SHORE CAPITAL

PUMA VCT VII PLC

ANNUAL REPORT & ACCOUNTS 2012

VCT VII
2012

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Highlights

- Six qualifying investments made in 2012, qualifying investments were at 43% of net assets (on an HMRC basis) at the year end.
- Two further qualifying investments made post year end. Qualifying investments now at 62% on HMRC basis.
- Two non-qualifying secured loans made, offering a higher yield than most quoted secured bonds or deposits.
- 10p per share of dividends paid since inception, 5p in respect of 2012, equivalent to a 7.1% per annum tax-free running yield on net investment.
- Gain in NAV (adding back dividends) of 0.91p per share.
- Strong pipeline of investments as the Company approaches its second anniversary of investment.

Introduction

I am pleased to present to you as Chairman the annual report for Puma VCT VII plc for the period to 31 December 2012, its second year of investment.

The Company began investing in May 2011 having completed its fund-raising and 2011 was therefore not a full year. The Company has made strong progress in 2012: it has now deployed a substantial proportion of its funds in medium-term investments, both qualifying and non-qualifying.

VCT qualifying investments

During the year the Company completed six VCT-qualifying investments, deploying a total of £4.9 million. Details of these investments can be found in the Investment Manager's report, below. The Investment Manager continues to review suitable qualifying opportunities and has already made further qualifying investments in the current year to ensure the Company is on course to meet its HMRC qualifying targets.

Non-qualifying investments

The Company's strategy is to seek a good return from its non-qualifying investments as well as its qualifying investments. In 2011 the Company acquired a portfolio of bonds and hedge funds, many of which it sold during 2012 for a small gain.

The Company also held a portfolio of bond funds and one residual hedge fund, which it retained at the year end. Anticipating a change in market sentiment regarding bonds, the Investment Manager decided to take profits on all of these holdings at the start of 2013.

During the period, the Company also completed two non-qualifying loans for a total of £2.3 million and a further loan of £650,000 after the year end. Details of these can be found in the Investment Manager's report below. In anticipation of the strong pipeline of loan opportunities, the Investment Manager has taken the view to continue to hold a portion of the portfolio on cash deposit.

VCT qualifying status

PricewaterhouseCoopers LLP ('PwC') provides the Board and the Investment Manager with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. PwC will assist the Investment Manager in establishing the status of investments as qualifying holdings in the future.

Results and dividends

The Company reported a profit of £123,000 for the year (2011: £638,000 loss), equivalent to a profit of 0.91p per ordinary share (calculated on the weighted average number of shares). The Net Asset Value per ordinary share ("NAV") at the period end was 86.5p. The NAV per share reflects the payment of a dividend of 5.0p per share during the year. Following the year end, an interim dividend of 5p per Ordinary Share was paid on 25 February 2013 in respect of the year ended 31 December 2012.

Chairman's Statement continued

Outlook

The Investment Manager has continued to meet a number of companies which are potentially suitable for investment and has a strong pipeline of opportunities which may lead to suitable investments. We will update you in due course as investments are completed.

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

David Buchler
Chairman
30 April 2013

Investment Manager's Report

Introduction

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

Qualifying investments

As indicated in the Company's interim report, prior to 5 April 2012, the Company invested £3.76 million into four qualifying contracting companies. These four companies, Frederica Trading Limited, Glenmoor Trading Limited, Huntly Trading Limited and Jephcote Trading Limited, have been actively pursuing opportunities to deploy their financial resources.

We are pleased to report that, in November 2012, Frederica Trading Limited and Glenmoor Trading Limited joined a limited liability partnership with other contracting companies and has entered into its first contracting contract with HB Community Solutions. These companies will provide £1.76 million (as part of a £5.4 million project involving other companies backed by Puma VCTs) of project management and contracting services. These services will be provided to a series of developments constructing pre-let accommodation for large healthcare groups providing supported living services for psychiatric and learning disabled service users.

Furthermore, we are pleased to report that, in November 2012, Huntly Trading Limited joined a limited liability partnership with other contracting companies and has entered into its first contracting contract with FreshStart Living. This will provide £476,000 (as part of a £3.5 million project involving other companies backed by Puma VCTs) of project management and contracting services. These services will be provided in connection with the development and construction of 116 apartments, all of which were pre-sold when the contract was entered into, by FreshStart Living at a property called Trafford Press, two miles south east of Manchester city centre.

In December 2012, the Company completed a £450,000 investment (as part of a £1.5 million financing with other Puma VCTs) into Brewhouse and Kitchen Limited, which is managed by two highly experienced pub sector professionals, to facilitate the acquisition of freehold pubs and install a micro brewery within the main area of each pub. The investment is largely in the form of senior debt, secured with a first charge over the business and each freehold site acquired. Funds can be utilised to a maximum 65% loan-to-value ratio, and are expected to produce a return of at least 7 per cent per annum.

Subsequent to the year end, the Company invested a further £800,000 (as part of £1.6 m across the PUMA VCTs) into Brewhouse and Kitchen, taking total exposure to £1,250,000. This further investment, again largely in the form of senior debt, is to be used to purchase further pubs, subject to our approval of each purchase. The terms are similar to the first loan to this company.

As reported in the Company's interim report, the Company invested £700,000 (as part of a £1.4 million Puma VCT financing) into SIP Communications plc. SIPCOM provides hosted IP telephony and unified communications products and services and is a leading hosting provider for 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.

The Company has very recently (23 April 2013) concluded another qualifying transaction, by investing £1.1 million into Saville Services Limited, a contracting company, alongside other PUMA VCTs. Saville Services is deploying the funds to provide contracting services in relation to the construction of a private detached housing development in the countryside outside Aberdeen, under contract to Churchill Homes Limited, a longstanding Aberdeenshire developer.

In accordance with the HMRC VCT rules the Company has three years to invest 70 per cent of the portfolio (on an HMRC basis) into qualifying investments. We are well on track to achieve this, with a current percentage of 62%.(43% at the year end)

Non-qualifying investments

When the fund began investing in 2011, we chose a portfolio of bonds, hedge funds and hedge fund

Investment Manager's Report continued

of funds. We reviewed the portfolio and liquidated a number of these during 2012 for an overall small gain.

We retained a number of best performing assets of this portfolio throughout the year, most of which were bond funds and one residual hedge fund. At the start of 2013, we became concerned that bonds had become overvalued relative to equities. Anticipating a change in market sentiment regarding bonds and a switch into equities, we decided to take profits on all of these holdings at the start of 2013, a decision which seems to have been vindicated by subsequent market movements.

We have adopted a strategy for the non-qualifying portfolio of moving away from quoted investments where possible and instead investing in secured non-qualifying loans offering a good yield with hopefully limited downside risk. These loans take longer to identify and execute, but should work well for the VCT into the medium term.

The first of these was made in August 2012, when the Company completed a £1,330,000 non-qualifying loan. This was as part of a £4 million financing with other Puma VCTs to Puma Brandenburg Finance Limited, a subsidiary of Puma Brandenburg Holdings Limited. It is secured on a portfolio of flats in the middle class area of central Berlin, Germany. The facility attracts a fixed interest rate of 5% per annum. 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.

In December 2012, the Company completed a second non-qualifying loan. This was £881,000 to Buckhorn Lending Limited, which itself (having received loans from various other Puma VCTs) extended an innovative £2.5 million revolving credit facility to Organic Waste Management Trading Limited ("OWM"). The facility provides working capital for the purchase of used cooking oil for conversion into bio-diesel. The ultimate borrower owns a large oil refining plant in Birkenhead and is processing cooking oil to sell to obligated off-take parties (petrol and diesel retailers). 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 1.5% per month with a 5% per annum non-utilisation rate.

A further loan was made after the year end to Countywide Property Holdings Limited of £650,000 (in conjunction with another Puma VCT investing on the same basis). Countywide Property Holdings owns a 5.6 acre residential site in Brackley, Northamptonshire, which is in an advanced stage in the planning process and which has been sold, subject to planning, to a major house-builder. Our loan has a first charge over the property and is for a term of 14 months at 9.71% per annum.

Investment Strategy

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

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

Shore Capital Limited
30 April 2013

Investment Portfolio Summary

As at 31 December 2012

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
As at 31 December 2012				
Qualifying Investment - Unquoted				
Brewhouse & Kitchen Limited equity	315	315	–	3%
Brewhouse & Kitchen Limited Loan Notes	135	135	–	1%
Frederica Trading Limited equity	264	264	–	2%
Frederica Trading Limited Loan Notes	616	616	–	5%
Glenmoor Trading Limited equity	264	264	–	2%
Glenmoor Trading Limited Loan Notes	616	616	–	5%
Huntly Trading Limited B equity	300	300	–	3%
Huntly Trading Limited Loan Notes	700	700	–	6%
Jephcote Trading Limited equity	700	700	–	6%
Jephcote Trading Limited Loan Notes	300	300	–	3%
SIP Communications plc equity	210	210	–	2%
SIP Communications plc Loan Notes	490	490	–	4%
Total Qualifying Investments	4,910	4,910	–	42%
Non-Qualifying Investments				
Buckhorn Lending Limited Loan Notes	881	881	–	8%
Blackrock UK Emerging Cos Hedge Fund Limited*	633	600	33	5%
Jupiter Strategic Bond Fund*	855	781	74	7%
Neuberger Berman High Yield*	129	120	9	1%
Pimco Global Investors Diversified Income Fund*	692	635	57	6%
iShares iBoxx Corporate Bonds*	536	483	53	5%
iShares iBoxx Non Financial*	851	798	53	7%
Puma Brandenburg Finance Limited loan	1,330	1,330	–	11%
Total Non-Qualifying investments	5,907	5,628	279	50%
Total Investments	10,817	10,538	279	92%
Balance of assets (net)	865	865		8%
Net Assets	11,682	11,403	279	100%

Of the investments held at 31 December 2012, 88 per cent are incorporated in England and Wales, 12 per cent in Europe. Percentages have been calculated on the valuation of the assets at the reporting date.

*Quoted investments listed on the LSE.

Significant Investments

Brewhouse and Kitchen Limited

Cost (£'000):	450
Investment comprises:	
Ordinary shares (£'000):	315
Debt (£'000):	135
Valuation method:	Price of recent investment
Valuation (£'000):	450
Income received by the Company from this holding in the year (£'000):	–
Source of financial data*	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	13%
Equity managed by Shore Capital Ltd	43%

* The Company is yet to file accounts.

Brewhouse and Kitchen 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.

Frederica Trading Limited

Cost (£'000):	880
Investment comprises:	
Ordinary shares (£'000):	264
Debt (£'000):	616
Valuation method:	Price of recent investment
Valuation (£'000):	880
Income received by the Company from this holding in the year (£'000):	11
Source of financial data *	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	50%
Equity managed by Shore Capital Ltd	100%

* The Company is yet to file accounts.

Frederica Trading Limited was incorporated in April 2012 and entered into DEFG Trading LLP with a number of other companies for the purposes of combining their respective resources going forward. Voting rights are pari passu to the equity held.

Glenmoor Trading Limited

Cost (£'000):	880
Investment comprises:	
Ordinary shares (£'000):	264
Debt (£'000):	616
Valuation method:	Price of recent investment
Valuation (£'000):	880
Income received by the Company from this holding in the year (£'000):	11
Source of financial data *	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	50%
Equity managed by Shore Capital Ltd	100%

* The Company is yet to file accounts.

Glenmoor Trading Limited was incorporated in April 2012. On 20 April 2012, Glenmoor Trading Limited entered into DEFG Trading LLP with a number of other companies for the purposes of combining their respective resources going forward. Voting rights are pari passu to the equity held.

Huntly Trading Limited

Cost (£'000):	1,000
Investment comprises:	
Ordinary shares (£'000):	300
Debt (£'000):	700
Valuation method:	Price of recent investment
Valuation (£'000):	1,000
Income received by the Company from this holding in the year (£'000):	13
Source of financial data *	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	50%
Equity managed by Shore Capital Ltd	100%

* The Company is yet to file accounts.

Huntly Trading Limited was incorporated in April 2012 and has been actively pursuing opportunities for significant qualifying business. On 28 November 2012 Huntly Trading entered into SKPB Services LLP along with number of other companies for the purposes of combining their respective resources going forward. Voting rights are pari passu to the equity held.

Jephcote Trading Limited

Cost (£'000):	1,000
Investment comprises:	
Ordinary shares (£'000):	700
Debt (£'000):	300
Valuation method:	Price of recent investment
Valuation (£'000):	1,000
Income received by the Company from this holding in the year (£'000):	12
Source of financial data*	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	50%
Equity managed by Shore Capital Ltd	100%

* The Company is yet to file accounts.

Jephcote Trading Limited was incorporated in April 2012 and is actively pursuing opportunities for significant qualifying business.

Buckhorn Lending Limited

Cost (£'000):	881
Investment comprises:	
Ordinary shares (£'000):	–
Debt (£'000):	881
Valuation method:	Price of recent investment
Valuation (£'000):	881
Income received by the Company from this holding in the year (£'000):	2
Source of financial data *	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	33%
Equity managed by Shore Capital Ltd	100%

* The Company is yet to file accounts.

Buckhorn Lending Limited was incorporated in December 2012, its business will be the provision of financial instruments.

Puma Brandenburg Finance Limited

Cost (£'000):	1,330
Investment comprises:	
Ordinary shares (£'000):	–
Debt (£'000):	1,330
Valuation method:	Price of recent investment
Valuation (£'000):	1,330
Income received by the Company from this holding in the year (£'000):	39
Source of financial data *	
Turnover (£'000):	–
Profit before tax (£'000):	–
Retained Profit (£'000):	–
Net assets (£'000):	–
Earnings per share (p)	–
Dividends per share (p)	–
Proportion of equity held:	0%
Equity managed by Shore Capital Ltd	0%

* The Company is yet to file accounts.

Puma Brandenburg Finance Limited was incorporated in 9 July 2012, its business will be the provision of financial instruments.

SIP Communications plc

Cost (£'000):	700
Investment comprises:	
Ordinary shares (£'000):	210
Debt (£'000):	490
Valuation method:	Price of recent investment
Valuation (£'000):	700
Income received by the Company from this holding in the year (£'000):	29
Source of financial data	Accounts for y/e 31/03/2012
Turnover (£'000):	2,184
Loss before tax (£'000):	670
Retained Loss (£'000):	486
Net assets (£'000):	158
Earnings per share (p)	Not disclosed
Dividends per share (p)	Not disclosed
Proportion of equity held:	5%
Equity managed by Shore Capital Ltd	9%

* The Company is yet to file accounts.

SIP Communications PLC is a Company involved in general telecommunications.

Directors' Biographies

David Buchler (Chairman)

David is a Chartered Accountant and has some 30 years experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, the UK's leading financial recovery and restructuring specialist, which was acquired by the Kroll - O'Gara Company, the world's leading risk mitigation firm, in 1999. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Treasurer of INSOL International, Trustee of Syracuse University and until 2006, Non-Executive Vice-Chairman of Tottenham Hotspur Football Club. He has been a Director of a number of public companies and is currently a Director of the English National Opera.

Peter Hewitt

Peter has spent a substantial proportion of his 35 year career in the property industry. From 1998 to 2005 he was Chairman and Chief Executive of a property group which he built from a shell company to a business with turnover of £25 million and 150 permanent staff, floating it on AIM in 2002. Peter has extensive corporate governance experience, having been a chairman or director of nine public companies. He established and subsequently sold two private client broking businesses and is a Chartered Fellow of the Chartered Securities Institute. Peter is a Director of Provident & Regional Estates Ltd; Chairman of ProVen Planned Exit VCT; Chairman of Finance for Companies Ltd and Premier Non Executives Ltd. Peter is the elected Alderman for the Ward of Aldgate in the City of London, sits on several committees and is Chairman of its £20m Social Investment Fund.

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.

Report of the Directors

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2012.

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 December 2012. 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 22 July 2011.

Investment Policy

Puma VCT VII 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/PLUS/Irish Stock Exchange 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. The Company must have had in excess of 70% of its assets invested in qualifying investments as defined for VCT purposes by 31 December 2013.

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.

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 may also find it difficult to realise some of the quoted investments held in its portfolio in the current market conditions.

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;

Report of the Directors continued

- 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;
- ensuring a spread of investments is achieved.

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.

Results and dividends

The results for the financial period are set out on page 20. The Directors do not propose a final dividend. An interim dividend of 5p per Ordinary Share was paid on both 5 March 2012 and 25 February 2013 in respect of the 2012 and 2013 years respectively. 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.

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 1 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 1 to 4.

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 either environmental or social and community issues.

Capital Structure

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

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. However, there are currently no plans to establish such a policy.

Directors

The Directors of the Company during the year and their beneficial interests in the issued ordinary shares of the Company at 31 December 2012 were as follows

	1p ordinary shares	
	31 December 2012	31 December 2011
David Buchler (Chairman)	20,600	20,600
Peter Hewitt	18,540	18,540
Graham Shore	–	–

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.

Graham Shore is also a director of Puma VCT V plc, Puma High Income VCT plc and Puma VCT 8 plc, VCTs to which Shore Capital Limited is also the Investment Manager.

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 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.

The annual running costs of the Company are subject to a cap of 3.5 per cent of the Company's net assets at the period end.

Shore Capital and members of the investment management team will be entitled to a performance related incentive of 20 per cent of the aggregate excess on any 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's group and employees of and persons related to 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 has a proven track record in VCT management and currently manages over £69 million of VCT funds and has a strong network within the industry.

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 in the table below.

Creditor payment policy

The Company's payment policy for the forthcoming year is to ensure settlement of suppliers' invoices in accordance with their standard terms. As at 31 December 2012 there were nil days' billing from the suppliers of services outstanding.

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 average annual running costs of the Company. Given the nature of the assets held it is considered that these can be realised with sufficient ease to provide any additional cash which may be required to enable the Company to meet its liabilities as they fall due for payment. 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

		Position at 31 Dec 2012
1.	The Company holds at least 70% of its investments in qualifying companies,	**N/A***
2.	At least 70% (30% prior to 6 April 2012) of the Company's qualifying investments are held in "eligible shares"	**N/A***
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**

*Investment tests to be met by 3rd accounting year end and all accounting periods thereafter.

Report of the Directors continued

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 December 2012 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 18 June 2013 at 11 a.m. 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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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 and the Disclosure and Transparency Rules 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 period. 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;

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 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.

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.

The Directors are responsible for ensuring the Report of the Directors and other information included in the Annual Report include information required by the Listing Rules of the Financial Conduct Authority.

By order of the Board

Eliot Kaye
Company Secretary
30 April 2013

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 18 June 2013.

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 period totalled £61,000 as set out in note 4.

The Directors' contracts are discussed in point (e) in the Corporate Governance Statement on page 17.

Directors' Remuneration

The Directors received emoluments as detailed below:

	Unaudited Current Annual Fee 12 months	Audited year ended 31 December 2012	Audited period ended 31 December 2011
	£	£	£
David Buchler (Chairman)	25,000	25,000	25,000
Peter Hewitt	18,000	18,000	18,000
Graham Shore	18,000	18,000	9,000
	61,000	61,000	52,000

These are the total emoluments, there is no pension or share option scheme.

Brief biographical notes on the Directors are given on page 8.

2013 Remuneration

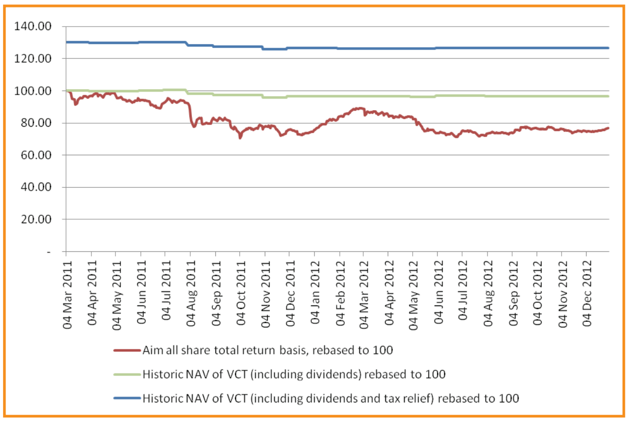
The remuneration levels for the forthcoming year are expected to be at the annual levels shown in the table above. The Directors shall be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with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

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

On 29 November 2010, 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.

Performance Graph

The following chart represents the Company's performance from inception to 31 December 2012 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 4 March 2011, the effective start of operations for the Company.



On behalf of the Board

Graham Shore
Director
30 April 2013

Corporate Governance Statement

The Directors support the relevant principles of the new UK Corporate Governance Code issued in June 2010 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 three 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 David Buchler as the senior independent Director and he is also the Chairman. Biographical details of all Board members are shown on page 8.

All three 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 three 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 managers and administrators)

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

	Scheduled Board meetings
David Buchler	4/4
Peter Hewitt	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 comprise wholly of non-executive Directors. Appointments of new Directors, audit matters 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 14, and this is subject to shareholder approval.

Audit Committee

The audit committee is composed of the entire board with the exception of Graham Shore. The audit committee will meet annually with the external auditor prior to approval of the Company's financial statements. The audit committee will monitor the external auditor's independence, the effectiveness of the audit process and other relevant matters.

During the year the Board reviewed the independence of the external auditor and recommended that the auditor be re-appointed. The Board receives written confirmation each year of the auditor's independence. The Board also considered the need for an internal audit function and concluded that this function would not be an appropriate control for a venture capital trust.

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.

Corporate Governance Statement continued

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 pages 12-13, and a statement by the auditor about their reporting responsibilities is set out in the Auditor's Report on page 18.

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 are 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.

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 major 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.

Compliance statement

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code provisions throughout the accounting period. With the exception of the items outlined below, the Company has complied throughout the year ended 31 December 2012 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 – New Directors do not receive a full, formal and tailored induction on joining the Board 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 – 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.

e) Provision B2-3 – On 29 November 2010 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 Combined 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 – Graham Shore is not considered to be independent as he holds common directorships under the same Investment Manager. The Board considers that Graham Shore has sufficient experience to exercise proper judgment within the meaning set out by the UK Corporate Governance Code.

g) Provisiosns C3-1 to C3-6 – 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. The relevant matters from the provisions C3-1 to C3-6 are either dealt with by the full Board or by the two independent non-executive Directors.

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

We have audited the financial statements on pages 20 to 36. 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 pages 12-13, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 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 15 to 17 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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 11, in relation to going concern;
- the part of the Corporate Governance Statement on pages 15 to 17 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

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 April 2013

Income Statement

For the year ended 31 December 2012

		Year ended 31 December 2012			Period from 30 September 2010 to 31 December 2011		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Gain/(loss) on investments	8 (c)	–	312	312	–	(439)	(439)
Income	2	274	–	274	146	–	146
		274	312	586	146	(439)	(293)
Investment management fees	3	(56)	(168)	(224)	(48)	(144)	(192)
Other expenses	4	(239)	–	(239)	(153)	–	(153)
		(295)	(168)	(463)	(201)	(144)	(345)
Return/(loss) on ordinary activities before taxation		(21)	144	123	(55)	(583)	(638)
Tax on return/(loss) on ordinary activities	5	–	–	–	–	–	–
Return/(loss) on ordinary activities after tax attributable to equity shareholders		(21)	144	123	(55)	(583)	(638)
Basic and diluted Return/(loss) per Ordinary Share (pence)	6	(0.16p)	1.07p	0.91p	(0.66p)	(7.05p)	(7.71p)

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

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

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

Balance Sheet

As at 31 December 2012

	Note	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Fixed Assets			
Investments	8	10,817	6,729
Current Assets			
Debtors	9	75	14
Cash at bank and in hand		926	5,608
		1,001	5,622
Creditors - amounts falling due within one year	10	(135)	(115)
Net Current Assets		866	5,507
Total Assets less Current Liabilities		11,683	12,236
Creditors - amounts falling due after more than one year (including convertible debt)	11	(1)	(1)
Net Assets		11,682	12,235
Capital and Reserves			
Called up share capital	12	135	135
Capital reserve – realised		(718)	(405)
Capital reserve – unrealised		279	(178)
Revenue reserve		11,986	12,683
Equity Shareholders' Funds		11,682	12,235
Basic and diluted Net Asset Value per Ordinary Share	13	86.48p	90.57p

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2013 and were signed on their behalf by:

Graham Shore
Director
30 April 2013

Cash Flow Statement

For the year ended 31 December 2012

	Year ended 31 December 2012	Period from 30 September 2010 to 31 December 2011
	£'000	£'000
Return/(loss) on ordinary activities before taxation	123	(638)
(Gains)/losses on investments	(312)	439
Increase in debtors	(61)	(14)
Increase in creditors	20	116
Net cash outflow from operating activities	(230)	(97)
Capital expenditure and financial investment		
Purchase of investments	(7,434)	(10,326)
Proceeds from sale of investments	3,660	3,168
Transaction costs	(2)	(10)
Net cash outflow from capital expenditure and financial investment	(3,776)	(7,168)
Equity dividend paid	(676)	–
Net cash outflow before financing	(4,682)	(7,265)
Financing		
Proceeds received from issue of ordinary share capital	–	13,135
Expenses paid for issue of share capital	–	(263)
Proceeds received from issue of redeemable preference shares	–	13
Redemption of redeemable preference shares	–	(13)
Proceeds received from convertible loan notes	–	1
Net cash inflow from financing	–	12,873
(Decrease)/increase in cash	(4,682)	5,608
Net funds at start of the period	5,608	–
Net funds at the period end	926	5,608
Reconciliation of net cashflow to movement in net funds		
(Decrease)/Increase in cash in the period	(4,682)	5,608
Net funds at start of period	5,608	–
Net funds at end of period	926	5,608

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2012

	Called up share capital	Share premium account	Capital reserve - realised	Capital reserve - unrealised	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Shares issued in the period	135	13,374	–	–	–	13,509
Expenses of share issues	–	(636)	–	–	–	(636)
Capital reconstruction	–	(12,738)	–	–	12,738	–
Return after taxation attributable to equity shareholders	–	–	(405)	(178)	(55)	(638)
Balance as at 31 December 2011	**135**	**–**	**(405)**	**(178)**	**12,683**	**12,235**
Return after taxation attributable to equity shareholders	–	–	(149)	293	(21)	123
Realisation of revaluations from prior period	–	–	(164)	164	–	–
Dividends paid	–	–	–	–	(676)	(676)
Balance as at 31 December 2012	**135**	**–**	**(718)**	**279**	**11,986**	**11,682**

Distributable reserves comprise: Capital reserve-realised, Capital reserve-unrealised and the Revenue reserve. At the period end distributable reserves totalled £11,547,000 (2011: £12,100,000). On 14 December 2011 the share premium account was cancelled moving the balance into distributable reserves in order to pay out the 5p interim dividend on 5 March 2012.

The Capital reserve-realised shows gains/losses that have been realised in the period 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 December 2012

1. Accounting Policies

Basis of Accounting

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 profit of £123,000 as per the Income Statement on page 20 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 9. 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 may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation include net asset value where such factors apply that make this or alternative methods more appropriate.

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

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

Cash at bank and in hand

Cash at bank and in hand comprises 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.

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 at 20 per cent of the aggregate excess 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. 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 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 boards 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 continued

For the year ended 31 December 2012

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

Debtors

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

Dividends

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

2. Income

	Year ended 31 December 2012 £'000	Period from 30 September 2010 to 31 December 2011 £'000
Income from investments		
Loan stock interest	118	–
Bond yields	124	73
	242	73
Other income		
Bank deposit interest	32	73
Total income	274	146

3. Investment Management Fees

	Year ended 31 December 2012 £'000	Period from 30 September 2010 to 31 December 2011 £'000
Shore Capital Limited	224	202
Fee rebates	–	(10)
	224	192

Shore Capital Limited (Shore Capital) has been appointed as the Investment Manager of the Company for an initial period of five years, which can be terminated by not less than twelve months' notice, given at any time by either party, on or after the fifth anniversary. The Board is satisfied with the performance of the Investment Manager. Under the terms of this agreement Shore Capital 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 (2011: 2.8%).

In the prior period the Company invested in the Puma Absolute Return Fund Limited which is also managed by Shore Capital Limited. An arrangement was in place to avoid the double charging of management and performance fees. The Company has set off investment fee rebates against the management fee charge.

4. Other expenses

	Year ended 31 December 2012 £'000	Period from 30 September 2010 to 31 December 2011 £'000
Administration - Shore Capital Fund Administration Services Limited	41	34
Directors' Remuneration	61	52
Social security costs	5	5
Auditor's remuneration for statutory audit	17	16
Insurance	4	3
Legal and professional fees	8	16
FSA, LSE and registrar fees	37	19
Trail commission	54	–
Other expenses	12	8
	239	153

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 14. The Company had no employees (other than Directors) during the year. The average number of non-executive Directors during the year was 3 (2011: 3).

The Auditor's remuneration of £14,000 (2011: £14,000) has been grossed up in the table above to be inclusive of VAT.

Notes to the Accounts continued

For the year ended 31 December 2012

5. Tax on Ordinary Activities

	Year ended 31 December 2012 £'000	Period from 30 September 2010 to 31 December 2011 £'000
UK corporation tax charged to revenue reserve	–	–
UK corporation tax charged to capital reserve	–	–
		–
UK corporation tax charge for the period	–	–
Return / (loss) on ordinary activities before taxation	123	(638)
Factors affecting tax charge for the period		
Tax charge calculated on total return/loss on ordinary activities before taxation at the applicable rate of 20%	(25)	(128)
Capital income not taxable	29	109
Tax losses carried forward	(4)	19
	–	–

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

No provision for deferred tax has been made in the accounts. 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 December 2012		
	Revenue £'000	Capital £'000	Total £'000
(Loss)/return for the year	(21)	144	123
Weighted average number of shares	13,508,927	13,508,927	13,508,927
(Loss)/return per share	(0.16)p	1.07p	0.91p

	Period from 30 September 2010 to 31 December 2011		
	Revenue £'000	Capital £'000	Total £'000
Loss for the period	(55)	(583)	(638)
Weighted average number of shares	8,272,330	8,272,330	8,272,330
Loss per share	(0.66)p	(7.05)p	(7.71)p

The total 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 December 2012 (2011: nil). Interim dividends of 5p per Ordinary Share were paid on 5 March 2012 and 25 February 2013. Each dividend payment totalled £676,000.

8. Investments

(a) Summary	Historic Cost as at 31 December 2012 £'000	Market Value as at 31 December 2012 £'000	Historic Cost as at 31 December 2011 £'000	Market Value as at 31 December 2011 £'000
Qualifying venture capital investments	4,910	4,910	–	–
Non-qualifying investments	5,628	5,907	6,907	6,729
	10,538	10,817	6,907	6,729

(b) Movements in investments	Qualifying venture capital investments £'000	Non-qualifying investments £'000	Total £'000
Opening value	–	6,729	6,729
Purchases at cost	4,910	2,524	7,434
Disposals:			
Proceeds	–	(3,660)	(3,660)
Realised net gains on disposal	–	21	21
Net unrealised gains in the year	–	293	293
Valuation at 31 December 2012	4,910	5,907	10,817
Book cost at 31 December 2012	4,910	5,628	10,538
Net unrealised gains at 31 December 2012	–	279	279
Valuation at 31 December 2012	4,910	5,907	10,817

(c) Gains/(losses) on investments

The gains/(losses) on investments for the period shown in the Income Statement on page 20 is analysed as follows:

	Year ended 31 December 2012 £'000	Period from 30 September 2010 to 31 December 2011 £'000
Realised net gains/(losses) on disposal	21	(251)
Transaction costs	(2)	(10)
Net unrealised gains/(losses) in the year	293	(178)
	312	(439)

Notes to the Accounts continued

For the year ended 31 December 2012

8. Investments (continued)

(d) Quoted and unquoted investments

	Historic Cost as at 31 December 2012 £'000	Market Value as at 31 December 2012 £'000
Quoted investments	3,417	3,696
Unquoted investments	7,121	7,121
	10,538	10,817

(e) Significant interests

As at 31 December 2012, the Company held more than 20% of the equity of the following undertakings. These holdings are included within the unquoted investments disclosed above and are held as part of the Company's investment portfolio.

	Percentage of equity directly held in Investee Company				Fair value of Company's investment as at 31 December 2012
Investee Company	Company	Puma VCT 8 plc	Puma VCT High Income plc	Funds managed by Shore Capital	£'000
Frederica Trading Limited	50%	–	50%	100%	880
Glenmoor Trading Limited	50%	–	50%	100%	880
Huntly Trading Limited	50%	–	50%	100%	1,000
Jephcote Trading Limited	50%	50%	–	100%	1,000
Buckhorn Lending Limited	33%	33%	33%	100%	881
					4,641

Graham Shore, a Director of the Company, is also a Director of Puma VCT 8 plc, Puma High Income VCT plc, Frederica Trading Limited, Glenmoor Trading Limited, Huntly Trading Limited and Jephcote Trading Limited. 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 5 to 7 of the Annual Report.

9. Debtors

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Prepayments and accrued income	75	14

10. Creditors – amounts falling due within one year

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Accruals and deferred income	135	115

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

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Loan Notes	1	1

On 29 November 2010, the Company issued Loan Notes in the amount of £1,000 to a nominee on behalf of the Investment Manager. The Loan Notes accrue interest of 5 per cent per annum.

As holders of the Loan Notes, Shore Capital will be entitled to a performance related incentive of 20 per cent of the aggregate excess on any 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 realised once the holders of Ordinary Shares have received dividends of £1 per share (whether capital or income). The performance incentive structure provides a strong incentive for the Investment Manager to ensure that the Company performs well, enabling the Board to approve distributions as high and as soon as possible.

In the event that distributions to the holders of Ordinary Shares totalling £1 per share have been made the Loan Notes will convert into sufficient Ordinary Shares to represent 20 per cent of the enlarged number of Ordinary Shares.

The amount of the performance fee will be calculated as 20 per cent of the excess of the net asset value (adjusted for dividends paid) over £1 per issued share.

Notes to the Accounts continued

For the year ended 31 December 2012

12. Called Up Share Capital

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
13,508,927 ordinary shares of 1p each	135	135

13. Net Asset Value per Ordinary Share

	As at 31 December 2012	As at 31 December 2011
Net assets	11,682,000	12,235,000
Shares in issue	13,508,927	13,508,927
Net asset value per share		
Basic	86.48p	90.57p
Diluted	86.48p	90.57p

14. Financial Instruments

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

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Assets at fair value through profit or loss		
Investments managed through Shore Capital Limited	10,817	6,729
Loans and receivables		
Cash at bank and in hand	926	5,608
Interest, dividends and other receivables	75	14
Other financial liabilities		
Financial liabilities measured at amortised cost	(136)	(116)
	11,682	12,235

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, foreign currency 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.

14. Financial Instruments (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager monitors counterparty risk on an ongoing basis. The carrying 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 December 2012	As at 31 December 2011
	£'000	£'000
Investments in loans and loan notes	5,068	–
Cash at bank and in hand	926	5,608
Interest, dividends and other receivables	75	14
	6,069	5,622

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

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

Investments in loans, loan notes and bonds 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 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 Report of the Directors on page 9. 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 to produce a conservative and accurate valuation.

34 per cent of the Company's investments are listed on the London Stock Exchange and 66 per cent are unquoted investments.

Notes to the Accounts continued

For the year ended 31 December 2012

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 considers exit strategies for these investments throughout the period for which they are held. As at the period end, the Company had no borrowings other than loan notes amounting to £1,000 (see note 11).

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

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

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

Interest rate risk profile of financial assets

The following analysis sets out the interest rate risk of the Company's financial assets.

	Rate status	Average interest rate	Period until maturity	2012 £'000	2011 £'000
Cash at bank - RBS	Floating	0.9%	–	608	2,593
Cash at bank - Investec	Fixed	1.7%	32 day notice	304	3,007
Cash held by custodian– Pershing	Non-interest bearing	–	–	14	8
Brewhouse & Kitchen loan notes	Floating	10.8%	5 years	135	–
Frederica Trading Limited loan notes	Floating	2.5%	10 years	616	–
Glenmoor Trading Limited loan notes	Floating	2.5%	10 years	616	–
Huntly Trading Limited loan notes	Floating	2.5%	10 years	700	–
Jephcote Trading Limited loan notes	Floating	5.5%	10 years	300	–
SIP Communications plc loan notes	Floating	11.0%	3 years	490	–
Puma Brandenburg Finance Limited loan	Fixed	5.0%	4 years	1,330	–
Balance of financial assets	Non-interest bearing		–	6,705	6,743
				11,818	12,351

14. Financial Instruments (continued)

Foreign currency risk

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

Fair value hierarchy

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

As at 31 December 2012	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss	3,696	–	7,121	10,817

As at 31 December 2011	Level 1 'Quoted prices'	Level 2 'Observable inputs'	Level 3 'Unobservable inputs'	Total
At fair value through profit and loss	6,183	546	–	6,729

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

Level 1 – Unadjusted quoted prices in active markets for identical asset or liabilities ('quoted prices');

Level 2 – Inputs (other than quoted prices in active markets for identical assets or liabilities) that are directly or indirectly observable for the asset or liability ('observable inputs'); or

Level 3 – Inputs that are not based on observable market data ('unobservable inputs').

The Level 3 investments have been valued at the price of recent investment in line with the Company's accounting policies and IPEVC guidelines.

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:			
Unrealised losses in the income statement	–	–	–
Realised gains in the income statement	–	–	–
	–	–	–
Purchases at cost	2,053	5,068	7,121
Sales proceeds	–	–	–
Balance as at 31 December 2012	2,053	5,068	7,121

Notes to the Accounts continued

For the year ended 31 December 2012

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 continue to provide returns for shareholders 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 it is not directly related to managing the return to shareholders. There has been no change in this approach from the previous period.

16. Contingencies, Guarantees and Financial Commitments

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

17. Controlling Party and Related Party Transactions

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

The Company has appointed Shore Capital Limited, a company of which Graham Shore is a Director, to provide investment management services. During the period £224,000 (2011: £192,000) was due in respect of investment management fees. The balance owing to Shore Capital Limited at the period-end was nil (2011: £62,000).

The Company has appointed Shore Capital Fund Administration Services Limited, a related company to Shore Capital Limited, to provide accounting, secretarial and administrative services. During the period £41,000 (2011: £34,000) was due in respect of these services. The balance owing to Shore Capital Fund Administration Services Limited at the period-end was nil (2011: £11,000).

As detailed in the prospectus of the fund, issue costs of 2% were charged to cover the cost of launching the fund. In September 2011 a payment of £263,000 was made to Shore Capital Ltd in relation to these issue costs.

Puma VCT VII plc
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Bond Street House, 14 Clifford Street, London W1S 4JU on 18 June 2013 at 11 a.m. for the following purposes:

Ordinary Business

1 To approve and adopt the Accounts for the financial year ended 31 December 2012, together with the reports of the Directors and Auditors thereon.

2 To re-elect Graham Shore as a Director who retires pursuant to article 117 of the Company's Articles of Association and, being eligible, offers himself for re-election.

3 To re-appoint Baker Tilly as Auditors of the Company and to authorise the Directors to determine their remuneration.

4 To approve the policy set out in the Remuneration Report in the Annual Report and Accounts 2012.

BY ORDER OF THE BOARD

Eliot Kaye
Company Secretary

Dated: 21 May 2013

Registered Office:
Bond Street House
14 Clifford Street
London
W1S 4JU

Notes:

Information regarding the Annual General Meeting, including the information required by section 311A of the CA 2006, is available from: **www.shorecap.gg/puma-vct-information/**.

Puma VCT VII plc
Notice of Annual General Meeting continued

Notes:

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the CA 2006, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:

- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD or electronically at pumav@davidvenus.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to pumav@davidvenus.com.

In either case, the revocation notice must be received by the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Shares of the Company and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 6 p.m. on 31 May 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6 p.m. on 31 May 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 21 May 2013, the Company's issued share capital comprised 13,508,927 Ordinary Shares. The total number of voting rights in the Company as at 21 May 2013 is 13,508,927. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the CA 2006 to enjoy information rights ("Nominated Person"):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the General Meeting should call the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD on 01372 467308 (no other methods of communication will be accepted).

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

(m) Resolutions 2: Information about the Director who is proposed by the Board for re-election at the Annual General Meeting is shown in the Annual Report and Accounts 2012.

Officers and Professional Advisers

Directors
David Buchler (Chairman)
Peter Hewitt
Graham Shore

Secretary
Eliot Kaye

Registered Number
07393404

Registered Office
Bond Street House
14 Clifford Street
London W1S 4JU

Investment Manager
Shore Capital Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Registrar
SLC Registrars
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

Administrator
Shore Capital Fund Administration Services Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Auditor
Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Sponsors and Solicitors
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