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Chelverton UK Dividend Trust PLC
10 July 2025

Chelverton UK Dividend Trust PLC

Legal Entity Identifier (LEI): 213800DAF47EJ2HT4P78

Annual Results for the year to 30 April 2025

Printed copies of the Annual Report will be sent to those shareholders who have opted in to receive communications from the Company shortly. Additional copies may be obtained from the Company Secretary: Apex Fund Administration Services (UK) Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

The financial information set out below does not constitute the Company's statutory accounts for the year ended 30 April 2025. The financial information for 2025 is derived from the statutory accounts for that year. The auditors, Johnston Carmichael LLP, have reported on the 2025 accounts. Their report was unqualified and did not include a reference to any matters to which the auditors draw attention by way of emphasis without qualifying their report. The financial information for 2024 is derived from the statutory accounts for that year. The following text is copied from the Annual Report and Accounts.

Strategic Report

Financial Highlights

Capital	**30 April 2025**	30 April 2024	% change
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	128.50p	145.50p	(11.68)
(Discount)/premium	(3.41%)	(6.48%)	
Net asset value per Zero Dividend Preference share 2025	-	128.11p	(100)
Mid-market price per Zero Dividend Preference share 2025	-	120.00p	(100)
Discount	-	(6.33%)	

	Year ended	Year ended	
	30 April	30 April	
Revenue	**2025**	2024	% change
Return per Ordinary share	13.32	12.70p	4.72
Dividends declared per Ordinary share	13.00	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.

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

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

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.

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
Basic Resources	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**

Portfolio Statement

at 30 April 2025

Security	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
MP 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 & Services	503	1.8

ME Group	Consumer Products & 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 & 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
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 57.

• 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 annualized ongoing charges is primarily due to the decrease in NAV during the year. Going forward, due 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 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 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 is pleased to report that discount volatility improved with the Company's stronger. 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 Group's companies being liable to fines or the suspension of either of the Group companies 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 ongoing 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.

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 Administrations 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.

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 be 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 ZDPCo, 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 30 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, therefore, 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.

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 Company and SDVP can be found in the annual report.

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')

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

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.

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 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 to 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 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.

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 the 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 Manager's 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 CDP data (Carbon Disclosure Project) relating to climate, water and deforestation, and 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. The Investment Manager therefore welcomes the clarity the anti-greenwashing rule should bring alongside the new SDR labelling regime.

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 and the Investment Manager's Report set out above.

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
		13.00	12.60

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	2.9425	2.75	2.50	2.40	2.19	2.02	1.85	1.70
2nd Quarter	3.25	3.15	2.9425	2.75	2.50	2.40	2.19	2.02	1.85	1.70
3rd Quarter	3.25	3.15	2.9425	2.75	2.50	2.40	2.19	2.02	1.85	1.70
	9.75	9.45	8.8275	8.25	7.50	7.20	6.57	6.06	5.55	5.10
4th Quarter	3.25	3.15	2.9425	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	13.00	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

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

Howard Myles
Chairman
10 July 2025

Consolidated Statement of Comprehensive Income

for the year ended 30 April 2025

	Note	**2025** Revenue £'000	**2025** Capital £'000	**2025** Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 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 Pence	**Capital pence**	**Total pence**	Revenue Pence	Capital pence	Total 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. No operations were acquired or discontinued during the year. 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 accompanying notes form part of these financial statements.

Consolidated and Parent Company Statement of Changes in Net Equity

for the year ended 30 April 2025

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'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		**5,613**	**19,690**	**5,004**	**(3,322)**	**2,882**	**29,867**
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		5,386	18,497	5,004	1,840	2,794	33,521

The accompanying notes form part of these financial statements.

Consolidated and Parent Company Balance Sheets

as at 30 April 2025

	Note	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
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
		27,967	51,483	**28,067**	51,496
Current assets					
Trade and other receivables	13	**765**	661	**765**	661
Cash and cash equivalents		**1,596**	87	**1,596**	87
		2,361	748	**2,361**	748
Total assets		**30,328**	52,231	**30,428**	52,244
Current liabilities					
Trade and other payables	14	**(461)**	(135)	**(561)**	(148)
Zero Dividend Preference shares	15	**-**	(18,575)	**-**	-
Loan from Subsidiary	16	**-**	-	**-**	(18,575)
		(461)	(18,710)	**(561)**	(18,723)
Total assets less current liabilities		**29,867**	33,521	**29,867**	33,521
Total liabilities		**(461)**	(18,710)	**(561)**	(18,723)
Net assets		**29,867**	33,521	**29,867**	33,521
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		**2,882**	2,794	**2,882**	2,794

Equity shareholders' funds	**29,867**	33,521	**29,867**	33,521

The accompanying notes 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 accompanying notes 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 Accounting 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 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.

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 reserve 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

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.

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		
	2,179	
UK dividend income	**3,032**	2,618
Overseas dividend income	**356**	519
Property income distributions	**99**	118
	3,487	3,255
Other income		
Bank interest	**18**	5
Total income	**3,505**	3,260

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

	2024			2023		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'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

	2025	2024
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 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 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 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Return on ordinary activities 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.

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	2024
	£'000	£'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
	2,837	2,653
Declared per Ordinary share*		
Fourth interim dividend for the year ended 30 April 2025 of 3.25p (2024: 3.15p)	**730**	678

All dividends are paid from Revenue Reserve.

* Dividend paid subsequent to the year end.

10 INVESTMENTS - Group and Company

	All other listed*	**AIM traded****	**Delisted*****	**Total**
Year ended 30 April 2025	**£'000**	**£'000**	**£'000**	**£'000**
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)/gains 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 and Level 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 company held two delisted stocks during the year end 30 April 2025. iEnergiser was sold and Chamberlin was written down to nil.

Year ended 30 April 2024	All other listed* £'000	AIM traded** £'000	Delisted*** £'000	Total £'000
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 gains on disposals	(3,494)	2,005	-	(1,489)
Movement in investment holding losses	4,138	(4,139)	(137)	(138)
Losses on investments	644	(2,134)	(137)	(1,627)

*This includes all Level 1 and Level 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 company did not hold any delisted stocks during the year ended 30 April 2023.

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

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 has lent the gross proceeds of the following Zero Dividend Preference transactions to the Company:

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

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

The loan is 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.

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		

Repayment of loan	**(19,311)**	_
	_	18,575

17 SHARE CAPITAL

	2024		2023	
	Number	**£'000**	Number	£'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
	22,450,000	**5,613**	21,545,000	5,386

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
	905,000		227

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.

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 Zero Dividend Preference 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

	2024 £'000	2023 £'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	2024
	£'000	£'000
Decrease in cash in year	**1,509**	(293)
Net cash at 1 May	**87**	380
Net cash at 30 April	**1,596**	87

21 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

Objectives, policies and strategies
The Group primarily invests in mid and smaller capitalised UK companies. All 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 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.

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

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.

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.

Please see notes 15 and 16 for details of the ZDP liability that is due within one year. All other 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
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.

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.

A reconciilation 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

	2024 £'000	2023 £'000
Opening fair value	105	-
Transfer from Level 1	_	200
Transfer from AIM	103	_
Purchases	-	-
Sales	-	-
Total gains /(losses) included in 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.

A copy of the Company's Annual Report for the year ended 30 April 2024 will shortly be available to view and download from the Company's website www.chelvertonukdividendtrustplc.com

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