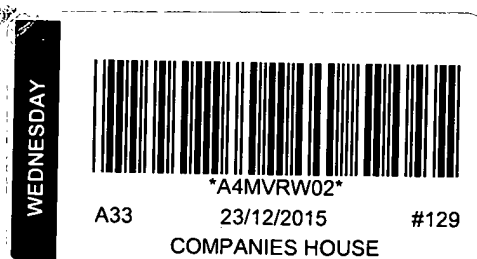


CHELVERTON GROWTH TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDING 31 AUGUST 2015



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 MSCI Small Cap UK 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

Benchmark	MSCI Small Cap UK Index
Investment Manager	Chelverton Asset Management Limited See page 16 for further details
Total net assets	£ 4,672,000 as at 31 August 2015
Market capitalisation	£ 3,613,000 as at 31 August 2015
Capital structure	8,501,650 Ordinary lp shares carrying one vote each.

Performance statistics

	Year ended 31 August 2015	Year ended 31 August 2014	% Change
Net assets	£4,672,000	£4,854,000	(3.75)
Net asset value per share (NAV)	54.95p	51.38p	6.95
MSCI Small Cap UK Index	349.890	318.754	9.77
Share price	42.50p	43.75p	(2.86)
Discount to net asset value	22.6%	14.8%	
Revenue loss after taxation	£(68,000)	£(75,000)	
Revenue loss per share	(0.75)p	(0.76)p	
Capital gain per share	3.97p	7.15p	

An investment company as defined under Section 833 of the Companies Act 2006.

REGISTERED IN ENGLAND No. 2989519

Strategic Report

The Strategic Report has been prepared in accordance with section 414A of the Companies Act 2006 (the "Act"). Its purpose is to inform the Members of the Company and help them understand how the Directors have performed their duty under section 172 of the Act to promote the success of the Company.

Chairman's Statement

I am pleased to announce another year of steady progress in which the fund's net asset value per share has increased from 51.38p to 54.95p – an increase of 6.95%. This compares to the Company's benchmark index, the MSCI Small Cap UK Index which rose by 9.77% in the period.

Since the end of the reporting period it has been announced that Parmenion, the Fund's largest investment (37% of the Fund), is to be acquired by Aberdeen Asset Management plc. The net asset value per share at the end of October increased to 58.24p, a rise of 5.98% from just two months earlier. Once the acquisition is completed the fund will benefit from a significant inflow of cash.

Particular thanks are due to David Horner our Investment Manager, as this outstanding investment has yielded in excess of 16 times since our early stage investment of just £115,000 seven years ago. In the last few years our investment in Parmenion has become a very large proportion of the Fund, but David's belief that we had a company of real value has been fully justified. The success demonstrates very much the ethos of Chelverton Growth Trust.

The return of a Conservative Government in the May UK general election gives a more stable political outlook. It is difficult to see beyond the view of most commentators that the UK economy is in for a period of steady, if unspectacular growth, with both inflation and interest rates forecast to remain at historically low levels.

UK economic growth statistics have been consistently revised upwards, this growth has been translated into solid job creation over the last few years. Until recently, there has been little pressure on employers to increase wages. However, we now seem to be at a turning point, as we are seeing the first signs of above average rises in salaries. This combined with the introduction of the "living wage" will mean labour costs for many businesses will begin to rise. Whether this rise in labour costs will lead to an increase in inflation or a decline in profitability, which remains at historically high levels, will provide a true guide to the health of the UK economy

The Government will continue to focus on deficit reduction. The Chancellor is expected to announce deep cuts in the Public Sector in his first Autumn Statement since the election. On balance, we would expect the strength in the domestic economy to absorb any reduction in demand.

This outlook of domestic stability is in stark contrast to that of many regions in the world. The political turmoil in the Middle East seems to be going from bad to worse. The mass migration of political and economic refugees will have massive economic, social and political repercussions, not only in the Middle East but also across Europe. The slowdown in the growth of the Chinese Economy has led to significant declines in commodity prices and dramatic devaluation of many currencies linked to the Chinese economy. These factors are clear headwinds to the forward momentum of world economic growth and have already lead to an increase in negative sentiment towards financial markets.

The companies in the portfolio have generally made further progress over the past year and it is hoped that the investment and development that has taken place in the past three years will, notwithstanding the comments above, begin to bear fruit in the near future.

The Board continues to be committed to an annual tender process as a means of offering shareholders the ability to realise some of their shareholding at a modest discount to net asset value. Given the strong performance of the unquoted portfolio, and in particular the liquid resources released by the recently announced takeover of Parmenion by Aberdeen Asset Management plc. The Board has decided to review the level of the annual tender and have decided to increase it to 24.99% this year from 10% in previous years.

Strategic Report (continued)

Chairman's Statement (continued)

As in previous years, the Board remains of the view that the investment strategy employed by the Investment Manager remains valid and that the continuation of the Company's investment objective and policy should afford shareholders the opportunity to benefit from the significant underlying potential value in the portfolio. Going forward, the Board and Investment Manager believe that the portfolio characteristics may vary a little in respect of the percentages in quoted and unquoted shares and the number of holdings in the portfolio. This will not affect the portfolio risk profile or investment objective, which is to provide an attractive high income combined with the opportunity for capital growth, whilst outperforming the MSCI Small Cap UK Index over the long term.

The proposed tender offer will be the seventh return to shareholders. If the offer is fully taken up, Chelverton Growth Trust will over a period of eight years have repurchased a total of 12,506,808 shares representing 66.23% of the shares in issue at 31 August 2007.

The ability of the Company to be able to undertake share buybacks, including pursuant to the proposed tender offer, depends amongst other factors, on the Company having appropriate reserves which it can utilise in any manner as permitted by the Companies Act 2006.

It is possible for a company to reduce its capital, or as in this case, cancel its share premium account in order to create distributable reserves which can be applied in any manner which the company's profits available for distribution (as determined in accordance with the Companies Act 2006) are able to be lawfully applied. The proposed cancellation of the Company's share premium account requires, under the Companies Act 2006, approval of the Company's shareholders and subsequent confirmation by the Court.

The Board is therefore proposing, subject to shareholder approval and confirmation by the Court, that the amount standing to the credit of the Company's share premium account (being £2.674 million as at the date of this statement) be cancelled.

In considering whether to confirm the cancellation of the Company's share premium account, the Court takes account of the interests of the Company's creditors at the time of the cancellation (including any contingent and prospective creditors). The Court will require to be satisfied that the interests of the Company's creditors will not be prejudiced as a result of the reduction. The Company understands that it is likely that no creditor will be able to show that there is any real likelihood that the reduction would result in the Company being unable to discharge that creditor's debt or claim when it fell due, which is the relevant test under the Companies Act 2006, and, accordingly, that no form of creditor protection is likely to be required.

It is, however, for the Court, ultimately, to determine the question of whether any protection is required for creditors, and if so, what form it should take. If any is required, it would likely to take the form of an undertaking to the Court that any reserve arising from the cancellation of the share premium account would remain undistributable until the Company's creditors at the time of the cancellation had either consented to the cancellation or their debts at that time had been discharged or otherwise satisfied.

The cancellation will take effect upon the registration with the Registrar of Companies of the order of the Court confirming the cancellation, which is expected to occur in the first quarter of 2016.

The Board is aware that the current policy of returning funds to shareholders through an annual tender offer will inevitably lead to an increase in the cost ratio. The Board is thus exploring strategic options that will enable all shareholders to realise full value efficiently in the medium term.

The Board believes that to achieve the best outcome for shareholders a change in the Company's investment objective and policy is required, and this will be put to shareholders as a Resolution at the forthcoming annual General Meeting.

Strategic Report (continued)

Chairman's Statement (continued)

These changes, if approved, will result of in the Company's assets being concentrated in fewer investments and higher levels of cash being maintained. In addition, any new investments will require a shorter timeline to realisation than has previously been required. Although the changes may affect short-term performance, they will provide an effective route to the realisation of value for shareholders, which can be achieved in the medium term.

Accordingly, four Resolutions will be put forward at the forthcoming Annual General Meeting as special resolutions: (1) that the Company adopts the revised investment objective and policy as described above and stated in the strategic report on page 10 and (2) that it continues to operate as an investment trust; (3) that the Company be authorised to carry out the tender offer and (4) that the Company's share premium account be cancelled. The directors will vote in favour of these resolutions in respect of their own shareholdings.



Kevin Allen
Chairman
9th November 2015

Strategic Report (continued)

Investment Manager's overview

The UK economy continues to grow relatively strongly with a continuing trend of upward revisions to initial estimates of UK economic growth. The economy is benefiting from low interest rates and benign inflation. We do however appear to be moving towards a point of full employment, which will inevitably lead to upward pressure on salary costs; this pressure will be increased by the political desire to bring in a "living wage" for employees. It is unclear whether companies will pass this cost on to customers, absorb it into their margins or try to improve productivity. Whatever the outcome, it is likely to take the edge off the rate of growth of corporate profitability.

The Eurozone appears to be slowly recovering; absorbing the damage to sentiment caused by the shocks of Greek political instability, disruption caused by the migration of people displaced by the fragmentation of the Middle East and the corporate scandal at Volkswagen. The United Kingdom by comparison, appears to be a place of calm and stability.

The result of the General Election in May was decisive leaving government policy clearly defined for the next five years. This should be supportive for business, although undoubtedly there will be a period of uncertainty ahead of the promised referendum on Europe. The Government will try to tackle the Government Deficit, which will inevitably lead to pressure on the Public Sector. However, the policy of supporting the introduction of the "Living Wage" in conjunction with a reduction in income tax and national insurance for lower earners should lead to a general increase in prosperity for all.

Bank lending is increasing, which is a positive, although anecdotal evidence seems to indicate that lending against property is growing dramatically which, if left unchecked, could result in a return of the "boom/bust" economy. Lending to small companies is not getting any easier, although less traditional lenders such as "crowd funding" and "peer to peer" continue to fill the void. Although not yet regulated this form of funding may, in time, replace the more cumbersome bank lending.

Portfolio review

The most important change to the portfolio has in fact taken place after the year-end with the sale of Parmenion to Aberdeen Asset Management plc. for a price for our shareholding of £1.84m at completion with a possible further payment after three years dependent on Parmenion's performance.

We originally invested £115,000 after start-up. The business has grown extremely well and we are delighted that its management and employees will also be sharing in this success. The total return from this investment is 16 times the original investment before any deferred performance payment. These accounts recognise the amount realised on sale, no account has been taken of any sum that might be due in the future. Over the next three years, the Board will consider whether some value should be ascribed to this contractual right. The maximum payment under the earn-out would be an additional payment of £600,000.

The realisation from our investment in Parmenion has enabled the Board to increase the level of this year's tender offer from the 10% level which has become the norm in prior years to 24.99% of the outstanding share capital which, if there is sufficient interest from shareholders, will result in the repurchase of up to 2,125,413 shares. In 2008, following a similarly large realisation on the takeover of Merrydown plc a successful tender was made for 2,624,973 shares.

This year we have continued the process of reducing the shareholding in IDOX plc, Alliance Pharmaceutical plc (following a sharp rise in its price) and Lombard Risk Management plc. The entire holdings of A B Dynamics plc and Tristel plc were sold after strong growth in their share prices. In the case of A B Dynamics this was from a flotation the year before and in the case of Tristel, a strong recovery in its share price.

Strategic Report (continued)

Investment Manager's overview (continued)

Additional investments have been made in Plutus Powergen plc, (which has since seen a dramatic increase in its share price post year end), CEPS plc, Belgravium plc (on a change of management) and Petards plc (as it becomes evident that the work of the past three years in restoring this business appears to be finally bearing fruit).

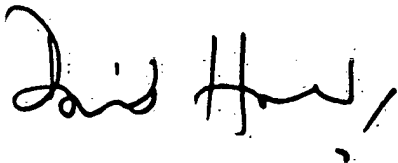
No new unquoted investments were made in the year. The holding in Chelverton Asset Management Holdings Limited the company used to finance the MBO of Chelverton Asset Management, the Investment Manager of this fund, was revalued upwards reflecting the growth in funds under management. The investments in Transflex and Main Dental Partners were held at the same level as last year and the holdings in La Salle Education and Anaxsys were written down to reflect the disappointing take up of their product by the market place.

Unfortunately our investment in Closed Loop Recycling has had to be written down to nil value, as the business was unable to survive the extraordinary reduction in the oil price and the consequent reduction in virgin PET and HDPE as compared to its recycled product. The company went into administration in April 2015 with no prospect of any recovery.

Outlook

The success of Parmenion, and its sale to Aberdeen Asset Management plc, means that the fund will, until the tender offer is completed have a higher than normal level of cash which may affect short term performance. In the first instance the inflow of cash will be used to pay off debt. Surplus funds will be invested selectively in current portfolio companies or additional investments if felt appropriate.

We expect to see further development in the portfolio over the next twelve months and remain positive about prospects and expect continued progress.



David Horner
Chelverton Asset Management Limited
9th November 2015

Strategic Report (continued)

Portfolio Review

as at 31 August 2015

Investment	Sector	Valuation £'000	% of total
<i>AIM traded</i>			
Alliance Pharma Acquisition of the manufacturing, sales and distribution rights to pharmaceutical products.	Pharmaceuticals & Biotechnology	56	1.1%
Belgravium Technologies Software systems for warehousing and distribution	Technology Hardware and Equipment	337	6.7%
CEPS Production and supply of components for the footwear industry; personal protection equipment; production of printed lycra fabric; services to the direct mail industry and trophies and awards.	Support Services	610	12.1%
IDOX Software company specialising in the development of products for document and information management	Software & Computer Services	164	3.3%
Lombard Risk Management Lombard Risk is one of the world's leading providers of collateral management, liquidity analysis and regulatory compliance software to financial organisations	Software & Computer Services	144	2.9%
LPA Group Design, manufacture and marketing of industrial electrical accessories	Electronic & Electrical Equipment	118	2.3%
MTI Wireless Edge Developer and manufacturer of sophisticated antennas and antenna systems	Technology Hardware & Equipment	86	1.7%
Northbridge Industrial Services Specialist industrial hire and sale.	Industrial Engineering	60	1.2%
Petards Group Development, provision and maintenance of advanced security systems and related services	Support Services	169	3.4%
Plutus Powergen Provider of flexible electricity generation.	Flexible Energy Supply	290	5.8%
Universe Group Provision of credit fraud prevention system, loyalty systems and retail systems	Support Services	65	1.3%
<i>Nasdaq Traded</i>			
One Horizon Group Mobile VOIP solution provider.	Support Services	134	2.7%

Strategic Report (continued)

Portfolio Review (continued)

as at 31 August 2015

Investment	Sector	Valuation £'000	% of total
<i>Unquoted</i>			
Airways Engineering Ordinary B Shares Loan Stock Commercial aviation maintenance	Support Services	-	-
Anaxsys Technology Ordinary Shares A medical device company for patient monitoring and screening	Healthcare Equipment & Services	13	0.3%
Chelverton Asset Management Holdings Ordinary Shares Investment management, including providing services to Chelverton Growth Trust plc	Support Services	120	2.4%
Closed Loop Recycling* Ordinary B Shares Loan Stock Operation of a plastic (PET and HDPE) recycling plant	Support Services	-	-
La Salle Education Limited Ordinary Shares Provider of mathematics teaching programmes.	Support Services	25	0.5%
Main Dental Partners Ordinary Shares Loan stock Operator of dental surgeries	Support Services	175	3.5%
Parmenion Capital Partners Ordinary Shares Provides fund-based discretionary fund management services to independent Financial Advisors	Support Services	1,839	36.6%
Security Research Group Leading provider of Local Authority residential property searches; provision of packaging solutions and technical surveillance countermeasure components.	Support Services	62	1.2%
Transflex Vehicle Rental Ordinary Shares Light commercial vehicle rental	Support Services	555	11.0%
Portfolio Valuation		5,022	100.0%

*In Administration

Strategic Report (continued)

Portfolio holdings

Investment	31 August 2015		31 August 2014	
	Valuation £'000	% of total	Valuation £'000	% of total
Parmenion Capital Partners LLP	1,839	36.6	1,105	22.0
CEPS	610	12.1	300	6.0
Transflex Vehicle Rental	555	11.0	480	9.5
Belgravium Technologies	337	6.7	315	6.3
Plutus Powergen	290	5.8	125	2.5
Main Dental	175	3.5	175	3.5
Petards Group	169	3.4	113	2.2
IDOX	164	3.3	325	6.5
Lombard Risk Management	144	2.9	255	5.1
One Horizon Group	134	2.7	191	3.8
Chelverton Asset Management Holdings	120	2.4	167	3.3
LPA Group	118	2.3	193	3.8
MTI Wireless Edge	86	1.7	75	1.5
Universe Group	65	1.3	34	0.7
Security Research Group	62	1.2	55	1.1
Northbridge Industrial Services	60	1.2	177	3.5
Alliance Pharma	56	1.1	195	3.9
La Salle Education Limited	25	0.5	100	2.0
Anaxsys Technology	13	0.3	52	1.0
Closed Loop Recycling Limited*	-	-	252	5.0
Airways Engineering	-	-	-	-
Total	5,022	100	4,684	93.2

* In Administration

Strategic Report (continued)

Portfolio breakdown by sector and by Index

Percentage of portfolio by sector

Percentage of portfolio by Index

Strategic Report (continued)

Other statutory information

As explained within the Report of the Directors on page 25, the Company carries on business as an investment trust. Investment trusts are collective closed-ended public limited companies.

Business Model

Board

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate and gearing strategy, corporate governance procedures and risk management. Biographical details of the three male Directors, can be found on page 15.

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.

Investment policy

The Company invests principally in securities of publicly quoted UK companies, though it may invest in unquoted securities. The performance of the Company's investments is compared to the MSCI Small Cap UK Index.

The Company may 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.

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

It is intended from time to time, when deemed appropriate, that the Company will borrow for investment purposes.

The investment objective and policy stated 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 investment 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. Portfolio risk is managed by investing in a diversified spread of investments.

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 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.

Strategic Report (continued)

Other statutory information (continued)

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 pages 2 to 4 and the Investment Manager's overview on pages 5 and 6 give details of the Company's activities during the year under review.

Investment of Assets

At each Board meeting, the Board considers compliance with the Company's investment policy and other investment restrictions during the reporting period. An analysis of the portfolio on 31 August 2015 can be found on pages 7 to 10 of the accounts.

Environment Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, or operations of its own and does not generate any greenhouse gas or other emissions.

Review of Performance and Outlook

Reviews of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year are contained in the Investment Managers Report on pages 5 and 6.

Principal risks and uncertainties and risk management

As stated within the Corporate Governance Statement on pages 17 to 24, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established a continuing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

The principal risks and uncertainties faced by the Company are described below and in note 15 which provides detailed explanations of the risks associated with the Company's financial instruments.

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 as required to review the performance of the Investment Manager. Further details regarding the Company's various Committees and their duties are given on pages 19 and 20 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.

Strategic Report (continued)

Other statutory information (continued)

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. The Board does not intend to adopt a precise discount target at which shares will be bought back. However, Ordinary shares will not be bought back for cancellation or into Treasury at a discount to NAV of less than 7.5%.

Regulatory risks

Relevant legislation and regulations which apply to the Company include the Companies Act 2006, the Corporation Tax Act 2010 ("CTA") and the Listing Rules of the Financial Conduct Authority ("FCA"). The Company has noted the recommendations of the UK Corporate Governance Code and its statement of compliance appears on pages 17 to 24. A breach of the CTA could result in the Company losing its status as an investment company and becoming subject to capital gains tax, whilst a breach of the Listing Rules might result in censure by the FCA. At each Board meeting the status of the Company is considered and discussed, so as to ensure that all regulations are being adhered to by the Company and its service providers.

The Board is not aware of any breaches of laws or regulations during the period under review and up to the date of this report.

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 financial statements 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.

Liquidity risk

The Board monitors the liquidity of the portfolio at each Board meeting and regularly reviews the investments with the Investment Manager.

A more detailed explanation of the investment management risks facing the Company is given in note 15 to the financial statements.

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 15 to the financial statements.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's investment portfolio. Investment risk is spread through holding a wide range of securities in different industrial sectors.

Statement regarding annual report and accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Strategic Report (continued)

Other statutory information (continued)

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 on going charges.

The Company's income statement is set out on page 36.

The movement of the NAV is compared to the MSCI Small Cap UK Index, the Company's benchmark. The NAV per Ordinary share at 31 August 2015 was 54.95p (2014: 51.38p).

The Company's share price at the year end was 42.50p (2014: 43.75p).

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 2 to 6.

The marketing and promotion of the Company will continue to involve the Board, led by the Investment Manager, with a proactive communications programme either directly or through its website, with existing and potential new shareholders and other external parties.

The Directors are seeking to renew the appropriate powers at the next Annual General Meeting to enable the issue and purchase of the company's own shares, when it is in the interests of shareholders as a whole.

Social, environmental and employee issues

The Company does not have any employees and the Board consists entirely of non-executive directors. As the Company is an investment trust, which invests in other companies, it has no direct impact on the community or the environment, and as such has no policies in this area.

Alternative Investment Fund Manager's Directive ("AIFMD")

The Board has registered itself as the AIFM with the FCA under the Directive and confirm that all required returns have been completed and filed.



By Order of the Board
K Allen
Chairman
9 November 2015

Directors

The Directors are:

Kevin Allen (Chairman) 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.

David Horner is managing director of Chelverton Asset Management Limited and the Chairman of CEPS plc. He qualified as a chartered accountant and has considerable experience of analysing and working with smaller companies. In 2013 he resigned his membership of The Institute of Chartered Accountants in England and Wales, as his career is now fully involved in Fund Management.

Ian Martin has successfully headed both Quoted and Unquoted Companies in both the Insurance and Media industry. From 2002 to 2012, he oversaw the growth of Avesco, the AIM quoted provider to the broadcast industry, including delivering Olympic ceremonies in London and Beijing. Prior to that he held senior board positions at Ascot Underwriting, Admiral Insurance and the Brockbank Group plc. Ian is currently Chairman of the Internet Safe Search company Hypersonica plc, Belgravium plc and a non Executive director of JJ Location one of the most respected photographic studios in London.

Investment Manager, Secretary and Advisers

Investment Manager

Chelverton Asset Management Limited
12B George Street
Bath BA1 2EH
Tel: 01225 483 030

Chelverton Asset Management Limited was formed in 1997. The investment team consists of David Horner, David Taylor and James Baker 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

John Girdlestone
Waterside Court
Falmouth Road
Penryn TR10 8AW

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham GL50 3AT

Registrar and Transfer Office

Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Custodians

Jarvis Investment Management Limited
78 Mount Ephraim
Royal Tunbridge Wells
Kent TN4 8BS

Bankers

HSBC
Market Street
Falmouth
Cornwall TR11 3AA

Corporate Governance Statement

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

The Company is required to comply with, or to explain its non-compliance with, the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the 'FRC') in September 2012 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in February 2013 (the 'AIC Code'), which can be found at www.theaic.co.uk and which has been approved by the FRC as it addresses all the principles of the UK Corporate Governance Code as well as setting out additional principles and recommendations on issues which are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders than the UK Corporate Governance Code on its own.

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

- Due to the size of the Board, it is felt inappropriate to appoint a senior independent non-executive Director.
- None of the Directors have service contracts. All Directors are required to retire and, if appropriate, seek re-election at least every three years. The recommendation of the Code is for fixed term renewable contracts.
- As the Company has no staff, other than Directors, there are no procedures in place in relation to whistle-blowing. The Board has satisfied itself there are appropriate whistle-blowing procedures in place at its service provider.

At the end of the year the Board consisted of two independent Directors. The Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. The biographies of all the Directors are contained on page 14.

The Board believes that each Director is independent in character and that there are no relationships or circumstances which are likely to affect his judgement. All Directors receive relevant training, collectively or individually, as necessary. The Directors believe that the Board has the balance of skills, experience, ages and length of service to enable it to provide effective leadership and proper governance of the Company. The Directors possess a range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs.

The Directors of the Company meet at regular Board Meetings. During the year to 31 August 2015, the Directors' attendance at meetings has been recorded as follows:

	Board Meetings	Audit Committee
K J Allen	4 of 4	2 of 2
D A Horner	4 of 4	n/a
I Martin	4 of 4	2 of 2

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces his ability to act independently. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of services of any of the Company's Directors, including the Chairman, has been imposed, although the Board believes in the merits of periodic and progressive refreshment of its composition.

Corporate Governance Statement (continued)

The basis on which the Company aims to generate value over the longer term is set out in the Strategic Report on pages 2 to 13. All matters, including corporate and gearing strategy, investment and dividend policies, corporate governance procedures and risk management are reserved for the approval of the Board of Directors. The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Board of directors

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

The three directors were appointed at the 2014 Annual General Meeting for a term to expire at the next Annual General Meeting. All three non-executive Directors offer themselves for re-election at the forthcoming Annual General Meeting.

Mr Allen and Mr Martin 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 his 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, his knowledge of the Company and experience is considered extremely valuable by the other Directors. Mr Horner, as managing director of Chelverton Asset Management Limited 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 15.

Board responsibilities and relationship with investment manager

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

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

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

Corporate Governance Statement (continued)

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 has been adopted. The management of the Company's assets is delegated to Chelverton Asset Management Limited, which has discretion to manage the assets of the Company in accordance with the Company's investment objectives and policies subject to the following:

- all proposed investments in unquoted companies are put to the Board for approval;
- investments in quoted companies of over £100,000 in any single situation are referred to the Board; and
- opportunistic top-up investments of up to £50,000 are permitted in any company on the basis that the Board is informed.

Corporate governance and social responsible investment policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Investment Manager considers social environmental and ethical factors which may affect the performance or value of the company's investments. The Directors, through the Manager, encourage companies in which investments are held to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective is to deliver superior long term returns for Shareholders which the Board believe will be produced on a sustainable basis by investing in companies which adhere to best practice in the area of Corporate Governance. Accordingly the Fund Manager will seek to favour companies which pursue best practice in this area.

Chairman and Senior Independent Director

The Chairman, Kevin Allen, is independent. He considers himself to have sufficient time to commit to the Company's affairs. Given the size and nature of the Board it is not considered appropriate to appoint a Senior Independent Director.

Board operation Committees

The Company also uses a number of committees to control and monitor its operations. These committees comprise the full Board, except the Management Engagement and Audit Committees 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 twice a year. Mr Martin 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.

Corporate Governance Statement (continued)

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 Committee has advised the Board that based on its assessment of their performance and independence Hazlewood's LLP has fulfilled its obligations to the Company and Shareholders and recommends their reappointment as Auditors.

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.

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

Matter	Action
<p>Investment Portfolio Valuation The Company's portfolio is invested predominantly in Listed and Unquoted securities. Forty five percent of the portfolio is highly liquid and listed on recognised stock exchanges. Errors in the portfolio valuation could have a material impact on the Company's net asset value per share.</p>	<p>The Listed portfolio is valued at bid price at the end of each month by the Company Secretary. The Unquoted Securities are reviewed on a quarterly basis by the Investment Manager and at the year end with the Auditors.</p>
<p>Misappropriation of Assets Misappropriation of the Company's investments or cash balances could have a material impact on its net asset value per share.</p>	<p>The portfolio is valued at bid price at the end of each month by the Company Secretary. The portfolio is agreed on a monthly basis by the company secretary and the Investment Manager during the completion of the monthly accounts.</p>
<p>Income Recognition Incomplete or inaccurate income recognition could have an adverse effect on the Company's net asset value and earnings per share and its level of dividend cover.</p>	<p>The level of income received for the year is agreed on a monthly basis with the Investment Manager and the Company Secretary.</p>

The Audit Committee reviews the scope and results of the audit and, during the year, considered and approved Hazlewoods plan for the audit of the financial statements for the year ended 31 August 2015. At the conclusion of the audit Hazlewoods did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. Hazlewoods issued an unqualified audit report which is included on pages 33 to 35.

The Audit Committee also reviews the provision of non audit services by the auditor. It has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit Committee. No fees were paid for non-audit services during the year.

Corporate Governance Statement (continued)

As part of the review of auditor independence and effectiveness, Hazlewoods has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating Hazlewoods, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The appointment has not been put out to tender notwithstanding Hazlewoods tenure over many years as the Audit Committee, from direct observation and enquiry, remains satisfied that Hazlewoods' continue to provide effective independent challenge in carrying out its responsibilities. Following professional guidelines, the audit partner rotates after five years. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of Hazlewoods to the Board. Hazlewoods' performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

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 as required and Mr Allen chairs this committee. No meetings were held in the year.

The Nomination Committee considers the appointment and re-appointment of Directors and meets as and when required, Mr Allen chairs this committee. The Committee meets for the purpose of considering appointments to, and removals from, the Board and determining the appointment process.

The Board of Directors of the Company comprised three male Directors in the year to 31 August 2015. While the Board recognises the benefits of diversity in future appointments to the Board, the key criteria for the appointment of new directors will be the appropriate skills and experience in the interest of shareholder value. The Directors are satisfied that the Board currently contains members with an appropriate breadth of skills and experience.

The Board as a whole fulfils the function of a Remuneration Committee. Remuneration details are given in the Directors' remuneration report on pages 29 to 31. At 31 August 2015 there were no Directors' service agreements and no Director had been granted any options to acquire shares in the Company.

Company secretary

The Company Secretary, John Girdlestone FCA, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary also ensures timely delivery of information and reports and that the statutory obligations of the Company are met. All the directors have access to the advice and services of the company secretary.

Independent professional advice and director's training

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense on any matter that concerns them in the furtherance of their duties. The Chairman liaises on a regular basis with the other Directors and the Company Secretary to ensure that they are maintaining adequate training and continuing professional development.

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.

Corporate Governance Statement (continued)

Company information

The following information is disclosed in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6.

- The Company's capital structure and voting rights are summarised on page 1.
- Details of the substantial shareholders in the Company are listed on page 26.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 17.
- The Board is seeking to renew its current powers to buy back and issue shares as detailed on page 28.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to the control attached to securities; no restrictions on voting rights; no agreements which the Company is party to that might affect its control following a successful takeover.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Relations with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager and all Directors are available to enter into dialogue with shareholders. Shareholders of the Company are encouraged to take the opportunity to meet with the Directors of the Board at the Annual General Meeting and 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 16. The Company always responds to letters from individual shareholders.

The Annual and Half Yearly Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies of the Annual Report are dispatched to shareholders by mail. The Annual and Half Yearly Reports are also available for downloading from the Company's website maintained by the Investment Manager at www.chelvertonam.com.

Internal controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. It has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council.

Adequate internal controls are in place for identifying, evaluating and managing risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place for the full financial year and up to the date the financial statements were approved and is consistent with the internal control guidance issued by the Financial Reporting Council.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Directors, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Corporate Governance Statement (continued)

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- The threat of such risks becoming a reality;
- The Company's ability to reduce the incidence and impact of risk on its performance; and
- The cost and benefits to the Company of third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

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

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.

Corporate Governance Statement (continued)

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 John Girdlestone;
- Custody of assets is undertaken by Jarvis Investment Management;
- 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.



On behalf of the Board

Kevin Allen

Chairman

9 November 2015

Report of the Directors

The directors present their report and audited financial statements of the Company for the year ended 31 August 2015. This report also contains certain information required in accordance with s992 of the Companies Act 2006.

The registered company number for Chelverton Growth Trust PLC is 2989519.

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 ('HMRC') as an authorised investment trust under Section 1158 of the Corporation Tax Act 2010 for the year ended 31 August 2014. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2015 so as to be able to continue to obtain approval as an authorised investment trust, under Section 1158 of the Corporation Tax Act 2010. The Company is an investment company as defined in Section 833 of the Companies Act 2006.

Results and dividend

The results for the year and the proposed transfer from revenue reserves are set out in the income statement on page 36. The Directors do not recommend the payment of a dividend for the year.

Directors

The Directors in office during the year and at the date of this report, all of whom are non-executive, are shown below:

K J Allen	Date of appointment
D A Horner	8 November 1994
I P Martin	1 May 2006
	19 December 2013

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

Mr Martin will offer himself for re-election at the Annual General Meeting.

In accordance with the UK Corporate Governance Code, 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.

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

Mr Horner is managing director of Chelverton Asset Management Limited, the Company's Investment Manager. He has considerable experience of analysing and working with smaller companies.

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.

Report of the Directors (continued)

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 Horner is the managing director of Chelverton Asset Management Limited, the Company's Investment Manager and is also the Chairman of CEPS PLC in which the Company has an investment. The three directors also have personal holdings in Chelverton Asset Management Holdings in which Mr Horner is a director and in which the Company has an investment.

On 23 June 2015 Mr Martin was appointed as Chairman of Belgravium Plc and holds 3.02% of the issued share capital.

Substantial shareholdings

The Directors had been notified of the following notifiable interests in the voting shares of the Company at 31 August 2015, at the date of this report there had been no changes notified to the Company.

	Number of shares	% of total Voting rights
M E Brockbank	1,291,213	15.19
Abell Family	1,030,325	12.12
IIMIA Investment Trust MAM funds	735,057	8.65
D A Horner	557,197	6.55
Philip J Milton private clients	358,266	4.21
G E Stevens	350,000	4.12
Mrs RJ Dale Harris	335,000	3.94
Dohle Assekuranzkontor GMBH & Co.	268,402	3.16

Share capital

On 5 March 2015 the Company announced the result of the tender offer and buyback offer issued to shareholders on 11 February 2015. Under the tender offer, 944,624 Ordinary shares were repurchased for cancellation on 20 March 2015.

At the year end and as at the date of this report there were 8,501,650 Ordinary 1p shares in issue each carrying one vote in the event of a poll.

Management and administration agreements

The Company's investments are managed by Chelverton Asset Management Limited ("CAM") under an agreement dated 28 June 2001. As previously stated above, Mr Horner is a director of CAM.

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 $\frac{1}{12}\%$ 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 $\frac{1}{16}\%$ 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 $\frac{1}{24}\%$ per month.

The amount payable to CAM for the year ending 31 August 2015 was £48,884.

Report of the Directors (continued)

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 1 January 2013, company secretarial services and the general administration of the Company were undertaken by John Girdlestone for an annual fee of £30,000 plus VAT at the prevailing rate.

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

The Board, excluding Mr Horner, 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 and amended on 1 December 2006, is in the best interests of the shareholders as a whole. 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 similar 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 2015 all suppliers' invoices received had been settled.

Going concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, and forecast revenues for the current financial year. The Directors have also taken into account the Company's investment policy, which is described on page 11 and which is subject to regular Board monitoring processes, and is designed to ensure the Company holds sufficient liquid securities to meet possible cash flow needs.

The Company retains title to all assets held by its custodian. Note 15 to the financial statements sets out the financial risk profile of the Company and indicates the effect on its assets and liabilities of falls and rises in the value of securities, market rates of interest and changes in exchange rates.

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 15 to the financial statements.

Report of the Directors (continued)

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 57 to 61.

It is also proposed in Resolutions 9 and 10 that at the Annual General Meeting the Company be given renewed authority to buy back its own shares and the Tender Offer, 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 at 4 November 2015, 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.

Resolution 9, if passed, authorises the Company to purchase its Ordinary shares and resolution 10 relating to the Tender Offer in accordance with the terms and conditions contained in a Tender Offer Circular to be sent to shareholders once the Company has received approval for the resolution for the capital reconstruction and from the Courts.

Disclosure of information to Auditors

The Directors who held office at the date of approval of the Report of Directors' confirm that so far as they 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 re-appointment of Hazlewoods LLP as Auditors to the Company. Hazlewoods LLP have indicated their willingness to continue in office.



On behalf of the Board

Kevin Allen

Chairman

9 November 2015

Directors' remuneration report

The Board has prepared this report, in accordance with Schedule 8 to The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2013. 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 33 to 35.

Remuneration Committee

The Company has three non-executive directors. The Board as a whole fulfils the function of a Remuneration Committee which considers and approves Directors' remuneration.

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 shows the percentage growth over the past five years in the Company's NAV and share price compared to the growth in the MSCI Small Cap UK Index.

Directors' emoluments for the year (audited)

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

	2015	2014
	£	£
G E Stevens	-	5,664
K J Allen	18,750	17,602
I P Martin	15,000	10,484
	<hr/>	<hr/>
	33,750	33,750

Mr Horner has waived his fees.

Directors' remuneration report (continued)

Directors' beneficial and family interests (audited)

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

	At 31 August 2015	At 31 August 2014
K J Allen	221,762	221,762
D A Horner	557,197	567,813
I Martin	1,200	1,200

There have been no changes to any of the above holdings between 31 August 2015 and the date of this report. None of the Directors has any non-beneficial interests to disclose.

Relative importance of spend on pay

	2015	2014	% Change
Cost of shares purchased for cancellation under tender offer	445,862	486,000	8.26
Total remuneration paid to Directors	33,750	33,750	-

None of the Directors nor any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

The Directors' Remuneration Report for the year ended 31 August 2014 was approved by shareholders at the Annual General Meeting held on 11 December 2014. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	3,034,923	99.6
Against	12,055	0.4
Total votes cast	3,046,978	100
Number of votes withheld	6,399,296	

The Directors' Remuneration Policy for the year ended 31 August 2014 was approved by shareholders at the Annual General Meeting held on 11 December 2014. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	3,034,923	99.6
Against	12,055	0.4
Total votes cast	3,046,978	100

Remuneration Policy

The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract and retain directors with suitable skills and experience, and is determined in such a way as to reflect the experience of the Board as a whole, in order to be comparable with other organisations and appointments. It is intended that this policy will continue for the year ending 31 August 2016 and thereafter.

The fees for non-executive Directors are determined within the limits set out in the Company's Articles of Association. The approval of shareholders would be required to increase the limits set out in the Articles of Association. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate. Fees for any new Director appointed will be made on the same basis.

Directors' remuneration report (continued)

A binding vote on the Remuneration Policy will be put to shareholders for an approval at the AGM on 15 December 2015.

	Expected Fees for Year to 31 August 2016	Fees for Year to 31 August 2015
Chairman basic fee	18,750	18,750
Non-Executive Director basic fee	15,000	15,000

Approval

This Directors' remuneration report was approved by the Board of Directors on 9 November 2015.



On behalf of the Board
Kevin Allen
Chairman

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements and have elected to prepare them in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Report of Directors, Directors remuneration report and statement on corporate governance.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Chairman's statement, Investment Manager's overview and Report of the Directors include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for the maintenance and integrity of the corporate and financial information related to the Company including on the website of the Investment Manager www.chelvertonam.com.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



On behalf of the Board

Kevin Allen

Chairman

9 November 2015

Independent Auditors' report

To the members of Chelverton Growth Trust PLC

We have audited the financial statements of the Company for the year ended 31 August 2015 which comprise the income statement, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 32), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards required us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2015 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to a users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

Allocation of costs between capital and revenue

The company is required to apportion its expenses between revenue and capital. The allocation is important as the company can only purchase shares under tender offer out of revenue. The split has to be performed on the basis of the Board's expected long-term capital and revenue returns. Our audit work included, but was not restricted to, a detailed review of the actual dividend and capital income received in the past 10 years compared to the Board's expected long-term capital and revenue returns. The company's accounting policy on this allocation is included in note 1.

Independent Auditors' report (continued)

Revenue recognition

Investment income is the Company's main source of revenue and is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. Our audit work included, but was not restricted to a detailed review of those sources of income recorded in the financial statements and further consideration of other potential sources of income. The Company's accounting policy on income is included in note 1 and its disclosures about income are included in note 2.

Management override of financial controls

The Company operates a system of financial controls to mitigate its vulnerability to fraud and its financial statements to material error and is reliant upon the efficacy of these controls to ensure that its financial statements present a true and fair view. The financial statements contain a number of significant accounting estimates that require an element of judgement on behalf of management and that are, therefore, potentially open to manipulation. Our audit work included, but was not restricted to, a review of all significant management estimates and detailed consideration of all material judgements applied during the completion of the financial statements. We also reviewed material journal entries processed by management during the period. The Company's principal accounting policies are included in note 1.

Valuation of unquoted investments

The Company owns a number of unquoted fixed asset investments. The valuation of unquoted investments is subjective and requires an element of judgement on behalf of management and are, therefore, potentially open to manipulation. Our audit work included, but was not restricted to, a review of all significant management estimates and detailed consideration of all material judgements applied during the valuation of the unquoted investments at the balance sheet date.

Our application of materiality

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

We established materiality for the financial statements as a whole to be £100,000, which is 2.14% of the value of the Company's net assets. For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £25,000, which is 21.37% of the Company's net return on ordinary activities before taxation, excluding gains on investments at fair value.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Independent Auditors' report (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Strategic Report and the Directors' Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading

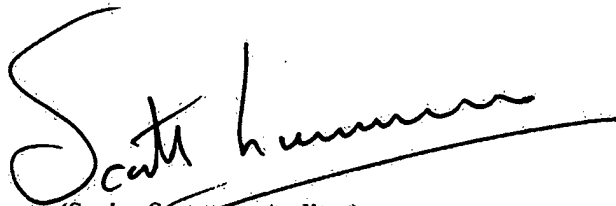
In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should be disclosed.

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 27 in relation to going concern; and
- the parts of the statement on corporate governance relating to the Company's compliance with the nine provisions of The UK Corporate Governance Code specified for review.



Scott Lawrence (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP,
Statutory Auditor, Cheltenham

9 November 2015

Income statement

for the year ended 31 August 2015

	Note	2015			2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value	7	-	406	406	-	752	752
Income	2	60	-	60	57	-	57
Investment management fee	3	(12)	(37)	(49)	(13)	(38)	(51)
Other expenses	4	(116)	(12)	(128)	(119)	(8)	(127)
Net return on ordinary activities before taxation		(68)	357	289	(75)	706	631
Taxation on ordinary activities	5	-	-	-	-	-	-
Net return on ordinary activities after taxation		(68)	357	289	(75)	706	631
		Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary share	6	(0.75)p	3.96p	3.21p	(0.76)p	7.15p	6.39p

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 40 to 55 form part of these accounts.

Statement of changes in equity

for the year ended 31 August 2015

	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 2015						
1 September 2014	96	2,674	556	93	1,435	4,854
Cost of shares purchased for cancellation under tender offer	(10)	-	-	10	(446)	(446)
Net return after taxation for the year	-	-	357	-	(93)	264
	<hr/>					
31 August 2015	86	2,674	913	103	896	4,672
Year ended 31 August 2014						
1 September 2013	106	2,674	(150)	83	1,996	4,709
Cost of shares purchased for cancellation under tender offer	(10)	-	-	10	(486)	(486)
Net return after taxation for the year	-	-	706	-	(75)	631
	<hr/>					
31 August 2014	96	2,674	556	93	1,435	4,854

The notes on pages 40 to 55 form part of these accounts.

Statement of financial position

as at 31 August 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments at fair value	7	5,022	5,027
Current assets			
Debtors	9	9	8
Cash at bank		69	40
		<u>78</u>	<u>48</u>
Creditors – amounts falling due within one year	10	<u>(428)</u>	<u>(221)</u>
Net current (liabilities)/ assets		<u>(350)</u>	<u>(173)</u>
Net assets		<u>4,672</u>	<u>4,854</u>
Share capital and reserves			
Called up share capital	11	86	96
Share premium account	12	2,674	2,674
Capital reserve	12	913	556
Capital redemption reserve	12	103	93
Revenue reserve	12	896	1,435
		<u>4,672</u>	<u>4,854</u>
Equity shareholders' funds		<u>4,672</u>	<u>4,854</u>
Net asset value per Ordinary share	13	54.95p	51.38p

The notes on pages 40 to 55 form part of these accounts.

These accounts were approved by the Board of Directors of Chelverton Growth Trust PLC and authorised for issue on 9 November 2015. They were signed on its behalf by



Kevin Allen
Chairman

Statement of cash flows

for the year ended 31 August 2015

	2015	2014
	£'000	£'000
Cash flows from operating activities		
Net revenue return	289	631
Adjustment for:		
Net capital return	(357)	(706)
Expenses charged to capital	(48)	(46)
Interest paid	15	11
Increase/(decrease) in creditors	7	(3)
Increase in prepayments and accrued income	1	-
Other	(2)	-
	<hr/>	<hr/>
Cash from operations	(95)	(113)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of investments	(549)	(560)
Proceeds from sales of investments	960	993
	<hr/>	<hr/>
Net cash from investing activities	411	433
	<hr/>	<hr/>
Cash flows from financing activities		
Cost of shares purchased for cancellation under tender offer	(472)	(486)
New loan advanced	200	400
Capital repayment of loan	-	(200)
Interest paid	(15)	(11)
	<hr/>	<hr/>
Net cash used in financing activities	(287)	(297)
	<hr/>	<hr/>
Net increase in cash	29	23
	<hr/>	<hr/>
Cash at the beginning of the year	40	17
	<hr/>	<hr/>
Cash at the end of the year	69	40
	<hr/>	<hr/>

The notes on pages 40 to 55 form part of these accounts.

Notes to the financial statements

as at 31 August 2015

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS 102"), the Companies Act 2006 and with the AIC Statement of Recommended Practice ("SORP") issued in January 2014, regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All the Company's activities are continuing.

This is the first year in which the financial statements have been prepared under FRS 102. There have been no transitional adjustments needed to the financial statements.

Income recognition

Dividends receivable on quoted equity shares are included as revenue 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 7):
- management fees, bank interest and loan interest have been allocated 75% to capital reserve 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 changes in the fair value of 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. For investments traded on other financial markets such as the OTCQB, fair value is generally determined by reference to the share price at close of business on the balance sheet date, discounted to reflect the best estimate of the discount that may need to be applied for the shares to be sold as a single investment.

For investments that are not actively traded in organised financial markets, fair value is determined as set out below under the heading 'significant judgements and estimates'.

Notes to the financial statements (continued)

as at 31 August 2015

1 ACCOUNTING POLICIES (continued)

Significant judgements and estimates

Preparation of the financial statements requires the Investment Manager to make significant judgements. The items in the financial statements where these judgments have been made are:

Investments that are not actively traded in organised financial markets, are valued at the Directors' estimate of the investment's net realisable value being their estimate of fair value. Generally, fair value will be at cost or, where applicable, at the most recent transaction price. In the case of direct investments in unquoted companies the following valuation technique is applied. Initial valuation is based on the transaction price. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- net movement arising from changes in the fair value of investments that can be readily converted to cash without accepting adverse terms;
- realised exchange differences of a capital nature;
- expenses, together with related taxation effect, charged to this account in accordance with the above policies; and
- net movement arising from the changes in the fair value of investments that cannot be readily converted to cash without accepting adverse terms, 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 102.

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 financial statements (continued)

as at 31 August 2015

2 INCOME	2015	2014
	£'000	£'000
Income from investments		
Income from LLP investments	35	23
UK net dividend income	21	29
Income from loan interest	4	5
Total income	<u>60</u>	<u>57</u>

3 INVESTMENT MANAGEMENT FEE	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee	12	37	49	13	38	51

The investment management fee is calculated at the rate of $\frac{1}{12}\%$ per month of the gross value of funds under management and is payable monthly in arrears. At 31 August 2015 there was £4,000 outstanding (2014: £4,200).

4 OTHER EXPENSES	2015	2014
	Total	Total
	£'000	£'000
Administrative and secretarial services	36	36
Directors' remuneration	34	34
Audit fee	15	14
Other expenses	43	43
	<u>128</u>	<u>127</u>

Notes to the financial statements (continued)

as at 31 August 2015

5 TAXATION

	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of charge in period						
Current 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 of 21% to 31 March 2015 and 20% from 1 April 2015. The differences are explained below:

	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Theoretical tax at UK corporation tax rate of 20.42% (2014:22.17%)						
Corporation tax	(14)	73	59	(17)	156	139
Investment income not taxable	(12)	-	(12)	(13)	-	(13)
Non-taxable investment gains	-	(83)	(83)	-	(167)	(167)
Excess expenses for the period	26	10	36	30	11	41
Current tax charge for the period	-	-	-	-	-	-

At 31 August 2015 the Company had surplus management expenses of £3,720,000 (2014: £3,634,000) 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. Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval as an investment trust in the foreseeable future, the Company has not provided for deferred tax on any gains and losses arising on the revaluation or disposal of investments.

Notes to the financial statements (continued)

as at 31 August 2015

6 RETURN PER ORDINARY SHARE	2015			2014		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Basic	(0.75)p	3.96p	3.21p	(0.76)p	7.15p	6.39p

Revenue return per Ordinary share is based on the net revenue loss on ordinary activities after taxation attributable of £68,000 (2014: £75,000) and on 9,019,251 (2014: 9,871,859) Ordinary shares, being the weighted average number of Ordinary shares in issue less treasury shares during the year.

Capital return per Ordinary share is based on the net capital gain of £358,000 (2014: £706,000) and on 9,019,251 (2014: 9,871,859) Ordinary shares, being the weighted average number of Ordinary shares in issue less treasury shares during the year.

Total return per Ordinary share is based on the total gain of £290,000 (2014: £631,000) and on 9,019,251 (2014: 9,871,859) Ordinary shares, being the weighted average number of Ordinary shares in issue less treasury shares during the year.

7 INVESTMENTS	2015			2014
	£'000			£'000
AIM	2,099			2,505
Unquoted	2,789			2,331
NASDAQ	134			191
	5,022			5,027

	AIM	Unquoted*	NASDAQ	Total
	£'000	£'000	£'000	£'000
Opening book cost	2,917	1,512	166	4,595
Opening investment holding (losses)/gains	(412)	819	25	432
	2,505	2,331	191	5,027
Movements in the year:				
Purchases at cost	474	75	-	549
Sales	(349)	(100)	-	(449)
Gains on sales	511	-	-	511
Movement in investment holding losses	(1,042)	483	(57)	(616)
Transfer from AIM to Unquoted	(52)	52	-	-
Closing valuation	2,099	2,789	134	5,022
Closing book cost	2,990	1,539	166	4,695
Closing investment holding (losses)/gains	(891)	1250	(32)	327
Closing valuation	2,099	2,789	134	5,022

Notes to the financial statements (continued)

as at 31 August 2015

7 INVESTMENTS (continued)

	2015	2014
	£'000	£'000
Realised gains on sales	511	295
Movement in fair value of investments	<u>(105)</u>	<u>457</u>
Net gains on investments	<u>406</u>	<u>752</u>

All quoted investments are made up of equity shares.

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

Analysis of movements in unquoted investments

	Cost at 31 August 2015 £'000	Valuation at 31 August 2015 £'000	Realised in Year £'000	Movement in Year £'000	Cost at 31 August 2014 £'000	Valuation at 31 August 2014 £'000
Investment						
Anaxys Technology	284	13	-	(39)	284	52
Airways						
Engineering						
Loan stock	45	-	-	-	45	-
Ordinary B shares	30	-	-	-	30	-
Chelverton Asset Management Holdings						
Loan stock	-	-	100	(100)	100	100
Ordinary shares	2	120	-	53	2	67
Closed Loop Recycling						
Loan stock	252	-	-	(252)	252	252
Ordinary B shares	84	-	-	-	84	-
La Salle Education Limited	100	25	-	(75)	100	100
Main Dental						
Loan stock	75	-	-	-	75	-
Ordinary B shares	175	175	-	-	175	175
Parmenion Capital Partners LLP	115	1,839	-	734	115	1,105
Security Research Group	52	62	-	62	6	-
Transflex Vehicle Rental	325	555	-	75	250	480
	<u>1,539</u>	<u>2,789</u>	<u>100</u>	<u>458</u>	<u>1,512</u>	<u>2,331</u>

Transaction costs

During the year, the Company incurred transaction costs of £366 (2014: £601) and £2,309 (2014: £3,329) on purchases and sales of investments, respectively. These amounts are included in 'Gains on investments at fair value' as disclosed in the income statement.

Notes to the financial statements (continued)

as at 31 August 2015

7 INVESTMENTS (continued)

Details of material holdings in unquoted investments

Investment	Valuation		Valuation		Last accounts period end	Net assets	Turnover	Pre tax (loss)/profit
	Cost at 31 st August 2015	at 31 st August 2015	Cost at 31 st August 2014	at 31 st August 2014				
	£'000	£'000	£'000	£'000		£'000	£'000	£'000
Anaxsys Technology	284	13	284	52	31/01/15	492	-	-
Airways Engineering					31/10/14	(64)	-	-
Loan Stock	45	-	45	-				
Ordinary B shares	30	-	30	-				
Chelverton Asset Management Holdings					31/03/15	650	3,230	772
Loan Stock	-	-	100	100				
Ordinary A Shares	2	120	2	67				
Closed Loop Recycling					30/06/13	(10,534)	15,424	(5,666)
Loan stock	252	-	252	252				
Ordinary B shares	84	-	84	-				
La Salle Education Limited	100	25	100	100	31/12/14	553	38	(435)
Main Dental								
Loan stock	75	-	75	-				
Ordinary B shares	175	175	175	175	31/03/15	891	1,656	(58)
Parmenion Capital Partners LLP	115	1,839	115	1,105	31/03/15	2,563*	7,371*	1,681*
Security Research Group	52	62	52	55	31/03/15	10,444*	9,446*	1,100*
Transflex Vehicle Rental	325	555	250	480	31/12/14	5,553	7,048	903

* Consolidated figures

A full listing of portfolio holdings is included in the portfolio review on pages 7 and 8.

Notes to the financial statements (continued)

as at 31 August 2015

8 SIGNIFICANT INTERESTS

At 31 August 2015 the Company had 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:

	Number of shares	Percentage of issued share capital	Issued share capital
Security			
Main Dental	23,000	24.08	95,300
CEPS, Ord 5p	1,525,000	15.93	9,573,822
Belgravium Technologies, Ord 5p	9,000,000	8.92	100,936,547
Transflex Vehicle Rental	277,500	8.15	3,405,000
Plutus Powergen	33,333,334	5.83	571,428,935
Anaxsys Technology	26,000	4.16	624,917
La Salle Education Limited	100,000	3.57	2,658,179

In addition to the above, the Company has a 4.6% interest in the capital and profits of Parmenion Capital Partners LLP. On 4 September 2015 Aberdeen Asset Management Plc. purchased 100% of the Company's interest in Parmenion, subject to FCA approval.

9 DEBTORS – amounts falling due within one year	2015	2014
	£'000	£'000
Prepayments and other debtors	<u>9</u>	<u>8</u>
10 CREDITORS – amounts falling due within one year	2015	2014
	£'000	£'000
Accruals and other creditors	28	21
Short term loan	400	200
	<u>428</u>	<u>221</u>

During the year the Company utilised a loan facility with Jarvis Investment Management Limited. An additional £200,000 was borrowed in February 2015 to help facilitate the Tender Offer. At the year end £400,000 is still outstanding. The loan was secured on the assets of the Company and is repayable on demand.

Notes to the financial statements (continued)

as at 31 August 2015

11	CALLED UP SHARE CAPITAL	2015	2014
		£'000	£'000
	Allotted, called up and fully paid:	86	96
	8,501,650 (2014: 9,466,274) Ordinary shares of 1p each		

Pursuant to the Tender Offer, 944,624 ordinary shares being 10 per cent of the issued ordinary shares were repurchased and cancelled with settlement on 20 March 2015. As a result, there are 8,501,650 ordinary shares of 1p each in issue and circulation.

Duration of Company

At the annual general meeting of the Company falling in the calendar year 2019 and, if the Company has not then been liquidated, unitised or reconstructed, at each fifth annual general meeting of the Company convened by the Board thereafter, the Board shall propose an ordinary resolution that the Company should continue as an investment trust for a further five year period.

Continuation Vote

On behalf of the Board and in accordance with the Company's Articles, we have consulted with major shareholders, representing an overall majority, from which they were all in favour of Company continuing as an investment trust and the Continuation Vote.

The Board remains of the view that the investment strategy employed by the Investment Manager remains essentially valid and that the continuation of the company's investment objective and policy should afford shareholders the opportunity to benefit from the very significant underlying potential value in the portfolio.

Accordingly, a Resolution will be put forward at the forthcoming AGM that the Company continues as an investment trust.

12	RESERVES		Capital	
		Share	Capital	Revenue
		premium	redemption	reserve
		reserve	reserve	reserve
		£'000	£'000	£'000
	Year ended 31 August 2015			
	At 1 September 2014	2,674	556	93
	Net gains on realisation of investments	-	511	-
	Movement in fair value of investments	-	(105)	-
	Cost of shares purchased for			
	cancellation under tender offer	-	-	10
	Costs charged to capital	-	(49)	-
	Retained net loss for the year	-	-	(68)
	At 31 August 2015	2,674	913	103
				896

Notes to the financial statements (continued)

as at 31 August 2015

12 RESERVES (continued)

	Share premium	Capital reserve	Capital redemption reserve	Revenue reserve
Year ended 31 August 2014	£'000	£'000	£'000	£'000
At 1 September 2013	2,674	(150)	83	1,996
Net gains on realisation of investments	-	295	-	-
Movement in fair value of investments	-	457	-	-
Cost of shares purchased for cancellation under tender offer and buyback offer	-	-	10	(486)
Costs charged to capital	-	(46)	-	-
Retained net loss for the year	-	-	-	(75)
At 31 August 2014	2,674	556	93	1,435

13 NET ASSET VALUE PER ORDINARY SHARE

The basic net asset value per Ordinary share is based on net assets of £4,672,000 (2014: £4,854,000) and on 8,501,650 (2014: 9,446,274) Ordinary shares, being the number of shares in issue at the year end, less Treasury shares.

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 August 2015 there were no capital commitments or contingent liabilities (2014: £nil).

15 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 primarily invests in companies traded on AIM with a market capitalisation at the time of investment of up to £50 million. The Company finances its operations through its issued capital and existing reserves.

In following its investment objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks are market risk (comprising exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Market risk – market price risk

Market price risk arises mainly from uncertainty about future prices of financial investments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements other than movements in exchange rates and interest rates.

Notes to the financial statements (continued)

as at 31 August 2015

15 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager who gives timely reports of relevant information to the Directors. Investment performance is also reviewed at each Board meeting.

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.

The Company's exposure to other changes in market prices at 31 August on its investments is as follows:

A 20% decrease in the market value of investments at 31 August 2015 would have decreased net assets attributable to shareholders by 11 pence per share (2014: 6 pence per share). An increase of the same percentage would have an equal but opposite effect on net assets available to shareholders.

	2015 £'000	2014 £'000
Fair value through profit or loss investments	<u>4,672</u>	<u>4,854</u>

(ii) **Market risk – exchange rate risk**

All of the Company's assets are in sterling and accordingly the only currency exposure the Company has is through the trading activities of its investee companies.

(iii) **Market risk – interest rate risk**

Changes in interest rates may cause fluctuations in the income and expenses of the Company.

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The exposure at 31 August of financial assets and financial liabilities to interest rate risk is as follows:

	2015 £'000	2014 £'000
Cash at bank	<u>69</u>	<u>40</u>

The effect of an interest rate increase of 1% would increase net revenue before taxation on an annualised basis by £690 (2014: £400). If there was a decrease in interest rates of 0.5% net revenue before taxation would decrease by £345 (2014: £200). These calculations are based on balances as at 31 August 2015 and may not be representative of the year as a whole.

Notes to the financial statements (continued)

as at 31 August 2015

15 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held with the custodian to be delayed.

(v) Liquidity risk

Forty two percent of the Company's assets are AIM quoted securities and three percent on NASDAQ quoted securities, which under normal conditions can be sold to meet funding commitments if necessary. These may however be difficult to realise in adverse market conditions. The Company's unquoted investments, representing the remaining fifty five percent of the portfolio, could be more difficult to realise as they are not tradable instruments.

(vi) Maturity Analysis of Financial Liabilities

The Company's financial liabilities comprise of creditors as disclosed in note 10. All items are due within one year.

(vii) Managing Capital

The Company's capital management objectives are to increase net asset value per share at a higher rate than other quoted smaller company trusts and the MSCI Small Cap UK Index.

Primarily the Company finances its operations through its issued capital and existing reserves. However to help fund the Tender Offer last year the Company borrowed on a short term loan £400,000 from its Custodians Jarvis Investment Management. At the year end an amount of £400,000 was outstanding.

(viii) Fair values of financial assets and financial liabilities

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

(ix) Financial instruments by category

The financial instruments of the Company fall into the following categories

31 August 2015

	At amortised cost £'000	Loans and receivables £'000	Assets at fair value through profit or loss £'000	Total £'000
Assets as per the Balance Sheet				
Investments	-	-	5,022	5,022
Debtors	-	9	-	9
Cash at bank	69	-	-	69
Total	69	9	5,022	5,100
Liabilities as per the Balance Sheet				
Creditors	28	400	-	428
Total	28	400	0	4,672

Notes to the financial statements (continued)

as at 31 August 2015

15 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

31 August 2014	At amortised cost £'000	Loans and receivables £'000	Assets at fair value through profit or loss £'000	Total £'000
Assets as per the Balance Sheet				
Investments	-	-	5,027	5,027
Debtors	-	8	-	8
Cash at bank	40	-	-	40
Total	40	8	5,027	5,075
Liabilities as per the Balance Sheet				
Creditors	21	200	-	221
Total	21	200	0	221

Fair value hierarchy

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

This classification has changed from previous disclosures under Financial Reporting Standard 29.

The fair value hierarchy consists of the following three classifications:

Classification A – Quoted prices in active markets for identical assets or liabilities.

Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Classification B – The price of a recent transaction for an identical asset, where quoted prices are unavailable.

The price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Notes to the financial statements (continued)

as at 31 August 2015

15 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

Classification C – Inputs for the asset or liability that are based on observable market data and unobservable market data, to estimate what the transaction price would have been on the measurement data in an arm's length exchange motivated by normal business considerations.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a classification C measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices or last traded in respect of SETS at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

Investments, whose values are based on quoted market prices in active markets, and therefore classified within classification A, include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as B.

Investments classified within classification C have significant unobservable inputs. Classification C instruments include unquoted holdings. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The Company has no classification B investments, and classification C investments consist only of unquoted holdings.

Notes to the financial statements (continued)

as at 31 August 2015

15 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets at fair value through profit or loss At 31 August 2015

	Classification A	Classification B	Classification C	Total
	£'000	£'000	£'000	£'000
Equity investments	2,233	-	2,789	5,022
Total	2,233	-	2,789	5,022

At 31 August 2014

	Classification A	Classification B	Classification C	Total
	£'000	£'000	£'000	£'000
Equity investments	2,696	-	2,331	5,027
Total	2,696	-	2,331	5,027

The following table presents the movement in the classification C investments for the period ended 31 August 2015:

	Equity Investments £'000
Opening balance	2,331
Purchases	75
Sales at cost	(100)
Total gains on investments in the income statement	483
Closing balance	<u>2,789</u>

16 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 26 and in note 3 to the accounts. Mr Horner, a Director of the Company, is also a director of Chelverton Asset Management Limited and CEPS PLC, in which the Company holds an investment as set out on pages 7 and 8.

On 23 June 2015 Mr Martin was appointed as Chairman of Belgravium plc in which the Company holds an investment as set out on pages 7 and 8.

Notes to the financial statements (continued)

as at 31 August 2015

16 RELATED PARTY TRANSACTIONS (continued)

The three Directors also have individual holdings in Chelverton Asset Management Holdings, a Company which has Mr Horner as a director and which the company also has a direct holding. The directors' holdings are detailed below

	Percentage of holding in shares %	Ordinary shares held £'000	Percentage of Loan stock holding %	Loan stock held £'000
Mr K Allen	1%	1	-	-
Mr D Horner	56%	56	69	1,031
Mr I Martin	2%	2	-	-

17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the company's ability to continue as a going concern;
- to provide an adequate return to shareholders;
- to support the company's stability and growth;
- to provide capital for the purpose of further investments.

The company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure, taking into consideration the future capital requirements of the company and capital efficiency, projected operating cash flows and projected strategic investments opportunities. The management regards capital as total equity and reserves, for capital management purposes.

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:	John Girdlestone	Tel: 01326 378 288 Fax: 01326 378 077
Registrar:	Share Registrars Limited	Tel: 01252 821390 www.shareregistrars.uk.com
Investment Manager:	Chelverton Asset Management Limited	Tel: 0207 222 8989
Website:		www.chelvertonam.com

Postal address details are shown on page 16.

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 is posted on the Investment Manager's website: www.chelvertonam.com.