Puma VCT 8 plc

Final results for the year ended 31 December 2013

HIGHLIGHTS

- 70% of funds raised invested in a diverse range of high quality businesses and projects.
- One third of net assets in VCT qualifying investments at the year-end (on an HMRC basis), on track to meet its 3-year target.
- Three non-qualifying secured loans made during the year, offering a significantly higher yield than other deposits or quoted bonds of similar risk to these secured loans.
- 10p per share of dividends paid since inception, 5p in respect of 2013, equivalent to a 7.1% per annum tax-free running yield on net investment.
- Strong pipeline of investments as the Company completes its second year of operations.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present to you the annual report for Puma VCT 8 plc for the year to 31 December 2013, its first full year of investment.

The Company began investing in May 2012 having completed its fund-raising and 2012 was therefore not a full year. The Company has made good progress in 2013: it has now deployed a large proportion of its funds in medium-term investments, both qualifying and non-qualifying.

Investments

At the end of the year, the Company had invested a total of £8.6 million, representing just under 70% of funds raised, primarily in asset-backed businesses and projects generating weighted average annual return of c7%.

VCT qualifying investments

During the year, the Company deployed a total of £1.2 million across three new VCT-qualifying investments. Details of these investments can be found in the Investment Manager's report, below. The Investment Manager has continued to review a number of other suitable qualifying investments, generated by a strong pipeline, and expects to make further qualifying investments during the coming year to ensure the Company meets its HMRC qualifying target.

Non-qualifying investments

The Company's strategy is to seek a good return from its non-qualifying investments as well as its qualifying investments. During the year, the Company completed three non-qualifying loans for a total of £1.9 million. Its existing non-qualifying loans continue to perform well.

At the year end, the Company was holding £2.7 million on cash deposit in anticipation of the continued strong pipeline of opportunities.

VCT qualifying status

PricewaterhouseCoopers LLP ('PwC') provides the board and the investment manager with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. PwC will continue to assist the board and investment manager in establishing the status of potential investments as qualifying holdings in the future.

Results and dividends

The Company reported a loss of £39,000 for the year (2012: £145,000 loss), a loss of 0.30p per ordinary share (calculated on the weighted average number of shares). The Net Asset Value per ordinary share ("NAV") at the year end (adding back the dividend paid last year of 5p per Ordinary Share) was 93.23p. Following the year end, an interim dividend of 5p per Ordinary Share was paid on 21 February 2014 in respect of the year ended 31 December 2013.

Outlook

The Company has made good progress. At the time of writing we are pleased that we have invested over 75% of the Company's net assets in advance of the Company's second anniversary of operations, of these close to half are qualifying. There is a good flow of qualifying opportunities which should lead to further suitable investments. We will update you in due course as investments are completed.

Although there is an increased demand from smaller companies seeking finance as they perceive that the economy has returned to growth, the availability of bank finance continues to be restricted. Moreover the terms on which target companies can raise finance from banks remain problematic. This has increased and should continue to increase the demand for our offering and also improve the terms we can secure when we offer finance. There are many suitable companies which are well-managed, in good market positions, and which can offer security and need our finance. We therefore believe the Company is strongly positioned to deliver attractive returns to shareholders.

Sir Aubrey Brocklebank Bt
Chairman
29 April 2014

INVESTMENT MANAGER'S REPORT

Introduction

As set out in the Chairman's Statement, the on-going effects of the credit crisis mean that small and medium sized businesses (SMEs) are continuing to find it difficult to access the funding they need from the traditional banks. As a consequence, we have been able to make a number of attractive investments, both qualifying and non-qualifying, to smaller companies on a secured basis. We have also seen a significant increase in our pipeline of potential investments. In particular, we are seeing many established companies which have predictable revenue streams or substantial assets over which a security can be taken.

Qualifying investments

As indicated in the Company's interim report, the Company invested a further £480,000 (as part of £1.6 million across the Puma VCTs) into Brewhouse and Kitchen Limited in March 2013, taking its total exposure to £930,000. Brewhouse and Kitchen is managed by two highly experienced pub sector professionals and our funding will facilitate the acquisition of freehold pubs and the roll-out of the brand. The investment is largely in the form of senior debt, secured with a first charge over the business and each site acquired. Funds can be utilised to a maximum 65% loan-to-value ratio, and are expected to produce an attractive return to the Company. During the year, Brewhouse and Kitchen opened its first pub, the White Swan in Portsmouth, which has been trading well, and exchanged contracts to acquire a pub in Dorchester which will open at the end of April 2014 after a substantial renovation.

In August 2013, the Company invested £450,000 (alongside other Puma VCTs) into Saville Services Limited, a contracting company, which is providing contracting services over a series of projects, including a contract to provide contracting services to HB Community Solutions 2 Limited in connection with the construction of up to 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire. We are pleased to confirm that the project is progressing well.

As previously reported, the Company invested £2 million into two qualifying contracting companies, Isaacs Trading Limited and Jephcote Trading Limited. These companies have been actively pursuing opportunities to deploy their financial resources. In December 2013, the Company invested £254,000 into Kinloss Trading Limited, another qualifying contracting company. We are pleased to report that all three of these companies have joined a limited liability partnership with other contracting companies which entered into a contracting contract with Ansgate (Barnes) Limited. The limited liability partnership has agreed to provide £8 million of project management and contracting services, of which the Company's share via the three contracting companies is an investment of £1.68 million. These services will be provided in connection with the construction of nine new houses and 12 new flats at a construction known as The Albany, in Barnes, south west London. The project has now commenced and is currently progressing to time and to budget.

We previously reported that Isaacs Trading Limited had joined a limited liability partnership which entered into a contracting contract with FreshStart Living to provide project management and contracting services in connection with a project known as Trafford Press in Manchester. We understand that this project is no longer proceeding. Isaacs Trading Limited's funds have since been re-allocated to the Barnes project referred to above.

In accordance with the HMRC VCT rules the Company has three years to invest 70 per cent of the portfolio (on an HMRC basis) into qualifying investments. We are on track to achieve this, with a current percentage of 32% and a strong pipeline.

Non-qualifying investments

We are following a strategy for the non-qualifying portfolio of moving away from quoted investments and instead investing in secured non-qualifying loans offering a good yield with hopefully limited downside risk. These loans take longer to identify and execute, but should work well for the VCT into the medium term. We have now completed five such non-qualifying loans for a total of £4.2 million.

As indicated in the Company's interim report, in March 2013 the Company advanced a £650,000 loan which (through a subsidiary, Latimer Lending Limited) together with another Puma VCT investing on the same basis provides a loan to Countywide Property Holdings Limited, a business with a strong track record of acquiring greenfield and brownfield sites for residential and commercial development. The loan is secured on a 5.6 acre site, including a large house, in Brackley near Silverstone. The loan was extended on a sub-50% loan to value basis and is earning an attractive rate of interest which is being paid monthly. Countywide Property Holdings has exchanged contracts with one of the UK's largest house builders to sell the property, subject to planning permission being granted, to develop up to 50 new homes on the site. There has recently been a favourable planning meeting and we expect planning to be granted.

In November 2013, the Company invested £750,000 (as part of a total investment by Puma VCTs of £2.16 million) in Gold Line Property Limited, a care and dementia treatment business which is currently developing new premises in Surrey. The management team have a long track record in operating similar treatment centres across the UK. The project is progressing well and the team expect the new facility to open in early 2015.

In December 2013, the Company completed a £500,000 non-qualifying loan which together with funding from other vehicles managed and advised by your Investment Manager extended a £5 million revolving credit facility to Citrus PX Two Limited, part of the Citrus Group (through a jointly held affiliate of the VCTs, Valencia Lending Limited). Citrus PX operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. The Company's facility will provide a series of loans to Citrus PX on conservative terms, with the benefit of a first charge over each of the geographically diversified portfolio of residential properties.

The Company's £1,420,000 loan (as part of a £4 million financing with other Puma VCTs) to Puma Brandenburg Finance Limited, a subsidiary of Puma Brandenburg Holdings Limited, continues to perform. The loan is secured on a portfolio of flats in the middle class area of central Berlin, Germany. Since the loan was made, the property market in this area of Berlin has been very strong, further enhancing the excellent security we have for this loan.

As reported in the previous annual report, the Company provided a loan of £881,000 to provide, together with other Puma VCTs, an innovative £4 million revolving credit facility to Organic Waste Management Trading Limited through another jointly held affiliate of the VCTs Buckhorn Lending Limited. The facility provides working capital for the purchase of used cooking oil for conversion into bio-diesel for sale to obligated off-take parties. The facility is structured to mitigate risks by being capable of drawn only once approved back-to-back purchase and sale contracts have been entered into with approved counterparties. The facility bears interest at a substantial rate for utilised funds and a lower rate for non-utilised fund, and has been performing very well over the year.

During the year, the Company held its original investment of £750,000 in a Tesco Bank 8 year bond, traded on the London Stock Exchange, bearing a 5% per annum coupon, but otherwise, and in anticipation of the strong pipeline of opportunities (both qualifying and non-qualifying), the rest of the Company’s funds have been placed on cash deposit. Subsequent to the year end, the Tesco Bank bond has been sold, generating a capital gain of £46,000 in addition to the interest received.

Investment Strategy

We are pleased to have invested a substantial proportion of the funds raised by the Company in asset-backed qualifying and non-qualifying investments. We remain focused on generating strong returns for the Company in both the qualifying and non-qualifying portfolios whilst balancing these returns with maintaining an appropriate risk exposure and ensuring there is significant liquidity in the portfolio to free up cash for qualifying investments as they arise.

During the year, the Investment Management team have met and continue to meet a substantial number of companies which are potentially suitable for investment. In accordance with our mandate we have maintained a cautious approach and are performing due diligence on several potential investments. Over the course of the next year, the Company will build the qualifying portfolio to the required 70 per cent. We have a strong deal-flow and are meeting many potential investee companies with several interesting opportunities in the pipeline close to the investment being concluded.

Shore Capital Limited
29 April 2014

Investment Portfolio Summary
As at 31 December 2013

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
As at 31 December 2013				
Qualifying Investment - Unquoted				
Kinloss Trading Limited	254	254	-	2%
Brewhouse & Kitchen Limited	930	930	-	8%
Saville Services Limited	450	450	-	4%
Isaacs Trading Limited	1,000	1,000	-	9%
Jephcote Trading Limited	1,000	1,000	-	9%
Total Qualifying Investments	3,634	3,634	-	32%
Non-Qualifying Investments				
Buckhorn Lending Limited	881	881	-	8%
Puma Brandenburg Finance Limited	1,420	1,420	-	13%
Gold Line Property Limited	750	750	-	7%
Latimer Lending Limited	650	650	-	6%
Valencia Lending Limited	500	500	-	4%
Tesco Personal Finance Bond*	785	750	35	7%
Total Non-Qualifying investments	4,986	4,951	35	45%
Total Investments	8,620	8,585	35	76%
Balance of Portfolio	2,692	2,692		24%
Net Assets	**11,312**	**11,277**	**35**	100%

Of the investments held at 31 December 2013, 84 per cent are incorporated in England and Wales and 16 per cent in Guernsey. Percentages have been calculated on the valuation of the assets at the reporting date.

* Quoted investment listed on the LSE.

Income Statement
For the year ended 31 December 2013

	Note	Year ended 31 December 2013			Period from 6 July 2011 to 31 December 2012		
		Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
(Loss)/gain on investments	8 (c)	-	(10)	(10)	-	61	61
Income	2	402	-	402	158	-	158
		402	(10)	392	158	61	219
Investment management fees	3	(57)	(171)	(228)	(48)	(144)	(192)
Other expenses	4	(203)	-	(203)	(172)	-	(172)
		(260)	(171)	(431)	(220)	(144)	(364)
Return/(loss) on ordinary activities before taxation		142	(181)	(39)	(62)	(83)	(145)
Tax on return on ordinary activities	5	-	-	-	-	-	-
Return/(loss) on ordinary activities after tax attributable to equity shareholders		142	(181)	(39)	(62)	(83)	(145)
Basic and diluted Return/(loss) per Ordinary Share (pence)	6	1.11p	(1.41p)	(0.30p)	(0.91p)	(1.23p)	(2.14p)

The total column represents the profit and loss account and the revenue and capital columns are supplementary information.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

No separate Statement of Total Recognised Gains and Losses is presented as all gains and losses are included in the Income Statement.

Balance Sheet
As at 31 December 2013

	Note	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Fixed Assets			
Investments	7	8,620	5,546
Current Assets			
Debtors	9	92	67
Cash		2,743	6,498
		2,835	6,565
Creditors - amounts falling due within one year	10	(142)	(118)
Net Current Assets		2,693	6,447
Total Assets less Current Liabilities		11,313	11,993
Creditors - amounts falling due after more than one year (including convertible debt)	11	(1)	(1)
Net Assets		11,312	11,992
Capital and Reserves			
Called up share capital	12	128	128
Share premium account		-	12,009
Capital reserve – realised		(299)	(128)
Capital reserve – unrealised		35	45
Revenue reserve		11,448	(62)
Equity Shareholders' Funds		11,312	11,992
Net Asset Value per Ordinary Share	13	88.23p	93.54p
Diluted Net Asset Value per Ordinary Share	13	88.23p	93.54p

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2014 and were signed on their behalf by:

Sir Aubrey Brocklebank
Chairman
29 April 2014

Cash Flow Statement
For the year ended 31 December 2013

	Year ended 31 December 2013 £'000	Period from 6 July 2011 to 31 December 2012 £'000
Loss on ordinary activities before taxation	(39)	(145)
Loss/(gains) on investments	10	(61)
Increase in debtors	(25)	(67)
Increase in creditors	37	105
Net cash outflow from operating activities	(17)	(168)
Capital expenditure and financial investment		
Purchase of investments	(3,084)	(6,501)
Proceeds from sale of investments	-	1,016
Net cash outflow from capital expenditure and financial investment	(3,084)	(5,485)
Dividends paid	(641)	-
Net cash outflow before financing	(3,742)	(5,653)
Financing		
Proceeds received from issue of ordinary share capital	-	12,441
Expenses paid for issue of share capital	-	(304)
Proceeds received from issue of redeemable preference shares	-	13
Redemption of redeemable preference shares	(13)	-
Proceeds received from issue of convertible loan notes	-	1
Net cash (outflow)/inflow from financing	(13)	12,151
(Decrease)/increase in cash in the year/period	(3,755)	6,498
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash in the year/period	(3,755)	6,498
Net funds at start of year/period	6,498	-
Net funds at end of year/period	2,743	6,498

Reconciliation of Movements in Shareholders' Funds
For the year ended 31 December 2013

	Called up share capital £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Shares issues in the period	128	12,693	-	-	-	12,821
Expenses of share issues	-	(684)	-	-	-	(684)
Return after taxation attributable to equity shareholders	-	-	(128)	45	(62)	(145)
Balance as at 31 December 2012	128	12,009	(128)	45	(62)	11,992
Capital reconstruction	-	(12,009)	-	-	12,009	-
Return after taxation attributable to equity shareholders	-	-	(171)	(10)	142	(39)
Dividends paid	-	-	-	-	(641)	(641)
Balance as at 31 December 2013	**128**	**-**	**(299)**	**35**	**11,448**	**11,312**

Distributable reserves comprise: Capital reserve – realised, Capital reserve –unrealised (excluding gains on unquoted investments) and the Revenue reserve. At the year end distributable reserves were £11,184,000 (2012: £nil).

The Capital reserve-realised shows gains/losses that have been realised in the year due to the sale of investments, net of related costs. The Capital reserve-unrealised represents the investment holding gains/losses and shows the gains/losses on investments still held by the company not yet realised by an asset sale.

There was a capital reorganisation on 13 February 2013 which transferred £12,009,000 from the share premium reserve to the revenue reserve.

Notes to the Accounts
For the year ended 31 December 2013

1. Accounting Policies

Basis of Accounting
Puma VCT 8 plc ("the Company") was incorporated and is domiciled in England and Wales. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments held at fair value, and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") revised in 2009.

Income Statement
In order to better reflect the activities of a Venture Capital Trust and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net loss of £39,000 as per the Income Statement on page 26 is the measure that the Directors believe is appropriate in assessing the Company's compliance with certain requirements set out in s274 of the Income Tax Act 2007.

Investments
All investments have been designated as fair value through profit or loss, and are initially measured at cost which is the best estimate of fair value. A financial asset is designated in this category if acquired to be both managed and its performance evaluated on a fair value basis with a view to selling after a period of time in accordance with a documented risk management or investment strategy. All investments held by the Company have been managed in accordance with the investment policy set out on page 13. The investments are measured at subsequent reporting dates at fair value. Listed investments and investments traded on AIM are stated at bid price at the reporting date. Hedge funds are valued at their respective quoted Net Asset Values per share at the reporting date. Unlisted investments are stated at Directors' valuation with reference to the International Private Equity and Venture Capital Valuation Guidelines ("IPEVC") and in accordance with FRS26 "Financial Instruments: Measurement":

- Investments which have been made within the last twelve months or where the investee company is in the early stage of development will usually be valued at the price of recent investment except where the company's performance against plan is significantly different from expectations on which the investment was made in which case a different valuation methodology will be adopted.

- Investments in debt instruments will usually be valued by applying a discounted cashflow methodology based on expected future returns of the investment.

- Alternative methods of valuation such as net asset value may be applied in specific circumstances if considered more appropriate.

Realised surpluses or deficits on the disposal of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investment are taken to unrealised capital reserves.

It is not the Company's policy to exercise a controlling influence over investee companies. Therefore the results of the companies are not incorporated into the revenue account except to the extent of any income accrued.

Cash at bank and in hand
Cash at bank and in hand comprises cash on hand and demand deposits.

Equity instruments
Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at proceeds received net of issue costs.

Notes to the Accounts
For the year ended 31 December 2013

1. Accounting Policies (continued)

Income
Dividends receivable on listed equity shares are brought into account on the ex-dividend date. Dividends receivable on unlisted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Interest receivable is recognised wholly as a revenue item on an accruals basis.

Performance fees
Upon its inception, the Company agreed performance fees payable to the Investment Manager, Shore Capital Limited, and members of the investment management team at 20 per cent of the aggregate excess of amounts realised over £1 per Ordinary Share returned to Ordinary Shareholders. This incentive will only be exercisable once the holders of Ordinary Shares have received distributions of £1 per share. The performance fee is accounted for as an equity-settled share-based payment.

FRS 20 Share-Based Payment requires the recognition of an expense in respect of share-based payments in exchange for goods or services. Entities are required to measure the goods or services received at their fair value, unless that fair value cannot be estimated reliably in which case that fair value should be estimated by reference to the fair value of the equity instruments granted.

At each balance sheet date, the Company estimates that fair value by reference to any excess of the net asset value, adjusted for dividends paid, over £1 per share in issue at the balance sheet date. Any change in fair value is recognised in the Income Statement with a corresponding adjustment to equity.

Expenses
All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of:

- expenses incidental to the acquisition or disposal of an investment charged to capital; and

- the investment management fee, 75 per cent of which has been charged to capital to reflect an element which is, in the directors' opinion, attributable to the maintenance or enhancement of the value of the Company's investments in accordance with the Board's expected long-term split of return; and

- the performance fee which is allocated proportionally to revenue and capital based on the respective contributions to the Net Asset Value.

Taxation
Corporation tax is applied to profits chargeable to corporation tax, if any, at the applicable rate for the year. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the marginal basis as recommended by the SORP.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Accounts
For the year ended 31 December 2013

1. Accounting Policies (continued)

Reserves
Realised losses and gains on investments, transaction costs, the capital element of the investment management fee and taxation are taken through the Income Statement and recognised in the Capital Reserve – Realised on the Balance sheet. Unrealised losses and gains on investments and the capital element of the performance fee are also taken through the Income Statement and are recognised in the Capital Reserve – Unrealised.

Foreign exchange
The base currency of the Company is Sterling. Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates that they occurred. Assets and liabilities denominated in a foreign currency are translated at the appropriate foreign exchange rate ruling at the balance sheet date. Translation differences are recorded as unrealised foreign exchange losses or gains and taken to the Income Statement.

Debtors
Debtors include accrued income which is recognised at amortised cost, equivalent to the fair value of the expected balance receivable.

Dividends
Final dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. The liability is established when the dividends proposed by the Board are approved by the Shareholders. Interim dividends are recognised when paid.

2. Income

	Year ended 31 December 2013 £'000	Period from 6 July 2011 to 31 December 2012 £'000
Income from investments		
Loan stock interest	336	53
Arrangement fees	-	15
Bond yields	38	23
	374	91
Other income		
Bank deposit income	28	67
	402	158

Notes to the Accounts
For the year ended 31 December 2013

3. Investment Management Fees

	Year ended 31 December 2013	Period from 6 July 2011 to 31 December 2012
	£'000	**£'000**
Shore Capital Limited	228	192

Shore Capital Limited ("Shore Capital") has been appointed as the Investment Manager of the Company for an initial period of five years, which can be terminated by not less than twelve months' notice, given at any time by either party, on or after the fifth anniversary. The Board is satisfied with the performance of the Investment Manager. Under the terms of this agreement Shore Capital is paid an annual fee of 2 per cent of the Net Asset Value payable quarterly in arrears calculated on the relevant quarter end NAV of the Company. These fees are capped, the Investment Manager having agreed to reduce its fee (if necessary to nothing) to contain total annual costs (excluding performance fee and trail commission) to within 3.5 per cent of Net Asset Value. Total annual costs this year were 3.5 per cent of the year end Net Asset Value (2012: 3.5%).

In addition to the investment manager fees disclosed above, in June 2012 a payment of £244,000 was made to Shore Capital Limited in relation to share issue costs. This fee of 2% of funds raised was detailed in the prospectus of the fund.

4. Other expenses

	Year ended 31 December 2013	Period from 6 July 2011 to 31 December 2012
	£'000	**£'000**
Administration - Shore Capital Fund Administration Services Limited	40	33
Directors' remuneration*	60	50
Social security costs	1	1
Auditor's remuneration for statutory audit	21	17
Insurance	5	4
Legal and professional fees	28	37
Trail commission	35	21
Other expenses	13	9
	203	172

* Directors' remuneration includes VAT of £4,000 (2012: £3,000).

Shore Capital Fund Administration Services Limited provides administrative services to the Company for an aggregate annual fee of 0.35 per cent of the Net Asset Value of the Fund, payable quarterly in arrears.

The total fees paid or payable (excluding VAT and employers NIC) in respect of individual Directors for the year are detailed in the Directors' Remuneration Report on page 18. The Company had no employees (other than Directors) during the year. The average number of non-executive Directors during the year was 3 (2012: 3).

The Auditor's remuneration of £17,500 has been grossed up in the table above to be inclusive of VAT.

Notes to the Accounts
For the year ended 31 December 2013

5. Tax on Ordinary Activities

	Year ended 31 December 2013 £'000	Period from 6 July 2011 to 31 December 2012 £'000
UK corporation tax charged to revenue reserve	-	-
UK corporation tax charged to capital reserve	-	-
UK corporation tax charge for the period	**-**	**-**
Factors affecting tax charge for the period		
Loss on ordinary activities before taxation	(39)	(145)
Tax charge calculated on loss on ordinary activities before taxation at the applicable rate of 20%	(8)	(29)
Capital income not taxable	2	(12)
Tax losses carried forward	6	41
	-	-

The income statement shows the tax charge allocated to revenue and capital. Capital returns are not taxable as VCTs are exempt from tax on realised capital gains subject that they comply and continue to comply with the VCT regulations.

No provision for deferred tax has been made in the current accounting period. No deferred tax assets have been recognised as the timing of their recovery cannot be foreseen with any certainty. Due to the Company's status as a Venture Capital Trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Notes to the Accounts
For the year ended 31 December 2013

6. Basic and diluted loss per Ordinary Share

	Year ended 31 December 2013		
	Revenue	**Capital**	**Total**
Result for the year (£'000)	142	(181)	(39)
Weighted average number of shares	12,820,841	12,820,841	12,820,841
Return/(loss) per share	1.11p	(1.41)p	(0.30)p

	Period from 6 July 2011 to 31 December 2012		
	Revenue	**Capital**	**Total**
Result for the period (£'000)	(62)	(83)	(145)
Weighted average number of shares	6,774,461	6,774,461	6,774,461
Loss per share	(0.91)p	(1.23)p	(2.14)p

The total loss per ordinary share is the sum of the revenue return/(loss) and capital loss.

7. Dividends

The Directors do not propose a final dividend in relation to the year ended 31 December 2013 (2012: £nil). Interim dividends of 5p per Ordinary Share were paid on both 26 February 2013 and 21 February 2014. Each interim dividend payment totalled £641,000.

Notes to the Accounts
For the year ended 31 December 2013

8. Investments

(a) Summary	Historic cost as at 31 December 2013 £'000	Market value as at 31 December 2013 £'000	Historic cost as at 31 December 2012 £'000	Market value as at 31 December 2012 £'000
Qualifying venture capital investments	3,634	3,634	2,450	2,450
Non qualifying investments	4,951	4,986	3,051	3,096
	8,585	8,620	5,501	5,546

(b) Movements in investments	Qualifying venture capital investments £'000	Non qualifying investments £'000	Total £'000
Opening value	2,450	3,096	5,546
Purchases at cost	1,184	1,900	3,084
Net unrealised losses	-	(10)	(10)
Valuation at 31 December 2013	**3,634**	**4,986**	**8,620**
Book cost at 31 December 2013	3,634	4,951	8,585
Net unrealised gains at 31 December 2013	-	35	35
Valuation at 31 December 2013	3,634	4,986	8,620

(c) Gains/(Losses) on investments

The gains/(losses) on investments for the year shown in the Income Statement on page 26 is analysed as follows:

	Year ended 31 December 2013 £'000	Period from 6 July 2011 to 31 December 2012 £'000
Realised gain on disposal	-	16
Net unrealised (loss)/gain on investments held at the year end	(10)	45
	(10)	61

Notes to the Accounts
For the year ended 31 December 2013

8. Investments – continued

(d) Quoted and unquoted investments	Market value as at 31 December 2013 £'000	Market value as at 31 December 2012 £'000
Quoted investments	785	795
Unquoted investments	7,835	4,751
	8,620	5,546

(e) Significant interests

As at 31 December 2013, the Company held more than 20% of the equity of the following undertakings. These holdings are included within the unquoted investments disclosed above and are held as part of the Company's investment portfolio.

	Percentage of equity directly held in Investee Company					
Investee Company	**Company**	**Puma VCT High Income plc**	**Puma VCT VII plc**	**Puma VCT 9 plc**	**Fair value of Company's investment as at 31/12/2013 £'000**	**Fair value of Company's investment as at 31/12/2012 £'000**
Buckhorn Lending Limited	25%	25%	25%	25%	881	881
Latimer Lending Limited	33%	-	33%	33%	650	-
Valencia Lending Limited	50%	-	-	50%	500	-
Jephcote Trading Limited	28%	-	45%	24%	1,000	1,000
Isaacs Trading Limited	47.5%	47.5%	-	-	1,000	1,000
Kinloss Trading Limited	50%	-	-	50%	254	-
					4,285	2,881

Shore Capital Limited is the investment manager of the Company, Puma VCT VII plc and Puma High Income VCT plc and a subsidiary of Shore Capital Limited is the investment manager of Puma VCT 9 plc.

The Company is able to exercise significant influence over all of the above-named investee companies.

These investments have not been accounted for as associates or joint ventures since FRS 9: Associates and Joint Ventures and the SORP require that Investment Companies treat all investments held as part of their investment portfolio in the same way, even those over which the Company has significant influence.

Further details of these investments are disclosed in the Investment Portfolio Summary on pages 6 to 11 of the Annual Report.

Notes to the Accounts
For the year ended 31 December 2013

9. Debtors

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Prepayments and accrued income	92	67

10. Creditors – amounts falling due within one year

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Accrued management fees and administration costs	142	118

11. Creditors – amounts falling due after more than one year (including convertible debt)

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Loan notes	1	1

On 26 July 2011, the Company issued Loan Notes in the amount of £1,000 to a nominee on behalf of Shore Capital Limited and members of the investment management team. The Loan Notes accrue interest of 5 per cent per annum.

The Loan Notes entitle Shore Capital and members of the investment management team to receive a performance related incentive of 20 per cent of the aggregate amounts realised by the Company in excess of £1 per Ordinary Share. The Shareholders will be entitled to the balance. This incentive, to be effected through the issue of shares in the Company, will only be exercised once the holders of Ordinary Shares have received dividends of £1 per share (whether capital or income). The performance incentive structure provides a strong incentive for the Investment Manager to ensure that the Company performs well, enabling the Board to approve distributions as high and as soon as possible.

In the event that distributions to the holders of Ordinary Shares totalling £1 per share have been made, the Loan Notes will convert into sufficient Ordinary Shares to represent 20 per cent of the enlarged number of Ordinary Shares. The amount of the performance fee will be calculated as 20 per cent of the excess of the net asset value (adjusted for dividends paid) over £1 per issued share.

Notes to the Accounts
For the year ended 31 December 2013

12. Called Up Share Capital

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
12,820,841 ordinary shares of 1p each	128	128

13. Net Asset Value per Ordinary Share

	As at 31 December 2013	As at 31 December 2012
Net assets (£'000)	11,312	11,992
Shares in issue	12,820,841	12,820,841
Net asset value per share		
Basic	88.23p	93.54p
Diluted	88.23p	93.54p

14. Financial Instruments

The Company's financial instruments comprise its investments, cash balances, debtors and certain creditors. Fixed Asset investments held are valued at Bid market prices or price of recent investment. The fair value of all of the Company's financial assets and liabilities is represented by the carrying value in the Balance Sheet. The Company held the following categories of financial instruments at 31 December 2013:

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Assets at fair value through profit or loss		
Investments managed through Shore Capital Limited	8,620	5,546
Loans and receivables		
Cash at bank and in hand	2,743	6,498
Interest, dividends and other receivables	92	67
Other financial liabilities		
Financial liabilities measured at amortised cost	(143)	(119)
	11,312	11,992

Management of risk

The main risks the Company faces from its financial instruments are market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movements, liquidity risk, credit risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks. The Board's policies for managing these risks are summarised below and have been applied throughout the year.

Notes to the Accounts
For the year ended 31 December 2013

14. Financial Instruments (continued)

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager monitors counterparty risk on an ongoing basis. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. The Company's financial assets maximum exposure to credit risk is as follows:

	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Investments in loans, loan notes and bonds	5,551	3,831
Cash at bank and in hand	2,743	6,498
Interest, dividends and other receivables	92	67
	8,386	10,396

The cash held by the Company at the year end is split between a U.K. bank and a BBB rated South African bank. Bankruptcy or insolvency of either bank may cause the Company's rights with respect to the receipt of cash held to be delayed or limited. The Board monitors the Company's risk by reviewing regularly the financial position of the banks and should it deteriorate significantly the Investment Manager will, on instruction of the Board, move the cash holdings to another bank.

Credit risk associated with interest, dividends and other receivables are predominantly covered by the investment management procedures.

Investments in loans, loan notes and bonds comprises a fundamental part of the Company's venture capital investments, therefore credit risk in respect of these assets is managed within the Company's main investment procedures.

Market price risk
Market price risk arises mainly from uncertainty about future prices of financial instruments held by the Company. It represents the potential loss the Company might suffer through holding investments in the face of price movements. The Investment Manager actively monitors market prices and reports to the Board, which meets regularly in order to consider investment strategy.

The Company's strategy on the management of market price risk is driven by the Company's investment policy as outlined in the Report of the Directors on page 13. The management of market price risk is part of the investment management process. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders.

Holdings in unquoted investments may pose higher price risk than quoted investments. Some of that risk can be mitigated by close involvement with the management of the investee companies along with review of their trading results.

9% of the Company's investments are listed on the London Stock Exchange (2012: 14%) and 91% are unquoted investments (2012: 86%).

Liquidity risk
Details of the Company's unquoted investments are provided in the Investment Portfolio summary on page 6. By their nature, unquoted investments may not be readily realisable, the Board considers exit strategies for these investments throughout the period for which they are held. As at the year end, the Company had no borrowings other than loan notes amounting to £1,000 (2012: £1,000) (see note 11).

Notes to the Accounts
For the year ended 31 December 2013

14. Financial Instruments (continued)

The Company's liquidity risk associated with investments is managed on an ongoing basis by the Investment Manager in conjunction with the Directors and in accordance with policies and procedures in place as described in the Report of the Directors. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Interest rate risk profile of financial assets
The following analysis sets out the interest rate risk of the Company's financial assets as at 31 December 2013.

	Rate status	**Weighted average interest rate**	**Weighted average period until maturity**	**Total**
				£'000
Cash at bank - RBS	Floating	0.90%	-	126
Cash at bank - Investec	Fixed	1.65%	32 day notice	2,617
Loans and loan notes	Floating	17.38%	49 months	2,696
Loans, loan notes and bonds	Fixed	6.07%	49 months	2,855
Balance of assets	Non-interest bearing		-	3,018
				11,312

The following analysis sets out the interest rate risk of the Company's financial assets as at 31 December 2012.

	Rate status	**Weighted average interest rate**	**Weighted average period until maturity**	**Total**
				£'000
Cash at bank - RBS	Floating	0.90%	-	1,747
Cash at bank - Investec	Fixed	1.65%	32 day notice	4,242
Cash held by custodian – Pershing	Non interest bearing	-	-	509
Loans and loan notes	Floating	16.19%	57 months	1,616
Loans, loan notes and bonds	Fixed	5.00%	61 months	2,215
Balance of assets	Non-interest bearing		-	1,782
				12,111

Cash flow interest rate risk
The Company has exposure to interest rate movements primarily through its cash deposits and loan notes which track either the Bank of England base rate or LIBOR.

Notes to the Accounts
For the year ended 31 December 2013

14. Financial Instruments (continued)

Fair value interest rate risk
The benchmark that determines the interest paid or received on the current account is the Bank of England base rate, which was 0.5 per cent at 31 December 2013 and 2012. All of the loan and loan note investments are unquoted and hence not directly subject to market movements as a result of interest rate movements.

At the year end and throughout the year, the Company's only liability subject to fair value interest rate risk were the Loan Notes of £1,000 at 5.0 per cent (see note 11).

Foreign currency risk
The reporting currency of the Company is Sterling. The Company has not held any non-Sterling investments during the year.

Fair value hierarchy
Fair values have been measured at the end of the reporting period as follows:-

	Level 1 'Quoted prices' £'000	Level 2 'Observable inputs' £'000	Level 3 'Unobservable inputs' £'000	Total £'000
As at 31 December 2013				
At fair value through profit and loss	785	-	7,835	8,620
As at 31 December 2012				
At fair value through profit and loss	795	-	4,751	5,546

Financial assets and liabilities measured at fair value are disclosed using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements, as follows:-

- Level 1 – Unadjusted quoted prices in active markets for identical asset or liabilities ('quoted prices');
- Level 2 – Inputs (other than quoted prices in active markets for identical assets or liabilities) that are directly or indirectly observable for the asset or liability ('observable inputs'); or
- Level 3 – Inputs that are not based on observable market data ('unobservable inputs').

The Level 3 investments have been valued at the price of recent investment, in line with the Company's accounting policies and IPEVC guidelines. Further details of these investments are provided in the significant interests section of the Annual Report.

Reconciliation of fair value for level 3 financial instruments held at the year end:

	Unquoted shares £'000	Loan notes £'000	Total £'000
Purchases at cost	1,715	3,036	4,751
Sales proceeds	-	-	-
Balance as at 31 December 2012	1,715	3,036	4,751
Purchases at cost	1,354	1,730	3,084
Sales proceeds	-	-	-
Balance as at 31 December 2013	3,069	4,766	7,835

Notes to the Accounts
For the year ended 31 December 2013

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide an adequate return to shareholders by allocating its capital to assets commensurate with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed.

The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to maintain a level of liquidity to remain a going concern.

The Board has the opportunity to consider levels of gearing, however there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of it is not directly related to managing the return to shareholders. There has been no change in this approach from the previous period.

16. Contingencies, Guarantees and Financial Commitments

There were no commitments, contingencies or guarantees of the Company at the year-end (2012: nil).

17. Controlling Party

In the opinion of the Directors there is no immediate or ultimate controlling party.