

CHELVERTON GROWTH TRUST PLC

Annual Report

for the year ended 31 August 2007

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Investment objective

The Company's objective is to provide capital growth through investment in companies listed on the Official List and traded on the Alternative Investment Market with a market capitalisation at the time of investment of up to £50 million, which are believed to be at a "point of change" The Company will also invest in unquoted investments where it is believed that there is a likelihood of the shares becoming listed or traded on the Alternative Investment Market or the investee company being sold Its investment objective is to increase net asset value per share at a higher rate than other quoted smaller company trusts and the FTSE All-Share Index

It is the Company's policy not to invest in any listed investment companies (including listed investment trusts)

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Company summary

Policy and objectives	Presented opposite
Benchmark	FTSE All-Share Index
Management Company	Chelverton Asset Management Limited See page 13 for further details
Total net assets	£8,851,000 as at 31 August 2007
Market capitalisation	£6,913,000 as at 31 August 2007
Capital structure	17,500,000 Ordinary 1p shares
PEP/ISA status	The Company's Ordinary shares are fully eligible for inclusion in PEPs and ISAs

Bank facility

The Company has a £1.5 million overdraft facility with Lloyds TSB Bank PLC, which is renewable on 30 September each year. The facility bears interest at 1% over the Bank's base rate and is secured by a floating charge over the Company's investment portfolio.

Draw-down of the facility is restricted to 25% of the value of the Company's investment portfolio, after excluding unquoted stocks and the excess of any holdings over 10% of the total.

An investment company as defined under Section 266 of the Companies Act 1985

REGISTERED IN ENGLAND No 2989519

Performance statistics

	Year ended 31 August 2007	Year ended 31 August 2006	% change
Net assets	£8,851,000	£6,569,000	34.74%
Net asset value per share	50.58p	36.21p	39.69%
FTSE All-Share Index	3,260.48	3,007.51	8.41%
Share price	39.50p	33.50p	17.91%
Discount to net asset value	(21.91)%	(7.48)%	
Revenue loss after taxation	(£102,000)	(£206,000)	
Revenue loss per share	(0.58)p	(1.14)p	
Capital return/(loss) per share	14.65p	(1.09)p	

Chairman's statement

Following a very successful year, it is predictable that the events of recent months have had a negative impact on the asset value of our shares. As ever in times of uncertainty and economic turmoil we see a "flight to size" rather than a "flight to quality or value". It is interesting to note that much of this uncertainty was caused by the decline of Northern Rock – itself a FTSE 100 company.

Chelverton's net asset value per share has increased this year from 36.21p to 50.58p – an increase of 39.7%. In the same period the Company's benchmark index, the FTSE All-Share rose by 8.41%, the FTSE 100, which makes up over 90% of the All-Share Index rose 6.73%, and the AIM Index increased by 5.93%. However, since the year end the net asset value per share has declined to 48.96p, a drop of 3.2%.

Since the merger in August 2001 the net asset value per share has increased by 47.0% compared to a rise of 25.9% in the FTSE All-Share Index and 6.5% in the AIM Index.

This is obviously a pleasing result and confirms the value that the Manager believes to be latent within the portfolio and which is further evidenced by a growth in the number of portfolio companies paying dividends. The portfolio has contracted to 39 holdings and will be reduced further by number as funds are recycled to acquire additional shares in existing, perceived to be undervalued investments.

Shareholders will note the significant reduction in operating expenses which has been achieved by a major reduction in Directors' fees, a halving of the investment management fee and a number of other cost savings.

During the year, in an attempt to reduce the widening discount as the net asset value per share rose, the Company bought back a total of 607,770 shares for treasury at an average price of 32.1p per share, and those shares were duly cancelled on 31 August 2007. The Company also purchased 34,169 shares for cancellation at an average price of 42.4p per share.

In the light of the significant cash realisation from the takeover of Oasis Healthcare plc and the substantial uplift in the asset value of the shares, the Board and the Investment Manager now feel that the Company can take steps to further narrow the discount and provide liquidity in the Company's shares. A separate circular setting out full details of the tender offer accompanies the Annual Report.

In the documents accompanying this Report you will find details of a "Package of Proposals" to shareholders which includes an extension of the duration of the Company, an annual tender offer and details of the Company's discount management policy.

Tender offer

The Board wishes to exercise its discretion to implement an initial tender offer, for up to 15 per cent of the Company's issued share capital, and thereafter intends to implement further annual tender offers (at around the time of the Company's annual general meetings in subsequent years) of up to 10 per cent of the then issued share capital of the Company.

The current tender offer will be structured by way of an on market offer by Ellis Stockbrokers Limited to acquire up to the 15 per cent of the Company's issued shares at a price per share equal to 92.5 per cent of the net asset value of the Company on the relevant calculation date divided by the number of ordinary shares of £0.01 in issue as at such date, with such shares subsequently being bought back by the Company (pursuant to a repurchase agreement) from Ellis Stockbrokers Limited at the same price and cancelled.

Chairman's statement (continued)

Extension of duration

The existing Articles of Association of the Company provide that the Directors shall convene an extraordinary general meeting of the Company on 30 November 2009, at which proposals for the voluntary liquidation of the Company shall be put to the members ("Winding-up Resolution") unless the Directors shall have been previously released from their obligation to do so, by a special resolution of the Company duly passed at the annual general meeting of the Company to be held in 2008 resolving to continue to operate as an investment trust company. If the Directors are released from their obligation, they shall be obliged to convene an extraordinary general meeting to be held on 30 November 2014 and every fifth year thereafter (unless the Directors shall have been released from their obligation to do so by a special resolution of the Company duly passed at an annual general meeting of the Company held in the year preceding any such dates), at which another Winding-up Resolution must be proposed.

In recognition of the fact that certain of the investments held by the Company are illiquid and may, in the Manager's and Board's view, take longer than the period remaining until 30 November 2009 to fulfil their inherent value, the Directors propose to amend the Articles of Association (by way of a special resolution to be proposed at this year's annual general meeting) so that, in substitution of the procedure set out in the above paragraph, a special resolution will be put to Shareholders at the annual general meeting of the Company in 2011 in respect of the extension of the duration of the Company ("a Continuance Resolution") for a three year period. In the event that a Continuance Resolution is passed, a further Continuance Resolution shall be put to Shareholders in general meeting by no later than the third anniversary of the previous Continuance Resolution. In the event that any Continuance Resolution is not passed at any general meeting at which it is proposed, the Directors shall then conduct the Company's affairs so as to effect an orderly wind-up of the Company, and shall present a Winding-up Resolution at a general meeting to be held not later than the third anniversary of the date on which the previous Continuance Resolution failed to pass.

It is with sadness that I report to shareholders the death of Pratt Thompson, the former Chairman of the Company. Pratt was involved in the Company from its inception and was an enthusiastic and committed member of the Board.

George Stevens

Chairman

20 November 2007

Manager's overview

Market review

As shareholders will be aware, the international problems in the banking world started to impact on stock markets some three months ago. The volatility of the market has been fuelled by the emotive sight of people queuing outside a High Street bank to withdraw their deposits. However whilst the FTSE 100 fell approximately 13%, it has in the past two months recovered all of its losses and more.

The underlying shares in the portfolio declined in line with the market. However, unlike Alliance & Leicester which fell 31% one day and went up 32% the next day, the portfolio shares generally need news flow in the form of trading statements, interim or final results to act as a catalyst for a recovery or growth in their share prices.

Apart from Closed Loop London, Locker Group (in liquidation) and the residual holding in Wineworld, the portfolio is now wholly invested in the Alternative Investment Market ("AIM"). This has not been a conscious fund management decision but merely reflects the fact that AIM is now the market of choice for companies valued less than £200m. As the constituent members of AIM develop and prosper they are beginning to pay dividends and this is evidenced in the significant growth, albeit from a low level, of the Company's income.

Portfolio review

Over the last twelve months, entire holdings in nine companies have been sold – Stanley Gibbons Group, Mavinwood, Plus Markets, Elektron, Bioquell, Concateno, Metrodome Group, Cobra Biomanufacturing and the preference shares in Small Companies PLC. Two companies, ukbetting and Oasis Healthcare, were taken over and unfortunately Interactive Digital Solutions went into receivership.

New investments were made in four companies: Mount Engineering, EBTM, General Capital Group and Closed Loop London.

During the year, the Company participated in seven placings in Food & Drink, Mount Engineering, EBTM, IDOX, General Capital, CEPS, and Closed Loop.

Further investments have been made in Minorplanet Systems, MTI Wireless Edge, Belgravium Technologies, Newmark Security, AI Claims Solutions, Satcom Group, Hartest Holdings, Northbridge Industrial Services, AT Communications Group, Sanderson Group, Alliance Pharma, Conder Environmental and Smallbone.

The takeover of Oasis Healthcare was of course a significant result for the Company with two private equity firms bidding and counter-bidding to acquire a highly strategic presence in the dental market. The Company owned 2,000,000 shares at an original cost of 30 7p and the final price paid was 94p. It is interesting to note that in last year's annual report we mentioned that an indicative offer had been received for Oasis that was believed to have been 36p.

A new investment has been made in Closed Loop London Limited which has been established to recycle polyethylene terephthalate ("PET") water and soft drinks bottles back into new food packaging. The plant is currently being built and it will become operational early in 2008. At the moment this packaging is being exported or sent to landfill. Marks & Spencer is the first major retailer to commit to sending plastic waste from its London stores to the plant and will also encourage its suppliers to source recycled PET from the plant for Marks & Spencer packaging.

Manager's overview (continued)

Outlook

Whilst it is too early to quantify the medium term effects of the recent "credit crunch" it is probable that the UK economy, on which most of the portfolio companies are dependent, will continue to grow for the next year albeit at a lower rate

We are delighted that the vast majority of our companies, by number and value, are making good progress and we are expecting that, given these anticipated improving trading performances, this will eventually be recognised in their share prices

David Horner

Chelverton Asset Management Ltd

20 November 2007

Portfolio review

as at 31 August 2007

The Company's portfolio as at 31 August 2007 is set out below in chronological order by date of investment

Investment	Sector	Valuation £'000	% of total
<i>AIM traded</i>			
CEPS	Personal Goods		
<i>Ordinary Shares</i>		344	4.0
<i>Warrants</i>		6	0.1
Production and supply of components for the footwear industry, personal protection equipment, production of printed lycra fabric and services to the direct mail industry			
Newmark Security	Support Services	184	2.2
Distribution of electronic access controls products			
LPA Group	Electronic & Electrical Equipment	73	0.9
Design, manufacture and marketing of industrial electrical accessories			
Clipper Ventures	Travel & Leisure	225	2.6
The running of round-the-world yacht races			
AI Claims Solutions	Travel & Leisure	616	7.2
The provision of non-fault accident management services			
Food & Drink Group	Travel & Leisure	456	5.3
Owner and operator of premium bars and restaurants in London			
Hartest Holdings	Industrial Engineering	194	2.3
Manufacture and sale of specialist healthcare equipment and supplies to users of electron microscopes			
Pennant International Group	Software & Computer Services	190	2.2
Supplier of technology solutions to the defence and industrial sectors			
Gourmet Holdings	Travel & Leisure	125	1.5
Owner and operator of Richoux			
Universe Group	Support Services	58	0.7
Provision of credit card fraud prevention system, loyalty systems and retail systems			
Conder Environmental	Industrial Engineering	179	2.1
Supply of industrial pollution control equipment, and provision of glass reinforced plastic oil/water separators			
Forest Support Services Plc	Industrial Transportation	171	2.0
Supply of traffic management services			
Belgravium Technologies	Technology Hardware & Equipment	580	6.8
Software systems for warehousing and distribution			
Capcon Holdings	General Financial	20	0.2
The provision of audit and stocktaking, and commercial investigation services			
IDOX	Software & Computer Services	720	8.4
Software company specialising in the development of products for document and information management			

Portfolio review (continued)

as at 31 August 2007

Investment	Sector	Valuation £'000	% of total
<i>AIM traded (continued)</i>			
Alliance Pharma Acquisition of the manufacturing, sales and distribution rights to pharmaceutical products	Pharmaceuticals & Biotechnology	70	0.8
Titan Europe Manufacture of big wheels for construction, mining and agricultural vehicles	Industrial Engineering	233	2.7
BBi Holdings Development and manufacture of rapid test diagnostic products	Pharmaceuticals & Biotechnology	355	4.2
Smallbone The design and manufacture of bespoke kitchens, bathrooms, bathroom furniture and suppliers of high quality flooring	Household Goods	376	4.4
Sanderson Group Provides software and IT services	Software & Computer Services	92	1.1
Petards Group Development, provision and maintenance of advanced security systems and related services	Support Services	175	2.1
AXIS Intermodal Equipment rental business that services the transport and logistics industries in Germany, the UK and other European Countries	Industrial Transportation	89	1.0
Tristel Healthcare business specialising in infection control in hospitals	Healthcare Equipment & Services	225	2.6
Chromogenex Design, manufacture and distribution of aesthetic and therapeutic laser and aesthetic light based technology devices	Healthcare Equipment & Services	156	1.8
Datong Electronics Develops, manages and supplies covert tracking and surveillance systems	Electronic & Electrical Equipment	220	2.6
Minorplanet Systems Vehicle informations system	Electronic & Electrical Equipment	270	3.2
Asset & Co (previously Asfare Group) Manufacture and distribution of fire and safety equipment to emergency and rescue services and security x-ray equipment	Industrial Engineering	123	1.4
AT Communications Group Business to business systems intergrator	Software & Computer Services	299	3.5
PSG Solutions Leading provider of Local Authority residential property searches, provision of packaging solutions	Support Services	144	1.7
MTI Wireless Edge Developer and manufacturer of sophisticated antennas and antenna systems	Technology Hardware & Equipment	273	3.2

Portfolio review (continued)

as at 31 August 2007

Investment	Sector	Valuation £'000	% of total
<i>AIM traded (continued)</i>			
Northbridge Industrial Services Consolidation company for specialist industrial services in the UK	Industrial Engineering	328	3.8
Satcom Group Provider of mobile satellite communications equipment and airtime	Mobile Telecommunications	183	2.1
SPI Lasers Design, development and manufacture of optical fibre-based lasers for a range of markets and applications	Electronic & Electrical Equipment	76	0.9
General Capital Group Provision of finance	General Financial	116	1.4
EBTM Internet retail of music inspired fashion	General Retailers	185	2.2
Mount Engineering Industrial Engineering company	Industrial Engineering	96	1.1
<i>Unquoted</i>			
Locker Group (in liquidation) Cash Shell	Industrial Engineering	51	0.6
Wineworld Management of Vinopolis, a London-based venue encompassing wine tasting, retail stores, restaurants and corporate hospitality	Travel & Leisure	17	0.2
Closed Loop London <i>Loanstock</i> <i>Ordinary B Shares</i> Operation of a plastic recycling plant	Support Services	187 62	2.2 0.7
Portfolio valuation		8,542	100.0

All the above investments are in ordinary shares and are traded on the Alternative Investment Market, except Locker Group, Wineworld and Closed Loop London, which are unquoted

During the year, shareholdings in Bioquell, Cobra Bio-Manufacturing, Concateno, Howle Holdings, Metrodome Group, Plus Markets, Stanley Gibbons Group, Marvinwood and Small Companies PLC have been sold. Oasis Healthcare and ukbetting were taken over. Elevation Events Group and Interactive Digital Solutions were written off.

Portfolio breakdown by sector and by index

Top Ten Investments

Investment	31 August 2007		31 August 2006	
	Valuation £'000	% of total	Valuation £'000	% of total
IDOX	720	8.4	269	3.4
AI Claims Solutions	616	7.2	330	4.2
Belgravium Technologies	580	6.8	401	5.0
Food & Drink Group	456	5.3	228	2.9
Smallbone	376	4.4	343	4.3
BBI Holdings	355	4.2	279	3.5
CEPS	350	4.1	66	0.8
Northbridge Industrial Services	328	3.8	170	2.1
AT Communications Group	299	3.5	224	2.8
MTI Wireless Edge	273	3.2	165	2.1
Total	4,353	50.9	2,475	31.1

Portfolio breakdown by sector and by index

Percentage of Portfolio by Sector

Percentage of Portfolio by Index

Directors

The Directors are

George Stevens (Chairman) aged 58, qualified as a member of the Institute of Taxation in 1969, and as a chartered accountant in 1970, but has spent most of his working career in the Insurance Industry. In 1978 he moved to Lloyd's and in a management buyout co-founded The Brockbank Group in 1985, for which he served as group managing director. Mr Stevens was also instrumental in establishing the motor underwriter Admiral Insurance Services and served as its first chairman. He retired from both these positions in 1995.

Kevin Allen aged 52, is a chartered accountant. After qualifying with Coopers & Lybrand, he joined Overseas Containers (part of P&O Group) where he spent five years, latterly as chief accountant. In 1986 he joined Volvo Car UK as financial controller before joining Kellock Limited, the factoring and invoice discounting arm of Bank of Scotland Group, as finance and operations director. He became finance director of Brockbank Group PLC in 1993, serving on the boards of Brockbank Syndicate Management, Admiral Insurance Services and Brockbank Insurance Services Inc. He is currently a director of Forest Support Services PLC (formerly Transport Systems PLC).

Bryan Lenygon aged 75, is a chartered accountant and a barrister. After a number of years with T&N PLC and British Petroleum PLC, he joined Gartmore Investment Limited as a director in 1971, retiring as a director from Gartmore in 1988. He has considerable experience of the investment trust market and is currently a director of several other investment companies.

David Horner aged 48, Managing Director of Chelverton Asset Management Limited. He is a chartered accountant and has considerable experience of analysing and working with smaller companies, having spent six years with 3i Corporate Finance.

Manager, Secretary and Advisers

Investment Manager

Chelverton Asset Management Limited
11 George Street
Bath BA1 2EH
Tel 01225 483 030

Chelverton Asset Management Limited was formed in 1997. The investment team consists of David Horner and David Taylor who have considerable experience of companies in the smaller quoted market sector.

The Company website is maintained by the Investment Manager and can be found at www.chelvertonam.com

Secretary and Registered Office

Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Tel 01392 412 122

Capita Sinclair Henderson Limited provides company secretarial and administrative services for the Company. It provides similar services for a number of other investment trusts.

Registrar and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Tel 0870 600 3970
www.shareview.co.uk

Bankers

Lloyds TSB Bank PLC
25 Gresham Street
London EC2V 7HN

Custodian

HSBC Investment Bank PLC
Level 29
8 Canada Square
London EC14 5HQ

Solicitors

Maclay Murray & Spens
One London Wall
London EC2Y 5AB

Auditors

Hazlewoods LLP
Windsor House
Barnett Way
Barnwood
Gloucester GL4 3RT

Report of the Directors

The Directors present their report, which incorporates the Business Review, and audited accounts for the year ended 31 August 2007

Status, objective and review

The principal activity of the Company is to carry on business as an investment trust. The Company has been granted approval from HM Revenue & Customs as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 August 2006. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2007 so as to be able to continue to obtain approval as an authorised investment trust. The Company is an investment company as defined in Section 266 of the Companies Act 1985.

Investment objective

The Company's objective is to provide capital growth through investment in companies listed on the Official List and traded on the Alternative Investment Market with a market capitalisation at the time of investment of up to £50 million, which are believed to be at a "point of change".

Its investment objective is also to increase net asset value per share at a higher rate than other quoted smaller company trusts and the FTSE All-Share Index.

Investment policy

The Company invests principally in securities of publicly quoted UK companies, though it may invest in unquoted securities. The concentrated UK portfolio comprises between 30 to 45 securities. The performance of the Company's investments is compared to the FTSE All-Share Index.

The Company will also invest in unquoted investments where it is believed that there is a likelihood of the shares becoming listed or traded on the Alternative Investment Market or the investee company being sold.

It is the Company's policy not to invest in any listed investment companies or listed investment trusts.

The Board has noted that two new Listing Rules apply with effect from 28 September 2007. Rule 15.2.7 states that closed ended investment funds, such as Chelverton Growth Trust PLC, "must have a published investment policy that contains information about the policies which the closed-ended investment fund will follow relating to asset allocation, risk diversification, and gearing, and that includes maximum exposures".

Rule 15.6.2 further requires that the Company's annual report should contain

- "a statement (including quantitative analysis) explaining how it has invested its assets with a view to spreading investment risk in accordance with its published investment policy,
- the full text of its investment policy,
- a comprehensive and meaningful analysis of its portfolio."

To comply with the above two new Listing Rules the Company's investment policy is detailed above and this should be read in conjunction with the subsequent sections entitled investment strategy and portfolio analysis.

Report of the Directors (continued)

It is intended from time to time, when deemed appropriate, that the Company will borrow for investment purposes, it currently has a £1.5m overdraft facility with Lloyds TSB Bank plc

The investment objective and policy stated above are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are constrained in their decision making and asset allocation. The objective and policy allow the Company to be constrained in its investment selection only by valuation and to be pragmatic in portfolio construction by only investing in securities which the Investment Manager considers to be undervalued on an absolute basis.

Investment strategy

Investments are selected for the portfolio only after extensive research which the Investment Manager believes to be key. The whole process through which equity must pass in order to be included in the portfolio is very rigorous. Only a security where the Investment Manager believes that the price will be significantly higher in the future will pass the selection process. The Company's Investment Manager believes the key to successful stock selection is to identify the long-term value of a company's shares and to have the patience to hold the shares until that value is appreciated by other investors. Identifying long term value involves detailed analysis of a company's earning prospects over a five year time horizon.

The Company's Investment Manager is Chelverton Asset Management Limited, an independent investment manager focusing exclusively on achieving returns for investors based on UK investment analysis of the highest quality. The founders and employee owners of Chelverton include experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long term investment success.

The Chairman's statement on page 3 and the Investment Manager's overview on pages 5 and 6 give details of the Company's activities during the year under review.

Performance analysis using key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives, for example the NAV, the movement in the Company share price, the discount of the share price in relation to the NAV and the total expenses ratio.

The Company's income statement is set out on page 31.

The movement of the NAV is compared to the FTSE All-Share Index, the Company's benchmark. The NAV per Ordinary share at 31 August 2007 was 50.58p (2006: 36.21p).

The Company's share price at the year end was 39.50p (2006: 33.50p).

During the year ended 31 August 2007 the Company bought back into treasury a total of 607,770 Ordinary shares, details of which are given in note 12 of the accounts. All the shares held in treasury were cancelled on 31 August 2007. The Company also purchased 34,169 shares for cancellation during the year.

Principal risks

The Board considers the following as the principal risks facing the Company. Mitigation of these risks is sought and achieved in a number of ways.

Report of the Directors (continued)

Market risk

The Company is exposed to market risk due to fluctuations in the market prices of its investments

The Investment Manager actively monitors economic and company performance and reports regularly to the Board on a formal and informal basis. The Board formally meets with the Investment Manager quarterly when portfolio transactions and performance are reviewed. The Management Engagement Committee meets at least once a year to review the performance of the Investment Manager. Further details regarding the Company's various Committees and their duties are given on pages 22 and 23 of the Statement on corporate governance.

The Company is substantially dependent on the services of the Investment Manager's investment team for the implementation of its investment policy.

The Company may hold a proportion of the portfolio in cash or cash equivalent investments from time to time. Whilst during positive stock market movements the portfolio may forego notional gains, during negative market movements this may provide protection.

Discount volatility

As with many investment trust companies, discounts can significantly fluctuate.

The Board recognises that it is in the long term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is performance. At the year end, all the shares bought back and held in treasury have been cancelled. The Board does not intend to adopt a precise discount target at which shares will be bought back. However Ordinary shares will not be brought back into treasury at a discount to Net Asset value of less than 7.5%.

Regulatory risks

A breach of Companies Act regulations and FSA/London Stock Exchange rules may result in the Company being liable to fines or the suspension of the Company from the London Stock Exchange. The Board with its advisers monitor the Company's regulatory obligations both on an ongoing basis and at quarterly Board meetings.

Financial risk

The financial situation of the Company is reviewed in detail at each Board meeting. The content of the Company's annual report and accounts is monitored and approved both by the Board and the Audit Committee.

Inappropriate accounting policies or failure to comply with current or new accounting standards may lead to a breach of regulations.

Banking risk

The Board monitors overdraft limits at each Board meeting and regularly reviews the headroom of overdraft facilities with the Investment Manager. The industry loan providers ratings are regularly monitored.

A more detailed explanation of the investment management risks facing the Company are given in note 19 to the accounts on pages 44 and 45.

Current and future developments

A review of the main features of the year is contained in the Chairman's statement and the Investment Manager's overview on pages 3 to 6.

Report of the Directors (continued)

The marketing and promotion of the Company will continue to involve the Board and the Investment Manager, with communications with shareholders and other external parties

The Articles of Association currently provide for the shareholders to consider the winding up of the Company at an Extraordinary General Meeting to be held in November 2009, unless the Directors shall have previously been released from their obligation to do so. The Chairman's Statement on pages 3 and 4 gives details of proposed changes to the duration of the Company which will be voted upon by shareholders at the Annual General Meeting to be held on 20 December 2007

Results and dividend

The results for the year and the proposed transfer from revenue reserves are set out in the income statement on page 31

The Directors do not recommend the payment of a dividend for the year

Directors

The Directors in office during the year, all of whom are non-executive, are shown below

	Date of appointment
W P Thompson (retired 20 December 2006)	2 August 2001
K J Allen	8 November 1994
Sir Terence Harrison (retired 20 December 2006)	2 August 2001
B N Lenygon	2 August 2001
D A Horner	1 May 2006
G E Stevens (Chairman)	20 December 2006

Mr Horner will offer himself for re-election in accordance with Listing Rules 15.2.11 – 13, which stipulates that a director who is also a director of the investment manager should be subject to annual re-election

In accordance with the Company's Articles of Association and Combined Code provision A 7.1, Mr Lenygon will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election

In accordance with Combined Code, provision A 7.2, that non-executive directors who have served on a board for more than nine years should be subject to annual re-election, Mr Allen will retire at the Annual General Meeting and, being eligible, will offer himself for re-election

Having been appointed to the Board since the last Annual General Meeting and in accordance with the Company's Articles of Association and the Combined Code, Mr Stevens will retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for election

The Board as a whole believes that Messrs Horner, Lenygon, Allen and Stevens, collectively and individually, all make active and effective contributions in their roles as Directors of the Company and that shareholders should vote in favour of their re-election and election, respectively, for the following reasons

Mr Horner is Managing Director of Chelverton Asset Management Limited, the Company's Investment Manager. He is a chartered accountant and has considerable experience of analysing and working with smaller companies

Report of the Directors (continued)

Mr Lenygon has served as a Director since the Company merged with The Micro Quoted Growth Trust PLC in August 2001. He has a wealth of experience with investment companies and specifically in the investment trust sector.

Mr Allen is a founding Director of the Company. He is a chartered accountant and has held a number of financial management positions within varied sectors where he has gained a thorough knowledge of smaller companies' managerial issues. His financial experience enables him to contribute significantly on accounting and reporting matters. Mr Allen is deemed wholly independent by the other Board members notwithstanding his length of service.

Mr Stevens was appointed Director and Chairman of the Company on 20 December 2006. Formerly a chartered accountant, he has considerable experience in financial management, working primarily in the insurance industry. He is also a private investor with an interest in smaller companies which strengthens the Board's understanding of the Company's portfolio.

None of the Directors has a contract of service with the Company nor, save as disclosed below, has there been any other contract or arrangement between the Company and any Director at any time during the year. None of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year. Mr Allen is a director and employee of Forest Support Services PLC (formerly Transport Systems PLC), in which the Company has an investment. Mr Horner is the Managing Director of Chelverton Asset Management Limited, the Company's Investment Manager, as well as being a Director of the Company.

Directors' beneficial and family interests

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

	At 31 August 2007	At 1 September 2006 (or date of appointment if later)*
K J Allen	221,762	221,762
B N Lenygon	62,411	62,411
D A Horner	1,060,000	1,330,000
G E Stevens	1,571,500	1,746,110*

There have been no changes to any of the above holdings between 31 August 2007 and the date of this Report. None of the Directors have any non-beneficial interests to disclose.

Substantial shareholdings

The Directors had been notified of the following substantial interests in the voting shares of the Company at the date of this Report.

	Number of shares	% of total voting rights
M E Brockbank	2,189,427	12.51
Philip J Milton private clients	1,605,393	9.17
G E Stevens	1,571,500	8.98
Uimia Accelerated Fund	1,185,000	6.77
Rensburg Sheppard Investment Management	1,180,620	6.75
M M Brooks	1,062,500	6.07
D A Horner	1,060,000	6.06
Charles Stanley private clients	948,850	5.42

Report of the Directors (continued)

Management and administration agreements

The Company's investments are managed by Chelverton Asset Management Limited ("CAM") under an agreement dated 28 June 2001

The Company pays CAM, in respect of its services as Investment Manager, a monthly fee (exclusive of VAT) payable in arrears as follows

- (i) for the first £15 million of funds under management at the rate of $\frac{1}{6}\%$ per month of the gross value of funds under management ("the Value"),
- (ii) for the next £15 million of funds under management, at the rate of $\frac{1}{8}\%$ per month of the amount by which the Value exceeds £15 million, and
- (iii) for funds under management above £30 million, at the rate of $\frac{1}{12}\%$ per month

From 1 September 2006 the Investment Manager agreed to waive half its fee during the currency of this agreement

The appointment of CAM as Investment Manager may be terminated by either party giving to the other not less than twelve months' notice of such termination. There are no specific provisions contained within the Investment Management Agreement relating to the compensation payable in the event of termination of the agreement other than entitlement to fees, which would be payable within any notice period.

Under an agreement dated 26 June 2001, company secretarial services and the general administration of the Company are undertaken by Capita Sinclair Henderson Limited for an annual fee of £38,095 plus VAT. This fee is subject to annual review based on the UK Retail Price Index. In the event that there is an increase in the issued share capital of the Company, the fee will be adjusted upwards by agreement between the Company and Capita Sinclair Henderson Limited. The agreement may be terminated by either party giving to the other not less than twelve months' notice at any time.

Appointment of Chelverton Asset Management ("CAM") as the Investment Manager

The Board continually reviews the performance of the Investment Manager. In the opinion of the independent Directors the continuing appointment of CAM, as Investment Manager, on the terms outlined in the Investment Management Agreement dated 28 June 2001, is in the best interests of the shareholders as a whole. The reason for this view is that the investment performance of the Company is satisfactory relative to the markets in which the Company invests. Further, the Board is satisfied that CAM has the required skill and expertise to continue to manage the Company's portfolio and charges fees that are reasonable when compared with those of comparable investment trusts.

Payment of suppliers

The Company does not follow any code or standard on payment practice. However it is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will be transacted, and it is the Company's policy to abide by those terms. At 31 August 2007 all suppliers' invoices received had been settled.

Financial instruments

As part of its normal operations, the Company holds financial assets and financial liabilities. Full details of the role of financial instruments in the Company's operations are set out in note 19 to the accounts.

Report of the Directors (continued)

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 48 to 50. In addition to the ordinary business of the meeting, the Directors are putting forward resolutions to allot shares and disapply pre-emption rights, which will allow the Company to issue new shares or sell shares out of treasury equivalent to 10% of its existing issued share capital.

The Directors are also seeking to renew the authority to allot Ordinary shares held in treasury at a discount to net asset value.

It is also proposed that at the Annual General Meeting the Company be given renewed authority to buy back its own shares, which may either be cancelled or held in treasury. Any decision regarding placing into treasury, or issuing shares from treasury will only be taken if, in the opinion of the Directors, the decision would be in the interest of shareholders as a whole.

As referred to in the Chairman's statement and in the documents accompanying the Annual Report a special resolution will be proposed under which the Company will be authorised to make market purchases of its shares under the proposed tender offer.

As at 19 November 2007, being the latest practicable date before the publication of this Annual Report, there are no outstanding warrants or options to subscribe for any Ordinary shares of the Company.

In addition, a special resolution will be proposed to amend the Articles of Association so that the life of the Company can be extended and voted upon by shareholders in 2011 rather than in November 2009, as currently provided for under the Articles. Details of the proposed amendments are also referred to in the Chairman's statement and in the documents accompanying this report.

Disclosure of information to Auditors

As far as the Directors are aware:

- there is no relevant audit information of which the Company's Auditors are unaware, and
- they have taken all 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 Auditors are aware of that information.

Re-appointment of Auditor

A resolution will be put to the shareholders at the Annual General Meeting proposing the appointment of Hazlewoods LLP as Auditors to the Company, having been appointed during the year to fill a casual vacancy following the resignation of Ernst & Young LLP. Hazlewoods LLP have indicated their willingness to continue in office.

By order of the Board

Capita Sinclair Henderson Limited

Secretary

20 November 2007

Statement on corporate governance

Corporate Governance – Statement of Compliance

The Board considers that throughout the year the Company has, insofar as they are relevant to the Company's business, been in compliance with the principles of the Combined Code ("Combined Code") except where stated. Additional procedures have been adopted to ensure the Company's current practices are consistent with the recommendations of the Combined Code in all material respects.

Board of Directors

Mr Stevens and Mr Allen are deemed by the Board to be independent of the Investment Manager. The continuing independence of Mr Allen has been fully considered in light of having served for more than nine years on the Board since his first election. The Company experienced a significant change in structure and Board composition in August 2001 to the effect that Mr Allen is the only founding Board member. The Board considers Mr Stevens is independent notwithstanding that he is a significant shareholder in the Company. Mr Lenygon is considered by the Board to be independent notwithstanding that he is also a director of another investment trust managed by CAM. Mr Horner as managing director of CAM the Investment Manager, is not independent. Given the size and nature of the Board, it is not considered appropriate to appoint a Senior Independent Director. This is a breach of code provision A 3.3. The Company does not have a chief executive officer, but by appointing a management company the roles of chairman and chief executive officer are effectively separated. Brief biographical details of the Directors can be found on page 12.

In the appointment of Mr Stevens as a Director of the Company, the Board did not feel it was necessary to use outside consultants or advertising, as they had already identified that Mr Stevens possessed the appropriate skills and knowledge that were considered to benefit the composition of the Board.

The Board has formal arrangements under which Directors, in the furtherance of their duties, may take independent professional advice. The Company has Directors' and Officers' liability insurance in place to cover legal defence costs.

The Board also has direct access to the advice of the Company Secretary, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with.

Under the Articles of Association, one-third of the Board is required to retire by rotation each year. Additionally, Directors are required to retire by rotation at least every three years. Directors appointed during the year are required by the Articles of Association and under the Combined Code to offer themselves for election at the first Annual General Meeting after their appointment, accordingly Mr Stevens will retire and seek election and Mr Lenygon will retire by rotation. Mr Allen stands for re-election having served on the Board for more than nine years, as does Mr Horner, who is a director of the Investment Manager.

Directors' attendance

During the year the Directors' attendance at meetings has been recorded as follows:

	Board meetings	Audit Committee	Nomination Committee	Management Engagement Committee
K J Allen	5 of 5	1 of 1	2 of 2	1 of 1
B N Lenygon	5 of 5	1 of 1	2 of 2	1 of 1
D A Horner	5 of 5	1 of 1	2 of 2	–
G E Stevens (appointed 20 December 2006)	3 of 3	–	1 of 1	1 of 1

Statement on corporate governance (continued)

Board operation

The Board consists entirely of non-executive Directors who are responsible for the implementation of the Company's investment policy. The Directors review at each Board meeting the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs. The Board is responsible for the investment policy and strategic and operational decisions of the Company. A formal schedule of matters specifically reserved for the Board's approval was adopted in November 2001. The management of the Company's assets is delegated to CAM, which has discretion to manage the assets of the Company in accordance with the Company's objectives and policies subject to the following:

- All proposed unquoted investments are put to the Board for approval,
- Quoted Investments of over £100,000 in any single situation are referred to the Board,
- Opportunistic top-up investments of up to £50,000 are permitted in any investment on the basis that the Board is informed.

To enable the Directors to fulfil their role, they have timely access to all relevant management and financial information. The full Board meets regularly and maintains contact with the Investment Manager between formal meetings.

Committees

The Company also uses a number of committees to control its operations. These committees comprise the full Board, except the Management Engagement Committee where Mr Horner is not a member by virtue of his association with the Investment Manager. Each committee's delegated responsibilities are clearly defined in written terms of reference, copies of which are available from the Company's Registered Office.

The Audit Committee provides a forum through which the Company's external Auditors report to the Board of Directors. The Committee meets at least once a year. Mr Lenygon chairs the Audit Committee.

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 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 policies and 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, Hazlewoods LLP, whose representatives attend the year end Audit Committee meeting. On the basis of these meetings the Audit Committee has been able to assess the effectiveness of the external audit. A formal statement of independence is received from the external Auditors each year.

The Company does not have an internal audit function. All of the Company's management functions are delegated to independent third parties and, as a result, this function is not felt to be appropriate. However the need for one is reviewed annually.

Statement on corporate governance (continued)

The Management Engagement Committee is responsible for reviewing the terms of the Investment Manager's contract, and those of other service providers. The Committee meets at least once a year. Mr Stevens chairs this committee.

The Nomination Committee considers the appointment and re-appointment of Directors and meets as and when required. The Committee meets at least once a year to consider the re-election of Directors at the Annual General Meeting. Mr Stevens chairs this committee.

The Board as a whole fulfils the function of a Remuneration Committee. Remuneration details are given in the Directors' remuneration report on pages 26 and 27. At 31 August 2007 there were no Directors' service agreements and no Director had been granted any options to acquire shares in the Company.

On appointment to the Board, Directors are fully briefed as to their responsibilities by the Chairman and Investment Manager. No formal induction for Mr Stevens was deemed necessary due to his in depth knowledge and experience of the Company.

As an ongoing policy, Directors' skills and knowledge are updated regularly with information provided by the Company Secretary and various industry bodies.

Performance evaluation

In accordance with corporate governance best practice, formal performance evaluation of the Board, its committees and individual Directors was undertaken following the year end by verbal consultation. It was concluded that the Board represented an effective combination of skill and expertise and continued to operate successfully as a small, proficient unit. The performance of each Director continues to be effective and demonstrates commitment to the role.

Relations with Shareholders

Communication with shareholders is given a high priority by both the Board and the Manager 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 in an attempt to ensure that their views are understood. All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Investment Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Investment Manager, the Board and the Chairman of the Board's standing committees.

Any shareholder who would like to lodge questions in advance of the Annual General Meeting is invited to do so either on the reverse of the proxy card or in writing to the Company Secretary at the address given on page 13. The Company always responds to letters from individual shareholders.

The Annual and Interim 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 dispatched to shareholders by mail and are also available for downloading from the Company's website maintained by the Investment Manager at www.chelvertonam.com.

Going concern

After due consideration, the Directors consider 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 accounts.

Statement on corporate governance (continued)

Internal controls

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness

An ongoing process in accordance with the guidance of the Turnbull Committee on internal control has been established for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and up to the date the Annual Report and Accounts were approved and is regularly reviewed by the Board.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

Statement on corporate governance (continued)

Given the nature of the Company's activities and the fact that most functions are subcontracted, the Directors have obtained information from key third party suppliers regarding the controls operated. To enable the Board to make an appropriate risk and control assessment the information and assurances sought from third party suppliers include the following

- Details of the control environment operated by the third party suppliers,
- Identification and evaluation of risks and control objectives by third party suppliers,
- Assessment of the communication procedures with third party suppliers, and
- Assessment of the control procedures operated by third party suppliers

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

- Investment management is provided by Chelverton Asset Management Limited. The Board is responsible for setting the overall investment policy and monitors the action of the Investment Manager at regular Board meetings,
- Administration and company secretarial duties for the Company are performed by Capita Sinclair Henderson Limited,
- Custody of assets is undertaken by HSBC Investment Bank PLC,
- The duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another,
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved, the Board monitors their ongoing performance and contractual arrangements,
- Mandates for authorisation of investment transactions and expense payments are set by the Board, and
- The Board reviews financial information produced by the Investment Manager and the Company Secretary in detail on a regular basis

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

Directors' remuneration report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution will be put to the members to approve the report at the forthcoming Annual General Meeting.

The law requires your 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 29 and 30.

Remuneration Committee

The Company has four non-executive directors. The Board as a whole fulfils the function of a Remuneration Committee.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to similar organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' service contracts

It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Your Company's share price performance

The graph below compares the return to Ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Index is calculated. The index was chosen for comparison purposes, as it is the Company's benchmark used for investment performance measurement purposes.

Years ended 31 August

Directors' remuneration report (continued)

Directors' emoluments for the year (audited)

The Directors who served during the year received the following emoluments in the form of fees

	2007	2006
G E Stevens (appointed 20 December 2006)	13,105	—
W P Thompson (retired 20 December 2006)	5,696	25,000
K J Allen	15,000	20,000
Sir Terence Harrison (retired 20 December 2006)	6,075	20,000
B N Lenygon	15,000	20,000
	<u>54,876</u>	<u>85,000</u>

Mr Horner has waived his fees

With effect from 1 September 2006 the Directors' fees were reduced from £20,000 to £15,000 per annum and the Chairman's fees were reduced from £25,000 to £18,750 per annum

Approval

This Directors' remuneration report was approved by the Board of Directors on 20 November 2007


George Stevens
Chairman

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and 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).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the net return of the Company for that year.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates,
- state whether the financial statements have been prepared in accordance with applicable accounting standards and disclose particulars of any material departure from those standards and the reasons for it, and
- prepare the financial statements on an ongoing basis unless it is inappropriate to assume that the Company will continue in business.

The Directors have confirmed that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which are sufficient to disclose with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Independent Auditors' report

To the members of Chelverton Growth Trust PLC

We have audited the financial statements (the "financial statements") of Chelverton Growth Trust plc for the year ended 31 August 2007 which comprise the Income statement, the Reconciliation of movements in shareholders' funds, the Balance sheet, the Statement of cash flows and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The Directors are responsible for preparing the Annual Report, the Directors' remuneration report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Directors is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Statement on corporate governance reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Investment objective, Company summary, Performance statistics, Chairman's statement, Manager's overview, Portfolio review, Portfolio breakdown by sector and by index, Directors, Manager, Secretary and Advisers, Report of the Directors, Statement on corporate governance, the unaudited part of the Directors' remuneration report, and the Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' report (continued)

To the members of Chelverton Growth Trust PLC

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' remuneration report to be audited.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 August 2007 and of its return for the year then ended,
- the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Hazlewoods LLP


Chartered Accountants & Registered Auditors, Gloucester

20 November 2007

Income statement

for the year ended 31 August 2007

	Note	2007			2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value	8	–	2,718	2,718	–	(11)	(11)
Income	2	106	–	106	66	–	66
Investment management fee	3	(27)	(79)	(106)	(49)	(146)	(195)
Other expenses	4	(166)	–	(166)	(209)	–	(209)
Net return before finance costs and taxation		(87)	2,639	2,552	(192)	(157)	(349)
Interest payable	5	(15)	(45)	(60)	(14)	(41)	(55)
Net return on ordinary activities before taxation		(102)	2,594	2,492	(206)	(198)	(404)
Taxation on ordinary activities	6	–	–	–	–	–	–
Net return on ordinary activities after taxation		(102)	2,594	2,492	(206)	(198)	(404)
		Revenue	Capital	Total	Revenue	Capital	Total
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	7	(0.58)	14 65	14 07	(1 14)	(1 09)	(2 23)

The total column of this statement is the profit and loss account of the Company

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

No operations were acquired or discontinued during the year

A separate statement of total recognised gains and losses has not been prepared as all such gains and losses are included in the income statement

The notes on pages 35 to 46 form part of these accounts

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2007

	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
Year ended 31 August 2007						
1 September 2006	182	2,674	(99)	7	3,805	6,569
Cost of shares cancelled	(7)	–	(210)	7	–	(210)
Net return after taxation for the year	–	–	2,594	–	(102)	2,492
31 August 2007	175	2,674	2,285	14	3,703	8,851
Year ended 31 August 2006						
1 September 2005 (as originally stated)	182	2,674	400	7	4,011	7,274
Restatements	–	–	(301)	–	–	(301)
1 September 2005 (restated)	182	2,674	99	7	4,011	6,973
Net return after taxation for the year	–	–	(198)	–	(206)	(404)
31 August 2006	182	2,674	(99)	7	3,805	6,569

The notes on pages 35 to 46 form part of these accounts

Balance sheet

as at 31 August 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments at fair value	8	8,542	7,946
Current assets			
Debtors	10	18	13
Cash at bank		382	24
		<u>400</u>	<u>37</u>
Creditors – amounts falling due within one year			
Creditors	11	<u>91</u>	<u>1,414</u>
Net current assets/(liabilities)		<u>309</u>	<u>(1,377)</u>
Net assets		<u>8,851</u>	<u>6,569</u>
Share capital and reserves			
Called up share capital	12	175	182
Share premium account	13	2,674	2,674
Capital reserve – realised	13	3,058	1,989
– unrealised	13	(773)	(2,088)
– capital redemption reserve	13	14	7
Revenue reserve	13	<u>3,703</u>	<u>3,805</u>
Equity shareholders' funds		<u>8,851</u>	<u>6,569</u>
Net asset value per Ordinary share	17	<u>50 58p</u>	<u>36 21p</u>

The notes on pages 35 to 46 form part of these accounts

These accounts were approved by the Board of Directors and authorised for issue on 20 November 2007. They were signed on its behalf by



George Stevens
Chairman

Statement of cash flows

for the year ended 31 August 2007

	Note	2007 £'000	2006 £'000
Operating activities			
Investment income received		98	67
Deposit interest received		3	1
Investment management fees paid		(114)	(194)
Secretarial fees paid		(45)	(44)
Other cash payments		<u>(113)</u>	<u>(165)</u>
Net cash outflow from operating activities	14	<u>(171)</u>	<u>(335)</u>
Returns on investments and servicing of finance			
Interest paid		<u>(68)</u>	<u>(38)</u>
Investing activities			
Purchases of investments		(2,070)	(2,167)
Sales of investments		<u>4,220</u>	<u>1,415</u>
Net cash inflow/(outflow) from investing activities		<u>2,150</u>	<u>(752)</u>
Financing			
Share repurchase		<u>(210)</u>	<u>-</u>
Increase/(decrease) in cash	16	<u>1,701</u>	<u>(1,125)</u>

The notes on pages 35 to 46 form part of these accounts

Notes to the accounts

as at 31 August 2007

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice ("SORP") issued in January 2003, revised in December 2005, regarding the Financial Statements of Investment Trust Companies. All the Company's activities are continuing.

Income recognition

Dividends receivable on quoted equity shares are included in the accounts when the investments concerned are quoted 'ex-dividend'. UK dividends are disclosed excluding the associated tax credit. Dividends receivable on equity and non-equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. All other income is included on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis and charged through the revenue account in the income statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed (see note 8),
- Management fees and bank interest have been allocated 75% to capital reserve (realised) and 25% to revenue reserve in the income statement, being in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

Investments

All investments held by the Company are classified as 'fair value through profit or loss'. Investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the income statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

Where investments are unlisted or trading in the securities of an investee company is suspended, the investment is valued at the Directors' estimate of its net realisable value being their estimate of fair value.

Notes to the accounts (continued)

as at 31 August 2007

1 ACCOUNTING POLICIES (continued)

Capital reserves

Capital reserve (realised)

The following are accounted for in this reserve

- gains and losses on the realisation of investments,
- realised exchange differences of a capital nature, and
- expenses, together with related taxation effect, charged to this account in accordance with the above policies

Capital reserve (unrealised)

The following are accounted for in this reserve

- increases and decreases in the valuation of the investments held at the year end

Taxation

The charge for taxation, where relevant, is based on the revenue before taxation for the year. Tax deferred or accelerated can arise due to timing differences between the treatment of certain items for accounting and taxation purposes.

Full provision is made for deferred taxation under the liability method, on all timing differences not reversed by the balance sheet date, in accordance with FRS 19 Deferred tax.

The tax effect of different items of income/gain and expenditure/loss 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 accounting period.

Notes to the accounts (continued)

as at 31 August 2007

2 INCOME	2007 £'000	2006 £'000
Income from investments		
Dividends from UK companies	97	65
Dividends from overseas companies	3	–
	<u>100</u>	<u>65</u>
Other income		
Bank interest receivable	6	1
	<u>106</u>	<u>66</u>
Total income		
	<u>106</u>	<u>66</u>
Total income comprises		
Dividends	100	65
Interest	6	1
	<u>106</u>	<u>66</u>

3 INVESTMENT MANAGEMENT FEE	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	23	67	90	42	124	166
Irrecoverable VAT thereon	4	12	16	7	22	29
	<u>27</u>	<u>79</u>	<u>106</u>	<u>49</u>	<u>146</u>	<u>195</u>

The investment management fee is calculated at the rate of 1/6% per month of the gross value of funds under management and is payable monthly in arrears. At 31 August 2007 there was £8,000 outstanding (2006 £16,000). From 1 September 2006 the Investment Manager agreed to waive half its fee.

4 OTHER EXPENSES	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Administrative and secretarial services	45	–	45	44	–	44
Directors' remuneration	55	–	55	85	–	85
Auditors' remuneration						
audit services	12	–	12	14	–	14
Other expenses	54	–	54	66	–	66
	<u>166</u>	<u>–</u>	<u>166</u>	<u>209</u>	<u>–</u>	<u>209</u>

Notes to the accounts (continued)

as at 31 August 2007

5 INTEREST PAYABLE

	2007			2006		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
On bank overdraft	15	45	60	14	41	55

6 TAXATION

2007
£'000

2006
£'000

Analysis of charge in period

Current tax

Corporation tax

—	—
—	—

Factors affecting current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a medium or large company (30%). The differences are explained below

	2007 £'000	2006 £'000
Loss on ordinary activities before taxation	(102)	(206)
Corporation tax at 30%	(31)	(62)
UK dividend income not taxable	(29)	(20)
Deductible expenses charged to capital	(37)	(56)
Excess expenses for the period	97	138
Current tax charge for the period	—	—

At 31 August 2007 the Company had surplus management expenses of £2,682,000 (2006 £2,359,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

Notes to the accounts (continued)

as at 31 August 2007

7 RETURN PER ORDINARY SHARE

	2007			2006		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Basic	(0.58)	14.65	14.07	(1 14)	(1 09)	(2 23)

Revenue return per Ordinary share is based on the net revenue loss on ordinary activities after taxation attributable of £102,000 (2006 £206,000) and on 17,709,375 (2006 18,141,939) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year

Capital return per Ordinary share is based on the net capital gains of £2,594,000 (2006 net capital losses of £198,000) and on 17,709,375 (2006 18,141,939) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year

Total return per Ordinary share is based on the total gain of £2,492,000 (2006 total loss £404,000) and on 17,709,375 (2006 18,141,939) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year

Notes to the accounts (continued)

as at 31 August 2007

8 INVESTMENTS

	2007	2006
	£'000	£'000
Listed	–	303
AIM	8,225	7,520
Unlisted	317	123
	<u>8,542</u>	<u>7,946</u>

	Listed	AIM	Unlisted*	Total
	£'000	£'000	£'000	£'000
Opening book cost	604	8,978	452	10,034
Opening unrealised depreciation	(301)	(1,458)	(329)	(2,088)
	<u>303</u>	<u>7,520</u>	<u>123</u>	<u>7,946</u>
Movements in the year				
Purchases at cost	–	2,458	250	2,708
Sales				
Proceeds	(490)	(4,282)	(58)	(4,830)
Realised /(losses)/gains on sales	(114)	1,515	2	1,403
Decrease in unrealised depreciation	301	1,014	–	1,315
	<u>–</u>	<u>8,225</u>	<u>317</u>	<u>8,542</u>
Closing book cost	–	8,669	646	9,315
Closing unrealised depreciation	–	(444)	(329)	(773)
	<u>–</u>	<u>8,225</u>	<u>317</u>	<u>8,542</u>

	2007	2006
	£'000	£'000
Realised gains on sales	1,403	639
Decrease/(increase) in unrealised depreciation	1,315	(650)
	<u>2,718</u>	<u>(11)</u>

* Unlisted investments are valued at the Directors' estimate of their net realisable value, being their estimate of fair value

Transaction costs

During the year, the Company incurred transaction costs of £7,007 (2006 £3,630) and £7,271 (2006 £3,219) on purchases and sales of investments, respectively. These amounts are included in '(Gains)/losses on investments at fair value' as disclosed in the income statement.

Notes to the accounts (continued)

as at 31 August 2007

9 SIGNIFICANT INTERESTS

The Company has a holding of 3% or more of the issued class of share that is material in the context of the accounts in the following investments

Security	Number of shares held	Percentage of issued share capital	Issued share capital
Forest Support Services, Ord 5p	2,140,000	11.440	18,706,961
CEPS, Ord 5p	625,856	7.528	8,314,231
Conder Environment Ord 10p	2,750,000	4.803	57,254,309
CEPS, Wts To Sub For Ord 20/04/10	65,706	4.570	1,437,769
Chromogenex, Ord 1p	2,500,000	4.103	60,931,818
Belgravium Technologies, Ord 5p	4,000,000	3.971	100,741,547
Hartest Holdings, Ord 10p	340,000	3.951	8,605,288
Petards Group, Ord 1p	25,000,000	3.926	636,706,423
AI Claims Solutions, Ord 10p	2,200,000	3.582	61,416,189
Capcon Holdings, Ord 1p	337,500	3.323	10,156,776
Food & Drink Group Ord 1p	176,867	3.152	5,612,125
Minorplanet Systems, Ord 1p	1,000,000	3.102	32,236,919

10 DEBTORS – amounts falling due within one year

	2007 £'000	2006 £'000
Prepayments and other debtors	10	7
Dividends receivable	8	6
	<u>18</u>	<u>13</u>

11 CREDITORS – amounts falling due within one year

	2007 £'000	2006 £'000
Amounts due to brokers	28	–
Other creditors	63	71
Bank overdraft	–	1,343
	<u>91</u>	<u>1,414</u>

The bank overdraft is secured by a floating charge over the Company's investment portfolio. Further details are disclosed in note 19(III).

Notes to the accounts (continued)

as at 31 August 2007

12 CALLED UP SHARE CAPITAL	2007 £'000	2006 £'000
Authorised		
27,000,000 Ordinary shares of 1p each	<u>270</u>	<u>270</u>
Allotted, called up and fully paid		
17,500,000 (2006 18,141,939) Ordinary shares of 1p each	<u>175</u>	<u>182</u>

During the year the following Ordinary shares were cancelled

Date	Number of shares	Total cost of purchase including expenses	% of issued shares at that date
3 August 2007	34,169	£14,499	0.19
31 August 2007	607,770	£195,253	3.35

During the year the following Ordinary shares all of which were subsequently cancelled, were purchased into treasury

Date	Number of shares	Total cost of purchase including expenses	% of issued shares at that date
27 October 2006	150,000	£46,968	0.82
6 November 2006	121,603	£37,465	0.67
15 November 2006	100,000	£29,291	0.55
8 January 2007	136,167	£42,639	0.75
17 April 2007	50,000	£19,191	0.28
30 April 2007	50,000	£19,699	0.28
	<u>607,770</u>	<u>£195,253</u>	

Of the shareholder authority granted at the Annual General Meeting on 20 December 2006, there remained an authority to purchase 2,077,537 Ordinary shares at the year end

Duration

The Articles of Association provide that the Directors shall convene an Extraordinary General Meeting of the Company on 30 November 2009, or if that day is not a business day, on the immediately preceding business day, at which proposals for the voluntary liquidation, unitisation or other reorganisation of the Company shall be put to the members ("Winding-up Resolution") unless the Directors shall have been previously released from their obligation to do so by a special resolution of the Company duly passed at the Annual General Meeting of the Company to be held in 2008 resolving to continue to operate as an investment trust company. If the Directors are released from their obligation, they shall be obliged to convene an Extraordinary General Meeting to be held on 30 November 2014, or if that is not a business day, on the immediately preceding business day and every fifth year thereafter, proposing a similar Winding-up Resolution which shall be proposed as a special resolution and the vote shall be taken on a poll. The Chairman's statement and notice of AGM give details of proposed changes to the duration of the Company.

Notes to the accounts (continued)

as at 31 August 2007

13 RESERVES

	Share premium £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
At 1 September 2006	2,674	1,989	(2,088)	7	3,805
Net gains on realisation of investments	–	1,993	–	–	–
Transfer on disposal of investments	–	(590)	590	–	–
Decrease in unrealised depreciation	–	–	725	–	–
Cost of shares cancelled	–	(210)	–	7	–
Costs charged to capital	–	(124)	–	–	–
Retained net loss for the year	–	–	–	–	(102)
At 31 August 2007	2,674	3,058	(773)	14	3,703

14 RECONCILIATION OF NET RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Net return before finance costs and taxation	2,552	(349)
Net capital return before finance costs	(2,639)	157
Expenses charged to capital	(79)	(146)
Increase in creditors and accruals	–	2
(Increase)/decrease in prepayments and accrued income	(5)	1
	<u>(171)</u>	<u>(335)</u>

15 RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2007 £'000	2006 £'000
Net debt at 1 September 2006	(1,319)	(194)
Net cash inflow/(outflow)	<u>1,701</u>	<u>(1,125)</u>
Net cash/(debt) at 31 August 2007	<u>382</u>	<u>(1,319)</u>

16 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2006	Cash flows	At 31 August 2007
Cash at bank	24	358	382
Bank overdraft	<u>(1,343)</u>	<u>1,343</u>	<u>–</u>
	<u>(1,319)</u>	<u>1,701</u>	<u>382</u>

17 NET ASSET VALUE PER ORDINARY SHARE

The basic net asset value per Ordinary share is based on net assets of £8,851,000 (2006 £6,569,000) and on 17,500,000 (2006 18,141,939) Ordinary shares, being the number of shares in issue at the year end

Notes to the accounts (continued)

as at 31 August 2007

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 August 2007 there were no capital commitments and contingent liabilities (2006 £nil)

19 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income

The Company has little exposure to credit and cash flow risk and no direct exposure to foreign currency risk

The Company finances its operations through its issued capital, existing reserves and a bank overdraft

The principal risks the Company faces in its investment portfolio management activities are

- market price risk, i.e. movements in the value of investment holdings caused by factors other than interest rate movement,
- liquidity risk, and
- interest rate risk

The Manager's policies for managing these risks are summarised below and have been applied throughout the year

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Manager

The Directors are conscious of the fact that the nature of AIM investments is such that prices can be volatile. Investors should be aware that the Company is exposed to a higher rate of risk than exists within a fund which holds traditional blue chip securities

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

(ii) Liquidity risk

The Company's investments are in small companies which are less liquid than larger companies. As at 31 August 2007, the Company had no overdraft against an available overdraft facility of £1,500,000. The overdraft facility available is considered to be sufficient to meet any funding commitments that might arise.

(iii) Interest rate risk

As at 31 August 2007 the Company had an overdraft facility with Lloyds TSB Bank PLC of £1,500,000 bearing interest at 1% over the Bank's base rate (at 31 August 2007 5.75% per annum). At the year end the Company had no overdraft.

Notes to the accounts (continued)

as at 31 August 2007

19 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

As required by FRS 25 Financial Instruments Disclosure and Presentation, an analysis of financial assets and liabilities, which identifies the risk of holding such items, is given below

Financial assets

The Company holds fixed asset investments which are traded on AIM or are unlisted. Where investments are unlisted the investment is valued at the Directors' estimate of its net realisable value, being their estimate of fair value, these assets are discussed in the Manager's overview on pages 5 and 6 and are listed on pages 7 to 10. All of the Company's assets are in sterling and accordingly the Company has no direct currency exposure.

The interest rate profile of the Company's financial assets is

	Financial assets on which no interest is paid		Floating rate financial assets
At 31 August 2007	Total £'000	£'000	£'000
Equity shares	8,355	8,355	—
Loan stock	187	187	—
Cash and debtors	400	18	382
	<u>8,942</u>	<u>8,560</u>	<u>382</u>

	Financial assets on which no interest is paid		Floating rate financial assets
At 31 August 2006	Total £'000	£'000	£'000
Equity shares	7,891	7,891	—
Preference shares	55	55	—
Cash and debtors	37	13	24
	<u>7,983</u>	<u>7,959</u>	<u>24</u>

Cash consists of cash at bank. These balances earn interest at variable interest rates.

Financial liabilities

Primarily the Company finances its operations through its issued capital and existing reserves. The only financial liabilities of the Company are creditors which are due within one year, as disclosed in note 11. The only interest paid on these liabilities, which are all in sterling, is on the Lloyds TSB overdraft facility which incurs interest at 1% over the Bank's base rate which at 31 August 2007 was 5.75% per annum.

Fair values of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value.

Notes to the accounts (continued)

as at 31 August 2007

20 RELATED PARTY TRANSACTIONS

Under the terms of the agreement dated 28 June 2001, the Company has appointed Chelverton Asset Management Limited to be the Investment Manager. The fee arrangements for these services and fees payable are set out in the Report of the Directors on page 19 and in note 3 to the accounts. Mr Horner, a Director of the Company, is also a director of Chelverton Asset Management Limited. Mr Allen, a Director of the Company is a director and employee of Forest Support Services PLC, in which the Company has an investment (see note 9).

Shareholder information

Shareholders wishing to communicate directly with the Board should contact the Company Secretary who will pass on shareholder details to the relevant Board member

Contact details

Company Secretary	Capita Sinclair Henderson Limited	Tel 01392 412122 Fax 01392 253282
Registrar	Equiniti Limited	Tel 0870 600 3970 www.shareview.co.uk
Investment Manager	Chelverton Asset Management Limited	Tel 01225 483 030 Fax 01225 338 046
Company website		www.chelvertonam.com

Postal address details are shown on page 13

Sources of further information

The Company's share price is listed in the Financial Times under "Investment Companies"

Key dates

August	Company year end
November	Annual results
December	AGM
April	Half-year results

Frequency of NAV publication

The Company's net asset value is released to the Stock Exchange monthly and are posted to the Company's website www.chelvertonam.com

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Chelverton Growth Trust PLC will be held at the offices of Chelverton Asset Management Limited, 9 Dartmouth Street, London SW1H 9BP at 11 00 am on Thursday, 20 December 2007 for the following purposes

Ordinary business

- 1 To receive and adopt the financial statements for the year ended 31 August 2007, together with the Report of the Directors and Independent Auditors' Report thereon
- 2 To receive and if thought fit, to accept the Directors' remuneration report for the year ended 31 August 2007
- 3 To re-elect Mr D A Horner as a Director of the Company
- 4 To re-elect Mr B N Lenygon as a Director of the Company
- 5 To re-elect Mr K J Allen as a Director of the Company
- 6 To elect Mr G E Stevens as a Director of the Company
- 7 To appoint Hazlewoods LLP as Auditors to the Company, to hold office from the conclusion of this Meeting until the next Annual General Meeting, and to authorise the Directors to determine their remuneration

Special business

To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions

- 8 THAT the Directors be empowered pursuant to Section 95(1) of the Companies Act 1985 to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) pursuant to the authority granted at the Annual General Meeting held on 14 December 2004 as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that this power be limited to the allotment of equity securities (including any issue (other than to an employee share scheme) of shares for cash out of treasury) up to an aggregate nominal amount of £17,500 and shall expire on the date which is fifteen months after the date of passing of this resolution or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier, save that the Company may, before the expiry of such power, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired
- 9 THAT, subject to the passing of Resolution 8 above, the Company be authorised, for the purposes of paragraph 15.4.23 of the Listing Rules of the United Kingdom Listing Authority, to issue Ordinary shares of 1p each in the Capital of the Company at a price below net asset value per share of the existing Ordinary shares in issue provided always that such issue shall be limited to
 - i) up to an aggregate nominal amount of £17,500
 - ii) the sale of shares which, immediately before such sale, were held by the Company as treasury shares

Notice of Annual General Meeting (continued)

10 THAT the Company is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to renew its authority to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 1p each in the capital of the Company ("Ordinary shares"), provided that

- (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 2,623,250 (or, if less, 14.99% of the issued Ordinary share capital immediately following the passing of this resolution),
- (ii) the minimum price which may be paid for each Ordinary share is 1p,
- (iii) the maximum price which may be paid for each Ordinary share is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the middle market quotations for Ordinary shares taken from London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the contract of purchase is made,
- (iv) this authority will (unless renewed) expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, fifteen months after that date, and
- (v) the Company may make a contract to purchase Ordinary shares under the authority conferred by this resolution before this authority expires, such contract which will or may be executed wholly or partly after the expiry of this authority

11 THAT, in addition to the authority given to the Company to purchase its Ordinary shares of 1p each ("Shares") pursuant to the resolution number 10 above and in accordance with the terms and conditions contained in a Tender Offer Circular issued on 23 November 2007 by the Company and the accompanying Tender Form (together the "Terms and Conditions"), the Company be and is hereby authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163 of the Act) of its Shares, provided that

- (a) the maximum number of Shares hereby authorised to be purchased shall not exceed 15% of the Shares in issue as at the date hereof (excluding any Shares held in Treasury),
- (b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions), and
- (c) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

Save as expressly provided in this resolution, words defined in the Terms and Conditions shall bear the same meanings in this resolution

12 The Articles of Association of the Company be and are hereby amended by the deletion of Article 164 in its entirety, and the substitution of the following therefor

"Duration of the Company

164 Duration of the Company

Notice of Annual General Meeting (continued)

- 164 1 At the Annual General Meeting of the Company in 2011 the Directors shall ensure that a special resolution is proposed to the effect that the duration of the Company shall continue for a further three years (a "Continuance Resolution") In the event that a Continuance Resolution is passed, the Directors shall ensure that a further Continuance Resolution is proposed at a general meeting of the Company to be held no later than three years after the date on which the previous Continuance Resolution was passed
- 164 2 In the event that any Continuance Resolution fails to be passed at any general meeting of the Company, at which it is proposed in accordance with Article 164 1, the Directors shall conduct the Company's affairs so as to arrange an orderly wind-up of the Company's affairs and shall ensure that a resolution to effect a voluntary wind-up of the Company shall be proposed at a general meeting of the Company by no later than the third anniversary of the date on which the relevant Continuance Resolution failed to be passed
- 164 3 At a general meeting called pursuant to Article 164 2 above those holders of ordinary shares who (being individuals) are present in person or by proxy or (being corporations) are present by proxy or by a representative duly authorised (not being himself a member entitled to vote) and entitled to vote and who vote in favour of the resolution proposed to wind up the Company voluntarily shall on a poll collectively have such total number of votes as is one more than the number of votes which are required to be cast on such poll for the said resolution to be carried, and upon such resolution being passed then the Company shall be wound up accordingly"

Registered Office
Beaufort House
51 New North Road
Exeter EX4 4EP

By Order of the Board
Capita Sinclair Henderson Limited
Secretary
20 November 2007

NOTES

- 1 *A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him/her A proxy need not also be a member of the Company. Lodgement of the form of proxy will not preclude a shareholder from attending the Meeting and voting in person*
- 2 *A form of proxy is attached for use in connection with the business set out above. This form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, to reach the Registrars at the address printed on the form of proxy not later than 11 00 am on 18 December 2007*
- 3 *The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11 am on 18 December 2007 shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 11 am on 18 December 2007 ('the specified time') shall be disregarded in determining the rights of any person to attend or vote at the Meeting If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting, or if the Company gives notice of the adjourned Meeting, at the time specified in that notice.*
- 4 *Shareholders (and any parties or representatives they appoint) agree, by attending this Meeting, that they are expressly requesting that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting*
- 5 *The Articles of Association will be available for inspection at the Registered Office of the Company during normal business hours (Saturdays and Public Holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting*

Form of Proxy

For use at the Annual General Meeting of Chelverton Growth Trust PLC

I/We (Block Capitals please)

a member/members of Chelverton Growth Trust PLC ("the Company"), hereby appoint the Chairman of the Meeting/

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 Chelverton Asset Management Limited, 9 Dartmouth Street, London, SW1H 9BP at 11 00 am on Thursday, 20 December 2007, and at any adjournment thereof

Signature

Date

2007

Please indicate with an X in the spaces below how you wish your votes to be cast

		FOR	AGAINST	ABSTAIN
RESOLUTION 1	To adopt the financial statements for the year ended 31 August 2007, together with the Reports of the Directors and Independent Auditors thereon			
RESOLUTION 2	To receive and accept the Directors' remuneration report			
RESOLUTION 3	To re-elect Mr D A Horner as a Director of the Company			
RESOLUTION 4	To re-elect Mr B N Lenygon as a Director of the Company			
RESOLUTION 5	To re-elect Mr K J Allen as a Director of the Company			
RESOLUTION 6	To elect Mr G E Stevens as a Director of the Company			
RESOLUTION 7	To appoint Hazlewoods LLP as Auditors to the Company, and to authorise the Directors to determine their remuneration			
RESOLUTION 8	To authorise the Directors to allot shares other than in accordance with statutory pre-emption rights			
RESOLUTION 9	To authorise the Directors to issue shares previously held in treasury at a discount to net asset value			
RESOLUTION 10	To authorise the Company to renew its authority to make market purchases of its Ordinary shares			
RESOLUTION 11	To authorise the Company to purchase its Ordinary shares under the Tender Offer			
RESOLUTION 12	To amend the Articles of Association			

NOTES

- 1 A member may appoint a proxy of his/her own choice. If such an appointment is made, delete the words 'the Chairman of the Meeting' and insert the name of the person appointed proxy in the space provided.
- 2 If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- 3 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.
- 4 If this form is returned without any indication as to how the person appointed proxy shall vote, the Chairman will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
- 5 To be valid, this form must be completed and deposited at the office of the Company's Registrars on the proxy form not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting.
- 6 A "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against the resolution.

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