Puma High Income VCT plc
Annual report and accounts 2014

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COMPANIES HOUSE

Officers and Professional Advisers

Directors
Raymond Pierce (Chairman)
Harold Paisner
Jonathan Morton Smith
Graham Shore

Secretary
Eliot Kaye

Registered Number
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Custodian
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HIGHLIGHTS

- Fund now fully invested in a diverse range of high quality businesses and projects.
- 28p per share of dividends paid since inception, 7p during the period, equivalent to a 10% per annum tax-free running yield on net investment.
- Gain in NAV (adding back dividends) of 0.98p per share during the period.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the Company's fourth Annual Report which is for the year ended 31 March 2014.

Results

As envisaged in the Company's prospectus, the Company has for the fourth calendar year in succession paid a dividend of 7p per ordinary share, equivalent to a 10% tax-free running yield on shareholder's net investment. The fully diluted net asset value per share ("NAV") at 31 March 2014 was 66.24p (equivalent to 94.24p after adding back the 28p of dividends paid to date) resulting in a gain in NAV (after adding back dividends) of 0.98p per share during the year.

Investments

Since the start of the year, the Company had just over £8.5 million invested, representing 95% of its net asset value, in a mixture of qualifying and non-qualifying investments whilst maintaining our VCT qualifying status. These investments are primarily in asset-backed businesses and projects providing a gross annual return of 6.1% on the basis of current deployments and investment performance. Details of the Company's portfolio of investments can be found in the Investment Manager's report, below.

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 also assists the Investment Manager in establishing the status of investments as qualifying holdings.

Outlook

We are pleased to report that the Company's net assets are now fully deployed in a diverse range of high quality businesses and projects. The lack of availability of bank credit has enabled the Company to assemble a portfolio of investments on attractive terms. Whilst there may be some further changes in the composition of the portfolio, the Board expects to concentrate in the future on the monitoring of our existing investments and considering the options for exits.

R.F. Pierce

Ray Pierce
Chairman
30 July 2014

INVESTMENT MANAGER'S REPORT

Introduction

The Company has now deployed a substantial proportion of its funds in both qualifying and non-qualifying investments, having met its minimum qualifying investment percentage of 70 per cent during the previous period. We believe our portfolio is well positioned to deliver attractive returns to shareholders within its expected remaining time horizon.

Qualifying investments

The Company's £1.4 million investment alongside other Puma VCTs into Saville Services Limited, a contracting company, is performing well. Saville Services is currently deploying the funds by providing contracting services on two projects: the construction of a private detached housing development in the countryside outside Aberdeen, under contract to Churchill Homes Limited, a longstanding Aberdeenshire developer, and the development of up to 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire.

Our investment of £860,000 in Mirfield Contracting Limited, a contracting services company providing project management services to a £3.8 million development of town houses in Mirfield (near Wakefield) West Yorkshire, is progressing well. The three-phase development itself is almost complete and the developer, who is approved for the Government-backed Help to Buy Scheme, confirms that interest in the houses remains strong.

The Company's investment of £920,000 (as part of £3.1 million across the Puma VCTs) into Brewhouse and Kitchen Limited is performing well. Brewhouse and Kitchen is managed by two highly experienced pub sector professionals and our funding is facilitating 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. Shortly after the year end, it opened its second pub in Dorchester after a substantial renovation.

As previously reported, the Company invested £880,000 into each of two contracting companies, Frederica Trading Limited and Glenmoor Trading Limited, committing £1.76 million in total. As members of a limited liability partnership with other contracting companies, Frederica Trading and Glenmoor Trading have recently successfully completed a contract in connection with five pre-let supported living developments for psychiatric and learning disabled people who are housed and given support by local authorities and other social care organisations. We are pleased to confirm that, since the year end, these companies have recently been awarded new contracts in connection with another two developments. We expect these investments to deliver attractive returns in the medium term.

In March 2012, the Company invested £700,000 (as part of a £1.4 million Puma VCT financing) into SIP Communications Plc ("SIPCOM"). SIPCOM provides hosted IP telephony and unified communications products and services and is a leading hosting provider for users of Microsoft Lync – a new business version of Skype with many enhanced features allowing IP telephony, video calls, instant messaging, and online meetings and integrating with Microsoft Outlook and Office. As explained in the Company's 2013 Investment Manager's Report, SIPCOM experienced a default by a major customer in 2012 and to be prudent the Company made a fair value provision against an element of our investment. Subsequent to this, the Company have agreed a restructuring of the investment which should lead to a recovery exceeding this provision. In addition to interest of £99,000 received to date, the Company has also recovered principal of £225,000 (of which £70,000 was recovered since the year end) and the Company expect to receive a further settlement in the next two months.

We previously reported that Huntly Trading Limited and Isaacs Trading Limited, two contracting companies in which the Company had invested a total of £1.4 million, 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. Both companies' funds have since been re-allocated to several contracts to provide contracting services in connection with the construction of nine new houses and 12 new flats at a project known as The Albany, in Barnes, south west London and two projects in the greater Manchester area to construct supported living apartments. Work has commenced on all three projects and is currently progressing to time and to budget.

Non-qualifying investments

As previously reported, we have adopted 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. The Company has two such non-qualifying loans which were originally for a total of £2.11 million.

The Company's £1.25 million 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 and, in accordance with the terms of the loan, £187,000 has been repaid to date. 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 previously reported, the Company has provided a loan of £860,000 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.

Investment Strategy

We remain focused on generating strong returns for the Company from both the qualifying and non-qualifying portfolios whilst balancing these returns with maintaining an appropriate risk exposure. In accordance with the HMRC VCT rules the Company had three years to invest 70 per cent of the portfolio (on an HMRC basis) into qualifying investments. Having now achieved this 70% qualifying status, we are now primarily focusing on the monitoring of our existing investments and considering the options for exits.

Shore Capital Limited
30 July 2014

Investment Portfolio Summary
As at 31 March 2014

	Valuation £'000	Cost £'000	Loss £'000	Valuation as a % of Net Assets
As at 31 March 2014				
Qualifying Investment - Unquoted				
Brewhouse & Kitchen Limited	920	920	-	10%
Saville Services Limited	1,400	1,400	-	15%
SIP Communications PLC	335	545	(210)	4%
Mirfield Contracting Limited	860	860	-	9%
Huntly Trading Limited	700	700	-	8%
Isaacs Trading Limited	700	700	-	8%
Frederica Trading Limited	880	880	-	10%
Glenmoor Trading Limited	880	880	-	10%
Total Qualifying Investments	6,675	6,885	(210)	74%
Non-Qualifying Investments				
Buckhorn Lending Limited	860	860	-	9%
Puma Brandenburg Finance Limited	1,063	1,063	-	12%
Total Non-Qualifying investments	1,923	1,923	-	21%
Total Investments	8,598	8,808	(210)	95%
Balance of Portfolio	458	458		5%
Net Assets	**9,056**	9,266	**(210)**	100%

Of the investments held at 31 March 2014, 88 per cent are incorporated in England and Wales and 12 per cent incorporated in Guernsey. Percentages have been calculated on the valuation of the assets at the reporting date.

Significant investments

Brewhouse & Kitchen Limited	
Cost (£'000)	920
Investment comprises:	
B Ordinary shares	644
Debt	276
Valuation method	Discounted cash flow
Valuation (£'000)	920
Income recognised by the Company from this holding in the year (£'000)	43
Source of financial data	Abbreviated audited accounts for period ended 28 September 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	1,651
Proportion of equity held	19%
Equity managed by the Shore Capital Group	49%

Brewhouse & Kitchen Limited is a pub business seeking to build up a portfolio of freehold assets across the South of England. A microbrewery will be installed within the public area of each of the sites. Beer production, tastings, and demonstrations are a key attraction of the brand. The equity held by the company and managed by Shore Capital Group is held in 'B' Ordinary shares of Brewhouse & Kitchen Limited which carry no voting rights.

Frederica Trading Limited	
Cost (£'000)	880
Investment comprises:	
Ordinary A shares	264
Debt	616
Valuation method	Discounted cash flow
Valuation (£'000)	880
Income recognised by the Company from this holding in the year (£'000)	64
Source of financial data	Abbreviated accounts for year ended 30 April 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	549
Proportion of equity and voting rights held	47%
Equity managed by the Shore Capital Group	94%

Frederica Trading Limited was incorporated in April 2012 and entered into DEFG Trading LLP with a number of other companies to provide contracting services in connection with the development of supported living services accommodation.

Significant investments continued

Glenmoor Trading Limited

Cost (£'000)	880
Investment comprises:	
Ordinary A shares	264
Debt	616
Valuation method	Discounted cash flow
Valuation (£'000)	880
Income recognised by the Company from this holding in the year (£'000)	64

Source of financial data	Abbreviated accounts for year ended 30 April 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	549
Proportion of equity and voting rights held	47%
Equity managed by the Shore Capital Group	94%

Glenmoor Trading Limited was incorporated in April 2012 and entered into DEFG Trading LLP with a number of other companies to provide contracting services in connection with the development of supported living services accommodation.

Huntly Trading Limited

Cost (£'000)	700
Investment comprises:	
Ordinary A shares	210
Debt	490
Valuation method	Discounted cash flow
Valuation (£'000)	700
Income recognised by the Company from this holding in the year (£'000)	12

Source of financial data	Abbreviated accounts for year ended 30 April 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	473
Proportion of equity and voting rights held	47%
Equity managed by the Shore Capital Group	94%

Huntly Trading Limited was incorporated in April 2012 and entered into SKPB Services LLP with a number of other companies to provide contracting services on a number of projects including in connection with the development of supported living services accommodation.

Significant investments continued

Isaacs Trading Limited

Cost (£'000)	700
Investment comprises:	
Ordinary A shares	490
Debt	210
Valuation method	Discounted cash flow
Valuation (£'000)	700
Income recognised by the Company from this holding in the year (£'000)	7
Source of financial data	Abbreviated accounts for year ended 30 April 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	1,154
Proportion of equity and voting rights held	47.5%
Equity managed by the Shore Capital Group	95%

Isaacs Trading Limited was incorporated in April 2012 and is a contracting services company. On 28 November 2012 Isaacs Trading Limited entered into SKPB Services LLP along with a number of other companies to provide contracting services on a number of projects, including the construction of flats in Barnes, South West London.

Buckhorn Lending Limited

Cost (£'000)	860
Investment comprises:	
Ordinary shares	-
Debt	860
Valuation method	Discounted cash flow
Valuation (£'000)	860
Income recognised by the Company from this holding in the year (£'000)	128
Source of financial data*	
Turnover (£'000)	-
Profit before tax (£'000)	-
Net assets (£'000)	-
Proportion of equity and voting rights held	25%
Equity managed by the Shore Capital Group	100%

* the Company is yet to file accounts

Buckhorn Lending Limited was incorporated in December 2012, its business is the provision of financial instruments. Buckhorn Lending Limited has provided a £4m revolving credit facility to Organic Waste Management Trading Limited.

Significant investments continued

Puma Brandenburg Finance Limited

Cost (£'000)	1,063
Investment comprises:	
Ordinary shares	-
Debt	1,063
Valuation method	Discounted cash flow
Valuation (£'000)	1,063
Income recognised by the Company from this holding in the year (£'000)	47
Source of financial data*	
Turnover (£'000)	-
Profit before tax (£'000)	-
Net assets (£'000)	-
Proportion of equity and voting rights held	0%
Equity managed by the Shore Capital Group	0%

* Guernsey registered company and no publicly available accounts

Puma Brandenburg Finance Limited was incorporated in 9 July 2012, its business is the provision of financial instruments. Puma Brandenburg Finance Limited has provided a loan facility secured on a portfolio of flats in Berlin, Germany.

SIP Communications PLC

Cost (£'000)	545
Investment comprises:	
Ordinary shares	210
Debt	335
Valuation method	Discounted cash flow
Valuation (£'000)	335
Income recognised by the Company from this holding in the year (£'000)	-
Source of financial data	Audited accounts for year ended 31 March 2013
Turnover (£'000)	3,781
Profit before tax (£'000)	175
Net assets (£'000)	304
Proportion of equity and voting rights held	5%
Equity managed by the Shore Capital Group	9%

SIP Communications PLC is a Company involved in general telecommunications.

Significant investments continued

Mirfield Contracting Limited

Cost (£'000)	860
Investment comprises:	
A Ordinary shares	258
Debt	602
Valuation method	Discounted cash flow
Valuation (£'000)	860
Income recognised by the Company from this holding in the year (£'000)	26

Source of financial data	Abbreviated accounts for the year ended 28 February 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	247
Proportion of equity and voting rights held	50%
Equity managed by the Shore Capital Group	50%

Mirfield Contracting Limited provides contracting services in connection with development of townhouses in Mirfield.

Saville Services Limited

Cost (£'000)	1,400
Investment comprises:	
Ordinary B shares	980
Debt	420
Valuation method	Discounted cash flow
Valuation (£'000)	1,400
Income recognised by the Company from this holding in the year (£'000)	98

Source of financial data	Abbreviated accounts for year ended 28 February 2013
Turnover (£'000)	Not disclosed
Profit before tax (£'000)	Not disclosed
Net assets (£'000)	43
Proportion of equity and voting rights held	16%
Equity managed by the Shore Capital Group	93%

Saville Services Limited provides contracting services on a number of projects, including in connection with the construction of apartments in Grimsby and the construction of private housing near Aberdeen.

Directors' Biographies

Ray Pierce (Chairman)

Ray has substantial non-executive experience with private and quoted companies, both FTSE and AIM, as well as with mutuals and charities. His early career was in economic and management consulting, and he has since spent nearly 30 years in the financial services industry and related sectors. He was formerly the managing director of Guardian Insurance and a main board director of Guardian Royal Exchange Plc, then a FTSE 100 company. He also held senior positions at American Express Europe and Robson Rhodes, where he was chief executive. Ray was Chairman of Crown Sports Plc from 2003 until its sale in 2006, and was Chairman on Engage Mutual Assurance from July 1999 until May 2009. He is currently Chairman of Optionis Group Limited, and of Succession Advisory Services Limited. Since May 2009 he has been a Board Member of Tesco Bank, and is currently Chairman of Tesco Underwriting, which is a joint venture between Tesco Bank and Ageas Insurance UK. He is also Chairman of the Board of Trustees of the National Motor Museum at Beaulieu.

Harold Paisner

Harold is the Senior Partner of Berwin Leighton Paisner LLP, a leading city law firm. He is a member of his firm's corporate finance group, with a portfolio of international clients particularly in the retail, manufacturing and insurance sectors, and is involved generally with the firm's international strategy. He is UK National President of the Union Internationale des Avocats and is a member of the International Issues Committee of the Law Society. He is also a member of the International Bar Association, the British Baltic Lawyers Association and various other organisations. Harold is a non executive director of FIBI Bank (UK) Plc, Think London (London's official inward investment agency) and Interface Inc., the world's largest manufacturer of modular carpet, and is involved with a number of charitable organisations.

Jonathan Morton Smith

Jon is a banking and finance consultant specialising in private debt investment and mid-sized corporate real estate businesses. Having worked for Midland Bank since 1969 he moved to London in 1982 to focus on real estate lending where he was Corporate Banking Director in 1991 and Area Manager/Property Industry Advisor in 1994. Jon left this role to start his own consultancy business in 1998. He then joined AXA Investment Managers with a £1 billion mandate to start a new private debt investment portfolio. Having successfully invested £650 million, changing investment attitudes within AXA resulted in Jon resigning to continue his private consultancy in 2004. AXA remain one of his major clients and Jon represents them in their UK private equity infrastructure investments. He also works closely with Saur SAS where he is PFI Consultant.

Graham Shore

Graham is a former partner of Touche Ross (now Deloitte LLP) and was responsible for the London practice advising the telecommunications and new media industries. At Touche Ross he undertook strategic and economic assignments for a wide range of clients including appraisals of venture capital opportunities. In 1990, Graham joined Shore Capital as Managing Director, and has been involved in managing Shore Capital-promoted investment funds Puma I, the JellyWorks portfolio, Puma II and the Puma VCTs. This has involved the evaluation of new deals and representing the funds with investee companies. Graham has been involved with AIM since its inception as both a corporate financier and investor and with private equity for more than 20 years.

Strategic Report

The Directors present their Strategic Report of the Company for the year ended 31 March 2014.

Principal Activities and Status
The principal activity of the Company is the making of investments in qualifying and non-qualifying holdings of shares or securities. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been granted provisional approval by the Inland Revenue under Section 274 of the Income Tax Act 2007 as a Venture Capital Trust for the year ended 31 March 2014. The Directors have managed, and continue to manage, the Company's affairs in such a manner as to comply with Section 274 of the Income Tax Act 2007.

The Company has no employees (other than the Directors).

The Company's ordinary shares of 1p each have been listed on the Official List of the UK Listing Authority since 1 June 2010.

Investment Policy
Puma High Income VCT plc seeks to achieve its overall investment objective (of proactively managing the assets of the fund with an emphasis on realising gains in the medium term) to maximise distributions from capital gains and income generated from the Company's assets. It intends to do so whilst maintaining its qualifying status as a VCT, by pursuing the following Investment Policy:

The Company may invest in a mix of qualifying and non-qualifying assets. The qualifying investments may be quoted on AIM or a similar market or be unquoted companies. The Company may invest in a diversified portfolio of growth oriented qualifying companies which seek to raise new capital on flotation or by way of a secondary issue. The Company has the ability to structure deals to invest in private companies with an asset-backed focus to reduce potential capital loss. Since 31 March 2013 the Company must have in excess of 70% of its assets invested in qualifying investments as defined for VCT purposes.

The portfolio of non-qualifying investments will be managed with the intention of generating a positive return. Subject to the Board and Investment Manager's view from time to time of desirable asset allocation, it will comprise quoted and unquoted investments (direct or indirect) in cash or cash equivalents, bonds, equities, vehicles investing in property and a portfolio of hedge funds.

A full text of the Company's investment policy can be found within the Company's prospectus at www.shorecap.gg.

Principal risks and uncertainties
The principal risks facing the Company relate to its investment activities and include market price risk, interest rate risk, credit risk and liquidity risk. An explanation of these risks and how they are managed is contained in note 14 to the financial statements. Additional risks faced by the company are as follows:

Investment Risk – Inappropriate stock selection leading to underperformance in absolute and relative terms is a risk which the Investment Manager and the Board mitigate by reviewing performance throughout the period and formally at Board meetings. There is also a regular review by the Board of the investment mandate and long term investment strategy and monitoring of whether the Company should change its investment strategy.

Regulatory Risk - the Company operates in a complex regulatory environment and faces a number of related risks. A breach of s274 of the Income Tax Act 2007 could result in the Company being subject to capital gains on the sale of investments. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax relief currently available to shareholders. Serious breach of other regulations, such as the UKLA Listing Rules and the Companies Act 2006 could lead to suspension from the Stock Exchange. The Board receives quarterly reports in order to monitor compliance with regulations.

Strategic Report (continued)

Risk management
The Company's investment policy allows for a large proportion of the Company's assets to be held in unquoted investments. These investments are not publicly traded and there may not be a liquid market for them, and therefore these investments may be difficult to realise.

The Company manages its investment risk within the restrictions of maintaining its qualifying VCT status by using the following methods:

- the active monitoring of its investments by the Investment Manager and the Board;
- seeking Board representation associated with each investment, if possible;
- seeking to hold larger investment stakes by co-investing with other companies managed by the Investment Manager, so as to gain more influence over the investment; and
- ensuring a spread of investments is achieved.

Business Review and Future Developments
The Company's business review and future developments are set out in the Chairman's Statement and the Investment Manager's Report on pages 2 to 4.

Key performance indicators
At each board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are movement in NAV, Total Return and dividends per share. The Board considers that the Company has no non financial key performance indicators. In addition, the Board considers the Company's compliance with the Venture Capital Trust Regulations to ensure that it will maintain its VCT status. The performance of the Company's portfolios and specific investments is discussed in the Chairman's Statement and Investment Manager's Report on pages 2 to 4.

VCT status monitoring
The Company has retained PricewaterhouseCoopers LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities, as appropriate, and regular review of the portfolio. Although PricewaterhouseCoopers LLP work closely with the Investment Manager, they report directly to the Board.

Compliance with the VCT regulations (as described in the Investment Policy) for the year under review is summarised as follows:

		Position at 31 March 2014
1.	The Company holds at least 70% of its investments in qualifying companies,	Complied
2.	At least 30% of the Company's qualifying investments are held in "eligible shares" for monies raised prior to 6 April 2012;	Complied
3.	No investment constitutes more than 15% of the Company's portfolio at time of investment;	Complied
4.	The Company's income for each financial period is derived wholly or mainly from shares and securities;	Complied
5.	The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and	Complied
6.	A maximum unit size of £5 million (£1 million limit to 16 July 2012) in each VCT qualifying investment (per tax year).	Complied

Environmental and social policy
As a VCT the Company is a pure investment company and therefore has no trading activities. Due to this the Company does not have a policy on environmental matters or social community and human rights issues.

Approved by the board and signed on its behalf by

R.F.Pierce

Ray Pierce
Chairman
30 July 2014

Report of the Directors

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2014.

Results and dividends
The results for the financial period are set out on page 26. The Directors do not propose a final dividend (2013: £nil). An interim dividend of 7p per Ordinary Share was paid on 21 February 2014 (2013: 7p per Ordinary Share paid on both 27 February 2012 and 19 February 2013). It is the aim of the Directors to maximise tax free distributions to shareholders by way of dividends paid out of income received from investments and capital gains received following successful realisations.

Capital Structure
The issued share capital of the Company is detailed in note 12 of these accounts.

Directors
The Directors of the Company during the year and their beneficial interests in the issued ordinary shares of the Company at 31 March 2014 were as follows:

	1p ordinary shares 31 March 2014	1p ordinary shares 31 March 2013
Raymond Pierce (Chairman)	18,000	18,000
Harold Paisner	60,600	60,600
Jonathan Morton-Smith	5,000	5,000
Graham Shore	200,000	200,000

No options over the share capital of the Company have been granted to the Directors. There have been no changes in the holdings of the Directors since the period end.

Investment management, administration and performance fees
The Company has delegated the investment management of the portfolio to Shore Capital Limited (Shore Capital). The principal terms of the Company's management agreement with Shore Capital, are set out in note 3 of the financial statements. The annual running costs of the Company are subject to a cap of 3.5 per cent of the Company's average net assets.

The Company has delegated company secretarial and other accounting and administrative support to Shore Capital Fund Administration Services Limited for an aggregate annual fee of 0.35 per cent of the Net Asset Value of the Fund at each quarter end, payable quarterly in arrears.

Shore Capital and members of the investment management team will be entitled to a performance related incentive of 20 per cent of the aggregate amounts realised by the Company in excess of £1 per Ordinary Share, and Shareholders will be entitled to the balance. This incentive will only be exercisable once the holders of Ordinary Shares have received distributions 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.

The performance incentive has been satisfied through the issue of Loan Notes to a nominee on behalf of the Investment Manager and members of the investment management team. In the event that distributions attributable to the Ordinary Shares of £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.

It is the Directors' opinion that the continued appointment of the Investment Manager, Shore Capital, on the terms agreed is in the best interest of the shareholders as a whole. The Investment Manager is a member of the Shore Capital Group which has a proven track record in VCT management and currently manages over £90 million of VCT funds and has a strong network within the industry.

Report of the Directors (continued)

Trail commission
The Company has an agreement to pay trail commission, annually, to or on behalf of the Investment Manager, in connection with funds raised under the original offers for subscription. Trail commission is calculated at agreed percentages of the respective net assets at each year end attributable to the original shareholdings.

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

Going concern
After making enquiries the Directors believe that it is appropriate to continue to apply the going concern basis in preparing the financial statements. This is appropriate as cash reserves are greater than the anticipated annual running costs of the Company. The Directors have considered a period of 12 months from the date of this report for the purposes of determining the Company's going concern status which has been assessed in accordance with the guidance issued by the Financial Reporting Council.

Financial Instruments
The material risks arising from the Company's financial instruments are market price risk, credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks and these are summarised in note 14. These policies have remained unchanged since the beginning of the financial year. As a venture capital trust, it is the Company's specific business to evaluate and control the investment risk in its portfolio.

Substantial Shareholdings
As at 31 March 2014 and at the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent of any class of the issued share capital.

Third Party Indemnity Provision for Directors
Qualifying third party indemnity provision was in place for the benefit of all Directors of the Company.

Annual General Meeting
The Annual General Meeting of the Company will be held at Bond Street House, 14 Clifford Street, London, W1S 4JU on 23 September 2014 at 11.00am. Notice of the Annual General Meeting and Form of Proxy are inserted within this document.

Auditor
The Directors resolved that Baker Tilly UK Audit LLP be re-appointed as auditor in accordance with the provisions of the Companies Act 2006, s489. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to Disclosure of Information to the Auditor
The Directors in office at the date of this report have confirmed that, as far as they are aware, there is no relevant information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Report of the Directors (continued)

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Strategic Report, the Report of the Directors, the Directors' Remuneration Report, the separate Corporate Governance Statement and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring the Annual Report includes information required by the Listing and Disclosure and Transparency Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed in the Directors' Biographies on page 11, confirms that, to the best of each person's knowledge:

a. the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
b. the *Chairman's Statement, Investment Manager's Report, the Strategic Report and Report of the* Directors include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Electronic publication
The financial statements are published on www.shorecap.gg, a website maintained by the investment manager, Shore Capital. Legislation in the United Kingdom regulating the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of the Board

Eliot Kaye
Company Secretary
30 July 2014

Directors' Remuneration Report

This report is prepared in accordance with Schedule 420-422 of the Companies Act 2006. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 23 September 2014.

Directors' Remuneration Policy

The Board as a whole considers Directors' remuneration and, as such, a Remuneration Committee has not been established. The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. Directors' fees payable during the year totalled £63,000 as set out in note 4.

On 11 November 2009, the non-executive Directors were appointed for a period of twelve months after which either party must give three calendar months' notice to end the contract.

Directors' Remuneration

The Directors emoluments are as detailed below:

	Unaudited year ending 31 March 2015	**Audited year ended 31 March 2014**	**Audited 15 months ended 31 March 2013**
	£	**£**	**£**
Raymond Pierce (Chairman)	18,000	18,000	23,000
Harold Paisner	15,000	15,000	19,000
Jonathan Morton-Smith	15,000	15,000	19,000
Graham Shore	15,000	15,000	19,000
	63,000	63,000	80,000

These are the total emoluments. There are no pension contributions or share options. There is no requirement for the directors to hold shares in the Company. Directors' share interests are disclosed in the Report of the Directors on page 14.

Brief biographical notes on the Directors are given on page 11.

2015 Remuneration

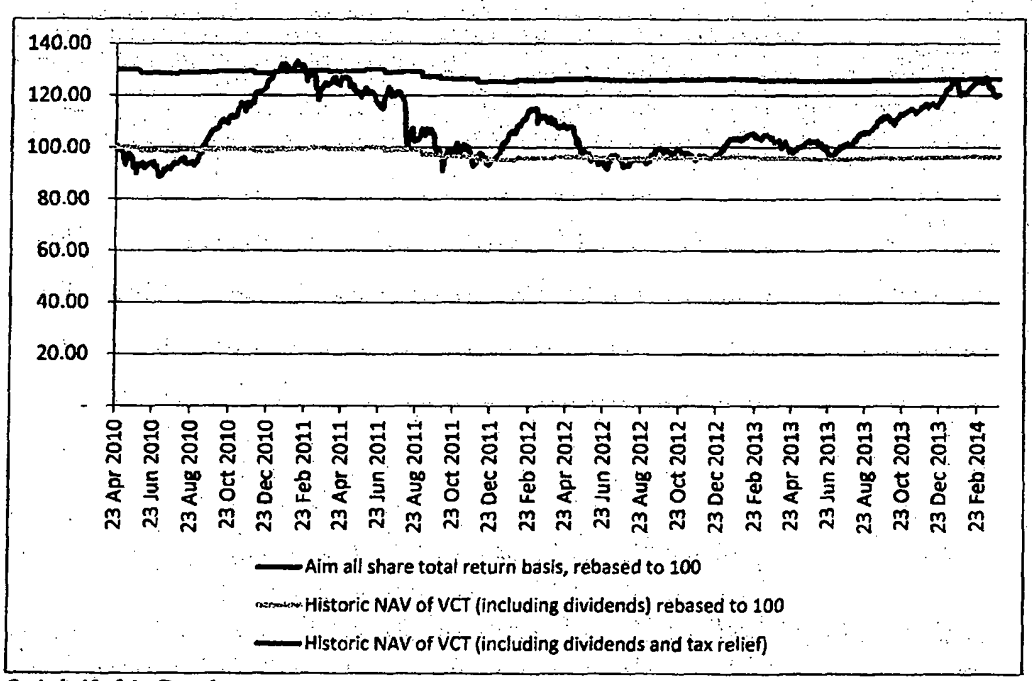
The remuneration levels for the forthcoming year are expected to be at the annual levels shown in the table above. The Directors shall be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Directors' Remuneration Report (continued)

Performance Graph

The following chart represents the Company's performance from inception to 31 March 2014 and compares the rebased Net Asset Value to a rebased FTSE AIM Allshare Index. This index is considered to be the most appropriate equity market against which investors can measure the relative performance of the Company. This has been rebased to 100 at 23 April 2010, the effective start of operations for the Company.



On behalf of the Board

R.F. Pierce

Raymond Pierce
Chairman
30 July 2014

Corporate Governance Statement

The Directors support the relevant principles of the UK Corporate Governance Code issued in September 2012 and published on the Financial Reporting Council's Website (www.frc.org.uk), being the principles of good governance and the code of best practice. Due to the VCT being a limited life vehicle some areas of the Code have not been complied with, these are set out in the Compliance Statement below.

The Board
The Company has a Board comprising four non-executive Directors. All of the Directors are independent as defined by the UK Corporate Governance Code except for Graham Shore as a result of his holding a Directorship of the Investment Manager. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code. The Board has appointed Raymond Pierce as the senior independent Director and he is also the Chairman. Biographical details of all Board members are shown on page 11.

All four Directors are to retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. The Board believe that they have made valuable contributions during the term of their appointment and remain committed to the role. The Board therefore recommends that shareholders re-elect all four Directors at the forthcoming AGM.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision. These include:

- considering recommendations from the Investment Manager;
- making all decisions concerning the acquisition or disposal of qualifying investments; and
- reviewing, annually, the terms of engagement of all third party advisers (including investment manager and administrator)

The attendance of individual Directors at full Board meetings during the year were as follows:

	Scheduled Board meetings
Raymond Pierce	4/4
Harold Paisner	4/4
Jonathan Morton-Smith	4/4
Graham Shore	4/4

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

The Board has not appointed a nominations committee or remuneration committee as they consider the Board to be small and it comprises wholly of non-executive Directors. Appointments of new Directors and Directors' remuneration are dealt with by the full Board.

The Board reviewed Directors' remuneration during the year. Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 17, and this is subject to shareholder approval.

There have been no changes to the composition of the Board since the date of issue of the prospectus and there are no planned changes. As a result, the Company has not established a diversity policy for new appointments in relation to the composition of the Board.

Audit Committee
The Audit Committee is composed of the entire board with the exception of Graham Shore. The Audit Committee is chaired by Raymond Pierce and meets annually with the external auditor prior to approval of the Company's financial statements. There were two Audit Committee meetings during the year which were attended by all of the independent non-executive directors. The Audit Committee monitors the external auditor's independence, the effectiveness of the audit process and other relevant matters. The Audit Committee receives written confirmation each year of the auditor's independence.

Corporate Governance Statement (continued)

The Audit Committee considered the need for an internal audit function and concluded that this function would not be an appropriate control for a Venture Capital Trust.

The Audit Committee reviews and agrees the audit strategy paper, presented by the Auditor in advance of the audit, which sets out the significant risk areas to be covered during the audit.

The Audit Committee considers that the most significant issues relating to these financial statements are the carrying value and disclosure of the unquoted investments. The Audit Committee challenge findings and comments received from the Investment Manager on the financial performance of the investments.

The Audit Committee meets prior to the approval of the financial statements to consider the Auditor's finding and challenges the work performed, especially in relation to unquoted investments.

Baker Tilly UK Audit LLP was appointed by the Board prior to the issue of the Prospectus. This is the Company's 4th Annual Report and Accounts and they all have been reported on by Baker Tilly UK Audit LLP. The Audit Committee, after taking into consideration comments from the Investment Manager and Administrator regarding the effectiveness of the audit process, recommend to the Board that Baker Tilly UK Audit LLP continue in office.

Relations with shareholders
Shareholders have the opportunity to meet representatives of the Investment Management team and the Board at the AGM. The Board is also happy to respond to any written queries made by shareholders during the course of the year, or to meet with shareholders if so requested. In addition to the formal business of the AGM, representatives of the Investment Management team and the Board are available to answer any questions a shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Registrars collate proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form are at the end of this document.

Financial Reporting
The Directors' statement of responsibilities for preparing the accounts is set out in the Report of the Directors on page 16, and a statement by the auditor about their reporting responsibilities is set out in the Auditor's Report on page 23.

Internal control
The Company has adopted an Internal Control Manual ("Manual"), which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and review the effectiveness of the Manual on an annual basis to ensure that the controls remain relevant and were in operation throughout the year. The Board will implement additional controls when new risks are perceived and update the Manual as appropriate.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to the following advisers:

Administration	Shore Capital Fund Administration Services Limited
Investment Management	Shore Capital Limited

Shore Capital Limited identifies investment opportunities and monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Shore Capital Fund Administration Services Limited is engaged to carry out the accounting function and manages the retention of physical custody of the documents of title relating to unquoted investments. Quoted investments are held in Crest. Shore Capital Fund Administration Services Limited regularly reconciles the client asset register with the physical documents.

Corporate Governance Statement (continued)

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company, and have reviewed the effectiveness of the internal control systems. As part of this process, an annual review of the internal control systems is carried out in accordance with the Financial Reporting Council guidelines for internal control.

Internal control systems include: production and review of monthly management accounts. All outflows made from the VCT's bank accounts require the authority of two signatories from Shore Capital, the Investment Manager. The Investment Manager is subject to regular review by the Shore Capital Compliance Department.

Share capital, rights attaching to the shares and restrictions on voting and transfer
Ordinary shares are freely transferable in both certificated and uncertificated form and can be transferred by means of the CREST system. There are no restrictions on the transfer of any fully paid up share. With respect to voting rights the shares rank pari passu as to rights to attend and vote at any general meeting of the Company. The Company's shareholders do not have differing voting rights. Full details of the rights and restrictions attached to the share capital as required by the Takeover Directive are contained within the Company's prospectus which can be found at www.shorecap.gg.

Gearing
The Company has the authority to borrow up to 25% of the amount received on the issued share capital but there are currently no plans to take advantage of this authority.

Repurchase of Ordinary shares
Although the Ordinary Shares are traded on the London Stock Exchange, there is likely to be an illiquid market and in such circumstances Shareholders may find it difficult to sell their Ordinary Shares in the market. In order to try to improve the liquidity in the Ordinary Shares, the Board may establish a buy back policy whereby the Company will purchase Ordinary Shares for cancellation.

The Board does not currently have authority from shareholders to issue new shares or repurchase existing shares in the market and there are currently no plans to obtain authority from shareholders and establish a policy.

Compliance statement
The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code provisions throughout the accounting year. With the exception of the items outlined below, the Company has complied throughout the year ended 31 March 2014 with the provisions set out in the UK Corporate Governance Code. Due to the special nature of the Company being a VCT, the following provisions of the UK Corporate Governance Code have not been complied with:

a) Provision A4-2 and B6-3 - Due to the size of the Board, they feel it unnecessary to formalise procedures to appraise the Chairman's performance, as the Board deem it appropriate to address matters as they arise.

b) Provision B4-1, B4-2 and E1-1 - New directors do not receive a full, formal and tailored induction on joining the Board and the chairman does not review and agree with each director their training and development needs because matters are addressed on an individual basis as they arise. Also the Company has no major shareholders so shareholders are not given the opportunity to meet any new non-executive directors at a specific meeting other than the annual general meeting.

c) Provision B6-1 and B7-2 - Due to the size of the Board, a formal performance evaluation of the Board, its committees and the individual Directors has not been undertaken. Specific performance issues are dealt with as they arise.

d) Provisions B2-1, B2-2, B2-4, D2-1 & D2-2 - Due to the size of the Board and because there are no executive Directors or senior management, the Company does not have a formal nominations committee or remuneration committee. Since appointment there have been no changes to the Board of the Directors.

Corporate Governance Statement (continued)

e) Provision B2-3 - On 11 November 2009 the Directors were appointed for a period of twelve months after which either party must give three calendar months' notice to end the contract. The recommendation of the UK Corporate Governance Code is for fixed term renewable contracts. This is deemed unnecessary by the Board because all Directors were subject to re-election at the first AGM and from that point forward by rotation at least every three years.

f) Provision A4-1 – Due to the size of the Board, the role of Chairman and Senior Independent Director are both performed by Ray Pierce. The recommendation in the Code is for the Senior Independent Director and Chairman to be separate positions on the Board. The Board believes that Ray Pierce's experience allows him to exercise proper judgement in distinguishing between the roles.

g) Provisions C3-1 – Due to the size of the Board, the Chairman of the Company is also the Chairman of the Audit Committee. The recommendation in the Code is that the Chairman of the Company can be a member of the Audit Committee, but should not be the Chairman. The Board believes that Ray Pierce's experience allows him to exercise proper judgement in distinguishing between the roles.

h) Provisions C3-2 and C3-3 – Due to the size of the Board and as the majority of the Board are independent non-executive Directors, the audit committee does not have formal written terms of reference.

i) Provision C3-5 - As the Company has no employees, other than Directors, there are no procedures in place relating to whistleblowing.

Independent Auditor's Report
to the Members of Puma High Income VCT plc

We have audited the financial statements on pages 26 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As more fully explained in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its return for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 19 to 22 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Independent Auditor's Report (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland) we are required to report to you if, in our opinion, information in the annual report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 15, in relation to going concern; and
- the part of the Corporate Governance Statement set out on pages 19 to 22 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Our assessment of risks of material misstatement
We identified the following risk which had the most significant impact on our audit strategy and set out below how this was addressed by the scope of our audit:

<u>Valuation of unquoted investments</u>
Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines. This has been identified as an area of significant risk and is the key area that our audit has focussed on, given that the measurement of unquoted investments includes significant assumptions and judgements about the performance of the investee company.

Our procedures included:
- understanding and challenging the key assumptions and judgements affecting investee company valuations prepared by the investment manager based on observable data and the provisions of the International Private Equity and Venture Capital Valuation Guidelines;
- challenging the appropriateness of the valuation basis by comparison with observed industry practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines;
- considering whether events that occurred subsequent to the year end up until the date of this audit report affected the underlying assumptions of the valuations at 31 March 2014; and
- consideration of the appropriateness of the disclosures in the financial statements in respect of unlisted investments.

Independent Auditor's Report (continued)

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £93,000 and this figure was not amended during the course of our audit. This has been calculated based on a percentage of gross assets which is the key element influencing net asset value which is considered to be one of the principal considerations for members of the company in assessing financial performance.

We agreed with the Audit Committee that we would report to the Committee all adjusted and unadjusted misstatements in excess of £10,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The company is a single entity, subject to local statutory audit, and our audit work was designed to address the risks of material misstatements identified to the level of materiality indicated above.

Baker Tilly UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)

For and on behalf of **Baker Tilly UK Audit LLP,** Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 July 2014

Income Statement
For the year ended 31 March 2014

	Note	Year ended 31 March 2014 Revenue £'000	Capital £'000	Total £'000	Period from 1 January 2012 to 31 March 2013 Revenue £'000	Capital £'000	Total £'000
Gain on investments	8 (c)	-	-	-	-	49	49
Income	2	495	-	495	481	-	481
		495	-	495	481	49	530
Investment management fees	3	(50)	(150)	(200)	(58)	(174)	(232)
Other expenses	4	(161)	-	(161)	(252)	-	(252)
		(211)	(150)	(361)	(310)	(174)	(484)
Return on ordinary activities before taxation		284	(150)	134	171	(125)	46
Tax on return on ordinary activities	5	-	-	-	-	-	-
Return on ordinary activities after tax attributable to equity shareholders		284	(150)	134	171	(125)	46
Basic and diluted							
Return per Ordinary Share (pence)	6	2.08p	(1.10p)	0.98p	1.25p	(0.91p)	0.34p

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 March 2014
Registered No: 07036487

	Note	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Fixed Assets			
Investments	8	8,598	8,940
Current Assets			
Debtors	9	356	236
Cash		273	813
		629	1,049
Creditors - amounts falling due within one year	10	(170)	(109)
Net Current Assets		459	940
Total Assets less Current Liabilities		9,057	9,880
Creditors - amounts falling due after more than one year (including convertible debt)	11	(1)	(1)
Net Assets		9,056	9,879
Capital and Reserves			
Called up share capital	12	137	137
Capital reserve – realised		(699)	(549)
Capital reserve – unrealised		(210)	(210)
Revenue reserve		9,828	10,501
Equity Shareholders' Funds		9,056	9,879
Net Asset Value per Ordinary Share	13	66.24p	72.26p
Diluted Net Asset Value per Ordinary Share	13	66.24p	72.26p

The financial statements were approved and authorised for issue by the Board of Directors on 30 July 2014 and were signed on their behalf by:

R.F. Pierce

Raymond Pierce
Chairman
30 July 2014

Cash Flow Statement

For the year ended 31 March 2014

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
Return on ordinary activities before taxation	134	46
Gain on investments	-	(49)
Increase in debtors	(120)	(219)
Increase/(decrease) in creditors	61	(11)
Net cash outflow from operating activities	75	(233)
Capital expenditure and financial investment		
Purchase of investments	-	(9,400)
Proceeds from sale of investments and loan note repayments	342	8,117
Net cash inflow/(outflow) from capital expenditure and financial investment	342	(1,283)
Equity dividend paid	(957)	(1,914)
Decrease in cash in the year	(540)	(3,430)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash in the year	(540)	(3,430)
Net funds at start of year	813	4,243
Net funds at end of year	273	813

Reconciliation of Movements in Shareholders' Funds
For the year ended 31 March 2014

	Called up share capital £'000	Share Premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 January 2012	137	-	(584)	(50)	12,244	11,747
Return after taxation attributable to equity shareholders	-	-	85	(210)	171	46
Transfer	-	-	(50)	50	-	-
Dividend paid	-	-	-	-	(1,914)	(1,914)
Balance as at 31 March 2013	137	-	(549)	(210)	10,501	9,879
Return after taxation attributable to equity shareholders	-	-	(150)	-	284	134
Dividend paid	-	-	-	-	(957)	(957)
Balance as at 31 March 2014	**137**	**-**	**(699)**	**(210)**	**9,828**	**9,056**

Distributable reserves comprise: Capital reserve-realised, Capital reserve-unrealised and the Revenue reserve. At the year end distributable reserves totalled £8,919,000 (2013: £9,742,000).

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

Notes to the Accounts
For the year ended 31 March 2014

1. Accounting Policies

Basis of Accounting
Puma High Income VCT plc ("the Company") was incorporated and is domiciled in England & 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 return of £134,000 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 is 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. Thereafter 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 redeemable equity interests and debt instruments will usually be valued by applying a discounted cash flow 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 investments are taken to unrealised capital reserves.

It is not the Company's policy to exercise control 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 of 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 March 2014

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 negotiated 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 in the year 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 which are 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 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 March 2014

1. Accounting Policies (continued)

Reserves
Realised losses and gains on investments and foreign exchange transactions, transaction costs, the capital element of the 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 foreign exchange transactions and the capital element of the performance fee are also taken through the Income Statement and recognised in the Capital Reserve – Unrealised. The performance fee to be effected through share-based payment is taken to the Other Reserve and the total revenue gain or loss on the Income Statement is taken to the Revenue Reserve.

Foreign exchange
The functional and presentational 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.

Change in reporting date
The Company has changed its reporting date to 31 March during the comparative period and so the comparative results are for a 15 month period ended 31 March 2013.

2. Income

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
Income from investments		
Income from investments	490	439
Arrangement fees	-	16
	490	455
Other income		
Bank deposit income	5	26
	495	481

3. Investment Management Fees

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
Shore Capital Limited	200	232

Shore Capital Limited (Shore Capital) was 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 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 Net Asset Value. Total annual costs this year were 3.5% of the year end Net Asset Value (2013: 3.5%).

4. Other expenses

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
Administration - Shore Capital Fund Administration Services Limited	30	46
Directors' Remuneration	63	80
Social security costs	1	7
Auditor's remuneration for statutory audit	21	17
Insurance	5	2
Legal and professional fees	5	(13)
FSA, LSE and registrar fees	7	28
Trail commission	25	52
Other expenses	4	33
	161	252

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 commencing on page 17. The Company had no employees (other than Directors) during the year. The average number of non-executive Directors during the year was four (2013: four).

The Auditor's remuneration of £17,500 (2013: £14,000) has been grossed up in the table above to be inclusive of VAT.

Notes to the Accounts
For the year ended 31 March 2014

5. Tax on Ordinary Activities

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
UK corporation tax charged to revenue reserve	-	-
UK corporation tax charged to capital reserve	-	-
UK corporation tax charge for the year	-	-
Factors affecting tax charge for the year		
Return on ordinary activities before taxation	134	46
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 20%	27	9
Non taxable capital income	-	25
Utilisation of tax losses brought forward	(27)	(44)
Non deductible expenses	-	10
	-	-

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 to continuing compliance with the VCT regulations.

Excess management expenses of £116,000 (2013: £250,000) are available to be carried forward and set off against future taxable income. 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 return per Ordinary Share

	Year ended 31 March 2014		
	Revenue	**Capital**	**Total**
Return/(loss) for the year (£'000)	284	(150)	134
Weighted average number of shares	13,671,872	13,671,872	13,671,872
Return/(loss) per share	2.08p	(1.10)p	0.98p

	Period from 1 January 2012 to 31 March 2013		
	Revenue	**Capital**	**Total**
Return/(loss) for the period (£'000)	171	(125)	46
Weighted average number of shares	13,671,872	13,671,872	13,671,872
Return/(loss) per share	1.25p	(0.91)p	0.34p

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

7. Dividends

The Directors do not propose a final dividend in relation to the year ended 31 March 2014 (period ended 31 March 2013: nil). An interim dividend of 7p per Ordinary Share was paid on 21 February 2014 (2013: 7p per Ordinary Share paid on both 27 February 2012 and 19 February 2013). The dividend payment totalled £957,000 (2013: £1,914,000).

Notes to the Accounts
For the year ended 31 March 2014

8. Investments

(a) Summary	Historic cost as at 31 March 2014 £'000	Market value as at 31 March 2014 £'000	Historic cost as at 31 March 2013 £'000	Market value as at 31 March 2013 £'000
Qualifying venture capital investments	6,885	6,675	7,040	6,830
Non qualifying investments	1,923	1,923	2,110	2,110
	8,808	8,598	9,150	8,940

(b) Movements in investments	Qualifying venture capital investments £'000	Non qualifying investments £'000	Total £'000
Opening value	6,830	2,110	8,940
Repayment of loans and loan notes	(155)	(187)	(342)
Valuation at 31 March 2014	**6,675**	**1,923**	**8,598**
Book cost at 31 March 2014	7,040	2,110	9,150
Net unrealised losses at 31 March 2014	(210)	-	(210)
Valuation at 31 March 2014	6,830	2,110	8,940

(c) Gains on investments

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

	Year ended 31 March 2014 £'000	Period from 1 January 2012 to 31 March 2013 £'000
Realised gains on disposal	-	259
Net unrealised losses in respect of investments held	-	(210)
	-	49

Notes to the Accounts
For the year ended 31 March 2014

8. Investments - continued

(d) Quoted and unquoted investments	Market value as at 31 March 2014 £'000	Market value as at 31 March 2013 £'000
Quoted investments	-	-
Unquoted investments	8,598	8,940
	8,598	8,940

(e) Significant interests
As at 31 March 2014, 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 held directly in Investee Company					
	Company	Puma VCT VII plc	Puma VCT 8 plc	Puma VCT 9 plc	Fair value of Company's Investment 31 March 2014 £'000	Fair value of Company's Investment 31 March 2013 £'000
Mirfield Contracting Limited	50%	-	-	-	860	860
Frederica Trading Limited	47%	47%	-	-	880	880
Glenmoor Trading Limited	47%	47%	-	-	880	880
Huntly Trading Limited	47%	47%	-	-	700	700
Isaacs Trading Limited	47.5%	-	47.5%	-	700	700
Saville Services Limited	16%	23%	15%	5%	1,400	1,400
Buckhorn Lending Limited	25%	25%	25%	25%	860	860
					6,280	6,280

Shore Capital Limited is the investment manager of the Company, Puma VCT VII plc and Puma VCT 8 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 10 of the Annual Report.

9. Debtors

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Prepayments and accrued income	356	236

10. Creditors – amounts falling due within one year

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Accruals and deferred income	170	109

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

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Loan notes	1	1

On 11 November 2009, the Company issued Loan Notes in the amount of £1,000 to a nominee on behalf of the Investment Manager and members of the investment management team. The Loan Notes accrue interest of 5 per cent per annum.

The Loan Notes entitle the Investment Manager and member of the investment management team to a performance related incentive of 20 per cent of the aggregate amounts realised by the Company in excess of £1 per Ordinary Share, and 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 distributions 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 March 2014

12. Called Up Share Capital

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
13,671,872 ordinary shares of 1p each	137	137

13. Net Asset Value per Ordinary Share

	As at 31 March 2014	As at 31 March 2013
Net assets	9,056,000	9,879,000
Shares in issue	13,671,872	13,671,872
Dilutive effect of performance fee	-	-
	13,671,872	13,671,872
Net asset value per share		
Basic	66.24p	72.26p
Diluted	66.24p	72.26p

14. Financial Instruments

The Company's financial instruments comprise its investments, cash balances, debtors and certain creditors. 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.

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Assets at fair value through profit or loss		
Investments managed through Shore Capital Limited	8,598	8,940
Loans and receivables		
Cash at bank and in hand	273	813
Interest, dividends and other receivables	356	236
Other financial liabilities		
Financial liabilities measured at amortised cost	(171)	(110)
	9,056	9,879

14. Financial Instruments (continued)

Management of risk
The main risk the Company faces from its financial instruments is 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.

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 amounts 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 March 2014 £'000	As at 31 March 2013 £'000
Investments in loans and loan notes	5,488	5,830
Cash at bank and in hand	273	813
Interest, dividends and other receivables	356	236
	6,117	6,879

The majority of 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 and loan notes comprise 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 management 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 throughout the period 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 Strategic Report 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.

100 per cent of the Company's investments at 31 March 2014 are unquoted investments (2013: 100% unquoted).

14. Financial Instruments (continued)

Liquidity risk
Details of the Company's unquoted investments are provided in the Investment Portfolio summary on page 5. By their nature, unquoted investments may not be readily realisable, the Board regularly consider exit strategies for these investments. As at the year end, the Company had no borrowings other than loan notes amounting to £1,000 (2013: £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 Strategic Report. 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.

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.

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

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 March 2014	Rate status	Average interest rate	Period until maturity	Total £'000
Cash at bank – RBS	Floating	0.2%	-	130
Cash at bank - Investec	Fixed	0.8%	32 day notice	128
Cash at bank – Lloyds	Fixed	0.2%	-	15
Loans and loan notes	Floating	14.1%	76 months	4,425
Loans and loan notes	Fixed	5.00%	12 months	1,063
Balance of assets	Non-interest bearing		-	3,466
				9,227

As at 31 March 2013	Rate status	Average interest rate	Period until maturity	Total £'000
Cash at bank - RBS	Floating	0.9%	-	670
Cash at bank - Investec	Fixed	0.9%	32 day notice	128
Cash at bank – Lloyds	Fixed	0.9%	-	15
Loans and loan notes	Floating	5.4%	86 months	4,580
Loans and loan notes	Fixed	5.00%	24 months	1,250
Balance of assets	Non-interest bearing		-	3,346
				9,989

14. Financial Instruments (continued)

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

As at 31 March 2014	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss (£'000)	-	-	8,598	8,598

As at 31 March 2013	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss (£'000)	-	-	8,940	8,940

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

The Level 3 investments have been valued in line with the Company's accounting policies and IPEVC guidelines. Further details are provided in the significant investments section on pages 6 to 10 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
Movements in the income statement:			
Balance as at 1 January 2012	-	-	-
Unrealised losses in the income statement	(210)	-	(210)
Purchases at cost	3,320	5,830	9,150
Balance as at 31 March 2013	3,110	5,830	8,940
Repayments of loans and loan notes	-	(342)	(342)
Balance as at 31 March 2014	3,110	5,488	8,598

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to 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 is and 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, return capital to shareholders, issue new shares, or sell assets if so required 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 the liabilities 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 (2013: nil).

17. Controlling Party

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