Puma VCT 9 plc

Final results for the period ended 31 December 2013

HIGHLIGHTS

- Good progress in the first seven months of investment to 31 December 2013 and subsequently.
- £12.3 million deployed in eight investments during the period.
- Strong pipeline of potential deals at the Company's first anniversary.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present to you as Chairman the first annual report for the Puma VCT 9 plc for the period to 31 December 2013, which comprised seven months of investment following the completion of the fund raising in May 2013.

The Company was incorporated and launched its Prospectus in October 2012. It raised £28.1 million, making it the largest single-company VCT fundraise in the 2012/2013 tax year. The Investment Manager, Puma Investments, is a member of the Shore Capital Group which has approximately £90 million of VCT money under management in this and other Puma VCTs and a well-established, experienced VCT team to manage the Company's deal flow.

Investments

During the period, the Company completed eight investments for a total of £12.3 million, including its first three VCT qualifying investments for a total of £4.8 million. Details of these can be found in the Investment Manager's report below.

The Investment Manager has continued to review a number of suitable investment opportunities, generated by a strong pipeline, and expects, in particular, to make further qualifying investments during the coming year to ensure the Company is on course to meet its HMRC qualifying target. In anticipation of the strong pipeline of opportunities, the Investment Manager has taken the view to continue to hold a significant portion of the portfolio on cash deposit.

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 Investment Manager in establishing the status of potential investments as qualifying holdings in the future.

Results

The Company reported a loss of £450,000 for the period, a loss of 2.48p per ordinary share (calculated on the weighted average number of shares). This is a result of the running costs of the Company exceeding the income during this initial period whilst the Company has continued to review suitable investment opportunities. The Net Asset Value per ordinary share ("NAV") at the period end was 93.71p. In line with the Company's dividend policy as stated in the Prospectus, no dividend was declared in respect of this first accounting period. The Board's stated objective is to pay an annual dividend of 6p from the end of the Company's second year of investment, with the first such payment expected in Q1 2015.

Outlook

We are pleased that the Investment Manager has invested almost 50% of the fund at the Company's first anniversary and there is a good flow of opportunities which should lead to further suitable investments. We will update you in due course as investments are completed.

The restrictions on availability of bank credit continue to affect the terms on which target companies can raise finance. This should both increase the demand for our offering and 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 select a portfolio to deliver attractive returns to shareholders in the medium to long term.

Egmont Kock
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 a strong 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 referred to in the Chairman's statement, the Company completed three VCT qualifying investments during the period.

As indicated in the Company's interim report, in July 2013, the Company invested £400,000 (alongside other Puma VCTs) into Saville Services Limited, a company providing contracting services over a series of projects including the construction of up to 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire. The project is progressing well.

In December 2013, the Company invested £3.5 million into Kinloss Trading Limited and £880,000 into Jephcote Trading Limited. We are pleased to report that Kinloss Trading Limited and Jephcote Trading Limited have joined a limited liability partnership with other contracting companies which entered into a contracting contract with Ansgate (Barnes) Limited. This will provide £4.38 million (as part of an £8 million project involving other companies backed by Puma VCTs) of project management and contracting services. 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.

In accordance with the HMRC VCT rules the Company has three years to invest 70 per cent of the portfolio into qualifying investments.

Non-qualifying investments

We have adopted a strategy for the non-qualifying portfolio of investing in secured non-qualifying loans offering a good yield with hopefully limited downside risk. These loans take time to identify and execute, but should work well for the VCT into the medium term. Since the Company's launch, we have completed four such non-qualifying loans for a total of £7.34 million.

As indicated in the Company's interim report, in April 2013, the Company advanced a £700,000 non-qualifying loan (through an affiliate of itself and other VCTs) to Churchill Homes (Aberdeen) Limited, a longstanding Aberdeenshire developer, towards the funding of the construction of a private detached housing construction in the countryside outside Aberdeen. Subsequent to the year end, the Company invested a further £350,000 to facilitate further construction opportunities for Churchill Homes which itself has a strong pipeline of potential sites for which the Company may be able to provide financing in due course.

The Company made a further non-qualifying loan of £190,610 in July 2013 to provide a loan facility to HB Community Solutions 2 Limited, a nationwide provider of supported living accommodation, for its general working capital. This loan was made through the same affiliate, Latimer Lending Limited.

In August 2013, the Company completed a £1.54 million non-qualifying loan, and together with various other Puma VCTs extended an innovative £4 million revolving credit facility to Organic Waste Management Trading Limited. This loan was made through another affiliate 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 draw only once approved back-to-back purchase and sale contracts have been entered into with approved counterparties.

In November 2013, the Company invested £1.41 million (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 £3.5 million non-qualifying loan and together with 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. This loan was also made through an affiliate, 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, with the benefit of a first charge over a geographically diversified portfolio of residential properties on conservative terms.

The Company invested £210,000 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 larger part of the net proceeds raised have been placed on cash deposit. Subsequent to the year end, the Tesco Bank bond has been sold.

Investment Strategy

We are pleased to have already invested almost half of the funds raised by the Company in 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 period, the Investment Management team have met a 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 work on several potential investments. Over the course of the next two years, the Company will build the qualifying portfolio up to the required 70 per cent by the end of year three. We have a strong deal-flow and are meeting a many potential investee companies with several interesting opportunities firmly in the pipeline.

Puma Investment Management 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				
Jephcote Trading Limited	880	880	-	3%
Saville Services Limited	400	400	-	2%
Kinloss Trading Limited	3,500	3,500	-	13%
Total Qualifying Investments	4,780	4,780	-	18%
Non-Qualifying Investments				
Valencia Lending Limited	3,500	3,500	-	13%
Gold Line Property Limited	1,410	1,410	-	5%
Buckhorn Lending Limited	1,541	1,541	-	6%
Latimer Lending Limited	891	891	-	3%
Tesco Personal Finance Bond*	210	214	(4)	1%
Total Non-Qualifying investments	7,552	7,556	(4)	28%
Total Investments	12,332	12,336	(4)	46%
Balance of Portfolio	14,234	14,234	-	54%
Net Assets	**26,566**	**26,570**	**(4)**	100%

Of the investments held at 31 December 2013, all are incorporated in England and Wales.

* Quoted investment listed on the LSE.

Income Statement
For the period ended 31 December 2013

		Period from 3 October 2012 to 31 December 2013		
	Note	Revenue £'000	Capital £'000	Total £'000
Loss on investments	8 (c)	-	(4)	(4)
Income	2	256	-	256
		256	(4)	252
Investment management fees	3	(108)	(324)	(432)
Other expenses	4	(270)	-	(270)
		(378)	(324)	(702)
Loss on ordinary activities before taxation		(122)	(328)	(450)
Tax on return on ordinary activities	5	-	-	-
Loss on ordinary activities after tax attributable to equity shareholders		(122)	(328)	(450)
Basic and diluted Loss per Ordinary Share (pence)	6	(0.68p)	(1.80p)	(2.48p)

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 period.

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
Fixed Assets		
Investments	7	12,332
Current Assets		
Debtors	9	85
Cash		14,370
		14,455
Creditors - amounts falling due within one year	10	(220)
Net Current Assets		14,235
Total Assets less Current Liabilities		26,567
Creditors - amounts falling due after more than one year (including convertible debt)	11	(1)
Net Assets		26,566
Capital and Reserves		
Called up share capital	12	283
Share premium account		-
Capital reserve – realised		(324)
Capital reserve – unrealised		(4)
Revenue reserve		26,611
Equity Shareholders' Funds		26,566
Net Asset Value per Ordinary Share	13	93.71p
Diluted Net Asset Value per Ordinary Share	13	93.71p

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:

Egmont Kock
Chairman
29 April 2014

Cash Flow Statement
For the period ended 31 December 2013

	Period from 3 October 2012 to 31 December 2013 £'000
Loss on ordinary activities before taxation	(450)
Loss on investments	4
Increase in debtors	(85)
Increase in creditors	220
Net cash outflow from operating activities	(311)
Capital expenditure and financial investment	
Purchase of investments	(12,336)
Net cash outflow from capital expenditure and financial investment	(12,336)
Net cash outflow before financing	(12,647)
Financing	
Proceeds received from issue of ordinary share capital	28,349
Expenses paid for issue of share capital	(1,333)
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 inflow from financing	27,017
Increase in cash in the period	14,370

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	14,370
Net funds at start of period	-
Net funds at end of period	14,370

Reconciliation of Movements in Shareholders' Funds
For the period 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	283	28,066	-	-	-	28,349
Expenses of share issues	-	(1,333)	-	-	-	(1,333)
Return after taxation attributable to equity shareholders	-	-	(324)	(4)	(122)	(450)
Capital reconstruction	-	(26,733)	-	-	26,733	-
Balance as at 31 December 2013	**283**	**-**	**(324)**	**(4)**	**26,611**	**26,566**

Distributable reserves comprise: Capital reserve-realised, Capital reserve-unrealised (excluding gains on unquoted investments) and the Revenue reserve. At the period end distributable reserves were £26,283,000.

The Capital reserve-realised shows gains/losses that have been realised in the period 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 6 November 2013 which transferred £26,733,000 from the share premium reserve to the revenue reserve.

Notes to the Accounts
For the period ended 31 December 2013

1. Accounting Policies

Basis of Accounting
Puma VCT 9 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 £450,000 as per the Income Statement on page 25 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 12. 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 period 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, Puma Investment Management Limited, and members of the investment management team at 20 per cent of the aggregate excess of the 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 period 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

	Period from 3 October 2012 to 31 December 2013 £'000
Income from investments	
Loan stock interest	157
	157
Other income	
Bank deposit income	99
	256

Notes to the Accounts
For the period ended 31 December 2013

3. Investment Management Fees

	Period from 3 October 2012 to 31 December 2013 £'000
Puma Investment Management Limited	432

Puma Investment Management Limited ("Puma Investments") 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 Puma Investments will be 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 funds raised. Total costs this period were 2.5 per cent of the funds raised.

In addition to the investment manager fees disclosed above, in May 2013 a payment of £988,000 was made to Puma Investment Management Limited in relation to share issue costs. This fee was to cover the cost of launching the fund.

4. Other expenses

	Period from 3 October 2012 to 31 December 2013 £'000
Administration – Shore Capital Fund Administration Services Limited	76
Directors' remuneration	56
Social security costs	1
Auditor's remuneration for statutory audit	21
Insurance	4
Legal and professional fees	51
Trail commission	42
Other expenses	19
	270

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 period are detailed in the Directors' Remuneration Report on page 17. The Company had no employees (other than Directors) during the period. The average number of non-executive Directors during the period was 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 period ended 31 December 2013

5. Tax on Ordinary Activities

	Period from 3 October 2012 to 31 December 2013 £'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	(450)
Tax charge calculated on loss on ordinary activities before taxation at the applicable rate of 20%	(90)
Tax losses carried forward	90
	-

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.

6. Basic and diluted loss per Ordinary Share

	Period from 3 October 2012 to 31 December 2013		
	Revenue	**Capital**	**Total**
Loss for the period (£'000)	(122)	(328)	(450)
Weighted average number of shares	18,176,358	18,176,358	18,176,358
Loss per share	(0.68)p	(1.80)p	(2.48)p

The total loss per ordinary share is the sum of the revenue loss and capital loss.

Notes to the Accounts
For the period ended 31 December 2013

7. Dividends

The Directors do not propose a final dividend in relation to the period ended 31 December 2013.

8. Investments

(a) Summary	Historic cost as at 31 December 2013 £'000	Market value as at 31 December 2013 £'000
Qualifying venture capital investments	4,780	4,780
Non qualifying investments	7,556	7,552
	12,336	12,332

(b) Movements in investments	Qualifying venture capital investments £'000	Non qualifying investments £'000	Total £'000
Opening value	-	-	-
Purchases at cost	4,780	7,556	12,336
Net unrealised losses	-	(4)	(4)
Valuation at 31 December 2013	**4,780**	**7,522**	**12,332**
Book cost at 31 December 2013	4,780	7,556	12,336
Net unrealised losses at 31 December 2013	-	(4)	(4)
Valuation at 31 December 2013	4,780	7,552	12,332

(c) (Losses) on investments

The (losses) on investments for the period shown in the Income Statement on page 25 is analysed as follows:

	Period from 3 October 2012 to 31 December 2013 £'000
Net unrealised losses on investments held at the period end	(4)
	(4)

8. Investments – continued

(d) Quoted and unquoted investments

	Market Value as at 31 December 2013 £'000
Quoted investments	210
Unquoted investments	12,122
	12,332

(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				Fair value of Company's investment as at 31/12/2013
Investee Company	Company	Puma VCT High Income plc	Puma VCT VII plc	Puma VCT 8 plc	£'000
Buckhorn Lending Limited	25%	25%	25%	25%	1,541
Latimer Lending Limited	33%	-	33%	33%	891
Gold Line Property Limited	29%	-	-	16%	1,410
Valencia Lending Limited	50%	-	-	50%	3,500
Jephcote Trading Limited	24%	-	45%	28%	880
Kinloss Trading Limited	50%	-	-	50%	3,500
					11,722

Shore Capital Limited, a fellow member of the Shore Capital Group, is the investment manager of Puma VCT VII plc, Puma High Income VCT plc and Puma VCT 8 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 10 of the Annual Report.

Notes to the Accounts
For the period ended 31 December 2013

9. Debtors

	As at 31 December 2013 £'000
Prepayments and accrued income	85

10. Creditors – amounts falling due within one year

	As at 31 December 2013 £'000
Accrued management fees and administration costs	220

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

	As at 31 December 2013 £'000
Loan notes	1

On 30 October 2012, the Company issued Loan Notes in the amount of £1,000 to a nominee on behalf of Puma Investment Management Limited and members of the investment management team. The Loan Notes accrue interest of 5 per cent per annum.

The Loan Notes entitle Puma Investments 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 period ended 31 December 2013

12. Called Up Share Capital

	As at 31 December 2013 £'000
28,348,823 ordinary shares of 1p each	283

On incorporation on the 3 October 2012 the company issued two Ordinary shares of 1p each. On 25 October 2012 a special resolution was passed which conferred the allotment of equity securities in connection with the issue of 50,000 Redeemable Preference Shares of £1 each and the allotment in connection with a proposed offer for subscription of up to 30,000,000 Ordinary Shares of 1p each at the issue price of £1 per share payable on subscription.

The 50,000 Redeemable Preference shares were issued to Shore Capital Group Investments Limited, one quarter paid up, so as to enable the Company to obtain a certificate under Section 761 of the Companies Act 2006.

Between 31 October 2012 and 3 May 2013, 28,348,823 Ordinary shares of 1p each were issued at £1 per share pursuant to the offers for subscription to the public dated 31 October 2012.

On 9 October 2013 the 50,000 Redeemable Preference shares issued to Shore Capital Group Investments Limited were paid up in full and then subsequently redeemed out of the proceeds of the offers. Upon redemption the shares were cancelled.

13. Net Asset Value per Ordinary Share

	As at 31 December 2013
Net assets (£’000)	26,566
Shares in issue	28,348,823
Net asset value per share	
Basic and diluted	93.71p

Notes to the Accounts
For the period ended 31 December 2013

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**
Assets at fair value through profit or loss	
Investments managed through Puma Investment Management Limited	12,332
Loans and receivables	
Cash at bank and in hand	14,370
Interest, dividends and other receivables	85
Other financial liabilities	
Financial liabilities measured at amortised cost	(221)
	26,566

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 period.

Notes to the Accounts
For the period 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
Investments in loans, loan notes and bonds	7,999
Cash at bank and in hand	14,370
Interest, dividends and other receivables	85
	22,454

The cash held by the Company at the period end is split between two U.K. banks. 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 12. 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.

2% of the Company's investments are listed on the London Stock Exchange and 98% are unquoted investments

14. Financial Instruments (continued)

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 period end, the Company had no borrowings other than loan notes amounting to £1,000 (see note 11).

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.

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. 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 period end and throughout the period, 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).

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.

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	0.65%	-	21
Cash at bank - Lloyds	Floating	0.90%	-	14,349
Loans and loan notes	Floating	12.73%	58 months	6,898
Loans, loan notes and bonds	Fixed	8.55%	58 months	1,101
Balance of assets	Non-interest bearing		-	4,197
				26,566

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For the period ended 31 December 2013

14. Financial Instruments (continued)

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

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

	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss	210	-	12,122	12,332

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 period end:

	Unquoted shares £'000	Loan notes £'000	Total £'000
Purchases at cost	4,333	7,789	12,122
Sales proceeds	-	-	-
Balance as at 31 December 2013	4,333	7,789	12,122

Notes to the Accounts
For the period 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.

16. Contingencies, Guarantees and Financial Commitments

There were no commitments, contingencies or guarantees of the Company at the period-end.

17. Controlling Party

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