

# Athelney

TRUST PLC

## **Annual Report**

**for the year ended 31 December 2011**

COMPANY NUMBER: 2933559

# Athelney Trust plc

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# Athelney Trust plc

## DIRECTORS OF THE COMPANY

**The Directors of the Company are:**

**Hugo Deschampsneufs, non-executive Chairman**

Hugo Deschampsneufs, aged 66, has spent his entire working career in finance and is a fellow of the Institute of Chartered Accountants in England and Wales (FCA). He qualified with Binder Hamlyn. He has worked for the Rank Organisation and National CSS Inc., a subsidiary of Dunn & Bradstreet. In 1979 he joined Manchester Exchange & Investment Bank, leaving in 1989 as Director of Leasing Operations. For the next 20 years, he held the position of Finance Director of Longriver Holdings Limited, a group with assets of £70 million, specialising in the leasing of fixture-type assets to local authorities, in which his diverse roles encompassed the disciplines of marketing and legal. He currently acts as an adviser in the leasing industry. His work in both the accounting profession and investment banking has given him extensive knowledge in a wide-ranging variety of business sectors. He has considerable experience of asset management both as a non-executive Director of Dunbar Boyle & Kingsley Holdings, the holding company of a firm of stockbrokers, and as a Director of Athelney Trust plc since its formation.

**David Horner, non-executive Director**

David Horner aged 52, qualified as a Chartered Accountant in 1985 with Touche Ross & Co before joining 3i Corporate Finance Limited in 1986 where he was a manager giving corporate finance advice. In May 1993, he joined Strand Partners Limited and was appointed a Director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In October 1997 he left to set up Chelverton Asset Management Limited, which specialises in managing portfolios of private companies and small to medium-sized public companies. He was responsible for setting up Chelverton Growth Trust plc and, since May 1999, has managed the Small Companies Dividend Trust plc.

**Robin Boyle, Managing Director**

The assets of the Company have been managed since formation by Robin Boyle, the Managing Director of the Company. Aged 67, he has spent the last forty three years in a number of different roles with institutional fund management and stock broking firms but always retaining an intense interest in Small Caps. His first job in the City of London was with the company that eventually became Gartmore; he then went on to Panmure Gordon, Hoare Govett and Capel-Cure Myers before becoming founder, major shareholder and Managing Director of a private stock broking business, Dunbar Boyle & Kingsley, which he sold in 1994. From 2000 to 2006 he was co-manager of Small Companies Dividend Trust Plc run by Chelverton Asset Management Limited. Between 2006 and 2008 he was non-executive Director of Capcon Holdings plc, now Brady Exploration plc an AIM-traded commercial investigations and stocktaking business.

**Jonathan Lancelot Addison, non-executive Director**

Jon Addison, aged 58, has over 30 years experience in the investment management industry, including wide experience in superannuation. Currently he is the Investment Manager, (part time), formally Fund Manager of the Meat Industry Employee Superannuation Fund (MIESF) which he joined in 1999 and where he is responsible for the investment management of the fund. Prior to his appointment to MIESF, Jon was a Director and Asset Consultant within the corporate finance section of Pricewaterhouse Coopers and in this role was responsible for establishing an investment consulting practice with clients ranging from superannuation funds to insurance funds and funds managers. Prior to that, he was a manager Investment Consultant at Sedgwick Noble Lowndes. Jon holds Non Executive Directorships with African Enterprise Limited, African Enterprise New Zealand Limited, African Enterprise International, Hawksbridge Limited, Global Masters Fund, TPCG Limited and Phosphagenics Limited. Jon holds a Bachelor of Economics Degree and a postgraduate diploma from the Institute of Company Secretaries and is a member of the Australian Institute of Company Directors and has addressed a number of Australian and International conferences on investment related matters.

## **Athelney Trust plc**

### **DIRECTORS OF THE COMPANY (CONTINUED)**

#### **Dr Emmanuel Clive Pohl, alternate non-executive Director**

Manny Pohl, aged 57, founded Hyperion Asset Management Limited in 1996 and has headed the business through its evolution into today's independent funds management company with A\$3.2bn in funds under management. He is responsible for managing the overall business as well as the investment of client portfolios. Manny has over 28 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. His engineering background gives him a methodical and disciplined approach to his role. Manny holds engineering and MBA degrees from the University of Witwatersrand and a doctorate in Business Administration (Economics) from Potchefstroom University. He has served on the Boards of several major corporations in his native South Africa and adopted home Australia.

**Athelney Trust plc**  
**Waterside Court, Falmouth Road, Penryn, Cornwall, TR10 8AW**  
**Telephone: 01326 378 288 Email: hugo@athelneytrust.co.uk**

**CHAIRMAN'S STATEMENT AND BUSINESS REVIEW**

I enclose the results for the year ended 31 December 2011. The salient points are as follows:

- Audited Net Asset Value (“NAV”) was 123p per share (31 December 2010: 142p) a decrease of 13.3 per cent.
- Gross Revenue decreased by 1.93 per cent compared to 2010 but the amount in 2010 included a special dividend of £12,588 from GVC Holdings, formerly Gaming VC Holdings. If that is excluded altogether then, on a like-for-like basis, Gross Revenue actually rose by 7.59 per cent to £139,558 compared with the full year to 31 December 2010 of £129,715
- Revenue return per ordinary share was 5.4p, a decrease of 5.2 per cent (31 December 2010: 5.7p).
- Recommended final dividend of 4.95p per share (2010: 4.9p), an increase of 1 per cent.

**Review of 2011**

*Each time we must choose between Europe and the open sea, we shall always choose the open sea.* – Winston Churchill.

*Nations have no permanent friends or allies, they only have permanent interests.* – Lord Palmerston.

August 2011 was a shocker: until then things had seemed to be doing moderately well but it became clear in that month that China and India were slowing down, Democrats and Republicans were arguing like the two Kilkenny cats about the U.S. Budget and, horror of horrors, what we had long feared came to pass in that financial contagion spread from Greece to Spain and then Italy. In short, finding good news in the second half of the year was as difficult as catching a glimpse of the Higgs boson particle. Nevertheless, there was a decent recovery in the fourth quarter although that still left us down on the year with blue chips out-performing small companies by a country mile. A few stats for you: the FTSE 100 Index fell by 5.6 per cent (having been down by 21 per cent at one time), whereas the 250 went down by 10.1 per cent, the Fledgling by 12.6 per cent, the Small Cap by 14.9 per cent and, smallest of the lot, the AIM All-share index fell by an awful 25.2 per cent. Nor did many overseas markets do much better – admittedly New York rose by 6.2 per cent but China fell by 22.8 per cent, Japan by 17.5 per cent and Canada by 11.3 per cent. Elsewhere, Venezuela rose by 78.9 per cent but Greece fell by 52.7 per cent, Egypt by 48.9 per cent and Austria by 34.8 per cent.

For the latter half of 2011, investors were worried about five things: the possibility of the US returning to recession, trouble in the Chinese economy, a default in Europe and the subsequent threat to the banks and, finally, were company profits going to fall? Institutional investors therefore held lots of cash and perceived safe havens such as US Treasury bonds. In the last three months of the year, though, there was a slow movement towards so-called defensive equities, particularly those offering a high dividend yield. This change was partly due to frustration with the low returns for holding cash and the thought that central banks were going to keep interest rates down for another several years. Not everything in the garden is rosy but the risk of a recession in America has reduced, as has the possibility of a hard landing in China (retail sales in the latter country were up 18 per cent compared with the same month in 2010). In the Eurozone, the ECB has flooded the market with liquidity, thus reducing the chance of a German or French bank running out of cash and, at the same time, stabilising Italian and Spanish bond yields. Although at the end of the year the fire-wall had still not been built around these two countries, nor had the Greek refinancing been accomplished, far less a strategy been implemented for kick-starting growth, the recent sovereign downgrades were taken calmly and the reaction to Spanish and Italian budget-tightening has been positive.

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### CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

However, the European question just will not go away. David Cameron's veto of the proposed new European constitution was the right decision but possibly for the wrong reasons. No doubt he was heavily influenced by his Euro-sceptic back-benchers and by his wish to protect the City of London but the EU has been moving steadily in the wrong direction for years and a line had to be drawn somewhere. 'Without the euro, there can be no Europe,' say Merkel/Sarkozy (to save time, we will call them Merkozy) – I believe this to be totally wrong. Another slogan which I hate is, 'What we need is more Europe, not less.' The enlarged EU has moved in a wholly perverse direction, introducing policies which have destroyed employment and restricted industry. Furthermore, my view of the so-called 'Save the Euro Plan' is that it is likely to be deflationary in exactly those places in the zone already suffering from a fall in output. Nor am I a believer in the proposed Financial Transactions Tax, which would drive business to Switzerland and do wonders for the Singaporean economy. In any case, we already have our own such tax – Stamp Duty.

When people talk about fiscal union in Europe (and these days they talk about little else in the tavernas and trattorias), they do not really mean fiscal union at all. The Germans and the Austrians would not like the idea of merging their tax structures and authorities with those of Greece and Italy: nor would they adopt common benefit levels or health systems. Fiscal union means *only* common rules for budgetary discipline across the eurozone. Britain and America lead the world in accountancy, they have an independent judiciary, (fairly) honest politicians and excellent statistical services but they have both been unable to enforce self-imposed rules of budget discipline. We are now asked to believe that countries with much weaker political structures will implement budgetary disciplines imposed from outside. The existing Maastricht treaty requires that member states must hold deficits below 3 per cent of GDP and limit borrowings to 60 per cent. This stipulation has been met by the goodly number of three out of 17: Estonia; Finland and Luxembourg. The sanctions allowed by the treaty have never been applied and one would have to be naïve to believe otherwise. Markets are an effective discipline on errant individuals, companies and countries because they cannot easily be lobbied or bullied and their threat to make the cost of new money prohibitive is effective. Fiscal rules do not have this advantage, no matter how cleverly they are written. Need I say more?

When things went wrong for Middle Eastern tribes a couple of thousand years ago, the remedy was to send a sacrificial goat into the wilderness to placate the gods. Today, highly paid CEOs and bank chiefs have replaced the goats and the British general public the gods. Recent trends in pay make bosses hard to sympathise with, especially when newspapers gleefully print that the average CEO of an FTSE 100 company can now expect to earn £4.5m this year so that pay at the top grew by 300 per cent between 1998 and 2010. At the same time, the British worker's *real* wage has been more-or-less stagnant. All this means that the ratio of executive to average pay rose from 47 to 120 times in 12 years. But bosses' pay has gone up not because of a failure of corporate governance (the usual suspect) but through globalisation. In 1984, when the Index was launched, it was made up largely of local companies serving British customers: now the FTSE 100 is a global index of multinational companies operating in many different industries but especially in oil and mining. FTSE bosses are picked from a global pool and the skills that they need, and the pay that they receive, has changed out of all recognition. Giving more power to shareholders is not a bad idea but it will not make any difference. Getting and keeping a good boss is more important than the pay that he or she receives. All that we need to do is to scrap incentive plans that reward short-term performance and encourage long-term thinking as is the case in America.

2011 turned out to be the Year of the Very Nasty Surprise with over 30,000 lives and £230 billion having been lost in various man-made and natural disasters compared with 'only' £150 billion in the previous year. The earthquake which sparked a tsunami and the Fukushima nuclear disaster accounted for 22,000 of these lives but only £23 billion of losses were made by Western insurers though total losses were £140 billion. Two tornadoes and one hurricane, all in America, floods in Thailand and the New Zealand earthquake pushed up total losses so that they were only exceeded by the year 2005, when hurricane Katrina hit New Orleans. I think that I'll stick to investing only in motor insurance in future.

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## CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

Almost inevitably, Patient Reader, much of my statement this year (and probably next) has concerned Europe and cannot have been an easy read so I will finish this section with a quote I found on the internet from my favourite politician (not), Ed Balls, which goes back to his time at the Treasury. *We have come to the edge of the abyss and now it is time for a bold step forward.* But since the quote came from the internet, it cannot be right, can it?

### Results

Gross Revenue decreased by 1.93 per cent compared to 2010 but the amount in 2010 included a special dividend of £12,588 from GVC Holdings, formerly Gaming VC Holdings. If that is excluded altogether then, on a like-for-like basis, Gross Revenue actually rose by 7.59 per cent.

	<u>Number</u>
Companies paying dividends	75
Companies sold (therefore no true comparison)	13
Companies purchased (therefore no true comparison)	10
Increased total dividends in the year	37
Reduced total dividends in the year	12
No change in dividend	2

### Capital Gains

During the year the Company realised capital profits arising on the sale of investments in the sum of £158,922 (31 December 2010: £93,459).

### Portfolio Review

Holdings of *Begbies Traynor, Brulines, Communisis, Fiberweb, Hansard Global, KCOM, Office 2 Office, Smiths News, St Ives, Timeweave, UK Mail and Wilmington* were all purchased for the first time. Additional holdings of *ACM Shipping, Air Partner, Jarvis Securities, Matchtech, McKay Securities, Nationwide Accident Repair and Phoenix IT* were also acquired. *ATH Resources, Chaucer Holdings, Clarke (T), Clarkson, Fenner, Group NBT, Hardy Underwriting Bermuda, HMV, Morson Group, Omega Insurance, RSM Tenon, Smart (J) & Co, Tristel, Umeco and Wincanton* were all sold. In addition, a total of nine holdings were top-sliced to provide capital for the new purchases.

### Dividend

The Board is pleased to recommend an increased annual dividend of 4.95p per ordinary share (2010: 4.9p). This represents an increase of 1 per cent over the previous year. Subject to shareholder approval at the Annual General Meeting on 18 April 2012, the dividend will be paid on 24 April 2012 to shareholders on the register on 16 March 2012.

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## CHAIRMAN'S STATEMENT AND BUSINESS REVIEW (CONTINUED)

### Update

The unaudited NAV at 29 February 2012 was 134.7p whereas the share price on the same day stood at 118.5p. Further updates can be found on [www.athelneytrust.co.uk](http://www.athelneytrust.co.uk)

### Prospects

Possibly a number of the risks so obvious in 2011 will not face today's investor so, given the high level of cash and the reduced attraction of safe havens, markets may well be less sensitive to disappointing news. However, the case for predicting a strong equity market in early 2012 is still difficult to make because of the snail-like pace towards a resolution in Europe, political risk in Italy and Greece, a possible change of government in France, the situation in Iran and Syria and the lack of progress in reducing deficits in America and Japan. The outlook may be for a sideways movement in equity markets with a modest upwards move but, importantly, with less risk. Later on in the year, we may find that a solid rally evolves because of a combination of favourable factors such as a cooling of the row with Iran, a Greek restructuring deal is struck, the IMF issues more funds, a weaker euro boosts exports, growth policies are enacted throughout Europe and credible fiscal plans are put in place by America and Japan. Not all of these things will happen but enough might to make investors feel much more confident.

**Given the undervaluation of London and international markets, any combination of these factors could trigger a rally later in 2012 which might surprise us all.**

**H.B. Deschampsneufs  
Chairman**

**7 March 2012**



# Athelney Trust plc

## CORPORATE GOVERNANCE STATEMENT

### UK Corporate Governance Code

The Board is committed to achieving and demonstrating high standards of Corporate Governance as set out in the UK Corporate Governance Code published in June 2010. The Corporate Governance Code can be found on the Financial Reporting Council (FRC) website [www.frc.org.uk](http://www.frc.org.uk). The Board considers that it has complied with all the provisions of the Corporate Governance Code except in matters identified and explained below.

The Board also confirms that, to the best of its knowledge and understanding, procedures were in place to meet the requirements of the Corporate Governance Code relating to corporate reporting, risk management and internal control principles throughout the year under review. This statement describes how the principles of the Combined Code have been applied in the affairs of the company.

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

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

### The Board

The Board currently comprises:

Robin Boyle, Managing Director  
Hugo Deschampsneufs, Chairman (non-executive)  
David Horner, non-executive  
Jonathan Addison, non-executive  
Manny Pohl, alternate non-executive

Hugo Deschampsneufs and David Horner are members of the Audit Committee and the Remuneration Committee, David Horner being Chairman of each Committee.

# Athelney Trust plc

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### Board Responsibilities and Relationship with Investment Manager

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

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

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

### Committees of the Board

The Board has appointed a number of Committees as set out below to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference, which clearly define their responsibilities and incorporate the best practice recommendation and requirements of the Combined Code.

### Board Membership

At the year end the Board consisted of five Directors. The Directors believe that the Board has the balance of skills, experience, ages and length of service to enable it to provide effective leadership and proper governance of the Company. The Directors possess a range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs. Brief biographical details of the Directors can be found on page 2 and 3.

The Directors of the Company meet at regular Board Meetings, held at least once a quarter and additional meetings and telephone meetings are arranged as necessary. During the year to 31 December 2011, the Board met four times and all Directors were present at all Board Meetings except for Jon Addison and Manny Pohl who were absent for two of the meetings.

### Chairman and Senior Independent Director

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

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

### Directors' Independence

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

Hugo Deschampsneufs and David Horner were appointed at the 2011 Annual General Meeting for a term to expire at the next Annual General Meeting. All four non-executive Directors offer themselves for re-election at the forthcoming Annual General Meeting.

# **Athelney Trust plc**

## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **Audit Committee**

The Audit Committee comprises two of the independent Directors, with David Horner as Chairman. The Committee met once during the year ended 31 December 2011. Both committee members were present. It is intended that the Committee will meet at least once a year, to approve the Company's Annual Report and Accounts.

The primary responsibilities of the Audit Committee are: to review the effectiveness of the internal control environment of the Company and monitor adherence to best practice in corporate governance; to make recommendations to the Board in relation to the re-appointment of the Auditors and to approve their remuneration and terms of engagement; to review and monitor the Auditors' independence and objectivity and the effectiveness of the audit process and to provide a forum through which the Company's Auditors report to the Board. The Audit Committee also has responsibility for monitoring the integrity of the financial statements and accounting policies of the Company and for reviewing the Company's financial reporting and internal control procedures. Committee members consider that individually and collectively they are appropriately experienced to fulfil the role required.

The Audit Committee has direct access to the Company's Auditors, Clement Keys Chartered Accountants. A formal statement of independence is received from the external auditors each year.

The Chairman of the Audit Committee will be present at the Annual General Meeting to deal with any questions relating to the accounts.

### **Remuneration Committee**

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

Under Listing Rule 15.6.6, the Code principles relating to directors' remuneration do not apply to an investment trust company other than to the extent that they relate specifically to non-executive directors. Detailed information on the remuneration arrangements can be found in the Directors' remuneration report on pages 20 to 21 and in note 4 to the financial statements.

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

### **Company Secretary**

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

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

### **Independent Professional Advice and Director's Training**

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

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

# **Athelney Trust plc**

## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **Institutional Investors – Use of Voting Rights**

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

### **Going Concern**

After due consideration, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **Internal Control Review**

The Board is responsible for establishing and maintaining the Company's systems of internal control and for reviewing their effectiveness. 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.

### **Internal Control Assessment Process**

The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness on a regular basis. The system of internal controls is designed to manage rather than eliminate risk and can only provide reasonable but not absolute assurance against material misstatement or loss. This responsibility covers the key business, operational, compliance and financial risks facing the company.

The procedures in place ensure that consideration is given regularly to the nature and extent of the risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage the risks identified. The Board confirms that these procedures have been in place throughout the Company's financial year, are operating effectively and continue to be in place up to the date of approval of this Report.

### **Internal Audit**

The company does not have an internal audit function. The day-to-day management functions are dealt with by the Managing Director, Robin Boyle, and the Company Secretary, John Girdlestone, where each is aware of the daily undertakings of the other. The Board as a whole receives regular monthly reports clearly setting out the transactions of that month.

The Audit Committee carries out an annual review of the need for an internal audit function. The Committee continues to believe that the compliance and internal control systems and the internal audit function provided by the Investment Manager and Company Secretary give sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the company, is therefore considered unnecessary.

### **Dialogue with Shareholders**

The Board place great importance on communication with shareholders and all Directors are available to enter into dialogue with shareholders. Major shareholders of the Company are offered the opportunity to meet with the independent non-executive Directors of the Board to ensure that their views are understood. The Annual General Meeting provides a forum for communication with all shareholders, who are encouraged to attend and vote. During the AGM, the Board, including the Investment Manager, are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to them.

# **Athelney Trust plc**

## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The Annual and Half Yearly Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies are available for downloading from the Company's website [www.athelneytrust.co.uk](http://www.athelneytrust.co.uk) and on request from the Company Secretary on 01326 378288. Copies of the Annual Report are mailed to shareholders who have requested paper copies.

### **Voting Policy**

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

### **Re-appointment of non-executive Directors at the AGM**

At the AGM the Chairman recommends the following non-executive Directors be proposed for re-election:-

David Horner – non-executive Director  
Jonathan Lancelot Addison - non-executive Director  
Dr Emmanuel Clive Pohl, alternate non-executive Director

The above non-executive Directors should be re-elected for the following reason:-

In each case they continue to be valued members of the board bringing fresh insight to the company using their respective knowledge and experience in the management of other investment companies, and by their actions demonstrate effective commitment to their roles.

**R.G. Boyle**  
**Managing Director**  
**7 March 2012**

## Athelney Trust plc

### INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2011

	Stock	Holding	Value (£)	SECTOR £	%
<b>Chemicals</b>	Treatt	9,000	28,980	<b>28,980</b>	<b>1.22%</b>
<b>Construction and materials</b>	Alumasc	42,000	48,300	<b>95,900</b>	<b>4.04%</b>
	Renew Holdings	70,000	47,600		
<b>Electronic and electrical equipment</b>	XP Power Ltd	4,000	37,400	<b>37,400</b>	<b>1.57%</b>
<b>Food and beverages</b>	Wynnstay Group	20,000	69,000	<b>69,000</b>	<b>2.90%</b>
<b>General financial</b>	Albemarle & Bond	15,000	48,900	<b>380,039</b>	<b>16.00%</b>
	Arbuthnot Banking Group	10,000	33,500		
	Camellia	600	58,260		
	Charles Taylor Consulting	25,000	30,250		
	Jarvis Securities	32,500	50,375		
	Park Group	175,000	84,000		
	Randall & Quilter Holdings	29,042	27,154		
S & U	8,000	47,600			
<b>Healthcare equipment and services</b>	Consort Medical	8,000	42,480	<b>42,480</b>	<b>1.79%</b>
<b>Industrial engineering</b>	Goodwin	3,000	35,100	<b>159,600</b>	<b>6.72%</b>
	Hill & Smith	20,000	50,000		
	Slingsby (H.C)	4,000	25,000		
	Vitec	9,000	49,500		
<b>Industrial transportation</b>	ACM Shipping	22,500	28,575	<b>128,210</b>	<b>5.40%</b>
	Braemar Shipping Services	12,000	35,640		
	Fisher (James)	5,500	27,995		
	UK Mail	18,000	36,000		
<b>Insurance</b>	Chesnara	16,000	28,000	<b>106,481</b>	<b>4.48%</b>
	Hansard Global	22,500	34,031		
	Personal Group Holdings	17,500	44,450		
<b>Media</b>	Chime Communications	12,000	20,310	<b>218,298</b>	<b>9.19%</b>
	Haynes Publishing Group	18,000	37,800		
	Huntsworth	55,000	18,700		
	M&C Saatchi Plc	45,000	51,750		
	Quarto Group Inc Com	40,500	54,675		
	Wilmington Group	42,500	35,063		

## Athelney Trust plc

### INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2011 (CONTINUED)

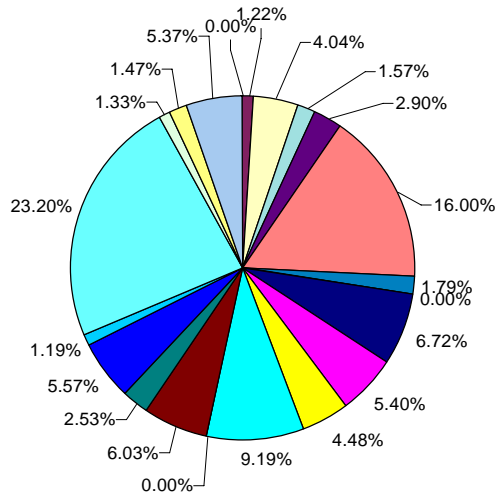
	Stock	Holding	Value (£)	SECTOR £	%
<b>Real Estate - REITs</b>	Local Shopping REIT	70,000	33,075	<b>143,325</b>	<b>6.03%</b>
	McKay Securities	30,000	33,600		
	Mucklow Group	12,500	36,500		
	Town Centre Securities	27,500	40,150		
<b>Real Estate - Real Estate Investments &amp; Services</b>	Mountview Estates	1,500	60,000	<b>60,000</b>	<b>2.53%</b>
<b>Retailers</b>	H & T Group	17,000	53,890	<b>132,265</b>	<b>5.57%</b>
	Stanley Gibbons	47,500	78,375		
<b>Software and Computer Services</b>	Timeweave	120,000	28,200	<b>28,200</b>	<b>1.19%</b>
<b>Support services</b>	Begbies Traynor	60,000	15,600	<b>551,193</b>	<b>23.20%</b>
	Brulines	32,500	24,375		
	Communis	120,000	30,900		
	Fiberweb	65,000	34,775		
	Interior Services Group	30,000	47,400		
	Latham (James)	14,000	31,780		
	Macfarlane Group	200,000	36,000		
	Matchtech	22,500	46,800		
	Nationwide Accident Repair	45,000	27,900		
	Office 2 Office	20,000	27,600		
	Paypoint	11,000	60,500		
	RWS Holdings	7,500	30,750		
	Smiths News	50,000	40,875		
	St Ives	50,000	41,000		
VP	25,000	54,938			
<b>Technology software and services</b>	Phoenix IT	20,000	31,550	<b>31,550</b>	<b>1.33%</b>
<b>Telecommunications</b>	KCOM Group	50,000	35,000	<b>35,000</b>	<b>1.47%</b>
<b>Travel and leisure</b>	Air Partner	10,000	31,000	<b>127,600</b>	<b>5.37%</b>
	Cineworld	30,000	61,200		
	GVC Holdings	30,000	35,400		

Portfolio Value	£	2,375,521	100%
Net Current Assets	£	62,172	
<b>TOTAL VALUE</b>	£	2,437,693	
Shares in issue		1,983,081	
Audited NAV	123p		

# Athelney Trust plc

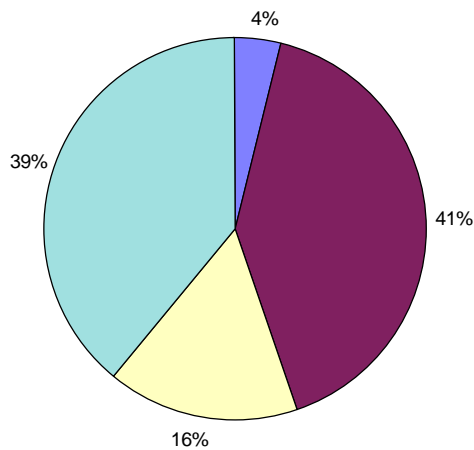
## INVESTMENT AND PORTFOLIO ANALYSIS AT 31 DECEMBER 2011 (CONTINUED)

Portfolio By Sectors



- |                                       |                                     |                                      |
|---------------------------------------|-------------------------------------|--------------------------------------|
| ■ Aerospace and defence               | ■ Chemicals                         | ■ Construction and materials         |
| ■ Electronic and electrical equipment | ■ Food and beverages                | ■ General financial                  |
| ■ Healthcare equipment and services   | ■ House, leisure and personal goods | ■ Industrial engineering             |
| ■ Industrial transportation           | ■ Insurance                         | ■ Media                              |
| ■ Mining                              | ■ Real Estate - REITs               | ■ Real Estate Investments & Services |
| ■ Retailers                           | ■ Software and computer services    | ■ Support Services                   |
| ■ Technology software and services    | ■ Telecommunications                | ■ Travel and leisure                 |

Portfolio By Listing



- |               |              |             |       |
|---------------|--------------|-------------|-------|
| ■ Non-Indexed | ■ Small Caps | ■ Fledgling | ■ AIM |
|---------------|--------------|-------------|-------|



# REPORT OF THE DIRECTORS OF

## Athelney Trust plc

The directors present their report and audited financial statements of the Company for the year ended 31 December 2011. This report also contains certain information required in accordance with s992 of the Companies Act 2006.

### Principal Activity and Business Review

The principal activity of the Company is that of an investment trust. The investment objectives of the Company are to achieve long term capital growth while at the same time producing a progressive income return.

Investments made by the Company are primarily in the equity securities of both unquoted and quoted UK companies, including smaller companies with a market capitalisation of below £50 million.

During the period, the Company followed the normal activities of an investment trust. Details of these are given in the Chairman's Statement and Business Review on pages 4 to 7.

### Current and Future Developments

A review of the main features of the year and outlook is contained in the Chairman's Statement and Business Review on pages 4 to 7.

### Environmental Issues

The Board has taken steps to reduce any adverse impact on environmental issues and will continue to address this important matter.

### Social and Community Issues

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

### Principal Risks and Risk Management

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

The Company's assets consist mainly of listed securities and its principal risks are therefore market-related. The Company is also exposed to currency risk in respect of a small number of investments held in overseas markets. More detailed explanations of these risks and the way which they are managed are contained in note 13 to the accounts.

### Directors and Their Interests

The directors who held office during the year and their interest in the ordinary shares of the Company are stated below:

	31 December 2011	1 January 2011
H.B. Deschampsneufs	78,038	78,038
R.G. Boyle	443,970	443,970
D.A. Horner	20,000	20,000

H.B. Deschampsneufs' interest includes 19,163 (2010: 19,163) shares held in his Self-Invested Personal Pension. R.G. Boyle's interest includes 16,970 (2010: 16,970) shares held in his Self-Invested Personal Pension. D.A. Horner's interest includes 20,000 (2010: 20,000) shares owned by a pension fund in which D.A. Horner has an interest. Dr. E.C. Pohl holds an interest of 5,000 shares in Global Masters Fund and an effective 20% interest in Hyperion Asset Management, a company that manages portfolios for clients who have a controlling interest in Global Masters Fund. There have been no changes in the above Directors' interests up to 29 February 2012.

# REPORT OF THE DIRECTORS OF

## Athelney Trust plc (CONTINUED)

Included within R.G. Boyle's holding is an interest in Trehellas House Limited, a company which holds 391,600 (2010: 391,600) ordinary shares representing 19.75 per cent of the company's share capital. R.G. Boyle has separately entered into an agreement with Hyperion Asset Management Limited giving Hyperion Asset Management Limited on behalf of its clients the ability to acquire such number of shares from Trehellas House Limited as shall when taken with their existing holding not exceed 29.9% of the issued equity share capital of the company. The price for any such sale and purchase has been agreed at the net tangible asset value of each share as determined by the most recent published statement. This agreement amounts to a right of first refusal only and there is no obligation on Trehellas House Limited to sell its shares at any particular time or, having determined to sell those shares, no obligation on Hyperion Asset Management Limited to buy.

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

### Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the total return of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping 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 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 Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

### Statement Under the Disclosure and Transparency Rules 4.1.12

The Directors confirm to the best of their knowledge:

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

# REPORT OF THE DIRECTORS OF

## Athelney Trust plc (CONTINUED)

### Capital Structure

At 31 December 2011 the Company's capital structure consisted of 1,983,081 Ordinary Shares of 25p each (2010: 1,983,081 Ordinary Shares of 25p each).

### 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.

### Results and Dividends

The return on ordinary revenue activities before dividends for the year is £107,296 (2010: £109,742) as detailed on page 24.

It is recommended that a final dividend of 4.95 p (2010: 4.9p) per ordinary share be paid.

### Significant Shareholders

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

	Ordinary Shares	% of issue
Mr R.G. Boyle	443,970	22.39
Global Masters Fund	186,193	9.39
Mr G.W. & Mrs D.J. Whicheloe	114,000	5.75
NS Salvesen and Salvesen Family Trust	87,500	4.41
Mr H.B. Deschampsneufs	78,038	3.94
Mrs E. Davison	75,000	3.78
Mr D.C. & Mrs B.I. Matthey	60,000	3.03

There have been no changes in the above major shareholdings in the company up to 29 February 2012.

### Tax Status

The Directors have considered the Close Company Tax Status of the Company and do not believe that the Company is a Close Company.

# **REPORT OF THE DIRECTORS OF**

## **Athelney Trust plc (CONTINUED)**

### **Payment of Suppliers**

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

### **Disclosure of Information to Auditors**

Each of the persons who are directors at the time when the Report of the Directors is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

### **Auditors**

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

### **BY ORDER OF THE BOARD**

**J. Girdlestone**  
Secretary

Waterside Court  
Falmouth Road  
Penryn  
Cornwall  
TR10 8AW

7 March 2012

# 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 22 and 23.

### Remuneration Committee

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

### Policy on Directors' Remuneration

The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. It is intended that this policy will continue for the year ended 31 December 2012. The remuneration of the non-executive Directors is determined within the limits set out in the Company's Articles of Association. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

### Directors' Service Contracts

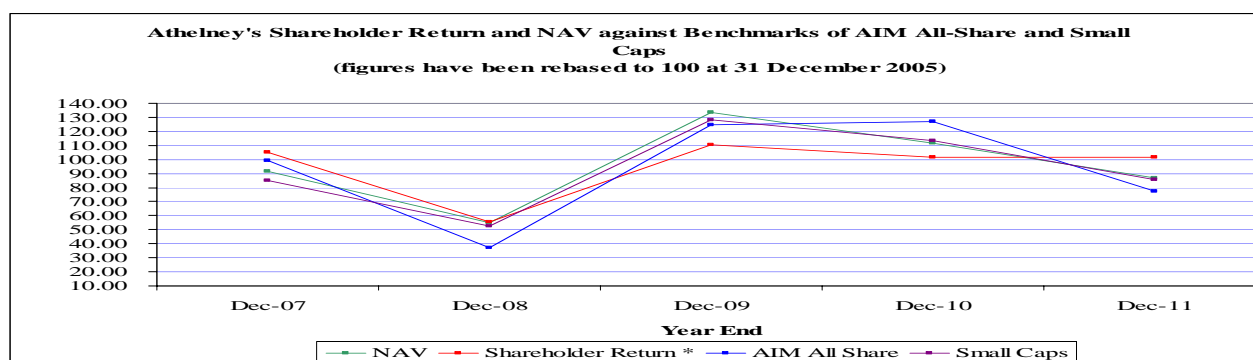
All the Directors have a service contract with the Company. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first annual general meeting after their appointment and at least every three years after that.

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

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

### Company Performance

The graph below compares, for the five financial years ended 31 December 2011, the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the AIM All-Share Index and Small Caps Index. The comparison is made between AIM All-Share and Small Caps as the majority of investment holdings by the Company are a constituent of one or the other of these two indices.



\*Assuming all dividends are reinvested

Past Performance is no guarantee of future performance.

## Athelney Trust plc

### DIRECTORS' REMUNERATION REPORT (CONTINUED)

#### Directors' remuneration for the year (audited information)

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Hugo Deschampsneufs (Chairman, non-executive)	10,000	10,000
Robin Boyle (Managing Director)	45,000	45,000
David Horner (Non-executive)	7,500	7,500
Jonathan Addison (Non-executive)	-	-
Manny Pohl (alternate Non-executive)	-	-
	<u>62,500</u>	<u>62,500</u>

#### Approval

The Directors' Remuneration Report was approved by the Board on 7 March 2012.

**J. Girdlestone**  
Company Secretary

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATHELNEY TRUST PLC**

We have audited the financial statements of Athelney Trust plc for the year ended 31 December 2011, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion:

- 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 Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 8 to 12 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**ATHELNEY TRUST PLC**  
**(CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' Statement, set out in page 11, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' Remuneration.

Simon Atkins FCA  
Senior Statutory Auditor  
for and on behalf of

**Clement Keys**  
Chartered Accountants  
Statutory Auditors

39/40 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

**7 March 2012**



# Athelney Trust plc

## INCOME STATEMENT (INCORPORATING THE REVENUE ACCOUNT)

	For the Year Ended 31 December 2011			For the Year Ended 31 December 2010			
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
(Losses)/gains on investments held at fair value	8	-	(293,815)	(293,815)	-	411,470	411,470
Income from investments	2	139,558	-	139,558	142,303	-	142,303
Investment Management expenses	3	(5,785)	(53,169)	(58,954)	(5,783)	(52,752)	(58,535)
Other expenses	3	(26,477)	(41,610)	(68,087)	(26,778)	(41,018)	(67,796)
<b>Net return/(loss) on ordinary activities before taxation</b>		107,296	(388,594)	(281,298)	109,742	317,700	427,442
Taxation	5	-	-	-	-	-	-
<b>Net return/(loss) on ordinary activities after taxation</b>	6	107,296	(388,594)	(281,298)	109,742	317,700	427,442
<b>Net return/(loss) per ordinary share</b>	6	5.4p	(19.5p)	(14.1p)	5.7p	16.5p	22.2p
<b>Dividend per ordinary share paid during the year</b>	7	4.9p			4.75p		

The total column of this statement is the profit and loss account for the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the above financial years. A statement of movements of reserves is given in note 12.

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

The notes on pages 28 to 35 form part of these financial statements.

## Athelney Trust plc

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance brought forward at 1 January 2010	450,700	405,605	620,562	633,701	179,039	2,289,607
Issue of ordinary shares	45,070	171,535	-	-	-	216,605
Share issue costs	-	(31,859)	-	-	-	(31,859)
Net profits on realisation of investments	-	-	93,459	-	-	93,459
Increase in unrealised appreciation	-	-	-	318,011	-	318,011
Expenses allocated to capital	-	-	(93,770)	-	-	(93,770)
Profit for the year	-	-	-	-	109,742	109,742
Dividend paid in year	-	-	-	-	(85,633)	(85,633)
<b>Shareholders' Funds at 31 December 2010</b>	<b>495,770</b>	<b>545,281</b>	<b>620,251</b>	<b>951,712</b>	<b>203,148</b>	<b>2,816,162</b>
Balance brought forward at 1 January 2011	495,770	545,281	620,251	951,712	203,148	2,816,162
Net profits on realisation of investments	-	-	158,922	-	-	158,922
Decrease in unrealised appreciation	-	-	-	(452,737)	-	(452,737)
Expenses allocated to capital	-	-	(94,779)	-	-	(94,779)
Transfer between capital reserves	-	-	(23,568)	23,568	-	-
Profit for the year	-	-	-	-	107,296	107,296
Dividend paid in year	-	-	-	-	(97,171)	(97,171)
<b>Shareholders' Funds at 31 December 2011</b>	<b>495,770</b>	<b>545,281</b>	<b>660,826</b>	<b>522,543</b>	<b>213,273</b>	<b>2,437,693</b>

The notes on pages 28 to 35 form part of these financial statements.

# Athelney Trust plc

## BALANCE SHEET AS AT 31 DECEMBER 2011

Company Number: 02933559

	Note	2011	2010
		£	£
<b>Fixed assets</b>			
Investments held at fair value through profit and loss	8	2,375,521	2,766,686
<b>Current assets</b>			
Debtors	9	57,349	32,245
Cash at bank and in hand		19,954	32,241
		77,303	64,486
<b>Creditors: amounts falling due within one year</b>	<b>10</b>	(15,131)	(15,010)
<b>Net current assets</b>		62,172	49,476
<b>Total assets less current liabilities</b>		2,437,693	2,816,162
<b>Provisions for liabilities and charges</b>		-	-
<b>Net assets</b>		2,437,693	2,816,162
<b>Capital and reserves</b>			
Called up share capital	11	495,770	495,770
Share premium account	12	545,281	545,281
Other reserves (non distributable)			
Capital reserve - realised	12	660,826	620,251
Capital reserve - unrealised	12	522,543	951,712
Revenue reserve (distributable)	12	213,273	203,148
<b>Shareholders' funds - all equity</b>		2,437,693	2,816,162
<b>Net Asset Value per share</b>	<b>14</b>	123p	142p

Approved and authorised for issue by the Board of Directors on 7 March 2012

.....  
**R.G. Boyle**  
**Director**

The notes on pages 28 to 35 form part of these financial statements

## Athelney Trust plc

### CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011		2010	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>		(12,466)		77,516
<b>Taxation</b>				
Corporation tax paid		-		-
<b>Capital Expenditure and Financial Investment</b>				
Purchases of investments	(550,494)		(487,124)	
Sales of investments	647,844		316,415	
<b>Net cash inflow/(outflow) from Capital Expenditure and Financial Investment</b>		97,350		(170,709)
Equity dividends paid		(97,171)		(85,633)
<b>Financing</b>				
Issue of ordinary share capital		-		216,605
Share issue costs		-		(31,859)
<b>(Decrease)/increase in cash in the year</b>		(12,287)		5,920
<b>Reconciliation of operating net revenue to net cash (outflow)/inflow from operating activities</b>		£		£
Revenue on ordinary activities before taxation		107,296		109,742
(Increase)/decrease in debtors		(25,104)		63,843
Increase/(decrease) in creditors		121		(2,299)
Investment management expenses charged to capital		(53,169)		(52,752)
Other expenses charged to capital		(41,610)		(41,018)
<b>Net Cash (outflow)/inflow from operating activities</b>		(12,466)		77,516
<b>Reconciliation of net cashflow to movement in net funds</b>				
		<b>Net funds at</b>		<b>Net funds at</b>
		<b>31.12.2010</b>	<b>Cashflow</b>	<b>31.12.2011</b>
		£	£	£
Cash at bank and in hand		32,241	(12,287)	19,954

The notes on pages 28 to 35 form part of these financial statements

# Athelney Trust plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1. Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

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

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

#### 1.2 Income

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

#### 1.3 Investment Management Expenses

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

#### 1.4 Other Expenses

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

#### 1.5 Investments

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

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

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

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

#### 1.6 Taxation

The tax effect of different items of income and expenses is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the year.

# Athelney Trust plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1. Accounting Policies (continued)

#### 1.7 Deferred Taxation

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

#### 1.8 Capital Reserves

##### *Capital Reserve – Realised*

Gains and losses on realisation of fixed asset investments are dealt with in this reserve.

##### *Capital Reserve – Unrealised*

Increases and decreases in the valuations of fixed asset investments are dealt with in this reserve.

#### 1.9 Dividends

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

#### 1.10 Share Issue Expenses

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

### 2. Income

#### Income from investments

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
UK dividend income	139,493	142,095
Bank interest	65	208
<b>Total income</b>	<b><u>139,558</u></b>	<b><u>142,303</u></b>

#### UK dividend income

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
UK listed investments	85,531	84,093
AIM investments	53,962	58,002
	<b><u>139,493</u></b>	<b><u>142,095</u></b>

## Athelney Trust plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 3. Return on Ordinary Activities Before Taxation

	<b>2011</b>	<b>2010</b>
	£	£
The following amounts (inclusive of VAT) are included within investment management and other expenses:		
Directors' remuneration:		
- Services as a director	17,500	17,500
- Otherwise in connection with management	45,000	45,000
Auditors' remuneration:		
- Audit Services - Statutory audit	10,200	9,960
- Audit Services - Statutory audit movement on accruals from previous years	210	904
- Audit Services - Audit related regulatory reporting	1,050	1,146
Miscellaneous expenses:		
- Other wages and salaries	30,365	30,454
- PR and communications	6,230	3,051
- Stock Exchange subscription	6,163	8,061
- Sundry investment management and other expenses	10,323	10,255
	<u>127,041</u>	<u>126,331</u>

#### 4. Employees

	<b>2011</b>	<b>2010</b>
	£	£
Costs in respect of Directors:		
Wages and salaries	62,500	62,500
Social security costs	5,729	5,805
	<u>68,229</u>	<u>68,305</u>
Costs in respect of administrator:		
Wages and salaries	22,500	22,500
Social security costs	2,136	2,148
	<u>24,636</u>	<u>24,648</u>
Total:		
Wages and salaries	85,000	85,000
Social security costs	7,865	7,953
	<u>92,865</u>	<u>92,953</u>

In the year ending 31 December 2010 in addition to the above costs, £5,000 gross wages and £640 Employers National Insurance costs were charged against the Share Premium Account to reflect the administrative work undertaken by the Company Secretary in respect of the issue of Ordinary Shares.

#### Average number of employees:

Chairman	1	1
Investment	2	2
Administration	1	1
	<u>4</u>	<u>4</u>

## Athelney Trust plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 5. Taxation

(i) On the basis of these financial statements no provision has been made for corporation tax (2010: Nil).

#### (ii) Factors affecting the tax charge for the year

The tax charge for the period is higher than (2010: lower than) the average small company rate of corporation tax in the UK

(20.25 per cent). The differences are explained below:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Total (loss)/ return on ordinary activities before tax	(281,298)	427,442
Total return on ordinary activities multiplied by the average small company rate of corporation tax 20.25% (2010: 21%)	(56,963)	89,763
<i>Effects of:</i>		
UK dividend income not taxable	(24,151)	(22,973)
Revaluation of shares not taxable	91,679	(57,347)
Capital gains not taxable	(32,182)	(29,062)
Unrelieved management expenses	21,617	19,619
Current tax charge for the year	-	-

The Company has unrelieved excess revenue management expenses of £43,155 at 31 December 2011 (2010: £31,191) and £102,597 (2010: £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 2010, 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 2010. The Directors intend to continue to meet the conditions required to obtain approval and therefore no deferred tax has been provided on any capital gains or losses arising on the revaluation or disposal of investments.

#### 6. Return per Ordinary Share

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

	<b>2011</b>			<b>2010</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
Attributable return/(loss) on ordinary activities after taxation	107,296	(388,594)	(281,298)	109,742	317,700	427,442
Weighted average number of shares		1,983,081			1,922,988	
Return per ordinary share	5.4p	(19.5p)	(14.1p)	5.7p	16.5p	22.2p



## Athelney Trust plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 7. Dividend

	2011 £	2010 £
Final dividend in respect of 2010 of 4.9p (2009: an interim dividend of 4.75p was paid in respect of 2009 ) per share	97,171	85,633

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 4.95p (2010: 4.9p) per ordinary share be paid amounting to a total of £98,162. For the year 2010, a final dividend of 4.9p was paid on 14 April 2011 amounting to a total of £97,171.

	2011 £	2010 £
Revenue available for distribution	107,296	109,742
Final dividend in respect of financial year ended 31 December 2011	(98,162)	(97,171)
Undistributed Revenue Reserve	9,134	12,571

#### 8. Investments

	2011 £	2010 £
<b>Movements in year</b>		
Valuation at beginning of year	2,766,686	2,184,507
Purchases at cost	550,494	487,124
Sales - proceeds	(647,844)	(316,415)
- realised gains on sales	158,922	93,459
(Decrease)/increase in unrealised appreciation	(452,737)	318,011
Valuation at end of year	2,375,521	2,766,686
Book cost at end of year	1,852,978	1,791,407
Unrealised appreciation at the end of the year	522,543	975,279
	2,375,521	2,766,686
UK listed investments	1,444,747	1,789,421
AIM investments	930,774	977,265
	2,375,521	2,766,686

## Athelney Trust plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 8. Investments (continued)

<b>(Losses)/gains on investments</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Realised gains on sales	158,922	93,459
(Decrease)/increase in unrealised appreciation	(452,737)	318,011
	<u>(293,815)</u>	<u>411,470</u>

The purchase costs and sales proceeds above include transaction costs of £5,355 (2010: £2,052) and £3,178 (2010: £1,327) respectively.

#### 9. Debtors

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Investment transaction debtors	41,356	17,432
Other debtors	15,993	14,813
	<u>57,349</u>	<u>32,245</u>

#### 10. Creditors: amounts falling due within one year

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Social security and other taxes	3,049	2,885
Other creditors	930	173
Accruals and deferred income	11,152	11,952
	<u>15,131</u>	<u>15,010</u>

#### 11. Called Up Share Capital

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,000,000 Ordinary Shares of 25p	<u>2,500,000</u>	<u>2,500,000</u>
<b>Allotted, called up and fully paid</b>		
1,983,081 Ordinary Shares of 25p (2010: 1,983,081 Ordinary Shares of 25p)	<u>495,770</u>	<u>495,770</u>

# Athelney Trust plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 12. Reserves

	2011			
	Share premium account £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £
Balance at 1 January 2011	545,281	620,251	951,712	203,148
Net gains on realisation of investments	-	158,922	-	-
Decrease in unrealised appreciation	-	-	(452,737)	-
Expenses allocated to capital	-	(94,779)	-	-
Profit for the year	-	-	-	107,296
Dividend paid in year	-	-	-	(97,171)
Transfer between capital reserves	-	(23,568)	23,568	-
Balance at 31 December 2011	545,281	660,826	522,543	213,273

### 13. Financial Instruments

The Company's financial instruments comprise equity investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement. Short term debtors and creditors are excluded from disclosure.

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

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

#### Market Risk

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

At the end of the year the Company's portfolio was invested in UK securities with the exception of 3.79 per cent, which was invested in overseas securities.

#### Liquidity Risk

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

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

## Athelney Trust plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 14. Net Asset Value Per Share

The net asset value per share is based on net assets of £2,437,693 (2010: £2,816,162) divided by 1,983,081 (2010: 1,983,081) ordinary shares in issue at the year end.

	<b>2011</b>	<b>2010</b>
Net asset value	<u>123p</u>	<u>142p</u>

# Athelney Trust plc

## OFFICERS AND FINANCIAL ADVISERS

Directors:	H.B. Deschampsneufs (Chairman) R.G. Boyle (Managing Director) D.A. Horner J.L. Addison Dr. E.C. Pohl (Alternate Director)	Email: <a href="mailto:hugo@athelneytrust.co.uk">hugo@athelneytrust.co.uk</a> Email: <a href="mailto:robin@athelneytrust.co.uk">robin@athelneytrust.co.uk</a> Email: <a href="mailto:dah@chelvertonam.com">dah@chelvertonam.com</a> Email: <a href="mailto:jladdison@bigpond.com">jladdison@bigpond.com</a> Email: <a href="mailto:manny.pohl@hyperionam.com.au">manny.pohl@hyperionam.com.au</a>
Secretary:	J. Girdlestone Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Email: <a href="mailto:john@athelneytrust.co.uk">john@athelneytrust.co.uk</a> Tel: 01326 378 288
Registered Office:	Waterside Court Falmouth Road Penryn Cornwall, TR10 8AW	Website: <a href="http://www.athelneytrust.co.uk">www.athelneytrust.co.uk</a> Email: <a href="mailto:info@athelneytrust.co.uk">info@athelneytrust.co.uk</a> Tel: 01326 378 288
Company Number:	02933559 (Registered in England)	
Solicitor:	McClure Naismith LLP 49 Queen Street Edinburgh EH12 3NH	Email: <a href="mailto:awilliamson@mcclurenaismith.com">awilliamson@mcclurenaismith.com</a> Tel: 0131 272 8378
Stockbroker:	Speirs & Jeffrey Limited 36 Renfield Street Glasgow, G2 1NA	Email: <a href="mailto:graeme.dickie@speirsjeffrey.co.uk">graeme.dickie@speirsjeffrey.co.uk</a> Tel: 0141 248 4311
Auditors:	Clement Keys 39/40 Calthorpe Road Edgbaston Birmingham, B15 1TS	Email: <a href="mailto:simon.atkins@clementkeys.co.uk">simon.atkins@clementkeys.co.uk</a> Tel: 0121 456 4456
Banker:	HSBC Bank Plc Market Street Falmouth Cornwall, TR11 3AA	
Registrar:	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey, GU9 7LL	Email: <a href="mailto:peter@shareregistrars.uk.com">peter@shareregistrars.uk.com</a> Tel: 01252 821 390
Public Relations Consultants:	City Road Communications Limited 42-44 Carter Lane London, EC4V 5EA	Email: <a href="mailto:paulquade@cityroad.uk.com">paulquade@cityroad.uk.com</a> Tel: 0207 248 8010

# Athelney Trust plc

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the seventeenth Annual General Meeting of the Company will be held at the offices of McClure Naismith LLP, Solicitors, Equitable House, 47 King William Street, London EC4R 9AF on Wednesday 18 April 2012 at 4.30p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Company's Accounts and the Report of the Directors and Auditors for the year ended 31 December 2011.
2. To declare a final dividend of 4.95p per ordinary share. It is intended that dividend cheques in respect of the dividend will be posted on 24 April 2012 to all shareholders on the register of members at close of business on Friday 16 March 2012.
3. To approve the Directors' Remuneration Report for the year ended 31 December 2011.
4. To re-elect R.G. Boyle as a Director of the Company.
5. To re-elect H.B. Deschampsneufs as Director of the Company until the date of the next Annual General Meeting.
6. To re-elect D.A. Horner as a Director of the Company until the date of the next Annual General Meeting (see comments on page 12).
7. To re-elect J.L. Addison as a Director of the Company until the date of the next Annual General Meeting (see comments on page 12).
8. To re-elect Dr. E.C. Pohl as an alternate Director of the Company until the date of the next Annual General Meeting (see comments on page 12).
9. To re-appoint Clement Keys as Auditors and to authorise the Directors to fix their remuneration.

By Order of the Board

John Girdlestone  
Secretary  
7 March 2012

**Registered Office:** Waterside Court, Falmouth Road, Penryn, Cornwall, TR10 8AW

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### NOTES

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is enclosed with this Notice for use at the Meeting. To be valid, completed forms of proxy (together with any Power of Attorney or other authority under which it is executed or duly certified copy of any such Power or authority) must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for this meeting.

Completion and return of a form of proxy will not prevent the member from attending and voting at the Meeting in person.

## **Athelney Trust plc**

### **NOTICE OF ANNUAL GENERAL MEETING**

- (ii) The register of Directors' interests kept in accordance with Section 177 of the Companies Act 2006 and copies of Directors' service contracts will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the Company's Registered Office from the date of this Notice until the date of the Meeting.

# **Athelney Trust plc**

## **NOTES**





# Athelney Trust plc

## FORM OF PROXY

To be used at the Annual General Meeting to be held at 4.30pm on 18 April 2012

I/We \_\_\_\_\_ BLOCK  
of \_\_\_\_\_ CAPITALS  
\_\_\_\_\_ PLEASE

Being (a) shareholder(s) of Athelney Trust plc, hereby appoint the Chairman of the Meeting or (see Note (ii))

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of McClure Naismith LLP, Solicitors, Equitable House, 47 King William Street, London EC4R 9AF on Wednesday 18 April 2012 at 4.30p.m. (the "Meeting"), on the Ordinary Business to be submitted to the Meeting and at any adjournment thereof.

*Please indicate with an X in the appropriate space how you wish your votes to be cast. To abstain from voting on any item in the notice, select the "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the individual issue in respect of which voting is taking place. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.*

Ordinary Business		For	Against	Vote withheld
1	To receive and adopt the accounts for the year ended 31 December 2011			
2	To declare a final dividend of 4.95p per ordinary share			
3	To approve the Directors' Remuneration Report for the year ended 31 December 2011			
4	To re-elect R.G. Boyle as a Director			
5	To re-elect H.B. Deschampsneufs as a Director until the date of the next Annual General Meeting			
6	To re-elect D.A. Horner as a Director until the date of the next Annual General Meeting (see comments on page 12).			
7	To re-elect J.L. Addison as a Director until the date of the next Annual General Meeting (see comments on page 12).			
8	To re-elect Dr. E.C. Pohl as a Director until the date of the next Annual General Meeting (see comments on page 12).			
9	To re-appoint Clement Keys as Auditors and authorise the Directors to fix the Auditors' Remuneration			

Signed \_\_\_\_\_ Dated \_\_\_\_\_

### NOTES

- (i) As a shareholder of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- (ii) If you wish to appoint as your proxy some person other than the Chairman of the Meeting please insert in block capitals the full name of the person of your choice, delete the words “the Chairman of the Meeting” and initial the alteration. A proxy need not be a shareholder of the Company but must attend the Meeting to represent you and you are responsible for ensuring that they attend the Meeting and are aware of your voting intentions.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must contact the Company Secretary at the Registered Office of the Company (Waterside Court, Falmouth Road, Penryn, Cornwall, TR10 8AW).
- (iv) To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes cast), shareholders must be registered in the Register of Members of the Company at 4.30p.m. on 16 March 2012 (or, in the event of any adjournment, 4.30p.m. on the date which is 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (v) To be valid, this proxy form, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, must be deposited at the Registered Office of the Company (at the address set out in note (iii) above) not later than 48 hours before the time appointed for the Meeting.
- (vi) In the case of a corporation, this proxy form must be executed either under seal or under the hand of an officer or attorney duly authorised.
- (vii) In the case of joint holders, the vote of the senior shareholder who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the name stands in the Register of Members.
- (viii) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (ix) Completion of this proxy form will not prevent a shareholder from attending the Meeting and voting in person should he or she wish. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will be automatically terminated.