Puma High Income VCT plc
Annual report and accounts 2015

HIGHLIGHTS

- Fully deployed in a diverse range of high quality loans and equities.
- 35p per share of dividends paid since inception, 7p during the year, equivalent to a 10% per annum tax-free running yield on net investment.
- NAV per share up 0.67p, now 94.91p (both after adding back dividends).
- As envisaged in the original Prospectus, resolutions will be put forward for a winding up of the VCT at the end of its planned life.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the Company's fifth Annual Report which is for the year ended 31 March 2015.

The Company was launched and began investing in Spring 2010, with a planned life of five years. In this, its fifth year, the process of realising the Company's qualifying investments and returning capital to investors advanced significantly.

Dividends

As envisaged in the Company's prospectus, the Company has for the fifth 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.

Results

Net asset value per share ("NAV") during the year grew by 0.67p per share (after adding back dividends paid in the year) to 94.91p as at 31 March 2015 (after adding back dividends paid to date) or 59.91p after dividends.

Investments

At 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 c6% 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.

Change in Board

Harold Paisner, who served as a Director from the flotation of the Company, stepped down from the Board on 23 September 2014. On behalf of the Board and shareholders, I would like to thank Harold for his contributions.

Annual General Meeting and Proposal to Wind-Up the Company

The Annual General Meeting of the Company will be held at Bond Street House, 14 Clifford Street, London W1S 4JU on 30 September 2015 at 11.00 a.m. Notice of the Annual General Meeting and Form of Proxy will be inserted within the annual accounts.

The Company has now just passed its fifth anniversary. In accordance with the plans set out in the Company’s Prospectus, the Board expects to convene a general meeting of the Company in the autumn of this year, at which resolutions will be proposed to place the Company into members’ solvent liquidation. If these are passed, liquidators will be appointed and the Company will seek to de-list from the London Stock Exchange.

Once such resolutions have been passed by shareholders, for a maximum period of three years many of the VCT rules, including the 70 per cent qualifying rule, are suspended whilst the Company retains its VCT status of tax free distribution to UK taxpayers. The intention is to return the balance of the capital in an orderly way. Disposals will be planned appropriately to enable further substantial distributions by the end of 2015 and any balance in 2016.

Ray Pierce
Chairman
31 July 2015

INVESTMENT MANAGER'S REPORT

Introduction

In its fifth year, the Company continues to make good progress. It is now beginning the process of returning capital to shareholders through the realisation of investments whilst maintaining its qualifying status. We believe our portfolio is well positioned to deliver attractive returns to shareholders within the Company's expected remaining time horizon.

Qualifying investments

The Company's investment of £920,000 (as part of £3.1 million across the Puma VCTs) into Brewhouse and Kitchen Limited continues to perform well. Brewhouse and Kitchen, which owns and operates pubs with micro-breweries onsite, is managed by two highly experienced pub sector professionals and our funding has facilitated 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 have produced an attractive return to the Company. During the year, Brewhouse and Kitchen opened a further four units and now operates five units across locations in London, Bristol and the South East. The portfolio is trading well and the investment is expected to be repaid during the last quarter of 2015.

As previously reported, Isaacs Trading Limited and Huntly Trading Limited (in each of which the Company had invested £700,000) engaged in a number of projects to provide project management and contracting services as members of SKPB Services LLP. These include the construction of nine new houses and 12 new flats at a construction known as The Albany, in Barnes, south west London. The total cost of the project is c.£15 million and the developers have already pre-sold four of the flats at prices in line with a gross development value for the project of c.£30 million. The project is expected to complete in Q1 2016.

SKPB Services LLP has also been engaged in the construction of units as accommodation and supported housing for psychiatric and learning disabled service users, and their care-workers. These projects included building 16 units in Bolton and 12 units in Timperley. Both these projects have recently completed.

The Company's investments of £880,000 into each of two contracting companies, Frederica Trading Limited and Glenmoor Trading Limited are progressing well. Frederica and Glenmoor (as members of a limited liability partnership with other contracting companies) are currently providing contracting services in connection with supported living developments in Clacton and Bury. The Clacton project is expected to complete during the summer whilst the Bury project is expected to conclude during the spring of 2016.

As reported in the Company's interim report, during the year the Company realised its investment in SIP Communications plc, in which it invested £700,000. We had provided £210,000 against this investment in prior years to reflect its trading difficulties, but we are pleased to report that we were able to reduce the provision and the eventual realisation was close to the original investment. Over its life the Company recovered £637,000 from this investment.

As previously reported, during the year Mirfield Contracting Limited, in which the Company had invested £860,000, completed its project providing project management services to a development of town houses in West Yorkshire. The project generated attractive returns for Mirfield Contracting which will benefit the Company when its investment is repaid later this year.

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 providing contracting services on the construction of a private detached housing development in the countryside outside Aberdeen, under contract to Churchill Homes Limited, a longstanding Aberdeenshire developer. The project is expected to conclude during the last quarter of 2015. As reported in the Company's interim report, during the year Saville Services also completed the development of 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire.

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'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 well. 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, £389,000 was repaid during the period. 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 which is due for final repayment at the end of this year.

As previously reported, the Company had extended a £860,000 loan (through Buckhorn Lending Limited) which, together with loans from other Puma VCTs, provided a £4 million revolving credit facility to Ennovor Trading 1 Limited. The facility provided working capital for the purchase of used cooking oil for conversion into bio-diesel and attracted a substantial interest rate for utilised funds and a lower rate for non-utilised funds. The ultimate borrower owned a large oil refining plant near Birkenhead and was processing cooking oil to sell to petrol and diesel retailers who are obligated to include bio-fuels in their offerings. The facility was structured to mitigate risks by being capable of being drawn only once back-to-back purchase and sale contracts had been entered into with approved counterparties. In November 2014, following a major default by one of those counterparties, Ennovor Trading 1 Limited was placed into administration. The Company has recovered its principal in full (plus some interest) from the proceeds of the administration to date and there are good prospects that the Company can recover the balance of the interest.

During the year, the Company extended a £700,000 loan to various entities within the Citrus Group (through an affiliate, Valencia Lending Limited) which, together with loans from other vehicles also managed and advised by us, formed part of a £10 million revolving credit facility to provide working capital to the Citrus PX business. Citrus PX operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. The facility provided a series of loans to Citrus PX, with the benefit of a first charge over a geographically diversified portfolio of residential properties on conservative terms and is performing well.

Outlook

We are pleased to have substantially invested the Company's funds in both qualifying and non-qualifying secured investments and are working on improving the liquidity of the portfolio wherever possible whilst maintaining an appropriate risk adjusted return. We continue to focus on the monitoring of our investments and are focused on exits. The objective remains to achieve an orderly winding up of the Company’s assets at the end of its life, subject to shareholder approval at the forthcoming General Meeting.

Shore Capital Limited
31 July 2015

Investment Portfolio Summary
As at 31 March 2015

	Valuation £'000	Cost £'000	Gain / (loss) £'000	Valuation as a % of Net Assets
As at 31 March 2015				
Qualifying Investments				
Brewhouse & Kitchen Limited	920	920	-	11%
Saville Services Limited	1,400	1,400	-	17%
Mirfield Contracting Limited	860	860	-	11%
Huntly Trading Limited	700	700	-	9%
Isaacs Trading Limited	700	700	-	9%
Frederica Trading Limited	880	880	-	11%
Glenmoor Trading Limited	880	880	-	11%
Total Qualifying Investments	6,340	6,340	-	79%
Non-Qualifying Investments				
Valencia Lending Limited	700	700	-	9%
Puma Brandenburg Finance Limited	674	674	-	8%
Total Non-Qualifying investments	1,374	1,374	-	17%
Total Investments	7,714	7,714	-	96%
Balance of Portfolio	477	477		4%
Net Assets	**8,191**	**8,191**	**-**	100%

Of the investments held at 31 March 2015, 91 per cent are incorporated in England and Wales and 9 per cent incorporated in Guernsey. Percentages have been calculated on the valuation of the assets at the reporting date.

Income Statement
For the year ended 31 March 2015

		Year ended 31 March 2015			Year ended 31 March 2014		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gain on investments	8 (c)	-	55	55	-	-	-
Income	2	372	-	372	495	-	495
		372	55	427	495	-	495
Investment management fees	3	(45)	(135)	(180)	(50)	(150)	(200)
Other expenses	4	(155)	-	(155)	(161)	-	(161)
		(200)	(135)	(335)	(211)	(150)	(361)
Profit/(loss) on ordinary activities before taxation		172	(80)	92	284	(150)	134
Tax on ordinary activities	5	-	-	-	-	-	-
Profit/(loss) on ordinary activities after tax attributable to equity shareholders		172	(80)	92	284	(150)	134
Basic and diluted Return/(loss) per Ordinary Share (pence)	6	1.26p	(0.59p)	0.67p	2.08p	(1.10p)	0.98p

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 2015
Registered No: 07036487

	Note	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Fixed Assets			
Investments	**8**	7,714	8,598
Current Assets			
Debtors	**9**	532	356
Cash		97	273
		629	629
Creditors - amounts falling due within one year	**10**	(151)	(170)
Net Current Assets		478	459
Total Assets less Current Liabilities		8,192	9,057
Creditors - amounts falling due after more than one year (including convertible debt)	**11**	(1)	(1)
Net Assets		8,191	9,056
Capital and Reserves			
Called up share capital	**12**	137	137
Capital reserve – realised		(989)	(699)
Capital reserve – unrealised		-	(210)
Revenue reserve		9,043	9,828
Equity Shareholders' Funds		8,191	9,056
Net Asset Value per Ordinary Share	**13**	59.91p	66.24p
Diluted Net Asset Value per Ordinary Share	**13**	59.91p	66.24p

The financial statements were approved and authorised for issue by the Board of Directors on 30 July 2015 and were signed on their behalf by:

Raymond Pierce
Chairman
31 July 2015

Cash Flow Statement
For the year ended 31 March 2015

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Profit on ordinary activities before taxation	92	134
Gain on investments	(55)	-
Increase in debtors	(176)	(120)
(Decrease)/increase in creditors	(19)	61
Net cash (outflow)/inflow from operating activities	(158)	75
Capital expenditure and financial investment		
Purchase of investments	(700)	-
Proceeds from sale of investments and repayments of loans and loan notes	1,639	342
Net cash inflow from capital expenditure and financial investment	939	342
Equity dividend paid	(957)	(957)
Decrease in cash in the year	(176)	(540)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash in the year	(176)	(540)
Net funds at start of year	273	813
Net funds at end of year	97	273

Reconciliation of Movements in Shareholders' Funds
For the year ended 31 March 2015

	Called up share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 April 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
Return after taxation attributable to equity shareholders	-	(80)	-	172	92
Realisation of revaluation from prior period	-	(210)	210	-	-
Dividend paid	-	-	-	(957)	(957)
Balance as at 31 March 2015	**137**	**(989)**	**-**	**9,043**	**8,191**

Distributable reserves comprise: Capital reserve-realised, Capital reserve-unrealised and the Revenue reserve. At the year end distributable reserves totalled £8,054,000 (2014: £8,919,000).

The Capital reserve-realised includes gains/losses that have been realised less related costs. The Capital reserve-unrealised shows the gains/losses on investments still held by the company.

Notes to the Accounts
For the year ended 31 March 2015

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 profit for the year of £92,000 as per the Income Statement on page 28 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 14. 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. Unquoted 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 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.

1. Accounting Policies (continued)

Income

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

Performance fees

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

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

At each balance sheet date, the Company estimates that fair value by reference to any excess of the net asset value, adjusted for dividends paid, over £1 per share in issue at the balance sheet date. Any change in fair value 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 the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1. Accounting Policies (continued)

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

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

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

2. Income

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Income from investments		
Income from investments	370	490
	370	490
Other income		
Bank deposit income	2	5
	372	495

Notes to the Accounts
For the year ended 31 March 2015

3. Investment Management Fees

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Shore Capital Limited	180	200

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 is paid an annual fee of 2 per cent of the Net Asset Value payable quarterly in arrears calculated on the relevant quarter end NAV of the Company. These fees are capped, the Investment Manager having agreed to reduce its fee (if necessary to nothing) to contain total annual costs (excluding performance fee and trail commission) to within 3.5 per cent of Net Asset Value. Total annual costs this year were 3.5% of the average Net Asset Value (2014: 3.5%).

4. Other expenses

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Administration - Shore Capital Fund Administration Services Limited	31	30
Directors' Remuneration	56	63
Social security costs	1	1
Auditor's remuneration for statutory audit	22	21
Insurance	5	5
Legal and professional fees	12	12
Trail commission	21	25
Other expenses	7	4
	155	161

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

The total fees paid or payable (excluding VAT and employers NIC) in respect of individual Directors for the year are detailed in the Directors' Remuneration Report on page 19. The Company had no employees (other than Directors) during the year. The average number of non-executive Directors during the year was three (2014: four).

The Auditor's remuneration of £18,000 (2014: £17,500) has been grossed up in the table above to be inclusive of VAT.

Notes to the Accounts
For the year ended 31 March 2015

5. Tax on Ordinary Activities

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'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		
Profit on ordinary activities before taxation	92	134
Tax charge calculated on profit on ordinary activities before taxation at the applicable rate of 20%	18	27
Non taxable capital income	(11)	-
Utilisation of tax losses brought forward	(7)	(27)
	-	-

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 £83,000 (2014: £118,000) 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.

Notes to the Accounts
For the year ended 31 March 2015

6. Basic and diluted return/(loss) per Ordinary Share

	Year ended 31 March 2015		
	Revenue	**Capital**	**Total**
Return/(loss) for the year (£'000)	172	(80)	92
Weighted average number of shares	13,671,870	13,671,870	13,671,870
Return/(loss) per share	1.26p	(0.59)p	0.67p

	Year ended 31 March 2014		
	Revenue	**Capital**	**Total**
Return/(loss) for the year (£'000)	284	(150)	134
Weighted average number of shares	13,671,870	13,671,870	13,671,870
Return/(loss) per share	2.08p	(1.10)p	0.98p

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 2015 (year ended 31 March 2014: nil). An interim dividend of 7p per Ordinary Share was paid on 19 February 2015 (2014: 7p per Ordinary Share paid on 21 February 2014). The dividend payment totalled £957,000 (2014: £957,000).

8. Investments

(a) Summary	Historic cost as at 31 March 2015 £'000	Market value as at 31 March 2015 £'000	Historic cost as at 31 March 2014 £'000	Market value as at 31 March 2014 £'000
Qualifying venture capital investments	6,340	6,340	6,885	6,675
Non qualifying investments	1,374	1,374	1,923	1,923
	7,714	7,714	8,808	8,598

(b) Movements in investments	Qualifying venture capital investments £'000	Non qualifying investments £'000	Total £'000
Opening value	6,675	1,923	8,598
Purchases at cost	-	700	700
Disposal proceeds and repayment of loans and loan notes	(390)	(1,249)	(1,639)
Realised gains on disposals	55	-	55
Valuation at 31 March 2015	**6,340**	**1,374**	**7,714**
Book cost at 31 March 2015	6,340	1,374	7,714
Net unrealised gains at 31 March 2015	-	-	-
Valuation at 31 March 2015	6,340	1,374	7,714

(c) Gains on investments

The gains on investments for the year shown in the Income Statement on page 28 is analysed as follows:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Realised gains on disposal	55	-
	55	-

8. Investments - continued

(d) Quoted and unquoted investments	Market value as at 31 March 2015 £'000	Market value as at 31 March 2014 £'000
Quoted investments	-	-
Unquoted investments	7,714	8,598
	7,714	8,598

(e) Significant interests

Further details of investments are disclosed in the Investment Portfolio Summary on pages 7 to 12 of the Annual Report. The Company exercises significant influence over 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.

9. Debtors

	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Prepayments and accrued income	532	356

10. Creditors – amounts falling due within one year

	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Accruals and deferred income	151	170

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

	As at 31 March 2015 £'000	As at 31 March 2014 £'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 members of the investment management team to receive a performance related incentive of 20 per cent of the aggregate amounts realised by the Company in excess of £1 per Ordinary Share. The Shareholders will be entitled to the balance. This incentive, to be effected through the issue of shares in the Company, will only be exercised once the holders of Ordinary Shares have received 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 2015

12. Called Up Share Capital

	As at 31 March 2015 £'000	As at 31 March 2014 £'000
13,671,870 ordinary shares of 1p each	137	137

13. Net Asset Value per Ordinary Share

	As at 31 March 2015	As at 31 March 2014
Net assets	8,191,000	9,056,000
Shares in issue	13,671,870	13,671,870
Dilutive effect of performance fee	-	-
	13,671,870	13,671,870
Net asset value per share		
Basic	59.91p	66.24p
Diluted	59.91p	66.24p

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 2015 £'000	As at 31 March 2014 £'000
Assets at fair value through profit or loss		
Investments managed through Shore Capital Limited	7,714	8,598
Loans and receivables		
Cash at bank and in hand	97	273
Interest, dividends and other receivables	532	356
Other financial liabilities		
Financial liabilities measured at amortised cost	(152)	(171)
	8,191	9,056

14. Financial Instruments (continued)

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

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 credit risk on an ongoing basis. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. The Company's financial assets and maximum exposure to credit risk is as follows:

	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Investments in loans and loan notes	4,604	5,488
Cash at bank and in hand	97	273
Interest, dividends and other receivables	532	356
	5,233	6,117

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
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 14. 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 2015 are unquoted investments (2014: 100% unquoted).

14. Financial Instruments (continued)

Liquidity risk
Details of the Company's unquoted investments are provided in the Investment Portfolio summary on page 7. 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 (2014: £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 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 2015	Rate status	Average interest rate	Period until maturity	Total £'000
Cash at bank – RBS	Floating	0.2%	-	18
Cash at bank - Investec	Fixed	0.4%	32 day notice	64
Cash at bank – Lloyds	Fixed	0.2%	-	15
Loans and loan notes	Floating	14.2%	34 months	3,930
Loans and loan notes	Fixed	5.00%	3 months	674
Balance of assets	Non-interest bearing		-	3,642
				8,343

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%	15 months	1,063
Balance of assets	Non-interest bearing		-	3,466
				9,227

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 2015	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss (£'000)	-	-	7,714	7,714

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

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 8 to 12 of the annual report.

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

	Unquoted shares £'000	Loans and loan notes £'000	Total £'000
Balance as at 1 April 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
Repayments of loans and loan notes	(55)	(1,584)	(1,639)
Realised gains	55	-	55
Additions	-	700	700
Balance as at 31 March 2015	3,110	4,604	7,714

15. Capital management

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

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

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

The Board has the opportunity to consider levels of gearing, however there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of those 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 (2014: nil).

17. Controlling Party

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