Athelney Trust plc

Half Yearly Financial Statements

for the six months ended 30 June 2018

Athelney Trust plc

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HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

I enclose the unaudited results for the six months to 30 June 2018. The salient points are as follows:

- The overall return, which is the increase in NAV during the half year plus the dividend paid, is minus 4.1 per cent.
- Unaudited Net Asset Value (NAV) is 264.2p per share (31 December 2017: 284.8p, 30 June 2017: 268.7p), a decrease of 7.2 per cent for the half year and a decrease of 1.7 per cent over the past year.
- Gross Revenue increased by 12.5 per cent to £141,907 compared with the half year ended 30 June 2017 of £126,098 (full year to 31 December 2017 £238,832).
- Revenue return per ordinary share was 5.8p (31 December 2017: 9.6p, 30 June 2017: 5.1p).
- A final dividend of 8.9p was paid in April 2018 (2017: final dividend 8.6p).

Review of 1 January 2018 to 30 June 2018

Britain resembles nothing so much as a rather stuffy Victorian family where the young are generally thwarted and most of the power is in the hands of irresponsible uncles and bed-ridden aunts. – George Orwell.

The difference between successful people and very successful people is that very successful people say no to almost everything. – Warren Buffett

Always travel first class, or your children will. – Neill Collins, FT journalist.

The first quarter of 2018 was hit by worries over global trade, the likely pace of interest rate rises in America and threats to regulate technology companies. The London FTSE 100 index fell, for instance, by 8 per cent during that period. So perhaps it would have been counter-intuitive to buy pretty well everything in sight but that, as it happens, was the right thing to do. In an episode of *Seinfeld,* a 1990s comedy, George Costanza, a serial failure, sees that every instinct he has is wrong and therefore decides to do the complete opposite. Soon, he has a lovely girlfriend and gets a great new job. Success in investing often means going against the grain – and your own feelings. To do otherwise is to be swept along by the general mood. Equities clawed their way back in the second quarter and the more technology-laden the index, the better it performed. Alas, there were a few exceptions: Athelney Trust has had a wonderful nine-year run (from a 'low' NAV of 89.1 pence per share in March 2009 to a 'high' of 284.8 pence per share in December 2017) but that was ended by results in the first half with a total return of minus 4.1 per cent. In the *small cap value and income sector*, there were far more adverse trading statements, profit warnings, disappointing company results and cut dividends than I would have liked and there is not yet a strong signal that the worst is over. For the reasons contained in this paragraph, though, Athelney Trust will not be changing strategy any time soon. Remember George Constanza!

Defence secretary Gavin Williamson was rather silly in trying to bounce the prime minister into spending more on the military. But he has a point: the defence budget has been slashed to such an extent that the army is thinking of buying inflatable tanks to fool the enemy. Or perhaps Corporal Jones could do a job with his butcher's van from Dad's Army *and issue bayonets fixed to broomsticks. Maybe a better solution is on the way: I hear that the army is working on invisibility cloaks for soldiers so that when our American friends ask where our soldiers are, Britain can say that they are invisible.*

It's easy to win a trade war, said President Trump in March. He appears not to have heard of the US Tariff Act of 1930, aka the Smoot-Hawley Act, named after its two sponsors. The act made the Great Depression much worse and led to a series of tit-for-tat measures that took the global economic system decades to unravel. Congress, determined to protect American jobs, launched a plan to help agriculture but congressmen kept insisting on tariffs on all kinds of goods in exchange for their support. The final version of the bill increased nearly 900 US import duties: Canada and Europe soon retaliated and a rapid and alarming squeeze on world trade developed as exporting became harder and harder. US imports declined by 40 per cent in the two years after the act was passed. Perhaps the most disconcerting aspect about the outbreak of protectionism was that, even though virtually all economists realised that it was likely to backfire spectacularly, and advised frantically against it, the act was passed. Bad ideas can develop unstoppable momentum. *The fact that politicians know something to be madness does not stop them doing it,* said the Economist. So here we are three/ four months later at the start of, if not a war, then certainly a trade skirmish.

Now is the time for that particularly spineless body, the WTO, to intervene and negotiate with both America and China on behalf of the global economy.

Consider the charges against Facebook, Google, Apple and others: exposing youngsters to on-line grooming, sexting, cyber-bullying, pornography and harassment; destroying entire industries without replacing lost taxation; exploiting labour; encouraging eating disorders and self-harm; enabling political extremism and promoting fake news. Will tech end up like Big Tobacco, taxed aggressively to pay for all the problems that they caused?

The children's television allowance is costing us £5m a year. The zero rate on cycle helmets £45m. The £10 Christmas bonus for every pensioner is costing £15m. In January, HMRC published a list of what it calls *minor tax reliefs,* fiddly little tax breaks and bonuses that cost the taxpayer £50m or less for each one. Here are a few others: you can still claim relief on life assurance premiums on policies taken out before 1984; also on the first £70 of interest on an account with the National Savings Bank; for investing in video games development or for operating, er, a pet cemetery. It is an open secret that the tax system is creaking under the weight of its own complexity. Chancellor after chancellor has stacked gimmick upon gimmick in an effort to please voters, appease a special interest group or to ingratiate himself with his prime minister. So now the British tax code is 20,000 pages long and consists of ten million words. By way of contrast, Hong Kong gets by with just 276 pages. Hard-pressed officials have to administer the scheme and inspectors make sure that clever accountants are not turning it into a tax-avoidance scheme such as investment in films. It would be far better to scrap virtually all the reliefs. President Trump, who may turn out to be the worst holder of his office since Herbert Hoover, has insisted that Congress repeals three old regulations for each one that it creates – good for him!

Truth and advertising have always been uneasy bedfellows. But there is a simple way for ex-WPP boss Sir Martin Sorrell to stop having to deny stories about a visit to a Mayfair brothel. He could waive his rights under the Data Protection Act and insist that WPP publishes its investigation into whatever did or did not happen. What better way to clear the air and simultaneously put pressure on the WPP Chairman.

When Wm Morrison agreed to buy the ailing Safeway in 2003 to compete against the three main supermarkets, a dominant Tesco immediately signalled a counter-offer. Sir Terry Leahy knew that any proposal from his Tesco or Sainsbury or Asda would be blocked by the Competition Commission so he successfully snared Morrison into an investigation. By the time that the commission produced its report with the obvious answer, Safeway was on its last legs and Morrison's offer was allowed to proceed. The delay caused years of chaos in the combined business and ultimately cost the Morrison family control of the company. It is unlikely that Tesco will try to disrupt the proposed merger between Asda and Sainsbury but it should not need to. For all the bluster about new competitors such as the two German companies and Amazon, the lack of overlap and the prospect of lower prices for customers, this proposal is anti-competitive. If the 25 per cent limit on market share is to mean anything, the Competition and Markets Authority should block the deal.

Are baby boomers drinking excessively at home? According to new research, a whole generation of Britons put themselves at risk by opening a bottle of wine as soon as they get home and spending the evening in an increasingly drunken stupor. This is, of course, total nonsense: as every stockbroker knows, they are half-cut by 11 am and really putting it away by lunch-time. By the time they get home, they are merely topping up, which is much healthier. And another thing, when you think about it, the nanny Shtate could do with a few more of ush booby bamers popping our clogsh and shortening the NSH waiting lishts. Almost time for lunsh!

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HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

A key argument of the Corbynistas that wish to renationalise the water companies is that the state can borrow more cheaply than can the privately owned industry, which would lead to lower bills. The problem with this argument is its assumption that the water companies would be just as efficient as they are in the private sector. It is interesting to note that productivity growth in the years post-1989 was about 3 per cent per annum, about double that of broadly comparable sectors. That tots up to 60 per cent on a cumulative basis. These productivity gains more than offset the higher cost of capital to the extent of £400 per year per customer. State-owned water companies in Northern Ireland and the Republic are between 15 and 40 per cent less productive than in England. Scotland has done rather better but only by its regulator insisting on benchmarking against the best in England. Thus we must doubt whether productivity would remain high after nationalisation – anyone who has misgivings should remind himself of the industry's track record when it was last publicly owned. It is a tale of underinvestment, poor water quality, desultory attention to environmental standards, river pollution, vast amounts of leakage and, in 1976, millions of households in the regions cut off during a drought. Do we really want to go back there?

I am indebted to Private Eye *for details of how the Homebase DIY chain was sold for just £1. The boss of Retail Economics has described his amazement after he snapped up an incredible bank- holiday bargain, buying the Company for 100p.* I only went in there to buy a cordless drill which had been reduced to £45. You can imagine how chuffed I was to walk out with the entire chain of 250 shops and 11,500 workers for less than a cup of coffee. *A spokesman for the Australian sellers said that* while they were disappointed with the price, they were not surprised. We kept meaning to do the place up to make it more attractive to a buyer, but you know what it is with DIY jobs, you just never get round to them..

The date is 19 March 1868: three lawyers and businessmen put their names to one of the greatest financial innovations ever – the pooled investment fund, or investment trust if you prefer. The initial portfolio included 18 stocks, some in markets such as Argentina and Peru (Foreign) and some that were ruled by Britain such as New South Wales and Nova Scotia (Colonial). So, the Foreign and Colonial Investment Trust was born. The initial dividend yield was 6 per cent, not too bad considering that the prevailing yield on British Government issues was 3.3 per cent. The 20th Century saw a rise in inflation, which made a bond portfolio hazardous to investors' health. The trust moved into equities in the 1920s: the first such holding being Shell, which is still in the portfolio today. The concept of pooled investing has stood the test of time, even if the closed-end investment trust has been overtaken by the open-ended funds. Of all the advantages enjoyed by investment trusts, the one I like most is the ability to hold back some of the dividend income received by the trust each year to smooth the path of the pay-outs they, in turn, provide to shareholders.. This is why there are now 21 investment trusts that have paid rising dividends for 20 consecutive years: four have achieved this target for over 50 years. By way of comparison, Athelney Trust has increased its divided every year for the last 15 years. Long may this continue!

Theresa May's predicament, as she seeks a path away from the EU, is that it is impossible to negotiate with people who are so unreasonable. No matter what she puts to them, they say no. United in contemptuous hostility to any suggestion, they delphically pretend they have no need to compromise while offering no constructive proposal of their own. I feel for the prime minister having to negotiate with these dreadful people. After failing to get any sense out of David Davis, Boris Johnson and Jacob Rees-Fogg, it must be a relief to go to Brussels and talk to that nice Mr Barnier……….

Surprise, surprise, the Financial Reporting Council, hitherto considered to be rather too cuddly for its own good, has slammed KPMG for *an unacceptable deterioration* in its auditing. So much so that it is quite conceivable that the accountant could drop out of the Big Four as potential clients and smart trainees look elsewhere. Auditors are in the reputation business. They must be seen to be true and fair in order to pass the same judgement on company accounts with credibility. But KPMG's good reputation has been debased by scandals, not least Carillion. KPMG's proportion of *good (or limited improvements required)* audits has dropped to only 61 per cent having been a persistent laggard in recent years. There is no danger that KPMG partners, even if profits have fallen to £300m, will have to exchange their Cayennes for Yarises. But it is interesting to speculate how competitive UK auditing would be if KPMG slipped down to the middle rank of bean-counters. The case for breaking up the Big Three would then be compelling.

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N. B. In July, just after Athelney's half-year end, PwC was ordered by a US federal judge to pay $625m to the Federal Deposit Insurance Corporation due to the firm's failure to detect criminal fraud that led to the collapse of Colonial Bank. PwC is to appeal.

How to keep your personal data secure on Facebook:-

1) *Delete your Facebook account*
2) *Go outside, take a walk, enjoy the fresh air, pop into the pub and talk to other customers.*
3) *Er*
4) *That's it.*

The government has sought to ease concerns that Russia may retaliate for the Syria bombing with a series of debilitating attacks on the NHS. We can assure the British public that the government has cleverly outmanoeuvred the Russians by totally devastating the NHS years ago *said a spokesman for No10*, so, even if Russia did a launch a counter-attack, patients would be hard-pressed to notice any difference. We will continue to run our public services into the ground to deprive the Russian hackers of the opportunity of bringing the NHS to a standstill.

A rather more hawkish Bank of England last raised rates in November, 2017 and seems likely to do so again this August. For my money, though, I would be in no hurry to do so. On close inspection, the case for tighter money looks rather thin. Above-target inflation was caused by the Brexit-related depreciation of sterling, which raised the cost of imports. The impact of that depreciation is fast falling out of the figures. If recent trends continue, then there is every chance that inflation will be back on track at 2 per cent by the end of the year, even if there is a small upward blip from higher oil prices. In the first quarter of 2018, the economy grew by only 0.2 per cent, although that reflects the Carillion smash in January and the Beast from the East in March. Furthermore, nominal wage growth is below 3 per cent, which is measly by historical standards. Inflation in the dominant service sector, largely generated by domestic activity, is low and falling. Make no mistake, the economy will need tighter money at some point but for now I would leave rates where they are.

Does anyone think that the railways were better run in the halcyon days of state ownership? [Yes, is the answer]. *British Rail was starved of investment, having to plead for cash from the same pot that funded schools, hospitals, the armed forces and much else. In the five years before privatisation, there was almost no investment in new trains; since then, £10bn has been spent on new rolling stock. The railways are much safer these days, both for passengers and staff and, what is more, a great deal more popular than before. Passenger journeys have doubled to 1.6bn per year in the 18 years since privatisation despite rising fares. QED?*

The meeting at Chequers to vote on Theresa May's plan for Brexit occurred just after Athelney Trust's half-year end. Her plan was to combine two previous ideas: Mrs May had tried a customs union plan without technology and another with technology. The new plan would be, in effect, an amalgam of her customs partnership (rejected) and her maximum facilitation plan (invented). It would see the UK collecting duties at our borders at a rate set by the EU. The UK would win the right to negotiate trade agreements with other nations and importers would claim the difference in the tariff from the exchequer. This is a sort of a fudge to stay in a sort of customs union and it sort of deals with the Northern Ireland border question. Short of staying in the EU, this is the best idea yet although I have absolutely no idea how it might be received in Brussels or indeed whether the technology required to make her plan work yet exists. Snags they are in plenty: 80 per cent of the UK economy is services. The UK has the highest share of services exports of any leading economy. More than 40 per cent of exports to the EU last year were services with a large majority absolutely nothing to do with banking and the City of London. Great exporting jobs include the technicians who service Rolls-Royce engines across the world, university lecturers who teach overseas students, lorry drivers who criss-cross Europe, musicians on a tour, international tax lawyers and estate agents who flog flats in London. The jobs are just as important for Britain's exports as, say, the Airbus wing manufacturer yet the services sector has hardly had a word said in its favour since the referendum. Back to the drawing board?

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HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

It is jarring for EU leaders to hear Britain asking for special deals when its membership package is the most bespoke of the lot: outside the euro; outside the Schengen border-free zone; treaty opt-outs on social protection and criminal justice and a budget rebate. Surely the best that Britain can do is to raise the UK up to the first among third countries. Theresa May might claim that as a success or she could admit that there was once a better deal - before Britain voted to leave…..

Results

Gross revenue increased to £141,907 compared to the same period last year of £126,098.

Portfolio Review

Holdings of *Bonmarche* and *Paypoint* were purchased for the first time. Additional holdings of *Cineworld, Braemar Shipping Services* and *Epwin* were also acquired. *Countrywide, Debenhams, DX Group, Juridica Investments, Slingsby* and *Sprue Aegis* were sold. In addition 4 shareholdings were top-sliced to provide capital for new purchases.

Dividend

As is the Board's practice, consideration of a dividend will be left until the final results are known.

Interim management report

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Report. The Board considers that the principal risks and uncertainties facing the Company remain the same as those disclosed in the Annual Report for the year ended 31 December 2017 and are listed below.

Risks

The Company's assets consist mainly of listed securities and its principal risks are therefore market-related. The Company is also exposed to currency risk in respect of a small number of investments held in overseas markets.

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

Market Risk

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

Liquidity Risk

Liquidity Risk is the risk that the Company may have difficulty in meeting obligations associated with financial liabilities.
The Company has no borrowings; therefore there is no exposure to interest rate changes.
The Company is able to reposition its investment portfolio when required so as to accommodate liquidity needs.

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

Prospects

The consensus is for a Summer of Stress or Sell in May and Go Away but if the trade skirmish can be contained and US interest rates rise steadily (rather than in a rush because unfunded tax cuts are resulting in an over-heated economy), it might pay to go against one's instincts and stay fairly fully invested. Markets are very thin over the summer holidays resulting in volatility: some of that may be upward.

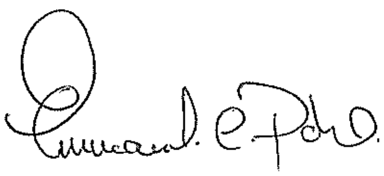
Dr. E.C. Pohl

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Directors, whose names appear on page 18 of this document, are responsible for preparing the unaudited Half Yearly Report in accordance with applicable laws and regulations. The Directors confirm that to the best of their knowledge:

1. The condensed set of Financial Statements for the six months to 30 June 2018 have been prepared in accordance with FRS 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and return of the company.
2. The Chairman's Statement includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R being an indication of important events during the first six months and their impact on the condensed set of financial statements and a description of principal risks and uncertainties for the remaining six months of the year.
3. The Chairman's Statement also includes a fair review of the information required by Rule 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

Approved by order of the Board:
Dated 19 July 2018.



Dr. E.C. Pohl
Director and Non-executive Chairman

Athelney Trust plc

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2018

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	16,000	69,920	**69,920**	**1.2%**
Construction and materials	Costain Group	14,666	64,457		
	Epwin Group	50,000	38,675		
	Forterra	40,000	122,400		
	Heath (Samuel) & Sons	15,500	69,750		
	Ibstock	22,500	67,275	**362,557**	**6.5%**
Electronic and electrical equipment	XP Power Ltd	2,000	70,400	**70,400**	**1.3%**
Food and beverages	Greencore Group	19,000	35,312		
	Wynnstay Group	8,000	39,880	**75,192**	**1.3%**
General financial	Camellia	500	56,875		
	Charles Taylor	35,714	111,785		
	Jarvis Securities	24,500	119,560		
	Jupiter Fund Management	15,000	66,885		
	Park Group	140,000	104,650		
	Randall & Quilter Investment Holdings	40,000	65,200		
	Record	150,000	67,051		
	River & Mercantile Group	22,500	59,850		
	S & U	4,000	101,600		
	TP ICAP	15,000	63,195	**816,651**	**14.6%**
Home Construction	Crest Nicholson	12,000	46,752	**46,752**	**0.8%**
Industrial engineering	Goodwin	2,000	38,100		
	Hill & Smith	7,000	103,460		
	Low & Bonar	65,000	31,460		
	Vitec	5,500	72,050	**245,070**	**4.4%**
Industrial transportation	Braemar Shipping Services	30,000	77,700		
	Fisher (James)	3,000	52,380		
	Ocean Wilsons	6,500	65,650	**195,730**	**3.5%**
Insurance	Chesnara	16,000	57,840		
	Hansard Global	30,000	18,120	**75,960**	**1.4%**
Leisure Goods	Games Workshop	5,000	149,750	**149,750**	**2.7%**
Media	4Imprint	4,000	68,600		
	Huntsworth	40,000	48,000		
	M&C Saatchi Plc	16,000	56,800		
	Quarto Group Inc Com	50,000	55,000		
	Reach	42,500	32,470		
	Wilmington Group	32,500	78,325		
	XlMedia	45,000	46,350	**385,545**	**6.9%**
Property, Commercial and Residential	AEW UK REIT	65,000	63,570		
	Capital & Regional	135,000	68,580		
	Custodian REIT	60,000	72,600		
	Harworth Group	52,500	65,888		
	F & C UK Real Estate Investments	45,000	44,820		
	Lok'n Store Group	11,000	46,200		

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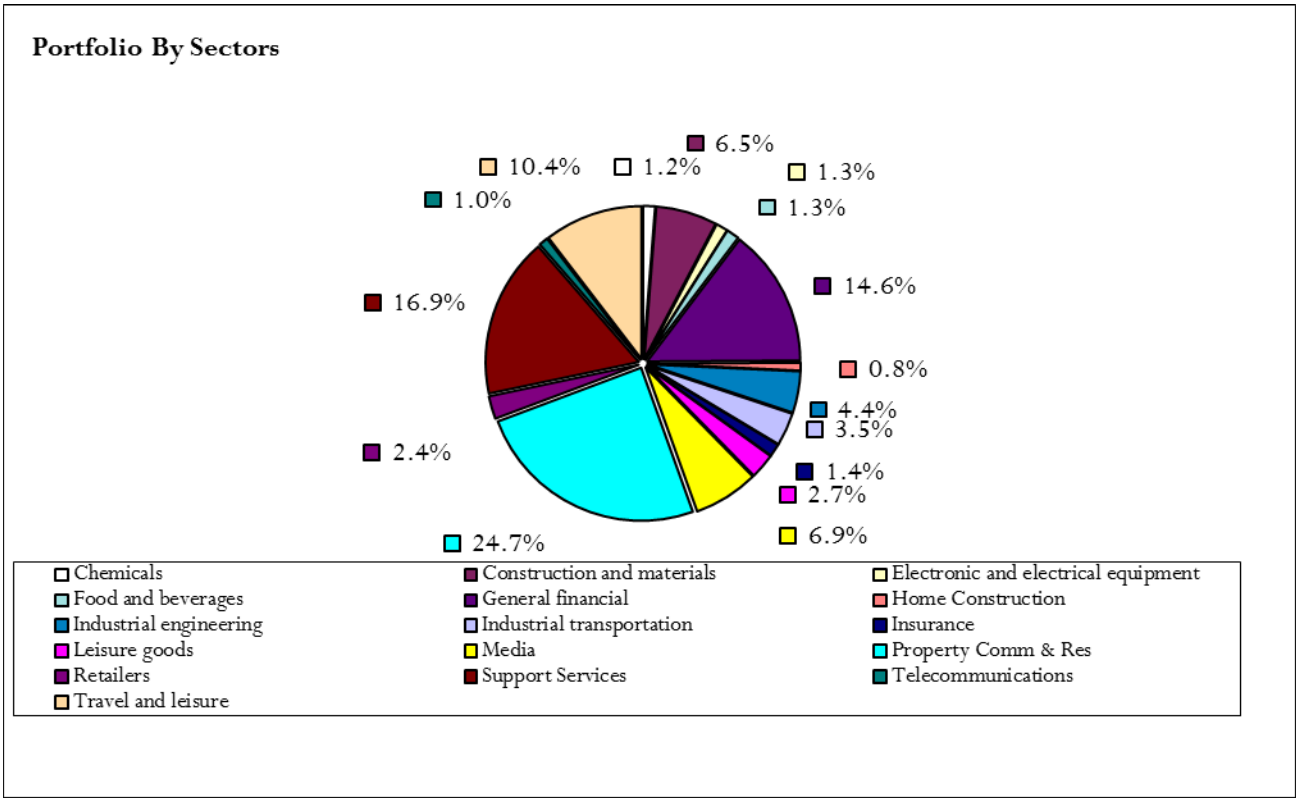
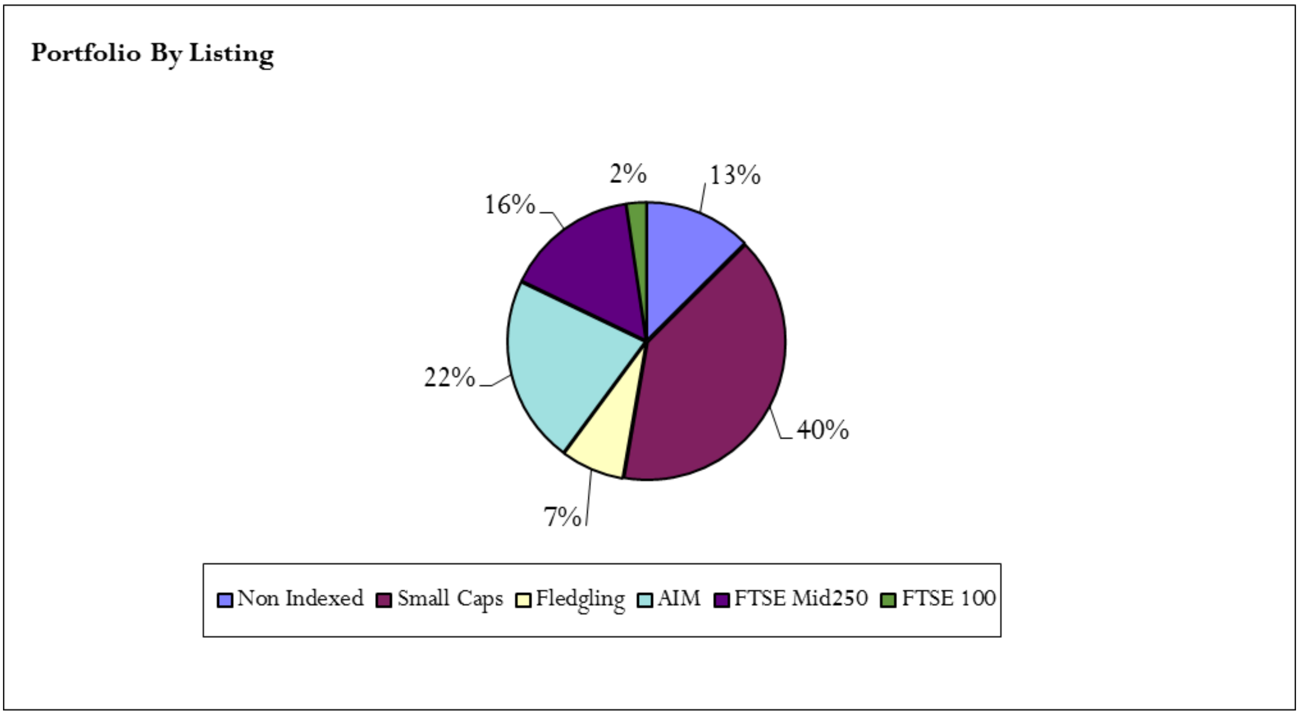
INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2018 (CONTINUED)

	Stock	Holding	Value (£)	SECTOR £	%
Property, Commercial and Residential Cont'd	LondonMetric Property	32,500	60,093		
	Mountview Estates	1,500	163,500		
	Palace Capital	13,000	46,280		
	Picton Property Income	175,000	159,075		
	Regional REIT Ltd	50,000	47,450		
	Schroder Real Estate Investment Trust	109,000	67,144		
	Schroder European Real Estate	50,000	55,000		
	Standard Life Property Income	65,000	60,450		
	Target Healthcare REIT	100,000	110,000		
	The PRS REIT	50,000	52,000		
	Town Centre Securities	27,500	78,650		
	Tritax Big Box	60,000	93,480		
	UK Commercial Property REIT	50,000	43,950	**1,398,730**	**24.7%**
Retailers	Bonmarche	45,000	50,400		
	McColls Retail Group	35,000	72,800		
	Safestyle Uk	22,500	11,903	**135,103**	**2.4%**
Support services	Andrews Sykes Group	19,500	95,940		
	Begbies Traynor	80,000	55,840		
	Biffa	25,000	62,125		
	Communisis	100,000	53,400		
	Connect Group	64,285	19,800		
	Gattaca	21,500	24,940		
	Latham (James)	5,500	39,738		
	Menzies (John)	9,500	59,470		
	Murgitroyd	12,500	76,250		
	NWF Group	35,000	66,325		
	Paypoint	5,000	46,700		
	Safecharge International	20,000	70,800		
	St Ives	37,500	38,475		
	Vianet Group	50,000	58,500		
	VP	17,500	179,375	**947,678**	**16.9%**
Telecommunications	KCOM Group	56,000	54,152	**54,152**	**1.0%**
Travel and leisure	Air Partner	112,500	124,313		
	Cineworld	44,000	116,776		
	Greene King	10,000	57,540		
	GVC Holdings	12,500	131,250		
	Hostelworld	22,500	70,762		
	Marstons	50,000	49,725		
	Photo-Me	32,500	33,085	**583,451**	**10.4%**

Portfolio Value	**£5,612,641**
Net Current Assets	**£88,951**
TOTAL VALUE	**£ 5,701,592**
Shares in issue	**2,157,881**
Unaudited NAV	**264.2p**

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2018
(CONTINUED)





Athelney Trust plc

HALF YEARLY INCOME STATEMENT
(INCORPORATING THE REVENUE ACCOUNT)

	Unaudited 6 months ended 30 June 2018			Unaudited 6 months ended 30 June 2017			*Audited Year ended 31 December 2017*
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	***Total***
	£	£	£	£	£	£	*£*
Loss on investments held at fair value	-	(60,942)	(60,942)	-	212,073	212,073	*835,709*
Income from investments	141,907	-	141,907	126,098	-	126,098	*238,832*
Investment Management expenses	(3,135)	(30,076)	(33,211)	(2,968)	(26,930)	(29,898)	*(62,170)*
Other expenses	(13,863)	(36,753)	(50,616)	(13,466)	(33,663)	(47,129)	*(100,344)*
Net return on ordinary activities before taxation	124,909	(127,771)	(2,862)	109,664	151,480	261,144	*912,027*
Taxation	-	-	-	-	-	-	-
Net return on ordinary activities after taxation	124,909	(127,771)	(2,862)	109,664	151,480	261,144	*912,027*
Dividends Paid:							
Dividend	(189,655)	-	(189,655)	(185,036)	-	(185,036)	*(185,036)*
Transferred to reserves	(64,746)	(127,771)	(192,517)	(75,372)	151,480	76,108	*726,991*
Return per ordinary share	5.8p	(5.9)p	(0.1)p	5.1p	7p	12.1p	

The total column of this statement is the profit and loss account of the Company prepared in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 and updated in February 2018 with consequential amendments by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations.

A separate Statement of Other Comprehensive Income has not been prepared as all such gains and losses are included in the Income Statement. The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the realised profit or loss on investments and the management fees and other costs charged to capital.

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HALF-YEARLY STATEMENT OF CHANGES IN EQUITY

	For the Six Months Ended 30 June 2018 (Unaudited)					
	Called-up Share Capital	Share Premium	Capital reserve realised	Capital reserve unrealised	Retained Earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2018	539,470	881,087	1,913,853	2,391,839	419,275	6,145,524
Net loss on realisation of investments	-	-	(60,942)	-	-	(60,942)
Decrease in unrealised Appreciation	-	-	-	(251,415)	-	(251,415)
Expenses allocated to Capital	-	-	(66,829)	-	-	(66,829)
Profit for the period	-	-	-	-	124,909	124,909
Dividend paid in year	-	-	-	-	(189,655)	(189,655)
Shareholders' Funds at 30 June 2018	539,470	881,087	1,786,082	2,140,424	354,529	5,701,592

	For the Six Months Ended 30 June 2017 (Unaudited)					
	Called-up Share Capital	Share Premium	Capital reserve realised	Capital Reserve Unrealised	Retained earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2017	539,470	881,087	1,747,083	1,852,759	398,134	5,418,533
Net gains on realisation of investments	-	-	212,073	-	-	212,073
Increase in unrealised Appreciation	-	-	-	303,799	-	303,799
Expenses allocated to Capital	-	-	(60,593)	-	-	(60,593)
Profit for the year	-	-	-	-	109,664	109,664
Dividend paid in year	-	-	-	-	(185,036)	(185,036)
Shareholders' Funds at 30 June 2017	539,470	881,087	1,898,563	2,156,558	322,762	5,798,440

	For the Year Ended 31 December 2017 (Audited)					
	Called-up Share Capital	Share Premium	Capital reserve realised	Capital Reserve Unrealised	Retained earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2017	537,470	881,087	1,747,083	1,852,759	398,134	5,418,533
Net gains 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

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HALF YEARLY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Unaudited 30 June 2018	Unaudited 30 June 2017	*Audited 31 December 2017*
	£	£	£
Fixed assets			
Investments held at fair value through profit and loss	5,612,641	5,660,338	*5,966,679*
Current assets			
Trade receivables	79,213	88,028	*156,798*
Cash at bank and in hand	20,589	60,351	*45,289*
	99,802	148,379	*202,087*
Creditors: amounts falling due within one year	(10,851)	(10,277)	*(23,242)*
Net current assets	88,951	138,102	*178,845*
Total assets less current liabilities	5,701,592	5,798,440	*6,145,524*
Provisions for liabilities and charges	-	-	-
Net assets	5,701,592	5,798,440	*6,145,524*
Capital and reserves			
Called up share capital	539,470	539,470	*539,470*
Share premium account	881,087	881,087	*881,087*
Other reserves (non distributable)			
Capital reserve - realised	1,786,082	1,898,563	*1,913,853*
Capital reserve - unrealised	2,140,424	2,156,558	*2,391,839*
Retained earnings	354,529	322,762	*419,275*
Shareholders' funds - all equity	5,701,592	5,798,440	*6,145,524*
Net Asset Value per share	264.2p	268.7p	*284.8p*
Number of shares in issue	2,157,881	2,157,881	*2,157,881*

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HALF YEARLY STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDING 30 JUNE 2018

	Notes	Unaudited 6 months ended 30 June 2018 £	Unaudited 6 months ended 30 June 2017 £	*Audited* *Year ended* *31 December 2017* *£*
Cash flows from operating activities				
Net revenue return		124,909	109,664	*206,177*
Adjustments for:				
Expenses charged to capital		(66,829)	(60,593)	*(129,859)*
(Decrease)/Increase in creditors		(12,391)	(4,554)	*8,410*
Decrease in debtors		77,585	168,937	*100,166*
Cash from operations		123,274	213,454	*184,894*
Cash flows from investing activities				
Purchase of investments		(170,633)	(452,748)	*(674,520)*
Proceeds from sales of investments		212,314	425,548	*660,818*
Net cash used in investing activities		41,681	(27,200)	*(13,702)*
Equity dividends paid		(189,655)	(185,036)	*(185,036)*
Net (Decrease)/ Increase		(24,700)	1,218	*(13,844)*
Cash at the beginning of the period		**45,289**	**59,133**	***59,133***
Cash at the end of the period		**20,589**	**60,351**	***45,289***

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. **Accounting Policies**

a) Statement of Compliance

The Company's Financial Statements for the period ended 30 June 2018 have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments ('the SORP') issued by the Association of Investment Companies.

The financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2017.

b) Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the period ended 30 June 2018 and 30 June 2017 have not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The information for the year to 31 December 2017 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditor's report and did not contain a statement required under Section 498(2) or (3) of the Companies Act 2006.

c) Going concern

The Company's assets consist mainly of equity shares in companies which, in most circumstances, are realisable within a short timescale. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

2. To the best of our knowledge and belief there are no related party transactions within the meaning required by the Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

3. **Taxation**

The tax charge for the six months to 30 June 2018 is nil (year to 31 December 2017: nil; six months to 30 June 2017: nil).

The Company has an effective tax rate of 0% for the year ending 31 December 2018. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income.

4. The calculation of earnings per share for the six months ended 30 June 2018 is based on the attributable return on ordinary activities after taxation and on the weighted average number of shares in issue during the period.

	6 months ended 30 June 2018 (Unaudited)			6 months ended 30 June 2017 (Unaudited)		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Attributable return on ordinary activities after taxation	124,909	(127,771)	(2,862)	110,205	151,480	261,685
Weighted average number of shares		2,157,881			2,157,881	
Return per ordinary share	5.8p	(5.9p)	(0.1p)	5.1p	7p	12.1p

	12 months ended 31 December 2017 (Audited)		
	Revenue	**Capital**	**Total**
	£	**£**	**£**
Attributable return on ordinary activities after taxation	206,177	705,850	912,027
Weighted average number of shares		2,157,881	
Return per ordinary share	9.6p	32.2p	42.3p

5. Return per ordinary share is calculated by dividing the attributable return on ordinary activities after taxation, by the weighted average number of shares in issue at 30 June 2018 of 2,157,881 (30 June 2017: 2,157,881 and 31 December 2017: 2,157,881).

6. Net Assets Value per Share is calculated by dividing the net assets by the weighted average number of shares in issue at 30 June 2018 of 2,157,881 (30 June 2017: 2,157,881 and 31 December 2017: 2,157,881).

7. Copies of the Half Yearly Financial Statements for the six months ended 30 June 2018 will be available on the Company's website www.athelneytrust.co.uk as soon as practicable.

Athelney Trust plc

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