTV Media	20,000	34,950		
	Wilmington Group	32,500	85,514	**424,492**	**9.01%**
Property commercial & residential	AEW UK REIT	65,000	65,975		
	Capital & Regional	135,000	87,413		
	Harworth Group	525,000	64,312		
	F & C UK Real Estate Investments	64,500	65,468		
	Lok'n Store Group	25,000	84,563		
	London Metric Property	45,000	73,755		
	Mountview Estates	1,500	175,485		
	Palace Capital	13,000	46,118		
	Picton Property Income	147,201	103,776		
	Regional REIT Ltd	50,000	52,250		
	Schroder Real Estate Investment Trust	109,000	64,583		
	Standard Life Property Income	65,000	54,438		
	Town Centre Securities	27,500	89,994		
	Tritax Big Box	60,000	77,760		
	UK Commercial Property Trust	50,000	42,600	**1,148,490**	**24.39%**

Investment and Portfolio Analysis at 31 December 2015
(continued)

	Stock	Holding	Value (£)	SECTOR £	%
Retailers	McColls Retail Group	30,000	40,425		
	Safestyle UK	22,500	56,756		
	Stanley Gibbons	17,500	15,050	**112,231**	**2.38%**
Support services	Andrew Sykes Group	10,000	30,500		
	Begbies Traynor	80,000	36,000		
	Communisis	100,000	40,750		
	Connect Group	64,285	107,999		
	Latham (James)	5,500	36,575		
	Matchtech	18,500	94,720		
	Menzies (John)	12,000	49,770		
	Premier Farnell	45,000	43,988		
	St Ives	37,500	83,813		
	Vianet Group	40,000	39,900		
	VP	17,500	131,163	**695,178**	**14.76%**
Telecommunications	KCOM Group	40,000	46,000	**46,000**	**0.98%**
Travel and leisure	Air Partner	18,000	75,555		
	Cineworld	19,800	111,276		
	GVC Holdings	30,000	138,600		
	Photo-Me	25,000	37,688	**363,119**	**7.71%**

Portfolio Value		£ 4,709,749	100%
Net Current Assets		£ 148,482	
TOTAL VALUE		£ 4,858,231	
Shares in issue		1,983,081	
Audited NAV	245.0p		

Athelney Trust plc

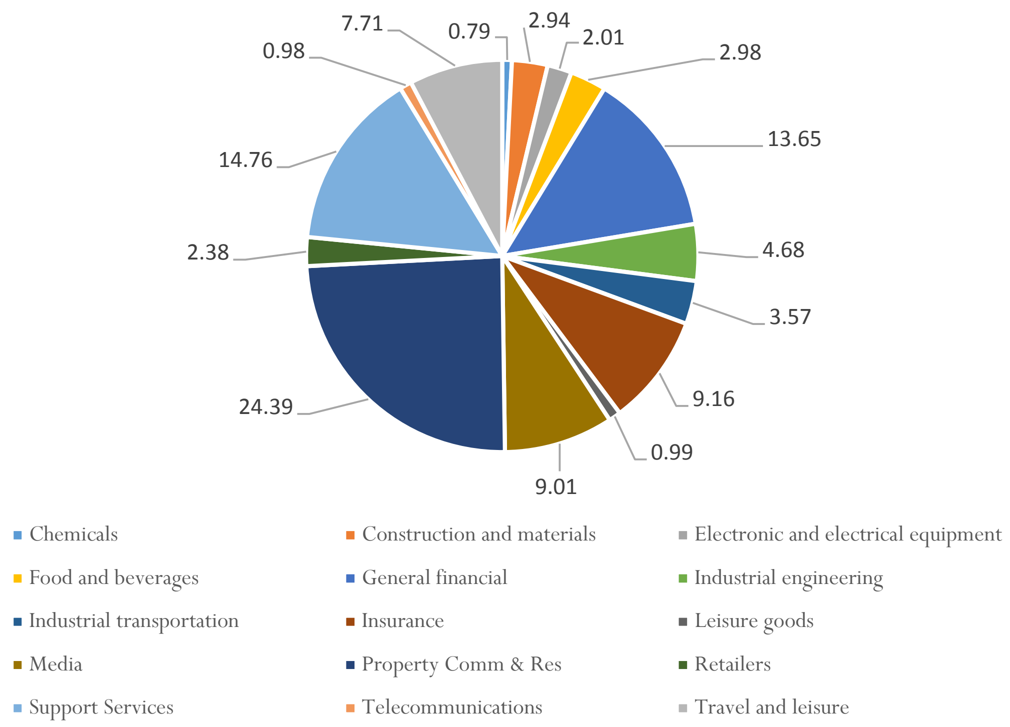
Strategic Report

(continued)

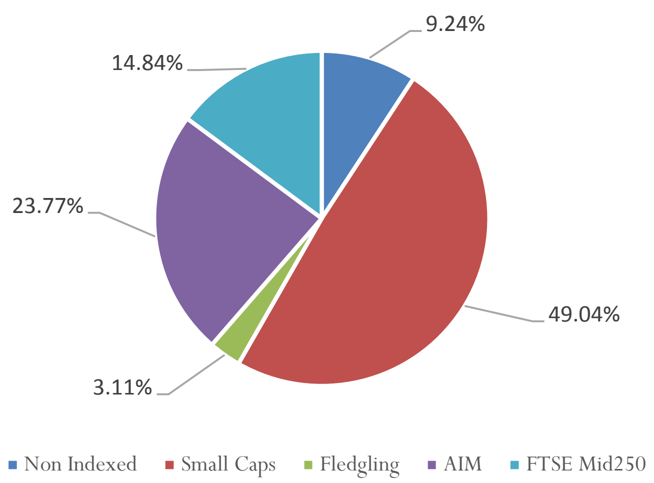
Investment and Portfolio Analysis at 31 December 2015

(continued)

Portfolio by Sectors



Portfolio by listing



Strategic Report
(continued)

As explained within the Report of the Directors on pages 24 to 27, The Company carries on business as an investment trust. Investment trusts are collective closed-ended public limited companies.

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 four male Directors, can be found on page 2.

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 minimised 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. 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.

Investment 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 2015 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 16 to 22, 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.

Strategic Report
(continued)

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 3 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 16 to 22, 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 12 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 – Relevant legislation and regulations which apply to the Company include the Companies Act 2006, the Corporation Tax Act 2010 ("CTA") and the Listing Rules of the Financial Conduct Authority ("FCA"). The Company has noted the recommendations of the UK Corporate Governance Code and its statement of compliance appears on pages 16 to 22. A breach of the CTA could result in the Company losing its status as an investment company and becoming subject to capital gains tax, whilst a breach of the Listing Rules might result in censure by the FCA. At each Board meeting the status of the Company is considered and discussed, so as to ensure that all regulations are being adhered to by the Company and its service providers.

The Board is not aware of any breaches of laws or regulations during the period under review and up to the date of this report.

• 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.

• 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.

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.

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.

Alternative Investment Fund Manager's Directive ("AIFMD")

The Board has registered itself as the AIFM with the FCA under the Directive and confirm that all required returns have been completed and filed.

BY ORDER OF THE BOARD

J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

2 March 2016

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 2014 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in February 2015 (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 agreements for provision of their services but no limit has been imposed on the overall length of service. The recommendation of the Code is for fixed term renewable contracts. In recent years each of the Directors has retired and, where appropriate, sought re-election each year. The Board has determined that this policy will continue in 2016 but from 2017 the Directors will retire by rotation on a three yearly basis in accordance with the Company's articles of association.

- 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 four 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 four 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 three directors, of which two are independent. The Board has agreed that all Directors will retire at the forthcoming AGM and, if appropriate, seek re-election. The biographies of all the Directors are contained on page 2.

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.

Corporate Governance Statement
(Continued)

The Directors of the Company meet at regular Board Meetings, during the year ended 31 December 2015, the Board met four times with all Directors present. Mr Addison, the alternate director for Dr E C Pohl attended all four meetings at the invitation of the Board.

	Board Meetings	Audit Committee
Dr. E C Pohl	4	2
R G Boyle	4	-
S Moore	2	2
J L Addison	4	-
H Deschampsneufs (resigned 24 May 2015)	2	1

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.

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 the Fund 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 Fund Manager and Company Secretary.

The Fund 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 Fund 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.

Corporate Governance Statement
(Continued)

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 Fund Manager considers social environmental and ethical factors which may affect the performance or value of the company's investments. The Directors, through the Fund 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.

Chairman and Senior Independent Director

The Chairman, Dr E.C. Pohl, 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.

Mr H Deschampsneufs was appointed at the 2015 Annual General Meeting for a term to expire at the next Annual General Meeting. Hugo Deschampsneufs resigned as director and Chairman on 24 May 2015 after 21 years with the Company. Dr E C Pohl was appointed as Chairman on Mr H Deschampsneufs' resignation. Both non-executive Directors, and the Fund Manager, are retiring voluntarily and offering themselves for re-election at the forthcoming Annual General Meeting in accordance with the Board's current policy in this respect.

Remuneration Committee

The Remuneration Committee comprises Dr Emmanuel Pohl and Simon Moore (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 28 to 31 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.

Corporate Governance Statement
(Continued)

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 Simon Moore and attended by Dr. Emmanuel Pohl. The committee met twice 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, Hazlewoods LLP, including its independence and objectivity. It is also the forum through which Hazlewoods LLP 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.

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

Matter	Action
Investment Portfolio Valuation The Company's portfolio is invested predominantly in listed securities. Although all the securities are fully listed or traded on AIM, errors in the portfolio valuation could have a material impact on the Company's net asset value per share.	The portfolio is valued at bid price at the end of each month by the custodians Speirs & Jeffrey Limited.
Misappropriation of Assets Misappropriation of the Company's investments or cash balances could have a material impact on its net asset value per share.	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.
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.	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.

Corporate Governance Statement
(Continued)

The Audit Committee reviews the scope and results of the audit and, during the year, considered and approved Hazlewoods LLP's plan for the audit of the financial statements for the year ended 31 December 2015. At the conclusion of the audit Hazlewoods LLP 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. Hazlewoods LLP issued an unqualified audit report which is included on pages 32 to 34.

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 (2014: Clement Keys LLP £10,500) Hazlewoods LLP received fees for audit related regulatory reporting services of £Nil for the year (2014: Clement Keys LLP £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, Hazlewoods LLP has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating Hazlewoods LLP, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. Following professional guidelines, the audit partner rotates after five years.

The Board of Directors of the Company comprised three male Directors in the year to 31 December 2015. While the Board recognises the benefits of diversity in future appointments to the Board, the key criteria for the appointment of new directors will be the appropriate skills and experience in the interest of shareholder value. The Directors are satisfied that the Board currently contains members with an appropriate breadth of skills and experience.

Company information

The following information is disclosed in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6.

- The Company's capital structure and voting rights are summarised on pages 24 and 25.
- Details of the substantial shareholders in the Company are listed on page 24.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 23.
- The Board is seeking to renew its current powers to issue shares at the forthcoming Annual General Meeting.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to the control attached to securities; no restrictions on voting rights; no agreements which the Company is party to that might affect its control following a successful takeover.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

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 7 April 2016, is set out on pages 49 to 56. 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.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- The threat of such risks becoming a reality;
- The Company's ability to reduce the incidence and impact of risk on its performance; and
- The cost and benefits to the Company of third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- Corporate strategy;
- Published information, compliance with laws and regulations;
- Relationship with service providers; and
- Investment and business activities.

Corporate Governance Statement
(Continued)

The key procedures which have been established to provide internal controls are as follows:

- Custody of assets is undertaken by Speirs & Jeffrey;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board; and
- The Board reviews financial information produced by the Investment Manager and the Company Secretary in detail on a regular basis.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the system of internal control as it has operated over the year.

BY ORDER OF THE BOARD

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

J. Girdlestone
Secretary
2 March 2016

Athelney Trust plc

Report of the Directors

The directors present their report and audited financial statements of the Company for the year ended 31 December 2015. 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 £184,378 (2014: £155,129) as detailed on page 35.

It is recommended that a dividend of 7.9p (2014: 6.7p) 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. The Company has been granted approval from HM Revenue & Customs ('HMRC') as an authorised investment trust under Section 1158 of the Corporation Tax Act 2010 for the year ended 31 December 2014. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2015 so as to be able to continue to obtain approval as an authorised investment trust, under Section 1158 of the Corporation Tax Act 2010. The Company is an investment company as defined in Section 833 of the Companies Act 2006.

Directors

Biographical details of the Directors, can be found on page 2.

As explained in more detail in the Corporate Governance Statement on pages 16 to 22, the Board has previously adopted a policy to the effect that all Directors will retire annually. Accordingly, the three Directors will retire at the Annual General Meeting. Being eligible the three Directors offer themselves for re-election. The Board have resolved that with effect from the 2017 Annual General Meeting the Directors will revert to the arrangements for retirement contained in the Company's articles of Association.

The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on pages 16 to 22, 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' 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. It is not considered that an interest in the Company's shares held by a Director will of itself give rise to a situation where that director's interests or duties conflict with the interests of the Company.

Report of the Directors
(continued)

Capital Structure

At 31 December 2015 the Company's capital structure consisted of 1,983,081 Ordinary Shares of 25p each (2014: 1,983,081 Ordinary Shares of 25p each).

Directors and Their Interests

The directors who held office during the year and at the date of this report are shown below; their interest in the ordinary shares of the Company are stated on page 31 in the Directors' Remuneration Report.

Dr E C Pohl	(non-executive Chairman)
R G Boyle	(Managing Director)
S Moore	(non-executive Director, appointed 1 May 2015)
H B Deschampsneufs	(non-executive Chairman, resigned 24 May 2015)
D A Horner	(non-executive Director resigned 30 January 2015)

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.

Substantial 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	418,705	21.11
Global Masters Fund	275,509	13.89
Mr G.W. & Mrs D.J. Whicheloe	104,000	5.24
NS Salvesen and Salvesen Family Trust	87,500	4.41
Mrs E. Davison	75,000	3.78
Mr D.C. & Mrs B.I. Mattey	60,000	3.03
Mr P.G. Grodzinski	60,000	3.03

There have been no other changes in the above major shareholdings in the company up to 29 February 2016.

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.

Report of the Directors
(continued)

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 listed securities and those traded on AIM.

The Company retains title to all assets held by its custodian. Note 12 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.

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 49 to 56.

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.

Report of the Directors
(continued)

Re-appointment of Auditor

A resolution will be put to the shareholders at the Annual General Meeting proposing the re-appointment of Hazlewoods LLP as Auditors to the Company. Hazlewoods LLP have indicated their willingness to continue in office.

BY ORDER OF THE BOARD

J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

2 March 2016

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements and have elected to prepare them in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Report of Directors, Directors remuneration report and statement on corporate governance.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Chairman's statement and Report of the Directors include 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information related to the Company including on the company's website www.athelneytrust.co.uk

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW
2 March 2016

J.Girdlestone
Secretary

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 32 to 34.

Remuneration Committee

The Company has a Remuneration Committee comprising Dr Emmanuel Pohl and Simon Moore. Simon Moore chairs the meetings. The Committee considers and approves Directors' remuneration.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract and retain directors with suitable skills and experience, and is determined in such a way as to reflect the experience of the Board as a whole, in order to be comparable with other organisations and appointments. It is intended that this policy will continue for the year ending 31 December 2016 and thereafter.

The fees for non-executive Directors are determined within the limits set out in the Company's Articles of Association. The approval of shareholders would be required to increase the limits set out in the Articles of Association. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate. Fees for any new Director appointed will be made on the same basis.

Directors' Service Contracts

Each of the Directors has a service contract or letter of engagement with the Company.

The Managing Director R Boyle has a service contract commencing 21 August 2008 which provides for termination by either party on one year's notice at any time.

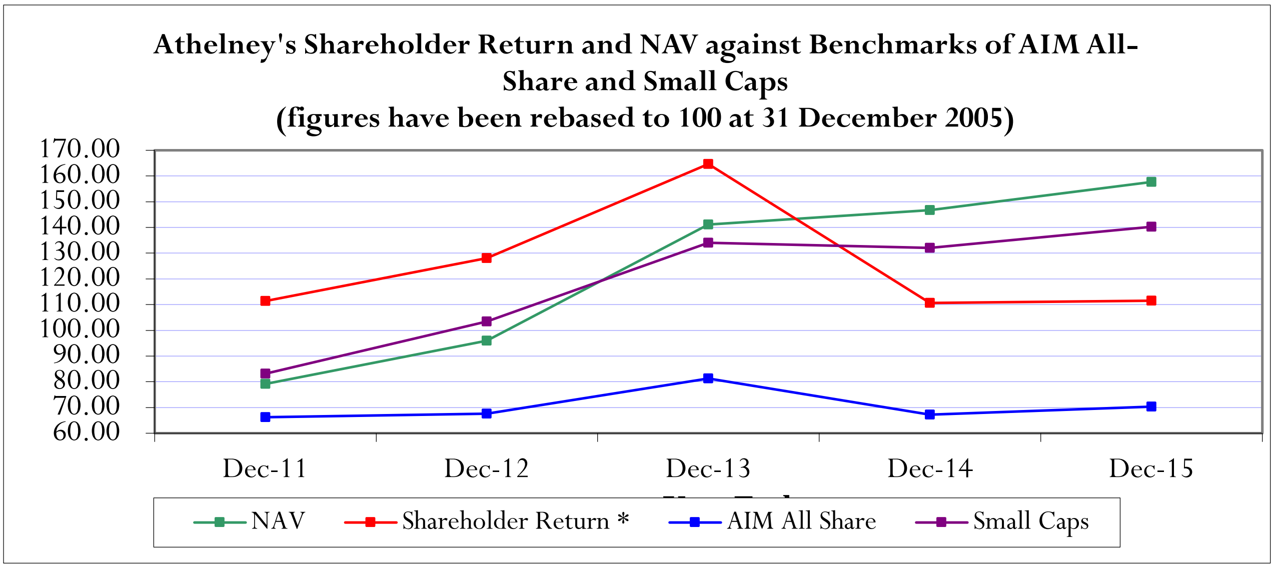
The letters of engagement for the two non-executive Directors, Dr E C Pohl and Mr S Moore, provide for their appointment to continue until the Annual General Meeting following the appointment and, following re-election at that meeting, for renewal by the Board on terms to be agreed from time to time. The letters of engagement for Dr E C Pohl and Mr S Moore commenced on 28 June 2010 and 1 May 2015 respectively.

On 13 April 2015 at a meeting held by the Remuneration Committee it was agreed that the salary of the Managing Director R Boyle be changed from a rate of £45,000 per annum to 1% of the net assets calculated on a monthly basis.

Directors' Remuneration Report
(continued)

Company Performance

The graph below compares, for the five financial years ended 31 December 2015, 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.

Directors' Remuneration for the Year (audited information)

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

	2015 £	2014 £
H Deschampsneufs (Non-executive) resigned 24/5/15	4,167	10,000
E C Pohl (Chairman, Non-executive)	6,125	-
R Boyle (Managing Director)	46,747	45,000
D Horner (Non-executive) resigned 30/1/15	625	7,500
S Moore (Non-executive) appointed 1/5/15	7,000	-
J Addison (Alternate Director)	-	-
	64,664	62,500

Directors' Remuneration Report
(continued)

Directors' beneficial and family interests (audited)

The interests of the Directors and their families in the Ordinary shares of the Company are set out below:

	31 December 2015 (or date of resignation if earlier)	31 December 2014 (or date of appointment if later)
H.B Deschampsneufs (Resigned 24/5/15)	Nil	78,038
R.G Boyle	418,705[2]	411,205
Dr E.C Pohl	-[1]	-
S Moore (Appointed 1/5/15)	25,700	-

Notes:

1. Dr E C Pohl is the sole beneficial owner of E C Pohl & Co Pty Limited, which owns 54.1% of the issued share capital of Global Masters Fund Limited on behalf of itself and clients whose portfolios it manages. Global Masters Fund Limited holds 275,509 (2014: 257,649) shares in the company.

2. Included within R.G. Boyle's holding is an interest in Trehellas House Limited, a company which holds 391,600 (2014: 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 E C Pohl & Co giving E C Pohl & Co on behalf of its client Global Masters Fund a right of first refusal to such number of shares owned by 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 nor, Trehellas House Limited having determined to sell those shares, any obligation on E C Pohl & Co to buy.

There have been no changes to any of the above holdings between 31 December 2015 and the date of this report. None of the Directors has any non-beneficial interests to disclose.

None of the Directors nor any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year other than through their holdings in the Company's shares.

The Directors' Remuneration Report for the year ended 31 December 2014 was approved by shareholders at the Annual General Meeting held on 9 April 2015. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	923,292	100
Against	Nil	-
Total votes cast	923,292	100
Number of votes withheld	Nil	-

Directors' Remuneration Report
(continued)

A vote on the Remuneration Policy will be put to shareholders for approval at the AGM on 7 April 2016.

	Expected Fees for the Year to 31 December 2016	Fees for Year to 31 December 2015
Chairman basic fee	10,500	10,292
Managing Director 1% of net assets	50,000	46,747
Non-Executive Director basic fee	10,500	7,000

Approval

The Directors' Remuneration Report was approved by the Board on 2 March 2016.

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 2015, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows 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 27, 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 2015 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

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to a users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

Valuation and existence of investments:
The Company's investment portfolio is one of the key drivers of performance results, of which 100% is represented by quoted investments. The investments are not considered to be at a high risk of material misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be a significant risk area. Our audit work included, but was not restricted to, consideration of the design and implementation of controls over the pricing of quoted investments and agreeing 100% of investment prices to independent sources. We considered the appropriateness of the use of the quoted bid price by reviewing the liquidity of the market of the quoted investments held.

Allocation of costs between capital and revenue
The Company allocates expenditure between revenue and capital on the basis of the Board's expected long term capital and revenue returns. The allocation is important as it affects distributable reserves. Our audit work included, but was not restricted to, a detailed review of the actual dividend and capital income received in the past 5 years compared to the Board's expected long-term capital and revenue returns. The company's accounting policy on this allocation is included in note 1.

Management override of financial controls
The risk of management override is always considered to be a significant audit risk. Our audit work included, but was not restricted to a review of all significant management estimates and judgements applied during the completion of the financial statements. We also reviewed material journal entries processed by management during the period. The Company's principal accounting policies are included in note 1.

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 £95,000. This has been calculated by reference to several benchmarks of the financial statements and approximates to approximately 2% of total 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 £39,000.

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 £5,000 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. The day-to-day management of the Company's investment portfolio is managed internally, whilst the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

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 25, 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.

Scott Lawrence FCA
Senior Statutory Auditor
for and on behalf of

Hazlewoods LLP
Statutory Auditor, Cheltenham

2 **March 2016**

Athelney Trust plc

Income Statement

	Note	For the Year Ended 31 December 2015 Revenue	Capital	Total	For the Year Ended 31 December 2014 Revenue	Capital	Total
		£	£	£	£	£	£
Gains on investments held at fair value	**8**	-	391,473	391,473	-	221,717	221,717
Income from investments	**2**	218,309	-	218,309	189,458	-	189,458
Investment Management expenses	**3**	(5,149)	(46,910)	(52,059)	(5,661)	(51,644)	(57,305)
Other expenses	**3**	(28,782)	(59,514)	(88,296)	(28,668)	(44,156)	(72,824)
Net return on ordinary activities before taxation		184,378	285,049	469,427	155,129	125,917	281,046
Taxation	**5**	-	-	-	-	-	-
Net return on ordinary activities after taxation	**6**	184,378	285,049	469,427	155,129	125,917	281,046
Net return per ordinary share	**6**	9.3p	14.4p	23.7 p	7.8p	6.3p	14.1p
Dividend per ordinary share paid during the year	**7**	6.7p			5.5p		

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 overleaf.
A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above Statement.

The notes on pages 39 to 47 form part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance brought forward at 1 January 2014	495,770	545,281	953,991	2,108,854	245,797	4,349,693
Net profits on realisation of investments	-	-	478,743	-	-	478,743
(Decrease)/Increase in Unrealised appreciation	-	-	-	(257,026)	-	(257,026)
Expenses allocated to Capital	-	-	(95,800)	-	-	(95,800)
Profit for the year	-	-	-	-	155,129	155,129
Dividend paid in year	-	-	-	-	(109,069)	(109,069)
Shareholders' Funds at 31 December 2014	495,770	545,281	1,336,934	1,851,828	291,857	4,521,670
Balance brought forward at 1 January 2015	495,770	545,281	1,336,934	1,851,828	291,857	4,521,670
Net profits on realisation of investments	-	-	332,648	-	-	332,648
(Decrease)/Increase in Unrealised appreciation	-	-	-	58,825	-	58,825
Expenses allocated to Capital	-	-	(106,424)	-	-	(106,424)
Profit for the year	-	-	-	-	184,378	184,378
Dividend paid in year	-	-	-	-	(132,866)	(132,866)
Shareholders' Funds at 31 December 2015	**495,770**	**545,281**	**1,563,158**	**1,910,653**	**343,369**	**4,858,231**

The notes on pages 39 to 47 form part of these financial statements.

Athelney Trust plc

Statement of the Financial Position as at 31 December 2015

Company Number: 02933559

	Note	2015	2014
		£	£
Fixed assets			
Investments held at fair value through profit and loss	8	4,709,749	4,432,113
Current assets			
Debtors	9	124,368	87,246
Cash at bank and in hand		39,493	18,137
		163,861	105,383
Creditors: amounts falling due within one year	10	(15,379)	(15,826)
Net current assets		148,482	89,557
Total assets less current liabilities		4,858,231	4,521,670
Provisions for liabilities and charges		-	-
Net assets		4,858,231	4,521,670
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	1,563,158	1,336,934
Capital reserve - unrealised	12	1,910,653	1,851,828
Revenue reserve (distributable)	12	343,369	291,857
Shareholders' funds - all equity		4,858,231	4,521,670
Net Asset Value per share	14	245.0p	228.0p

Approved and authorised for issue by the Board of Directors on 2 March 2016.

…………………………………
R.G. Boyle
Director

The notes on pages 39 to 47 form part of these financial statements.

Statement of Cash flows for the Year Ended 31 December 2015

	2015	2014
	£	£
Cash flows from operating activities		
Net revenue return	184,378	155,129
Adjustment for:		
Expenses charged to capital	(106,424)	(95,800)
(Decrease)/Increase in creditors	(447)	109
Increase in debtors	(37,122)	(45,464)
Cash from operations	40,385	13,974
Cash flows from investing activities		
Purchase of investments	(755,023)	(679,659)
Proceeds from sales of investments	868,860	768,182
Net cash from investing activities	113,837	88,523
Equity dividends paid	(132,866)	(109,069)
Net Increase/(decrease)	21,356	(6,572)
Cash at the beginning of the year	18,137	24,709
Cash at the end of the year	39,493	18,137

The notes on pages 39 to 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting Policies

1.1 Statement of Compliance and Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS 102"), the Companies Act 2006 and with the AIC Statement of Recommended Practice ("SORP") issued in November 2014, regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All the Company's activities are continuing.

This is the first year in which the financial statements have been prepared under FRS 102. There have been no transitional adjustments needed to the financial statements.

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 102 "Income 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 102 "Events after the end of the Reporting Period", 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

	2015	2014
	£	£
UK dividend income	218,248	189,403
Bank interest	61	55
Total income	218,309	189,458

UK dividend income

	2015	2014
	£	£
UK Main Market listed investments	160,651	121,081
UK AIM traded shares	57,597	68,322
	218,248	189,403

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. Return on Ordinary Activities before Taxation

	2015	2014
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:		
Directors' remuneration:		
- Services as a director	17,291	17,500
- Otherwise in connection with management	47,372	45,000
Auditors' remuneration:		
- Audit Services - Statutory audit	10,500	10,500
- Audit Services - Statutory audit movement on accruals from previous years	-	200
- Audit Services - Audit related regulatory reporting	-	1,050
Miscellaneous expenses:		
- Other wages and salaries	31,233	31,074
- PR and communications	11,935	7,098
- Stock Exchange subscription	6,180	6,844
- Sundry investment management and other expenses	15,844	10,863
	140,355	130,129

4. Employees

	2015	2014
	£	£
Costs in respect of Directors:		
Wages and salaries	64,663	62,500
Social security costs	4,402	4,424
	69,065	66,924
Costs in respect of administrator:		
Wages and salaries	25,250	25,250
Social security costs	1,581	1,400
	26,831	26,650
Total:		
Wages and salaries	89,913	87,750
Social security costs	5,983	5,824
	95,896	93,574
Average number of employees:		
Chairman	1	1
Investment	2	2
Administration	1	1
	4	4

5. Taxation

(i) On the basis of these financial statements no provision has been made for corporation tax (2014: Nil).

(ii) Factors affecting the tax charge for the year

The tax charge for the period is lower than (2014: lower than) the average small company rate of corporation tax in the UK of 20 per cent. The differences are explained below:

	2015	2014
	£	£
Total return on ordinary activities before tax	468,071	281,046
Total return on ordinary activities multiplied by the average small company rate of corporation tax 20% (2014: 20%)	93,614	56,209
Effects of:		
UK dividend income not taxable	(36,876)	(27,662)
Revaluation of shares not taxable	(11,765)	51,405
Capital gains not taxable	(66,530)	(95,749)
Unrelieved management expenses	21,285	15,797
Capital redemption	272	-
Current tax charge for the year	-	-

The Company has unrelieved excess revenue management expenses of £57,814 at 31 December 2015 (2014: £65,539) and £102,597 (2014: £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 2014, 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 2014. 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".

	2015			2014		
	£	£	£	£	£	£
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Attributable return on ordinary activities after taxation	184,378	285,049	469,427	155,129	125,917	281,046
Weighted average number of shares		1,983,081			1,983,081	
Return per ordinary share	9.3p	14.4p	23.7p	7.8p	6.3p	14.1p

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. Dividend

	2015 £	2014 £
Final dividend in respect of 2014 of 6.7p (2014: a final dividend of 5.5p was paid in respect of 2013) per share	132,866	109,069

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 7.9 p (2014: 6.7p) per ordinary share be paid amounting to a total of £156,663. For the year 2014, a final dividend of 6.7p was paid on 12 April 2015 amounting to a total of £132,866.

	2015 £	2014 £
Revenue available for distribution	184,378	155,129
Final dividend in respect of financial year ended 31 December 2015	(156,663)	(132,866)
Undistributed Revenue Reserve	27,715	22,263

8. Investments

	2015 £	2014 £
Movements in year		
Valuation at beginning of year	4,432,113	4,298,919
Purchases at cost	755,023	679,659
Sales - proceeds	(868,860)	(768,182)
- realised gains on sales	332,648	478,743
Increase/(Decrease) in unrealised appreciation	58,825	(257,026)
Valuation at end of year	4,709,749	4,432,113
Book cost at end of year	2,799,089	2,580,285
Unrealised appreciation at the end of the year	1,910,660	1,851,828
	4,709,749	4,432,113
UK Main Market listed investments	4,089,885	2,852,033
UK AIM traded shares	619,864	1,580,080
	4,709,749	4,432,113

8. Investments (continued)

Gains on investments

	2015	2014
	£	£
Realised gains on sales	332,648	478,743
Increase/(Decrease) in unrealised appreciation	58,825	(257,026)
	391,473	221,717

The purchase costs and sales proceeds above include transaction costs of £5,796 (2014: £3,484) and £3,605 (2014: £3,527) respectively.

9. Debtors

	2015	2014
	£	£
Investment transaction debtors	119,311	82,794
Other debtors	5,057	4,452
	124,368	87,246

10. Creditors: amounts falling due within one year

	2015	2014
	£	£
Social security and other taxes	3,056	3,238
Other creditors	172	172
Accruals and deferred income	12,151	12,416
	15,379	15,826

11. Called Up Share Capital

	2015	2014
	£	£
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	495,770	495,770
(2014: 1,983,081 Ordinary Shares of 25p)		

12. 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.

The major risks associated with the Company are market, credit 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 price risk arises mainly from uncertainty about future prices of financial investments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements other than movements in exchange rates and interest rates.

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager who gives timely reports of relevant information to the Directors.

Adherence to the investment objectives and the internal controls on investments set by the Company mitigates the risk of excessive exposure to any one particular type of security or issuer.

The Company's exposure to other changes in market prices at 31 December on its investments is as follows:

A 20% decrease in the market value of investments at 31 December 2015 would have decreased net assets attributable to shareholders by 1.9 pence per share (2014: 1.8 pence per share). An increase of the same percentage would have an equal but opposite effect on net assets available to shareholders.

	2015	2014
	£	£
Fair value through profit or loss investments	4,709,749	4,432,113

Market risk also arises from changes in interest rates and exchange risk. All of the Company's assets are in sterling and accordingly the Company has limited currency exposure. The majority of the Company's financial assets are non-interest bearing, as a result the Company's financial assets are not subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held with the custodian to be delayed.

Liquidity Risk

Liquidity Risk is the risk that the Company may have difficulty in meeting obligations associated with financial liabilities. The company is able to reposition its investment portfolio when required so as to accommodate liquidity needs. However it may be difficult to realise its investment portfolio in adverse market conditions.

Maturity Analysis of Financial Liabilities

The Company's financial liabilities comprise of creditors as disclosed in note 10. All items are due within one year.

12. Financial Instruments (continued)

Capital management policies and procedures
The Company's capital management objectives are:

- to ensure the company's ability to continue as a going concern;
- to provide an adequate return to shareholders;
- to support the company's stability and growth;
- to provide capital for the purpose of further investments.

The company actively and regularly reviews and manages its capital structure to ensure and optimal capital structure, taking into consideration the future capital requirements of the company and capital efficiency, projected operating cash flows and projected strategic investments opportunities. The management regards capital as total equity and reserves, for capital management purposes.

Fair values of financial assets and financial liabilities
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.

Financial instruments by category
The financial instruments of the Company fall into the following categories

31 December 2015	At Amortised Cost	Assets at fair value through profit or loss	Total
	£	£	£
Assets as per the balance sheet			
Investments	-	4,709,749	4,709,749
Debtors	124,368	-	124,368
Cash at bank	39,493	-	39,493
Total	**163,861**	**4,709,749**	**487,610**
Liabilities as per the balance sheet			
Creditors	15,379	-	15,379
Total	**15,379**	**-**	**15,379**

31 December 2014	At Amortised Cost	Assets at fair value through profit or loss	Total
	£	£	£
Assets as per the balance sheet			
Investments	-	4,432,113	4,432,113
Debtors	87,246	-	87,246
Cash at bank	18,137	-	18,137
Total	**105,383**	**4,432,113**	**4,537,496**
Liabilities as per the balance sheet			
Creditors	15,826	-	15,826
Total	**15,826**	**-**	**15,826**

12. Financial Instruments (continued)

Fair value hierarchy
In accordance with FRS 102, the Company must disclose the fair value hierarchy of financial instruments.

This classification has changed from previous disclosures under Financial Reporting Standard 29.

The fair value hierarchy consists of the following three classifications:

Classification A – Quoted prices in active markets for identical assets or liabilities.
Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on and arm's length basis.

Classification B – The price of a recent transaction for an identical asset, where quoted prices are unavailable.

The price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Classification C – Inputs for the asset or liability that are based on observable market data and unobservable market data, to estimate what the transaction price would have been on the measurement data in an arm's length exchange motivated by normal business considerations.

The Company only holds classification A investments (2014: classification A investments only).

13. Net Asset Value per Share

The net asset value per share is based on net assets of £4,858,239 (2014: £4,521,670) divided by 1,983,081 (2014: 1,983,081) ordinary shares in issue at the year end.

	2015	2014
Net asset value	245.0p	228.0p

14. Dividends paid to directors

During the year the following dividends were paid to the directors of the company as a result of their total shareholding:

Mr Robin Boyle	£27,551
Mr Hugo Deschampsneufs	£5,228
Mr David Horner	£Nil

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

Directors:	Dr. E.C. Pohl (Chairman) R.G. Boyle (Managing Director) S. Moore (Director) J.L. Addison (Alternate Director)	Email: mannypohl@athelneytrust.co.uk Email: robinboyle@athelneytrust.co.uk Email: simonmoore@athelneytrust.co.uk Email: jladdison@bigpond.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 (Incorporated and registered in England)	
Solicitor:	Druces LLP Salisbury House London Wall London EC2M 5PS	Email: d.smith@druces.com Tel: 020 7638 9271
Stockbroker:	Speirs & Jeffrey Limited 50 George Square Glasgow, G2 1EH	Email: graeme.dickie@speirsjeffrey.co.uk Tel: 0141 248 4311
Auditors:	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT	Email: scott.lawrence@hazlewoods.co.uk Tel: 01242 237 661
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 Druces LLP, Salisbury House, London Wall, London EC2M 5PS on 7 April 2016 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 5 April 2016.

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

Directors	**Registered office:**
Dr E.C. Pohl	Waterside Court
R.G.Boyle	Falmouth Road
S. Moore	Penryn
J.L. Addison	Cornwall TR10 8AW

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

2 March 2016

Dear Shareholder,

2016 ANNUAL GENERAL MEETING
APPROVAL OF ANNUAL REPORT AND ACCOUNTS AND OTHER RESOLUTIONS

Introduction

The 2016 Annual General Meeting ("AGM") of the Company is to be held on 7 April 2016 at 4.30pm at the offices of Druces LLP, Salisbury House, London Wall, London EC2M 5PS. 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 9, 10 and 11 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 2015 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 on the issue of new shares for cash which are contained in the Companies Act should be disapplied and that the Company should be allowed to purchase its own shares.

Resolution 9 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 9, the Directors will have the necessary authority until the date of the next annual general meeting, or 7 May 2017 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, which is equivalent to 10 per cent of the current issued share capital.

In addition, upon the passing of Resolution 9, (pursuant to paragraph (ii) of Resolution 9) the Directors will have authority, until the date of the next annual general meeting of the Company or 7 May 2017 if earlier, to allot and/or grant equity securities (as defined in section 560(1) of the Act) in connection with a rights issue or other pre-emptive offer in favour of Shareholders up to an aggregate nominal amount equal to £49,577.

The Directors will continue to seek to renew this authority at each annual general meeting.

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 9.

Resolution 10 proposes as follows:
If the Directors wish to exercise the authority under Resolution 10 and issue 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. This can be a cumbersome and particularly expensive exercise for a company of this size.

Accordingly if passed Resolution 10 will empower the Directors until the date of the next annual general meeting of the Company or, 7 May 2017 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) by way of a pre-emptive offer(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 29 February 2016 (being the last practicable date prior to publication of this document), the Company held no shares in treasury.

Resolution 11 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 2017 or on 7 May 2017 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 8 relate to the receiving of the report and accounts; the declaration of a dividend; the approval of the report of the remuneration committee; the receipt and adoption of the Directors'Remuneration Policy; the re-election of the three 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 5 April 2016. 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.

Instructions for appointing a proxy through CREST are given in the notes to the Notice.

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,

Dr Emmanuel Pohl
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 Druces LLP, Salisbury House, London Wall, London EC2M 5PS on 7 April 2016 at 4.30 pm to consider the following Ordinary and Special business, of which Resolutions 1 to 9 will be proposed as Ordinary Resolutions and Resolutions 10 to 12 will be proposed as Special Resolutions:

ORDINARY BUSINESS

1 To receive and adopt the Company's Accounts for the year ended 31 December 2015.

2 To declare a final dividend of 7.9p per ordinary share. It is intended that dividend cheques in respect of the dividend will be posted on Thursday 14 April 2016 to all shareholders on the register of members at close of business on 18 March 2016.

3 To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) as set out on pages 29 to 32 of the Company's Accounts for the year ended 31 December 2015.

4 To receive and adopt the Directors' Remuneration Policy as set out on page 29 of the Company's Accounts.

5 To re-elect R.G. Boyle as a Director of the Company until the date of the next Annual General Meeting.

6 To re–elect Dr E.C. Pohl as a Director of the Company until the date of the next Annual General Meeting.

7 To re-elect S Moore as a Director of the Company until the date of the next Annual General Meeting.

8 To appoint Hazlewoods LLP as auditors to the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

9 **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 in connection with a pre-emptive offer

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 7 May 2017, 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:

(a) "pre-emptive offer" means a rights issue or an offer of equity securities open for acceptance for a period fixed by the directors to (i) 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 (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in all such 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; and

(b) "rights issue" means an offer to (i) ordinary shareholders in proportion (or as near as may be practicable) to their existing holdings; (ii) to 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; in either case 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.

10 Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 9 above, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash pursuant to the authority given by paragraph (i) of Resolution 9 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) generally, up to an aggregate nominal amount of £49,557 pursuant to the authority given by paragraph (i) of Resolution 9 above; and

(b) in connection with a pre-emptive offer pursuant to the authority given by paragraph (ii) of Resolution 9 above

such power to expire at the conclusion of the next annual general meeting or on 7 May 2017, 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) pre-emptive offer has the same meaning as in Resolution 9 above;

(b) references to an allotment of equity securities shall include a sale of treasury shares; and

(c) 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.

11 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 an 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 7 May 2017 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 2 March 2016

By Order of the Board
John Girdlestone

Company Secretary

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

Notes

Appointment of Proxies

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.

3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
3.1 in hard copy form by post or by hand to the Company Secretary at the address shown on the form of proxy; or
3.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, and in each case must be received by the Company Secretary or as the case may be the Company's Registrars not less than 48 hours before the time fixed for the meeting. Please note that any electronic communication sent to us/our registrars in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.

4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company Secretary at Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

5. Crest Members

5.1 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5.2 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

6. Only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 5 April 2016 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
Nominated Persons

Notes

8. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member who has nominated him to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

lssued Shares and Total Voting Rights

9. As at 1 March 2016 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 1,983,081 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are currently 1,983,081.Website Publication of Audit Concerns

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting.
The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

Members' Right to ask Questions

11. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

11.1 to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

11.2 the answer has already been given on a website in the form of an answer to a question; or

11.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
Documents on Display

12. The following documents are available for inspection at the Company's registered office at Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW during normal business hours on each weekday (public holidays excluded) from the date of this Notice of Annual General Meeting until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting:

12.1 copy of the Managing Director's service contract with the Company;

12.2 copies of Letters of Appointment of the Non-Executive Directors; and

12.3 a copy of the Articles of Association of the Company.

A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.athelneytrust.co.uk

Notes:

ATHELNEY TRUST PLC
Company Number 02933559
Form of Proxy for use at the Annual General Meeting to be held on 7 April 2016
at the offices of Druces LLP. Salisbury House, London Wall, London EC2M 5PS

I/We (name in full) …………………………………………………………(**IN BLOCK CAPITALS**) of ………………………………………………………………………………………hereby appoint the Chairman of the Meeting or failing him ……………………………………of ……………………………………………………………………… to act as my/our proxy to attend, speak and vote at the Annual General Meeting of the Company to be held on 7 April 2016 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 2015.				
2	To declare a final dividend of 7.9 p per ordinary share.				
3	To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2015.				
4	To receive and adopt the Directors' Remuneration Policy.				
5	To re-elect R.G Boyle as a Director.				
6	To re–elect Dr E.C.Pohl as a Director.				
7	To re-elect S Moore as a Director.				
8	To appoint Hazlewoods as the Auditors and authorise the Directors to fix their remuneration.				
9	To resolve that the Directors be generally and unconditionally authorised to allot shares.				
10	Limited disapplication of Pre-emption rights.				
11	To Authorise purchase of own shares.				

Your attention is drawn to the notes overleaf.

Signature(s)……………………………………………… Dated…………………………………… Notes

1. To be valid, completed forms must be returned to the Company by one of the following methods:

   1.1 in hard copy form by post, by courier or by hand to the Company's Registered Office Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW; or

   1.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   and in each case must be received by the Company Secretary or (as the case may be) the Company's Registrars not less than 48 hours before the time fixed for the meeting. If someone else signed the form on your behalf, you or that person must send the power of attorney or other written authority under which it is signed to the Company's registrars so that it is received not less than 48 hours before the time fixed for the meeting.

2. A corporation must execute this form either under its common seal or under the hand of an officer or attorney duly authorised in writing.

3. This form enables you to instruct your proxy how to vote, whether on a show of hands or on a poll, on the resolutions to be proposed at the meeting. If you want your proxy to vote in a certain way on the resolutions specified please place an 'X' in the relevant boxes. If you fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution; however it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

4. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting, provided each proxy is appointed to exercise rights in respect of different shares. The appointment of the chairman as proxy has been included for convenience. If you wish to appoint any other person or persons as proxy or proxies delete the words "the chairman of the meeting" and add the name and address of the proxy or proxies appointed in the space provided. If you do not delete such words and you appoint a proxy or proxies, the chairman shall not be entitled to vote as proxy. If your proxy is being appointed in relation to less than your full voting entitlement, the number of shares in respect of which each such proxy is to vote must be specified in the space provided. In the absence of any specific direction, a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent (ID 7RA36) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. See the notes to the notice of the Annual General Meeting for further information on proxy appointment through CREST.

6. To appoint more than one proxy, please photocopy this form indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed.

7. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and 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 will be determined by the order in which the names stand in the register of members in respect of the shares.

8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. Returning the form of proxy will not prevent you from attending the meeting and voting in person.

10. You may not use any electronic address provided either in this form of proxy or any related documents (including the notice of meeting) to communicate with the Company for any purposes other than those expressly stated.

11. Any questions regarding the proxy form are to be addressed to the Company Secretary, whose contact details are shown in paragraph 1 above.