
CHELVERTON GROWTH TRUST PLC

Annual Report

for the year ended 31 August 2016

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 15 for further details
Total net assets	£3,987,000 as at 31 August 2016
Market capitalisation	£5,229,000 as at 31 August 2016
Capital structure	6,377,088 Ordinary 1p shares carrying one vote each.

Performance statistics

	Year ended	Year ended	
	31 August 2016	31 August 2015	% Change
Net assets	£3,987,000	£4,672,000	(14.66)
Net asset value per share (NAV)	62.53p	54.95p	13.79
MSCI Small Cap UK Index	363.11	349.89	3.78
Share price	82.00p	42.50p	92.94
Premium/(discount) to net asset value	31.14%	(22.66)%	
Revenue loss after taxation	£(140,000)	£(68,000)	
Revenue loss per share	(1.86)p	(0.75)p	
Capital gain per share	8.26p	3.97p	

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 good progress in which the fund's Net Asset Value ("NAV") per share has increased from 54.95p to 62.53p – an increase of 13.79% a significant outperformance over the Company's benchmark index, the MSCI Small Cap UK Index which rose by 3.78%.

The period under review has been dominated by the run-up to the EU Referendum Vote and the ensuing outcome. We have now entered a period of uncertainty fuelled by seemingly endless media speculation. This state of affairs is likely to last for a significant period of time.

Generally speaking, the companies in the portfolio are domestically focused and their business dealings are therefore linked directly to the prosperity and growth of the UK economy. With the substantial and sudden decline in sterling since the Referendum Vote many will see a rise in their impute costs, it is hoped that this will be compensated by increased export opportunity and increased market share in their UK markets due to the competitive advantage a lower pound gives vis a vis overseas product and services. It should be noted that many investee companies employ people from the EU whom have come to work in the UK, it is important that their future status is defined as quickly as possible.

In the period under review, the UK economy grew at, or around, the long-term average rate. Both the IMF and Treasury have had to consistently increase their assessment of the rate of economic growth in the UK. It no longer looks like the UK will slip into recession in the short term, as had been widely forecast before the Referendum vote, and whilst growth may be subdued for a period, it is widely expected that the Government will announce measures in the Autumn Statement to bolster the economy and provide a much needed investment in the infrastructure of the UK.

Inflation, although expected to rise in the short term, is still at historically low levels and well below the Bank of England's target of 2%. Whilst bank base rates look like they will remain at historically low levels the access to credit for many small companies is still difficult and even if secured, expensive.

The companies in the portfolio have generally made progress over the past year and as ever we hope that the investment and development that has taken place in the past few years will, notwithstanding the comments above, begin to bear fruit over the coming years.

As noted in my statement last year, the Board continue to examine strategic options that will enable all Shareholders to realise full value efficiently in the medium term. The tender process is a key element of this strategy and the Board remains committed to an annual tender as a means of offering Shareholders the ability to realise some of their shareholding at a modest discount to net asset value. In order to provide some logical consistency, the tender will take place the same time as it has this year, in March with the pricing to be decided when the interim accounts are produced at the end of February 2017. Given the continued strong performance of the unquoted portfolio and the oversubscribed tender earlier this year, it is the Board's intention, if possible, to maintain the tender at 25% in 2017.

Strategic Report *(continued)*

Chairman's statement *(continued)*

I do not usually comment on short term fluctuation in the Company Share price as we are focussed upon the creation of long term value as measured by the NAV of the Company.

It would be my reasonable expectation that the share price would trade around the NAV of the Company as reflected in the report and accounts (currently 62.53p). Therefore, I see no fundamental reason for the current 108% premium to the NAV to be maintained.

I would like to thank David Horner and his team for the excellent performance achieved over the last 12 months and although undoubtedly challenges exist the portfolio seems well positioned and I am hopeful of continued good performance over the longer term.

Kevin Allen

Chairman

7 November 2016

Strategic Report *(continued)*

Investment Manager's overview

In the past year the UK economy has again grown steadily. However, given the result of the EU Referendum in June no-one can now be sure how things will develop going forward. This uncertainty will, for a few years, become the “new normal” and companies and investors will have to adapt.

Given the instability and tensions, both political and economic, in the European Union this change in attitude is long overdue. The unexpected result of the EU Referendum has acted as a catalyst for investors, economists and politicians to consider the overall EU/UK relationship with more clarity. The position of the UK has been well documented but there are currently profound political and economic questions being asked in Italy, Austria, Holland, France, Germany and Hungary. There is little doubt that in a year's time the whole political landscape may have changed very dramatically.

Without wishing to appear complacent, we believe that the difficult change that the UK will need to go through over the next two to five years will leave the country in a better position politically and economically.

The companies that this portfolio invests in are essentially small UK businesses that will need to adapt and be “fleet of foot” to ensure that they are winners going into the future. The Government appear to have recognised that the SME sector is critical to the future wealth and development of the UK economy and that these businesses need help to prosper.

The Eurozone continues to sluggishly recover from the “Great Recession”. The ongoing problems in Greece have not been resolved, and probably cannot be until Greece is allowed to leave the Euro. There is clear evidence that many parts of the EU banking system will require restructuring and substantial recapitalisation. The migrant crisis does not seem to abate and with major offensives in Syria and Iraq this human tragedy is only likely to get worse.

Portfolio review

The most important change to the portfolio was the sale of Parmenion Capital Partners LLP to Aberdeen Asset Management plc at the beginning of the year for £1.78m with a possible further payment, dependent on Parmenion's performance, up to a maximum of £674,000. Taking the progress of Parmenion since the sale and the many factors that could possibly de-rail any earn-out being achieved, it was decided at this stage to include £100,000 in these accounts in respect of this possible future sum. We will continue to closely monitor performance against the earn-out criteria and revalue the asset accordingly.

This year we have sold the balance of the shareholding in IDOX plc which has been a major contributor to the fund over many years. We have reduced our holding in LPA plc as its share price has finally recognised its value as a specialist supplier to the manufacturers of railway rolling stock.

Additional investments were made in Touchstar plc, the new name for Belgravium Technologies plc, which, following its interim results has begun to see some recognition in the share price of the operational progress that has been made. Further investments were made in Petards plc and Lombard Risk Management plc both of which we expect to make good contributions to the growth of the fund in the current year.

Strategic Report *(continued)*

Investment Manager's overview *(continued)*

A new unquoted investment was made in Pedalling Forth Limited, trading as VeloVixen. This young business supplies by an internet “shop” cycling clothing for women. As most people are aware, cycling is enjoying a massive growth in participation and the percentage increase in women cyclists is probably greater than that of the overall market. This funding is to finance additional marketing of the business as it develops.

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 again revalued upwards reflecting the growth in funds under management. The investment in Transflex Vehicle Rental was also increased, recognising the significant progress made; this was highlighted with the company coming third in a league table of the fastest growing North East companies. The holding in La Salle Education was written off to reflect the disappointing take up in their product by the market place.

Outlook

The ongoing growth of Transflex Vehicle Rental, the largest holding in the fund, is expected to continue with the opening of new sales and operational outlets. Expected further recovery and growth in the share prices of a number of the AIM holdings should also contribute to the future increase in the asset value.

We expect to see further share price recovery and growth across the portfolio over the next twelve months and another year of good progress in 2016/17.

David Horner

Chelverton Asset Management Limited

7 November 2016

Strategic Report *(continued)*

Portfolio review as at 31 August 2016

Investment	Sector	Valuation £'000	% of total portfolio
<i>AIM traded</i>			
Alliance Pharma	Pharmaceuticals & Biotechnology	49	1.3
Acquisition of the manufacturing, sales and distribution rights to pharmaceutical products			
CEPS	Support Services	614	15.6
Trading holding company for a number of companies supplying services and products			
Lombard Risk Management	Software & Computer Services	201	5.1
Lombard Risk is one of the world's leading providers of collateral management, liquidity analysis and regulatory compliance software to financial organisations			
LPA Group	Electronic & Electrical Equipment	123	3.1
Design, manufacture and marketing of industrial electrical accessories			
MTI Wireless Edge	Technology Hardware & Equipment	165	4.2
Developer and manufacturer of sophisticated antennas and antenna systems			
Northbridge Industrial Services	Industrial Engineering	32	0.8
Specialist industrial hire services			
Petards Group	Support Services	335	8.5
Development, provision and maintenance of advance security systems and related services			
Plutus Powergen	Flexible Energy Supply	400	10.2
Providers of management infrastructure and expertise to operate power plants and provide flexible electricity generation			
Touchstar*	Technology Hardware & Equipment	406	10.4
Software systems for warehousing and distribution			
Universe Group	Support Services	73	1.9
Provision of credit fraud prevention, loyalty and retail systems			
<i>Nasdaq Traded</i>			
One Horizon Group	Support Services	84	2.1
Provider of mobile satellite communications equipment and airtime			

Strategic Report *(continued)*

Portfolio review *(continued)* as at 31 August 2016

Investment	Sector	Valuation £'000	% of total portfolio
<i>Unquoted</i>			
Airways Engineering	Support Services		
Ordinary B Shares		–	–
Loan Stock		–	–
Commercial aviation maintenance			
Anaxsys Technology	Healthcare Equipment & Services	23	0.6
A medical device company for patient monitoring and screening			
Chelverton Asset Management Holdings	Support Services	141	3.6
Investment management, including providing services to Chelverton Growth Trust Plc			
La Salle Education	Support Services	–	–
A UK based company dedicated to improving mathematics education			
Main Dental Partners	Support Services		
Ordinary B Shares		175	4.5
Loan Stock		–	–
Operator of dental surgeries			
Pedalling Forth	General Retailers	150	3.8
Internet retailer of cycling clothing for women			
Security Research Group	Support Services	52	1.3
Leading provider of Local Authority residential property searches; provision of packaging solutions			
Transflex Vehicle Rental	Support Services	902	23.0
Light commercial vehicle rental			
Portfolio Valuation		3,925	100.0

* Formerly Belgravium Technologies

Strategic Report *(continued)*

Portfolio holdings as at 31 August 2016

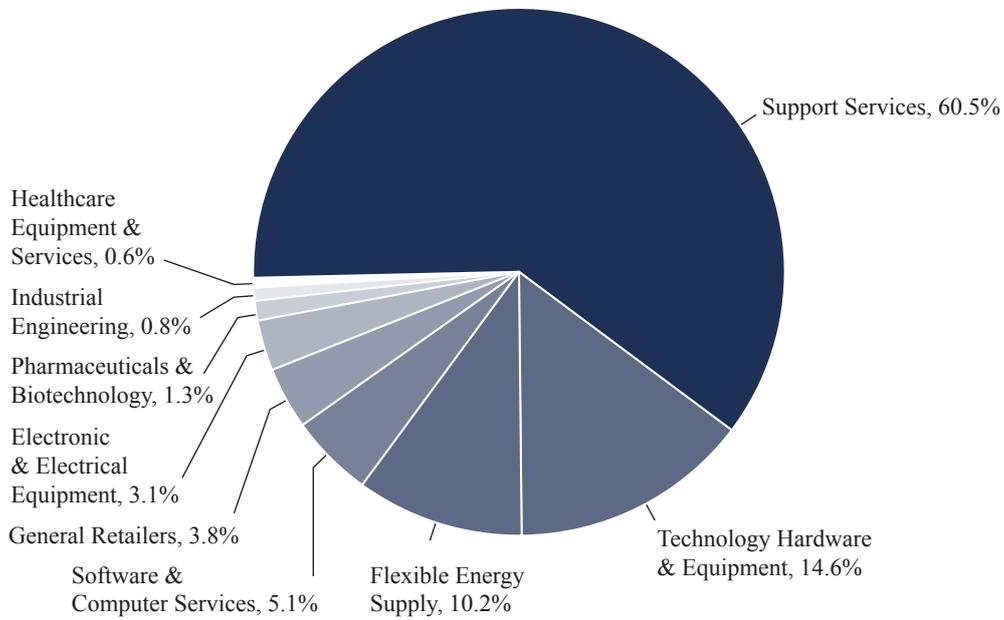
Investment	31 August 2016		31 August 2015	
	Valuation £'000	% of total portfolio	Valuation £'000	% of total portfolio
Transflex Vehicle Rental	902	23.0	555	11.0
CEPS	614	15.6	610	12.1
Touchstar*	406	10.4	337	6.7
Plutus Powergen	400	10.2	290	5.8
Petards Group	335	8.5	169	3.4
Lombard Risk Management	201	5.1	144	2.9
Main Dental	175	4.5	175	3.5
MTI Wireless Edge	165	4.2	86	1.7
Pedalling Forth	150	3.8	–	–
Chelverton Asset Management Holdings	141	3.6	120	2.4
LPA Group	123	3.1	118	2.3
One Horizon Group	84	2.1	134	2.7
Universe Group	73	1.9	65	1.3
Security Research Group	52	1.3	62	1.2
Alliance Pharma	49	1.3	56	1.1
Northbridge Industrial Services	32	0.8	60	1.2
Anaxsys Technology	23	0.6	13	0.3
Airways Engineering	–	–	–	–
IDOX**	–	–	164	3.3
La Salle Education	–	–	25	0.5
Parmenion Capital Partners LLP**	–	–	1,839	36.6
Total	3,925	100.0	5,022	100.0

* Formerly Belgravium Technologies

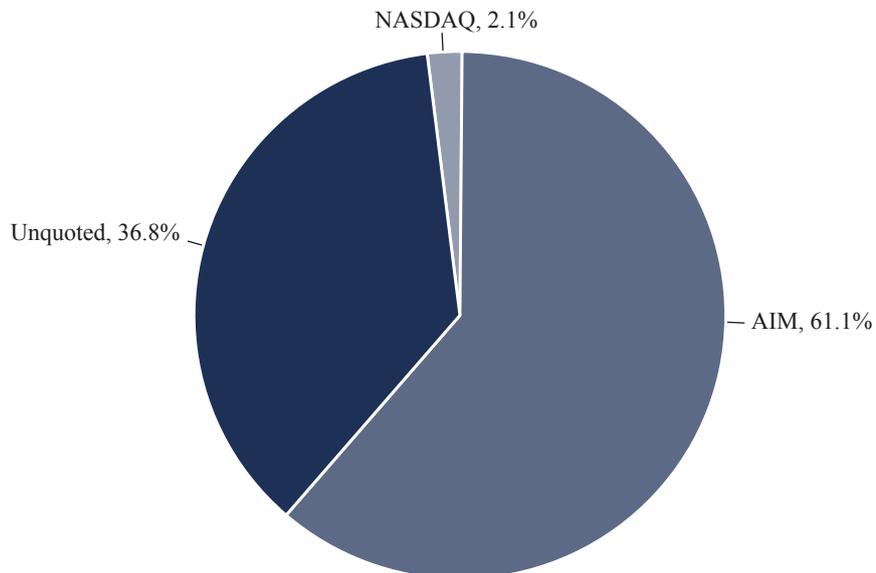
** Sold during the year

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 23, the Company carries on business as an investment trust. Investment trusts are collective closed-ended public limited companies.

Chelverton Growth Trust plc is a public limited company incorporated in England and Wales (registration number 2989519) with its registered office being Suite 8, Bridge House, Courtenay Street, Newton Abbot TQ12 2QS.

The Company is an investment company under section 833 of the Companies Act.

The Company's shares are listed on the London Stock Exchange main market under the code CGW (sedol 0262134).

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 Directors, can be found on page 14.

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.

Strategic Report *(continued)*

Other statutory information *(continued)*

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 earnings prospects over a five year time horizon.

The Company's Investment Manager is Chelverton Asset Management Limited, an independent investment manager focussing exclusively on achieving returns for investors based on UK investment analysis of the highest quality. The founder 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 and 3 and the Investment Manager's overview on pages 4 and 5 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 2016 can be found on pages 6 to 9 of the report.

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 Manager's overview on pages 4 and 5.

Principal risks and uncertainties and risk management

As stated within the Corporate Governance Statement on pages 16 to 22, 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 18 and 19 of the Corporate Governance Statement.

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

Strategic Report *(continued)*

Other statutory information *(continued)*

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.

Premium/discount volatility

As with many investment trust companies, premiums/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"), the Alternative Investment Fund Managers Directive ("AIFMD") 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 16 to 22. 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's share price and the premium/discount of the share price in relation to the NAV.

The Company's income statement is set out on page 35.

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 2016 was 62.53p (2015: 54.95p), an increase of 13.79%. By comparison the benchmark rose 3.78%.

The Company's share price at the year end was 82.00p (2015: 42.50p).

Viability Statement

The Board reviews the performance and progress of the Company over various time periods and uses these assessments, regular investment performance updates from the Investment Manager and a continuing programme of monitoring risk, to assess the future viability of the Company. The Directors consider that a period of three years is the most appropriate time horizon to consider the Company's viability and after careful analysis, the Directors believe that the Company is viable over a three-year period. The Directors are of the opinion that the Company has sufficient liquidity in the portfolio in readily realisable smaller capitalised AIM traded securities.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by the Board. The Directors also seek reassurance from suppliers that their operations are well managed and they are taking appropriate action to monitor and mitigate risk. The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

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 5.

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 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

Kevin Allen

Chairman

7 November 2016

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, Touchstar plc, managing director of Neon Underwriting, a Lloyds Managing Agency 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 1998. 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

ISCA Administration Services Limited
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS

Registrar and Transfer Office

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Bankers

HSBC
46 Market Street
Falmouth
Cornwall TR11 3AA

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham GL50 3AT

Custodians

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

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 Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers appropriate to the business of the Company as an investment trust.

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. However, following best practice, all Directors who wish to continue, offer themselves for annual re-election at the Company's Annual General Meeting. 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 providers.
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties. However, the need for an internal audit function will be reviewed annually.

At the end of the year the Board consisted of two independent Directors and Mr Horner, who is not considered independent. The biographies of all the Directors are contained on page 14.

The Board believes that the two independent Directors are independent in character and that there are no relationships or circumstances which are likely to affect their 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 2016, 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 P Martin	4 of 4	2 of 2

The Board subscribes to the view 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 2015 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. Mr Allen and Mr Martin are the founding Board members. Mr Martin, having previously resigned from the Board, was re-appointed on 19 December 2013. Their knowledge of the Company and experience is considered extremely valuable by the other Director. 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 14.

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, cash availability and requirements and a breakdown of shareholdings by listing and sector. The Board takes account of Corporate Governance best practice.

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

Corporate Governance Statement *(continued)*

- 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, Mr 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 and is chaired by Mr Martin.

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, financial reporting process and accounting policies of the Company and for reviewing the Company's financial reporting and internal control policies and procedures. Committee members consider that individually and collectively they are appropriately experienced to fulfil the role required.

The Audit Committee has direct access to the Company's Auditors, Hazlewoods LLP, whose representatives attend the year end Audit Committee meeting. On the basis of these meetings the Audit Committee has been able to assess the effectiveness of the external audit. A formal statement of independence is received from the external Auditors each year. The 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 re-appointment 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.

Corporate Governance Statement *(continued)*

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

Matter	Action
Investment Portfolio Valuation	
The Company's portfolio is invested predominantly in Listed and Unquoted securities. Sixty three 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 NAV per share.	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.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its NAV per share.	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. The Company Secretary reconciles cash balances on a monthly basis.
Income Recognition	
Incomplete or inaccurate income recognition could have an adverse effect on the Company's NAV and earnings per share and its level of dividend cover.	The level of income received for the year is agreed on a monthly basis with the Investment Manager and the Company Secretary.

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 2016. 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 31 to 34.

Hazlewoods LLP was first appointed as Auditor to the Company on 27 February 2007. As part of its review of the continuing appointment of the Auditor, the Committee considers the length of tenure of the audit firm, its fees and independence, along with any matters raised during each audit. The Committee has discussed with Hazlewoods LLP its objectivity, independence and experience in the investment trust sector.

The Committee has recommended the re-appointment of Hazlewoods LLP on each occasion since their initial appointment, and no tender has been undertaken for the audit of the Company. The Audit Partner for the Company has been rotated once since their initial appointment, most recently in respect of the financial year ended 31 August 2012. 2017 will be Hazlewoods LLP's tenth year as Auditor and in accordance with Auditing Practice Board Ethical Standard 3 (Revised) the audit will be put to tender in 2017 for the 2018 audit. In light of this tender the Audit Committee consider it appropriate to extend the Audit Partner's period of appointment for a further year to safeguard the quality of the audit, and Hazlewoods LLP have confirmed that appropriate safeguards will be implemented to ensure their continued objectivity and independence.

Hazlewoods LLP has indicated its willingness to continue in office as Auditor of the Company. Following its review, the Committee considers that individually and collectively the Auditor is appropriately experienced to fulfil the role required and has recommended their re-appointment to the Board. A Resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

The Committee has considered the independence and objectivity of the Auditor and it is satisfied in these respects that Hazlewoods LLP has fulfilled its obligations to the Company and its Shareholders. During the year Hazlewoods provided tax compliance services to the Company. These were not provided by the audit team and the fee is not significant at £2,000 plus VAT. No other non-audit services were provided in the year. The Committee has advised that based on its assessment of their performance and independence, Hazlewoods LLP has fulfilled its obligations to the Company and its Shareholders and on this basis recommends their reappointment as Auditor.

Corporate Governance Statement *(continued)*

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

The Management Engagement Committee reviews the performance of the Investment Manager under the Investment Management Agreement. Based on this review it has recommended to the Board that the Investment Manager's appointment continues. The Committee also reviewed the performance of the Company Secretary, the Custodian and the Registrar and matters concerning their respective agreements with the Company.

The Directors met on 20 October 2016 and decided that given the functions performed by the Management Engagement and Nominations Committees and the size and composition of the Board, the Committees should be dissolved. The functions previously undertaken by the Committees will in future be performed by the Board of the Company.

The Board of Directors of the Company comprised three male Directors in the year to 31 August 2016. 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 27 to 29. At 31 August 2016 there were no Directors' service agreements and no Director had been granted any options to acquire shares in the Company.

Company secretary

On 21 December 2015, ISCA Administration Services Limited was appointed as Company Secretary and Administrator to the Company and 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.

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 24.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 16.

Corporate Governance Statement *(continued)*

- The Board is seeking to renew its current powers to buy back and issue shares as detailed on page 25.
- 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; and 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 addressed by both the Board and the Investment Manager and the 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 15. 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 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 FRC.

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 FRC.

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 assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

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.

Corporate Governance Statement *(continued)*

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.

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 ISCA Administration Services Limited;
- 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

7 November 2016

Report of the Directors

The Directors present their report and audited financial statements of the Company for the year ended 31 August 2016. 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. The Company will be treated as an investment trust company for each subsequent accounting period, subject to there being no serious breaches of the conditions. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2016 so as to be able to continue to qualify as an authorised investment trust. 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 35. 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:

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

Mr Allen and Mr Martin will offer themselves for re-election at the Annual General Meeting.

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.

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.

Mr Martin is also a founding Director of the Company although he was only re-elected to the Board in 2013. He has also held a number of management positions within varied sectors where he gained a thorough knowledge of smaller companies' managerial issues. His financial experience enables him to contribute significantly on accounting and reporting matters. Mr Martin is deemed wholly independent by the other Board members.

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. Mr Martin is the chairman of Touchstar plc in which the Company has an investment.

Substantial shareholdings

The Directors had been notified of the following notifiable interests in the voting shares of the Company at 31 August 2016.

	Number of shares	% of total voting rights
IONIC Investments SA	968,539	15.19
Miton Global Opportunities PLC	750,057	11.76
Mr D A Horner	557,197	8.74
Charles Stanley Group PLC	335,736	5.26
Mrs RJ Dale Harris	325,000	5.10
Mr K Allen	221,762	3.48

At the date of this report Miton Global Opportunities PLC notified the Company that they were interested in 500,000 shares (7.84%), no other changes have been notified.

Share capital

On 3 March 2016 the Company announced the result of the tender offer and buyback offer issued to Shareholders on 28 January 2016. Under the tender offer, 2,124,562 Ordinary shares, representing 24.99% of the issued share capital with a nominal value of £21,245, were repurchased for cancellation on 18 March 2016, at a price of 52.92p per share for a total consideration of £1,149,000 including the tender offer costs.

At the year end and as at the date of this report there were 6,377,088 Ordinary 1p shares in issue each carrying one vote in the event of a poll. No shares are held in Treasury.

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, an annual fee of 1% payable monthly in arrears.

The amount payable to CAM for the year ending 31 August 2016 was £46,000. At the year-end £3,500 was outstanding to CAM.

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.

Report of the Directors *(continued)*

Under an agreement dated 21 December 2015, company secretarial services and the general administration of the Company are undertaken by ISCA Administration Services Limited for an annual fee of £40,000.

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 2016 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 10 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.

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 55 to 58.

It is also proposed in Resolutions 7 and 8 that at the Annual General Meeting the Company be given renewed authority to buy back its own shares in the market and through a 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 and at prices below NAV. Of the authority granted at the 2015 Annual General Meeting to repurchase shares other than under a tender offer, authority to repurchase 1,274,397 shares remained outstanding.

As at 4 November 2016, 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.

Report of the Directors *(continued)*

Disclosure of information to Auditors

The Directors who held office at the date of approval of the Report of the 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

7 November 2016

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 31 to 34.

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.

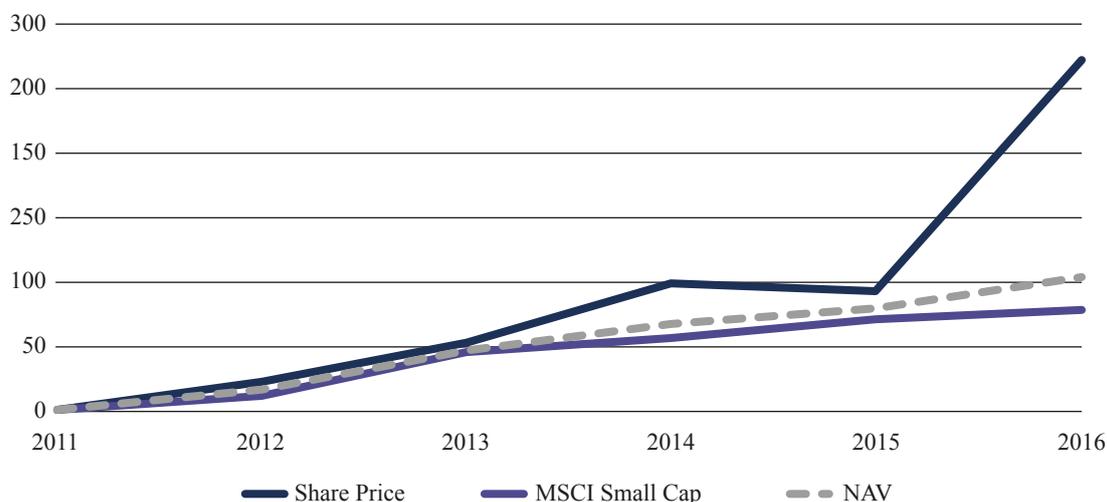
The Board is mindful of its obligation to set remuneration levels which will attract and maintain an appropriate calibre of individuals whilst simultaneously protecting the interests of Shareholders. The Company's Articles cap Directors' fees to £100,000 per annum. During the year to 31 August 2016, the Board reviewed the existing remuneration levels and recommended they remain unchanged from those to 31 August 2015.

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:

	2016 £	2015 £
K J Allen	18,750	18,750
I P Martin	15,000	15,000
D A Horner*	–	–
	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 2016	At 31 August 2015
K J Allen	221,762	221,762
D A Horner	557,197	557,197
I P Martin	1,200	1,200

There have been no changes to any of the above holdings between 31 August 2016 and the date of this report. None of the Directors has any non-beneficial interests to disclose.

Relative importance of spend on pay

	2016	2015	% Change
Cost of shares purchased for cancellation under tender offer	1,124,318	445,862	152.17
Total remuneration paid to Directors	33,750	33,750	0.00

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 2015 was approved by Shareholders at the Annual General Meeting held on 15 December 2015. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	3,474,797	99.65
Against	12,055	0.35
Total votes cast	3,486,852	100.00
Number of votes withheld	Nil	

The Directors' Remuneration Policy was approved by Shareholders at the Annual General Meeting held on 15 December 2015. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	3,474,797	99.65
Against	12,055	0.35
Total votes cast	3,486,852	100.00

Directors' Remuneration Report *(continued)*

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 2017 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.

The policy was approved by Shareholders at the Annual General Meeting on 15 December 2015.

	Expected Fees for Year to 31 August 2017	Fees for Year to 31 August 2016
Chairman's fee	18,750	18,750
Non-Executive Director fee	15,000	15,000

Approval

This Directors' remuneration report was approved by the Board of Directors on 7 November 2016.

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 the Directors, Directors Remuneration Report and Corporate Governance Statement.

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 Strategic Report incorporating the Chairman's statement and Investment Manager's overview together with the 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

7 November 2016

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 2016 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 30), 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 Report of the Directors 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 2016 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.

Independent Auditors' report *(continued)*

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 a tender offer out of revenue or the Special reserve. 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.

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 £79,000, which is 2.0% 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 £26,000, which is 18.5% of the Company's net return on ordinary activities before taxation, excluding gains on investments at fair value.

Independent Auditors' report *(continued)*

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.

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 Report of the Directors 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 Report of the Directors 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.

Independent Auditors' report *(continued)*

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 25 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

7 November 2016

Income statement

for the year ended 31 August 2016

	Note	2016			2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value	7	–	565	565	–	406	406
Income	2/9	27	100	127	60	–	60
Investment management fee	3	(12)	(35)	(47)	(12)	(37)	(49)
Other expenses	4	(155)	(7)	(162)	(116)	(12)	(128)
Net return on ordinary activities before taxation		(140)	623	483	(68)	357	289
Taxation on ordinary activities	5	–	–	–	–	–	–
Net return on ordinary activities after taxation		(140)	623	483	(68)	357	289
		Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary share	6	(1.86)p	8.26p	6.40p	(0.75)p	3.96p	3.21p

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 Other Comprehensive Income has not been prepared as all such gains and losses are included in the Income statement.

The notes on pages 39 to 53 form part of these accounts.

Statement of changes in equity

for the year ended 31 August 2016

	Called up Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve £'000	Capital Redemption Reserve £'000	Revenue Reserve £'000	Total £'000
Year ended 31 August 2016							
1 September 2015	86	2,674	–	913	103	896	4,672
Cost of shares purchased for cancellation under tender offer	(22)	–	(1,149)	–	22	–	(1,149)
Cancellation of share premium account	–	(2,674)	2,674	–	–	–	–
Costs of cancelling share premium account	–	–	(19)	–	–	–	(19)
Net return after taxation for the year	–	–	–	623	–	(140)	483
31 August 2016	64	–	1,506	1,536	125	756	3,987
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
31 August 2015	86	2,674	–	913	103	896	4,672

The notes on pages 39 to 53 form part of these accounts.

Statement of financial position

as at 31 August 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments at fair value	7	3,925	5,022
Current assets			
Debtors	9	6	9
Cash at bank		261	69
		<u>267</u>	<u>78</u>
Creditors – amounts falling due within one year	10	<u>(305)</u>	<u>(428)</u>
Net current liabilities		(38)	(350)
Debtors – amounts falling due after one year	9	<u>100</u>	<u>–</u>
Net assets		<u>3,987</u>	<u>4,672</u>
Share capital and reserves			
Called up share capital	11	64	86
Share premium account	12	–	2,674
Special reserve	12	1,506	–
Capital reserve	12	1,536	913
Capital redemption reserve	12	125	103
Revenue reserve	12	756	896
		<u>3,987</u>	<u>4,672</u>
Equity shareholders' funds		<u>3,987</u>	<u>4,672</u>
Net asset value per Ordinary share	13	62.53p	54.95p

The notes on pages 39 to 53 form part of these accounts.

These accounts were approved by the Board of Directors of Chelverton Growth Trust PLC and authorised for issue on 7 November 2016. They were signed on its behalf by

Kevin Allen

Chairman

Statement of cash flows

for the year ended 31 August 2016

	2016	2015
	£'000	£'000
Cash flows from operating activities		
Net return on ordinary activities	483	289
Adjustment for:		
Net capital return	(623)	(357)
Income credited to capital	100	–
Expenses charged to capital	(42)	(48)
Interest paid	11	15
Increase in creditors	27	7
(Increase)/decrease in debtors	(97)	1
Other	–	(2)
Cash used in operations	(141)	(95)
Cash flows from investing activities		
Purchase of investments	(420)	(549)
Proceeds from sales of investments	2,082	960
Net cash from investing activities	1,662	411
Cash flows used in financing activities		
Cost of shares purchased for cancellation under tender offer	(1,149)	(472)
Cost of cancelling share premium account	(19)	–
New loan advanced	300	200
Capital repayment of loan	(450)	–
Interest paid	(11)	(15)
Net cash used in financing activities	(1,329)	(287)
Net increase in cash	192	29
Cash at the beginning of the year	69	40
Cash at the end of the year	261	69

The notes on pages 39 to 53 form part of these accounts.

Notes to the financial statements

for the year ended 31 August 2016

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 November 2014, regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All the Company’s activities are continuing.

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 estimation uncertainty’.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

1. ACCOUNTING POLICIES *(continued)*

Significant judgements and estimation uncertainty

Preparation of the financial statements requires the Investment Manager to make significant judgements. The items in the financial statements where these judgements 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.

Special reserve

The Special reserve was created by the cancellation of the Share Premium account by order of the High Court on 13 January 2016. It can be used for the repurchase of the Company's own shares.

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)*

for the year ended 31 August 2016

2. INCOME

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments						
Income from LLP investments	15	100	115	35	–	35
UK net dividend income	12	–	12	21	–	21
Income from loan interest	–	–	–	4	–	4
Total income	27	100	127	60	–	60

3. INVESTMENT MANAGEMENT FEE

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	12	35	47	12	37	49

The investment management fee is calculated at the rate of 0.0833% per month, equating to 1% per annum, of the gross value of funds under management and is payable monthly in arrears. At 31 August 2016 there was £3,500 outstanding (2015: £4,000).

4. OTHER EXPENSES

	2016 £'000	2015 £'000
Administrative and secretarial services	59	36
Directors' remuneration	34	34
Audit fee	19	15
Other expenses	50	43
	162	128

5. TAXATION

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Analysis of charge in period						
Current Tax	–	–	–	–	–	–

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

5. TAXATION *(continued)*

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 20%. The differences are explained below:

	2016			2015		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Theoretical tax at UK corporation tax rate of 20.00% (2015: 20.42%)						
Corporation tax	(28)	125	97	(14)	73	59
Investment income not taxable	(5)	(20)	(25)	(12)	-	(12)
Non-taxable investment gains	-	(113)	(113)	-	(83)	(83)
Excess expenses for the period	33	8	41	26	10	36
Current tax charge for the period	-	-	-	-	-	-

At 31 August 2016 the Company had surplus management expenses of £3,925,000 (2015: £3,720,000) 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.

6. RETURN PER ORDINARY SHARE

	2016			2015		
	Revenue	Capital	Total	Revenue	Capital	Total
	pence	pence	pence	pence	pence	pence
Basic	(1.86)p	8.26p	6.40p	(0.75)p	3.96p	3.21p

Revenue return per Ordinary share is based on the net revenue loss on ordinary activities after taxation attributable of £140,000 (2015: £68,000) and on 7,538,051 (2015: 9,019,251) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on the net capital gain of £623,000 (2015: £357,000) and on 7,538,051 (2015: 9,019,251) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Total return per Ordinary share is based on the total gain of £483,000 (2015: £289,000) and on 7,538,051 (2015: 9,019,251) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

7. INVESTMENTS

	2016	2015
	£'000	£'000
AIM	2,398	2,099
Unquoted	1,443	2,789
NASDAQ	84	134
	3,925	5,022

	AIM	Unquoted*	NASDAQ	Total
	£'000	£'000	£'000	£'000
Opening book cost	2,990	1,539	166	4,695
Opening investment holding (losses)/gains	(891)	1,250	(32)	327
	2,099	2,789	134	5,022
Movements in the year:				
Purchases in the year	232	188	–	420
Sales – proceeds	(300)	(1,782)	–	(2,082)
– gains on sales	233	1,667	–	1,900
Movement in investment holding (losses)/gains	134	(1,419)	(50)	(1,335)
Closing valuation	2,398	1,443	84	3,925
Closing book cost	3,155	1,612	166	4,933
Closing investment holding losses	(757)	(169)	(82)	(1,008)
Closing valuation	2,398	1,443	84	3,925

	2016	2015
	£'000	£'000
Realised gains on sales	1,900	511
Movement in fair value of investments	(1,335)	(105)
Net gains on investments	565	406

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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

7. INVESTMENTS *(continued)*

Analysis of movements in unquoted investments

Investment	Cost at 31 August 2015			Cost at 31 August 2016	Realised gain	Unrealised gain/(loss)	Valuation at 31 August 2016	Valuation at 31 August 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Anaxys Technology	284	8	–	292	–	2	23	13
Airways Engineering								
Loan stock	45	–	–	45	–	–	–	–
Ordinary B shares	30	–	–	30	–	–	–	–
Chelverton Asset Management Holdings	2	–	–	2	–	21	141	120
Closed Loop Recycling*								
Loan stock	252	–	–	252	–	–	–	–
Ordinary B shares	84	–	–	84	–	–	–	–
La Salle Education	100	30	–	130	–	(55)	–	25
Main Dental								
Loan stock	75	–	–	75	–	–	–	–
Ordinary B shares	175	–	–	175	–	–	175	175
Parmenion Capital Partners LLP	115	–	(115)	–	1,667	(1,724)	–	1,839
Pedalling Forth	–	150	–	150	–	–	150	–
Security Research Group	52	–	–	52	–	(10)	52	62
Transflex Vehicle Rental	325	–	–	325	–	347	902	555
	1,539	188	(115)	1,612	1,667	(1,419)	1,443	2,789

* In administration

Transaction costs

During the year, the Company incurred transaction costs of £nil (2015: £366) and £667 (2015: £2,309) 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)*

for the year ended 31 August 2016

7. INVESTMENTS *(continued)*

Details of material holdings in unquoted investments

Investment	Valuation		Valuation		Last Accounts Period End	Net Assets/Liabilities	Turnover	Pre tax (loss)/profit
	Cost at 31 August 2016	at 31 August 2016	Cost at 31 August 2015	at 31 August 2015				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Anaxys Technology	292	23	284	13	31 Jan '16	59	–	–
Airways Engineering					31 Oct '15	(65)	–	–
Loan stock	45	–	45	–				
Ordinary B shares	30	–	30	–				
Chelverton Asset Management Holdings*	2	141	2	120	31 Mar '16	2,005	3,797	1,384
Closed Loop Recycling**					30 Jun '13	(10,534)	15,424	(5,666)
Loan stock	252	–	252	–				
Ordinary B shares	84	–	84	–				
La Salle Education	130	–	100	25	31 Dec '15	965	–	–
Main Dental					31 Mar '16	806	–	–
Loan stock	75	–	75	–				
Ordinary B shares	175	175	175	175				
Pedalling Forth	150	150	–	–	31 Dec '15	(210)	–	–
Security Research Group	52	52	52	62	31 Mar '16	10,527	6,843	(57)
Transflex Vehicle Rental	325	902	325	555	31 Dec '15	6,666	11,504	1,253

* Consolidated figures

** In administration

A full listing of portfolio holdings is included in the portfolio review on pages 6 and 7.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

8. SIGNIFICANT INTERESTS

At 31 August 2016 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	95,500
CEPS	1,535,000	16.03	9,573,822
Pedalling Forth	150,000	12.00	1,250,000
Touchstar	625,000	9.91	6,308,750
Transflex Vehicle Rental	277,500	8.15	3,405,000
Anaxsys Technology	39,525	6.17	640,791
Petards	2,000,000	5.70	35,089,677
La Salle Education	160,000	5.07	3,158,179
Plutus Powergen	33,333,334	4.82	691,428,935

9. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year		
Prepayments and other debtors	<u>6</u>	<u>9</u>
Amounts falling due after one year		
Other debtors*	<u>100</u>	<u>–</u>

* The other debtor relates to capital income due from Parmenion Capital Partners LLP as detailed in the Investment Manager's overview on page 4.

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Accruals and other creditors	55	28
Short term loan	<u>250</u>	<u>400</u>
	<u>305</u>	<u>428</u>

On 17 June 2016 the Company entered in to a £250,000 loan agreement with Jarvis Investment Management Limited. Interest is payable monthly in arrears at the rate of 4.5% plus the Bank of England base rate.

At the year end £250,000 is outstanding of which £125,000 was drawn down on 17 June 2016 and £125,000 on 8 August 2016. The loan is secured on the assets of the Company and is repayable on demand.

On 18 November 2015 the Company entered in to a £50,000 loan agreement with Chelverton Asset Management Limited. Interest was payable at the rate of 4.75%. The loan was repaid in full on 14 January 2016.

The £400,000 loan outstanding at 31 August 2015 was repaid in full on 13 January 2016.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

11. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
6,377,088 (2015: 8,501,650) Ordinary shares of 1p each	<u>64</u>	<u>86</u>

Pursuant to the Tender Offer, 2,124,562 ordinary shares being 24.99 per cent of the issued ordinary shares were repurchased and cancelled with settlement on 18 March 2016. As a result, there are 6,377,088 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 2020 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.

12. RESERVES

	Share premium £'000	Special reserve* £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve* £'000
Year ended 31 August 2016					
At 1 September 2015	2,674	–	913	103	896
Net gains on realisation of investments	–	–	1,900	–	–
Movement in fair value of investments	–	–	(1,335)	–	–
Cost of shares purchased for cancellation under tender offer	–	(1,149)	–	22	–
Cancellation of share premium account	(2,674)	2,674	–	–	–
Costs of cancelling share premium account	–	(19)	–	–	–
Income of a capital nature	–	–	100	–	–
Costs charged to capital	–	–	(42)	–	–
Retained net loss for the year	–	–	–	–	(140)
At 31 August 2016	<u>–</u>	<u>1,506</u>	<u>1,536</u>	<u>125</u>	<u>756</u>

*Distributable reserves. The Special reserve and Revenue reserve may be used for the repurchase of the Company's own shares.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

12. RESERVES *(continued)*

	Share premium £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000
Year ended 31 August 2015				
At 1 September 2014	2,674	556	93	1,435
Net gains on realisation of investments	–	511	–	–
Movement in fair value of investments	–	(105)	–	–
Cost of shares purchased for cancellation under tender offer	–	–	10	(471)
Costs charged to capital	–	(49)	–	–
Retained net loss for the year	–	–	–	(68)
At 31 August 2015	2,674	913	103	896

13. NET ASSET VALUE PER ORDINARY SHARE

The basic net asset value per Ordinary share is based on net assets of £3,987,000 (2015: £4,672,000) and on 6,377,088 (2015: 8,501,650) Ordinary shares, being the number of shares in issue at the year end.

14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 August 2016 there were no capital commitments or contingent liabilities (2015: £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, existing reserves and the loan from the Custodian as detailed in note 10.

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.

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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

15. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

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 2016 would have decreased net assets attributable to Shareholders by 12 pence per share (2015: 12 pence per share). An increase of the same percentage would have an equal but opposite effect on net assets available to Shareholders.

	2016	2015
	£'000	£'000
Fair value through profit or loss investments	<u>3,925</u>	<u>5,022</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:

	2016	2015
	£'000	£'000
Cash at bank	<u>261</u>	<u>69</u>
Loan from Custodian	<u>250</u>	<u>400</u>

As the Company receives no interest on its bank balances and pays interest on its loan then the effect of an interest rate increase of 1% would decrease net revenue before taxation on an annualised basis by £2,500 (2015: £4,000). If there was a decrease in interest rates of 0.5% net revenue before taxation would increase by £1,250 (2015: £2,000). These calculations are based on balances as at 31 August 2016 and may not be representative of the year as a whole.

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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

15. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

(v) Liquidity risk

Sixty one percent of the Company's assets are AIM quoted securities and two percent 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 thirty seven 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 further investment the Company borrowed on a short term loan £250,000 from its Custodians, Jarvis Investment Management. At the year end an amount of £250,000 was outstanding. The previous loans of £400,000 and £50,000 were repaid during the year. Further details are given in note 10.

(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

	At amortised cost £'000	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
31 August 2016				
Assets as per the Balance Sheet				
Investments	–	–	3,925	3,925
Debtors	–	106	–	106
Cash at bank	261	–	–	261
Total	261	106	3,925	4,292
Liabilities as per the Balance Sheet				
Creditors	55	250	–	305
Total	55	250	–	305

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

15. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

	At amortised cost £'000	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
31 August 2015				
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	–	428

Fair value hierarchy

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

The fair value hierarchy consists of the following three classifications:

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

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

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

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

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

The 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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

15. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

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.

Financial assets at fair value through profit or loss

	Classification A £'000	Classification B £'000	Classification C £'000	Total £'000
At 31 August 2016				
Equity investments	2,482	–	1,443	3,925
Total	2,482	–	1,443	3,925
	Classification A £'000	Classification B £'000	Classification C £'000	Total £'000
At 31 August 2015				
Equity investments	2,233	–	2,789	5,022
Total	2,233	–	2,789	5,022

The following table presents the movement in the classification C investments for the period ended 31 August 2016:

	Equity Investments £'000
Opening balance	2,789
Purchases	188
Sales at cost	(115)
Total losses on investments in the Income statement	(1,419)
Closing balance	1,443

Notes to the financial statements *(continued)*

for the year ended 31 August 2016

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 24 and in note 3 to the accounts. Mr Horner, a Director of the Company, is also a director of Chelverton Asset Management Limited and chairman of CEPS PLC, in which the Company has an investment. Mr Martin is the chairman of Touchstar plc, in which the Company holds an investment as set out on pages 6 and 7.

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
K J Allen	1	1	–	–
D A Horner	56	56	93	1,000
I P 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:	ISCA Administration Services Limited	Tel: 01392 487 056 Fax: 01392 891 155
Registrar:	Share Registrars Limited	Tel: 01252 821 390 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 15.

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.

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares in Chelverton Growth Trust PLC, please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of Chelverton Growth Trust PLC will be held at the offices of Chelverton Asset Management Limited, 12b George Street, Bath BA1 2EH at 12:00pm on Thursday, 15 December 2016, for the following purposes:

To consider and if thought fit to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the financial statements for the year ended 31 August 2016, together with the Report of the Directors and Independent Auditors' report thereon.
2. To receive and if thought fit, to accept the Directors' remuneration report for the year ended 31 August 2016.
3. To re-elect Mr. K Allen as a Director of the Company.
4. To re-elect Mr. D Horner as a Director of the Company.
5. To re-elect Mr. I Martin as a Director of the Company.
6. To re-appoint Hazlewoods LLP as Auditors to the Company, to hold office from the conclusion of this Meeting until the next Annual General Meeting, and to authorise the Directors to determine their remuneration.

The following resolutions will be proposed as special resolutions.

7. THAT the Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 to renew its authority to make market purchases of ordinary shares of 1p each in the capital of the Company ("Ordinary shares"), provided that:
 - (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 955,925 (or, if less, 14.99% of the issued Ordinary share capital in circulation immediately following the passing of this resolution);
 - (ii) the minimum price which may be paid for each Ordinary share is 1p;
 - (iii) the maximum price which may be paid for each Ordinary share is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent. of the average of the middle market quotations for Ordinary shares taken from London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the contract of purchase is made;
 - (iv) this authority will (unless renewed) expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, fifteen months after that date; and
 - (v) the Company may make a contract to purchase Ordinary shares under the authority conferred by this resolution before this authority expires, such contract which will or may be executed wholly or partly after the expiry of this authority.

Notice of Annual General Meeting *(continued)*

8. THAT, in addition to the authority given to the Company to purchase its Ordinary shares of 1p each (“Shares”) pursuant to Resolution 7 above and in accordance with the terms and conditions contained in a Circular incorporating the details of a Tender Offer to be issued at a later date by the Company and the Tender Form (together the “Terms and Conditions”), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 to make market purchases of its Shares, provided that:
- (i) the maximum number of Shares hereby authorised to be purchased shall not exceed 24.99% of the Shares in issue as at the date hereof (excluding any Shares held in Treasury);
 - (ii) the price which must be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions); and
 - (iii) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

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

Registered Office
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS

By order of the Board
ISCA Administration Services Limited
Secretary
7 November 2016

NOTES:

Entitlement to attend and vote

1. *Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company’s register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.*

Appointment of proxies

2. *If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.*
3. *A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.*
4. *You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.*
5. *A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.*

Notice of Annual General Meeting *(continued)*

Appointment of proxy using hard copy proxy form

6. *The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.*

To appoint a proxy using the proxy form, the form must be:

- *completed and signed;*
- *sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232;*
- *alternatively, the completed proxy form can be scanned and emailed to proxies@shareregistrars.uk.com;*
- *and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.*

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy using CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCO Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCO Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

7. *In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).*

Notice of Annual General Meeting *(continued)*

Changing proxy instructions

8. *To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.*

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. *In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:*

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. *As at 4 November 2016, the Company's issued share capital comprised 6,377,088 ordinary shares of 1p each. No ordinary shares are held in treasury. Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 4 November 2016 is 6,377,088.*

Communications with the Company

11. *Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary on 01392 487 056 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.*

Website

12. *This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 4 November 2016 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.chelvertonam.com.*

Form of Proxy

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

I/We (Block Capitals please)

a member/members of Chelverton Growth Trust PLC ("the Company"),

hereby appoint the Chairman of the Meeting/

NUMBER OF SHARES HELD

--

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Chelverton Asset Management Limited, 12b George Street, Bath BA1 2EH at 12:00pm on Thursday, 15 December 2016, and at any adjournment thereof.

Signature

Date 2016

Please mark this box to indicate that this proxy appointment is one of multiple appointments being made (see note 7).

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

ORDINARY RESOLUTIONS

RESOLUTION 1 To adopt the financial statements for the year ended 31 August 2016, together with the Reports of the Directors and Independent Auditors thereon.

RESOLUTION 2 To receive and accept the Directors' remuneration report.

RESOLUTION 3 To re-elect Mr K Allen as a Director of the Company.

RESOLUTION 4 To re-elect Mr D Horner as a Director of the Company.

RESOLUTION 5 To re-elect Mr I Martin as a Director of the Company.

RESOLUTION 6 To re-appoint Hazlewoods LLP as Auditors to the Company, and to authorise the Directors to determine their remuneration.

FOR	AGAINST	WITHHELD

SPECIAL RESOLUTIONS

RESOLUTION 7 To authorise the Company to renew its authority to make market purchases of its Ordinary shares.

RESOLUTION 8 To authorise the Company to purchase Ordinary shares under a Tender Offer.

NOTES

1. A member may appoint a proxy of his/her own choice. If such an appointment is made, delete the words 'the Chairman of the Meeting' and insert the name of the person appointed proxy in the space provided.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated.
4. If this form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
5. To be valid, this form must be completed and deposited at Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or emailed to proxies@shareregistrars.uk.com not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting. Only those Shareholders registered in the register of members 48 hours prior to the meeting shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. A "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution. The "vote withheld" option is provided to enable you to instruct the registered holder to abstain from voting.
7. You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional Proxy Form(s) may be obtained by contacting the Registrars helpline or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.



