

# Downing ONE VCT plc

—  
Half Yearly Report  
for the six months ended  
30 September 2017



## SHAREHOLDER INFORMATION

### FINANCIAL SUMMARY

	30 Sep 2017	31 Mar 2017	30 Sep 2016	Nov 2013
	pence	pence	pence	pence
Net Asset Value per share ("NAV")	88.8	90.4	93.1	100.4
Cumulative dividends paid since 12 November 2013	22.5	18.0	15.0	0.0
Total return	111.3	108.4	108.1	100.4
(Net Asset Value plus cumulative dividends paid per share)				

### DIVIDEND POLICY

The Company has a stated target of paying a dividend of at least 4% of net assets per annum.

### FORTHCOMING DIVIDENDS

	Date payable	Pence per share
Interim dividend	23 February 2018	3.0p

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose (forms can be downloaded from [www.linkassetsservices.com](http://www.linkassetsservices.com)). Queries relating to dividends and requests for mandate forms should be directed to the Company's registrar, Link Asset Services, on 0871 664 0324 (calls cost 12p per minute plus network extras, lines open Monday to Friday 8:30am to 5:30pm), or in writing to the address on the back cover of this document.

### SHARE SCAM WARNING

We are aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers have received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website under "Existing Investments". If you have any concerns, please contact Downing on 020 7416 7780.

Shareholder information is continued on the inside back cover

## CHAIRMAN'S STATEMENT

I am pleased to present the Company's half-yearly report for the six-month period ended 30 September 2017. The news from the portfolio has generally been positive over the period resulting in a further advance in the Company's net asset value (after adjusting for dividends paid).

### Net asset value and results

As at 30 September 2017, the Company's NAV stood at 88.8p, an increase of 2.9p (or 3.2%) compared to the 31 March 2017 year-end position, after adding back the 4.5p dividend paid during the period.

The return attributable to equity shareholders for the period was £2.8 million, comprising a revenue return of £1.2 million and a capital return of £1.6 million.

### Investment activity and performance

The Company made 6 qualifying investments during the period totalling £2.9 million. Three of these were new investments and three were follow on investments into existing portfolio companies.

As mentioned in my statement in the last Annual Report, the Company also made a £5 million non-qualifying investment into the Downing Strategic Micro-Cap Investment Trust plc, a new Investment Trust managed by the same team at Downing that advises the Company on its AIM-quoted portfolio. As an Investment Trust, this is one of the few types of non-qualifying investments now permitted under the current VCT regulations and provides the Company with liquidity and some potential for growth on funds that would otherwise be held as cash while awaiting investment in new VCT qualifying opportunities. The Board has agreed with Downing that there will be no "double charging" of fees in respect of this investment.

There were a number of disposals and part disposals in the period. The most significant was the sale of Vulcan Renewables Limited. The company developed an Anaerobic digestion plant and our investment was sold for £6.1 million, compared to an original cost of £5.0 million, with £510,000 of the gain being recognised in the period and an additional £1.0 million of previously unrecognised loan stock interest being paid on exit. Total realisations in the period generated proceeds of £15.2 million and net realised gains of £590,000.

In respect of the existing portfolio, net unrealised gains over the period were £1.3 million. The most significant uplift was the investment in Giving Limited, which operates the justgiving.com fundraising website. The investment was sold shortly after the period end so the valuation was increased by £447,000 to recognise the exit value. There were a number of other unrealised gains and losses across the portfolio, the most significant of which are detailed in the Investment Adviser's Report.

Further details of the investment activities of the Company are in the Investment Adviser's Report on page 3.

### Dividends

The Company's stated policy is to seek to pay dividends of at least 4% of the net asset value each year, which as a result of a significant level of realisations the Company has exceeded in recent years.

## CHAIRMAN'S STATEMENT (continued)

### Dividends(continued)

This year an interim dividend of 3.0p per share will be paid on 23 February 2018 to Shareholders on the register as at 2 February 2018. This is in line with the usual February and August payment dates.

This will take the total dividends to 25.5p since the merger in November 2013.

### Fundraising

The Company launched a new offer for subscription on 7 September 2017 seeking to raise up to £20 million, with the option of a further £10 million. The offer has been well received by the market, with £9.9 million being raised to date.

### Share buybacks

The Company operates a policy of buying in its own shares that become available in the market at a 5% discount to NAV (subject to liquidity and any regulatory restrictions).

During the period, the Company purchased 1,123,930 shares at an average price of 84.3p per Ordinary Share, being a 5% discount to the latest announced NAV at the time of purchase.

### Outlook

Since the merger in 2013, we have experienced steady positive performance. With some 85 investments in the portfolio and the largest investment counting for little more than 5% of the total value, the impact of positive or negative developments in any one investment tends to have only a small influence on the overall performance of the Company. The Board believes that the portfolio has the potential to continue to deliver similar results into the future.

Shareholders may be aware that the Government recently undertook a "Patient Capital Review", which examined the supply of capital to growing innovative firms in the UK. The results of the review were published as part of the Budget in November and accordingly a number of changes to the VCT regulations were announced.

In general, the new regulations seek to focus future VCT investment into growing businesses where the investment carries a significant risk. At this stage, it is not exactly clear how the proposed tests will be applied by HMRC. There is a possibility that these changes may restrict the Company's ability to make further new "income focussed" investments in the future. The Board may decide to modify the Company's Investment Policy in due course to make it consistent with the new regulations. The Board and Adviser will monitor developments. However, with a large proportion of the Company's funds already invested, the Board does not anticipate that there will be a significant shift in the risk profile of the portfolio in the short term.

I look forward to updating Shareholders on developments and the progress of the portfolio in my statement with the Annual Report covering the year to 31 March 2018.



**Chris Kay**  
Chairman

21 December 2017

## INVESTMENT ADVISER'S REPORT

### Introduction

At 30 September 2017, the Company held a portfolio of 85 investments, valued in total at £81.0 million.

There have been some positives and negatives within the portfolio over the period, however overall there has been a rise in value across both the quoted and unquoted portfolios.

### Unquoted portfolio

#### *Investment activity*

At 30 September 2017, the unquoted portfolio was valued at £52.7 million, comprising 54 investments spread across a number of sectors.

Three new qualifying investments were made during the six month period as follows:

Volo Commerce Limited has developed software as a service platform to support online merchants selling through market places such as Amazon and eBay. Downing ONE has invested £566,000 in the business.

£394,000 was invested in BridgeU Corporation, an education technology business which assists students with university applications.

£250,000 was invested in Empiribox Limited, a business that provides equipment and training to teachers in UK primary schools, to facilitate the delivery of engaging and practical science lessons.

Three qualifying investments were also made into existing portfolio companies:

£850,000 was invested in Leytonstone Pub Limited, to enable the installation of a cocktail bar and enhancements to the premises.

A further qualifying investment of £750,000 was made in Xupes Limited, the pre-owned luxury e-commerce business based in Bishops Stortford, specialising in watches, handbags, jewellery and antiques.

£100,000 was also invested in Curo Compensation Limited, the provider of a human resource software service.

Realisations of unquoted investments in the six months generated proceeds of £13.7 million and total profits over holding value of £685,000.

A summary of the most significant realisations is shown below:

The investment in Vulcan Renewables Limited, an anaerobic digestion plant in South Yorkshire, was sold, generating proceeds of £6.1 million, a gain over previous holding value of £510,000 and also £1.0 million of loan stock interest paid that had not previously been recognised.

£1.3 million of proceeds were received for Mosaic Spa and Health Clubs Limited which part redeemed loan notes at our previous carrying value, however this was £475,000 lower than original cost.

The Gara Rock leisure development was also sold generating proceeds of £672,000. The proceeds received repaid the loan notes at par.

A portfolio of Scottish bars and night clubs was sold during the period, generating total proceeds of £580,000 from Cheers Dumbarton Limited, City Falkirk Limited, Fubar Stirling Limited and Lochrise Limited. This resulted in a realised gain in the period of £121,000, although this represented a loss of £33,000 against original cost. A further distribution is expected this year for the remaining loan notes held in Fubar Stirling Limited.

## INVESTMENT ADVISER'S REPORT (continued)

### ***Investment activity (continued)***

In addition, the £2.5 million investment in each of Brownfields Trading Limited and Rhodes Solutions Limited was returned to the Company when the businesses were wound up, having been unable to secure the business opportunities that they were pursuing.

### ***Portfolio valuation***

A number of adjustments to carrying values have been made at the period end, resulting in an overall gain of £949,000. The most significant of which are summarised below:

Giving Limited, the online charity fundraising platform, was sold in October. The September value reflects the actual proceeds received after 30 September 2017 representing an uplift of £447,000 in the period.

Data Centre Response, the provider of uninterruptable power supply systems has performed well in the last year and the value has been increased by £207,000.

Leytonstone Pub Limited is performing well and an uplift of £186,000 has been recognised as a result.

Kimbolton Lodge Limited which operates a care home for the elderly in Bedford was uplifted by £121,000, following continued good performance.

An uplift of £78,000 was recognised on Fresh Green Power Limited, a company that owns and operates photovoltaic solar panels.

Fenkle Street LLP owns a building in Newcastle which has been converted it into a hotel. The hotel continues to trade well and a further uplift of £49,000 has been recognised accordingly.

The above gains were partially offset in the period by two value write downs in the period totalling £140,000.

### **Quoted investments**

#### ***Investment activity***

At 30 September 2017 the quoted portfolio was valued at £28.4 million comprising 31 active investments.

An opportunity arose to dispose of the holding in Plastics Capital plc which produced proceeds of £1.4 million and realised a gain against cost of £584,000 although a loss of £95,000 against the previous carrying value.

#### ***Portfolio valuation***

Overall the quoted portfolio produced unrealised gains of £410,000. The most notable movements in the portfolio over the period as discussed below.

Anaprio plc, the international producer of natural feed additives for animal health, experienced appreciation in its share price following an upgrade in analysts' expectations following strong interim results. This resulted in an increase in value of £588,000.

Craneware plc, the provider of billing software solutions in the US healthcare market, saw earnings progress along with its forward order book. Given the confidence in future earnings, the company experienced a further re-rating in the period, resulting in an increase in value of £174,000.

Meanwhile, on the negative side, Science in Sport plc, the manufacturer and distributor of nutritional sports products, saw its share price decline in the period, resulting in an unrealised loss of £394,000. The share price reduction was a result of profit taking by predominantly small shareholders, despite continued growth in turnover.

## **INVESTMENT ADVISER'S REPORT (continued)**

### **Outlook**

We remain broadly satisfied with the portfolio and believe it continues to contain investments which can deliver good outcomes for Shareholders in the future. With existing funds available and new funds being raised, the Company will be an active investor over the remainder of the year. In line with the current VCT regulations, the main focus for new investments is on younger growth companies and we have worked to produce a steady pipeline of such businesses. Although it is likely to be a competitive environment for new investments, we expect to see several prospects joining the portfolio in due course.

**Downing LLP**

21 December 2017

## UNAUDITED BALANCE SHEET

as at 30 September 2017

	30 Sep 2017	30 Sep 2016	31 Mar 2017
Note	£'000	£'000	£'000
<b>Fixed assets</b>			
Investments	81,037	87,644	86,397
<b>Current assets</b>			
Debtors	767	248	448
Cash at bank and in hand	8,337	8,118	5,523
	9,104	8,366	5,971
<b>Creditors:</b> amounts falling due within one year	(248)	(239)	(498)
<b>Net current assets</b>	8,856	8,127	5,473
<b>Net assets</b>	89,893	95,771	91,870
<b>Capital and reserves</b>			
Called up share capital	8 1,008	1,014	1,016
Capital redemption reserve	9 1,564	1,536	1,553
Share premium	9 13,710	11,624	13,387
Share capital to be issued	9 361	1,353	-
Special reserve	9 73,559	81,704	77,049
Capital reserve – unrealised	9 (259)	(2,050)	(1,002)
Revenue reserve	9 (50)	590	(133)
<b>Equity shareholders' funds</b>	89,893	95,771	91,870
<b>Basic and diluted net asset value per share</b>	7 <b>88.8p</b>	<b>93.1p</b>	<b>90.4p</b>



## UNAUDITED INCOME STATEMENT

for the six months ended 30 September 2017

	Six months ended 30 September 2017			Six months ended 30 September 2016			Year ended 31 March 2017
	Revenue	Capital	Total	Revenue	Capital	Total	Total
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	2,102	-	2,102	859	-	859	1,945
Gains on investments							
- realised	-	590	590	-	491	491	652
- unrealised	-	1,314	1,314	-	1,681	1,681	2,085
	2,102	1,904	4,006	859	2,172	3,031	4,682
Investment management fees	(413)	(413)	(826)	(439)	(439)	(878)	(1,750)
Other expenses	(345)	-	(345)	(331)	-	(331)	(652)
<b>Return on ordinary activities before tax</b>	1,344	1,491	2,835	89	1,733	1,822	2,280
Tax on total comprehensive income and ordinary activities	(124)	124	-	(132)	132	-	-
<b>Return/(loss) attributable to equity shareholders</b>	5 1,220	1,615	2,835	(43)	1,865	1,822	2,280
<b>Basic and diluted return per share</b>	<b>1.2p</b>	<b>1.6p</b>	<b>2.8p</b>	<b>0.0p</b>	<b>1.9p</b>	<b>1.9p</b>	<b>2.3p</b>

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS102"). There are no other items of comprehensive income. The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 by the Association of Investment Companies ("AIC SORP").

## STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2017

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended 30 September 2017</b>									
<b>At 1 April 2017</b>	1,016	1,553	13,387	-	77,049	-	(1,002)	(133)	91,870
Total comprehensive income	-	-	-	-	-	301	1,314	1,220	2,835
Realisation of revaluations from previous years*	-	-	-	-	-	571	(571)	-	-
Transfer between reserves**	-	-	-	-	(2,540)	2,540	-	-	-
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-	(3,412)	-	(1,137)	(4,549)
Unallotted shares	-	-	-	361	-	-	-	-	361
Issue of new shares	3	-	323	-	-	-	-	-	326
Share issue costs	-	-	-	-	-	-	-	-	-
Purchase of own shares	(11)	11	-	-	(950)	-	-	-	(950)
<b>At 30 September 2017</b>	<b>1,008</b>	<b>1,564</b>	<b>13,710</b>	<b>361</b>	<b>73,559</b>	<b>-</b>	<b>(259)</b>	<b>(50)</b>	<b>89,893</b>

\* A transfer of £571,000 representing previously recognised unrealised gains on disposal of investments during the period ended 30 September 2017 (year ended 31 March 2017: losses £1,593,000) has been made from the Capital reserve realised to the Special reserve.

\*\* A transfer of £2.5 million representing realised gains on disposal of investments, less capital expenses and capital dividends in the year (year ended 31 March 2017: £5.1 million) has been made from Capital Reserves – realised to Special reserve.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31 March 2017</b>									
<b>At 1 April 2016</b>	932	1,525	2,792	4,423	86,483	-	(4,680)	633	92,108
Total comprehensive income	-	-	-	-	-	207	2,085	(12)	2,280
Cancellation of Share Premium account	-	-	-	-	-	-	-	-	-
Realisation of revaluations from previous years	-	-	-	-	-	(1,593)	1,593	-	-
Transfer between reserves	-	-	-	-	(6,716)	6,716	-	-	-
<i>Transactions with owners</i>									
Utilised in share issue	-	-	-	(4,423)	-	-	-	-	(4,423)
Dividends paid	-	-	-	-	-	(5,330)	-	(754)	(6,084)
Issue of new shares	112	-	10,595	-	-	-	-	-	10,707
Share issue costs	-	-	-	-	(234)	-	-	-	(234)
Purchase of own shares	(28)	28	-	-	(2,484)	-	-	-	(2,484)
<b>At 31 March 2017</b>	<b>1,016</b>	<b>1,553</b>	<b>13,387</b>	<b>-</b>	<b>77,049</b>	<b>-</b>	<b>(1,002)</b>	<b>(133)</b>	<b>91,870</b>

## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2017

	30 Sep 2017 £'000	30 Sep 2016 £'000	31 Mar 2017 £'000
<b>Cash flow from operating activities</b>			
Profit on ordinary activities before taxation	2,835	1,822	2,280
Gains on investments	(1,904)	(2,172)	(2,737)
(Increase)/decrease in debtors	(317)	44	(156)
Decrease in creditors	(77)	(102)	(14)
<b>Cash from operations</b>			
Corporation tax paid	-	-	-
<b>Net cash generated/(utilised) from operating activities</b>	<u>537</u>	<u>(408)</u>	<u>(627)</u>
<b>Cash flow from investing activities</b>			
Purchase of investments	(7,910)	(25,577)	(27,821)
Proceeds from disposal of investments	15,171	5,549	9,607
<b>Net cash generated/(utilised) from investing activities</b>	<u>7,261</u>	<u>(20,028)</u>	<u>(18,214)</u>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	323	8,925	10,707
Funds held in respect of shares not yet allotted	361	(3,070)	(4,423)
Share issue costs	-	(202)	(234)
Purchase of own shares	(1,119)	(985)	(2,315)
Equity dividends paid	(4,549)	(2,827)	(6,084)
<b>Net cash (utilised)/generated from financing activities</b>	<u>(4,984)</u>	<u>1,841</u>	<u>(2,349)</u>
<b>Increase/(Decrease) in cash</b>	<u>2,814</u>	<u>(18,595)</u>	<u>(21,190)</u>
<b>Net increase in cash</b>			
Beginning of year	5,523	26,713	26,713
Net cash inflow/(outflow)	<u>2,814</u>	<u>(18,595)</u>	<u>(21,190)</u>
End of year	<u>8,337</u>	<u>8,118</u>	<u>5,523</u>

## SUMMARY OF INVESTMENT PORTFOLIO

as at 30 September 2017

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
<b>Top twenty venture capital investments (by value)</b>				
Doneloans Limited	5,000	5,000	-	5.6%
Downing Strategic Micro Cap Investment Trust plc **	5,000	4,875	(125)	5.5%
Downing Care Homes Holdings Limited	3,880	4,250	-	4.8%
Leytonstone Pub Limited	1,911	3,686	186	4.1%
Tracsis plc*	1,443	3,314	116	3.7%
Cadbury House Holdings Limited	3,082	3,075	-	3.4%
Baron House Developments LLP	2,695	2,695	-	3.0%
Pilgrim Trading Limited	2,594	2,594	-	2.9%
Jito Trading Limited	2,500	2,500	-	2.8%
Yamuna Renewables Limited	2,500	2,500	-	2.8%
Vectis Alpha Limited	2,500	2,500	-	2.8%
Anpario Group plc *	1,448	2,474	588	2.8%
Craneware plc *	850	2,375	174	2.7%
Universe Group plc *	1,586	2,349	-	2.5%
Inland Homes plc *	1,526	1,801	15	2.0%
Pantheon Trading Limited	1,500	1,500	-	1.7%
Quadrate Catering Limited	1,500	1,500	-	1.7%
Quadrate Spa Limited	1,872	1,500	-	1.7%
Harrogate Street LLP	1,400	1,400	-	1.6%
Xupes Limited	1,350	1,350	-	1.5%
	<hr/>	<hr/>	<hr/>	<hr/>
	46,137	53,238	954	59.6%
<b>Other venture capital investments</b>	<hr/>	<hr/>	<hr/>	<hr/>
	35,159	27,799	360	31.1%
	<hr/>	<hr/>	<hr/>	<hr/>
	81,296	81,037	1,314	90.7%
<b>Cash at bank and in hand</b>		<hr/>	<hr/>	<hr/>
		8,337		9.3%
<b>Total investments</b>		<hr/>	<hr/>	<hr/>
		89,374		100.0%

All venture capital investments are unquoted unless otherwise stated.

\* Quoted on AIM

\*\* Listed and traded on the Main Market of the London Stock Exchange

## SUMMARY OF INVESTMENT MOVEMENTS

for the six months ended 30 September 2017

### Additions

£'000

#### *Quoted*

Downing Strategic Micro-Cap Investment Trust plc	5,000
	<u>5,000</u>

#### *Unquoted*

Leytonstone Pub Limited	850
Xupes Limited	750
Volo Commerce Limited	566
BridgeU Corporation	394
Empiribox Limited	250
Curo Compensation Limited	100
	<u>2,910</u>

### Total additions

7,910

## SUMMARY OF INVESTMENT MOVEMENTS (continued)

for the six months ended 30 September 2017

### Disposals

	Cost £'000	Value at 31/03/17* £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain/ (loss) in period £'000
<b>Quoted</b>					
Plastics Capital plc	849	1,528	1,433	584	(95)
	849	1,528	1,433	584	(95)
<b>Unquoted</b>					
<i>Including loan note redemptions</i>					
Vulcan Renewables Limited	5,030	5,548	6,058	1,028	510
Mosaic Spa and Health Clubs Limited	1,800	1,325	1,325	(475)	-
Gara rock Resort Limited	672	672	672	-	-
City Falkirk Limited	326	236	324	(2)	88
Fubar Stirling Limited	223	201	209	(14)	8
Gatewales Limited	16	22	60	44	38
Tramps Nightclub Limited	30	27	40	10	13
Cheers Dumbarton Limited	64	22	37	(27)	15
Lochrise Limited	-	-	10	10	10
Cedarville Limited	-	-	2	2	2
<i>Investments wound up without commencing a trade</i>					
Brownfields Trading Limited	2,500	2,500	2,501	1	1
Rhodes Solutions Limited	2,500	2,500	2,500	-	-
	13,161	13,053	13,738	577	685
	14,010	14,581	15,171	1,161	590

\* adjusted for purchases in the period

## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

for the six months ended 30 September 2017

### **1. General Information**

Downing ONE VCT plc (“the Company”) is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

### **2. Basis of accounting**

The unaudited half-yearly financial results cover the six months to 30 September 2017 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2017, which were prepared in accordance with the Financial Reporting Standard 102 (“FRS102”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” revised November 2014 (“SORP”).

- 3.** The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- 4.** The comparative figures were in respect of the six months ended 30 September 2016 and the year ended 31 March 2017 respectively.



## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2017 (continued)

### 5. Return per share

	Weighted average number of shares in issue	Revenue return/(loss) £'000	Capital Gain £'000
Period ended 30 September 2017	101,366,948	<u>1,220</u>	<u>1,615</u>
Period ended 30 September 2016	99,896,761	<u>(43)</u>	<u>1,865</u>
Year ended 31 March 2017	101,137,288	<u>(12)</u>	<u>2,292</u>

### 6. Dividends paid in the period

	Date paid	Six months ended 30 September 2017			Year ended 31 March 2017
		Revenue £'000	Capital £'000	Total £'000	Total £'000
2017 Final	18 August 2017: 4.5p	1,137	3,412	4,549	-
2017 Interim	24 February 2017: 3.0p	-	-	-	3,068
2016 Final	12 August 2016: 3.0p	-	-	-	3,016
		<u>1,137</u>	<u>3,412</u>	<u>4,549</u>	<u>6,084</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2017 (continued)

### 7. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2017	100,829,225	89,893	88.8
Period ended 30 September 2016	101,392,582	<u>95,771</u>	93.1
Year ended 31 March 2017	101,583,111	<u><u>91,870</u></u>	90.4

### 8. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2017	100,829,225	<u>1,008</u>
Period ended 30 September 2016	101,392,582	<u>1,014</u>
Year ended 31 March 2017	101,583,111	<u><u>1,016</u></u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2017 (continued)

### 9. Reserves

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends/capital distributions.

	<b>30 Sep 2017 £'000</b>	<b>30 Sep 2016 £'000</b>	<b>31 Mar 2017 £'000</b>
Capital redemption reserve	1,564	1,536	1,553
Share premium account	13,710	11,624	13,387
Funds held in respect of shares not yet allotted	361	1,353	-
Special reserve	73,559	81,704	77,049
Revaluation reserve	(259)	(2,050)	(1,002)
Revenue reserve	(50)	590	(133)
Total reserves	<u>88,885</u>	<u>94,757</u>	<u>90,854</u>

Distributable reserves are calculated as follows:

	<b>30 Sep 2017 £'000</b>	<b>30 Sep 2016 £'000</b>	<b>31 Mar 2017 £'000</b>
Special reserve	73,559	81,704	77,049
Revenue reserve	(50)	590	(133)
Unrealised losses (excluding unrealised unquoted gains)	(4,115)	(10,567)	(4,354)
	<u>69,394</u>	<u>71,727</u>	<u>72,562</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2017 (continued)

### 10. Investments

The fair value of investments is determined using the detailed accounting policy as shown in the audited financial statements for the year ended 31 March 2017. The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level a Reflects financial instruments quoted in an active market (quoted companies and fixed interest bonds);

Level b Reflects financial instruments that have prices that are observable either directly or indirectly; and

Level c i) Reflects financial instruments that use valuation techniques that are based on observable market data.

ii) Reflects financial instruments that use valuation techniques that are not based on observable market data (investments in unquoted shares and loan note investments).

	Level a	Level b	Level c	30 Sep	Level a	Level b	Level c	31 Mar
			(ii)	2017			(ii)	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Quoted on AIM	28,340	-	-	28,340	24,458	-	-	24,458
Quoted on NEX	29	-	-	29	30	-	-	30
Unquoted loan notes	-	-	22,317	22,317	-	-	26,858	26,858
Unquoted equity	-	-	30,351	30,351	-	-	35,051	35,051
	<u>28,369</u>	<u>-</u>	<u>52,668</u>	<u>81,037</u>	<u>24,488</u>	<u>-</u>	<u>61,909</u>	<u>86,397</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2017 (continued)

**11.** The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 March 2017 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.

**12. Going concern**

The Directors have reviewed the Company's financial resources at the period end and concluded that the Company is well placed to manage its business risks.

The Directors confirm that they are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the Directors believe that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

**13. Risks and uncertainties**

Under the Disclosure and Transparency Rules, the Board is required, in the Company's half-year results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks are:

- (i) compliance risk of failure to maintain approval as a VCT; and
- (ii) investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Adviser, who regularly reports to the Board on the current position. The Company also retains Philip Hare & Associates LLP to provide regular reviews and advice in this area.

In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. It also has a limited period in which it must invest the majority of its funds into VCT qualifying investments. The Adviser follows a rigorous process in vetting and careful structuring of new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business.

The Board is satisfied that these approaches provide satisfactory management of the key risks.

## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

for the six months ended 30 September 2017 (continued)

14. The Directors confirm that, to the best of their knowledge, the half yearly financial report has been prepared in accordance with the “Statement: Half-Yearly Financial Reports” issued by the UK Accounting Standards Board as well as in accordance with FRS 104 Interim Financial Reporting and the half-yearly financial report includes a fair review of the information required by:
- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
15. Copies of the unaudited half-yearly financial results will be sent to Shareholders shortly. Further copies can be obtained from the Company’s Registered Office and will be available for download from [www.downing.co.uk](http://www.downing.co.uk)

## SHAREHOLDER INFORMATION (continued from inside front cover)

### Share price

The Company's share price can be found on various financial websites. The share price is also available on Downing's website ([www.downing.co.uk](http://www.downing.co.uk)).

	<b>New Ordinary Shares</b>
TIDM/EPIC codes	<b>DDV1</b>
Latest share price (20 December 2017):	83.375p per share

### Selling shares

If you wish to sell your shares either you or your adviser should contact Downing on **020 7416 7780**.

Shareholders are advised to seek advice from their tax adviser before selling shares, particularly if they deferred capital gains in respect of shares acquired prior to 6 April 2004, took part in the Share Realisation and Reinvestment Programme or purchased Ordinary Shares within the last five years.

The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or wish to buy shares in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure can be contacted as follows:

Chris Lloyd  
020 7886 2716  
[chris.lloyd@panmure.com](mailto:chris.lloyd@panmure.com)

Paul Nolan  
020 7886 2717  
[paul.nolan@panmure.com](mailto:paul.nolan@panmure.com)

### Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Link Asset Services, under the signature of the registered holder.

### Other information for Shareholders

Up-to-date Company information (including company announcements, share price and dividend history) may be obtained from Downing's website at:

**[www.downing.co.uk](http://www.downing.co.uk)**

If you have any queries regarding your shareholding in Downing ONE VCT plc, please contact the registrar on the number shown on the back cover or visit Link's website at [www.linkassetservices.com](http://www.linkassetservices.com) and click on "Shareholders and employees".

### **Directors**

Chris Kay (Chairman)  
Barry Dean  
Stuart Goldsmith

### **Company Secretary and Registered Office**

Grant Whitehouse  
6<sup>th</sup> Floor, St. Magnus House  
3 Lower Thames Street  
London EC3R 6HD

Registered No. 3150868

### **Investment Adviser and Administration Manager**

Downing LLP  
6<sup>th</sup> Floor, St. Magnus House  
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London EC3R 6HD

[www.downing.co.uk](http://www.downing.co.uk)  
Tel: 020 7416 7780

### **Registrar**

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

[www.linkassetservices.com](http://www.linkassetservices.com)  
Tel: 0871 664 0324

(calls cost 12p per minute plus network extras,  
lines open Monday to Friday 8:30am to 5:30pm)



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