



Annual Report

for the year ended 31 December 2018

COMPANY NUMBER: 02933559

Athelney Trust plc

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Directors of the Company

Frank Ashton (Executive Chairman)

Frank Ashton, aged 57, is a highly experienced senior manager and independent management consultant. After leaving Cambridge University with a Natural Sciences degree (Metallurgy & Materials Science), he spent much of his career providing independent management advice to companies in a wide variety of sectors. With 15 years spent at PricewaterhouseCoopers and KPMG (Operational Due Diligence) and 5 years working in Strategy and M&A for Cummins Inc, he has a proven track record in shareholder value creation and governance, in providing strategic and operational advice to both public and private companies in Europe and USA, as well as working at a policy level for Government entities.

David Lawman (Non-executive Director)

David Lawman aged 70 years has been associated with the London Stock Market since 1969. During that period, he has been actively involved in analytical research and marketing of smaller companies at medium sized agency brokers such as Sheppards and Chase, Seymour Pierce, Williams de Broe and latterly at Daniel Stewart. He has helped to establish successful corporate broking businesses which has involved him in both floating smaller companies on AIM and raising equity finance for corporate clients thereby establishing a contact list of most small cap fund managers. He is a Liveryman with the Worshipful Company of Coach Makers and Coach Harness Makers and a Fellow of the Chartered Institute for Securities and Investment.

Helen Sachdev (Non-executive Director)

Helen Sachdev, aged 53, is currently Non-Executive Director and Audit Chair of Loughborough Building Society, and was Non-Executive Director of Communisis plc, the leading provider of personalised customer communication services, until its acquisition in December 2018. Helen is also currently a Director with the coaching consultancy, WOMBA.

Helen is a Fellow of the Chartered Institute of Management Accountants and has a BA (Hons) in Retail Marketing from Manchester Metropolitan University. Helen brings a wealth of experience as a non-executive director, underpinned by extensive blue chip executive experience having worked in senior positions at Barclays plc, Tesco and Sainsbury's, and she has a proven track record of operational expertise, corporate development and strategy implementation.

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Strategic Report
Chairman's Statement
Stabilise the Company in readiness for Growth

Overview

Given the challenging markets and various Board developments within Athelney Trust plc (the 'Company' or the 'Trust') over the past months, it is perhaps not surprising to have to report mixed results for the Company in the year ended 31 December 2018. The key points are as follows:

- Investment performance as measured by Net Asset Value (NAV) total return, which is the change in NAV plus the dividend paid, was minus 17.6% (2017: plus 16.8%)
- Audited NAV was 225.9p per share (2017: 284.8p) - a decline of 20.7%
- Revenue return per ordinary share was 9.9p (2017: 9.6p), an increase of 3.1%
- Board/major shareholder disagreements led to approximately £90,000 extra cost (£40,000 pre year end and £50,000 post year end), ongoing distraction for the Board and general shareholder uncertainty – more of this would be unsustainable, especially for a fund of this size
- Recommended final dividend of 9.1p per share (2017: 8.9p) an increase of 2.2%
- The Fund Manager (and then Managing Director), Dr Manny Pohl volunteered in December 2018 to reduce his salary by 0.25% to 0.75% starting from January 2019
- Long term performance represented by the 10 year Total Shareholder Return lags both FTSE SmallCap Index and AIM All-Share Index (see graph on page 37)

Board and Governance

The Board places significant importance on corporate governance and compliance with the AIC and UK Corporate Governance Codes. Full details are set out in the Corporate Governance section of our Annual Report and Accounts on pages 20 to 29.

An Independent Board - Update

There were a lot of movements including five directors who came off the Board, another five who came on and two reshuffles over the last six months. Details of the various Board changes are on page 31. The directors in place at the time of signing these accounts are:

- Myself, Frank Ashton – Executive Chairman
- Helen Sachdev – Non-Executive Director, Chair of Audit Committee
- David Lawman – Non-Executive Director

We now have three directors who together make up an independent Board. On 8 February 2019 I took over the role of Chairman from David Lawman. To the best of my knowledge, like Helen Sachdev, I have no current or prior connection with any major shareholder of the Company and maintain I am an independent Chairman.

I am also Executive Chairman. Both roles being undertaken by one person is not compliant with the UK Corporate Governance Code. However after full consideration by the Board it is deemed appropriate at this critical time for the Company. A detailed explanation of the non-compliant position is available in the Corporate Governance section.

I believe the Board has created and is now implementing a plan that reflects Robin Boyle's long-held vision and ambition for the Company, which he founded 24 years ago. Further details can be found on pages 6 to 8.

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Capital Gains

During the year the Company realised capital profits before expenses arising on the sale of investments in the sum of £98,840 (31 December 2017: £296,629).

Portfolio Review

Holdings of *Belvoir Lettings*, *Clarke T*, *Dairy Crest*, *Hansteen Holdings*, *Paypoint*, *Real Estate Investors* and *Rightmove* were all purchased for the first time. Additional holdings of *Braemar Shipping*, *Cineworld*, *Epwin*, *Ibstock*, *Jarvis Securities*, *Marstons*, *VP* and *XP Power* were also acquired. *Connect Group*, *Debenhams*, *DX Group*, *Countrywide*, *GVC*, *Juridica*, *Low & Bonar*, *Safestyle*, *Slingsby*, *Sprue Aegis*, *Standard Life* and *UK Commercial* were sold. Nine holdings were top-sliced to provide capital for the new purchases.

Corporate Activity

The holding of *Communis* was taken over at a capital profit of 152.8%.

Dividend

The Board is pleased to recommend an increased annual dividend of 9.1p per ordinary share (2017: 8.9p). This represents an increase of 2.2% over the previous year. Subject to shareholder approval at the Annual General Meeting on 3 April 2019, the dividend will be paid on 18 April 2019 to shareholders on the register on 22 March 2019.

Summary

- As Chairman, I am pleased that we now have an independent board in place to set up and oversee the transition to growth – creating shareholder value for all, managing costs and risk. We are now in a period of stability, which is essential as a precursor to growth
- We believe the optimum size for the fund will be between £50m and £150m. At this size we will have:
 - Sufficient fund management capacity and skills to uncover and maximise potential opportunities
 - The ability to consistently deliver superior performance, driven by the right targets and measures
 - Reduced risk of breaching the Chapter 3 regulation (five shareholders owning more than 50% of the Company) that would result in temporarily losing Investment Trust and tax exempt status
 - An opportunity to reduce the Ongoing Charge percentage to match or better our peer group
- We are in the process of confirming a Fund Management team that in our judgement, will have the necessary skills and processes in place to identify and realise value-enhancing investment opportunities, at lower relative risk
- We will continue to balance the need to manage costs and also ensure the Company and fund are supported with appropriate resources now and in the longer term

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Outlook

The world and UK markets have recovered since the start of 2019 (FTSE 100 Index rose over 6% from 31 December 2018 to 1 March 2019). I am very pleased to report that along with this improvement, and with the active support of Dr Manny Pohl the Fund Manager, the Company's NAV has also recovered from 225.9p per share at 31 December 2018 to 235.9p per share (unaudited) at 28 February 2019, an increase of 4.4%.

The February change in NAV was 1.07%, the second monthly increase in a row, outperforming the SmallCap Index (0.90%) as well as the AIM All-share Index (-0.88%). The share price on 28 February 2019 was 225p, trading at a discount of 4.84%, a substantial improvement on the position just after the shareholder requisitioned General Meeting (GM) when the discount briefly increased to more than 20%. This is the point I joined the board. Ever since the GM, we appear and are more stable; this report will address a number of basic shareholder questions about the near and medium-term future stability, including recommended dividend and management plan, that should reduce uncertainty.

Externally, uncertainties continue for a UK small-cap fund.

Brexit rumbles on, struggling between the need for a political outcome that reflects the balanced voting 52:48 in the referendum, and the realities of negotiation between two sides with a lot to lose, economically and politically – the UK government and remaining 27 member states of the EU. How or even when this will end is still uncertain. The manner of Brexit, whatever it is, and also developments on the global stage will impact the economy and sterling in the short term; we invest for the longer term in quality stocks and are mindful of opportunities that arise as a result in the shorter term.

The US economy is unlikely to repeat its 2018 outperformance and Washington's more hostile approach to trade is a driver of convergence of larger developed economies' growth and a thorn for the UK's trade negotiators post Brexit. More protectionism and continued uncertainty has already translated to companies deferring investment or freezing recruitment, and there are signs global companies will move capacity away from the UK over time.

We are watching these market trends closely to see which Company plans, if any, need to change as the market cycle continues – there will be turbulence, but we are here for the long term.

We are excited to see the prospect of a new-look Athelney Trust on the horizon. We must continue to deliver to all shareholders a period of stability and solid performance as well as listen to their feedback and needs, then using that information, build an even stronger future.

So far our listening and analysis has produced the following common ground: The Trust has a history of good results, but recent events also show it is vulnerable, because of its size and pattern of shareholding. Many would like to see it grow, and at least some see the advantage of external Fund Management in that regard. Dividends are progressive but some criticise total shareholder returns over the long term and also the fund's size.

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The conditions need to be right – right to convince existing shareholders that growth is possible (because the Company is once again stable over a period of months at least) and then right to attract new shareholders over time. The benefits from our plan to Stabilise and Grow are set out in Figure 1 below.

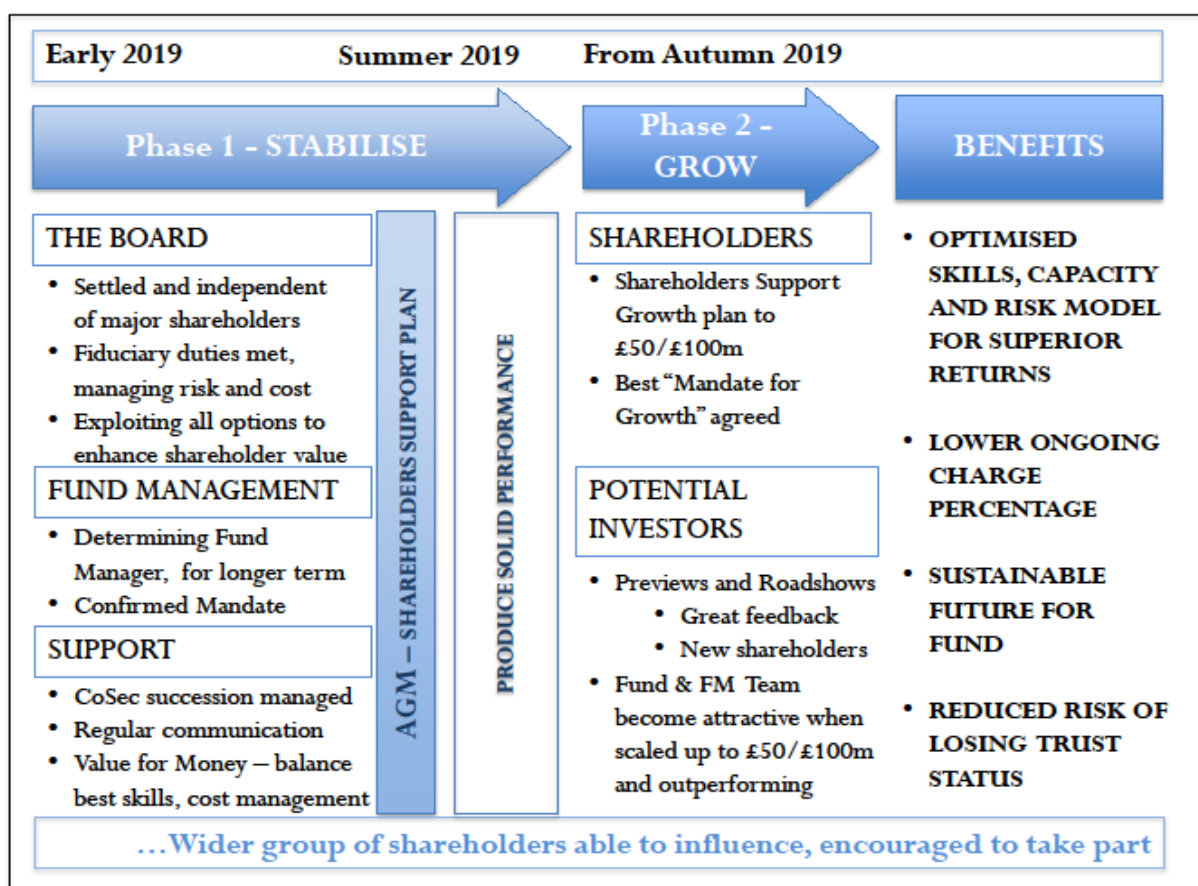


Figure 1 - The Board’s Plan to Stabilise and Grow the Company and Fund

I believe we now have the right elements in place, and a process and plan to unite them, so that the foundations for ‘Readiness to Grow’ are in place. Shareholder support for continuation with this plan will be sought at the AGM.

The plan’s foundations are:

1. A carefully reviewed and confirmed mandate, with continued focus in the small/mid-cap territory
2. A Fund Management team capable of delivering significant benefits realised from an optimal size (around £100m total assets)
3. A fund which is large enough to attract further investors and reduce the risks of accidentally losing investment trust status
4. Realising a larger fund allows us to reduce the Ongoing Charge percentage as well as attract, retain the best resources

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We appreciate the hard-working contribution of Dr Manny Pohl, the current Fund Manager and second largest shareholder (17.6%) and continue to discuss his role.

We are grateful for the support and interest shown by Gresham House Asset Management (Gresham House). Since December 2018 Gresham House has worked hard with Robin Boyle, the largest shareholder (20.8%) to set up an 'externally-managed Fund' option for the Company. Robin founded the Company 24 years ago and until last September was Managing Director and Fund Manager. Now, as he considers the future, he wants to help realise the most attractive, sustainable future possible for Athelney Trust. Those of Robin's friends and family who are also shareholders and have been contacted, agree with our initial assessment that Gresham House appears to be a very attractive route to preserve and grow shareholder value.

I believe, along with my colleagues, that although Dr Manny Pohl has investment success through ECP Asset Management, when it comes to maximising shareholder value, the Gresham House option represents a strong alternative as it has the following features;

- More investment management capacity from existing, proven skills and experience in UK small- and mid-cap companies – not just from Robin Boyle who would be a consultant to Gresham House but also Investment Manager Laurence Hulse, his manager Ken Wotton and the wider team of Gresham House. These UK-based segments are where the undervalued companies are and this team has the capacity to find and realise value for shareholders, now and in the future when the fund has grown
- More due diligence face-face with the management team – which often produces invaluable insights otherwise not available at any price. In my own experience of due diligence and work with management teams of all sizes, personal visits always give a clearer view of management, their processes, culture and aspirations that aids making better investment management decisions. 'In person due diligence' has always been central to Robin Boyle's process and this is also true of Gresham House
- A route for Robin Boyle's knowledge, insights and investment process to be teamed with Gresham House's compatible value-based structure and conviction scoring. This teamwork and parallel working can be co-located in Gresham House's London office, allowing the most effective transition and succession plan for Robin Boyle's knowledge over time. Robin would work closely with Laurence Hulse, Investment Manager at Gresham House, from the start; they already speak highly of each other from their work to date
- A great opportunity to use Gresham House's proven ability to grow in the UK market, as well as select from a choice of mandates, used successfully by them – the existing Gresham House culture, management style and portfolio structure fits well with our Company

Finally we believe a move to a 'Gresham House with Robin Boyle' Fund Management option, could happen quickly after the AGM, with low risk and limited cost to Athelney and its shareholders, so that free cash flows over time can be quickly optimised. At the moment, given Dr Manny Pohl's resolutions that, if carried, would re-shuffle the Board once again, we are blocked from committing the Company to further contracts, and therefore unable to proceed more quickly.

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We will use the time up to the AGM to complete our review of the options available to the Company, and to determine the best option for shareholders.

We have a particularly important AGM this year. Given the resolutions presented, shareholders have a clear choice to determine the future direction and prospects for the Company.

Some resolutions are the usual and expected ones, including those to re-elect myself and Helen Sachdev (new directors appointed since the last AGM, not voted on to the Board by shareholders).

Others, requisitioned by Dr Manny Pohl, if carried, return himself and Simon Moore to the Board and vote David Lawman off, almost perfectly reversing the result of the GM held a month ago. We believe this returns shareholders to the conditions of late 2018, and will introduce further uncertainty and delay.

We, the current Board of Directors, have quickly created an effective and proactive working relationship. We are in the process of stabilising the Company by doing what all directors must: Listen to the needs of all shareholders, explore all options to create shareholder value and carry out our fiduciary duties in a collaborative way that embodies the AIC Code of Governance.

Compared to our plan we believe the implied direction from the Dr Manny Pohl resolutions represents less shareholder value, and carry the prospect of continued instability and we therefore recommend you vote against his resolutions.

We believe the current Board has understood the current position quickly and selected the plan that we are confident is best for shareholders and the future of the Company.

We look forward to a good relationship with existing and future shareholders, and with the right management team in place, are confident in the prospects for Athelney Trust PLC.



Frank Ashton
Executive Chairman
4 March 2019

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Fund Manager's Review of 2018 Delivering Steady Performance in a Difficult Market

2018 in Review

The 2018 calendar year began with strong growth across many global economies, however, the wheels began to fall off quickly, with growth trajectories diverging. After two years of steady growth in asset prices, the 13.7% fall in the MSCI World Index in the last three months of 2018 means global stocks produced their worst quarterly performance in seven years leading to a decline of 10.4% for the full year. In comparison, the FTSE performed slightly better during the quarter, declining by only 10.4% to close 12.5% down for the full financial year.

Since the Global Financial Crisis (GFC), equities have been a major beneficiary of the low-interest rate and loose monetary policy environment. Companies have been able to borrow money cheaply to strengthen their balance sheets while also benefiting from a pick-up in demand as the global economy recovered. Low-interest rates have driven down the yield on other asset classes such as bonds, with UK government bonds yielding around 1.3% compared with the FTSE All Share Index which yields approximately 4.0%. Now that UK and US interest rates have each risen by 0.25% in late 2018, markets have recovered well.

The year of 2018 saw disappointing market returns and higher correlation between asset classes. For many, the geopolitical risks around the global have presented investors with an uncertain future with a poor growth outlook.

Investment Philosophy

As a survivor of the stock market crash in 1987 and the GFC in 2008, I have learned the importance of having the courage to stand true to core values when approaching investments and be willing to source conviction from within. When times get tough, the delineation between facts and feelings is blurred and having a high conviction, based on a core philosophy, helps us move through these turbulent and traumatic snapshots in time. I have found that when the dust settles, and we look back on these events, there is quite a thrilling tale; but only for those who stood by their convictions.

At the core of my values is the belief that the underlying economics of a business drives its long-term returns. Companies who are growing their economic footprint (profitably) are generally better investment opportunities than those that aren't. I would rather invest in a smaller number of companies which I understand well than a large number of companies of which I have only a cursory understanding. As a custodian of other people's money, I owe it to those who have invested alongside us to allocate their capital to opportunities that I believe will produce the best return for shareholders.

As a high-conviction, quality-growth manager that invests for the long-term, my promise ensures that: 1 - I will never speculate to generate returns; 2- I buy for the long-term and do not see myself as a trader; and, 3 - I do not diversify to cover up for poor due diligence.

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Our Task

My task begins with the mandate of Athelney Trust – to provide shareholders with prospects of long-term capital growth in quality small-cap companies, while maintaining a progressive dividend record. With this in mind, the first task when taking over the portfolio was to consolidate the holdings and divest of poor-quality companies, without jeopardising the progressive annual dividend. My portfolio review identified several investments with lacklustre long-term growth prospects, with some investments where the business model is under serious threat.

The request for a GM presented some uncertainty for our Company and meant I ceased making further wholesale changes to the portfolio in the event that fund management would revert back to Robin Boyle.

With the GM behind us, I will continue to deliver superior returns for shareholders. Note, I will remain mindful that our investment turnover should remain low while aiming to have no more than fifty companies in the portfolio. Further, I am pleased to report that the Company realised capital profits before expenses arising from the sale of investments in the sum of £98,840 (31 December 2017: £296,629).

Redefining Active Investing

While the active versus passive debate continues, and while the focus of the industry has been on the fees paid rather than on the returns generated, the more compelling issue which needs to be addressed is, in fact, manager skill in picking quality investments rather than having a broad portfolio and replicating an index. In all of this, the acid test is longer-term investment performance and the only way to grow sustainable wealth that is resilient through time is to invest money in a careful, considered and committed way. I adhere to an Active Investing approach and believe that it requires:

- I. *Forensic Research*: Considerable factors need to line up before I invest in a business. For example, a sound business strategy that is contextually relevant to the markets they operate. A durable business model with a Sustainable Competitive Advantage (SCA) that management has previously demonstrated a strong competency of execution.
- II. *Understanding Potential, not just Performance*: I believe it's important to understand both the narrative of an investment and the numbers that support it. Investing on the narrative alone ignores reality; and investing in numbers alone, ignores potential. I marry the two together so that we can best capture the long-term potential while ensuring that we pay a fair price.
- III. *Being Highly Engaged with Portfolio Companies*: To make high conviction investment decisions and to maintain these over the long-term requires deep understanding and a lot of time and attention. It means I need to think about investing as an owner, and not a share trader. As a result, I only have time for our best ideas, and we continue to monitor and assess these through collaborative and discursive practices

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Fund Manager's Review of 2018 Delivering Steady Performance in a Difficult Market

Environmental, Social and Governance Considerations

In more recent times, investment management is more than merely generating performance in excess of a benchmark. While that is a core part of a mandate, there are other very important qualitative issues that are central to what should be done. For example, one should recognise that capital allocation is a vehicle through which to drive change. I have the opportunity to demand specific standards of corporate governance, decide whether specific social and ethical issues are acceptable and, if they are not, I vote with my feet.

For me, the integrity and credibility of any management team is a founding principle to our investment process. I need to trust that management have the best interests for all stakeholders, and I have faith that they will make sound strategic decisions and have strong experience and capabilities in their chosen field. As custodians of shareholders' capital, we have an obligation to ensure that we are doing whatever we can to preserve capital and grow it over time. I allocate capital to investments which are sustainable in the long-term, and finding trustworthy, values-based management that align with my core values and beliefs that will ensure above-average economic portfolio returns.

Recent Additions

Since taking over the management of the portfolio I added only one position: Rightmove Plc (LSE: RMV). Rightmove has been able to ride the paradigm shift from papers to online. Its principal business is their website (www.rightmove.co.uk) where its customers - estate agents, rental agents and new home developers - pay fees to have their properties displayed on the website, which provides home hunters with property details to search. The business competes for classified property advertising and has seen impressive growth. Rightmove's success means it is now a household name; and its opportunity ahead remains large, particularly compared to the other online pure-plays.

Update

The unaudited NAV on 28 February 2019 was 235.9p per share – up 1.07%, the second monthly increase in a row and beating the SmallCap Index (0.90%) as well as AIM All-share Index (-0.88%). The share price on the same day was 225p (trading at a discount of 4.84%). Further updates can be found at www.athelneytrust.co.uk

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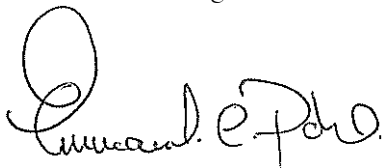
Fund Manager's Review of 2018 Delivering Steady Performance in a Difficult Market

Prospects

To this end, I will continue to consolidate the REIT and property exposure into names that have a limited exposure to retail and display the ability to grow their dividend over time. For any new additions, I will ensure that the investments fit within our investment philosophy, while adhering to the Company Mandate. The key attributes that will define my investments are:

- I. *Organic Sales Growth*: Quality franchises *organically* growing sales above GDP and can do so (sustainably) because they have a large, growing market opportunity and compelling competitive advantage which will drive ongoing market share gains.
- II. *A Proven Track Record*: This encompasses both the management's capability and the strength of the business' model. Generally, a firm that delivers a ROE > 15% (consistently) indicates a Quality Franchise. Our investment philosophy is built on the belief that a stock's long-term return to shareholders is driven by the return on capital of the underlying business. Our view is that long-term investors are backing a management team and a business model. Management are the key decision-makers regarding the company's strategy and its competitive position in the marketplace.
- III. *Company's future profits*: It is critical that I have confidence in their ability to execute even in a tough environment like the current Brexit conundrum.
- IV. *Low Leverage*: I require investments to operate with low levels of debt, which ensure that they have sufficient resources to execute on its strategy. For me, an Interest Coverage above 4x provides sufficient bandwidth in times of economic trouble. As a long-term investor, capital preservation is my highest priority. There is nothing that changes a management team's focus toward the short term quicker than an upcoming debt refinance when market conditions suddenly change. We need to be comfortable that this will not happen and that the company has a strong enough balance sheet so that it will retain optionality and can easily execute its strategy over the long-term.

For me, investment discipline is a prerequisite for success, and I am going to ensure a consistent approach to investments during this uncertain time.



Dr Manny Pohl
Fund Manager
4 March 2019

Athelney Trust plc

Investment and Portfolio Analysis at 31 December 2018

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	11,000	46,970	46,970	1.0%
Construction & materials	Costain Group	14,666	46,198		
	Clarke T	55,000	47,740		
	Epwin Group	50,000	36,200		
	Forterra	40,000	89,400		
	Heath (Samuel) & Sons	15,500	54,250		
	Ibstock	30,000	59,580	333,368	7.2%
Electronic & electrical equipment	XP Power	3,000	62,850	62,850	1.4%
Food & beverages	Dairy Crest	10,000	42,200		
	Greencore Group	19,000	33,849		
	Wynnstay Group	8,000	32,000	108,049	2.3%
General financial	Camellia	500	52,750		
	Charles Taylor	35,714	77,499		
	Jarvis Securities	27,000	124,200		
	Jupiter Fund Management	15,000	44,265		
	Park Group	140,000	101,500		
	Randall & Quilter Investment Holdings	40,000	65,600		
	Record	150,000	46,950		
	River & Mercantile Group	22,500	50,625		
	S & U	4,000	84,800		
	TP ICAP	15,000	45,135	693,324	14.9%
Home construction	Crest Nicholson	12,000	39,360	39,360	0.8%
Industrial engineering	Goodwin	2,000	50,000		
	Hill & Smith	7,000	83,930		
	Vitec	4,000	47,500	181,430	3.9%
Industrial transportation	Braemar Shipping Services	30,000	60,450		
	Fisher (James)	3,000	51,960		
	Ocean Wilsons	6,500	75,400	187,810	4.0%
Insurance	Chesnara	16,000	55,200		
	Hansard Global	30,000	13,785	68,985	1.5%
Leisure goods	Games Workshop	4,500	136,575	136,575	2.9%
Media	4Imprint	2,000	36,800		
	Huntsworth	40,000	43,000		
	M&C Saatchi	16,000	46,080		
	Quarto Group Inc Com	50,000	36,500		
	Reach	42,500	28,008		
	Rightmove	2,000	8,644		
	Wilmington	32,500	57,931		
	XLmedia	45,000	33,435	290,398	6.2%
Property, commercial & residential	AEW UK REIT	65,000	57,850		
	Belvoir Lettings	85,000	73,950		
	Capital & Regional	135,000	37,125		
	Custodian REIT	40,000	46,480		
	F & C UK Real Estate Investments	45,000	41,400		
	Hansteen Holdings	50,000	46,300		
	Harworth Group	52,500	59,588		
	Lok'n Store Group	11,000	44,000		
	London Metric Property	32,500	56,518		
	Mountview Estates	1,500	138,000		
	Palace Capital	13,000	40,820		
	Picton Property Income	175,000	148,925		
	Real Estate Investments	90,000	44,280		
	Regional REIT Ltd	50,000	46,200		
	Schroder Real Estate Investment Trust	89,000	50,819		
	Schroder European Real Estate	50,000	52,750		

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Investment and Portfolio Analysis at 31 December 2018

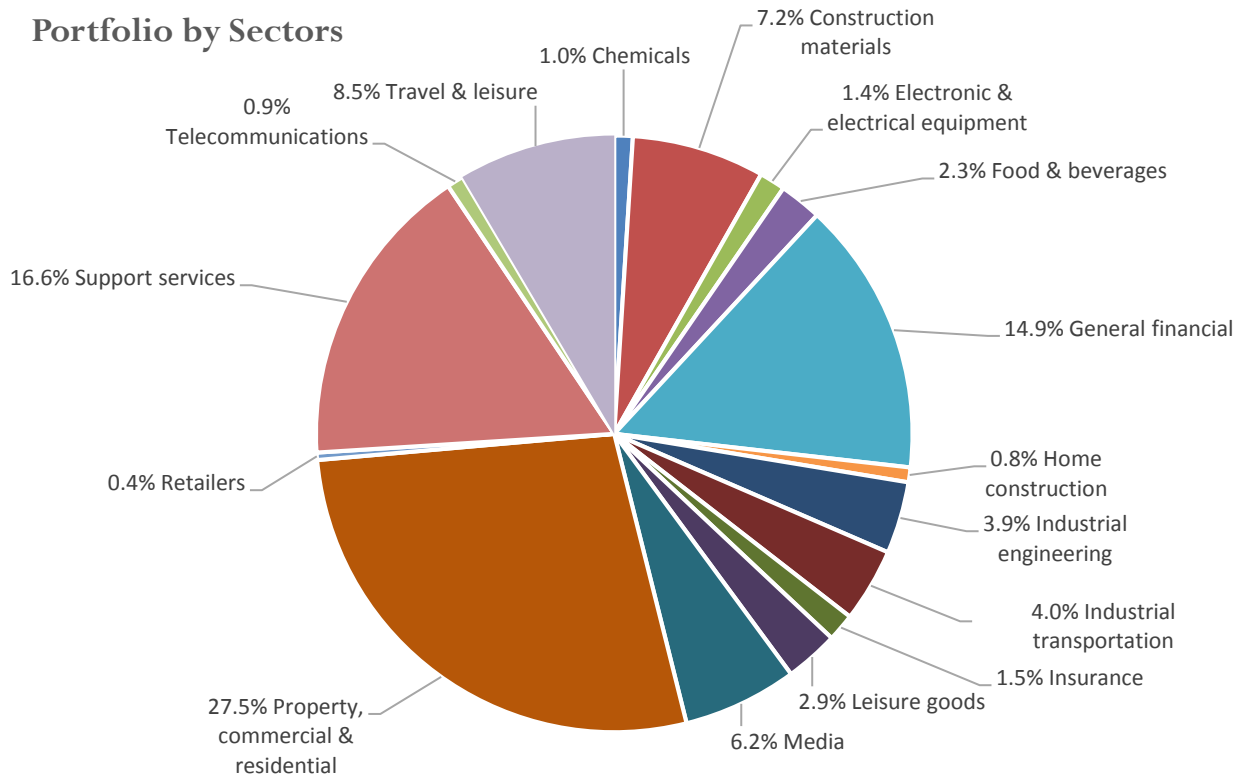
	Stock	Holding	Value (£)	SECTOR £	%
Property, commercial & residential (continued)	Target Healthcare	100,000	107,500	1,274,975	27.5%
	The PRS REIT	50,000	47,100		
	Town Centre Securities	27,500	56,650		
	Tritax Big Box	60,000	78,720		
Retailers	McColls Retail Group	35,000	19,355	19,355	0.4%
Support services	Andrew Sykes Group	19,500	92,040	769,658	16.6%
	Begbies Traynor	80,000	52,640		
	Biffa	25,000	48,900		
	Gattaca	21,500	22,253		
	Kin & Carta	37,500	36,225		
	Latham (James)	5,500	34,375		
	Menzies (John)	9,500	48,545		
	Murgitroyd	12,500	56,250		
	NWF Group	35,000	54,950		
	Paypoint	5,000	40,400		
	Safecharge International	20,000	46,000		
	Vianet Group	50,000	50,500		
	VP	19,000	186,580		
Telecommunications	KCOM Group	56,000	40,824	40,824	0.9%
Travel & leisure	Air Partner	112,500	93,374	394,307	8.5%
	Cineworld	37,500	98,625		
	Greene King	10,000	52,780		
	Hostelworld	22,500	45,338		
	Marstons	80,000	75,200		
	Photo-Me	32,500	28,990		

Portfolio Value	£4,648,238	
Net Current Assets	£225,415	
TOTAL VALUE	£4,873,653	
Shares in issue	2,157,881	
Audited NAV	225.9p	

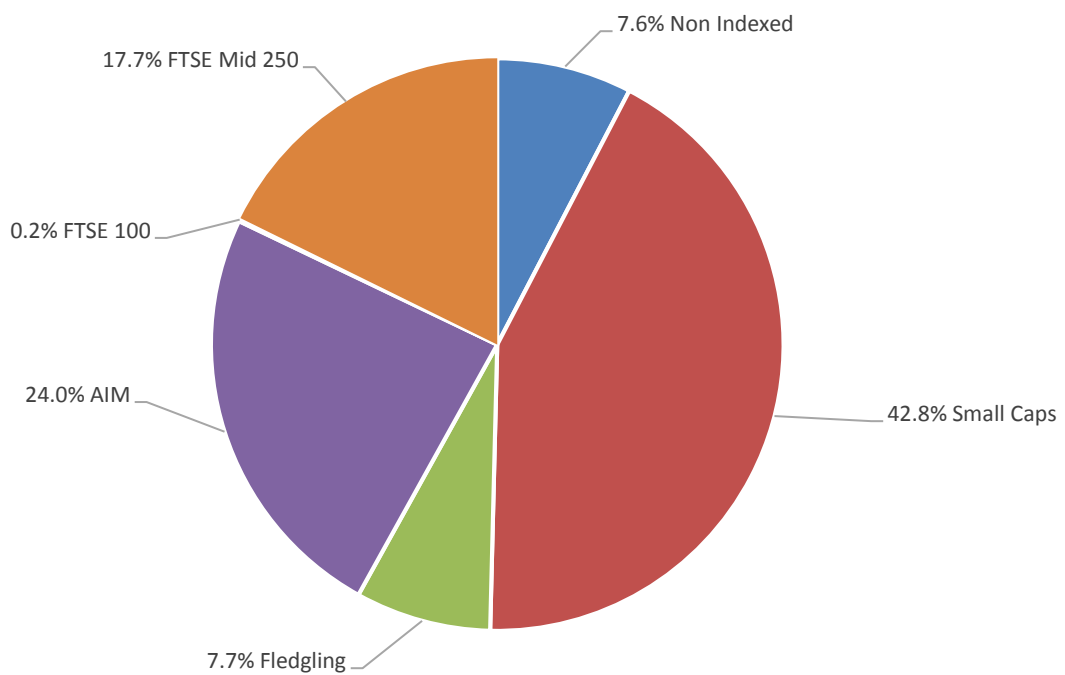
Athelney Trust plc

Portfolio Breakdown by Sector and Index

Portfolio by Sectors



Portfolio by listing



Athelney Trust plc

Business Model and Other Statutory Information

Business Model

The Business Model and principal activity of the Company remained unchanged throughout the year ended 31 December 2018.

Strategy

The long term strategy of Athelney Trust PLC is to pursue its investment objective and deliver shareholder value by operating as an investment trust company (as explained on pages 30 to 33 – Directors' Report). Investment trusts are collective closed-ended public limited companies. The investment trust company structure allows the shareholders, whether institutions or private investors, to access a diversified portfolio of investments that is professionally managed, and so reduce risk over time compared to investing themselves.

Stabilising the Company and Growing the Fund

What is clear, however, is that there is a growing imperative to grow the fund. Our fund must be larger to deliver better long term performance in all measures. The Board will continue in the early part of 2019 to stabilise the Governance and running of the fund. The Board will also in parallel carry out the necessary preparation to grow the fund. This in turn will allow the fund over time to move to a proportionally lower Ongoing Charge and in the short term, reduce the risk of losing its tax status, as well as better overall performance.

The Mandate will evolve, but will focus on similar opportunities - small-/mid-cap development from the existing portfolio, allowing value-/conviction-based process to uncover under-researched opportunities and so deliver superior performance.

Stabilising the Company	New Board appointed, process in place to appoint long term Fund Manager
Growing the Fund	We believe the optimum size for the fund will be between £50m and £150m. At this size we will have: <ul style="list-style-type: none">- Sufficient investment management capacity to maximise potential opportunities- The ability to consistently deliver superior performance- Significantly reduce the risk of losing the Trust's tax status by an inadvertent breach of the 5/50 rule
Reduce Cost	Growing whilst keeping a tight control of costs will allow us to reduce the Ongoing Charge percentage to be in line with or better than the peer group

Investment Approach – the 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 three Directors, can be found on page 2 and details of other Directors during the year can be found on page 31.

The Company had one male employee during the year (2017: one male employee).

Athelney Trust plc

Business Model and Other Statutory Information (continued)

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 Board also considers that it is important to maintain a progressive dividend record.

Investment Policy

The assets of the Trust are allocated predominantly to companies with either a full listing on the London Stock Exchange or a trading facility on AIM or ISDX. The assets of the Trust have been allocated in two main ways: first, to the shares of those companies which have grown steadily over the years in terms of profits and dividends but, despite this progress, the market rating is favourable when compared to future earnings and dividends; second, to those companies whose shares are standing at a favourable 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 Fund Manager's conviction in those holdings and his 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 2018 can be found on pages 13 to 14 of the annual report.

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 20 to 29, 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 his stance towards environmental, social and governance issues.

Review of Performance and Outlook

Reviews of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year are contained in the Chairman's Statement on pages 3 to 8 which forms part of the Strategic Report.

Principal Risks and Uncertainties and Risk Management

As stated within the Corporate Governance Statement on pages 20 to 29, 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.

Athelney Trust plc

Business Model and Other Statutory Information (continued)

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 20 to 29. 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.

On the 3 January 2018 MiFIDII and KID came into force with the introduction of the Key Information Document (KID). The Company has complied with the legislation and the deadlines to ensure that shares in the Company were still able to be traded. A copy of the Company's KID can be found on the website www.athelneytrust.co.uk. The reports are updated on a yearly basis.

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.

Statement Regarding Annual Report and Financial Statements

Following a detailed review of the Annual Report and Financial Statements 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

The Company does not have any physical assets, property, or operations of its own and as such does not generate any greenhouse gas or other emissions.

Athelney Trust plc

Business Model and Other Statutory Information (continued)

Social, Community and Human Rights Issues

The Company has one employee (2017: 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 Company is registered as its own AIFM with the FCA under the AIFMD and confirms 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

4 March 2019

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.

Statement of Compliance with the UK Corporate Governance Code

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 April 2016 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in July 2016 (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:

- Frank Ashton holds the role of Executive Chairman. The background is the uncertainty faced by the Company and its shareholders, following the changes to the composition of the board at, and immediately after, the shareholder-requisitioned General Meeting (GM) on 22 January 2019. The board believes there is considerable support from shareholders to resolve the shareholder dispute over time, and in the meantime stabilise and grow the Fund. In the short term, a lot of work is required to set this up. Much of this work has and is being performed by Frank Ashton. As a result of this work, the board now believes it has the resources and skills, in the absence of a permanent executive director, to bring all parties towards a common ground that allows a more viable and attractive future for all shareholders, including the two major shareholders.

At the same time, the Company has been on a critical path to Annual Reporting and the AGM. The Company is on schedule to comply as planned, but has needed executive input from Frank Ashton to meet this timetable.

As a result the board resolved to appoint Frank Ashton as Executive Chairman of the Company until the end of May 2019, in the expectation that by that time we will have reached resolutions of the various challenges facing the Company. Mr Ashton's role as Executive Chairman will be reviewed by the board following the AGM on 3 April 2019, allowing changes or any recruitment to take place as the workload reduces, which we believe should happen by the end of May 2019.

The Board notes that the appointment of an Executive Chairman, whilst not in compliance with the UK Corporate Governance Code, does not offend against the Compliance Code recommended for investment companies such as the Company by the Association of Investment Companies, and is approved by the Financial Reporting Council as an acceptable corporate governance code for such companies.

In mitigation of risk all three directors will sit on the Audit Committee (chaired by Helen Sachdev) and Remuneration Committee.

- 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.

Athelney Trust plc

Corporate Governance Statement (Continued)

- 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 Directors retire by rotation on a three yearly basis in accordance with the Company's articles of association with effect from the 2017 AGM.
- The Company has one employee. The Company Secretary's line of communication in relation to whistle-blowing is to the Chairman of the Company.
- The Company does not have a Nominations Committee. During the year the Board consisted of only three Directors who liaised continuously throughout the year and were aware of their obligations to consider recruitment of further Directors as and when the occasion occurred. The Board are in the process of setting up a Nominations Committee for 2019.

Board Membership

During the year and post year end the following Board changes took place:

On 26th September 2018 Mr Robin Boyle, the Managing Director and Fund Manager, resigned as a Director of the Company with immediate effect. Subsequently an emergency Board meeting was held on 1st October 2018, Dr Manny Pohl was appointed Managing Director and Fund Manager and Mr Simon Moore was appointed Chairman. The Board decided to actively seek to appoint a new non-executive Director as a matter of urgency.

Mrs Jemma Jackson was appointed as a non-executive Director on 1st December 2018 to be effective until the next AGM when she would retire and seek re-election.

On 20th December 2018 the Board received a letter from the Director of Trehellas House Limited, a major shareholder in Athelney Trust. The Director of Trehellas House, Mr Robin Boyle, called for the Company to hold a GM within the timescales detailed in the Companies Act 2006.

The following ordinary resolutions were requisitioned by Mr Robin Boyle, circulated to Shareholders in a GM notice on 28 December 2018, and voted on at the GM on 22 January 2019, where the Shareholders voted as follows:

Ordinary Resolution 1	AGAINST
The proposed re-appointment of Robin Boyle as a Director of the Company	
Ordinary Resolution 2	FOR
The proposed appointment of David Lawman as a Director of the Company	
Ordinary Resolution 3	FOR
The proposed appointment of Paul Coffin as a Director of the Company	
Ordinary Resolution 4	FOR
The proposed termination of Dr Emmanuel Pohl as a Director of the Company	
Ordinary Resolution 5	FOR
The proposed termination of Simon Moore as a Director of the Company	
Ordinary Resolution 6	FOR
The proposed termination of Jemma Jackson as a Director of the Company	

Athelney Trust plc
Corporate Governance Statement
(Continued)

Ordinary Resolution 7

FOR

The proposed termination of Jason Pohl as alternate Director of the Company

Ordinary Resolution 8

NOT VOTED UPON

The termination of the appointment of any Director appointed on or after the date of this notice, and prior to the consideration of this resolution at a general meeting of the Company.

*Resolution 8 was not voted on due to the fact that no further Directors had been appointed to the Board since the notice of the GM was published.

As a result of the GM on 22nd January 2019 the three Directors who were on the Board at the year end were terminated and two new Directors were appointed, Mr David Lawman and Mr Paul Coffin.

On the 25th January 2019 Mr Paul Coffin resigned as a Director of the Company and Mr Frank Ashton was appointed in his place. The biographies of all the current Directors are contained on page 2.

At 31 December 2018 the Board consisted of three Directors, of which two were independent.

The Board has agreed that Frank Ashton and Helen Sachdev will retire at the forthcoming AGM and each of them has indicated that they will seek re-election. Re-election is subject to a continuing satisfactory performance by the director seeking re-election; the Board confirm that they are happy for Frank Ashton and Helen Sachdev to seek re-election at the forthcoming AGM.

The Board believes that Frank Ashton and Helen Sachdev are Directors independent in character and that there are no relationships or circumstances which are likely to affect their judgement. All Directors receive relevant training, collectively or individually, as necessary.

The Directors believe that the Board has the balance of skills, experience, ages and length of service to enable it to provide effective leadership and proper governance of the Company. The Directors possess a range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs.

The Directors of the Company meet at regular Board Meetings. During the year ended 31 December 2018, the Board met a total of 15 times. Mr Robin Boyle attended all meetings until his resignation on 26th September 2018.

	Board Meetings	Audit Committee	Remuneration Committee
Dr. E C Pohl	15	1	1
R G Boyle	9	-	-
S Moore	15	1	1
J Jackson	-	-	-

Athelney Trust plc

Corporate Governance Statement

(Continued)

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces their 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 Board of Directors of the Company comprised three male and one female Director in the year to 31 December 2018. Whilst the Board recognises the benefits of diversity in 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.

The basis on which the Company aims to generate value over the longer term is set out in the Strategic Report on pages 3 to 8. 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 (the Mandate) 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.

Athelney Trust plc

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

The Chairman, during the year was Dr. E C Pohl from 1 January 2018 till 1 October 2018 when he was appointed Managing Director and Fund Manager and Mr S Moore was appointed Chairman.

As a result of the GM (as detailed on pages 21-22) Mr S Moore's tenure as Chairman was terminated on 22 January 2019 and Mr D Lawman was appointed.

Mr D Lawman stepped down as Chairman in a board meeting on 8 February 2019, and Mr F Ashton was appointed Executive Chairman. Mr F Ashton is independent and considers himself to have sufficient time to commit to the Company's affairs.

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. Two of the three current Directors including the Chairman are considered by the Board to be independent in character and judgement and there are no relationships or circumstances which are likely to affect or could appear to affect the Directors' judgement.

Remuneration Committee

During the year the Remuneration Committee comprised of Dr Emmanuel Pohl and Mr Simon Moore (Chairman). Post year end the Remuneration Committee comprises the current Directors. The Committee will meet as necessary to determine and approve Director's 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 36 to 39 and in note 4 to the financial statements.

Athelney Trust plc
Corporate Governance Statement
(Continued)

Company Secretaries

The Company Secretaries, Mr John Girdlestone FCA and Mrs Deborah Warburton FCCA, are responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretaries also ensure 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 Secretaries.

Independent Professional Advice and Directors' Training

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

Institutional Investors – Use of Voting Rights and Voting Policy

The Fund Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Fund Manager votes against resolutions he believes may damage shareholders' rights or economic interests.

Audit Committee

During the year the Audit Committee was chaired by Mr Simon Moore and attended by Dr Emmanuel Pohl. Post year end the Audit Committee comprises the current Directors. The Committee met once during the year. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor, 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.

Athelney Trust plc
Corporate Governance Statement
(Continued)

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

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

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 2018. 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 40 to 44.

The Audit Committee also reviews any potential 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. No non-audit services have been provided in the year.

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.

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 31 and 32.
- Details of the substantial shareholders in the Company are listed on page 31.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 30.
- The Board is seeking to renew its current powers to issue and re-purchase shares at the forthcoming Annual General Meeting.

Athelney Trust plc

Corporate Governance Statement (Continued)

- 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.

Relations with Shareholders

The Company places great importance on communication with shareholders and welcomes their views. The Chairman and the 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 3 April 2019, is set out on pages 59 to 67. 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.

Athelney Trust plc

Corporate Governance Statement
(Continued)

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.

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

- Custody and valuation of assets is undertaken by James Sharp & Co;
- 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 Fund Manager and the Company Secretaries in detail on a regular basis.

Athelney Trust plc
Corporate Governance Statement
(Continued)

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
4 March 2019

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 2018. 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 £213,098 (2017: £206,177) as detailed on page 45.

It is recommended that a dividend of 9.1p (2017: 8.9p) per ordinary share be paid.

Principal Activity and Status

The Company (company number: 02933559) is a public limited company, limited by shares and incorporated in England and Wales. It is an investment company as defined in Section 833 of the Companies Act 2006. The registered office is Waterside Court, Falmouth Road, Penryn, TR10 8AW.

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 2017. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2018 so as to be able to continue to obtain approval as an authorised investment trust, under Section 1158 of the Corporation Tax Act 2010.

Directors

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

In accordance with the arrangements for retirement contained in the Company's Articles of Association, the Directors will retire by rotation on a three yearly cycle. Having been appointed by the Board since the last AGM Mr Frank Ashton and Mrs Helen Sachdev will retire at the 2019 AGM and will offer themselves for re-election.

The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on pages 20 to 29, Mr Ashton's and Mrs Sachdev's performances as Directors continues to be effective and they demonstrate commitment to the role. The Board therefore believes that it is in the interests of shareholders that Mr Ashton and Mrs Sachdev 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 they have, 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.

Athelney Trust plc

Report of the Directors (continued)

Capital Structure

At 31 December 2018 the Company's capital structure consisted of 2,157,881 Ordinary Shares of 25p each (2017: 2,157,881 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 38 in the Directors' Remuneration Report.

Dr. E. C. Pohl	(Non-executive Chairman)(Managing Director) terminated 22/1/2019
R. G. Boyle	(Managing Director) resigned 26/9/2018
S. Moore	(Non-executive Director)(Chairman) terminated 22/1/2019
J. Jackson	(Non-executive Director) appointed 1/12/2018 – terminated 22/1/2019
D. Lawman	(Non-executive Director) appointed 22/1/2019
P. Coffin	(Non-executive Director) appointed 22/1/2019 – resigned 25/1/2019
F. Ashton	(Executive Chairman) appointed 25/1/2019

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.

Mr J Pohl was appointed as alternate director for Dr EC Pohl but as Dr EC Pohl was able to attend all meetings of the Board and its committees during the year, Mr J Pohl was not required to act as his alternate. Following the EGM, Mr J Pohl's position as alternate director has been terminated.

There were a number of Director changes during the year and more changes as a result of the GM on the 22 January 2019 a detailed disclosure of the events can be found in the Corporate Governance Statement on pages 20 to 29.

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 RG Boyle	449,055	20.81
Global Masters Fund	379,640	17.59
Mr GW & Mrs DJ Whicheloe	104,000	4.82
Mrs E Davison	75,000	3.48
Mr C Frostick	69,720	3.23

Out of the six major shareholders listed above two were under the direct control of two of the Directors during the year. The remaining four are in regular contact with the Directors (or their respective agent) to ensure that they are frequently appraised and are content with the manner in which the Company is being run.

There have been no other changes in the above major shareholdings in the Company up to 20 February 2019.

Athelney Trust plc
Report of the Directors
(continued)

Dividends

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

Capital Entitlement

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

Voting

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

Payment of Suppliers

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

Going Concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, and forecast revenues for the current financial year. The Directors have also taken into account the Company's investment policy, which is described on page 17 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 financial statements 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 financial statements.

Viability Statement

The Directors have assessed the prospects of the Company for a period of three years. The Board believes this time period is appropriate having consideration for the Company's principal risks and uncertainties (outlined on pages 17 and 18), its portfolio of listed equity investments and cash balances, and its ability to achieve the stated dividend policy. The Directors have assessed the ability of the Company to continue as a going concern as outlined above.

Athelney Trust plc
Report of the Directors
(continued)

In making this assessment, the Directors have considered detailed information provided at board meetings which includes the Company's balance sheet, investment portfolio and income and operating expenses.

Based on the above, the Board confirms that the Company fully expects it will be able to continue in operation and meet its liabilities as they fall due over the three-year period of this assessment.

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 12 to the financial statements.

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 59 to 67.

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.

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 Auditor to the Company. Hazlewoods LLP has indicated its willingness to continue in office.

BY ORDER OF THE BOARD



J. Girdlestone
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

4 March 2019

Athelney Trust plc

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 the Directors, a Strategic Report, Directors' Remuneration Report and Statement on Corporate Governance.

The Directors state that to the best of their knowledge:

- 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;
- consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's position and performance, business model and strategy; 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

Athelney Trust plc

**Statement of Directors' responsibilities in respect of the financial
statements
(Continued)**

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

J.Girdlestone
Secretary
4 March 2019

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 40 to 44.

Remuneration Committee

The Company had a Remuneration Committee during the year comprising of Dr Emmanuel Pohl and Mr Simon Moore, with Simon Moore chairing the meetings. The Committee considered and approved the Directors' remuneration for the year ending 31 December 2018. The changes to the Directors after the GM on 22 January 2019 has led to the three current Directors being appointed to the Remuneration Committee.

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 2019 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.

The salary for the Managing Director and Fund Manager was fixed on 1 April 2015 at 1% of portfolio value calculated on a monthly basis. At a Board meeting held in December 2018 it was agreed that with effect from 1 January 2019 this would be reduced to 0.75% of the portfolio value.

Directors' Service Contracts

Each of the Directors has a service contract or letter of engagement with the Company. There are no provisions in the service agreements for payments to be made for loss of office.

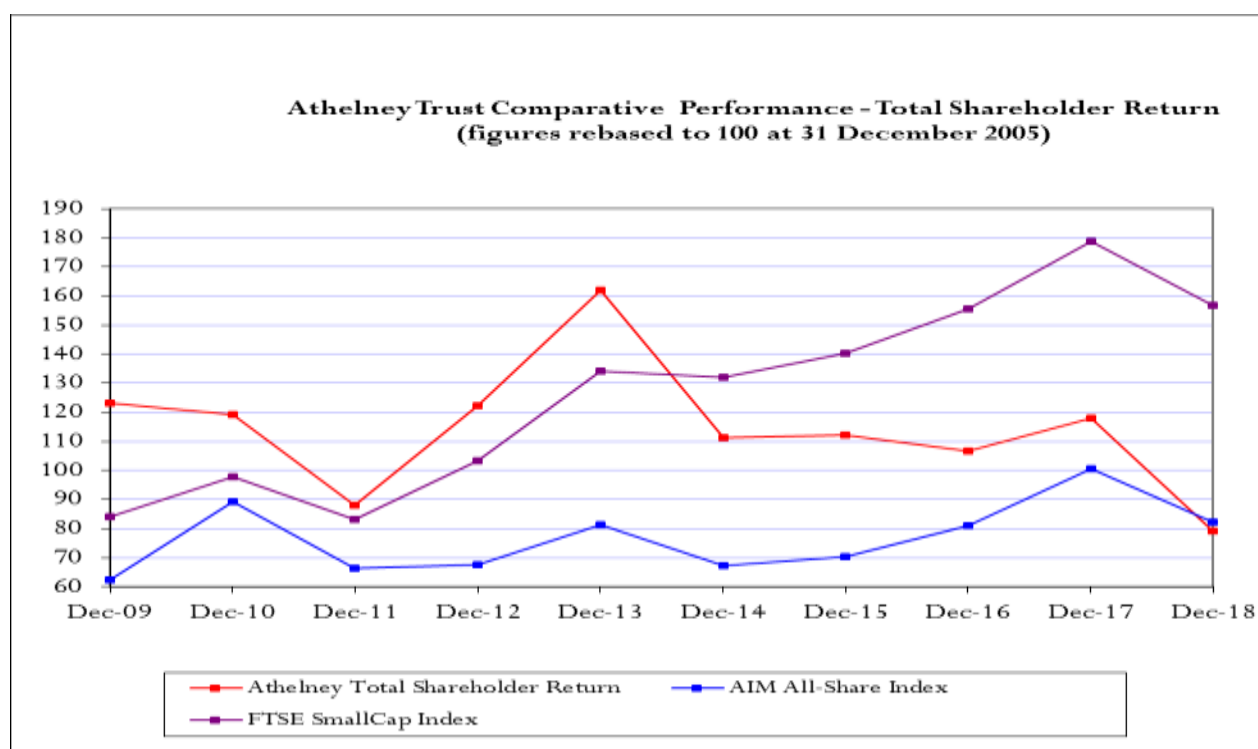
The letters of engagement for two of the three non-executive Directors, Mr F Ashton and Mrs H Sachdev, provide for their appointment to continue until the Annual General Meeting following the appointment and, following re-election at that meeting, for renewal by the Board on terms to be agreed from time to time. Mr D Lawman was appointed by shareholders at the GM held on 22 January 2019 and accordingly his agreement provides for renewal by the Board on terms to be agreed from time to time.

Athelney Trust plc

Directors' Remuneration Report (continued)

Company Performance

The graph below compares, for the ten financial years ended 31 December 2018, 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. The comparison is required by Statutory Instrument to enable the readers of the accounts to compare the performance of the Company and Directors remuneration.



*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 or non-executive Directors' fees:

	2018 £	2017 £
Dr E. C. Pohl (Chairman, Non-executive)	8,750	10,500
Dr E. C. Pohl (Managing Director)	8,639	-
R. G. Boyle (Managing Director)	43,399	57,474
S. Moore (Non-executive)	10,500	10,500
J. Jackson	875	-
	<u>72,163</u>	<u>78,474</u>

The Director's remuneration for the year of £72,163 is before the proposed dividend of 9.1p (2017:8.9p) per ordinary share. As stated in the Chairman's Statement on page 3 this is an increase of 2 per cent on last year.

Athelney Trust plc

Directors' Remuneration Report (continued)

	Expected Fees for the Year to 31 December 2019	Fees for Year to 31 December 2018
Chairman basic fee	16,800	10,500
Fund Manager 0.75% (2018: 1%) of net assets	40,000	51,163
Non-Executive Director basic fee	10,500	10,500

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 2018 (or date of resignation if earlier)	31 December 2017 (or date of appointment if later)
R.G. Boyle	449,055 ²	449,055
Dr E.C. Pohl	- ¹	-
S. Moore	50,000	32,000

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 379,640 (2017: 349,640) 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 (2017: 391,600) ordinary shares representing 18.1 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 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.

Mr D Lawman has an indirect interest in the form of 2,500 shares held in his SIPP. Apart from this none of the current Directors has any beneficial or 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 are fully aware that the Company is not a close company and of the rules associated with this status. The Company Secretaries maintain a record of shareholders that is regularly updated and used to publish, with the Fund Manager's report, the latest total holding of the top 5 shareholders. Shareholders and potential investors are able to see the risk and understand how their proposed transaction might affect the Investment Trust status of the Company, possibly breaching the Chapter 3 "5/50 rule".

Athelney Trust plc

Directors' Remuneration Report (continued)

The Directors' Remuneration Report for the year ended 31 December 2017 was approved by shareholders at the Annual General Meeting held on 22 March 2018. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	1,302,011	60.3
Against	Nil	-
Total votes cast	1,302,011	60.3
Number of votes withheld	Nil	-

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 30 March 2017. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	1,241,619	57.5
Against	Nil	-
Total votes cast	1,241,619	57.5
Number of votes withheld	Nil	-

Approval

The Directors' Remuneration Report was approved by the Board on 3 March 2019.



J. Girdlestone
Company Secretary

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

Opinion

We have audited the financial statements of Athelney Trust plc (the 'Company') for the year ended 31 December 2018, which comprise the Income Statement, Statement of Changes in Equity, Statement of the Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (UK) ((ISAs UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 17 to 18 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 17 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 32 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 32 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified were valuation, ownership and existence of investments and the allocation of capital and revenue items. Revenue recognition and management override of controls are always deemed risks in any audit. This is not a complete list of all risks identified by our audit.

Valuation, ownership and existence of investments

The company's investment portfolio is one of the key drivers of its 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 for which evidence of the market price is readily available. 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. We also confirmed investment holdings to either third party confirmations, direct investee confirmations or share certificates.

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 seven 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 to the financial statements.

Management override of financial controls

The risk of management override is always considered a significant audit risk but is particularly relevant for the company due to the size of the organisation structure. 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 to the financial statements.

Revenue recognition

Under ISA 240 there is always a presumed risk that revenue may be misstated due to the improper recognition of revenue. In particular we identified completeness and occurrence of investment income as a risk that requires particular audit attention. Our audit work included, but was not restricted to: Obtaining an understanding of management's process to recognise revenue in accordance with the stated accounting policy; testing income transactions by comparing dividends during the year obtained from an independent source with those recognised by the Company; testing gains and losses on investments to third party contracts; and performing cut-off testing of dividend income around the year end.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we use to determine the extent of testing needed, to reduce to an appropriately low-level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

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

We established materiality for the financial statements as a whole to be £73,000, which is 1.5% of the value of the Company's net assets. For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £53,000, which is 25% of the Company's net return on ordinary activities before taxation, excluding gains on investments at fair value.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable, set out on page 18** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting, set out on pages 25 to 26** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code, set out on pages 20 to 21** the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditors in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements:

- the strategic report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.
- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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; or
- a corporate governance statement has not been prepared by the Company.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities (set out on pages 34-35), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditors' 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.



Scott Lawrence FCA (Senior Statutory Auditor)
for and on behalf of **Hazlewoods LLP**
Statutory Auditor, Cheltenham.

4 March 2019

Athelney Trust plc

Income Statement

		For the Year Ended 31 December 2018			For the Year Ended 31 December 2017		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
(Losses)/gains on investments held at fair value	8	-	(1,135,313)	(1,135,313)	-	835,709	835,709
Income from investments	2	251,990	-	251,990	238,832	-	238,832
Investment Management expenses	3	(5,412)	(51,068)	(56,480)	(6,128)	(56,042)	(62,170)
Other expenses	3	(33,480)	(106,537)	(140,017)	(26,527)	(73,817)	(100,344)
Net return on ordinary activities before taxation		213,098	(1,292,918)	(1,079,820)	206,177	705,850	912,027
Taxation	5	-	-	-	-	-	-
Net return on ordinary activities after taxation	6	213,098	(1,292,918)	(1,079,820)	206,177	705,850	912,027
Net return per ordinary share	6	9.9p	(59.9)p	(50.0)p	9.6p	32.7p	42.3p
Dividend per ordinary share paid during the year	7	8.9p			8.6p		

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 49 to 57 form part of these financial statements.

Athelney Trust plc

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance brought forward at 1 January 2017	539,470	881,087	1747,083	1852,759	398,134	5,418,533
Net profits on realisation of investments	-	-	296,629	-	-	296,629
Increase in unrealised appreciation	-	-	-	539,080	-	539,080
Expenses allocated to Capital	-	-	(129,859)	-	-	(129,859)
Profit for the year	-	-	-	-	206,177	206,177
Dividend paid in year	-	-	-	-	(185,036)	(185,036)
Shareholders' Funds at 31 December 2017	539,470	881,087	1,913,853	2,391,839	419,275	6,145,524
Balance brought forward at 1 January 2018	539,470	881,087	1,913,853	2,391,839	419,275	6,145,524
Net profits on realisation of investments	-	-	98,840	-	-	98,840
Decrease in unrealised appreciation	-	-	-	(1,234,153)	-	(1,234,153)
Expenses allocated to Capital	-	-	(157,605)	-	-	(157,605)
Profit for the year	-	-	-	-	213,098	213,098
Dividend paid in year	-	-	-	-	(192,051)	(192,051)
Shareholders' Funds at 31 December 2018	539,470	881,087	1,855,088	1,157,686	440,322	4,873,653

The notes on pages 49 to 57 form part of these financial statements.

Athelney Trust plc

Statement of the Financial Position as at 31 December 2018

Company Number: 02933559

	Note	2018	2017
		£	£
Fixed assets			
Investments held at fair value through profit and loss	8	<u>4,648,238</u>	<u>5,966,679</u>
Current assets			
Debtors	9	213,435	156,798
Cash at bank and in hand		<u>35,520</u>	<u>45,289</u>
		248,955	202,087
Creditors: amounts falling due within one year	10	<u>(23,540)</u>	<u>(23,242)</u>
Net current assets		<u>225,415</u>	<u>178,845</u>
Total assets less current liabilities		4,873,653	6,145,524
Provisions for liabilities and charges		-	-
Net assets		<u><u>4,873,653</u></u>	<u><u>6,145,524</u></u>
Capital and reserves			
Called up share capital	11	539,470	539,470
Share premium account		881,087	881,087
Other reserves (non distributable)			
Capital reserve - realised		1,855,088	1,913,853
Capital reserve - unrealised		1,157,686	2,391,839
Revenue reserve (distributable)		<u>440,322</u>	<u>419,275</u>
Shareholders' funds - all equity		<u><u>4,873,653</u></u>	<u><u>6,145,524</u></u>
Net Asset Value per share	13	225.9p	284.8p

Approved and authorised for issue by the Board of Directors on 4 March 2019.



Frank Ashton
Director

The notes on pages 49 to 57 form part of these financial statements.

Athelney Trust plc

Statement of Cash flows for the Year Ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities		
Net revenue return	213,098	206,177
Adjustment for:		
Expenses charged to capital	(157,605)	(129,859)
Increase in creditors	299	8,410
(Increase)/decrease in debtors	(56,638)	100,166
Cash (used)/from operations	(846)	184,894
Cash flows from investing activities		
Purchase of investments	(581,051)	(674,520)
Proceeds from sales of investments	764,179	660,818
Net cash used in investing activities	183,128	(13,702)
Equity dividends paid	(192,051)	(185,036)
Net decrease in cash	(9,769)	(13,844)
Cash at the beginning of the year	45,289	59,133
Cash at the end of the year	35,520	45,289

The notes on pages 49 to 57 form part of these financial statements.

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

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 (amended January 2017), regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All the Company’s activities are continuing.

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

All three Directors are involved in investment management, 10% of their salaries or fees 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. Unlisted investments are traded on AIM. 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, similarly, AIM-traded investments are valued using the closing bid price on 31 December.

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.

1.7 Judgements and estimates

The Directors confirm that no judgements or significant estimates have been made in the process of applying the Company’s accounting policies.

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Accounting Policies (continued)

1.8 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.

1.9 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. Unrealised capital reserves cannot be distributed by way of dividends or similar.

1.10 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 go ex-div.

1.11 Share Issue Expenses

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

1.12 Financial Instruments

Short term debtors and creditors are held at cost.

2. Income

Income from investments

	2018 £	2017 £
UK dividend income	183,833	154,547
Foreign dividend income	30,496	43,876
UK Property REITs	37,653	40,334
Bank interest	8	75
Total income	251,990	238,832

UK dividend income

	2018 £	2017 £
UK Main Market listed investments	145,370	101,879
UK AIM-traded shares	38,463	52,668
	183,833	154,547

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

3. Return on Ordinary Activities before Taxation

	2018	2017
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:		
Directors' remuneration:		
- Services as a director	21,000	21,000
- Otherwise in connection with management	51,163	57,474
Auditors' remuneration:		
- Audit Services - Statutory audit	10,930	10,500
Miscellaneous expenses:		
- Other wages and salaries	2,400	4,134
- Management services	32,472	30,996
- PR and communications	2,958	3,891
- Stock exchange subscription	8,760	7,920
- Sundry investment management and other expenses	24,255	26,599
- Legal fees	42,559	-
	<u>196,497</u>	<u>162,514</u>

On 1 April 2016 the Company entered into a contract with GW & Co to provide management services at an annual cost of £24,600 plus VAT. An increase of 10% was agreed in July 2017 making the annual fee £27,060 plus VAT.

4. Employees and Directors' Remuneration

	2018	2017
	£	£
Costs in respect of Directors:		
Non-executive directors' fees	21,000	21,000
Wages and salaries	51,163	57,474
Social security costs	2,400	4,134
	<u>74,563</u>	<u>82,608</u>
Average number of employees:		
Chairman	-	-
Investment	1	1
Administration	-	-
	<u>1</u>	<u>1</u>

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

5. Taxation

- (i) On the basis of these financial statements no provision has been made for corporation tax (2017: Nil).
(ii) Factors affecting the tax charge for the year.

The tax charge for the period is lower than (2017: lower than) the average small company rate of corporation tax in the UK of 19 per cent. The differences are explained below:

	2018 £	2017 £
Total return on ordinary activities before tax	<u>(1,079,820)</u>	<u>912,027</u>
Total return on ordinary activities multiplied by the average small company rate of corporation tax 19% (2017: 19.25%)	(205,166)	175,565
<i>Effects of:</i>		
UK dividend income not taxable	(34,945)	(29,750)
Revaluation of shares not taxable	233,746	(103,773)
Capital gains not taxable	(18,037)	(57,101)
Unrelieved management expenses	24,402	15,059
Current tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

The Company has unrelieved excess revenue management expenses of £214,415 at 31 December 2018 (2017: £127,914) and £102,597 (2017: £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 2017, 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 2017. 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 102.

	2018			2017		
	£ Revenue	£ Capital	£ Total	£ Revenue	£ Capital	£ Total
Attributable return on ordinary activities after taxation	213,098	(1,292,918)	(1,079,820)	206,177	705,850	912,027
Weighted average number of shares		2,157,881			2,157,881	
Return per ordinary share	9.9p	(59.9)p	(50.0)p	9.6p	32.7p	42.3p

Athelney Trust plc
Notes to the Financial Statements
For the Year Ended 31 December 2018

7. Dividend

	2018 £	2017 £
Final dividend in respect of 2017 of 8.9p (2017: a final dividend of 8.6p was paid in respect of 2016) per share	192,051	185,036

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 9.1p (2017: 8.9p) per ordinary share be paid out of revenue profits amounting to a total of £196,367 For the year 2017, a final dividend of 8.9p was paid on 6 April 2018 amounting to a total of £192,051.

	2018 £	2017 £
Revenue available for distribution	213,098	206,177
Final dividend in respect of financial year ended 31 December 2018	(196,367)	(192,051)
Undistributed Revenue Reserve	<u>16,731</u>	<u>14,126</u>

8. Investments

	2018 £	2017 £
Movements in year		
Valuation at beginning of year	5,966,679	5,117,268
Purchases at cost	581,051	674,520
Sales - proceeds	(764,179)	(660,818)
- realised gains on sales	98,840	296,629
(Decrease)/increase in unrealised appreciation	(1,234,153)	539,080
Valuation at end of year	<u>4,648,238</u>	<u>5,966,679</u>
Book cost at end of year	3,490,551	3,574,834
Unrealised appreciation at the end of the year	1,157,687	2,391,845
	<u>4,648,238</u>	<u>5,966,679</u>
UK Main Market listed investments	3,530,985	4,618,263
UK AIM-traded shares	1,117,253	1,348,416
	<u>4,648,238</u>	<u>5,966,679</u>

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

8. Investments (continued)

Gains on investments

	2018	2017
	£	£
Realised gains on sales	98,840	296,629
(Decrease)/Increase in unrealised appreciation	(1,234,153)	539,080
	(1,135,313)	835,709

The purchase costs and sales proceeds above include transaction costs of £4,290 (2017: £5,711) and £3,308 (2017: £2,401) respectively.

9. Debtors

	2018	2017
	£	£
Investment transaction debtors	201,627	148,483
Other debtors	11,808	8,315
	213,435	156,798

10. Creditors: amounts falling due within one year

	2018	2017
	£	£
Social security and other taxes	524	2,959
Other creditors	2,961	8,628
Accruals and deferred income	20,055	11,655
	23,540	23,242

11. Called Up Share Capital

	2018	2017
	£	£
Authorised		
10,000,000 Ordinary Shares of 25p	2,500,000	2,500,000
Allotted, called up and fully paid		
2,157,881 Ordinary Shares of 25p	539,470	539,470
(2016: 2,157,881 Ordinary Shares of 25p)		

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

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 Fund 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 2018 would have decreased net assets attributable to shareholders by 43 pence per share (2017: 55.3 pence per share). An increase of the same percentage would have an equal but opposite effect on net assets available to shareholders.

	2018	2017
	£	£
Fair value through profit or loss investments	<u>4,648,238</u>	<u>5,966,679</u>

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 consist of creditors as disclosed in note 10. All items are due within one year.

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

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 an optimal capital structure, taking into consideration the future capital requirements of the Company and capital efficiency, projected operating cash flows and projected strategic investment 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 2018

	At Amortised Cost £	Assets at fair value through profit or loss £	Total £
Assets as per the balance sheet			
Investments	-	4,648,238	4,648,238
Debtors	213,435	-	213,435
Cash at bank	35,520	-	35,520
Total	248,955	4,648,238	4,897,193
Liabilities as per the balance sheet			
Creditors	23,540	-	23,540
Total	23,540	-	23,540

31 December 2017

	At Amortised Cost £	Assets at fair value through profit or loss £	Total £
Assets as per the balance sheet			
Investments	-	5,966,679	5,966,679
Debtors	156,798	-	156,798
Cash at bank	45,289	-	45,289
Total	202,087	5,966,679	6,168,766
Liabilities as per the balance sheet			
Creditors	23,242	-	23,242
Total	23,242	-	23,242

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2018

12. Financial Instruments (continued)

Fair value hierarchy

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

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 an 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 (2017: classification A investments only).

13. Net Asset Value per Share

The net asset value per share is based on net assets of £4,873,653 (2017: £6,145,524) divided by 2,157,881 (2017: 2,157,881) ordinary shares in issue at the year end.

	2018	2017
Net asset value per share	<u>225.9p</u>	<u>284.8p</u>

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	£39,966 ²
Dr. Manny Pohl	£31,118 ¹
Mr Simon Moore	£2,848

Notes:

1. Dr Manny Pohl's relationship with Global Masters Fund Limited is described in Note 1 to the table of Directors' interests on page 38. During the year a dividend of £31,118 was paid to Global Masters Fund Limited.
2. This figure includes £34,852 paid to Trehellas House Limited. Mr Robin Boyle's interest in Trehellas House Limited is described in Note 2 to the table of Directors' interests on page 38.

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

Directors:	Mr N F Ashton (Chairman) Mr D Lawman Mrs H Sachdev	Email: frankashton@athelneytrust.co.uk Email: davidlawman@athelneytrust.co.uk Email: helensachdev@athelneytrust.co.uk
Secretaries:	J. Girdlestone and D. Warburton 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:	James Sharp & Co 5 Bank Street Bury Lancashire, BL9 0DN	Email: mail@jamessharp.co.uk Tel: 0161 764 4043
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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

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 3 April 2019 at 2.00pm 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 2.00pm on 1 April 2019. Instructions for the appointment of proxies through CREST are contained in the Notes to the Notice of Annual General Meeting.

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

Directors
D Lawman
F Ashton
H Sachdev

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

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

4 March 2019

Dear Shareholder,

2019 ANNUAL GENERAL MEETING
APPROVAL OF ANNUAL REPORT AND ACCOUNTS AND OTHER RESOLUTIONS

Introduction

The 2019 Annual General Meeting (“AGM”) of the Company is to be held on 3 April 2019 at 2.00pm 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 additional items of special business to be considered at Resolutions 10, 11 and 12.

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 2018 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 7 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 Resolution 7, the Directors will (pursuant to paragraph (i) of Resolution 7) have the necessary authority until the date of the next annual general meeting, or 30 April 2019 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 £53,947, which is equivalent to 10 per cent of the current issued share capital.

In addition, upon the passing of Resolution 7, (pursuant to paragraph (ii) of Resolution 7) the Directors will have authority, until the date of the next annual general meeting of the Company or 30 April 2020 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 (subject to certain exclusions) up to an aggregate nominal amount equal to £53,947.

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 its activities, there is no present intention of issuing ordinary shares pursuant to the authority proposed in Resolution 7.

Resolution 8 proposes as follows:

If the Directors wish to exercise the authority under Resolution 7 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 8 will empower the Directors until the date of the next annual general meeting of the Company, or 30 April 2020 if earlier, to allot and/or 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 £53,947. 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 for cash when they believe it is in the interests of the Company to do so.

As at 1 March 2019 (being the last practicable date prior to publication of this document), the Company held no shares in treasury.

Resolution 9 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 2020 or on 30 April 2020 if sooner.

Other resolutions

On 18 February 2019 the directors received a requisition letter from Global Masters Fund Limited in which Dr EC Pohl has a 54.1% interest. Global Masters Fund Limited, a substantial shareholder in the Company,

through this letter is requiring the following resolutions, included in the Notice as resolutions 10, 11 and 12, to be proposed at the AGM:

- That Simon Moore be appointed as a Director of the Company
- That Emmanuel Clive Pohl be appointed as a Director of the Company
- That David Lawman be removed as a Director of the Company

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 6 relate to the receiving of the report and accounts; the declaration of a dividend; the approval of the report of the remuneration committee; the re-election of Mr F Ashton and Mrs H Sachdev who retire and offer themselves for re-election 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 2.00pm on 1 April 2019. 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.

Recommendations

I consider that **resolutions 1 to 9** in the Notice are in the best interests of the Company and shareholders as a whole and I and my fellow Directors unanimously recommend that you **vote in favour of Resolutions 1-9**.

I consider that **resolutions 10 to 12** in the Notice are not in the best interests of the Company and shareholders as a whole. The full reasoning is set out in the Outlook sub-section, under Chairman's Statement of the Annual Report. In summary we believe it is a retrograde step, returning the Company to the uncertain and ultimately costly management conditions of the last quarter of 2018 and therefore producing less shareholder value over time than our plan. I and my fellow Directors unanimously recommend that you **vote against Resolutions 10, 11 and 12**.

Yours faithfully,

Mr Frank Ashton
Executive 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 3 April 2019 at 2.00pm to consider the following Ordinary and Special business, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions, Resolutions 7 to 9 will be proposed as Special Resolutions and Resolutions 10 to 12 will be proposed as Ordinary Resolutions:

ORDINARY BUSINESS

- 1 To receive and adopt the Company’s Accounts for the year ended 31 December 2018.
- 2 To declare a final dividend of 9.1p per ordinary share. It is intended that dividend cheques in respect of the dividend will be posted on 18 April 2019 to all shareholders on the register of members at close of business on 22 March 2019.
- 3 To approve the Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy) as set out on pages 36-39 of the Company’s Accounts for the year ended 31 December 2018.
- 4 To re-elect Mr F Ashton as a Director of the Company retiring pursuant to the Articles of Association.
- 5 To re-elect Mrs H Sachdev as a Director of the Company retiring pursuant to the Articles of Association.
- 6 To appoint Hazlewoods LLP as auditors to the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7 **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 £53,947; and
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £53,947 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 30 April 2020, 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.

8 Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 7 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 7 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 £53,947 pursuant to the authority given by paragraph (i) of Resolution 7 above; and
- (b) in connection with a pre-emptive offer pursuant to the authority given by paragraph (ii) of Resolution 7 above

such power to expire at the conclusion of the next annual general meeting or on 30 April 2020, 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 7 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.

9 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 30 April 2020 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

SPECIAL BUSINESS PURSUANT TO A SHAREHOLDER REQUISITION

- 10 That Simon Moore be appointed as a Director of the Company
- 11 That Emmanuel Clive Pohl be appointed as a Director of the Company
- 12 That David Lawman be removed as a Director of the Company

Dated 4 March 2019

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 6.00p.m. on 22 March 2019 (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

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.

Issued Shares and Total Voting Rights

9. As at 1 March 2019 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 2,157,881 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are currently 2,157,881.

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

ATHELNEY TRUST PLC
Company Number 02933559

Form of Proxy for use at the Annual General Meeting to be held at 2.00pm on 3 April 2019
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 himof
..... to act as my/our proxy to attend, speak and vote
at the Annual General Meeting of the Company to be held on 3 April 2019 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 2018.				
2	To declare a final dividend of 9.1p per ordinary share.				
3	To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2018.				
4	To re-elect Mr F Ashton as a Director retiring pursuant to the Articles of Association.				
5	To re-elect Mrs H Sachdev as a Director retiring pursuant to the Articles of Association.				
6	To appoint Hazlewoods as the Auditors and authorise the Directors to fix their remuneration.				
7	To resolve that the Directors be generally and unconditionally authorised to allot shares to the extent stated in the resolution.				
8	To resolve to dis-apply the statutory pre-emption rights to the extent stated in this resolution.				
9	To Authorise purchase of own shares.				
10	To elect Mr S Moore as a Director				
11	To elect Dr E C Pohl as a Director				
12	To remove Mr D Lawman as a Director				

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.