

CHELVERTON UK DIVIDEND TRUST PLC

Annual Report
for the year ended 30 April 2025



CHELVERTON
ASSET MANAGEMENT

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SECTION 1

Strategic Report

The Strategic Report comprising pages 1 to 24 has been prepared in accordance with Section 414A of the Companies Act 2006 ('the Act'). Its purpose is to inform shareholders and help them understand how the Directors have performed their duties under Section 172 of the Act to promote the success of the Company.

Chelverton UK Dividend Trust PLC ('the Company') and its subsidiaries, SDV 2025 ZDP PLC ('SDVP') and SDV 2031 ZDP PLC ('2031 ZDPCo') ('the Subsidiaries'), together form the Group. The Group's funds are invested in mid and smaller capitalised UK companies. The portfolio comprises companies listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market, traded on the Alternative Investment Market ('AIM') or traded on other qualifying UK marketplaces.

The Group does not invest in other investment trusts or in unquoted companies, although the Company may retain investments in companies which cease to be listed after the initial investment was made, so long as the total is non-material in the context of the overall portfolio; however, the Company may not increase its exposure to such investments. No investment is made in preference shares, loan stock or notes, convertible securities or fixed interest securities.

Financial Highlights

	30 April 2025	30 April 2024	% change
Capital			
Total gross assets (£'000)	30,328	52,231	(41.93)
Total net assets (£'000)	29,867	33,521	(10.89)
Net asset value per Ordinary share	133.04p	155.59p	(14.49)
Mid-market price per Ordinary share (Discount)/premium	128.50p (3.41%)	145.50p (6.48%)	(11.68)
Net asset value per Zero Dividend Preference share 2025	–	128.11p	(100.00)
Mid-market price per Zero Dividend Preference share 2025	–	120.00p	(100.00)
Discount	–	(6.33%)	
	Year ended 30 April 2025	Year ended 30 April 2024	% change
Revenue			
Return per Ordinary share	13.32p	12.70p	4.88
Dividends declared per Ordinary share	13.00p	12.60p	3.17
Total return			
Total return on Group's net asset value per share* ¹	(7.17%)	0.30%	
Ongoing charges** ¹	2.79%	2.73%	
Ongoing charges*** ¹	1.96%	1.72%	
Dividend yield	10.12%	8.66%	

* Adding back dividends paid in the year.

** Calculated in accordance with the Association of Investment Companies ('AIC') guidelines. Based on total expenses, excluding finance costs, for the year and average net asset value.

*** Based on gross assets.

¹These are alternative performance measures ('APM') (see APM glossary for further information).

Strategic Report (continued)

Chairman's Statement

I am pleased to present to shareholders the Company's Annual Report for the financial year ended 30 April 2025.

The world remains subject to major geopolitical uncertainties as a result of the continuing conflicts in Ukraine and the Middle East and the spectre of global trade wars resulting from President Trump's threatened tariffs on US imports, in addition to his puzzling and inconsistent stances on foreign policy.

In the UK the recent local government elections and the simultaneous parliamentary by-election have created further political uncertainty. The successes achieved by Reform UK, and their sudden espousal of hitherto left-wing policies such as the removal of the cap on child benefits, are a further demonstration of the political impact of populism. Over the next few years we will discover whether these election results represent a protest vote, or a fundamental shift in political allegiances.

With regard to the UK economy, there have been signs of growth and some reduction in interest rates, but markets and businesses await the full impact of the budget, with concerns for the effects on GDP, inflation and employment; this is particularly so in the service sectors which form such a large part of the country's economy.

Results

The Company's net asset value per share at the recent year end was 133.04p, a reduction of 14.5% since 30 April 2024. During the year total dividends of 13.0p per share were proposed and paid, compared to 12.6p the previous year. This was the 15th year of consistent increases. Over the reporting period, the Company delivered a total return on Group's net asset value per share of -7.17%. In comparison, the AIC UK Equity Income sector recorded a share price total return of 10.92% and a NAV total return of 8.90%.

As further described in the next section of this Statement, during the period the Company incurred a capital loss of £5.162 million, largely in the course of realising investments in order to repay the SDV 2025 ZDP PLC zero dividend preference ('ZDP') shares and reorganising the portfolio so as to balance the objectives of income and capital upside. This capital loss was partially offset by revenue of £2.925 million received during the period, resulting in a total net loss for the year of £2.237 million (2024: £4 million).

Capital Structure and Dividend

Although at 30 April 2025 the Company's Ordinary shares were trading at a small discount to net asset value, they were at a premium to net asset value for the majority of the period. This enabled the Company to issue 905,000 new ordinary shares at a small premium to net asset value.

Nevertheless, the reduction in net asset value per share over the year reflected a significant deterioration in the market for the smaller and mid-cap UK companies in which we invest. In addition, a sudden and unpredicted reduction in positive sentiment towards ZDP shares, particularly in our sector, had a negative effect on the Company's recent attempt to replace the gearing provided by the ZDP shares issued by our subsidiary SDV 2025 ZDP PLC upon their planned repayment on 30 April 2025. As announced on 24 April, whilst there was a reasonable level of demand this was not sufficient to achieve the minimum size of issue required by the UKLA and therefore the issue of new ZDP shares did not proceed. Since the 2025 ZDP shares were repaid on 30 April the Company has had no gearing.

The necessary sale of assets was completed ahead of the 30 April redemption date of the 2025 ZDPs at a time that, unfortunately, coincided with a volatile stock market, mostly due to extraneous factors such as concerns over the global effects of US tariffs. Whilst the Investment Manager did an excellent job of ensuring a balanced portfolio remains intact, the preservation of this balance made it necessary to realise certain holdings at prices below their carrying values. The resulting losses on certain holdings were unavoidable owing to the overriding need to meet the redemption date of the 2025 ZDPs.

The Investment Manager is confident of the prospects for both income growth and capital appreciation from the reduced portfolio of small and mid-cap investments and the net assets of the Company remain of a similar size to before the ZDP redemption. The underlying income yield from the portfolio remains broadly unchanged, but with the absence of ZDPs to provide gearing for the portfolio and the reduction in gross assets following the disposals necessary to fund the repayment of the ZDP shares, the absolute level of income has declined and consequently it will not be possible to maintain the same level of dividend as hitherto.

However, the level of revenue reserves has been built up consistently over many years and at 30 April 2025 these reserves amounted to £2.882m, equivalent to the total dividends for the latest financial year. As announced on 9 May, in the absence of a ZDP issue to provide a geared effect and enhance the revenue stream, the Board has resolved to use the reserves to supplement the income from the restructured portfolio of net assets in order to pay a dividend of 10.0p per share for the next three years, subject to market conditions at the time but assuming no increase in underlying portfolio income. This level of dividend will provide a yield of 7.0% based on the share price of 142.0p on 2 July 2025.

Outlook

Despite the uncertainties, we remain confident in the prospects for small and mid-cap companies, whose market rating is historically low. The Board has been advised by the Investment Manager that the necessary rebalancing of the portfolio has been achieved without any deterioration in its quality and we believe it now offers a compelling combination of an attractive dividend yield and the potential for capital upside from any recovery in the UK small and midcap market. As market circumstances develop the Board will seek opportunities to reintroduce gearing into the Company's structure.



Howard Myles

Chairman

10 July 2025

Strategic Report (continued)

Investment Manager's Report

Macro Overview

For the last few years, even probably from the EU Referendum in 2016, each of our financial years has been punctuated by extraordinary UK domestic events and seemingly "cataclysmic" world events that have absorbed the mainstream media, have filled newspaper column inches, the discussion programmes on television and, of course, the ever burgeoning, active and provocative social media.

The year we are reporting on has been no different. We have had the continuation of the war between Russia and Ukraine following Russia's invasion in February 2022. This has now been ongoing for more than three years and discussions have, at least recently, commenced to try and draw an end to this bloody and destructive conflict. Whilst Russia might well end up retaining the territory it has taken, this tiny increase in land mass amounts to a few percentage points at a great cost of Russian and Ukrainian life and destruction of the infrastructure. Despite the unsatisfactory outcome of negotiations to date, it is hoped that discussions between Ukraine and Russia develop more positively in the future and that this conflict comes to an end with a sustainable peace agreement.

The attack on Israel by Hamas in October 2023, the subsequent reaction of Israel, the short period of ceasefire and exchange of hostages has now been followed by an escalation of the conflict. This turmoil has led not only to political volatility in the Middle East, voter polarisation in certain constituencies in the UK General Election and an increase in the whole ongoing debate about the great movement of people from the Middle East and Sub-Saharan Africa.

Ignoring the events of the past few weeks, for the present, in 2024 we saw the company year commence with inflation at a much-reduced rate of 2.3% (based on the Consumer Price Index) down from the elevated rates in the previous 12 months. This decline continued to a low of 1.7% in September and an uptick since then to its current level of 3.5% at the end of April 2025. However, this significant increase has been driven by one-off items, a number driven by the Government, with increases in regulated prices, and does not represent a core demand led increase. The Bank of England forecasts a rise to 3.7% in the first half of this year followed by a decline thereafter to 2%. This forecast reduction is underpinned by the significant decline in the gas price of some 34% and the price of oil by some 12% since the beginning of 2025.

Whilst the Bank of England had started to reduce interest rates, having cut their base rate from 5.25% in four 0.25% reductions to 4.25%, over the same period the European Central Bank has reduced its deposit rates from 4.0% to 2.0%. It is to be hoped that the minority members of the Monetary Policy Committee who recently voted for a 0.5% reduction at the last rate setting will hold more sway going forward.

This is important to the fund as elevated rates have an impact on consumer spending and the public's disposable income. With "inflation busting" pay rises and the significant increase of 28.5% in the National Living Wage over the past three years, wages are now recovering some previous losses and with inflation expecting to trend down to 2%, positive real wage growth has reemerged. Coupled with a gentle reduction in mortgage rates, the pressure on most household budgets will be easing.

The election of a new Labour Government on 5 July 2024 with a large majority was fully anticipated after 14 years of Conservative rule. It was expected, and hoped, that the new government would arrive in office with fully thought through plans to create the conditions for growth that had been a major theme of the Labour manifesto. What has been so disappointing to date has been the lack of a clear plan and, indeed, the introduction of various measures which will generate no growth or wealth, but which have absorbed the government's capacity, time and maybe even limited cash resources. The biggest direct impact for every company in the UK, has been the changes to the National Insurance rates and thresholds which have increased the employment costs. Obviously, every company has since the Autumn Budget developed plans to mitigate this cost by a combination of a reduction in employment, a moderated increase in wage rates for 2025 and further sales price increases.

Finally, the recent turmoil caused by the President of the United States on the introduction of specific tariffs across the world and then, in the past few weeks, a 90-day pause has led to uncertainty. Given the portfolio companies are highly UK-centric and have modest sales to the USA it is difficult to see significant consequences of these actions, although some investment decisions may be delayed in the short term. In fact, it may well be that the products sourced in China become cheaper because China's major market has been effectively closed and the manufacturers seek new markets. In addition, as almost all overseas buying is priced in USD, the recent weakness in the USD against sterling should also provide a positive tailwind. However, all of this turmoil and uncertainty could well lead to a reduction in economic activity.

The latest GDP figures continue to show modest growth. Whilst the increase of 0.5% in February 2025 should be taken with caution the trend over the past 18 months shows that the economy has been growing, albeit modestly, since the latter part of 2023. Overall, and confirmed by the latest GDP figures for the UK, services, production and construction all grew at the same time. From our experience of dealing largely with UK centric companies there is a mood, outside of the mainstream media, that the UK "is getting on with getting on", that companies are managing what is being presented to them, continuing to drive costs savings, and investing and innovating to produce productivity growth.

Records show that British households have had an elevated savings ratio since the first lockdown for Covid 19 in 2020. Households have increased their savings, and these increases have coincided with cost-of-living pressures, weak consumer confidence and slower growth in household consumption. It is to be hoped that, as inflation falls and interest rates reduce with a modest uptick in growth, some of these funds will be released and will provide a further boost to the UK economy.

In the past we have talked about the unprecedented and continuing level of share buybacks by UK quoted companies. For the past 12 months this has continued and is spread across the portfolio. It appears that almost all companies have shareholder approval to buyback shares and are putting these programmes in place. It is no surprise that so many of the portfolio companies are buying back their shares as we invest in companies with strong balance sheets, strong cash flows and which are already paying dividends. If the Boards of these companies, consider their shares to be too cheap it is an easy step to justify a buyback programme.

As shareholders we support these initiatives as a shrinking of the share capital means that the dividend becomes better covered and more secure, and when consistent buying demand for these shares returns, as it will, one could logically expect a sharp recovery in share prices.

Portfolio Review

As highlighted above, the year to April 2025 has been particularly volatile, culminating in an extreme risk-off period in April 2025 post President Trump's sweeping tariff announcements, which were far more draconian than many commentators had expected. This, combined with the continued allocation away from UK equities by global asset allocators, resulted in a challenging period for UK small and midcap equities. During the period the Company's NAV fell 14.5% to 133.04p at 30th April 2025. Post the year-end, this has recovered somewhat, standing at 148.99 on 2 July 2025. During the reporting period, the Company incurred an investment loss of £3,529,000 (2024: loss of £1,627,000) primarily driven by the need to sell assets in April 2025 to fund the repayment of the ZDPs. During the year our biggest positive contributor to performance was Alumasc. Despite the well-publicised challenges facing UK RMI exposed business, Alumasc has continued to win market share and consistently meet market expectations. This strong performance resulted in a c.87% share price increase over the year, bucking the trend of the wider market. Personal Group also contributed strongly by delivering on market expectations under a new management team, while Ramsdens benefited from the higher gold price. On the downside Severfield and Ultimate Products were the largest detractors from performance. Severfield ran into the twin issues of a slower market for its structural steel products and the identification of an issue with some of its bridge structures, which resulted in a significant negative exceptional item. Ultimate Products has struggled to pass on inflationary cost increases while also suffering from weaker consumer demand for homeware products, including air fryers.

Strategic Report (continued)

Corporate activity has remained a theme throughout the year to April 2025, an indicator of the low valuations currently being seen in the UK SMID market. Bank of Cyprus and N Brown were both subject to cash takeovers in the year. i3 Energy was acquired by the US listed company Gran Tierra and we sold the converted Gran Tierra shares on receipt.

As well as the aforementioned stocks that were subject to corporate activity in FY'25, Bakkavor received and accepted a bid offer in April 2025 and, as such, is still held in the portfolio. Up to the end of March we exited twelve positions entirely in the year. Tyman, I-Energizer, T Clarke, Genuit Group, Randall & Quilter, Marshalls, Vector Capital, The Works, Watkin Jones, PPHC and Close Brothers were sold entirely on dividend yield grounds. Shareholdings were reduced in seventeen positions, including RTC Group, Diversified Energy, Paypoint, Hargreaves Services and Gateley.

As previously discussed, the proposed rollover of the 2025 ZDP shares did not proceed. As a result, in the month of April 2025, we undertook a series of asset sales from within the portfolio to allow for the full redemption of the 2025 ZDP shares at a realised loss of around £5 million. As part of this process, we sold our positions in an additional nine holdings, these being Aferian, DFS, Headlam, Marstons, Oxford Metrics Group, Property Franchise Group, Springfield Properties, Vanquis and Portmeirion. We also sold down positions in a further fifty-four holdings, to right size our portfolio appropriately. While this was not our preferred outcome, we were pleased that we were able to make sales across the vast majority of our portfolio, despite the timing being at the height of the tariff led market volatility. This has resulted in a remaining portfolio which we are confident has a strong mixture of dividend income and capital growth potential.

Nine new holdings were added to the Company's portfolio in the year, including discount retailer B&M European Bargain Stores, investment manager Foresight Group, chemicals company Johnson Matthey, British retailer Pets at Home, British engineered ceramics company Vesuvius and high-performance polymer company Victrex.

Outlook

We have written repeatedly in recent years about our confidence in both the quality of the underlying companies in our portfolio and the ability of the respective management teams to navigate the continued macro shocks in such a way that our portfolio holdings will emerge leaner and stronger as the market recovers. This undoubtedly remains true, but has not been reflected in share prices/ratings. More recently however, the combination of global trade uncertainty and an improving UK domestic picture, led by falling mortgage rates, has resulted in a long-awaited pickup in demand for UK domestic stocks. While we expect the short-term uncertainty to result in some difficulty for names exposed to global GDP and frictionless trade, the natural domestic bias within this portfolio ought to leave it relatively well placed, especially if the recent positive shift in investor sentiment towards UK equities can be sustained. The past few years has seen a marked shrinkage in the available UK equity base through a combination of share buybacks, takeovers and a lack of IPOs. Any sustained shift in investor sentiment, combined with a stable domestic economy could see the small and midcap market in which we operate start to revert to its long-term outperformance versus large caps, reversing the trend of the last few years.



David Horner
Chelverton Asset Management Limited
10 July 2025

Breakdown of Portfolio by Industry

at 30 April 2025

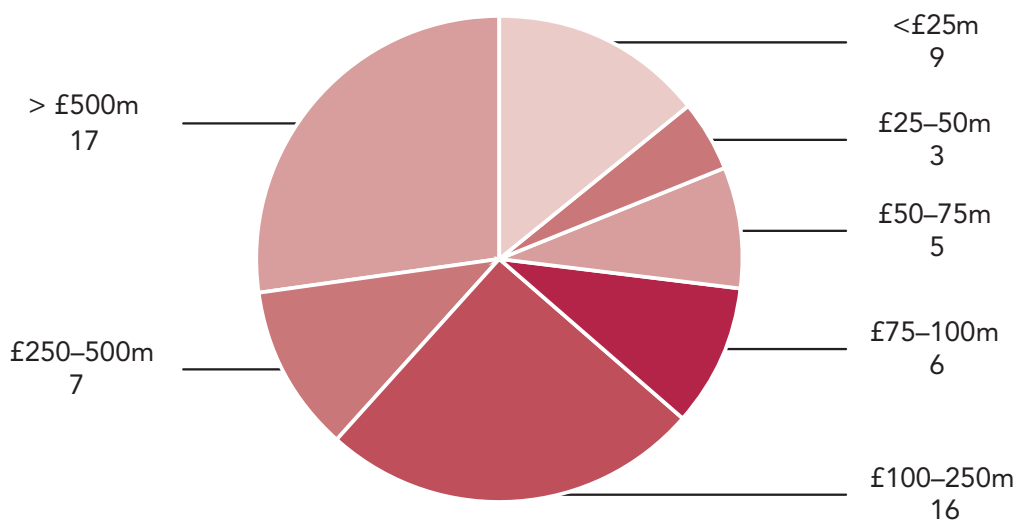
Market sector	Market value Bid £'000	% of portfolio
Banks	819	2.90
Chemicals	612	2.10
Construction & Materials	2,449	8.70
Consumer Products and Services	939	3.40
Energy	694	2.40
Financial Services	4,699	16.80
Food, Beverage & Tobacco	1,881	6.70
Health Care	585	2.10
Industrial Goods & Services	6,936	24.90
Insurance	2,786	10.00
Media	931	3.40
Personal Care, Drugs & Grocery Stores	0	0.00
Real Estate	675	2.40
Retail	2,549	9.10
Technology	554	2.00
Telecommunications	855	3.00
Travel & Leisure	3	0.10
	27,967	100.0

Strategic Report (continued)

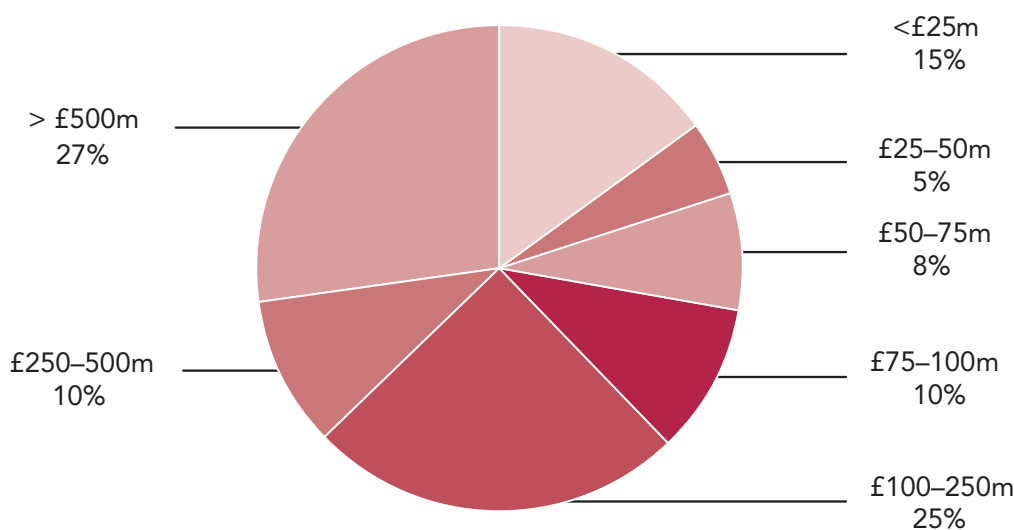
Breakdown of Portfolio by Market Capitalisation

at 30 April 2025

Number of Companies



% of Portfolio



Source: Apex Fund Administration Services (UK) Limited

Portfolio Statement

at 30 April 2025

Stock Name	Sector	Market value £'000	% of portfolio
Hargreaves Services	Industrial Goods & Services	915	3.3
Stelrad	Construction & Materials	910	3.2
Smiths News	Industrial Goods & Services	875	3.1
MTI Wireless Edge	Telecommunications	855	3.0
Arbuthnot Banking	Banks	819	2.9
Chesnara	Insurance	771	2.8
Duke Royalty	Financial Services	734	2.6
M P Evans	Food, Beverage & Tobacco	660	2.4
Epwin Group	Construction & Materials	621	2.2
Wynnstay Group	Food, Beverage & Tobacco	620	2.2
Bakkavor	Food, Beverage & Tobacco	601	2.1
One Health Group	Health Care	585	2.1
Kier Group	Construction & Materials	581	2.1
Wickes	Retail	569	2.0
Personal Group Holdings	Insurance	558	2.0
MoneySuperMarket	Technology	554	2.0
Zigup	Industrial Goods & Services	546	2.0
Hansard Global	Insurance	538	1.9
TP ICAP	Financial Services	512	1.8
Ramsdens Holdings	Financial Services	510	1.8
B&M European Value Retail	Retail	504	1.8
ME Group	Consumer Products and Services	503	1.8
Dunelm	Retail	495	1.8
STV	Media	491	1.8
Polar Capital Holdings	Financial Services	489	1.7
Paypoint	Industrial Goods & Services	471	1.7
Sabre Insurance	Insurance	471	1.7
VP	Industrial Goods & Services	456	1.6
Fonix Mobile	Industrial Goods & Services	450	1.6
Conduit	Insurance	448	1.6
ITV	Media	440	1.6
Coral Products	Industrial Goods & Services	439	1.6
Ultimate Products	Consumer Products and Services	436	1.6
Somero	Industrial Goods & Services	420	1.5
Orchard Funding Group	Financial Services	403	1.4
Spectra Systems	Retail	392	1.4
Lendinvest	Financial Services	390	1.4
Gateley	Industrial Goods & Services	384	1.4
Diversified Energy	Energy	376	1.3
Castings	Industrial Goods & Services	372	1.3
Regional REIT	Real Estate	358	1.3
Pets at Home Group	Retail	355	1.3
OSB Group	Financial Services	355	1.3
Speedy Hire	Industrial Goods & Services	343	1.2
Alumasc Group	Construction & Materials	337	1.2
Johnson Matthey	Chemicals	321	1.1
Serica Energy	Energy	318	1.1

Strategic Report (continued)

Portfolio Statement

at 30 April 2025 (continued)

Stock Name	Sector	Market value £'000	% of portfolio
Palace Capital	Real Estate	317	1.1
Premier Miton Group	Financial Services	300	1.1
Liontrust Asset Management	Financial Services	296	1.1
Victrex	Chemicals	291	1.0
FDM Group	Industrial Goods & Services	281	1.0
RWS	Industrial Goods & Services	268	1.0
Cavendish Financial	Financial Services	267	1.0
Vesuvius	Industrial Goods & Services	257	0.9
Gattaca	Industrial Goods & Services	244	0.9
Topps Tiles	Retail	234	0.8
Foresight Group Holdings	Financial Services	222	0.8
RTC Group	Industrial Goods & Services	215	0.8
DSW Capital	Financial Services	198	0.7
Sancus Lending Group	Financial Services	23	0.1
The Reval Collective	Travel & Leisure	3	0.1
Total Portfolio		27,967	100.0

Investment Objective and Policy

Having provided a capital return sufficient to repay on 30 April 2025 the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly-owned subsidiary company, SDVP, and despite not replacing these with a new issue of ZDPs, the investment objective of the Company is still to provide Ordinary shareholders with a high income and the opportunity for capital growth.

The Company's investment policy is that:

- The Company will invest in equities in order to achieve its investment objectives, which are to provide both income and capital growth, predominantly through investment in mid and smaller capitalised UK companies admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market, traded on AIM, or traded on other qualifying UK marketplaces.
- The Company will not invest in preference shares, loan stock or notes, convertible securities or fixed interest securities or any similar securities convertible into shares; nor will it invest in the securities of other investment trusts or in unquoted companies. The Company may retain investments in companies which cease to be listed after the initial investment was made, so long as the total is non-material in the context of the overall portfolio; however, the Company may not increase its exposure to such investments.

Performance Analysis using Key Performance Indicators

At each quarterly Board meeting, the Directors consider a number of key performance indicators ('KPIs') to assess the Group's success in achieving its objectives, including the net asset value ('NAV'), the dividend per share and the total ongoing charges.

- The Group's Consolidated Statement of Comprehensive Income is set out on page 58.
- A total dividend for the year to 30 April 2025 of 13.00p (2024: 12.60p) per Ordinary share has been declared to shareholders by way of three payments totalling 9.75p per Ordinary share plus a planned fourth interim dividend payment of 3.25p per Ordinary share.
- The NAV per Ordinary share at 30 April 2025 was 133.04p (2024: 155.59p).
- The ongoing charges (including investment management fees and other expenses but excluding exceptional items) for the year ended 30 April 2025 were 2.79% (2024: 2.73%). The increase in the annualised ongoing charges is primarily due to the decrease in NAV during the year. Going forward, due to the redemption of the ZDP shares and the resultant reduction in chargeable gross assets, the ongoing charge is expected to fall from 2.79% to 2.38%.

Principal Risks

The Directors confirm that they have carried out a robust annual assessment of the principal and emerging risks facing the Company, including those that would threaten its objectives, business model, future performance, solvency or liquidity. The Board regularly monitors the principal and emerging risks facing the Company, the likelihood of any risk crystallising, the potential implications for the Company and its performance, and any additional mitigation that might be introduced. The Board maintains and regularly reviews a matrix of risks faced by the Company and the associated controls in place to mitigate those risks. Emerging risks, such as the conflict in the Middle East, the ongoing conflict in Ukraine and the impact on supply chains from disruption to shipping through the Suez Canal are actively discussed to ensure that any such risks are adequately identified and are mitigated, as far as is reasonably practicable. Any emerging risks that are identified and which are considered to be of significance to the Company will be recorded within the risk matrix, together with any mitigants. The emerging risks referred to above are not deemed

Strategic Report (continued)

of sufficient significance to the Company to be added to the risk matrix; however, this is reviewed regularly. Mitigation of risks is primarily sought and achieved in a number of ways as set out below:

Market risk

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

The Investment Manager actively monitors economic performance of investee companies and reports regularly to the Board on a formal and informal basis. The Board meets formally with the Investment Manager on a quarterly basis when the portfolio transactions and performance are discussed and reviewed to ensure that the Investment Manager is managing the portfolio within the scope of the investment policy.

The Company may hold a proportion of the portfolio in cash or cash equivalent investments from time to time. Whilst during positive stock market movements the portfolio may forego potential gains as a result of maintaining such liquidity, during negative market movements this may provide downside protection.

Discount volatility

The Board recognises that, as a closed-ended company, 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 and its advisers continue to monitor the Company's discount levels and shares may be bought back in future should it be considered appropriate to do so by the Board, taking into account the size of the Company and liquidity in the market in its shares.

Regulatory risk

A breach of Companies Act provisions or Financial Conduct Authority ('FCA') rules may result in the Company being liable to fines or the suspension of the Company from listing and from trading on the London Stock Exchange. Furthermore, the Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010 to maintain its investment trust status. The Board, with its advisers, monitors the Group's regulatory obligations both on an ongoing basis and at quarterly Board meetings.

Financial risk

The financial position of the Group is reviewed via detailed management accounts at each Board meeting and both financial position and controls are monitored by the Audit Committee.

A more detailed explanation of the financial risks facing the Group is given in note 21 to the financial statements on pages 75 to 80.

Gearing

Up until 30 April 2025, the Company's shares were geared by the ZDP shares. The Company's Ordinary shares were regarded as carrying above average risk since a positive NAV for the Company's shareholders was dependent upon the Company's assets being sufficient to meet the redemption of ZDP shares. Notwithstanding this, the Company had always had sufficient assets to achieve the final entitlement of the ZDP shareholders as well as delivering an acceptable return to Ordinary shareholders. As a consequence of the gearing, a decline in the value of the Company's investment portfolio would have resulted in a greater percentage decline in the NAV of the Ordinary shares and vice versa. The Investment Manager sought to mitigate the gearing risk by maintaining a diverse portfolio of investments to reduce exposure to any single source of risk.

Due to the repayment of the ZDPs in the year and the insufficient demand to replace these ZDPs, the Investment Manager was required to sell assets to meet the ZDP repayment obligation. These sales took place during a period of market turmoil, during initial US trade tariffs announcements, and as a result, losses of circa £5 million were realised.

The ZDP shares issued by the Company's subsidiary were redeemed on 30 April 2025. In anticipation of the redemption of ZDP shares, the Company established a further subsidiary, SDV 2031 ZDP PLC, with the intention of issuing replacement ZDP shares via that entity. At the time of the redemption, there was insufficient demand to replace the ZDP shares with a further issue of ZDP shares via the new Subsidiary, 2031 ZDPCo. However, 2031 ZDPCo remains in existence with a fully paid up share capital of £50,000. As the Company was not able to refinance, the Company's total assets have been materially reduced, however the Company still has net assets of £34.0m as at 2 July 2025, across a diversified portfolio of small and midcap companies and the Board and Manager remain confident in both the Company's prospects and growth of its investment portfolio. As of this date, the Company has no borrowings or gearing. The Company does not need to raise funds or re-finance through either an issue of ZDPs or to take on bank debt to meet its stated three-year objectives but if an attractive opportunity of the former presented itself, the Board would consider as appropriate.

Viability and Going Concern

The present portfolio is now ungeared, as explained above, and the Board and Investment Manager have expressed confidence in its future prospects. Whilst the risk to ordinary shareholders inherent in gearing has been removed, the Board acknowledges that, due to the reduction in gross assets, either very severe underperformance by the Investment Manager or a prolonged bear market both pose risks to the Company's viability. Neither are considered very likely on a three-year view. The reduction in gross assets as a result of the unsuccessful attempt to refinance the Company means that the previous level of dividend is unable to be maintained. To partially offset this reduction in dividend, it is the Board's intention to utilise the Company's substantial revenue reserve to maintain a dividend of 10p per annum (2.5p per quarter) for the next three years, under normal circumstances.

Political risk

The Board recognises that changes in the political landscape may substantially affect the Company's prospects and the value of its portfolio companies. The Board and Investment Manager continue to monitor any developments in respect of the war in Gaza, the impact of sanctions imposed on Russia as a result of the war in Ukraine and potential tariffs imposed on US imports. The Company has no exposure to Israeli or Russian stocks within its investment portfolio, hence there was no requirement to amend the Company's investment policy. Potential future changes to the UK's trade policies and regulatory landscape, including corporate taxation could impact the Company and its portfolio companies. The Board and Investment Manager regularly monitor and assess the UK and wider geopolitical landscape and the management teams of the underlying investment companies also have the ability to adapt their business models to adjust to any material changes in the regulatory environment.

Loss of key personnel

The Board recognises the crucial part the Investment Manager plays in the success of the Company's performance and that the Company is substantially dependent on the services of the Investment Manager's investment team for the implementation of its investment policy. The departure of the Investment Manager or a key individual at Chelverton Asset Management Limited ('Chelverton') may therefore affect the Company's performance.

As set out in the Investment Management Agreement, Chelverton is required to provide one or more dedicated fund managers to the Company, who provides the Board with regular updates on developments at Chelverton, such as succession planning and business continuity plans. Chelverton currently provides two fund managers to the Company, therefore lowering the impact of the potential loss of key personnel.

Strategic Report *(continued)*

Operational risk

The Company relies on the performance of its third-party service providers. The preparation of the financial statements and administration and maintenance of its records are delegated to its Administrator and Company Secretary, Apex Fund Administration Services (UK) Limited. The custody of its assets has been delegated to Northern Trust. The Board reviews the performance, risk control procedures and the terms on which these third-party service providers provide services to the Company on a regular basis.

Cyber risk

The Board is cognisant that cyber threats continue to increase in frequency and sophistication, posing potential risks to business operations, including financial losses, data breaches, and reputational damage. To mitigate these risks, the Company engages experienced service providers that prioritise cyber security through significant investment in their IT infrastructure. The Company's key service providers regularly confirm to the Board that robust business continuity plans and procedures are maintained to minimise the impact of potential service disruptions. The Board remains committed to ongoing oversight in this critical area.

Section 172 Statement

The Directors are mindful of their duties to promote the success of the Company in accordance with Section 172 of the Companies Act 2006, for the benefit of the shareholders, giving careful consideration to wider stakeholders' interests and the environment in which the Company operates. The Board recognises that its decisions are material, not only to the Company and its future performance, but also to the Company's key stakeholders, as identified below. In making decisions, the Board considered the outcome from its stakeholder engagement exercises as well as the need to act fairly as between the members of the Company.

Investors

The Company's shareholders have a significant role in monitoring and safeguarding the governance of the Company and can exercise their voting rights to do so at general meetings of the Company. Shareholders also benefit from improving performance and returns.

All shareholders have access to the Board via the Company Secretary and the Investment Manager at key company events, such as the Annual General Meeting, and throughout the year by contacting the Company Secretary or the Chairman. These regular communications help the Board make informed decisions when considering how to promote the success of the Company for the benefit of shareholders. Furthermore, the Investment Manager prepares and publishes a monthly factsheet on their website.

This year's Annual General Meeting is to be held on 10 September 2025 at the offices of Chelverton Asset Management, Basildon House, 7 Moorgate, London EC2R 6EA. Shareholders are encouraged to attend and vote at the Annual General Meeting or to vote by proxy and to appoint the Chairman as their proxy. Shareholders are also encouraged to put forward any questions to the Company Secretary in advance of the Annual General Meeting.

The Board received enhanced Investor Relations themed reporting from its broker, Shore Capital, during the year, including quarterly shareholder analyses, to ensure continuing awareness of key shareholder groups.

Investment Manager

The Board recognises the critical role of the Investment Manager in delivering the Company's future success. The Investment Manager attends Board and Audit Committee meetings, to participate in transparent discussions, where constructive challenge is encouraged. The Board and Investment Manager communicate regularly outside of these meetings with the aim of maintaining an open relationship and momentum in the

Company's performance and prospects. The Investment Manager's performance is evaluated informally on a regular basis, with a formal review carried out on an annual basis by the Board when performing the functions of a management engagement committee. The Investment Management Agreement is reviewed as part of this process as further discussed on page 28.

Key service providers

The Board relies on a number of advisors for support in the successful operation of the Company and in order to meet its obligations. The Board therefore considers the Investment Manager, Company Secretary/Administrator, Auditor, Broker, Registrar and Custodian to be stakeholders.

The Company employs a collaborative approach and looks to build long term partnerships with these key service providers. They are required to report to the Board on a regular basis and their performance and the terms on which they are engaged are evaluated and considered annually.

Portfolio companies

The Investment Manager regularly liaises with the management teams of companies within the Investment Portfolio and reports on findings and the performance of investee companies to the Board on at least a quarterly basis.

Regulators

The Board regularly reviews the regulatory landscape and ensures compliance with rules and regulations relevant to the Company via reporting at quarterly Board meetings from the Company Secretary. Compliance with relevant rules and regulations is regularly formally assessed.

Community and environment

The Board believes that consideration of environmental, social and governance ('ESG') factors as part of the investment process when pursuing the Company's objectives is key. The Board therefore discusses this with the Investment Manager on a regular basis.

Principal Decisions

The Board defines principal decisions as those that are material to the Company as well as those that are significant to any of the Company's key stakeholders as identified. In making the principal decisions set out below, the Board considered the outcome from its engagement with stakeholders as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly as between the members of the Company.

Principal decision 1 – Dividend policy

In accordance with the Company's dividend policy, for the year to 30 April 2025, the Board approved three quarterly interim dividends of 3.25p per Ordinary share (totalling 9.75p), with a fourth interim dividend of 3.25p per Ordinary share having been approved, bringing the total to 13.00p for the year, an increase of 3.2% from the previous year.

As the Company is now ungeared, as of the Company's year end on 30 April 2025 and post the repayment of the final capital entitlement of the ZDP shares, the underlying income from the restructured portfolio will lead to reduced dividend payments to ordinary shareholders. The Board decided to utilise the Company's significant revenue reserves to supplement the underlying income and, on 9 May 2025, announced its intention to pay 2.5p per ordinary share on a quarterly basis being a total of 10.00p per ordinary share per annum for the next three years ending 30 April 2028 (subject inter alia to market conditions at the time), effective from the first interim dividend in respect of the year commencing 1 May 2025.

Strategic Report (continued)

Principal decision 2 – Mailing of interim report

The Board decided that, as of the Company's financial year commencing 1 May 2025, interim report and accounts will no longer be printed and sent to shareholders. Interim report and accounts will continue to be published on the Company's website.

Principal decision 3 – Halt Scheme of Reconstruction

Following the results of the rollover elections and proposed launch of the placing of new ZDP shares in 2031 ZDP Co, the Directors determined that there was not enough investor demand and decided not to proceed with the Scheme of Reconstruction. The liquidation of SDVP commenced 28 April 2025.

Principal decision 4 – Continue the Company's operations on an ungeared basis

After careful consideration and following a detailed assessment by the Investment Manager, the Board has decided that the Company remains viable and should continue in existence as an ungeared investment trust company. Whilst it would have been desirable to refinance the Company, the absence of gearing reduces risk for Ordinary shareholders as ZDP holders have a prior capital entitlement over the assets of the Company.

Viability Statement

The Company repaid in full the commitments to shareholders of SDVP and did not replace the gearing these ZDP shares provided with a new issue.

As the Company is now ungeared, post the repayment of the final capital entitlement of the 2025 ZDPs, the underlying income from the restructured portfolio will lead to reduced dividend payments to ordinary shareholders. However, the Company has significant revenue reserves (£2.88m as at 30 April 2025, the last reported date), which can be used to supplement the underlying income.

Consequently, the Board has announced its intention to pay 2.5p per ordinary share on a quarterly basis being a total of 10.00p per ordinary share per annum for the next three years ending 30 April 2028 (subject inter alia to market conditions at the time), effective from the first interim dividend in respect of the year to April 2026. The shares will therefore provide a yield of 7.0% (based on the closing share price as at 2 July 2025). This dividend target takes into account the Company's revenue reserves and assumes no change in the underlying portfolio income.

The Board believes this represents a compelling combination of an attractive dividend yield and the potential for capital upside from any recovery in the UK small and midcap market.

The reduction in gross assets, whilst reducing the size of the Company, does not affect the net asset position, which remains broadly the same. The Company has operated as a geared, split-capital investment trust since launch in 1999 but will now carry on its investment operations as an ungeared vehicle specializing in small and mid-cap investments, as before. No change in approach to management is anticipated.

Whilst it is acknowledged that there remains a risk that severe underperformance by the Investment Manager or a prolonged bear market pose risks to the Company's viability due to the decreased asset size, the Board considers such risks to be largely mitigated due to the absence of any gearing effect as provided by an issue of ZDPs.

After careful consideration and a detailed assessment by the Investment Manager, the Board has decided that the Company remains viable and should continue in existence. As explained elsewhere, the removal of gearing reduces risk for Ordinary Shareholders and the reduction in chargeable gross assets leads to a corresponding reduction in the ongoing charge, from 2.79% to 2.38%.

With this in mind, as the Company's portfolio of mid and smaller companies is now ungeared and with an optimistic outlook as to the prospects for income and capital growth from these asset classes presented to the Board by the Investment Managers, the Directors remain of the view that three years is a realistic and appropriate period over which to assess the viability of the Company. After careful analysis, taking into account the potential impact of the current risks and uncertainties to which the Company is exposed, the Directors confirm that in their opinion:

- it is appropriate to adopt the going concern basis for this Annual Report and Accounts; and
- the Company continues to be viable for a period of at least three years from the date of signing of this Annual Report and Accounts. Three years is considered by the Board to be the maximum period over which it is currently feasible to make a viability forecast based on known risks and macro-economic trends.

The following facts, which have not materially changed in the last financial year, support the Directors' view:

- the Company has a liquid investment portfolio invested predominantly in readily realisable smaller capitalised UK-listed and AIM traded securities and has a small amount of short-term cash on deposit; and
- revenue expenses of the Company are covered multiple times by investment income.
- The Company has over one year's dividend held in reserves that will enable it to meet the stated dividend projections over the next three years, under normal market conditions.

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 assurances from its independent service providers, to whom all management and administrative functions are delegated, 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 the assessment.

Other Statutory Information

Company status and business model

The Company was incorporated on 6 April 1999 and commenced trading on 12 May 1999. The Company is a closed-ended investment trust with registered number 03749536. Its capital structure consists of Ordinary shares of 25p each, which are listed and traded on the main market of the London Stock Exchange.

The principal activity of the Company is to carry on business as an investment trust. The Company has been granted approval from HMRC as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010 on an ongoing basis. The Company will be treated as an investment trust company subject to there being no serious breaches of the conditions for approval. The Company is also an investment company as defined in Section 833 of the Companies Act 2006. The current portfolio of the Company is such that its shares are eligible for inclusion in Individual Savings Accounts ('ISAs') up to the maximum annual subscription limit and the Directors expect this eligibility to be maintained.

Strategic Report *(continued)*

The Group financial statements consolidate the audited annual report and financial statements of the Company and its Subsidiaries for the year ended 30 April 2025. The Company owns 100% of the issued ordinary share capital and voting rights of SDVP, which was incorporated on 25 October 2017 and 100% of the share capital and voting rights of 2031 ZDPCo, which was incorporated on 22 January 2025. SDVP is currently in liquidation following the redemption of the ZDP shares.

Further information on the capital structure of the Group can be found on page 83.

Alternative Investment Fund Manager ('AIFM')

The Board is compliant with the directive and the Company is registered as a Small Registered AIFM with the FCA and all required returns have been completed and filed. Following the Board's recent approval, Chelverton will become the AIFM of the Company by the end of July 2025. This is subject to completion of regulatory notifications to the FCA.

Employees, environmental, human rights and community issues

The Board recognises the requirement under Section 414C of the Companies Act to detail information about employees, environmental, human rights and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements and the requirements of the Modern Slavery Act 2015 do not directly apply to the Company as it has no employees and no physical assets, all the Directors are non-executive and it has outsourced all its management and administrative functions to third-party service providers. The Company has therefore not reported further in respect of these provisions. However, in carrying out its activities and in relationships with service providers, the Company aims to conduct itself responsibly, ethically and fairly at all times.

Environmental, Social, Governance ('ESG')

The Board and the Investment Manager are committed to delivering the long-term investment objectives of the Company. This long-term lens involves careful consideration of systemic issues that can present investing opportunities and challenges for investors, such as those relating to climate change and more sustainable business practice.

Responsible investing and active stewardship lie at the heart of the investing approach and the Investment Manager is signatory to the United Nations backed Principles of Responsible Investing ('PRI') and the revised UK Stewardship Code 2020.

As signatory to these best-practice principles the Investment Manager systematically incorporates relevant ESG issues within its investment analysis and decision making and adheres to policies and processes designed to ensure the responsible allocation, management, and oversight of capital with the aim of protecting and enhancing value for investors, leading to benefits for the economy, the environment and society.

The Responsible Investing policies, plans, and risk controls that guide the Investment Manager's investing activities are detailed in a Responsible Investing Policies Pack, available to view on the Chelverton website alongside an annual UK Stewardship Code Report and quarterly Engagement and Voting reports.

The Responsible Investing Policies Pack includes:

- an ESG Integration Policy detailing how E, S, and G issues are incorporated within the investment process and how ESG risk is monitored and controlled.
- a Shareholder Engagement and Voting Policy detailing the principles that guide the Investment Manager's engagement and voting behaviour.

- an annual Engagement Plan, designed to ensure ESG issues are appropriately incorporated within company engagements and detailing how the Investment Manager engages to support improvements in company ESG management and reporting and the control of systemic risk.

The internal roles, governance structures, and resources that support the responsible investing and active stewardship activities of the Investment Manager include:

- a Head of Responsible Investing who leads an ESG Team that work alongside the Investment Manager supporting E, S, and G analysis and engagement and voting activities.
- a regular cycle of ESG meetings that input to Board oversight of ESG risk.
- proprietary ESG data collection and third-party ESG data services.

ESG in a UK small and mid-cap context

Small and medium-sized companies are neither immune from the impact of systemic risk, nor without a significant role to play in the delivery of required change. However, small and mid-sized companies are typically poorly researched by external ESG ratings agencies and assessments show a recognised large-cap bias. Consequently, the Investment Manager does not rely on external ESG ratings, considering these for contextual purposes only. The Investment Manager prefers in-house analysis supported by proprietary ESG data collection, considering this more appropriate for the small and mid-cap universe.

Corporate governance issues within investee companies

The Board relies on the Investment Manager to factor in consideration of corporate governance matters when assessing existing and potential investments. The Investment Manager pays particular attention to corporate governance, believing purpose driven companies, demonstrating strong and effective governance and a healthy corporate culture, are best placed to succeed.

The Investment Manager has the support of the ESG Team in this assessment and access to information and analysis gathered from proprietary ESG questionnaires.

The assessment is sensitive to company size, level of maturity, and specific circumstances of each company.

The Investment Manager is supportive of the general principles expressed by the UK Corporate Governance Code and Quoted Companies Alliance ('QCA') Code for small and medium sized companies and expects companies to adhere to these standards or explain why they have not done so.

The Investment Manager considers the following, engaging to understand individual circumstances and to influence change where this is deemed to be of value.

- Board size and composition of investee companies

The Investment Manager considers the boards of small and medium-sized companies should not become too large for cost and efficiency reasons and that the Board should be well-balanced in terms of executive and non-executive directors, with a majority of non-executive directors.

Non-executive directors are scrutinised for their independence and good historic behaviour.

The tenure of directors should ideally not exceed nine years. However, this is always considered within the company context.

Strategic Report *(continued)*

The Investment Manager prefers non-executives to be on fewer rather than multiple boards whilst acknowledging good non-executives are in short supply.

The Investment Manager looks for an appropriate mixture of abilities and knowledge on the Board and considers the experience of an independent Chair to be particularly important.

Diversity and inclusion at board level is considered an indicator of an inclusive company culture and important in relation to the quality of decision-making. Whilst encouraging boards to ensure their composition is reflective of society, the Investment Manager accepts this can take time to achieve. However, the Investment Manager will engage to ensure board diversity is a consideration in the nomination process, where appropriate.

- Remuneration

Executive remuneration proposals are reviewed annually using the company report and accounts and the Investment Manager will engage with the Chair or Chair of the Remuneration Committee where proposals do not meet the following broad criteria:

Remuneration should encourage long-term value creation and the alignment of management and shareholder interests, including claw back mechanisms in the event of misconduct.

Basic pay awards above inflation should be justified by performance. Performance thresholds should be challenging and linked to clear targets.

The Investment Manager favours the inclusion of material ESG management targets alongside financial targets and believes that awards should be sensitive to the constraints on awards to the wider workforce during periods of difficult trading.

Long term incentive schemes should be simple and share-based with minimum holding periods, and the Investment Manager favours the inclusion of total shareholder return metrics in long term incentive schemes.

Shareholder dilution resulting from the issuance of options or new shares in remuneration packages should not be excessive.

One-off recruitment awards to secure the right candidate should not become part of ongoing remuneration.

Executive pension contributions should progressively align with the pension contributions of the wider workforce.

Environmental issues

The Board expects the Investment Manager to consider each company's approach to the identification, management and reporting of material environmental issues. To this end, the Investment Manager makes targeted enquiries via ESG questionnaires and relies on the support of the ESG Team for additional insight where appropriate.

The Investment Manager also undertakes a review of company policies, standards, and commitments in relation to environmental responsibilities as appropriate.

In addition, the Investment Manager writes annually to committed holdings outlining expectations regarding issues considered so pervasive that they have become the responsibility of all system participants to manage regardless of materiality.

Climate

The Board accepts that limiting global warming to 1.5 degrees above pre-industrials, in line with the Paris Agreement and national commitments to Net Zero, is a central consideration for a responsible investor.

The Board encourages the Investment Manager to employ shareholder influence to ensure all investee companies are working towards the adoption of a net zero strategy.

Biodiversity

The Board is mindful of the depletion in the natural capital upon which we all depend and the urgency to reverse biodiversity loss and encourages the Investment Manager to engage with investee companies to ensure focus on natural resource efficiency, the control of negative impacts, and the adoption of policies and practices that can support nature restoration.

Social issues

As part of the investment process the Investment Manager considers each company's approach to the identification, management and reporting of material social issues, asking targeted questions via ESG questionnaires and relying on the support of the ESG Team for additional insight where appropriate.

A review of company policies, standards, and commitments in relation to social issues is undertaken as relevant.

Human rights

The Board relies on the Investment Manager to adopt procedures to understand each company's focus on the effective management of human rights issues, including within supply chains. Questions are asked via an ESG questionnaire and a review of company policies, standards, and commitments in relation to human rights is undertaken with the support of the ESG Team where appropriate.

Human capital

Competition for talent across many sectors of the economy is fierce and the employment expectations and training and support needs of the workforce have rapidly evolved in recent years. A company's focus on recruitment, employee satisfaction, and retention are viewed by both the Board and the Investment Manager to be central ingredients of company success.

Questions are asked via an ESG questionnaire and a review of company policies, standards, and commitments in relation to human capital management is undertaken with the support of the ESG Team where appropriate.

In addition, the Board expects the Investment Manager to use its influence as a shareholder to ensure that all investee companies are focused on improving diversity, equity and inclusion within leadership and the wider workforce.

Anti-bribery

The Company's Investment Manager has confirmed that anti-bribery policies and anti-corruption policies are in place and they do not tolerate bribery or corruption. The policies are considered as part of their risk assessment on an annual basis.

Strategic Report *(continued)*

Health and safety

As a part of understanding company culture and a company's focus on human capital, company policies are reviewed by the Investment Manager. This includes reviews of performance statistics, where relevant, relating to occupational Health and Safety, in addition to making enquiries via an ESG questionnaire and reviewing the approach with the support of the ESG Team.

Engagement

Engagement lies at the heart of the Investment Manager's approach to managing ESG risk and significant time and resources are devoted to company engagement.

The Investment Manager fosters constructive relationships with the executive and non-executive management teams of investee companies, and increasingly with sustainability and other professionals such as investor relations, seeking purposeful dialogue on ESG issues.

Engagement activity is reported on an annual basis in the Investment Managers UK Stewardship Code Report and is guided by the Chelverton Shareholder Engagement and Voting Policy.

The Board considers the Investment Manager's skill and expertise when engaging with companies to be value enhancing. The Investment Manager follows a structured approach, relying on the support of the ESG Team to ensure the appropriate inclusion of ESG issues and progress in relation to active engagement objectives.

The Investment Manager writes to all committed holdings on an annual basis outlining ESG management and reporting expectations and asking for focus on issues, such as climate change, diversity and inclusion, ESG targets within executive remuneration packages, and more recently natural resource usage and nature restoration.

Collaborative engagement aims to support the needs of small and mid-sized companies within the financial system and promote their participation in more sustainable business practice, and the Investment Manager targets collaborative engagements that address the market-wide and systemic risks identified through the investment process as important.

The desired outcome of active engagement is to reduce investment risk and enhance the prospects of investee companies through dialogue and support. However, the Investment Manager may look to sell holdings where the investment case is considered at risk for any reason, including due to inadequate management focus on material ESG risk.

Proxy voting

The Board and Investment Manager consider voting an important shareholder right. Consequently, the Investment Manager seeks to vote every eligible vote in line with the principles laid out in the Chelverton Asset Management Shareholder Engagement and Voting Policy and active engagement objectives laid out in the annual Engagement Plan. However, in principle, having satisfied itself regarding the integrity of the investment case, the Investment Manager is likely to be supportive of company management.

The Investment Manager does not rely on the services of a third-party proxy voting advisor, believing in-house governance analysis by the ESG Team's Corporate Governance Manager, considered alongside the contextual knowledge of the Investment Manager, is more pertinent for small and mid-sized companies.

Voting behaviour, including the rationale for any vote that is not supportive of a management resolution, is reported on a quarterly basis on the Chelverton website and summarised annually in the UK Stewardship Code Report.

Data science and third-party data resources

The Chelverton ESG Team has built a proprietary ESG database using company ESG questionnaire responses supplemented by desk-based research. The Investment Manager also maintains a shared Corporate Engagement Log recording relevant company engagements and progress in relation to engagement objectives.

The Investment Manager has access to several external ESG data services that provide contextual insight in relation to ESG risk factors, including Integrum, Bloomberg (which includes summary ESG ratings from Sustainalytics and ISS), signatory Carbon Disclosure Project data ('CDP') relating to climate, water and deforestation, and Absolute Strategy Research ('ASR') macro ESG research.

Screening

The Investment Manager does not currently set limits or apply exclusion or inclusion criteria in relation to sustainability objectives, except where required by law or in relation to banned activities under international conventions.

However, the Investment Manager's investment focus on quality characteristics will tend to exclude companies assessed as managing ESG risks badly and/or without a credible strategy. For example, if a company operating in a high ESG risk sector is identified as managing ESG risk poorly, the company will tend to be excluded from consideration by the Investment Manager's selection criteria, as laid out in the Investment Manager's ESG Integration Policy.

Anti-greenwashing rule

The FCA's anti-greenwashing rule is designed to ensure sustainability-related claims are fair, clear and not misleading. The Investment Manager does not currently manage any funds pursuing sustainability objectives. However, as a responsible investor it follows a structured approach to ESG Integration and Stewardship to ensure relevant ESG issues are considered alongside financial factors with the aim of protecting and enhancing investment value for clients.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Streamlined energy and carbon reporting

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company has therefore not reported further in respect of these guidelines.

Culture and values

The Company's values are to act responsibly, ethically and fairly at all times. The Company's culture is driven by its values and is focused on providing Ordinary shareholders with a high income and opportunity for capital growth. As the Company has no employees, its culture is represented by the values, conduct and performance of the Board, the Investment Manager and its key service providers, all of whom work collaboratively to support delivery of the Company's strategy.

Current and future developments

A review of the main features of the year and the outlook for the Company is contained in the Chairman's Statement on pages 2 to 3 and the Investment Manager's Report on pages 4 to 6.

Strategic Report (continued)

Dividends declared/paid

	Payment date	30 April 2025 pence	30 April 2024 pence
First interim	15 November 2024	3.25	3.15
Second interim	10 January 2025	3.25	3.15
Third interim	17 April 2025	3.25	3.15
Fourth interim	11 July 2025	3.25	3.15
		<u>13.00</u>	<u>12.60</u>

The Directors do not declare a final dividend.

Ten year dividend history

	2025 pence	2024 pence	2023 pence	2022 pence	2021 pence	2020 pence	2019 pence	2018 pence	2017 pence	2016 pence
1st Quarter	3.25	3.15	2.94	2.75	2.50	2.40	2.19	2.02	1.85	1.70
2nd Quarter	3.25	3.15	2.94	2.75	2.50	2.40	2.19	2.02	1.85	1.70
3rd Quarter	3.25	3.15	2.94	2.75	2.50	2.40	2.19	2.02	1.85	1.70
	9.75	9.45	8.83	8.25	7.50	7.20	6.57	6.06	5.55	5.10
4th Quarter	3.25	3.15	2.94	2.75	2.50	2.40	2.40	2.40	2.40	2.40
	13.00	12.60	11.77	11.00	10.00	9.60	8.97	8.46	7.95	7.50
% increase of core dividend	3.2	7.05	7.00	10.00	4.17	7.02	6.03	6.47	6.00	5.26
Special dividend	–	–	–	–	0.272	–	2.50	0.66	1.86	1.60
Total dividend	13.00	12.60	11.77	11.00	10.272	9.60	11.47	9.12	9.81	9.10

The Strategic Report is signed on behalf of the Board by



Howard Myles

Chairman

10 July 2025

SECTION 2

Directors

Howard Myles^{*,+} was a partner in Ernst & Young from 2001 to 2007 and was responsible for the Investment Funds Corporate Advisory Team. He was previously with UBS Warburg from 1987 to 2001. Mr Myles began his career in stockbroking in 1971 as an equity salesman and in 1975 joined Touche Ross & Co, where he qualified as a chartered accountant. In 1978 he joined W Greenwell & Co in the corporate broking team and in 1987 moved to SG Warburg Securities, where he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds.

Mr Myles was appointed to the Board in 2011 and became Chairman on 8 September 2022. On that date he stepped down from the chair of the Audit Committee but remains a member thereof.

Andrew Watkins^{*,+} has a wealth of experience in the financial services industry working in senior positions at Kleinwort Benson, Flemings, Jupiter and most recently as Head of Client Relations, Sales & Marketing for Investment Trusts at Invesco Perpetual, retiring in 2017. He is currently a non-executive Director and Chairman of Ashoka India Equity Investment Trust plc and CT UK High Income Trust plc, and a non-executive Director of BG European Growth Trust plc and Consistent Unit Trust Management Limited. He is a member of the Chartered Institute for Securities and Investment.

Mr Watkins was appointed to the Board on 6 September 2018. He became Chairman of the Audit Committee on 8 September 2022.

Denise Hadgill^{*,+} has spent 35 years in the investment industry, first in the Eurobond market at SGST and then in the equity oil sector at Smith New Court. She moved into fund management at Schroders where she was a UK Equity Fund Manager and Director responsible for the firm's relationship with UK pension funds and charity clients with multi asset portfolios. Denise went on to be a Managing Director and Head of the UK Product Strategy group at BlackRock where she was responsible for delivering the firm's investment message and economic outlook to an extensive range of UK clients. Denise is a non-executive director of Smithson Investment Trust plc as well as the mutual society, Pharmaceutical and General Provident Society Limited.

Ms Hadgill was appointed to the Board on 1 May 2022.

* Independent

+ Audit Committee member

Investment Manager, Company Secretary, Custodian and Registrar

Investment Manager: Chelverton Asset Management Limited ('Chelverton')

Chelverton was formed in 1998 by David Horner, who has considerable experience of analysing investments and working with smaller companies. Chelverton is predominantly owned by its employees.

Chelverton is a specialist fund manager focused on UK mid and small companies and has a successful track record. At 31 May 2025, Chelverton had total funds under management of approximately £1.3 billion, including two investment companies and four OEICs. The Income Fund Management Team comprises David Horner, Oliver Knott, David Taylor and Phoebe Baker.

Chelverton is authorised and regulated by the Financial Conduct Authority ('FCA').

Administrator and Company Secretary: Apex Fund Administration Services (UK) Limited

Apex Fund Administration Services (UK) Limited ('Apex') provides company secretarial and administrative services for the Group. The Apex group provides administration and regulatory oversight solutions for a wide range of investment companies.

Custodian: Northern Trust

Northern Trust provides custodian services to the Company. With a presence in the United Kingdom since 1969, Northern Trust offers a wide range of administration services and solutions, including custody services.

Registrar: Share Registrars Limited

Share Registrars Limited is a CREST registrar established in 2004 and provides share registration services to over 200 client companies.

Directors' Report

The Directors present their Annual Report and financial statements for the Group and the Company for the year ended 30 April 2025.

Directors

The Directors who served during the year ended 30 April 2025 are listed on page 26. 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. None of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the current financial year. There have been no loans or guarantees from the Company or its subsidiary undertakings, to any Director at any time during the year or thereafter.

Corporate governance

A formal statement on corporate governance and the Company's compliance with the UK Corporate Governance Code and the AIC Code of Corporate Governance can be found on pages 33 to 40.

Management agreements

The Company's investments are managed by Chelverton under an updated agreement ('the Investment Management Agreement') dated 13 March 2025. A periodic fee is payable quarterly in arrears at an annual rate of 1% of the value of the gross assets under management of the Company.

The Investment Management Agreement may be terminated by 12 months' written notice. There are no additional arrangements in place for compensation beyond the notice period.

Under another agreement ('the Administration Agreement') dated 1 January 2016, company secretarial services and the general administration of the Group are undertaken by Apex. Their fee is subject to review at intervals of not less than three years. The Administration Agreement may be terminated by six months' written notice.

It is the Directors' opinion that the continuing appointment of the Investment Manager and the Administrator/Company Secretary on the terms agreed is in the best interests of the Group and its shareholders. The Directors are confident that Chelverton has the required skill and expertise to continue to manage the Group's assets, and continues to be satisfied with the services provided by Apex.

Dividends

Details of the dividends declared and paid by the Board are set out in the Strategic Report on page 1 and page 24.

Directors' indemnification and insurance

The Company's Articles of Association provide that, insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors' duties, powers or office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors. This cover was in place during the year, having been reviewed and renewed, and also to the date of signing this report.

Block listing facility

In order to satisfy investor demand for the Company's shares, which could not be met through the secondary market, on 6 April 2023 the Company applied to the Financial Conduct Authority for a block listing facility of 2,750,000 Ordinary shares to be admitted to the Official List and to trading on the London Stock Exchange with new shares to rank pari passu with the existing Ordinary shares of the Company.

The Company issued an additional 905,000 shares during the year to 30 April 2025 at a premium to NAV. No further shares have been issued since 30 April 2025.

Substantial shareholdings

The Directors have been informed of the following notifiable interests in the voting shares of the Company at 30 April 2025:

	Number of shares	% of voting rights
Ordinary shares		
IntegraFin Holdings plc	2,155,638	10.00%
Philip J Milton & Company Plc	1,051,833	5.04%
Integrated Financial Arrangements Limited	801,748	4.05%

On 7 May 2025, IntegraFin Holdings plc notified the Company that its holdings in the Company had increased to 2,249,609 shares, 10.02% of voting rights. The Company has not been notified of any other changes to the above holdings between 30 April 2025 and the date of this report.

Unquoted Investments

One of the Company's stocks, Chamberlin PLC, was delisted on 21 June 2024. As a result, the value of the stock was written down to nil.

Special business at the Annual General Meeting

The Company's AGM will be held at 11.00 am on Wednesday, 10 September 2025. The Notice of Meeting is set out on pages 87 to 90.

In addition to the ordinary business of the meeting, there are items of special business, as follows:

Authority to issue shares and disapply pre-emption rights

A Special Resolution was passed at the last AGM held on 11 October 2024 giving the Directors authority, pursuant to Section 551 of the Companies Act 2006, to allot Ordinary shares up to an aggregate nominal value equal to £807,937 (which represented 15% of the issued share capital of the Company as at 2 July 2025). This authority expires at the conclusion of the next AGM. The Directors are accordingly seeking authorisation, pursuant to Section 551 of the Companies Act 2006, to allot up to an aggregate nominal value equal to £841,875, being 15% of the Ordinary shares in issue at the date of this report, as set out in Resolution 8 in the Notice of Meeting. This authority will expire at the AGM to be held in 2026 or 15 months from the passing of the Resolution, whichever is earlier.

A Special Resolution was also passed on 11 October 2024 giving the Directors power to issue Ordinary shares for cash notwithstanding the pre-emption provisions of the Companies Act 2006 and permitting the Directors to issue shares without being required to offer them to existing shareholders in proportion to their current holdings. This power expires at the conclusion of the next AGM and the Directors are accordingly seeking its renewal, pursuant to Sections 570 and 573 of the Companies Act 2006, to enable the Directors to issue up to 10% of the issued Ordinary share capital, representing 2,245,000 Ordinary shares at the date of this report, as set out in the Notice of Meeting as Resolution 9.

Directors' Report (continued)

This authority will also cover the sale of shares held in Treasury, and will expire at the AGM to be held in 2026 or 15 months from the passing of the Resolution, whichever is earlier. The authority to issue shares will only be used when it would be in the interests of shareholders as a whole. The Directors do not currently intend to issue or sell shares from Treasury other than above the prevailing NAV.

Purchase of own shares

At the AGM held on 11 October 2024 the Directors were granted the authority to buy back in the market up to 14.99% of the Company's Ordinary shares in circulation at that date for cancellation or placing into Treasury. No shares have been purchased under this authority, which remains in force. Resolution 10 as set out in the Notice of Meeting will renew this authority for up to 14.99% of the current issued Ordinary share capital in circulation, which represents 3,365,255 Ordinary shares at the date of this report. The Directors do not intend to use the authority to purchase the Company's shares unless to do so would result in an increase in the net asset value per share for the remaining shareholders and would generally be in the interests of all shareholders. The authority, if given, will lapse at the AGM to be held in 2026 or 15 months from the passing of this Resolution, whichever is earlier.

Purchases will be made on the open market. The price paid for Ordinary shares will not be less than 25p and not more than the higher of (i) 5% above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of the Ordinary shares for the five business days immediately preceding the date on which the Ordinary share is purchased, and (ii) the higher of the price of the last independent trade and the current highest independent bid on the London Stock Exchange. Shares may be cancelled or placed in Treasury.

Notice period for general meetings

Resolution 11 is a Special Resolution that will give the Directors the ability to convene general meetings, other than Annual General Meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2026, at which it is intended that renewal will be sought. The Company will have to offer facilities for all shareholders to vote by electronic means for any general meeting convened on 14 days' notice. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter is required to be dealt with expediently.

Recommendation

The Board considers that the Resolutions to be proposed at the AGM are in the best interests of shareholders as a whole and the Company and, accordingly, recommends that shareholders vote in favour of each Resolution, as the Directors intend to do in respect of their own beneficial shareholdings representing approximately 0.1% of the issued share capital.

Company information

The following information is disclosed in accordance with the Companies Act 2006:

- The Group's capital structure and voting rights are summarised on page 83.
- Details of the substantial shareholders in the Company are listed on page 29.
- The Articles of Association can be amended by the passing of a Special Resolution of the members in a General Meeting.
- Amendment of the Articles of Association and the granting of powers to issue or buy back the Company's shares require the relevant Resolutions to be passed by shareholders. The Board's current powers to issue or buy back shares and proposals for their renewal are detailed on pages 29 and 30.
- There are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.
- Consideration of potential future developments is detailed in the Chairman's Statement on pages 2 and 3, the Investment Manager's Report on pages 4 to 6 and the Strategic Report on page 23.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are described in the Chairman's Statement on pages 2 and 3 and in the Investment Manager's Report on pages 4 to 6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition, note 21 on pages 75 to 80 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. The Audit Committee has conducted stress testing of the balance sheet and future dividend streams in different scenarios to support the opinion regarding financial position and outlook. As announced on 9 May, the board intends to pay 2.5p per share on a quarterly basis for the next three years.

The Company repaid in full its obligation to its subsidiary, SDV 2025 ZDP PLC, on 30 April 2025, and at present has no gearing. As referred to on page 13, the company is actively considering alternative financing options. As noted throughout this report, whilst the assets of the Company were reduced by the repayment of the ZDP shares, the Board does not consider that the going concern status of the Company has been compromised as a result.

The investment trust sector faced a number of challenges throughout the year, including but not limited to; widening discounts to NAV which reflected market sentiment and a lack of demand; threats from activist investors, particularly Saba Capital; geopolitical tensions; trade disruptions and, particularly relevant for this Company, a reduction in positive market sentiment for trusts specialising in smaller companies, as touched on throughout this report.

Furthermore, as explained above, the Company was required to fund the redemption of the 2025 ZDP shares. In order to meet this obligation, the Investment Manager was required to realise certain portfolio holdings ahead of the 30 April repayment date in market conditions that were not conducive to optimal pricing. This reduced the Company's gross assets.

Directors' Report (continued)

The Directors have determined that there is continuing uncertainty as to the prospects for and timing of a full recovery from the economic effects of the wars in Gaza and Ukraine, together with additional global trade uncertainty caused by the potential tariffs imposed on US imports. It is likely that different sectors of the domestic economy, and countries globally, will recover at different speeds and trajectories. The Group continues to benefit from adequate financial resources however and, as a consequence, having assessed the principal risks facing the Company and the other matters set out in the Viability Statement, the Directors believe that the Group is well placed to manage its business risks successfully and that it is appropriate to adopt the going concern basis in the preparation of these financial statements.

Climate Disclosures

Statements regarding the Company's climate related activities and Board policies where applicable can be found in the Strategic Report on page 20.

Auditor

The Auditor, Johnston Carmichael LLP, has indicated its willingness to continue in office and Resolutions 6 and 7 proposing its appointment and authorising the Directors to determine its remuneration for the ensuing year will be submitted for approval at the AGM.

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are each aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

On behalf of the Board



Howard Myles

Chairman

10 July 2025

Statement on Corporate Governance

The Company is committed to maintaining high standards of corporate governance and the Directors are accountable to shareholders for the governance of the Group's affairs.

Statement of compliance with the UK Corporate Governance Code 2018 ('the Governance Code')

The Directors have reviewed the detailed principles outlined in the Governance Code and confirm that, to the extent that they are relevant to the Company's business, they have complied with the provisions of the Governance Code throughout the year ended 30 April 2025 except as explained in this section as being non-compliant and that the Company's current practice is, in all material respects, consistent with the principles of the Governance Code. The Governance Code was updated in January 2024. The 2024 Governance Code will apply to the Company from 1 May 2025.

The Board also confirms that, to the best of its knowledge and understanding, procedures were in place to meet the requirements of the Governance Code relating to internal controls throughout the year under review. This statement describes how the principles of the Governance Code have been applied in the affairs of the Company.

As an investment trust, the Company has also taken into account the Code of Corporate Governance 2019 produced by the Association of Investment Companies ('the AIC Code'), which is intended as a framework of best practice specifically for AIC member companies. The AIC Code has been updated and the 2024 AIC Code will apply to the Company from 1 May 2025.

The AIC Code addresses all the principles set out in the Governance Code, and there are some areas where the AIC Code is more flexible than the Governance Code. The Board has taken steps to adhere to its principles for investment companies and follow the recommendations in the AIC Code where it believes they are appropriate.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk, and a copy of the Governance Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Governance Code except as set out below:

- owing to the size of the Board, it is felt inappropriate to appoint a senior independent non-executive Director as further detailed on page 36.
- as the Group has no staff, other than Directors, there are no procedures in place in relation to raising concerns anonymously and in confidence. The Board has satisfied itself there are appropriate procedures in place for the workforce to raise concerns at its service providers.
- the Board has not established a remuneration committee as the function of this is performed by the Board.
- the Board has not established a nomination committee as the function of this is also performed by the Board.
- the Board met four times and the Audit Committee met twice during the financial year to 30 April 2025. All directors attended all meetings.
- Mr Myles has served on the Board for over nine years. As detailed on page 34, it is the Board's firm view, however, that length of service does not in itself compromise a Director's ability to act independently. The Board considers Mr Myles to be independent, but his role and contribution will be subject to regular review, in accordance with the Code. He will, along with the other Directors, stand for re-election at the AGM each year.

Statement on Corporate Governance (continued)

Board responsibilities and relationship with Investment Manager

The Board is responsible for the investment policy and strategic and operational decisions of the Group and for ensuring that the Group is run in accordance with all regulatory and statutory requirements. These procedures have been formalised in a schedule of matters reserved for decision by the Board. 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 Group, including investment performance and annual budgeting; and
- review of matters delegated to the Investment Manager, Administrator, Custodian or Secretary.

The Group's day-to-day functions have been delegated to a number of service providers, each engaged under separate legal agreements. At each Board meeting the Directors follow a formal agenda prepared and circulated in advance of the meeting by the Company Secretary to review the Group's investments and all other important issues, such as asset allocation, gearing policy, corporate strategic issues, cash management, peer group performance, marketing and shareholder relations, investment outlook and revenue forecasts, to ensure that control is maintained over the Group's affairs. The Board regularly considers its overall strategy and also conducts one-off and more focused reviews of all matters within its remit, and the focus during the financial year was on monitoring the continued effective working of the Investment Manager and third party advisers together with modelling changes to the Company's dividend income streams as discussed throughout this Strategic Report.

The management of the Group's assets is delegated to Chelverton. At each Board meeting, one or more representatives of Chelverton are in attendance to present verbal and written reports covering its activity, portfolio composition and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. 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 briefing notes for Board consideration on matters of relevance, for example changes to the Group's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

Board membership

At the year end the Board consisted of three Directors, all of whom are non-executive. The Group has no employees. The Board seeks to ensure that it has the appropriate balance of skills, experience and length of service amongst its members. The Board's policy on tenure is that Directors can stand for more than nine years. The Board considers that length of service does not necessarily compromise the independence or contribution of directors of investment trust companies where experience and continuity can be a significant strength. The Directors possess a wide range of business and financial expertise relevant to the direction of the Group and Company and consider that they commit sufficient time to the Group and Company's affairs. On appointment to the Board, Directors are fully briefed as to their responsibilities by the Chairman, the Investment Manager and the Company Secretary. Brief biographical details of the Directors are set out on page 26.

The Directors meet at regular Board meetings, held at least four times a year, and additional meetings and telephone meetings are arranged as necessary. During the year to 30 April 2025 the Board and its Committees met four times and all Directors were present at all formal Board meetings, and those specific purpose Committee meetings.

Board effectiveness

The Board, acting as the Nomination Committee, conducts a formal annual review of the size, composition and balance of the Board and the performance of the Board, its Committees and the Directors facilitated by feedback provided by each Director. The Chairman provides a summary of the findings which are discussed at the meeting and an action plan is agreed if required. During the year, no issues were identified requiring an action plan. The performance of the Chairman of the Board is evaluated by the other Directors. The Board is satisfied from the results of the evaluation completed this year that the Board, its Committees and Directors function effectively, collectively and individually, and that the Board contains an appropriate balance of skills and experience to manage the Company.

Board diversity – gender and ethnic background

In accordance with UK Listing Rule 6.6.6 (9) and (11), the Company is required to include a statement in the Annual Report setting out whether it has met the following targets on board diversity (the reference date for the statement is 30 April 2025, the Company's year end):

1. at least 40% of individuals on the board are women;
2. at least one of the senior board positions is held by a woman; and
3. at least one individual on its board is from a minority ethnic background.

The following table sets out the relevant information in accordance with the requirements of Listing Rule 9 Annex 2.

(a) Table for reporting on gender identity or sex:

	Number of board members	Percentage of the board	Number of senior positions on the board
Men	2	66.66%	2
Women	1	33.33%	–
Not specified/prefer not to say	–	–	–

(b) Table for reporting on ethnic background:

	Number of board members	Percentage of the board	Number of senior positions on the board
White British or other White (including minority-white groups)	3	100%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The Company has not met the UK Listing Rules targets on diversity; however, the Directors are satisfied that the Board currently contains members with an appropriate breadth of skills and experience and considers succession planning on at least an annual basis. The key criteria for the appointment of new Directors will be the skills and experience of candidates having regard also to the benefits of diversity in the interests of shareholder value. In relation to any further future appointments the Board will seek to consider a wide range of candidates with due regard to diversity.

Statement on Corporate Governance (continued)

The UK Listing Rules only recognise the roles of chair, chief executive, senior independent director and chief financial officer as senior board positions. As an externally managed investment company with no executive management, the Board considers that, apart from the position of Chair, these are not relevant to the Company. The Board does, however, consider the Chair of the Audit Committee to be a senior board position and the above disclosure is made on that basis.

The UK Listing Rules require disclosure of an explanation of the Company's approach to collecting the data used for the purposes of making the disclosures. The data was collected in consultation with the Directors.

Chairman

The Chairman, Howard Myles, is independent. He has shown himself to have sufficient time to commit to the Group's affairs. The Company does not have a chief executive officer, as it has no executive directors. The Chairman has no relationships that may create a conflict of interest between the Chairman's interest and those of the shareholders. The Chairman does not sit on the Board of any other investment company managed by Chelverton.

Directors' independence

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

The Governance Code requires that this report should identify each non-executive Director the Board considers to be independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement, stating its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.

Mr Watkins and Ms Hadgill are deemed to be independent of the Investment Manager. Despite being on the Board for over nine years, the Board believes Mr Myles is also independent. All Directors continue to perform their roles effectively.

Under the Articles of Association, one-third of the Directors are required to retire by rotation at each AGM and no Director shall serve a term of more than three years before re-election. However, in line with prevailing corporate governance best practice, all Directors retire and offer themselves for annual re-election. The Board has therefore reviewed the appointment of all Directors and recommends that shareholders vote for their re-election at this year's AGM.

The Board believes that although the Chairman has served as a Director for more than the recommended nine years, the Board continues to benefit from his individual expertise, his contributions to the Board remain effective, that he demonstrates commitment to his role as a non-executive Director of the Company and has actively contributed throughout the year.

Senior Independent Director

No separate Senior Independent Director has been appointed to the Board as, in the view of the Directors, it is inappropriate to do so given the size and composition of the Board. The Chairman's performance is evaluated annually by the Board when carrying out the functions performed by a nomination committee as detailed on page 36. All the Directors make themselves available to shareholders at general meetings of the Company. The Directors can be contacted at other times via the Company Secretary.

Audit Committee

The Audit Committee comprises the Directors of the Board. The Committee met twice during the year ended 30 April 2025. Mr Watkins chaired both of these meetings. All members of the Committee were present at both meetings. The Audit Committee has direct access to the Group's Auditor, Johnston Carmichael LLP, and representatives of Johnston Carmichael LLP attend the Audit Committee meetings.

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

Management Engagement Committee

The functions performed by this type of Committee are carried out by the Board of the Company.

The Board reviewed the performance of the Investment Manager's obligations under the Investment Management Agreement and considered whether the terms and conditions of the Investment Management Agreement remain appropriate. Based on its performance, the Board concluded that the Investment Manager's appointment should continue. It also reviewed the performance of the Company Secretary, the Custodian and the Registrar and matters concerning their respective agreements with the Company.

Nomination Committee

The functions performed by this type of Committee are carried out by the Board of the Company. The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association.

The Board, acting as the Nomination Committee, evaluated the performance of Directors and the Chairman for the year ended 30 April 2025. No third party was engaged to carry out an external evaluation of the Board. As a result of the evaluation, the Board remains of the opinion that all Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company as detailed on page 35. The Board assessed the time commitment for each Board post and agreed that sufficient time was being spent by each Director to fulfil their duties. The Board also recommended the re-appointment of all Directors standing for re-election at the AGM.

Remuneration Committee

The functions performed by this type of Committee are carried out by the Board of the Company.

The Board continues to assess the Directors' fees, following proper consideration of the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Group's affairs and remuneration levels generally within the investment trust sector.

Statement on Corporate Governance (continued)

Under the UK Listing Rules, the Governance Code principles relating to directors' remuneration do not apply to an investment trust company other than to the extent that they relate specifically to non-executive directors. Detailed information on the remuneration arrangements can be found in the Directors' Remuneration Report on pages 43 to 45 and in note 5 to the financial statements.

Independent professional advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

Institutional investors – use of voting rights

The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in investee companies.

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict arising. Each Director must notify and request authorisation from the Board as soon as they become aware of the possibility of a conflict arising.

The Board is responsible for considering Directors' requests for authorisation of conflicts and for deciding whether or not the conflict should be authorised. The factors to be considered will include whether the conflict could prevent the Director from properly performing their duties, whether it has, or could have, any impact on the Group and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Group's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The Board is not aware of any conflicts having arisen during the year.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

Internal control review

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

An ongoing process, in accordance with the guidance supplied by the Financial Reporting Council, 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', is in place for identifying, evaluating and managing risks faced by the Company and the Group. The Company's risks are documented and evaluated using a risk register. This register is reviewed regularly by Directors to ensure appropriate risk mitigation actions are in place. This process helps to ensure that the Board maintains a sound system of internal control to safeguard shareholders' investments and the Group's assets. This process also involves a review by Directors of reports on the internal control systems of the service providers who perform all the Company's administrative and managerial functions. As described below, this process, together with key procedures established with a view to providing effective financial control, have been in place for the full financial year and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss. No significant failings or weaknesses have been identified.

Reflecting recent macro-economic and political uncertainty, the Board, on the recommendation of the Audit Committee, completed additional reviews of the Company's internal control environment during the year, with updates at each quarterly meeting.

Internal control assessment process

Risk assessment and the review of internal controls is undertaken by the Board in the context of the Group'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 threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Group; and
- the extent to which third parties operate the relevant controls.

Against this background the Board has split the review into four sections reflecting the nature of the risks being addressed. The sections are as follows:

- corporate strategy and performance;
- published information and 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 Group does not have an internal audit function. The Directors have obtained information from key third-party suppliers regarding the controls operated by them and have also sought reassurance from each as to their continuing performance across the financial year. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- details of the control environment;
- identification and evaluation of risks and control objectives;
- assessment of the communication procedures; and
- assessment of the control procedures.

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

Statement on Corporate Governance (continued)

- Investment management is provided by Chelverton. The Board is responsible for the implementation of the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings.
- The provision of administration, accounting and company secretarial duties is the responsibility of Apex Fund Administration Services (UK) Limited.
- Custody of assets is undertaken by Northern Trust.
- The duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- The non-executive Directors of the Group clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board, acting as the Management Engagement Committee, monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.
- The Board reviews detailed financial information provided by the Administrator on a regular basis.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Group are met.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. Shareholders are able to contact any of the Directors at any time via the Company Secretary. All shareholders are encouraged to attend the AGM, during which the Board and the Investment Manager are available to discuss issues affecting the Group and shareholders have the opportunity to address questions to the Investment Manager and the Board.

There are no significant issues raised by major shareholders to bring to all shareholders' attention, topics of interest are covered in the Strategic Report on pages 1 to 23.

Any shareholder who would like to lodge questions in advance of the AGM is invited to do so either on the reverse of the Proxy Form or in writing to the Company Secretary at the address given on page 86. The Company always responds to letters from individual shareholders.

The Annual and Half Yearly Reports of the Group are prepared by the Board and its advisers to present a full and readily understandable review of the Group's performance. Copies are available for downloading from the Investment Manager's website, www.chelvertonukdividendtrustplc.com, and on request from the Company Secretary. Copies of the Annual Report are circulated to those shareholders who have 'opted in' to continue to receive mailings from the Company in hard copy.

Audit Committee Report

Role of the Audit Committee

The Audit Committee ('the Committee') provides a forum through which the Group's Auditor reports to the Board. The Committee is responsible for monitoring the process of production and ensuring the integrity of the Group's financial statements. The other primary responsibilities of the Committee are:

- to monitor adherence to best practice in corporate governance;
- to review the effectiveness of the internal control and risk management environment of the Group;
- to receive compliance reports from the Investment Manager;
- to consider the accounting policies of the Group;
- to make recommendations to the Board in relation to the appointment of the Auditor;
- to make recommendations to the Board in relation to the Auditor's remuneration and terms of engagement; and
- to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process.

The Committee's terms of reference were reviewed and approved in June 2024 to reflect current recommended best practice.

Matters considered in the year

The Committee met twice during the financial year to consider the financial statements and to review the internal control systems. The principal matters considered by the Committee were the valuation of the Group's assets, proof of ownership of its investments and cash, recognition of income and the maintenance of its approval as an investment trust.

The Manager and Administrator have reported to the Committee to confirm continuing compliance with their individual regulatory requirements and for maintaining the Company's investment trust status.

The Committee liaised with the Investment Manager throughout the year, and received reports on their legal compliance. A Risk Assessment and Review of Internal Controls document maintained by the Board was considered in detail and amended as necessary. This document is reviewed by the Committee at each meeting.

Internal audit

The Group does not have an internal audit function, as most of its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Committee discussed whether it would be appropriate to establish an internal audit function and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient. The need for an internal audit function is reviewed annually.

External audit

The Audit Committee monitors and reviews the effectiveness of the third-party service providers and the audit process for the publication of the Annual Report and makes recommendations to the Board on the appointment, remuneration and terms of engagement of the Auditors.

Audit Committee Report (continued)

Prior to each financial year end, the Committee considers the appropriateness of the scope of the audit plan, the terms under which the audit is to be conducted, as well as the matter of remuneration, with a view to ensuring the best interests of the Group are promoted.

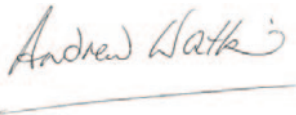
Audit fees are computed on the basis of the time spent on Group affairs by the Audit Senior Statutory Auditor and staff and on the levels of skill and responsibility of those involved.

Johnston Carmichael LLP was first appointed as Auditor to the Group on 6 November 2023. 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 Johnston Carmichael LLP its objectivity, independence and experience in the investment trust sector.

Johnston Carmichael LLP has indicated its willingness to continue in office as Auditor of the Group. Following its review, the Committee considers that, individually and collectively, the Auditor is appropriately experienced to fulfil the role required and has recommended its appointment to the Board.

The Committee has considered the independence and objectivity of the Auditor and has assessed its performance. The Committee is satisfied in these respects that Johnston Carmichael LLP has fulfilled its obligations to the Group and its shareholders.

Johnston Carmichael have carried out the audit of the Company's annual report and accounts for the year ending 30 April 2025 and their re-appointment will be put to a vote of the shareholders at the Company's Annual General Meeting on 10 September 2025.



Andrew Watkins

Audit Committee Chairman

10 July 2025

Directors' Remuneration Report

The Board has prepared this Report in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The law requires the Group's Auditor, Johnston Carmichael LLP, to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 48 to 56.

Last year, shareholders were asked to approve the Directors' Remuneration Report at the AGM through an advisory vote, as has been the case in previous years, and this will again be the case at this year's AGM. Similarly, shareholders were also asked to give a binding vote on the Directors' Remuneration Policy at the 2023 AGM. The Remuneration Policy must be the subject of a binding vote at least every three years and this will therefore be proposed again at the AGM in 2026.

The Board considers Directors' remuneration annually. The level of remuneration is designed to attract and retain individuals with the appropriate skills and experience necessary for the effective stewarding of the Company. The annual review includes an assessment of the time commitment to the Group's affairs, as well as a comparison with the remuneration paid to directors of similar investment trusts. The fees are paid at a rate of £30,000 for the Chairman and £22,000 for the other Directors, with an additional payment of £3,000 to the Chairman of the Audit Committee in recognition of the greater workload and responsibilities required in that role. The Board reviewed remuneration matters on 5 March 2025 and confirmed that no changes were proposed to Directors' fees.

Directors' service contracts

None of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first AGM after their appointment, and at least every three years after that. Directors who have served on the Board for more than nine years must offer themselves for re-election on an annual basis.

Directors' entitlements

Directors are only entitled to fees in accordance with the Directors' Remuneration Policy as approved by shareholders. None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance, share options, long-term incentive plans, or any form of performance-related pay. Also, no Director has any right to any payment by way of monetary equivalent, or any assets of the Company except in their capacity as shareholders. There is no notice period and no provision for compensation upon loss of office. The Directors' emoluments table below therefore does not include columns for any of these items or their monetary equivalents.

Directors' Remuneration Report (continued)

Directors' emoluments for the year ended 30 April 2025 (audited)

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

	Year ended 30 April 2025 £	% change for the year to 30 April 2025	Year ended 30 April 2024 £	% change for the year to 30 April 2024	Year ended 30 April 2023 £	% change for the year to 30 April 2023	Year ended 30 April 2022 £	% change for the year to 30 April 2022	Year ended 30 April 2021 £
H Myles (Chairman)	30,000	–	30,000	6	28,276	41	20,000	–	20,000
A Watkins (Audit Committee Chairman)	25,000	–	25,000	4	23,974	37	17,500	–	17,500
D Hadgill	22,000	–	22,000	–	22,000	–	–	–	–
Total	77,000	–	77,000	–	74,250	–	37,500	–	37,500

During the year no Directors received taxable benefits (2024: nil).

Directors' interests (audited)

The interests of the Directors and any connected persons in the Ordinary shares and ZDP shares of the subsidiary Companies are set out below:

Director	Number of Ordinary shares held at 30 April 2025	Number of SDVP ZDP shares held at 30 April 2025	Number of 2031 ZDP Co shares held at 30 April 2025	Number of Ordinary shares held at 30 April 2024	Number of SDVP ZDP shares held at 30 April 2024	Number of 2031 ZDP Co shares held at 30 April 2024
D Hadgill*	2,762	Nil	Nil	2,762	Nil	Nil
H Myles	Nil	Nil	Nil	Nil	Nil	Nil
A Watkins	13,100	Nil	Nil	13,100	Nil	Nil

*As at 2 July 2025, Denise Hadgill held 16,642 Ordinary shares in the Company.

Significance of spend on pay

	2025 £	2024 £	Change %
Dividends paid to Ordinary shareholders in the year	2,837,000	2,653,000	7
Total remuneration paid to Directors	77,000	77,000	0

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 30 April 2024 (Resolution 2) was approved by shareholders at the AGM held on 11 October 2024. The votes cast by proxy were as follows:

	Number of votes	% of votes cast
For	685,535	88.21
Against	90,511	11.65
At Chairman's discretion	0	0.0
Total votes cast	776,046	–
Number of votes abstained	3,343	–

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 similar organisations and appointments.

The fees of the non-executive Directors are determined within the limits of £250,000, as 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 Company intends to continue with the Directors' Remuneration Policy approved by shareholders in 2023 over the next financial year. Fees payable in respect of subsequent periods will be determined following an annual review. Any views expressed by shareholders on remuneration being paid to Directors would be taken into consideration by the Board. In accordance with the regulations, an Ordinary Resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

Approval

The Directors' Remuneration Report was approved by the Board on 10 July 2025.

On behalf of the Board



Howard Myles

Chairman

10 July 2025

Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and the Company for that period.

In preparing each of the Group and the Company's 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;
- state that the Group and the Company have complied with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and the Company's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group 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 Strategic Report, a Directors' Report, Directors' Remuneration Report and Statement on Corporate Governance that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the FCA.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company on the Investment Manager's website. Legislation in the UK governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with the relevant financial framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the Annual Report includes a fair review of the development and performance of the Group and the position of the Group, together with a description of the principal risks and uncertainties faced;

- the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- the Investment Managers' Report includes a fair review of the development and performance of the business and the Group and its undertakings included in the consolidation taken as a whole and adequately describes the principal risks and uncertainties they face.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Howard Myles', with a stylized, wavy line extending to the right.

Howard Myles

Chairman

10 July 2025

Independent Auditor's Report

to the members of Chelverton UK Dividend Trust PLC

Opinion

We have audited the financial statements of Chelverton UK Dividend Trust PLC ("the Parent Company") and its subsidiaries (the "Group"), for the year ended 30 April 2025, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Changes in Net Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- Give a true and fair view of the state of the state of the Group's and of the Parent Company's affairs as at 30 April 2025 and of its net return for the year then ended;
- Have been properly prepared in accordance with UK-adopted international accounting standards; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We planned our audit by first obtaining an understanding of the Group and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by Chelverton Asset Management Limited (the "Investment Manager"), Apex Fund Administration Services (UK) Limited (the "Company Secretary", and "Administrator"), The Northern Trust Company (the "Custodian") and Share Registrars Limited (the "Registrar") to whom the Parent Company has delegated the provision of services.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the types of investments within the Group, the involvement of the Administrator, the accounting processes and controls, and the industry and geography in which the Group operates.

We evaluated the significance of the group's components and determined our planned audit responses based on a measure of materiality.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Key audit matter	How our audit addressed the key audit matter and our conclusions
Valuation of investments (as per pages 41 and 42 (Report of the Audit Committee), pages 62 to 65 (Accounting Policies) and Note 10. The valuation of the portfolio at 30 April 2025 was £28.0m (2024: £51.5m). As this is the largest component of the Group's Consolidated and Parent Company Balance Sheet, and a key driver of the Group's total return, valuation of the investments has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to fraud or error. There is a further risk that listed investments held at fair value may not be actively traded and the quoted prices may not be reflective of their fair value (valuation).	We assessed controls reports provided by the custodian and administrator to evaluate the design of the process and implementation of key controls. We compared market prices applied to all quoted investments held at 30 April 2025 to an independent third-party source and recalculated the investment valuations. We obtained average trading volumes from an independent third-party source for all quoted investments held at year end and assessed their liquidity. Where trading volumes indicated lower levels of liquidity, we obtained management's active market assessment to ensure the year end fair value was appropriate. From our completion of these procedures, we identified no material misstatements in relation to the valuation of the investments.
Revenue recognition, including allocation of special dividends as revenue or capital returns (as per pages 41 and 42 (Report of the Audit Committee), pages 62 to 65 (Accounting Policies) and Note 2. Investment income recognised for the year to 30 April 2025 was £3.5m (2024: £3.3m) consisting primarily of dividends received from listed investments.	We assessed controls reports provided by the administrator to evaluate the design of the process and implementation of key controls. We confirmed that income is recognised and disclosed in accordance with the AIC SORP by assessing the accounting policies.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter and our conclusions
Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The investment income received by the Group during the year directly impacts these metrics and the minimum dividend required to be paid by the Parent Company. There is a risk that revenue is incomplete or inaccurate through failure to recognise income entitlements or failure to appropriately account for their treatment as revenue or capital. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to fraud or error. Additionally, there is a further risk of incorrect allocation of special dividends as revenue or capital returns as judgement is required in determining their allocation within the Consolidated Statement of Comprehensive Income.	We recalculated 100% of dividends due to the Group based on investment holdings throughout the year and announcements made by investee companies. We agreed a sample of dividends received to bank statements. We assessed the completeness of the special dividend population and determined whether special dividends recognised are revenue or capital in nature with reference to the underlying commercial circumstances of the investee companies' dividend payment. From our completion of these procedures, we identified no material misstatements in relation to revenue recognition, including allocation of special dividends as revenue or capital returns.
Going Concern and Viability Going Concern and Viability (as per pages 41 and 42 (Report of the Audit Committee), pages 62 to 65 (Accounting Policies). The Zero Dividend Preference shares ("ZDPs") matured and were settled on 30 April 2025. There is a risk this could impact the viability of the Group due to the significantly reduced gross asset position. The Board are required to determine whether the financial statements should be prepared on a going concern basis. Assessment is required to cover a period of at least 12 months from the date the current year Annual Report is approved and should include stressed scenario cash flow forecasting. Additionally, the Board are required to assess the viability of the Parent Company over a period longer than 12 months. There is a risk that the Board's assessment of the basis of preparation does not adequately cover the above areas.	The procedures we performed and our conclusions on going concern and viability are included in the conclusions relating to going concern section below. From our completion of these procedures, we identified no material misstatements in relation to going concern and viability.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Group	Parent Company
Materiality for the financial statements as a whole We have set materiality as 1% of net assets (2024: 1% of net assets) as we believe that net assets is the primary performance measure used by investors and is the key driver of shareholder value. We determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Group's listed status.	£302k (2024: £335k)	£302k (2024: £335k)
Performance materiality Performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, 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. In setting this we consider the Group's overall control environment, our past experience of the audit that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 75% (2024: 50%) of our overall financial statement materiality.	£226k (2024: £168k)	£226k (2024: £168k)
Specific materiality Recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas. Specifically, given the importance of the distinction between revenue and capital for the Group and Parent Company, we also applied a separate testing threshold for the revenue column of the Consolidated Statement of Comprehensive Income, set at the higher of 5% of the net revenue surplus on ordinary activities before taxation and our Audit Committee Reporting Threshold. We have set a specific materiality in respect of related party transactions and Directors' remuneration. We used our judgement in setting these thresholds and considered our past experience of the audit, the history of misstatements and industry benchmarks for specific materiality.	£148k (2024: £139k)	£148k (2024: £139k)
Audit Committee reporting threshold We agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.	£15k (2024: £17k)	£15k (2024: £17k)

Independent Auditor's Report (continued)

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method of assessing going concern and viability, including consideration of market conditions and macro-economic uncertainties;
- Assessing the repayment of the Zero Dividend Preference shares ("ZDPs") that matured and were settled on 30 April 2025, and its impact on the viability of the Group and Parent Company;
- Assessing and challenging the forecast cashflows and associated sensitivity modelling used by management in support of their going concern and viability assessment by reference to supporting documentation, Board approved budgets, our own understanding of the Group and the economic environment in which it operates, and the results of other audit work;
- Obtaining and recalculating management's assessment of the Parent Company's ongoing maintenance of investment trust status;
- Assessing the adequacy of the Group's going concern and viability disclosures included in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- A corporate governance statement has not been prepared by the Parent Company.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 31;
- The Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 16 and 17;
- The Directors' statement on fair, balanced and understandable set out on pages 46 and 47;
- The Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 16 and 17;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 11 to 14;

Independent Auditor's Report (continued)

- The section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on pages 39 and 40; and
- The section describing the work of the Audit Committee set out on pages 41 and 42.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 46 and 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Parent Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;

- Financial Conduct Authority (FCA) listing and Disclosure Guidance and Transparency Rules (DTR);
- The principles of the UK Corporate Governance Code applied by the AIC Code of Corporate Governance (the "AIC Code");
- Industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022;
- The Parent Company's qualification as an investment Trusts under section 1158 of the Corporation Tax Act 2010; and
- UK-adopted international accounting standards.

We gained an understanding of how the Group and the Parent Company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- The allocation of special dividends as revenue or capital items

Audit procedures performed in response to the risks relating to the allocation of special dividends as revenue or capital returns are set out in the section on key audit matters above, and audit procedures performed in response to the risk of management override of controls are included below.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the Group's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee, evaluating the business rationale of significant transactions outside the normal course of business and assessing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Parent Company's compliance with the Companies Act 2006 and the Listing Rules; and
- Agreement of the financial statement disclosures to supporting documentation.

Independent Auditor's Report (continued)

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Other matters which we are required to address

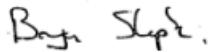
Following the recommendation of the Audit Committee, we were appointed by the Board on 6 November 2023 to audit the financial statements for the year ended 30 April 2024 and subsequent financial periods. The period of our total uninterrupted engagement is two years, covering the years ended 30 April 2024 and 30 April 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or Parent Company and we remain independent of the Group and Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of this report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Bryan Shepka (Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP
Statutory Auditor
Glasgow, United Kingdom
10 July 2025

SECTION 3

Consolidated Statement of Comprehensive Income

for the year ended 30 April 2025

		2025			2024		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value through profit or loss	10	–	(3,529)	(3,529)	–	(1,627)	(1,627)
Investment income	2	3,505	–	3,505	3,260	–	3,260
Investment management fee	3	(134)	(400)	(534)	(125)	(375)	(500)
Other expenses	4	(406)	(491)	(897)	(357)	(13)	(370)
Exchange differences on translating foreign transactions		–	(6)	(6)	–	–	–
Net (deficit)/surplus before finance costs and taxation		2,965	(4,426)	(1,461)	2,778	(2,015)	763
Finance costs	6	–	(736)	(736)	–	(709)	(709)
Net (deficit)/surplus before taxation		2,965	(5,162)	(2,197)	2,778	(2,724)	54
Taxation	7	(40)	–	(40)	(58)	–	(58)
Total comprehensive expense for the year		2,925	(5,162)	(2,237)	2,720	(2,724)	(4)
		Revenue	Capital	Total	Revenue	Capital	Total
		pence	pence	pence	pence	pence	pence
Net return per:							
Ordinary share	8	13.32	(23.51)	(10.19)	12.70	(12.72)	(0.02)
Zero Dividend Preference share 2025	8	–	–	–	–	4.89	4.89

The total column of this statement is the Statement of Comprehensive Income of the Group prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006. All revenue and capital items in the above statement derive from continuing operations. The ZDP shares 2025 were repaid on 30 April 2025. All of the net return for the period and the total comprehensive income for the period is attributable to the shareholders of the Group. The supplementary revenue and capital return columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

The notes on pages 62 to 80 form part of these financial statements.

Consolidated and Parent Company Statement of Changes in Net Equity

for the year ended 30 April 2025

		Share	Capital			
	Share	premium	redemption	Capital	Revenue	Total
Note	capital	account	reserve	reserve	reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 30 April 2025						
30 April 2024	5,386	18,497	5,004	1,840	2,794	33,521
Total comprehensive expense for the year	–	–	–	(5,162)	2,925	(2,237)
Ordinary shares issued	227	1,200	–	–	–	1,427
Expenses of Ordinary share issue	–	(7)	–	–	–	(7)
Dividends paid 9	–	–	–	–	(2,837)	(2,837)
30 April 2025	<u>5,613</u>	<u>19,690</u>	<u>5,004</u>	<u>(3,322)</u>	<u>2,882</u>	<u>29,867</u>
Year ended 30 April 2024						
30 April 2023	5,288	17,980	5,004	4,564	2,727	35,563
Total comprehensive expense for the year	–	–	–	(2,724)	2,720	(4)
Ordinary shares issued	98	539	–	–	–	637
Expenses of Ordinary share issue	–	(22)	–	–	–	(22)
Dividends paid 9	–	–	–	–	(2,653)	(2,653)
30 April 2024	<u>5,386</u>	<u>18,497</u>	<u>5,004</u>	<u>1,840</u>	<u>2,794</u>	<u>33,521</u>

The notes on pages 62 to 80 form part of these financial statements.

Consolidated and Parent Company Balance Sheets

as at 30 April 2025

		Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
	Note				
Non-current assets					
Investments at fair value through profit or loss	10	27,967	51,483	27,967	51,483
Investments in Subsidiaries	12	–	–	100	13
		<u>27,967</u>	<u>51,483</u>	<u>28,067</u>	<u>51,496</u>
Current assets					
Trade and other receivables	13	765	661	765	661
Cash and cash equivalents		<u>1,596</u>	<u>87</u>	<u>1,596</u>	<u>87</u>
		<u>2,361</u>	<u>748</u>	<u>2,361</u>	<u>748</u>
Total assets		<u>30,328</u>	<u>52,231</u>	<u>30,428</u>	<u>52,244</u>
Current liabilities					
Trade and other payables	14	(461)	(135)	(561)	(148)
Zero Dividend Preference shares	15	–	(18,575)	–	–
Loan from Subsidiaries	16	–	–	–	(18,575)
		<u>(461)</u>	<u>(18,710)</u>	<u>(561)</u>	<u>(18,723)</u>
Total assets less current liabilities		<u>29,867</u>	<u>33,521</u>	<u>29,867</u>	<u>33,521</u>
Total liabilities		<u>(461)</u>	<u>(18,710)</u>	<u>(561)</u>	<u>(18,723)</u>
Net assets		<u>29,867</u>	<u>33,521</u>	<u>29,867</u>	<u>33,521</u>
Represented by:					
Share capital	17	5,613	5,386	5,613	5,386
Share premium account		19,690	18,497	19,690	18,497
Capital redemption reserve		5,004	5,004	5,004	5,004
Capital reserve		(3,322)	1,840	(3,322)	1,840
Revenue reserve		<u>2,882</u>	<u>2,794</u>	<u>2,882</u>	<u>2,794</u>
Equity shareholders' funds		<u>29,867</u>	<u>33,521</u>	<u>29,867</u>	<u>33,521</u>

The notes on pages 62 to 80 form part of these financial statements.

These financial statements were approved by the Board of Chelverton UK Dividend Trust PLC and authorised for issue on 10 July 2025.



Howard Myles
Chairman

Company Registered Number: 03749536

Consolidated and Parent Company Statement of Cash Flows

for the year ended 30 April 2025

	Note	2025 £'000	2024 £'000
Operating activities			
Investment income received		3,390	3,032
Investment management fee paid		(541)	(502)
Administration and secretarial fees paid		(59)	(64)
Refund of tax		–	1
Bank interest paid		18	5
Other cash payments		(486)	(322)
Cash generated from operations	19	2,322	2,150
Purchases of investments		(14,106)	(10,444)
Sales of investments		34,021	10,039
Net cash outflow from operating activities		19,915	(405)
Financing activities			
Redemption of Zero Dividend Preference shares		(19,311)	–
Issue of Ordinary shares		1,427	637
Expenses of Ordinary share issue		(7)	(22)
Dividends paid	9	(2,837)	(2,653)
Net cash outflow from financing activities		(20,728)	(2,038)
Change in cash and cash equivalents	20	1,509	(293)
Cash and cash equivalents at start of year	20	87	380
Cash and cash equivalents at end of year	20	1,596	87

The notes on pages 62 to 80 form part of these financial statements.

Notes to the Financial Statements

as at 30 April 2025

1 ACCOUNTING POLICIES

Chelverton UK Dividend Trust PLC is a public company, limited by shares, domiciled and registered in the UK. The consolidated financial statements for the year ended 30 April 2025 comprise the financial statements of the Company and its Subsidiaries.

Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK-adopted International Accountings Standards and with the Companies Act 2006 as applicable to companies reporting under international accounting standards, and reflect the following policies which have been adopted and applied consistently.

New standards, interpretations and amendments adopted by the Group

There are no amendments to standards effective this year, being relevant and applicable to the Group.

Critical accounting judgements and uses of estimation

The preparation of financial statements in conformity with UK-adopted Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the amounts reported in the Balance Sheet and the Statement of Comprehensive Income. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. There were no significant accounting estimates or significant judgements in the current period.

Special dividends are assessed and credited to capital or revenue according to their circumstances and are considered to require significant judgement.

Basis of consolidation

The Group financial statements consolidate (under IFRS10), the financial statements of the Company and its wholly-owned Subsidiaries, drawn up to the same accounting date.

The Subsidiaries are consolidated from the date of their incorporation, being the date on which the Company obtained control, and will continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of the Subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The amount of the Company's return for the financial period dealt with in the financial statements of the Group is a loss of £2,237,000 (2024: loss of £4,000).

Convention

The financial statements are presented in Sterling rounded to the nearest thousand. The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments classified as fair value through profit or loss. Where

1 ACCOUNTING POLICIES (continued)

presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued by the Association of Investment Companies (dated June 2022) is consistent with the requirements of UK-Adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a consistent basis compliant with the recommendations of the SORP.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group only invests in companies listed in the UK.

Investments

All investments held by the Group are recorded at 'fair value through profit or loss'. Investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Consolidated Statement of Comprehensive Income and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

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

Unquoted investments are valued at the balance sheet date using recognised valuation methodologies. In accordance with International Private Equity and Venture Capital ('IPEVC') valuation guidelines. This can include dealing prices, third party valuations where available and other information as appropriate.

Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the 'trade date', i.e. the day that the Group commits to purchase or sell the asset. Regular way purchases, or sales, are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

Income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Group's right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Overseas dividends received from UK Companies are stated gross of any withholding tax.

The Company carries out special cum-dividend and special ex-dividend trades as a portfolio management tool to both enhance income and manage long-term positions. The income generated from such trades is allocated to the revenue column of the Statement of Comprehensive Income and recognised on the date of the transaction. This has the effect of increasing income and is offset by a decrease in unrealised gains/(losses) on investments.

In deciding whether a dividend should be regarded as a Capital or Revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis depending upon the nature of the receipt. Special dividends of a revenue nature are recognised through the Revenue column of the Income Statement. Special Dividends of a capital nature are recognised through the Capital column of the Income Statement.

Notes to the Financial Statements (continued)

as at 30 April 2025

1 ACCOUNTING POLICIES (continued)

Expenses

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue account in the Consolidated Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition of an investment are included within the costs of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- expenses are charged to capital account where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;
- operating expenses of the Subsidiaries are borne by the Company and taken 100% to capital; and
- finance costs of the ZDP shares are charged 100% to capital.

All other expenses are allocated to revenue with the exception of 75% (2024: 75%) of the Investment Manager's fee which is allocated to capital. This is in line with the Board's expected long-term split of returns from the investment portfolio, in the form of capital and income gains respectively.

Cash and cash equivalents

Cash in hand and in banks including where held by custodians and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs, where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Any difference between cost and redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Zero Dividend Preference shares

Shares issued by the Subsidiaries are treated as a liability of the Group, and are shown in the Balance Sheet at their redemption value at the Balance Sheet date. The appropriations in respect of the ZDP shares necessary to increase the Subsidiaries' liabilities to the redemption values are allocated to capital in the Consolidated Statement of Comprehensive Income. This treatment reflects the Board's long-term expectations that the entitlements of the ZDP shareholders will be satisfied out of gains arising on investments held primarily for capital growth.

Shares are derecognised when they are redeemed at a predetermined fixed price on a specified date. Upon redemption, the shares cease to exist and the company's obligation to the holder is extinguished.

Share issue costs

Costs incurred directly in relation to the issue of shares in the Subsidiaries are borne by the Company and taken 100% to capital. Share issue costs relating to Ordinary share issues by the Company are taken 100% to the share premium account in respect of premiums on issue of such shares. Where there is no premium on issue, costs are taken directly to equity against revenue reserves.

1 ACCOUNTING POLICIES (continued)

Capital reserve

Capital reserve (other) includes:

- gains and losses on the disposal of investments;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Capital reserve (investment holding gains) includes increase and decrease in the valuation of investments held at the year end. This reserve is distributable to the extent that gains have been realised.

Revenue reserve

This reserve includes net revenue recognised in the revenue column of the Statement of Comprehensive Income. This reserve is distributable.

Capital redemption reserve

This reserve represents the cancellation of the C shares when they were converted into Ordinary shares and deferred shares. This reserve is not distributable.

Share premium reserve

This reserve can be used to finance the redemption and/or purchase of shares in issue. It has been built up due to historic share issuances. This reserve is not distributable.

Taxation

There is no charge to UK income tax as the Group's allowable expenses exceed its taxable income. Deferred tax assets in respect of unrelieved excess expenses are not recognised as it is unlikely that the Group will generate sufficient taxable income in the future to utilise these expenses. Deferred tax is not provided on capital gains and losses because the Company meets the conditions for approval as an investment trust company.

Dividends payable to shareholders

Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Net Equity. Dividends declared and approved by the Group after the Balance Sheet date have not been recognised as a liability of the Group at the Balance Sheet date.

2 INCOME

	2025 £'000	2024 £'000
Income from listed investments		
UK dividend income	3,032	2,618
Overseas dividend income	356	519
Property income distributions	99	118
	<u>3,487</u>	<u>3,255</u>
Other income		
Bank interest	18	5
Total income	<u>3,505</u>	<u>3,260</u>

Notes to the Financial Statements (continued)

as at 30 April 2025

Included in income from investments is £148,693 (2024: £nil) relating to income from special cum-dividend and special ex-dividend trades. This has an equal and opposite effect on unrealised gains/(losses) on investments.

3 INVESTMENT MANAGEMENT FEE

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	134	400	534	125	375	500

At 30 April 2025 there were amounts outstanding of £51,000 (2024: £58,000).

4 OTHER EXPENSES

	2025 £'000	2024 £'000
Administration and secretarial fees	64	64
Directors' remuneration (note 5)	77	77
Auditor's remuneration:**		
Fees payable to the Company's auditor for the audit of the Company's annual accounts*	65	46
Insurance	4	3
Other expenses*	687	180
	897	370
Subsidiary operating costs for SDVP^	(13)	(13)
Subsidiary operating costs for 2031 ZDPCo^	(478)	—
	406	357

*The above amounts include irrecoverable VAT where applicable.

**The fee payable for the 2025 Company's financial statements is £42,350 (2024: £38,500) excluding VAT. Also included is an amount of £12,000 (excluding VAT) relating to the previous financial period.

^The 2024 comparative figure includes the audit fee of £4,500 (excluding VAT) for the audit of the ZDP 2025.

+Includes £30,000 (excluding VAT) payable to the Company's auditor in respect of other assurance services.

5 DIRECTORS' REMUNERATION

	2025 £	2024 £
Directors' fees	77,000	77,000
	77,000	77,000
Remuneration to Directors		
H Myles	30,000	30,000
A Watkins	25,000	25,000
D Hadgill	22,000	22,000
	77,000	77,000

6 FINANCE COSTS

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Appropriations in respect of Zero Dividend Preference shares	–	736	736	–	709	709
	–	736	736	–	709	709

7 TAXATION

	2025 £'000	2024 £'000
Based on the revenue return for the year		
Overseas tax	40	58
	40	58

The total tax charge for both years is the standard rate of corporation tax in the UK of 25%.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (deficit)/surplus before taxation	2,965	(5,162)	(2,197)	2,778	(2,724)	54
Corporation tax at 25% (2024: 25%)	741	(1,291)	(550)	694	(681)	13
Effects of:						
Capital items not taxable	–	1,066	1,066	–	584	584
UK and overseas dividends which are not liable to UK corporation tax	(847)	–	(847)	(784)	–	(784)
Excess expenses in the year	106	225	331	90	97	187
Overseas tax	40	–	40	58	–	58
Total tax charged to the revenue account	40	–	40	58	–	58

The Group has unrelieved excess expenses of £26,644,926 (2024: £25,619,855). It is unlikely that the Group will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Notes to the Financial Statements (continued)

as at 30 April 2025

8 RETURN PER SHARE

Ordinary shares

Revenue return per Ordinary share is based on revenue on ordinary activities after taxation of £2,925,000 (2024: £2,720,000) and on 21,951,959 (2024: 21,413,334) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on the capital loss of £5,162,000 (2024: loss of £2,724,000) and on 21,951,959 (2024: 21,413,334) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Zero Dividend Preference shares

Capital return per ZDP share 2025 is based on allocations from the Company of £736,000 (2024: £709,000) and on 14,500,000 (2024: 14,500,000) ZDP shares 2025, being the weighted average number of ZDP shares in issue during the year.

9 DIVIDENDS

	2025 £'000	2024 £'000
Declared and paid per Ordinary share		
Fourth interim dividend for the year ended 30 April 2024 of 3.15p (2023: 2.9425p)	679	629
First interim dividend of 3.25p (2024: 3.15p)	715	673
Second interim dividend of 3.25p (2024: 3.15p)	717	673
Third interim dividend of 3.25p (2024: 3.15p)	726	678
	<u>2,837</u>	<u>2,653</u>
Declared per Ordinary share*		
Fourth interim dividend for the year ended 30 April 2025 of 3.25p (2024: 3.15p)	<u>730</u>	<u>678</u>

All dividends are paid from Revenue Reserve.

* Dividend paid subsequent to the year end.

10 INVESTMENTS – Group and Company

	All other listed* £'000	AIM traded** £'000	Delisted*** £'000	Total £'000
Year ended 30 April 2025				
Opening book cost	34,502	29,195	934	64,631
Opening investment holding losses	(3,268)	(9,051)	(829)	(13,148)
Opening valuation	31,234	20,144	105	51,483
Transfer of AIM stock to delisted	–	(103)	103	–
Movements in the year:				
Purchases at cost	9,283	4,823	–	14,106
Disposals:				
Proceeds	(21,020)	(13,073)	–	(34,093)
Net realised losses on disposals	(2,010)	(4,253)	(532)	(6,795)
(Increase)/Decrease in investment holding losses	(1,936)	4,878	324	3,266
Closing valuation	15,551	12,416	–	27,967
Closing book cost	19,809	16,879	1,161	37,849
Closing investment holding losses	(4,258)	(4,463)	(1,161)	(9,882)
	15,551	12,416	–	27,967
Realised losses on disposals	(2,010)	(4,253)	(532)	(6,795)
Movement in investment holding losses	(1,936)	4,878	324	3,266
Gains/(losses) on investments	(3,946)	625	(208)	(3,529)

*This includes all Level 1 investments listed on the London Stock Exchange.

**This includes all level 1 investments listed on AIM.

***This includes all delisted stocks which are level 3. The company held two delisted stocks during the year end 30 April 2025. iEnergiser was sold and Chamberlin was written down to nil.

Notes to the Financial Statements (continued)

as at 30 April 2025

10 INVESTMENTS – Group and Company (continued)

	All other listed* £'000	AIM traded** £'000	Delisted*** £'000	Total £'000
Year ended 30 April 2024				
Opening book cost	35,566	30,269	–	65,835
Opening investment holding losses	(7,406)	(5,604)	–	(13,010)
Opening valuation	28,160	24,665	–	52,825
Transfer of AIM stocks to listed	461	(461)	–	–
Transfer of delisted stocks	–	(242)	242	–
Movements in the year:				
Purchases at cost	8,237	2,087	–	10,324
Disposals:				
Proceeds	(6,268)	(3,771)	–	(10,039)
Net realised (losses)/gains on disposals	(3,494)	2,005	–	(1,489)
Decrease/(increase) in investment holding losses	4,138	(4,139)	(137)	(138)
Closing valuation	31,234	20,144	105	51,483
Closing book cost	34,502	29,195	934	64,631
Closing investment holding losses	(3,268)	(9,051)	(829)	(13,148)
	31,234	20,144	105	51,483
Realised (losses)/gains on disposals	(3,494)	2,005	–	(1,489)
Movement in investment holding losses	4,138	(4,139)	(137)	(138)
Gains/(losses) on investments	644	(2,134)	(137)	(1,627)

*This includes all Level 1 and 2 investments listed on the London Stock Exchange.

**This includes all level 1 and 2 investments listed on AIM.

***This includes all delisted stocks which are level 3. The only delisted stock held by the Company was iEnergiser.

Transaction costs

During the year the Group incurred transaction costs of £54,000 (2024: £55,000) and £43,000 (2024: £13,000) on purchases and sales of investments respectively. These amounts are included in losses on investments, as disclosed in the Consolidated Statement of Comprehensive Income.

11 SIGNIFICANT INTERESTS

The Company has provided notifications of holdings of 3% or more in relevant issuers. The following issuer notifications remain effective as at 30 April 2025:

Name of issuer	Class of share	% held
Coral Products plc	Ordinary	7.58
Orchard Funding Group plc	Ordinary	5.39
Chamberlin plc	Ordinary	5.02

12 INVESTMENT IN SUBSIDIARIES

	Company 2025 £'000	Company 2024 £'000
Opening as at 1 May	13	13
Additions in period	67	–
Closing 30 April	100	13

The Company owns the whole of the issued ordinary share capital of SDVP and 2031 ZDPCo, specifically formed for the issuing of Zero Dividend Preference shares, incorporated and registered in England and Wales, under the respective company numbers: 11031268 and 16201408. SDVP is currently in liquidation. The balance of £100,000 for 2025 reflects the share capital fully paid-up for SDVP and £50,000 share capital for ZDPCo 2031.

13 TRADE AND OTHER RECEIVABLES

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Amounts due from Brokers	70	–	70	–
Dividends receivable	658	625	658	625
Prepayments and accrued income	37	36	37	36
	765	661	765	661

14 TRADE AND OTHER PAYABLES

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Trade and other payables	461	135	461	135
Loan from subsidiary undertaking	–	–	100	13
	461	135	561	148

Notes to the Financial Statements (continued)

as at 30 April 2025

15 ZERO DIVIDEND PREFERENCE SHARES

On 8 January 2018, SDVP issued 10,977,747 Zero Dividend Preference shares at 100p per share from the conversion of Zero Dividend Preference shares of SCZ, the 2018 ZDP subsidiary. On 8 January 2018, 1,802,336 Zero Dividend Preference shares were also issued at 100p per share by a placing with net proceeds of £1.8 million. The expenses of the placing were borne by the Company and the Investment Manager.

On 11 April 2018, SDVP issued a further 1,419,917 Zero Dividend Preference shares at 103p per share (a premium of 3p per share), and net proceeds of £1.5 million.

On 10 May 2018, SDVP issued a further 100,000 Zero Dividend Preference shares at 104.50p per share (a premium of 4.50p per share) and net proceeds of £104,500.

On 15 May 2018, SDVP issued a further 200,000 Zero Dividend Preference shares at 104.25p per share (a premium of 4.25p per share) and net proceeds of £208,500.

The Zero Dividend Preference shares each had an initial capital entitlement of 100p per share, which by an annual rate of 4% compounded daily to 133.18p on 30 April 2025, the redemption date.

Further to redemption on 30 April 2025, the accrued entitlement as per the Articles of Association of SDV was £nil (2024: 128.11p) per share, being £nil (2024: £18,575,000) in total, and the total amount charged for the year of £736,000 (2024: £709,000) has been charged as a finance cost to capital.

16 UNSECURED LOAN

Pursuant to a loan agreement between SDVP and the Company, SDVP lent the gross proceeds of the following ZDP share transactions to the Company:

- Gross proceeds of £10,978,000 raised from the conversion of 10,977,747 ZDP shares at 100p on 8 January 2018
- Gross proceeds of £1,802,000 raised from the placing of 1,802,336 ZDP share at 100p on 8 January 2018
- Gross proceeds of £1,463,000 raised from the placing of 1,419,917 ZDP shares at a premium of 103p on 11 April 2018
- Gross proceeds of £313,000 raised from the placings of 300,000 ZDP shares at a premium of 104p on 10 and 15 May 2018

The loan was non-interest bearing and repayable three business days before the ZDP share redemption date of 30 April 2025 or, if required by SDVP, at any time prior to that date in order to repay the ZDP share entitlement. The funds were to be managed in accordance with the investment policy of the Company.

The loan was secured by way of a floating charge on the Company's assets under a loan agreement entered into between the Company and SDVP dated 27 November 2017.

16 UNSECURED LOAN (continued)

A contribution agreement between the Company and SDVP was also made whereby the Company undertook to contribute such funds as would ensure that SDVP would have in aggregate sufficient assets on 30 April 2025 to satisfy the final capital entitlement of the ZDP shares. The contribution accrued by the Company to cover the entitlement for the year was £736,000 (2024: £709,000). The loan was repaid on 30 April 2025.

	2025 £'000	2024 £'000
Value at 1 May	18,575	17,866
Contribution to accrued capital entitlement of Zero		
Dividend Preference shares 2025	736	709
Repayment of Loan	(19,311)	–
	–	18,575

17 SHARE CAPITAL

	2025 Number	2025 £'000	2024 Number	2024 £'000
Issued, allotted and fully paid:				
Ordinary shares of 25p each				
Opening balance	21,545,000	5,386	21,150,000	5,288
Issue of Ordinary shares	905,000	227	395,000	98
	<u>22,450,000</u>	<u>5,613</u>	<u>21,545,000</u>	<u>5,386</u>

During the year, the Company announced the following issuances of new Ordinary Shares of 25p each:

	Date	Shares	Price	Nominal Value £'000
	30/08/2024	250,000	1.70	63
	24/10/2024	200,000	1.60	50
	31/10/2024	60,000	1.60	15
	13/12/2024	155,000	1.58	39
	19/12/2024	50,000	1.56	13
	15/01/2025	85,000	1.50	21
	07/04/2025	105,000	1.28	26
		<u>905,000</u>		<u>227</u>

The rights attaching to the Ordinary shares are:

As to dividends each year

Ordinary shares are entitled to all the revenue profits of the Company available for distribution, including all undistributed income.

As to capital on winding up

Upon a winding up, holders of Zero Dividend Preference shares issued by SDVP were entitled to a payment of an amount equal to 100p per share, increased daily from 8 January 2018 at such a compound rate, equivalent to 4%, giving a final entitlement to 133.18p for each Zero Dividend Preference share at 30 April 2025, £19,311,100 in total.

Notes to the Financial Statements (continued)

as at 30 April 2025

17 SHARE CAPITAL (continued)

The holders of Ordinary shares will receive all the remaining Group assets available for distribution to shareholders after payment of all debts and satisfaction of all liabilities of the Company rateably according to the amounts paid or credited as paid up on the Ordinary shares held by them respectively.

18 NET ASSET VALUE PER SHARE

The net asset value per share and the net assets attributable to the Ordinary shareholders and ZDP shareholders are as follows:

	Net asset value per share 2025 pence	Net assets attributable to shareholders 2025 £'000	Net asset value per share 2024 pence	Net assets attributable to shareholders 2024 £'000
Ordinary shares	133.04	29,867	155.59	33,521
Zero Dividend Preference shares	–	–	128.11	18,575

The net asset value per Ordinary share is calculated on 22,450,000 (2024: 21,545,000) Ordinary shares, being the number of Ordinary shares in issue at the year end.

19 RECONCILIATION OF NET RETURN BEFORE AND AFTER TAXATION TO CASH GENERATED FROM OPERATIONS – Group and Company

	2025 £'000	2024 £'000
Net (deficit)/surplus before taxation	(2,197)	54
Taxation	(40)	(58)
Net (deficit)/surplus after taxation	(2,237)	(4)
Net capital deficit	5,162	2,724
Increase in receivables	(34)	(192)
Increase in payables	326	10
Interest and expenses charged to the capital reserve	(895)	(388)
Net cash inflow from operating activities	2,322	2,150

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

– Group and Company

	2025 £'000	2024 £'000
Decrease in cash in year	1,509	(293)
Net cash at 1 May	<u>87</u>	<u>380</u>
Net cash at 30 April	<u>1,596</u>	<u>87</u>

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

Objectives, policies and strategies

The Group primarily invests in mid and smaller capitalised UK companies. The majority of the Group's investments comprise ordinary shares in companies listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market, traded on AIM or traded on other qualifying UK marketplaces.

The Group may retain investments in companies which cease to be listed after the initial investment was made, so long as the total is non-material in the context of the overall portfolio.

During the year, the Group financed its operations through ZDP shares issued by SDVP and equity. The ZDP shares were repaid in full on 30 April 2025.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In pursuing its investment objective, the Group is exposed to a variety of risks that could result in either a reduction in the Group's net assets or a reduction of the profits available for distribution. These risks are market risk (comprising currency 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.

As required by IFRS 7: Financial Instruments: Disclosures, an analysis of financial assets and liabilities, which identifies the risk to the Group of holding such items, is given below.

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's business. It represents the potential loss the Group might suffer through holding market positions by way of price movements and movements in exchange rates and interest rates. The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Notes to the Financial Statements (continued)

as at 30 April 2025

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

Market price risk

Market price risks (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The Board manages the risks inherent in the investment portfolios by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance is reviewed at each Board meeting.

The Group's exposure to changes in market prices at 30 April on its investments is as follows:

	2025 £'000	2024 £'000
Fair value through profit or loss investments	27,967	51,483

Sensitivity analysis

A 10% increase in the market value of investments at 30 April 2025 would have increased net assets by £2,797,000 (2024: £5,148,000). An equal change in the opposite direction would have decreased the net assets available to shareholders by an equal but opposite amount.

Foreign currency risk

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

Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits. The Group does not currently receive interest on its cash deposits.

The majority of the Group's financial assets are non-interest bearing. As a result, the Group'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 30 April 2025 of financial assets and financial liabilities to interest rate risk is limited to cash and cash equivalents of £1,596,000 (2024: £87,000). Cash and cash equivalents are all due within one year.

Credit risk

Credit risk is the risk of financial loss to the Group if the contractual party to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date.

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

Listed investments are held by Northern Trust acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Group's risk by reviewing the custodian's internal controls reports.

Investment transactions are carried out with a number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Group has delivered in its obligations before any transfer of cash or securities away from the Group is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

The maximum exposure to credit risk as at 30 April 2025 was £30,328,000 (2024: £52,231,000). The calculation is based on the Group's credit risk exposure as at 30 April 2025 and this may not be representative of the year as a whole.

None of the Group's assets are past due or impaired.

Liquidity risk

The majority of the Group's assets are listed securities in small companies, which can under normal conditions be sold to meet funding commitments if necessary. They may, however, be difficult to realise in adverse market conditions.

All payables are due in less than one year.

Financial instruments by class and category

	2025 £'000	2024 £'000
Assets measured at amortised cost*		
Trade and other receivables	765	661
Cash and cash equivalents	1,596	87
	2,361	748
Assets measured at fair value		
Investments at fair value	27,967	51,483
Total financial assets	30,328	52,231

Notes to the Financial Statements (continued)

as at 30 April 2025

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

Liabilities measured at amortised cost*

Trade and other payables	(461)	135
Zero dividend preference shares	–	18,575
Total financial liabilities	(461)	18,710

*It is the Directors' view that the fair values of the assets and liabilities measured at amortised cost are not materially different from the carrying values presented above.

IFRS 7 hierarchy

As required by IFRS 7 the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 2 inputs include the following:

- Quoted prices for similar (i.e. not identical) assets in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current.
- Inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals).
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 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.

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

IFRS 7 hierarchy (continued)

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

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Company does not adjust the quoted price for these investments.

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 within Level 2.

Investments classified within Level 3 have significant unobservable inputs. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

The table below sets out fair value measurements of financial instruments at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial Assets at fair value through profit or loss at 30 April 2025

Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
27,967	–	–	27,967

Financial Assets at fair value through profit or loss at 30 April 2024

Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
50,755	623	105	51,483

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer to occur.

Notes to the Financial Statements (continued)

as at 30 April 2025

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (continued)

IFRS 7 hierarchy (continued)

A reconciliation of fair value measurement in Level 3 is set out in the following table.

Level 3 Financial Assets at fair value through profit or loss at 30 April

	2025 £'000	2024 £'000
Opening fair value	105	–
Transfer from Level 1	–	200
Transfer from AIM	103	–
Purchases	–	–
Sales	–	–
Total gains /(losses) included in gains/(losses) on investments in the Consolidated Statement of Comprehensive Income:		
- on sold assets	(532)	–
- on assets held at the year end	324	(95)
Closing fair value	–	105

As at 30 April 2025, the investment Chamberlain has been classified as Level 3. This stock was delisted from AIM and has been valued at nil.

22 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

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

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and to maximise equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows and projected strategic investment opportunities. The management regards capital as total equity and reserves, for capital management purposes. The Group currently does not have any loans and the Directors do not intend to have any loans or borrowings.

23 POST BALANCE SHEET EVENTS

There were no post balance sheet events for the year ended 30 April 2025.

Shareholder Information

Financial calendar

Group's year end	30 April
Quarterly interim dividends usually paid	July, October, January and April
Annual results announced	October
Annual General Meeting	September
Group's half year	31 October
Half year results announced	December

Share prices and performance information

The Company's Ordinary shares and the are listed on the London Stock Exchange Main Market. The ZDP shares issued through SDVP were redeemed on 30 April 2025.

The net asset values are announced daily to the London Stock Exchange and published monthly via the AIC.

Information about the Group can be obtained on the Chelverton website at www.chelvertonukdividendtrustplc.com. Any enquiries can also be e-mailed to info@chelvertonam.com.

Share register enquiries

The register for the Ordinary shares is maintained by Share Registrars Limited. In the event of queries regarding your holding, please contact the Registrar on 01252 821390. Changes of name and/or address must be notified in writing to the Registrar.

Company Summary

History

The Company was launched on 12 May 1999, raising £21.38 million before expenses, by a placing of 15,000,000 Ordinary shares and, through its former subsidiary company, Small Companies PLC, 6,250,000 Zero Dividend Preference shares and 31,260 Preference shares. A further 750,000 Ordinary shares were issued as a result of a placing for cash on 3 March 2000 and on 26 October 2005 a further 500,000 shares were issued. The subsidiary, Small Companies PLC, was placed into members' voluntary liquidation on 30 April 2007, following which the capital entitlements of the ZDP and Preference shares were repaid to those investors.

A further subsidiary, Chelverton Small Companies ZDP PLC, was incorporated on 13 July 2012, to issue ZDP shares. A total of 8,500,000 ZDP shares were issued on 24 August 2012, and a further 849,000 on 24 March 2017.

On 8 January 2018, SDVP issued 10,977,747 ZDP shares at 100p per share from the conversion of ZDP shares of Chelverton Small Companies ZDP PLC. On 8 January 2018, 1,802,336 ZDP shares were also issued at 100p per share by a placing with net proceeds of £1.8 million.

On 26 January 2018 the Company converted its entire issued C share capital (5,500,000 C Shares) into new Ordinary shares. The conversion ratio was 0.36051421 Ordinary shares in respect of each C share, with entitlements rounded down to the nearest whole number.

SDVP issued a further 1,419,917 ZDP shares on 11 April 2018, 100,000 on 10 May 2018 and 200,000 on 15 May 2018.

SDVP was placed into members' voluntary liquidation on 28 April 2025, following which the capital entitlements of the ZDP shares were repaid.

Group structure

The Company has in issue one class of Ordinary share. In addition, it has two wholly owned subsidiaries, SDVP and 2031 ZDP Co. SDVP is currently in liquidation. 2031 ZDP Co was incorporated on 22 January 2025 specifically for the issue of ZDP shares, however as per the announcement made by the Company on 24 April 2025, the Directors determined not proceed with the Scheme of Reconstitution and so no ZDP shares were issued by the Subsidiary.

Total net assets and market capitalisation at year end

As at 30 April 2025, the Company had a market capitalisation of £28,848,000 (2024: £31,348,000) and total net assets amounted to £29,867,000 (2024: £33,521,000).

Management fee

The fee payable to the Investment Manager is 1% of the combined gross assets of the Group.

Capital structure

Details of share structure and entitlements and voting rights of each class can be found on page 83.

ISA status

The Company's Ordinary shares are qualifying investments for Individual Savings Accounts ('ISAs'), as were the ZDP shares of SDVP.

Registered in England
No. 03749536

A member of the Association of Investment Companies

Capital Structure

The Company

Chelverton UK Dividend Trust PLC was registered on 3 September 2003 with company number 03749536. The Company has in issue one class of Ordinary share. In addition, it has two wholly owned subsidiaries, SDV 2025 ZDP PLC, which was registered on 25 October 2017 with company number 11031268, through which ZDP shares were issued and is now in liquidation and SDV 2031 ZDP PLC which was registered on 22 January 2025.

Ordinary shares of 25p each ('Ordinary shares') – 22,450,000 in issue as at 30 April 2025

Share Capital Events

A number of share issuances took place during the year, increasing the total number of shares in issue as at 30 April 2025 to 22,450,000. A block listing authority is in place in order to expedite share issuances. The block listing authority was approved on 5 April 2025. The Company only has one class of shares and the stated number of shares in issue represents 100% of the Company's share capital and voting rights.

Dividends

Holders of Ordinary shares are entitled to dividends.

Capital

On a winding up of the Company, Ordinary shareholders will be entitled to all surplus assets of the Company available after payment of the Company's liabilities.

Following payment of any liabilities and the capital entitlement to the ZDP shareholders, ordinary shareholders will be entitled to any surplus assets of SDVP.

Upon the winding up of SDVP, after the satisfaction of prior ranking creditors and subject to sufficient assets being available, ZDP shareholders were entitled to an amount equal to 100p share (increased daily from 8 January 2019 at such compound rate, equivalent to 4%, as gave an entitlement to 133.18p per share at 30 April 2025).

On a winding up of 2031 ZDPCo, ordinary shareholders will be entitled to all surplus assets of the company available after payment of the company's liabilities.

Voting

Each holder on a show of hands will have one vote and on a poll will have one vote for each Ordinary share held.

SDVP

Ordinary shares of 100p each ('ordinary shares') – 50,000 in issue

The ordinary shares in the Subsidiary are owned by the Company. References to Ordinary shares within this Annual Report are to the Ordinary shares of Chelverton UK Dividend Trust PLC. SDVP is currently in liquidation.

Zero Dividend Preference shares – There were no shares in issue as at 30 April 2025

Dividends

Holders of Zero Dividend Preference shares were not entitled to dividends.

2031 ZDPCo

Ordinary shares of 1p each ('ordinary shares') - 50,000 in issue

The ordinary shares are owned by the Company.

Glossary of Terms

Net asset value ('NAV')

The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all prior charges at their par value (or at their asset value).

Discount/Premium

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the presence of borrowing or share classes with a prior ranking entitlement to capital.

Alternative Performance Measures ('APM') Glossary

An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flow that is not prescribed by the relevant accounting standards. The APMs are the ongoing charges and NAV total return as defined below.

Ongoing Charges

Ongoing charges are expenses charged to revenue or capital that relate to the operation of the Company as an investment trust and are deemed likely to recur in the foreseeable future. They do not include the costs of acquisition or disposal of investments, financing costs, subsidiary expenses relating to the ZDP shares and gains or losses arising on investments. Ongoing charges are calculated on the basis of the annualised ongoing charge as a percentage of the average net asset value in the period as per the calculation methodology set out by the Association of Investment Companies ('AIC'). Please see calculation below:

	2025 £'000	2024 £'000
Investment Management Fee	534	500
Other expenses	406	357
Total expenses (a)	940	857
Average NAV (b)	33,752	31,461
Ongoing Charge (a)/(b)*100	2.79%	2.73%

The ongoing charges are also calculated using gross assets. The gross assets exclude the ZDP shares.

	2025 £'000	2024 £'000
Investment Management Fee	534	500
Other expenses	406	357
Total expenses (a)	940	857
Average Gross NAV (b)	48,168	49,883
Ongoing Charge (a)/(b)*100	1.96%	1.72%

Total return on Group's Net Asset value per share

These are the returns on the Net Asset Value respectively taking into account both the rise and fall of the net asset value and the dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the trust at its NAV per share (the NAV total return).

Total return statistics enable the investor to make performance comparisons between trusts with different dividend policies.

	2025	2024
Opening NAV per share (pence)	155.59	168.15
Closing NAV per share (pence)	133.04	155.59
Change in year	(14.49%)	(7.47%)
Impact of dividend reinvestments	7.32%	7.77%
Total return	(7.17%)	0.30%

Directors and Advisers

Directors	Howard Myles (Chairman) Andrew Watkins (Audit Committee Chairman) Denise Hadgill
Investment Manager	Chelverton Asset Management Limited 11 Laura Place Bath BA2 4BL Tel: 01225 483030
Company Secretary/ Administrator and Registered Office	Apex Fund Administration Services (UK) Limited Hamilton Centre Rodney Way Chelmsford Essex CM1 3BY Tel: 01245 398950
Registrar and Transfer Office	Share Registrars Limited 3 Millennium Centre Crosby Way Farnham Surrey GU9 7XX Tel: 01252 821390 www.shareregistrars.uk.com
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND Tel: 0141 222 5800 www.jcca.co.uk
Broker	Shore Capital Cassini House 57 St James's Street London SW1A 1LD
Custodian	Northern Trust 50 Bank Street London E14 5NT

Chelverton UK Dividend Trust PLC

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 UK Dividend 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 the Company will be held at 11.00 am on Wednesday, 10 September 2025 at the offices of Chelverton Asset Management, Basildon House, 7 Moorgate, London EC2R 6AF for the following purposes:

Ordinary Business – Resolutions 1 to 8 will be proposed as Ordinary Resolutions

- 1 To receive the Strategic Report, Directors' Report, Auditor's Report and the audited financial statements for the year ended 30 April 2025.
- 2 To receive and approve the Directors' Remuneration Report for the year ended 30 April 2025.
- 3 To re-elect Mr Myles as a Director.
- 4 To re-elect Mr Watkins as a Director.
- 5 To re-elect Ms Hadgill as a Director
- 6 To reappoint Johnston Carmichael LLP as the Company's Auditor.
- 7 To authorise the Directors to determine the remuneration of the Company's Auditor.

Special Business

To consider and, if thought fit, to pass the following Resolutions of which Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 9 to 11 will be proposed as Special Resolutions:

- 8 THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ('the Act') (in substitution for any existing allotment authorities, provided that such substitution shall not have retrospective effect) to exercise all the powers of the Company to allot shares and to grant rights to subscribe for, or to convert any security into, shares in the Company ('the Rights') up to an aggregate nominal value equal to £841,875, being 15% of the issued Ordinary share capital as at 10 July 2025, during the period commencing on the date of the passing of this Resolution and expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2026, or 15 months from the passing of this Resolution, whichever is earlier (the 'Period of Authority'), but so that the Directors may, at any time prior to the expiry of the Period of Authority, make offers or agreements which would or might require shares to be allotted and/or Rights to be granted after the expiry of the Period of Authority and the Directors may allot shares or grant Rights in pursuance of such offers or agreements as if the authority had not expired.
- 9 THAT, subject to the passing of Resolution 8 above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) or sell shares held in Treasury (within the meaning of Section 560(3) of the Act) for cash pursuant to the authority conferred by Resolution 8 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- a) the allotment of equity securities in connection with a rights issue, open offer or any other offer in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them subject to such exclusions or other arrangements as the Directors may deem fit to deal with fractional entitlements, record dates, legal, regulatory or practical problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and
- b) to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to 10% of the issued Ordinary share capital, representing 2,245,000 Ordinary shares as at 2 July 2025.

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2026, or 15 months from the passing of this Resolution, whichever is earlier, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

10 THAT the Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ('Ordinary shares') for cancellation or for placing into Treasury provided that:

- a) the maximum aggregate number of Ordinary shares authorised to be acquired is 3,365,255, or if less, 14.99% of the Ordinary shares in issue and in circulation immediately following the passing of this Resolution;
- b) the minimum price which may be paid for each Ordinary share is 25p (exclusive of expenses);
- c) 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 which shall not be more than the higher of (i) 5% above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of the Ordinary shares for the five business days immediately preceding the date on which the Ordinary share is purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange;
- d) this authority will (unless renewed) expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months from the date on which this Resolution is passed; and
- e) any Ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and, if held in treasury, may be cancelled at the discretion of the Directors.

11 THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Apex Fund Administration Services (UK) Limited
 Company Secretary
 10 July 2025

Registered office:
 Hamilton Centre
 Rodney Way
 Chelmsford CM1 3BY

Chelverton UK Dividend Trust PLC (continued)

Explanatory notes to the notice of meeting

Ordinary shareholders have the right to attend, speak and vote at the forthcoming Annual General Meeting or at any adjournment(s) thereof. In order to exercise all or any of these rights you should read the following explanatory notes to the business of the Annual General Meeting.

Notes

1. A member entitled to attend, vote and speak at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed proxy form, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX not later than 48 hours before the time of the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting and speaking in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every Ordinary share of which he/she is the holder.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority shall be determined by the order in which the names of the holders stand in the register.

Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.

2. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
3. The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.
4. As at 2 July 2025 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 22,450,000 Ordinary shares carrying one vote each.
5. The Company specifies that only those Ordinary shareholders registered on the Register of Members of the Company as at 11.00 am on 8 September 2025 (or in the event that the meeting is adjourned, only those Ordinary shareholders registered on the Register of Members of the Company as at 11.00 am on the day which is 48 hours prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:
 - a) to do so would:
 - i) interfere unduly with the preparation for the meeting; or
 - ii) involve the disclosure of confidential information;
 - b) the answer has already been given on a website in the form of an answer to a question; or
 - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

7. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce, prior to their entry to the meeting, evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1. On a vote on a Resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled.

On a vote on a Resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;
- b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

8. You can register your vote(s) for the AGM either:

- by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions;
- by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice;
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 9 below.

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following 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 by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 7RA36) by the latest time for receipt of proxy appointments specified in Note 1 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 Company'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 Euroclear 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 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 the CREST system 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.

Chelverton UK Dividend Trust PLC (continued)

10. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006.

Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

11. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a Resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A Resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the Resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
12. Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed Resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
13. The Annual Report incorporating this notice of Annual General Meeting and, if applicable, any members' statements, members' Resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.chelvertonam.com.
14. None of the Directors has a contract of service with the Company.

