



Annual Report
for the year ended
31 December 2019

COMPANY NUMBER: 02933559

Athelney Trust plc

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Athelney Trust plc

Directors of the Company

Frank Ashton (Non-Executive Chairman)

Frank Ashton, aged 58, 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.

Dr Emmanuel Clive Pohl AM (Managing Director)

Manny Pohl, aged 66, is the Chairman and CEO of investment house EC Pohl & Co which he founded in June 2012 and has led through its evolution into today's independent, highly acclaimed Australian fund manager. Manny holds engineering and MBA degrees from the University of Witwatersand and a doctorate in Business Administration (Economics) from Potchefstroom University.

Manny has over 30 years of investment experience, initially as head of research for leading South African broking firm, Davis Borkum Hare, followed by Westpac Investment Management in Australia after he emigrated to Australia in 1994. Manny founded Hyperion Asset Management in 1996 and left in 2012. He has served on the Boards of several major corporations in his native South Africa, the UK and his adopted home Australia. In 2019 Manny was recognised in the Queen's Birthday honours list for significant service to the finance sector, and to the community.

Simon Moore (Non-executive Director)

Simon Moore, aged 58, is a consultant Senior Investment Analyst. He has been an investment trust analyst since 1994 and has worked with several stockbrokers in the City of London including Williams de Broe, Teather & Greenwood and Collins Stewart. He was also Senior Investment Manager at Seven Investment Management and Head of Research at Tilney Bestinvest and Senior Investment Analyst at EQ Investors. Simon is a long standing member of two important committees at the Association of Investment Companies: the Statistics committee and the Property and Infrastructure Forum. In 2013 and 2014 Simon was chosen as one of the Citywire Wealth Manager Top 100 most influential people in UK private client fund selection. Simon is a scientist by training and has worked at two start up UK biotechnology companies, before passing on his knowledge and passion as a science tutor for the Open University. He has a Biochemistry BSc from Imperial College, and an MSc in Computer Modelling of molecules from Birkbeck College. He is a member of the UK Society of Investment Professionals and the CFA institute.

David Lawman (Non-executive Director)

David Lawman aged 71 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.

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Strategic Report

Chairman's Statement and Business Review

Overview

I am very pleased to be able to report such a substantial change in the fortunes of the Athelney Trust plc (the 'Company' or the 'Trust'), environmentally, structurally and with respect to performance, over the past 12 months. Given the uncertainties in all these areas at this time last year, I am delighted to report very good results for the Company in the year ended 31 December 2019. The key points are as follows:

- At 31 December 2019, audited NAV was 266.9p per share (2018: 225.9p), an increase of 18.2%
- The Trust's investment performance over 12 months as measured by Net Asset Value (NAV) total return, which is the change in NAV plus the dividend paid, was plus 22.2% (2018: minus 17.6%). Long term performance represented by the Trust's average 10 year total shareholder return of 127% beat the FTSE 100 (107%) and lagged the FTSE 250 (211%).
- The 12-month revenue return per ordinary share was 9.1p (2018: 9.9p), a decrease of 8%
- Issues leading to Board/major shareholder disruption are now fully resolved. However, the disruption led to approximately £88,000 non-recurring costs over the financial years 2018 and 2019. Conditions leading to these non-recurring costs ended when Robin Boyle sold his shareholding in November 2019. In November we welcomed a new major shareholder, BIP Worldwide Flexible Fund to the register. We expect the more normal cost run-rate for the Company, re-established since the AGM last April, to continue in future
- Your Board recommend a final dividend of 9.3p per share (2018: 9.1p) an increase of 2.2%. UK Inflation for the year of 2019 was 1.4% (Office for National Statistics)
- This is the 18th successive year of progressive dividend and importantly returns the Trust to a Top 5 position in the dividend yield league table for Investment Companies as well as keeps us in the Next Generation of Dividend Heroes list maintained by the AIC (Athelney was 3rd on the list in March 2019)

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 on pages 17 to 23.

An Independent Board

There were a number of movements including five directors who came off the Board, another five who came on and two reshuffles in the first third of 2019. Details of the various Board changes are on page 24. The directors in place at the time of signing these accounts are:

- Myself, Frank Ashton – Non-Executive Chairman
- Simon Moore – Non-Executive Director, Chair of Audit Committee
- David Lawman – Non-Executive Director
- Dr Manny Pohl - Managing Director, Fund Manager

Athelney Trust plc

Strategic Report (continued)

Chairman's Statement and Business Review (continued)

We currently have four directors who together make up an independent Board under the AIC Code of Governance 2019. I have no current or prior connection with any major shareholder of the Company and maintain I am an independent Chairman. The Board is also agreed that Simon Moore and David Lawman are independent at 31 December 2019. I returned to a Non-Executive role and fee from Executive Chairman in July 2019 when it was clear the conditions requiring this unusual position had ceased, as reported at the time.

Capital Gains

During the year the Company realised capital profits before expenses arising on the sale of investments in the sum of £262,480 (2018: £98,840).

Portfolio Review

Holdings of *Abcam*, *Boohoo*, *Churchill China*, *Close Brothers*, *Fevertree Drinks*, *Gamma Communications*, *Homeserve*, *JD Sports*, *Liontrust Asset Management*, *LXI REIT*, *Smart Metering Services* and *National Grid* were all purchased for the first time.

Additional holdings of *AEW UK*, *Custodian REIT*, *Hill & Smith*, *Lok'n Store*, *Londonmetric*, *Paypoint*, *Randall & Quilter*, *Regional REIT*, *Rightmove*, *S&U*, *Treant*, *Tritax BigBox* and *XP Power* were also acquired.

Air Partner, *Braemar Shipping*, *Capital & Regional*, *Charles Taylor Consulting*, *Chesnara*, *Cineworld*, *Crest Nicholson*, *Epwin*, *F&C UK*, *Fisher (James)*, *Gattaca*, *Goodwin*, *Greene King*, *Hansard Global*, *Harworth Group*, *Heath (Samuel) & Sons*, *Hostelworld*, *Huntsworth*, *Ibstock*, *John Menzies*, *Jupiter Fund Management*, *KCOM*, *Kin & Carta*, *Latham (James)*, *M&C Saatchi*, *McColls Retail*, *Ocean Wilsons*, *Palace Finance*, *Park Group*, *Photo-me*, *PRS REIT*, *Quarto Group*, *Reach*, *Real Estate Investors*, *Record*, *River & Mercantile*, *Schroder European*, *Schroder REIT*, *Town Centre Securities*, *TPICAP*, *Wynnstay Group* and *XL Media* were sold.

Corporate Activity

The holding of Greencore was subject to a Tender Offer during the year at a capital profit of 60% whilst Dairycrest, Murgitroyd and Safecharge were taken over at a capital profit of 32%, 52% and 74% respectively.

Dividend

The Board is very pleased to recommend an increased annual dividend of 9.3p per ordinary share (2018: 9.1p). This represents an increase of 2.2% over the previous year. Subject to shareholder approval at the Annual General Meeting on 8 April 2020, the dividend will be paid on 16 April 2020 to shareholders on the register on 20 March 2020.

The Board is also reflecting the needs of some shareholders for more frequent income contributions and therefore is assessing the net benefits to all shareholders of distributing dividends twice each year.

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Strategic Report (continued)

Chairman's Statement and Business Review (continued)

Review

I am very pleased that we are now free from a number of elements of uncertainty for shareholders and potential investors that together delayed the time when fund growth might occur. We are now in a period of greater structural and economic stability, because:

- Robin Boyle a major shareholder this time last year, sold all his shares ahead of the planned timetable, effectively removing the conditions that might lead to substantial extra costs being incurred by the Company. Significant efforts were made by myself, other directors and the Company Secretary John Girdlestone, to reach this peaceful, natural outcome in the interests of all shareholders
- Total transaction costs for 2019 temporarily increased as Dr Manny Pohl, the incoming fund manager rotated the portfolio he inherited (as detailed in the Fund Manager's report). The portfolio is now correctly positioned and so transaction costs should be back to lower, more normal levels for 2020.
- Parties who bought the Boyle shares are fully supportive of the Board and its plan - allowing full focus on portfolio and Company performance in readiness for growth
- There was a very smooth transition to Debbie Warburton as sole Company Secretary, when John Girdlestone retired - I thank them both and wish John well
- The sizeable majority of the new Johnson UK government removes much of the very significant uncertainty for UK businesses arising from the Brexit 'political impasse'. It is hoped this should now complete without a hard exit by 31 December 2020, the planned end of the standstill transition period, when a new trade deal should come into effect; and
- China and US signed a trade deal on 15 January 2020, bringing the tit-for-tat trade war that started in 2018 to an end described as "win-win" by China. This reduces uncertainty for the global economy - however considerable uncertainty remains on how new UK trade deals will play out in future months as Brexit takes effect.

This greater stability has meant David Lawman who was due to retire from the Board at this AGM, has decided not to stand for re-election. I thank David for his help in a four-person board to transition to the current state; in future we will revert to the more usual three-person board until fund size or conditions require a change.

Along with all colleagues on the Board, I am delighted to welcome the BIP Worldwide Flexible Fund to our shareholder register. This publicly offered collective investment scheme is managed by an experienced independent team of investment and administrative professionals domiciled in South Africa with its units quoted on the Johannesburg Stock Exchange. It is a passive long-term investor and it has informed us that it has every intention of remaining on the register for many years to come.

The Board is very happy with Dr Manny Pohl's performance as Fund Manager in 2019 which saw greater focus on a smaller number of shareholder value-creating holdings. This resulted from portfolio repositioning within the UK Smaller Company sector in the first half of the year. The excellent year-end performance was effectively realised within eight months post AGM when the current Board and Fund Manager were confirmed. We expect this strong performance to continue in 2020 probably supported by an influx of investors to UK stocks, making Athelney an even more attractive investment opportunity.

Athelney Trust plc

Strategic Report (continued)

Chairman's Statement and Business Review (continued)

We are also pleased to report that, as planned, overall directors' remuneration was 1% less than in 2018, despite there being one more director in 2019. The Board continues to be focused on efficient management and appropriate levels of cost in line with the size of the fund.

Outlook

The world and UK markets had a sparkling year in 2019 (FTSE 100 Index rose 12%) and I am very pleased to report that along with this improvement, and with the active work of Dr Manny Pohl the Fund Manager, the Company's NAV improved from 225.9p per share at 31 December 2018 to 266.9p per share (plus 18.1%) at 31 December 2019. A further improvement to 270.9p (unaudited) took place to 31 January 2020, an increase of 1.5%.

We have realised greater stability and general performance for shareholders building from the April AGM, achieving good interim results and then hearing of Robin Boyle's disposal of his holding in November; we are much more confident that, free from distractions our future performance will lead to better conditions for us to grow the fund by attracting new investors.

Externally, uncertainties have reduced for a UK small-cap fund, particularly around Brexit. Much remains to play out during the next 12-18 months on new trade deals between UK/Europe and UK/US. These can impact sterling, the UK economy, general investor sentiment and so the fortunes of companies in our sector.

Time will tell, as it will for the overall impact of the coronavirus (COVID-19) which remains hard to assess. I emphasise in the meantime that we invest for the long term and strongly believe our UK Smaller Companies focus allied to the Fund Manager's leading stock evaluation process will return very good to excellent performance in the future. Many have commented that such stocks are underweighted - we expect we will now see further investments in this sector if uncertainty continues to recede.

Some developments in 2019 give us an opportunity to remind current and potential investors of some advantages of Athelney Trust, a closed-ended fund. For example, the suspension of the open-ended Woodford-managed funds illustrates that for their investors there can suddenly be no choice, no liquidity at any price simply because the fund manager deems it so. Illiquid stocks create risk for an open-ended fund investor - the Bank of England's December 2019 Financial Stability Report says so as does the experience of many thousands of investors in the two Woodford funds.

For closed-ended funds like Athelney, there is always an option (albeit sometimes at a loss) for shareholders to exit (because the shares are traded every business day on the Stock Exchange) as compared to open ended funds where such an exit may cause balance sheet stress arising from the forced sale of illiquid underlying assets to fund the exit. Therefore, investing in such illiquid stocks is at lower, more diversified risk through closed-ended than open-ended funds.

In addition, investment trusts such as Athelney provide some ability to smooth the highest peaks and lowest troughs of the market because we are allowed to hold back up to 15% of investment income in good years to offset lower income in leaner years.

Athelney Trust plc

Strategic Report (continued)

Chairman's Statement and Business Review (continued)

The net benefit for investment trust investors is a greater probability of more consistent annual income from such closed-ended funds' dividends.

The dividend cover for last year was 2.24 though current year revenues may not cover this year's dividend payment. Maintaining dividend cover is helped by being a closed-ended fund and therefore able to return a proportion of revenues to reserves - a structural advantage compared to unit trust funds.

We continue to poll and listen to our shareholders. We understand from our research and conversations with leading shareholders that a number of the previous Board's 2018 AGM resolutions were voted against because of dissatisfaction with the continuing proposed involvement of Robin Boyle and possible Fund Management by Gresham House. Those possibilities ended at the AGM and the current Board has a very good working relationship with Fund Manager Dr Manny Pohl.

We are also aware that some shareholders along with the Board would like to see the fund grow and we continually assess both the best timing and route for this to happen. We believe shareholders will be pleased by the greater stability and better performance in the second half of 2019 and we look forward to the benefits of the new conditions and environment in 2020, continuing to deliver and cement better performance. We expect the second half of 2020 to be the time at which various economic questions (e.g. UK Trade Deals) allow us to be more certain of next steps to growth.

I believe we are already seeing the fruits of greater focus on value creation within a smaller portfolio reflecting the full conviction of Dr Manny Pohl (rather than the transition portfolio from Robin Boyle's Fund Management legacy, of early 2019). The Board will continue to manage and optimise costs as we have now returned to a more normal operating environment. Shareholder support for continuation with this period of performance improvement will be sought at the AGM.

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

The 2019 AGM will be held at 3.30pm on Wednesday 8 April, at the offices of Company solicitors Druces LLP, Salisbury House, London Wall, London, EC2M 5PS. I encourage as many shareholders as possible to attend and take the opportunity to meet the Board as well as to hear a short presentation from Dr Pohl, the Fund Manager.



Frank Ashton
Non-Executive Chairman
2 March 2020

Athelney Trust plc

Strategic Report (continued)

Fund Manager's Review of 2019

As I reflect on what was quite a challenging year, I am very proud of what I have achieved in managing the Athelney investment portfolio and in overseeing the ECP Asset Management business (ECP) in what was a particularly turbulent year for geopolitics. This year ECP has increased funds under management to circa £1 billion and added additional support and back-office staff to ensure that I and ECP can deliver on the promises made to clients and to the shareholders of the four associated Listed Investment Companies (LICs). As a custodian of other people's money, we all owe it to those who have invested alongside us to allocate their capital to opportunities that we believe in because of the work that has been.

Alongside my work in Athelney, I continue to lead the evolution of ECP as a business, firming up its corporate values and its vision with a fresh new look that sets the scene for the next phase of its growth in Australia and eventually here in the UK. We have set ourselves the goal to 'Redefine Active Investing' through ensuring we continue to take a forensic approach to our analysis, valuing investment potential not just asset value and historical performance.

The Global Scene

Over the past year, volatility, uncertainty, complexity, and ambiguity (VUCA) were at an all-time high. Geopolitical woes, market volatility, trade complexity, and ambiguity of world leadership has seen the world divided across many issues. For some time, confidence and trust in institutions have been a major concern with hostility regarding inequalities coming to the fore. However, the Edelman barometer has indicated that over the past year there has seen some improvement in societal trust with the public focusing more time on relationships they can control and finding unity in one core message: an urgent desire for change.

As the world order continues to be challenged, China comes out from behind its Special Economic Zones to establish and challenge the "five eyes" nations of the West (Australia, USA, Britain, Canada, and New Zealand) by infiltrating and asserting ownership right across the South Pacific. Chairman Xi is now entrenched as the party's leader for life, with China reverting to the governance structure of the emperors who ruled for so many thousands of years and which, until the Industrial Revolution in Britain, gave the Chinese people at large a much higher living standard than the West.

President Trump has continued his colourful presidency, with many of his policies following economic nationalism, having an enormous impact across the world. When we consider the desire for change and an economic system that has brought vast inequity in many parts of the world, moderate political leaders we have seen through time have not brought the radical change needed. As Michael Moore correctly predicted Trump's win in 2016, he appears to be correct in that Trump has been the "human Molotov cocktail" that has driven substantial change (for better or worse).

Global Economics

After robust growth over the past few years, the International Monetary Fund (IMF) forecasts global economic growth to be 3.5% in 2020. Global central banks, including our own, appear perplexed by stubbornly low inflation with many being increasingly frustrated with a lack of political action to stimulate flagging economies. Interestingly, as the global scene continues to evolve, we are seeing early signs of a shift toward policymakers being more acutely aware of environmental, social, and economic factors.

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Strategic Report (continued)

Fund Manager's Review of 2019 (continued)

The 'Wellbeing Economy Alliance' is seeing some early-adopting countries shifting toward frameworks that move beyond GDP as a sole marker for economic success, which can only be a positive political development. In much the same way Environmental, Social and Governance (ESG) factors have become integral in investment markets, and wellbeing indexes are a shift in the right direction for policymakers to recognise what is important to the broader public.

Paul Schmelzin, a senior executive of the Bank of England, has studied interest rates going back to 1321 from which he concluded that current declining world interest rates are consistent with the historic trend and we may not see high rates for a while other than for periodic spikes. Furthermore, with world inflation remaining very low, rates are unlikely to increase in the foreseeable future. Should this be correct, then the BOE is unlikely to raise rates any time soon and P/E ratios will remain higher for longer than we otherwise might expect.

The Markets, Our Portfolio

Turning to the stock market, one could be forgiven for thinking that the world was not burning but rather booming. After financial markets slammed on the brakes in 2018, resulting in a decline of 12.5% in the FTSE 100 Index, this index rebounded in 2019 to be up by 12.1% for the year with most investment managers producing healthy returns in this positive environment. I am proud to say that our relative performance was exceptional as I managed to produce a total portfolio return of 28.5% over the year. While the majority of the stocks in the portfolio contributed to the outperformance of the portfolio over the market, a handful of names performed exceptionally well, including Games Workshop (LSE: GAW), Liontrust Asset Management (LSE: LIO) and Lok 'n Store (LSE: LOK). The biggest detractors from returns over the year included Costain (LSE: COST), M&C Saatchi (LSE: SAA) and Samuel Heath & Sons (LSE: HSM). At an aggregate level, all of the alpha was generated through stock selection, as opposed to sector selection and this is consistent with a bottom-up, benchmark unaware, high conviction manager.

Games Workshop (LSE: GAW)

Games Workshop Group PLC designs, manufactures, distributes and markets a hobby based upon collecting, modelling, painting and tabletop gaming with model soldiers. Its key brands are the high fantasy Warhammer and dark future Warhammer 40,000 game systems. Games Workshop has exploited its valuable intellectual property across a variety of settings, refreshing its miniature toy lines on a regular basis and expanding the Warhammer universe out to encompass video games, books and new campaigns. Its competitive advantage is driven by the fact that it is operating in a market of one with the games voraciously supported by a legion of fans worldwide, who will go to great lengths (and expense) to produce their own accompaniments to add to the series' lore and backstory.

Liontrust Asset Management (LSE: LIO)

Liontrust Asset Management plc provides portfolio management services in UK, European, Asian and Emerging Markets equities. It markets its long-only, long/short and absolute return products through unit trusts, individual savings accounts (ISAs), offshore funds, pooled pension funds and segregated institutional accounts to professional investors, predominantly in the UK and Continental Europe. Assets under management (AUM) jumped to £19.1bn for the period ended 31 December 2019 from £14.6bn at the start of the quarter with the asset manager enjoying net inflows of £836m in the quarter. The acquisition of Neptune added £2.7bn to AUM and allows Liontrust to diversify across global equities and emerging markets and offers an opportunity to expand their client base.

Athelney Trust plc

Strategic Report (continued)

Fund Manager's Review of 2019 (continued)

Lok'n Store (LSE: LOK)

Lok'n Store Group plc opened its first self-storage centre in Horsham, Sussex in February 1995 and has grown consistently over the last 20 years, currently operating 26 self-storage centres and two serviced document stores in Southern England offering self-storage and serviced document storage and management services to both household and business customers. Each centre is prominently located mainly in the affluent South-East of England in large towns and cities.

Sleep Well rather than Eat Well

As the investment process aims to find high-quality businesses that are owned for the very long-term, portfolio turnover remains low. Through time the portfolio will comprise investments that have been held for over ten years, however, this does not mean that I am not always looking for new investments. As mentioned in our monthly reports, the focus this year has been to restructure the portfolio I inherited to align it with the investment philosophy and this process is largely complete with the stocks I acquired and those divested listed earlier in this report. In summary, the portfolio I inherited in September 2018 comprised eighty-three (83) stocks, to which we added fifteen (15) and sold fifty-one (51) to end up with the current portfolio of forty-seven (47) stocks. I have retained and consolidated our holdings into those quality companies in the portfolio which are unlikely to be disintermediated by technological change and able to maintain or increase their dividend, as well as adding companies which have an acceptable level of predictable growth in medium-term economic performance. To this end I have sold our holdings in companies where there has been a change to the industry structure, the business model, the senior management team or the product/service offering, the occurrence of which will result in my view in a deterioration in future profitability and hence dividends.

Investment management is more than merely generating alpha in excess of a benchmark. While that is a core part of our mandate, other very important qualitative issues are central to what I do. For example, I recognise that capital allocation is a vehicle through which to drive change. We have the opportunity to demand specific standards of corporate governance, decide whether specific social and ethical issues are acceptable and, if they are not, we can vote with our feet.

For me, the integrity and credibility of any management team is a founding principle to the investment process. I need to trust that management has the best interests for all stakeholders, and have faith that they will make sound strategic decisions and have substantial experience and capabilities in their chosen field. As custodians of our clients' capital, I must ensure that I am doing whatever I can to preserve capital and grow it over time. I allocate capital to investments which I believe are sustainable in the long-term, and finding trustworthy, values-based management that aligns with my core values and beliefs will ensure above-average economic portfolio returns. In cases where I feel I can add something to the conversation, I engage with the company.

Athelney Trust plc

Strategic Report (continued)

Fund Manager's Review of 2019 (continued)

Looking Forward

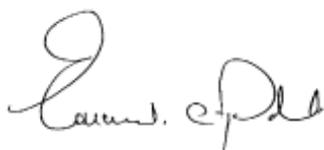
We are now in the Year of the Rat. A quick google tells me that the Year of the Rat is interesting as it marks the completion of a previous long cycle and the beginning of a new one. The rat is apparently characterised as being resourceful and diligent and we certainly aspire to apply these characteristics within the work that we do, and hope that they will flow through to the results we seek to achieve for our clients. As trust remains a central theme across the world, I for one hope this shift towards trustworthiness continues. Through time, I have emphasised the importance of management in the investment process, and I applaud further developments in the trustworthiness of our leaders and the management of companies. Sustainability of investment performance or the improvement of the wellbeing of broader society hinges upon ethical, transparent, and honest leadership.

Our investment philosophy is based on the belief that the economics of business drives long-term investment returns. The short-term financial metrics of portfolio companies, including organic sales growth, earnings and dividend growth, should provide the impetus for improvement in valuations or at least be supportive of the current valuations in the future. Our investee companies have strong business models with capable and experienced management teams which we expect will continue to deliver above-average returns. While I do feel that the overall markets are relatively fully valued and do not see a significant improvement in the P/E ratings of the companies from current levels, our earnings, dividend estimates and forecasts for the stocks in the portfolio remain promising.

However, the latest coronavirus (COVID-19) threatens to be a disruptor to companies, supply chains and the world economy for at least the first half of 2020. The overall impact of the virus is hard to assess at the moment.

Update

The unaudited NAV on 31 January 2020 was 270.9p per share – up 1.59% from 31 December 2019, the seventh monthly increase in a row and beating the FTSE (-3.40%), Small Cap Index (-0.92%) as well as AIM All-share Index (-0.95%). The share price on the same day was 235p (trading at a discount of 13.3%). Further updates can be found at www.athelneytrust.co.uk



Dr Manny Pohl AM
Fund Manager
2 March 2020

Athelney Trust plc
Strategic Report (continued)
Investment and Portfolio Analysis at 31 December 2019

	Stock	Holding	Value (£)	SECTOR £	%
Biotechnology	Abcam	4,100	55,391	55,391	1.0%
Chemicals	Treant	21,000	96,390	96,390	1.8%
Construction & materials	Costain Group	14,666	23,348	236,548	4.3%
	Clarke T	55,000	74,800		
	Forterra	40,000	138,400		
Electronic & electrical equipment	X P Power	4,000	123,600	123,600	2.3%
Food & beverages	Fevertree Drinks	1,000	20,920	53,174	1.0%
	Greencore Group	12,044	32,254		
General financial	Camellia	500	43,500	990,078	18.1%
	Close Brothers	13,500	215,595		
	Jarvis Securities	27,000	126,900		
	Liontrust Asset Management	33,000	361,350		
	Randall & Quilter Investment Holdings	68,217	117,333		
	S & U	6,000	125,400		
Household goods & construction	Churchill China	3,500	62,650	62,650	1.1%
Industrial engineering	Hill & Smith	14,000	206,080	249,880	4.6%
	Vitec	4,000	43,800		
Leisure goods	Games Workshop	4,500	274,500	274,500	5.0%
Media	4Imprint	2,000	69,400	212,690	3.9%
	Rightmove	10,000	63,340		
	Wilmington	32,500	79,950		
Mobile communications	Gamma Communications	10,000	132,500	132,500	2.4%
Multiutilities	National Grid	28,000	264,376	264,376	4.8%
Property, commercial & residential	AEW UK REIT	130,000	128,960	1,722,763	31.5%
	Belvoir Lettings	85,000	118,150		
	Custodian REIT	75,000	85,350		
	Hansteen Holdings	50,000	58,200		
	Lok'n Store Group	22,000	158,620		
	Londonmetric Property	100,000	236,400		
	LXI REIT	60,000	83,880		
	Mountview Estates	1,500	175,500		
	Picton Property Income	175,000	169,575		
	Regional REIT	123,750	139,838		
	Target Healthcare REIT	100,000	115,500		
Tritax Big Box	170,000	252,790			
Retailers	JD Sports	5,000	41,860	71,640	1.3%
	Boohoo	10,000	29,780		
Support services	Andrews Sykes Group	19,500	113,100	818,331	15.0%
	Begbies Traynor	80,000	72,800		
	Biffa	25,000	68,376		
	Homeserve	11,000	138,930		
	NWF Group	35,000	61,250		
	Paypoint	9,000	90,900		
	Smart Metering Services	3,000	16,875		
	Vianet Group	50,000	77,500		
	VP	19,000	178,600		
Travel and leisure	Marstons	80,000	101,680	101,680	1.9%

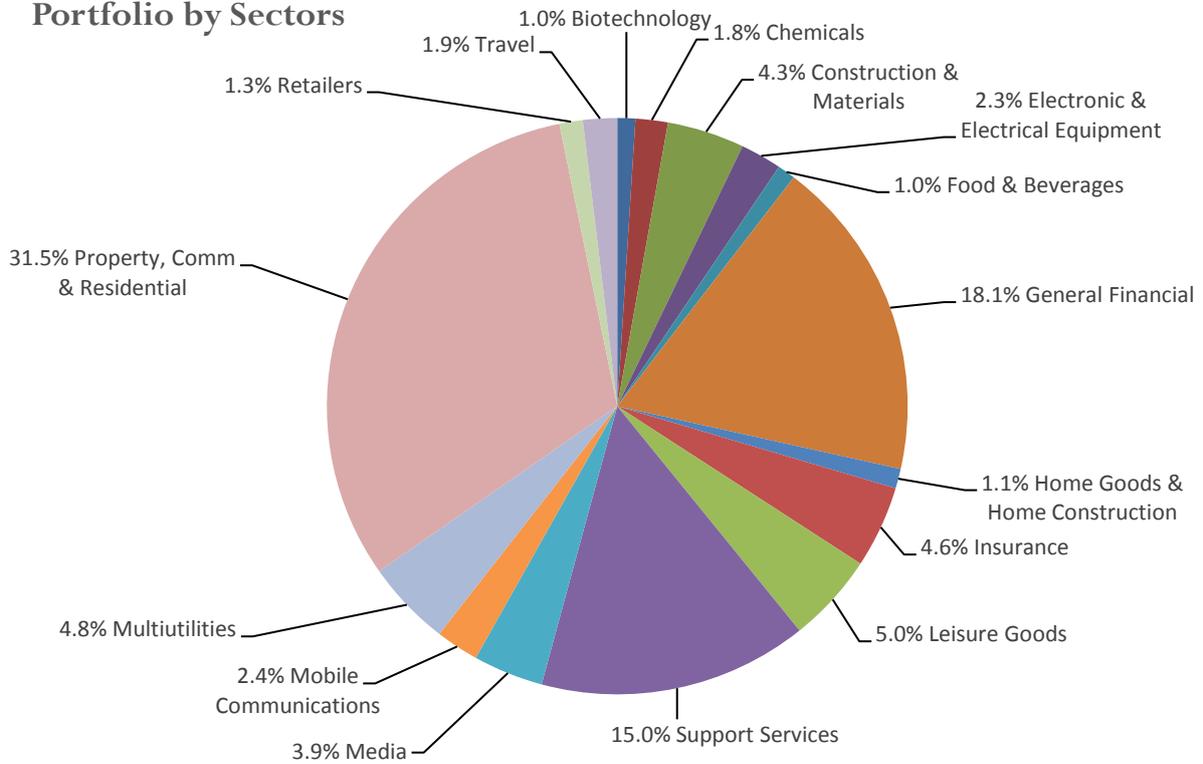
Portfolio Value	£5,466,191	
Net Current Assets	£292,526	
TOTAL VALUE	£5,758,717	
Shares in issue	2,157,881	
Audited NAV	266.9p	

Athelney Trust plc

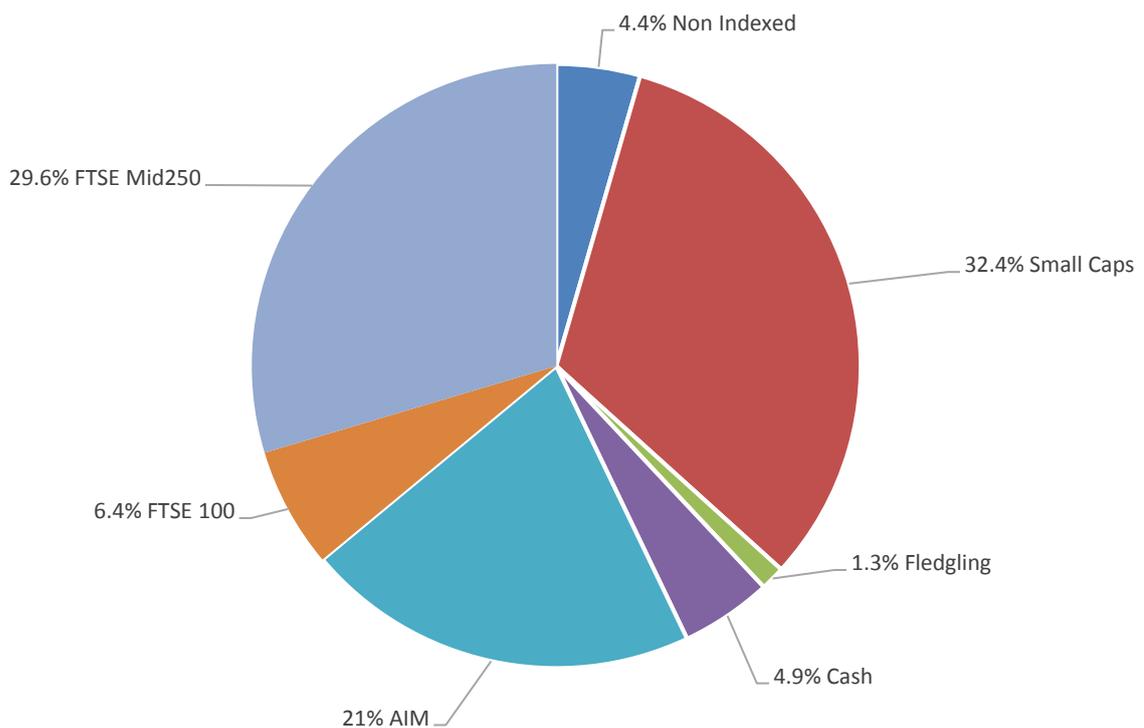
Strategic Report (continued)

Portfolio Breakdown by Sector and Index

Portfolio by Sectors



Portfolio by listing



Athelney Trust plc

Strategic Report (continued)

Other Statutory Information

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

Board

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

S172 Statement

The directors of the Company act in a way that they consider to be;

- in good faith,
- likely to promote the success of the Company and;
- to the benefit of its members as a whole

The Board considers that all the Directors have regard for the long term objectives of the company, meet at regular intervals throughout the year to discuss these objectives, and ensure that they remain on track. The Directors conduct the majority of their Board Meetings via conference calls to reduce travelling, and all printed material produced is using FSC paper which ultimately reduces the impact on the community and the environment. This year the Board has spent time speaking to members of the company and gathering feedback. The Directors aim to maintain a reputation for conducting business at a high standard and maintaining that standard for future years.

One of the directors is the Company's only employee (2018: one employee).

Investment Objective

The investment objective of the Trust is to provide shareholders with prospects of long-term capital growth with the risks inherent in small cap investment minimised through a spread of holdings in quality small cap companies that operate in various industries and sectors. The Fund Manager 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 NEX. 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.

Athelney Trust plc

Strategic Report (continued)

Other Statutory Information

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 2019 can be found on page 12 of the annual report.

Responsible Ownership

The Fund Manager takes a particular interest in corporate governance and social responsibility investment policy. As stated within the Corporate Governance Statement on pages 17 to 23, the Fund Manager's current policy is available on the Trust's 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 7 and the Fund Manager's review on pages 8 to 11 which form part of the Strategic Report.

Principal Risks and Uncertainties and Risk Management

As stated within the Corporate Governance Statement on pages 17 to 23, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established a continuing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

The principal risks and uncertainties faced by the Company are described below and in note 12 which provides detailed explanations of the risks associated with the Company's financial instruments.

- Market – the Company's fixed assets consist almost entirely of listed securities and it is therefore exposed to movements in the prices of individual securities and the market generally.
- Investment and strategic – incorrect investment strategy, asset allocation, stock selection and the use of gearing could all lead to poor returns for shareholders.
- Regulatory – Relevant legislation and regulations which apply to the Company include the Companies Act 2006, the Corporation Tax Act 2010 ("CTA") and the Listing Rules of the Financial Conduct Authority ("FCA"). The Company has noted the recommendations of the UK Corporate Governance Code and its statement of compliance appears on pages 17 to 23. 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.
- 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.

Athelney Trust plc
Strategic Report
(continued)
Other Statutory Information

- Liquidity – the Company may have difficulty in meeting obligations associated with financial liabilities.
- Trading – ATY is a small trust and its shares can be illiquid, which means that investors may have difficulty in dealing in larger amounts of shares.

On the 3 January 2018 MiFID II 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 Board is not aware of any breaches of laws or regulations during the period under review and up to the date of this report.

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.

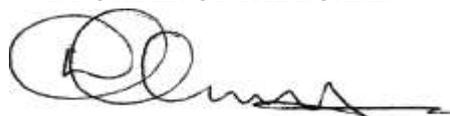
Social, Community and Human Rights Issues

The Company has one employee (2018: 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



D. Warburton
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

2 March 2020

Athelney Trust plc

Corporate Governance Statement

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

The Company is required to comply with, or to explain its non-compliance with, the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the 'FRC') in July 2018 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in February 2019 (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 provisions on issues which are of specific relevance to investment trusts. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

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

- Due to the uncertainty facing 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 Frank Ashton was appointed as Executive Chairman on 8 February 2019. The situation was reversed when Frank Ashton stood down as Executive Chairman on 17th July 2019 at the same time as Manny Pohl became Managing Director.
- Due to the size of the Board, formal performance evaluations of the Chairman, the Board, its Committees and individual Directors are not undertaken. Instead it is felt more appropriate to address matters as and when they arise.
- Due to the size of the Board, it is felt inappropriate to appoint a senior independent non-executive Director.
- All the Directors have agreements for provision of their services but no limit has been imposed on the overall length of service. The recommendation of the Code is for fixed term renewable contracts. In recent years each of the Directors has retired and, where appropriate, sought re-election. The Directors retire by rotation on a three yearly basis in accordance with the Company's articles of association.
- 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 comprised a maximum of four Directors who liaised continuously throughout and were aware of their obligations to consider recruitment of further Directors as and when the occasion occurred.

Board Membership

During the year the following Board changes took place:

On 20 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, which was held on the 22 January 2019.

At the GM on 22 January 2019 Manny Pohl, Simon Moore and Jemma Jackson were voted off the Board by shareholders with David Lawman and Paul Coffin being appointed.

Athelney Trust plc

Corporate Governance Statement

(Continued)

On 25 January 2019 Mr Paul Coffin resigned as a Director of the Company and Frank Ashton was appointed in his place.

At the AGM on 3 April 2019 Helen Sachdev was voted off the Board, and Simon Moore and Manny Pohl were re-appointed to the Board by shareholders.

At 31 December 2019 the Board consisted of four Directors, of which three were and remain independent. The biographies of all the current Directors are contained on page 2.

David Lawman is due to retire by rotation at the forthcoming AGM and he will not offer himself for re-election. After carefully considering his position and discussions with the Board, David believes the conditions that required his involvement in the Company have come to a natural end. He was originally asked to join the Board by a major shareholder who has since sold his holding, over a number of months he helped to facilitate the smooth transition to this new position. He believes this is an appropriate point for him to leave the Board.

The Directors believe that the Board has, and will after David Lawman's retirement continue to have, 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.

All Directors receive relevant training, collectively or individually, as necessary.

The Directors of the Company meet at regular Board Meetings. During the year ended 31 December 2019, the Board met a total of 12 times.

	Board Meetings	Audit Committee	Remuneration Committee
E C Pohl	6	-	-
N F Ashton	12	1	1
S Moore	6	-	-
D Lawman	12	1	1
H Sachdev	5	1	1
J Jackson	-	-	-

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 four male Directors for the last eight months of the year to 31 December 2019, and also one female and two male directors for much of the first four months. The current composition of the Board was voted in by shareholders at the AGM in April. 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 even without David Lawman who will not be seeking re-election, the Board has an appropriate breadth of skills and experience. The Board is not currently planning to add a fourth Director to the board.

Athelney Trust plc

Corporate Governance Statement (Continued)

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 16. 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.

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

As a result of the GM (as detailed on pages 17-18) 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 N F Ashton was appointed Executive Chairman. Mr N F Ashton is independent and considers himself to have sufficient time to commit to the Company's affairs. He remained as Executive Chairman until Dr E C Pohl became Managing Director on 17 July 2019 at which point he reverted to the role of Non-executive Director.

Directors' Independence

In accordance with the Listing Rules for investment entities, the Board has reviewed the status of its individual Directors and the Board as a whole. Three of the four 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.

Athelney Trust plc

Corporate Governance Statement

(Continued)

Remuneration Committee

During the year the Remuneration Committee comprised Manny Pohl and Simon Moore (Chairman) until the GM on 22 January. After the GM the Remuneration Committee comprised Frank Ashton, David Lawman and Helen Sachdev. After the AGM on the 3 April 2019 the Remuneration Committee comprised Simon Moore and David Lawman. 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 30 to 33 and in note 4 to the financial statements.

Company Secretary

During the year the Company had two Company Secretaries until John Girdlestone's retirement on 31 May 2019. The Company Secretary, Deborah Warburton FCCA, is responsible for ensuring that Board and Committee procedures are followed and that the Company complies with regulations. The Company Secretary also ensures timely delivery of information and reports and that the statutory obligations of the Company are met.

All the Directors have access to the advice and services of the Company Secretary.

Independent Professional Advice and 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 Secretary 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 comprised Manny Pohl and Simon Moore (Chairman) until the GM on 22 January 2019. After the GM the Audit Committee comprised Frank Ashton, David Lawman and Helen Sachdev. After the AGM on the 3 April 2019 the Audit Committee comprised Simon Moore and David Lawman. 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
Investment Portfolio Valuation The Company's portfolio is invested predominantly in listed securities. Although all the securities are fully listed or traded on AIM or NEX, errors in the portfolio valuation could have a material impact on the Company's net asset value per share.	The portfolio is valued at bid price at the end of each month by the custodians James Sharp & Co.
Misappropriation of Assets Misappropriation of the Company's investments or cash balances could have a material impact on its net asset value per share.	The portfolio is valued at bid price at the end of each month by the custodians James Sharp & Co. The portfolio is agreed on a monthly basis by the Company Secretary during the completion of the monthly accounts.
Income Recognition Incomplete or inaccurate income recognition could have an adverse effect on the Company's net asset value and earnings per share and its level of dividend cover.	The level of income received for the year and the dividend forecast for the year are agreed on a monthly basis with the Fund Manager and the Company Secretary.

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 2019. 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 34 to 38.

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 25 and 26.
- Details of the substantial shareholders in the Company are listed on page 25.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 24.
- 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 have spoken to major shareholders during the year regarding events surrounding voting at the AGM on 3 April 2019 and to discuss their aspirations for the Company going forward. 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.

To comply with the AIC Code the Board are required to consult with shareholders when 20 percent or more of votes have been cast against board recommendations for a resolution. This was the case in the voting results for the AGM held on the 3 April 2019. A summary of the results are shown below and the feedback received from shareholders.

Resolution	% Against Board Recommendations	Shareholder Comments
To re-elect Helen Sachdev as a Director	41.0%	Shareholders were concerned with the ongoing disagreement between the two major shareholders. They wished to see stability on the Board and a clear direction for the Company's future. They voted against the Board recommendations as they felt that this would bring about the stability needed for the Company to move forward.
To resolve that the Directors be generally and unconditionally authorised to allot shares to the extent stated in the resolution	28.8%	
To resolve to dis-apply the statutory pre-emption rights to the extent stated in this resolution	28.9%	
To authorise purchase of own shares	33.3%	
To elect Mr S Moore as a Director	36.2%	
To elect Dr E C Pohl as a Director	40.6%	

The notice of the Annual General Meeting, to be held in London on 8 April 2020, is set out on pages 52 to 61. 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:

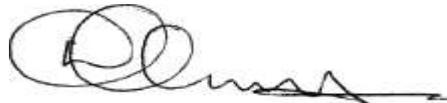
- Corporate strategy;
- Published information, compliance with laws and regulations;
- Relationship with service providers; and
- Investment and business activities.

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 Secretary in detail on a regular basis.

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

BY ORDER OF THE BOARD



D. Warburton
Secretary
2 March 2020

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

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 2019. 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 £195,643 (2018: £213,098) as detailed on page 38.

It is recommended that a dividend of 9.3p (2018: 9.1p) 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 2018. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2019 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.

Jason Pohl was approved by the Board on 11 October 2019 to act as alternate director for Manny Pohl; he will represent Manny when he is unable to attend a Board meeting.

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. David Lawman will retire at the 2020 AGM and will not offer himself for re-election.

In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution remove any Director without notice.

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 2019 the Company's capital structure consisted of 2,157,881 Ordinary Shares of 25p each (2018: 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	(Managing Director) terminated 22/1/2019 - appointed 3/4/2019
S. Moore	(Chairman) terminated 22/1/2019 - appointed 3/4/2019 (Non-executive Director)
J. Jackson	(Non-executive Director) 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	(Non-executive Chairman) appointed 25/1/2019
H. Sachdev	(Non-executive Director) appointed 8/2/2019 - terminated 3/4/2019

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.

At a Board meeting on 11 October 2019 J Pohl was approved as alternate director for Dr E C Pohl. As Dr E C Pohl was able to attend all meetings of the Board during the year, J Pohl was not required to act as his alternate.

There were a number of Director changes during the year. A detailed disclosure of the events can be found in the Corporate Governance Statement on pages 16 to 22.

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
E C Pohl & Co Pty Ltd	339,054	15.71%
BIP Worldwide Flexible Fund	339,054	15.71%
Global Masters Fund	205,951	9.54%
Mr GW & Mrs DJ Whicheloe	104,000	4.82%
Mehr Mutual	99,643	4.62%
Astuce Group	91,000	4.22%
Mrs E Davison	75,000	3.47%
Mr C Frostick	69,720	3.23%
Simon Moore	67,500	3.13%
P Grodzinski	65,000	3.01%

Out of the ten major shareholders listed above three were under the direct control of two of the Directors during the year. The remaining seven are in regular contact with the Directors (or their respective agent) to ensure that they are frequently apprised 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 2020.

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.

Engagement with Suppliers and Other Business Relationships

The Directors have regard for the need to maintain good business relationships with suppliers and other businesses that the Company may have contact with throughout the year. Suppliers are paid in a timely manner and well within the credit terms afforded to the Company. Other business relationships are maintained on a professional and courteous level with regular contact being maintained by the Fund Manager, Company Secretary and Audit Committee Chairman.

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 14 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 or ISDX.

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 page 15), 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.

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.

Athelney Trust plc

Report of the Directors (continued)

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 53 to 59.

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



D. Warburton
Secretary

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

2 March 2020

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.

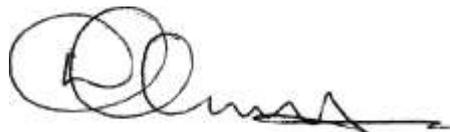
The Directors are responsible for the maintenance and integrity of the corporate and financial information related to the Company including on the Company's website www.athelneytrust.co.uk

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

A handwritten signature in black ink, appearing to be 'D. Warburton', written over a horizontal line.

Waterside Court
Falmouth Road
Penryn
Cornwall
TR10 8AW

D. Warburton
Secretary
2 March 2020

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 34 to 38.

Remuneration Committee

The Company had a Remuneration Committee during the year comprising Manny Pohl and Simon Moore, until the GM on 22 January. After the GM the Remuneration Committee comprised Frank Ashton, David Lawman and Helen Sachdev. After the AGM on the 3 April 2019 the Remuneration Committee comprised Simon Moore and David Lawman.

The Committee met during the year to review and implement measures to avoid or manage conflicts of interest where applicable and to consider and approve the Directors' remuneration for the year ending 31 December 2019.

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 2020 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. Non-executive Director's fees have been set at £10,500 per annum for a number of years and no changes are expected for the foreseeable future.

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.

The policy was last approved by Shareholders at the Annual General Meeting on 30 March 2017 and will remain valid until the Annual General Meeting in 2020.

Directors' Service Contracts

Each of the Directors has a service contract or letter of engagement with the Company for an initial three year term commencing in 2019. There are no provisions in the service agreements for payments to be made for loss of office, the service contracts are kept at the Registered Office and are available for inspection by appointment.

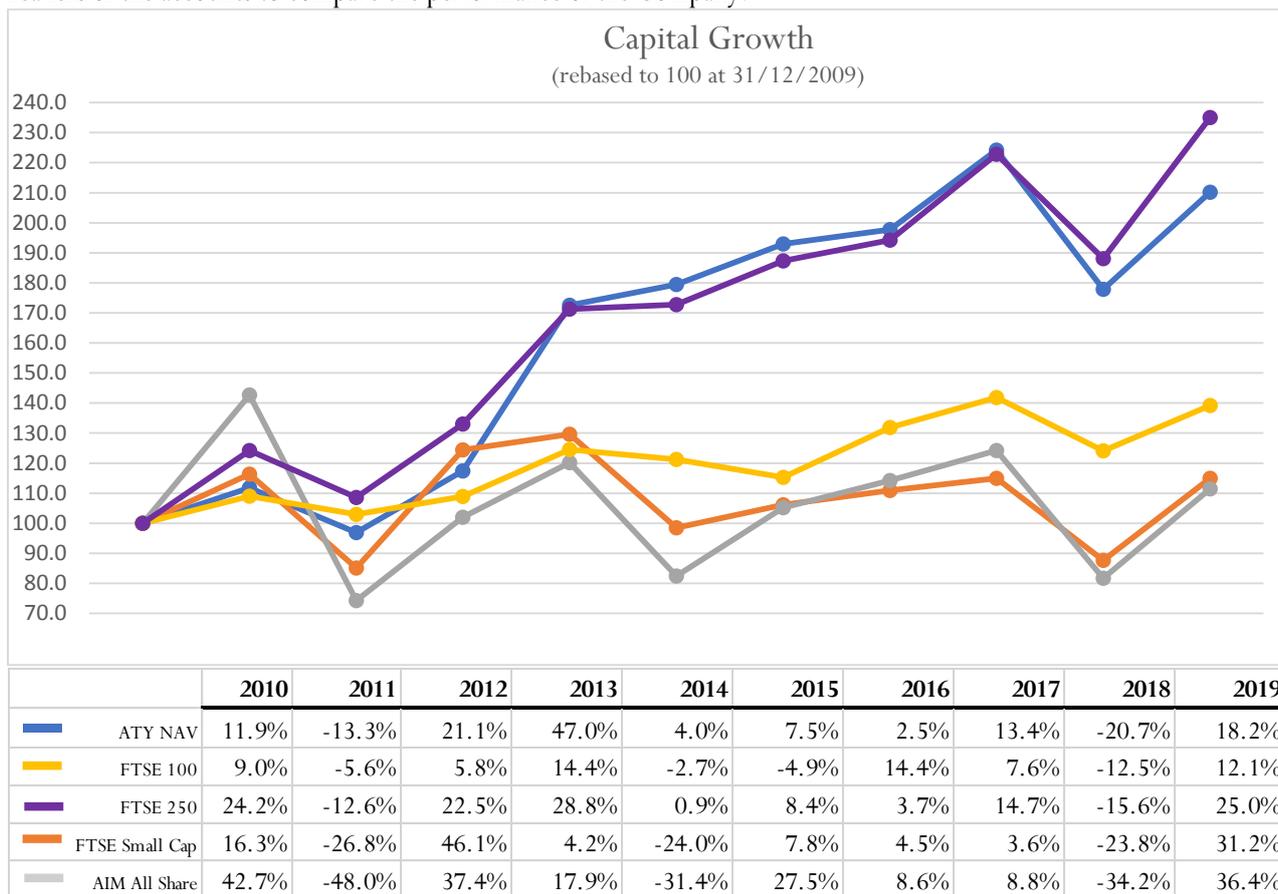
The letters of engagement for all the Directors provide for renewal by the Board on terms to be agreed from time to time.

Athelney Trust plc

Directors' Remuneration Report (continued)

Company Performance

The graph below compares capital growth, for the ten financial years ended 31 December 2019, as a cumulative performance graph over the whole 10 years and a table of discrete calendar year performance figures. The comparison is between AIM All-Share and FTSE Small Caps indices 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.



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, no other salary related payments were made to any Director during the year.

	2019	2018
	£	£
Dr E C Pohl (Chairman, Non-executive)	-	8,750
Dr E C Pohl (Managing Director)	19,170	8,639
Dr E C Pohl (Non-executive)	18,952	-
R G Boyle (Managing Director)	-	43,399
S Moore (Non-executive)	8,750	10,500
J Jackson (Non-executive)	875	875
F Ashton (Chairman)	12,250	-
D Lawman (Non-executive)	9,625	-
H Sachdev (Non-executive)	1,750	-
	<u>71,372</u>	<u>72,163</u>

The Directors who were removed from the Board during the year did not receive any payments for loss of office.

Athelney Trust plc

Directors' Remuneration Report (continued)

The Directors' remuneration for the year of £71,372 is before the proposed dividend of 9.3p (2018:9.1p) per ordinary share. As stated in the Chairman's Statement on page 3 this is an increase of 2.2 per cent on last year.

	Expected Fees for the Year to 31 December 2020	Fees for Year to 31 December 2019
Chairman basic fee	10,500	12,250
Fund Manager 0.75% of net assets	44,250	38,122
Non-Executive Director basic fee	10,500	10,500

Travel expenses amounting to £1,353 were paid to Frank Ashton for his attendance at Board meetings up to the AGM on 3 April 2019 (2018:£nil). No further expenses were claimed by him after this date.

Relative importance of spend on pay

	2019	2018	%
			Change
Total remuneration paid to the Fund Manager	38,122	52,038	(26.7%)
Total remuneration paid to non-executive Directors	33,250	20,125	65.2%
Total remuneration paid	71,372	72,163	(1.1)%

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 2019	31 December 2018
	(or date of resignation if earlier)	(or date of appointment if later)
Dr E.C. Pohl	1,000 ¹	-
S. Moore	67,500	50,000
D. Lawman	2,500	2,500

Notes:

- 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. E C Pohl & Co Pty Limited holds 339,054 (2018: Nil), Global Masters Fund Limited holds 204,951 (2018: 379,640) shares in the Company.

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. There are no requirements for the Director's to own shares in the Company.

The Directors are fully aware that the Company is not a close company and of the rules associated with this status. The Company Secretary maintains a record of shareholders which is regularly updated. The Company breached the 5/50 rule during 2019 because the top 5 shareholders came to own more than 50% of the total shares in the company. The Company holds its Investment Trust status under the S446 Companies Act 2010 exemption because more than 35% of the company's shares are held by the public and have been actively traded in the past 12 months on the London Stock Exchange.

Athelney Trust plc

Directors' Remuneration Report (continued)

The Directors' Remuneration Report for the year ended 31 December 2018 was approved by shareholders at the Annual General Meeting held on 3 April 2019. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	1,575,211	73.0
Against	95,000	4.4
Total votes cast	1,670,211	77.4
Number of votes withheld	9,000	0.4

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 2 March 2020.



D. Warburton
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 2019, 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 2019 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 15 to 168 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 16 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 26 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 26 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.

Investment trust status

In order to remain tax exempt the criteria of an investment trust must be met. This includes a 15% limit on retention of income after dividends and revenue expenses and a minimum of 35% of its shares must be owned by the general public and traded on a recognised stock exchange. Our audit work included, but was not restricted to: reviewing calculations to ensure that no more than 15% of income was retained after dividends and revenue expenditure; reviewing the shareholder' register to ensure that at least 35% of the share were not held by a related party; and obtaining an Audit Representation Letter from the Company's directors confirming that they complied with the applicable rules.

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

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.

We established materiality for the financial statements as a whole to be £101,000, which is 1.75% 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 £49,000, 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:

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

- **Fair, balanced and understandable, set out on page 16** – 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 20 to 21** – 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 17 to 18** 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.

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

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

- 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 28-29), 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.

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.

2 March 2020

Athelney Trust plc

Income Statement

	For the Year Ended 31 December 2019			For the Year Ended 31 December 2018			
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
Gains/(losses) on investments held at fair value	8	-	1,086,854	1,086,854	-	(1,135,313)	(1,135,313)
Income from investments	2	232,262	-	232,262	251,990	-	251,990
Investment management expenses	3	(3,812)	(34,682)	(38,494)	(5,412)	(51,068)	(56,480)
Other expenses	3	(32,807)	(166,384)	(199,191)	(33,480)	(106,537)	(140,017)
Net return on ordinary activities before taxation		195,643	885,788	1,081,431	213,098	(1,292,918)	(1,079,820)
Taxation	5	-	-	-	-	-	-
Net return on ordinary activities after taxation	6	<u>195,643</u>	<u>885,788</u>	<u>1,081,431</u>	<u>213,098</u>	<u>(1,292,918)</u>	<u>(1,079,820)</u>
Net return per ordinary share	6	9.1p	41.0p	50.1p	9.9p	(59.9)p	(50.0)p
Dividend per ordinary share paid during the year	7	9.1p			8.9p		

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 43 to 51 form part of these financial statements.

Athelney Trust plc

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
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
Balance brought forward at 1 January 2019	539,470	881,087	1,855,088	1,157,686	440,322	4,873,653
Net profits on realisation of investments	-	-	262,480	-	-	262,480
Increase in unrealised Appreciation	-	-	-	824,374	-	824,374
Expenses allocated to Capital	-	-	(201,066)	-	-	(201,066)
Profit for the year	-	-	-	-	195,643	195,643
Dividend paid in year	-	-	-	-	(196,367)	(196,367)
Shareholders' Funds at 31 December 2019	539,470	881,087	1,916,502	1,982,060	439,598	5,758,717

The notes on pages 43 to 51 form part of these financial statements.

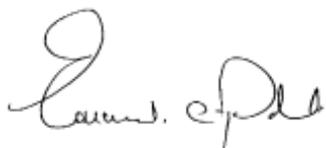
Athelney Trust plc

Statement of the Financial Position as at 31 December 2019

Company Number: 02933559

	Note	2019	2018
		£	£
Fixed assets			
Investments held at fair value through profit and loss	8	<u>5,466,191</u>	<u>4,648,238</u>
Current assets			
Debtors	9	223,733	213,435
Cash at bank and in hand		<u>90,902</u>	<u>35,520</u>
		314,635	248,955
Creditors: amounts falling due within one year	10	<u>(22,109)</u>	<u>(23,540)</u>
Net current assets		<u>292,526</u>	<u>225,415</u>
Total assets less current liabilities		5,758,717	4,873,653
Net assets		<u><u>5,758,717</u></u>	<u><u>4,873,653</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		1,916,502	1,855,088
Capital reserve - unrealised		1,982,060	1,157,686
Revenue reserve (distributable)		<u>439,598</u>	<u>440,322</u>
Shareholders' funds - all equity		<u><u>5,758,717</u></u>	<u><u>4,873,653</u></u>
Net Asset Value per share	13	266.9p	225.9p

Approved and authorised for issue by the Board of Directors on 2 March 2020.



Dr Manny Pohl
Director

The notes on pages 43 to 51 form part of these financial statements.

Athelney Trust plc

Statement of Cash flows for the Year Ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities		
Net revenue return	195,643	213,098
Adjustment for:		
Expenses charged to capital	(201,066)	(157,605)
(Decrease)/increase in creditors	(1,431)	299
(Increase) in debtors	(10,298)	(56,638)
Cash (used)/from operations	(17,152)	(846)
Cash flows from investing activities		
Purchase of investments	(2,074,201)	(581,051)
Proceeds from sales of investments	2,343,102	764,179
Net cash used in investing activities	268,901	183,128
Equity dividends paid	(196,367)	(192,051)
Net increase/(decrease) in cash	55,382	(9,769)
Cash at the beginning of the year	35,520	45,289
Cash at the end of the year	90,902	35,520

As the company do not have any loans, overdrafts or hire purchase arrangements, net debt is equal to cash and therefore no reconciliation of net debt has been disclosed.

The notes on pages 43 to 51 form part of these financial statements.

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2019

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 October 2019, 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 four 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 2019

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

	2019 £	2018 £
UK dividend income	173,047	183,833
Foreign dividend income	25,542	30,496
UK Property REITs	33,173	37,653
Bank interest	-	8
Bank compensation	500	-
Total income	232,262	251,990

UK dividend income

	2019 £	2018 £
UK Main Market listed investments	124,674	145,370
UK AIM-traded shares	48,373	38,463
	173,047	183,833

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Return on Ordinary Activities before Taxation

	2019	2018
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:		
Directors' remuneration:		
- Services as a director	26,250	21,000
- Otherwise in connection with management	45,122	51,163
Auditors' remuneration:		
- Audit Services - Statutory audit	13,250	10,930
Miscellaneous expenses:		
- Other wages and salaries	153	2,400
- Management services	32,472	32,472
- PR and communications	12,351	2,958
- Stock exchange subscription	6,748	8,760
- Sundry investment management and other expenses	27,633	24,255
- Legal fees	73,706	42,559
	237,685	196,497

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

	2019	2018
	£	£
Costs in respect of Directors:		
Non-executive directors' fees	26,250	21,000
Wages and salaries	45,122	51,163
Social security costs	153	2,400
	71,525	74,563
Average number of employees:		
Chairman	-	-
Investment	1	1
Administration	-	-
	1	1

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Taxation

- (i) On the basis of these financial statements no provision has been made for corporation tax (2018: Nil).
(ii) Factors affecting the tax charge for the year.

The tax charge for the period is lower than (2018: lower than) the average small company rate of corporation tax in the UK of 19 per cent. The differences are explained below:

	2019 £	2018 £
Total return on ordinary activities before tax	<u>1,081,431</u>	<u>(1,079,820)</u>
Total return on ordinary activities multiplied by the average small company rate of corporation tax 19% (2018: 19%)	205,472	(205,166)
<i>Effects of:</i>		
UK dividend income not taxable	(32,879)	(34,945)
Revaluation of shares not taxable	(156,631)	233,746
Capital gains not taxable	(49,871)	(18,037)
Unrelieved management expenses	33,909	24,402
Current tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

The Company has unrelieved excess revenue management expenses of £356,765 at 31 December 2019 (2018: £214,415) and £102,597 (2018: £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 2018, 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 2018. 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.

	2019			2018		
	£ Revenue	£ Capital	£ Total	£ Revenue	£ Capital	£ Total
Attributable return on ordinary activities after taxation	195,643	885,788	1,081,431	213,098	(1,292,918)	(1,079,820)
Weighted average number of shares		2,157,881			2,157,881	
Return per ordinary share	9.1p	41.0p	50.1p	9.9p	(59.9)p	(50.0)p

Athelney Trust plc
Notes to the Financial Statements
For the Year Ended 31 December 2019

7. Dividend

	2019	2018
	£	£
Final dividend in respect of 2018 of 9.1p (2018: a final dividend of 8.9p was paid in respect of 2017) per share	196,367	192,051
	<u>196,367</u>	<u>192,051</u>

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 9.3p (2018: 9.1p) per ordinary share be paid out of revenue profits amounting to a total of £196,367. For the year 2018, a final dividend of 9.1p was paid on 18 April 2019 amounting to a total of £196,367.

	2019	2018
	£	£
Revenue available for distribution	195,643	213,098
Final dividend in respect of financial year ended 31 December 2019	(200,683)	(196,367)
Undistributed Revenue Reserve	<u>(5,040)</u>	<u>16,731</u>

8. Investments

	2019	2018
	£	£
Movements in year		
Valuation at beginning of year	4,648,238	5,966,679
Purchases at cost	2,074,201	581,051
Sales - proceeds	(2,343,102)	(764,179)
- realised gains on sales	262,480	98,840
Increase/(decrease) in unrealised appreciation	824,374	(1,234,153)
Valuation at end of year	<u>5,466,191</u>	<u>4,648,238</u>
Book cost at end of year	3,484,130	3,490,551
Unrealised appreciation at the end of the year	1,982,061	1,157,687
	<u>5,466,191</u>	<u>4,648,238</u>
UK Main Market listed investments	4,258,921	3,530,985
UK AIM-traded shares	1,207,270	1,117,253
	<u>5,466,191</u>	<u>4,648,238</u>

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Investments (continued)

Gains on investments

	2019	2018
	£	£
Realised gains on sales	262,480	98,840
(Decrease)/Increase in unrealised appreciation	824,374	(1,135,313)
	1,086,854	835,709

The purchase costs and sales proceeds above include transaction costs of £15,533 (2018: £4,290) and £8,810 (2018: £3,308) respectively.

9. Debtors

	2019	2018
	£	£
Investment transaction debtors	213,862	201,627
Other debtors	9,871	11,808
	223,733	213,435

10. Creditors: amounts falling due within one year

	2019	2018
	£	£
Social security and other taxes	1,148	524
Other creditors	2,956	2,961
Accruals and deferred income	18,005	20,055
	22,109	23,540

11. Called Up Share Capital

	2019	2018
	£	£
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

Athelney Trust plc

Notes to the Financial Statements
For the Year Ended 31 December 2019

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 2019 would have decreased net assets attributable to shareholders by 51 pence per share (2018: 43 pence per share). An increase of the same percentage would have an equal but opposite effect on net assets available to shareholders.

	2019	2018
	£	£
Fair value through profit or loss investments	<u>5,466,191</u>	<u>4,648,238</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 2019

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 2019

	At Amortised Cost £	Assets at fair value through profit or loss £	Total £
Assets as per the balance sheet			
Investments	-	5,466,191	5,466,191
Debtors	223,733	-	223,733
Cash at bank	90,902	-	90,902
Total	314,635	5,466,191	5,780,826
Liabilities as per the balance sheet			
Creditors	22,109	-	22,109
Total	22,109	-	22,109

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

Athelney Trust plc

Notes to the Financial Statements For the Year Ended 31 December 2019

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 (2018: classification A investments only).

13. Net Asset Value per Share

The net asset value per share is based on net assets of £5,758,717 (2018: £4,873,653) divided by 2,157,881 (2018: 2,157,881) ordinary shares in issue at the year end.

	2019	2018
Net asset value per share	<u>266.9p</u>	<u>225.9p</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:

Manny Pohl	£45,955 ¹
Simon Moore	£6,143
David Lawman	£227

Notes:

1. Manny Pohl's relationship with Global Masters Fund Limited is described in Note 1 to the table of Directors' interests on page 31. During the year a dividend of £45,864 was paid to Global Masters Fund Limited and £91 to Manny Pohl for shares held in his own name.

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

Directors:	Mr N F Ashton (Chairman) Dr E C Pohl Mr S Moore Mr D Lawman	Email: frankashton@athelneytrust.co.uk Email: mannyphohl@athelneytrust.co.uk Email: simonmoore@athelneytrust.co.uk Email: davidlawman@athelneytrust.co.uk
Secretary:	Mrs D Warburton Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Email: secretary@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
Auditors:	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT	Email: scott.lawrence@hazlewoods.co.uk Tel: 01242 237 661
Banker:	HSBC Bank Plc Market Street Falmouth Cornwall, TR11 3AA	
Registrar:	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey, GU9 7LL	Email: peter@shareregistrars.uk.com Tel: 01252 821 390

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 8 April 2020 at 3.30pm is set out at the end of this document. The accompanying Form of Proxy for use at the Annual General Meeting should be completed and returned and to be valid to reach Debbie Warburton, 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 3.30pm on 6 April 2020. 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

E Pohl
F Ashton
S Moore
D Lawman

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”).

2 March 2020

Dear Shareholder,

2020 ANNUAL GENERAL MEETING
APPROVAL OF ANNUAL REPORT AND ACCOUNTS AND OTHER RESOLUTIONS

Introduction

The 2020 Annual General Meeting (“AGM”) of the Company is to be held on 8 April 2020 at 3.30pm at the offices of Druces LLP, Salisbury House, London Wall, London EC2M 5PS. A copy of the notice convening the AGM (the “Notice”) is set out at the end of this letter.

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

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 2019 will be undertaken at this meeting. 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 6 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 6, the Directors will (pursuant to paragraph (i) of Resolution 6) have the necessary authority until the date of the next annual general meeting, or 30 April 2021 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 6, (pursuant to paragraph (ii) of Resolution 6) the Directors will have authority, until the date of the next annual general meeting of the Company or 30 April 2021 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 expect to 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 6.

Resolution 7 proposes as follows:

If the Directors wish to exercise the authority under Resolution 6 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 7 will empower the Directors until the date of the next annual general meeting of the Company, or 30 April 2021 if earlier, to allot and/grant equity securities for cash (or transfer shares which are from time to time held by the Company in treasury) (i) by way of a pre-emptive offer (a) by way of a rights issue (subject to certain exclusions), or (b) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions) or (ii) otherwise than pursuant to (i) up to an aggregate nominal value of £53,947. The Directors expect to 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 28 February 2020 (being the last practicable date prior to publication of this document), the Company held no shares in treasury.

Resolution 8 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 2021 or on 30 April 2021 if sooner.

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 5 relate to the receiving of the report and accounts; the declaration of a dividend; the approval of the report of the remuneration committee; the approval of the Company's remuneration policy 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 Debbie Warburton, 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 3.30pm on 6 April 2020. 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 8 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 these Resolutions.

Yours faithfully,

Frank Ashton
Non-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 8 April 2020 at 3.30pm to consider the following Ordinary and Special business, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 to 8 will be proposed as Special Resolutions.

ORDINARY BUSINESS

- 1 To receive and adopt the Company’s Accounts for the year ended 31 December 2019.
- 2 To declare a final dividend of 9.3p per ordinary share. It is intended that dividend cheques in respect of the dividend will be posted on 16 April 2020 to all shareholders on the register of members at close of business on 20 March 2020.
- 3 To approve the Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy) as set out on pages 30-32 of the Company’s Accounts for the year ended 31 December 2019.
- 4 To approve the Directors’ Remuneration Policy as set out on page 30 of the Company’s Accounts for the year ended 31 December 2019.
- 5 To appoint Hazlewoods LLP as auditors to the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6 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 2021, 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.

7 Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 6 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

6 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 6 above; and
- (b) in connection with a pre-emptive offer pursuant to the authority given by paragraph (ii) of Resolution 6 above

such power to expire at the conclusion of the next annual general meeting or on 30 April 2021, 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 6 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.

8 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 on the trading venues where the purchase is carried out and the highest current independent bid on the trading venues where the purchase is carried out;
- (d) this authority shall expire at the conclusion of the next annual general meeting or on 30 April 2021 whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of its ordinary shares under that contract.

Dated 2 March 2020

By Order of the Board
Debbie Warburton
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 6 April 2020 (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 28 February 2020 (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 3.30pm on 8 April 2020
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 8 April 2020 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 2019.				
2	To declare a final dividend of 9.3p per ordinary share.				
3	To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2019.				
4	To approve the Directors' Remuneration Policy as set out on page 30 of the Company's Accounts for the year ended 31 December 2019.				
5	To appoint Hazlewoods as the Auditors and authorise the Directors to fix their remuneration.				
6	To resolve that the Directors be generally and unconditionally authorised to allot shares to the extent stated in the resolution.				
7	To resolve to dis-apply the statutory pre-emption rights to the extent stated in this resolution.				
8	To authorise purchase of own shares.				

Your attention is drawn to the notes overleaf.

Signature(s).....

Dated.....

NOTES

1. To be valid, completed forms must be returned to the Company by one of the following methods:
 - 1.1 in hard copy form by post, by courier or by hand to the Company's Registered Office Waterside Court, Falmouth Road, Penryn, Cornwall TR10 8AW; or
 - 1.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company Secretary or (as the case may be) the Company's Registrars not less than 48 hours before the time fixed for the meeting. If someone else signed the form on your behalf, you or that person must send the power of attorney or other written authority under which it is signed to the Company's registrars so that it is received not less than 48 hours before the time fixed for the meeting.
2. A corporation must execute this form either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. This form enables you to instruct your proxy how to vote, whether on a show of hands or on a poll, on the resolutions to be proposed at the meeting. If you want your proxy to vote in a certain way on the resolutions specified please place an 'X' in the relevant boxes. If you fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution; however it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting, provided each proxy is appointed to exercise rights in respect of different shares. The appointment of the chairman as proxy has been included for convenience. If you wish to appoint any other person or persons as proxy or proxies delete the words "the chairman of the meeting" and add the name and address of the proxy or proxies appointed in the space provided. If you do not delete such words and you appoint a proxy or proxies, the chairman shall not be entitled to vote as proxy. If your proxy is being appointed in relation to less than your full voting entitlement, the number of shares in respect of which each such proxy is to vote must be specified in the space provided. In the absence of any specific direction, a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent (ID 7RA36) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. See the notes to the notice of the Annual General Meeting for further information on proxy appointment through CREST.
6. To appoint more than one proxy, please photocopy this form indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed.
7. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the shares.
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. Returning the form of proxy will not prevent you from attending the meeting and voting in person.
10. You may not use any electronic address provided either in this form of proxy or any related documents (including the notice of meeting) to communicate with the Company for any purposes other than those expressly stated.
11. Any questions regarding the proxy form are to be addressed to the Company Secretary, whose contact details are shown in paragraph 1 above.