Downing ONE VCT plc

Reports and Accounts for the year ended
31 March 2022

Shareholder Information

Share prices

The Company's share price can be found on various financial websites with the TIDM/EPIC code **DDV1**. The share price is also available on Downing's website (www.downing.co.uk).

Latest share price at 6 July 2022: 58.5p per share

Financial calendar

15 August 2022	Annual General Meeting ("AGM")
26 August 2022	Payment of final dividend
November 2022	Announcement of half-year results

Dividends

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 make arrangement to do this by contacting the Company's registrar, whose details can be found on page 77.

Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar.

Selling shares

The Company's shares can be traded in the same way as any other company listed on the London Stock Exchange, using a stockbroker. 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 the payment of capital gains tax in respect of shares acquired prior to 6 April 2004 or subscribed for 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	0207 886 2716 chris.lloyd@panmure.com	Paul Nolan	0207 886 2717 paul.nolan@panmure.com

Shareholder Information (continued)

Share scam warning

We are aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers/advisers have recently 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 the administrator's website. If you have any concerns, please contact Downing by email to customer@downing.co.uk or by telephone on 020 7416 7780.

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 under the signature of the registered holder. The registrar's details can be found on page 77.

Other information for Shareholders

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

www.downing.co.uk/d1

If you have any queries regarding your shareholding in Downing ONE VCT plc, please contact the registrar.

Contents

Financial Highlights

NAV increase

The net asset value per share ("NAV") increased by 5.9 pence per share (10.1%) from 58.2 pence per share on 31 March 2021 to 61.6 pence per share at this year end (after adding back dividends of 2.5p which were paid during the year).

Dividend

The proposed final dividend of 1.75 pence per share will result in total dividends for the financial year of 3.0 pence per share (2021: 2.5 pence per share), equivalent to 5.2% based on the opening net asset value.

Significant portfolio activity

The year has seen a significant level of portfolio activity with disposal proceeds totalling £16.4 million (2021: £3.2 million) from 18 different investee companies, producing realised gains of £3.7 million in the year.

Financial Summary

	Audited 31 Mar 2022 Pence	Audited 31 Mar 2021 Pence
Net asset value per share ("NAV") [1]	61.60	58.20
Cumulative dividends paid since 12 November 2013	41.25	38.75
Total Return [2] (net asset value plus cumulative dividends paid per share)	102.85	96.95

[1] Alternative Performance Measure (see page 28)

[2] Key Performance Indicator

Dividends in respect of financial year		
Interim dividend per share	1.25	1.25
Proposed final dividend per share	1.75	1.25
	3.00	2.50

Dividend Policy

The Directors are targeting an annual dividend of at least 4% of net assets per annum, subject to sufficient distributable reserves and capital resources.

A full dividend history for the Company can be found at www.downing.co.uk/d1

Investment Objectives

The Company's principal investment objectives are:

- To provide private investors with attractive returns from a portfolio of VCT qualifying investments; and
- To maintain VCT status so that the Company and its shareholders may benefit from the tax reliefs and exemptions available under the VCT legislation.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 30 to 31.

Directors

Chris Kay (Chairman) (appointed 12 November 2013) has over 30 years' experience in the venture capital industry. He spent nine years with 3i Group plc, where he was an investment director, and a further eight years at Elderstreet Investments Limited, where he headed the VCT team. He is chief executive of Chrysalis VCT Management Limited. He is a Cambridge University graduate and gained an MBA at Manchester Business School. He was formerly chairman of Downing Absolute Income VCT 1 plc and a non-executive director of Downing Income VCT plc and Downing Income VCT 4 plc.

Chris Allner (appointed 8 February 2021) has over 35 years of venture capital and private equity experience and is currently a partner of the Investment Adviser, Downing LLP and chairs their investment committee. Prior to joining Downing, he was the head of private equity at Octopus Investments as well as a director at Beringea and Bridgepoint with previous experience at 3i and Charterhouse. He has previously sat on the boards of a number of unquoted and quoted companies across a variety of commercial sectors.

Barry Dean (appointed 12 November 2013) is a chartered accountant and has over 30 years' experience in the private equity industry, including 14 years as managing director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a non-executive director of ProVen VCT plc and was formerly a non-executive director of Downing Absolute Income VCT 2 plc.

Stuart Goldsmith (appointed 13 February 1996) has worked within financial services throughout his career, originally within investment management where he was Managing Director of the Britannia Group of Investment Companies, which managed £4 billion of funds in the UK and the USA for institutions and private clients. More recently he was the owner and Chairman of Ketton Securities Limited, a firm advising a range of companies on corporate strategy, mergers and acquisitions. In addition, he has been a non-executive director for a number of companies in the UK and overseas.

All the Directors are non-executive and, with the exception of Chris Allner, are independent of the Investment Adviser.

Chairman's Statement

With the pandemic restrictions gradually being lifted through the year ended 31 March 2022, the reopening of the economy has supported a greater level of investment activity, particularly in respect of disposals where we have seen some significant exits. It is pleasing to report that this has also helped deliver an improved set of results for the year.

Investment Advisory Arrangements

In June 2022, it was announced that Downing LLP ("Downing"), the Investment Adviser, had agreed to sell its non-healthcare ventures division to Foresight Group LLP ("Foresight"). As part of this transaction, the Board has consented to a novation of the investment advisory agreement from Downing to Foresight. The whole of the Downing non-healthcare ventures team, including support staff, moved to Foresight when the deal completed on 4 July 2022.

Downing will continue to provide investment advisory services for the non-venture portfolio of investments, being the quoted growth and yield focused investments, as well as administration services, for a transitional period.

As part of the arrangement, the Board and Downing have agreed to waive the investment advisory fee for the quarter ended June 2022, equivalent to approximately £548,000.

Foresight is a substantial and well-respected fund manager, and the Board believes that the transaction is in the best interests of Shareholders who will benefit from the substantial resources of Foresight, as well as the continuity of the key investment executives from Downing.

Your new point of contact for all enquiries is Foresight's customer service team, who you can email at investorrelations@foresightgroup.eu or call on 020 3667 8181.

We expect to announce a change of name for the Company in due course.

Net asset value and results

As at 31 March 2022, the net asset value per share ("NAV") stood at 61.6p, an increase of 5.9p (10.1%) over the year after adding back dividends of 2.5p per share which were paid during the year.

The Income Statement shows gains attributable to equity shareholders for the year of £10.4 million, comprising a revenue gain of £2.5 million and a capital gain of £7.9 million.

Investment portfolio

Over the year, the Investment Adviser actively exited from a number of portfolio companies, including several more mature yield focused investments.

In total 18 full and partial exits completed, generating proceeds of £16.4 million, with over 50% of the total proceeds generated from two of the more mature investments held within the portfolio. Downing Care Homes Holdings Limited, a special care homes business had been held by the Company for over 20 years. Proceeds of £5.0 million were received, which resulted in a gain over original cost of £1.1 million. Additionally, the investment provided a regular yield across its lifetime and we received a further £1.8 million of rolled up loan interest upon completion.

Universe Group plc, the quoted growth investment, was bought by a private equity firm towards the end of the accounting period, generating proceeds of £3.4 million. This represented a successful exit for the Company, resulting in a gain over cost of £1.9 million.

Further detail on these as well as the other exits during the period can be found within the Investment Advisers Report and the Review of Investments on pages 6 to 25.

A portion of these funds were reinvested in line with current VCT regulations into 19 growth investments. These tend to be younger businesses with a higher risk/reward ratio. At the year end, the Company held a portfolio of 91 active investments. Of these, 35 are either quoted on AIM or other UK exchanges and have a value of £26.7 million (31.0% of the portfolio, excluding cash). The 36 unquoted growth investments have a value of £40.7 million and represent 47.3% of the portfolio and the 20 unquoted yield focused investments have a value of £18.6 million and represent 21.7% of the portfolio.

The year under review saw total unrealised gains of £4.9 million (approximately 65% from unquoted growth, 25% from quoted growth and 10% from the yield focused investments).

The unquoted growth portfolio, which is now the primary focus of the majority of new investment activity, produced net unrealised gains of £3.2 million with setbacks from a number of investments being well outweighed by the stronger performers.

Chairman's Statement (continued)

Investment portfolio (continued)

The quoted investments are managed with a private equity-type strategy of taking influential stakes in the companies and working closely with them as they develop. This portfolio delivered net unrealised gains of £1.3 million, with a significant contribution from Tracsis plc. The yield focused portfolio produced unrealised gains of £473,000 over the year, plus income of £4.0 million. Further details on the investment activity and performance are included in the Investment Adviser's Reports on pages 6 to 15.

Dividends

Downing ONE's policy is to seek to pay annual dividends of at least 4% of net assets per annum.

The Board is proposing to pay a final dividend of 1.75p per share on 26 August 2022, subject to Shareholder approval at the forthcoming AGM, to Shareholders on the register at 29 July 2022. This will bring total dividends in respect of the year ended 31 March 2022 to 3.0p per share (2021: 2.5p), equivalent to 5.2% of the opening net assets.

Shareholders are reminded that the Company operates a Dividend Reinvestment Scheme for those investors that wish to reinvest their dividends and obtain further income tax relief on the reinvested dividend. A Dividend Reinvestment Form is available on Downing's website or shareholders can change their election via The Downing Investor Hub provided by City Registrars at:

downing-vct.cityhub.uk.com

Fundraising

The Company launched a small top up offer for subscription during November 2021. The offer was closed on 29 April 2022 having raised £1.9 million.

As part of the Foresight transaction, Foresight has agreed to waive its portion of the promoter's fee for existing Shareholders who wish to participate in the Company's next fundraising offer, planned for later this year.

Responsible investing

The Board notes the Investment Adviser, Downing LLP's, commitment to being a "Responsible Investor". Downing LLP places Environmental, Social and Governance (ESG) criteria at the forefront of its business and investment activities in line with best practice and in order to enhance returns for their VCT investors.

Further detail on the Investment Adviser's approach to responsible investment, including the key principles and their screening approach, can be found on pages 26 and 27.

Share buybacks

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

During the year, the Company purchased and subsequently cancelled 4,845,526 shares at an average price of 57.8p per share, representing 3.0% of shares in issue at the date of the last Annual Report.

The Company retains Panmure Gordon as its corporate broker to assist in operating the share buyback process and ensuring that the quoted spread on the Company's shares remains at a reasonable level. Contact details for Panmure Gordon are on page 77.

VCT Qualification

At 31 March 2022, qualifying investments represented 88.0% of total investments (including cash).

The Board expects that the minimum VCT qualification level of 80% will continue to be maintained for the foreseeable future.

Annual General Meeting ("AGM")

This year's AGM will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 10.30 a.m. on 15 August 2022.

If you intend to attend the AGM, please also notify us by email to d1agm@downing.co.uk in case there are any changes to arrangements that need to be communicated at short notice.

Three items of special business are proposed at the AGM:

- one in respect of the authority to buy back shares as noted above; and
- two in respect of the authority to allot shares.

The authority to allot shares provides the Board with the opportunity to consider raising further funds without having to necessarily incur the expense of seeking separate approval via a shareholder circular. Any further fundraising decisions will take account of the level of uninvested funds and the rate of investment.

Chairman's Statement (continued)

Outlook

The Board looks forward to working with Foresight and continuing to work alongside the existing Downing executives at their new home. The changes to the advisory arrangements are expected to give the Company greater resources to continue to build the investment portfolio and deliver positive returns to the Shareholders.

Downing ONE was more exposed than most VCTs to sectors heavily impacted by the pandemic. During the course of the last year, we have seen the start of the recovery process for some of the most affected investments as they work to rebuild on updated business plans and have delivered some pleasing exits.

The younger growth companies that have survived the challenges of the last two years have generally been strengthened by their experiences, although they, along with all portfolio companies, will now face new challenges from rapidly increasing inflation and the far-reaching effects of the conflict in Ukraine.

There is, once again, significant uncertainty as to the outlook for businesses generally in the short and medium term, however, we can be reasonably sure that there will still be good opportunities for investment out there. It will be more important than ever that the Investment Adviser is able to identity and secure deals with strong potential for the funds that the Company has available for investment, while continuing to nurture the portfolio of existing investments.

Chris Kay
Chairman

7 July 2022

Investment Adviser's Report - Overview

Introduction

We present a review of the investment portfolio and activity over the last financial year. As with prior years, our review is split into three parts comprising:

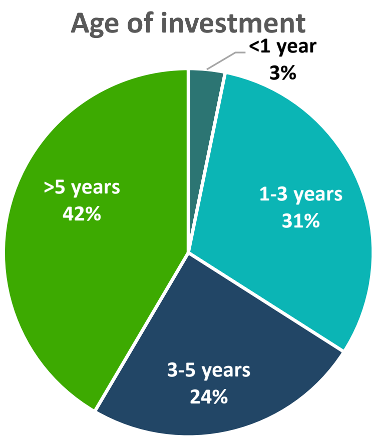
- this overview;
- a detailed report on the unquoted investments on pages 10 to 12, and
- a report on the quoted investments on pages 13 to 15.

Portfolio Overview

At 31 March 2022, the Company held a portfolio with a value of £86.0 million comprising 91 quoted and unquoted companies, across a diverse range of sectors in both the growth and yield-focused categories. Investment valuations across all three sectors continue to recover, resulting in an overall unrealised gain in the portfolio. Further detail is included on the following pages.

The Company has seen a high level of both realisation and investment activity across the year, with £16.4 million of proceeds received for full and partial disposals from 18 different investments. Over 50% of the proceeds generated were from the unquoted yield focused investments which form a reducing part of the portfolio. Some of the proceeds have been reinvested, with £4.6 million deployed into eight new and 11 existing investments. All of the investments made were growth investments, with eight being quoted growth investments and the remaining 11 investments made within the unquoted growth portfolio.

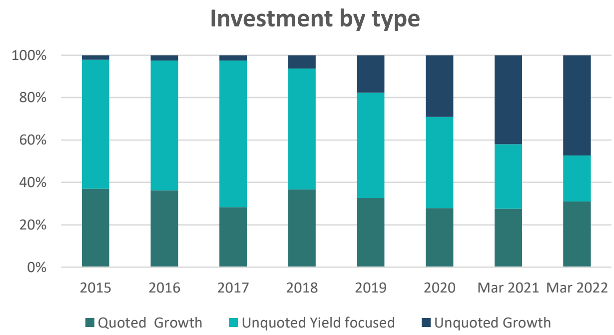
With the steady level of new investment activity recently, over a third of the investment portfolio now comprises investments that have been made within the past three years as illustrated in the chart below.



In line with this and the fact that new investment is all within the growth category, the overall risk/reward ratio of the portfolio has increased. This is consistent with the refocusing of the VCT scheme that the UK Government undertook a few years ago. This trend is expected to continue as exits from older yield focused investments occur.

As illustrated in the graph below, the growth investments, both unquoted and quoted, have been growing steadily over the past 5 years, with there now being 30 active unquoted growth investments compared to 5 active unquoted growth investments 5 years ago. The unquoted growth investments now form 47% (2021: 42%) of the investment portfolio (excluding cash), quoted growth investments equal 31% (2021: 28%) of the investment portfolio (excluding cash) and the yield focused investments have decreased to equal 22% (2021: 30%) of the investment portfolio (excluding cash).

The shift towards more growth focused investments has become more prevalent over recent years, and we expect this to continue as progress with realisations of the maturing yield focused portfolio.



Portfolio Performance

The performance of the portfolio over the year has produced an unrealised gain of £4.9 million (2021: £7.6 million), with the unquoted portfolio generating an unrealised gain of £3.6 million and the quoted portfolio generating an unrealised gain of £1.3 million.

Throughout the coronavirus pandemic, we have sought to provide as much support as possible to all investee companies. We are now seeing some recovery of value from some of the heavily impacted businesses.

Investment Adviser's Report – Overview (continued)

Portfolio Performance (continued)

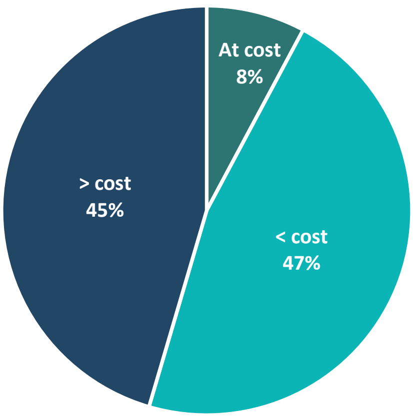
The unquoted growth portfolio has seen the most significant unrealised gains in the portfolio over the year, which totalled £3.2 million. £1.2 million of unrealised gains have also been recorded in the quoted growth portfolio and £472,000 unrealised gains have been recognised in the unquoted yield focused.

Despite these positives, there are a number of emerging risks facing the portfolio including the consequential impacts of the conflict in Ukraine and increasing inflation and its impact on investee companies' wages and other costs. Through our close relationship with investee companies we seek to ensure that the businesses are well placed to properly assess the fluid situation, particularly in respect of potential impact of increased wages and other costs, and the extent to which these may or may not be able to be passed on to the end customer.

Further details on individual movements within the portfolio can be found within the unquoted and quoted adviser reports on the following pages.

At the year end, of the 77 active investments, approximately half are valued at, or above, cost, as illustrated in the chart below. As noted previously, with a large number of recent investments into the unquoted growth portfolio of investments, it is not unexpected to suffer some losses at a relatively early stage as the vulnerable businesses tend to become more apparent before the stronger businesses prove themselves.

Valuation compared to cost



The largest unrealised gains in the quoted portfolio related to Tracsis plc (£2.6 million) and GENinCode plc (£282,000). An analysis of the unrealised gains and losses is detailed further within the report on quoted investments on pages 13 to 15.

Within the unquoted portfolio, the largest unrealised gain was in respect of one of the newer growth investments, Ayar Labs, Inc (£1.4 million), as well as E-Fundamentals (Group) Limited (£1.3 million). These gains were partially offset by unrealised losses, most notably to StreetHub Limited (trading as Trouva) (£1.4 million) which sits in the unquoted growth portfolio and Pilgrim Trading Limited (£1.3 million), which sits in the unquoted yield focused portfolio, although it should be noted that the loss on Pilgrim was offset by £1.2 million of loan stock interest recognised during the period.

Realised gains, over carrying value, in the period totalled £3.7 million, representing a realised loss over cost of £1.9 million. The most notable gains over carrying value were quoted growth company Universe Group plc (gain of £2.1 million) and unquoted growth company Xupes Limited (gain of £1.2 million). The most notable losses over carrying value in the period related to one of the older investments in the portfolio, Downing Care Homes Holdings Limited which generated a loss over opening value of £520,000 following the full exit towards the period end. However, it should be noted that this represented a gain over original cost of £1.1 million, in addition to the receipt of interest income of over £1.8 million.

Further details on these and other movements can be found within the quoted and unquoted Investment Adviser Reports.

Income split

As at 31 March 2022, the Company received income of £4.6 million (2021: £1.3 million). £4.2 million (2021: £939,000) of this balance related to loan stock interest, which significantly increased year on year following the receipt of £1.8 million from Downing Care Homes Holdings Limited upon exit and £381,000 from the partial loan note and interest redemption on Doneloans Limited. In addition, a number of the provisions made in the prior 24 months have been released, as they are now deemed recoverable. As the Company exits more of the older yield focused investments, loan interest paid up to the VCT is expected to gradually decrease.

Income split (continued)

Additionally, the Company received dividend income from its quoted growth portfolio of investments of £399,000, remaining relatively consistent with the prior period receipts of £357,000.

Portfolio Composition

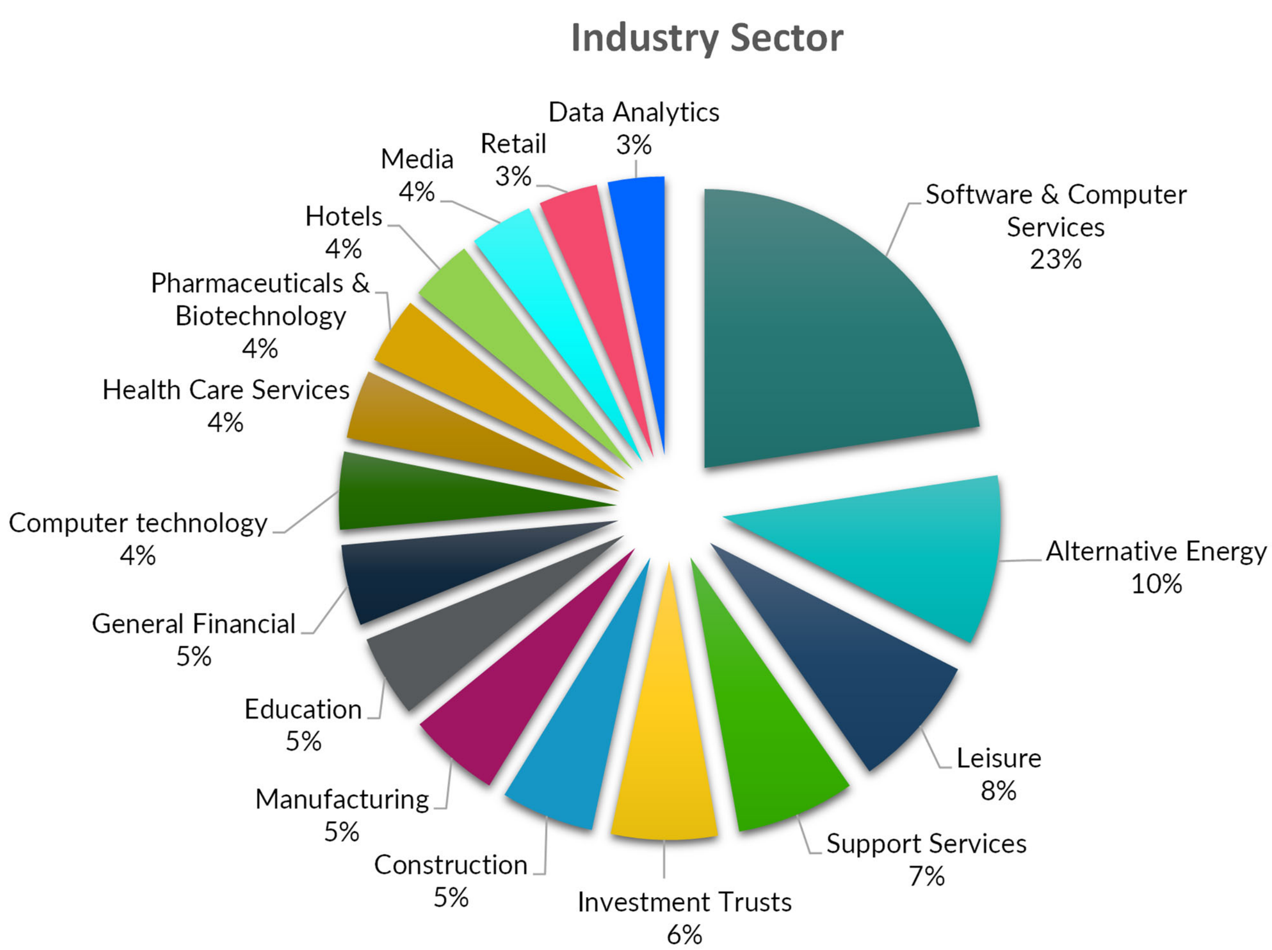
With a significant level investment activity over the year to 31 March 2022, the diversification of the portfolio continues as illustrated in the chart below.

As at the year end, the main sector in which the Company is invested into is the Software and Computer Services sector, with the sector now representing approximately 23% of the investment portfolio following further investment into this sector during the period of £2.6 million.

The most notable new investment into this sector was DSTBTD Limited (£775,000), with further details on this, as well as all new investments, noted in the unquoted investment adviser's report below.

Following the exit of Downing Care Homes Holdings Limited, exposure to the Healthcare Services sector has almost halved from 7% to 4% of the overall portfolio.

As a result of a significant level of exit proceeds generated during the year of £16.4 million, at the period end, the Company held £20.9 million in cash, which is expected to be deployed into supporting the existing portfolio as well any new investment opportunities as they arise.



Performance record

The charts below summarise the performance of the company over the past eight years since the merger that created Downing ONE, and the Total Return (including equivalent dividends received) to investors since the incorporation of the VCT.

Outlook

The portfolio has encountered various challenges over the last 24 months and it is encouraging to see the Total Return up 5.9p on the year.

Of the older investments, we believe that, on the whole, they are leaner and positioned better than they were pre-COVID, and we shall continue to progress with realisation plans for the remaining yield focused investments.

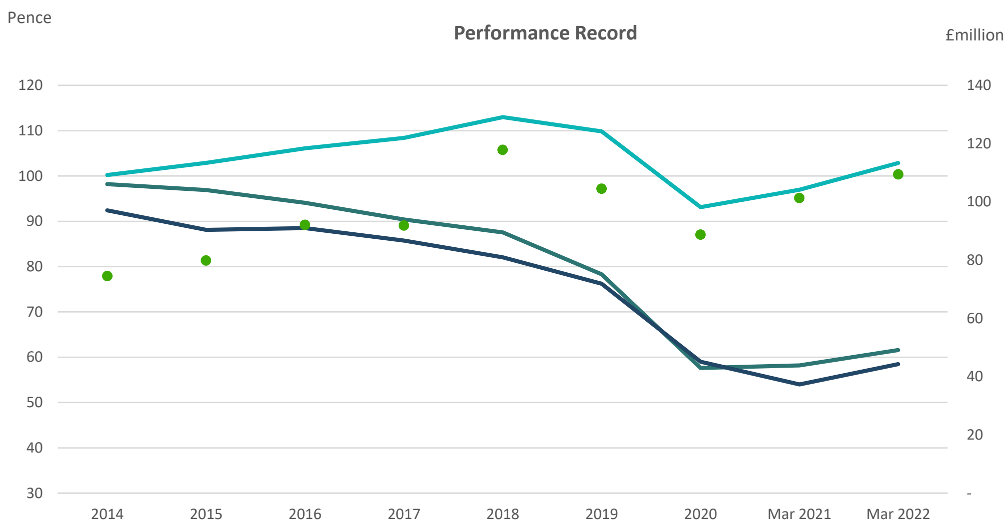
As the portfolio continues to shift to one that is more focused on growth investments, we believe that there will continue to be new investment opportunities, as well as potential in the current portfolio, that can drive improved performance.

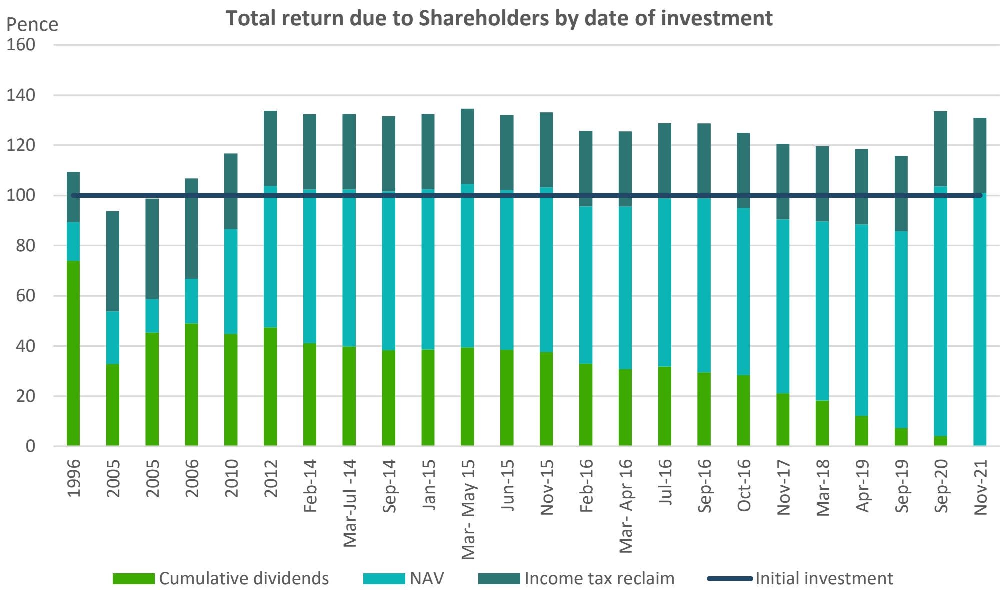
As you will have seen in the Chairman's Statement, following the year end, Downing LLP agreed to sell its non-healthcare ventures business to Foresight Group LLP. As part of the transaction, the investment advisory services agreement was novated from Downing to Foresight on 4 July 2022 and the whole of Downing's non-healthcare ventures team and key support staff were transferred to Foresight. However, it should be noted that the investment advisory services in respect of the non-ventures portfolio, being the quoted growth and yield focused investment will continue to be provided by Downing for a transitional period.

We look forward to managing the assets under the umbrella of the Foresight Group, our new home, and the next chapter for the Company.

Downing LLP

7 July 2022





Investment Adviser's Report – Unquoted Portfolio

We present a review of the unquoted investment portfolio for the year ended 31 March 2022.

At 31 March 2022, the unquoted portfolio of 56 investments were valued at £59.3 million. 36 of these with a value of £40.7 million are unquoted growth companies and 20 are unquoted yield focused companies with a value of £18.6 million.

Unquoted Growth

Investment activity

During the period, there was a high level of realisation and investment activity with £4.3 million of proceeds generated from exits and a total of £3.1 million invested into unquoted growth companies.

Three new investments were added to the unquoted growth portfolio:

DSTBTD Limited (£775,000) (trading as Distributed) is a software development company that helps to build a flexible and effective workforce. The company enables enterprises to build software and technology solutions by sourcing software developers, onboarding them, and tracking their performance whilst also being responsible for the outcomes of the technology solutions, providing benefits to both the developers and the enterprise customers.

Bulbshare Limited (£749,000) is a company that enables brands to build communities from their existing customers, gathering consumer insights whilst offering a superior user experience for those customers. This feedback results in more engaged customers and builds value for the brand from user generated content, reviews, and endorsements.

DiA Imaging Analysis Limited (£208,000) is a leading provider of Artificial Intelligence based solutions for ultrasound analysis. The investment will enable DiA to expand on its portfolio of FDA-cleared and CE-marked AI-based ultrasound solutions which enable clinicians to identify medical abnormalities with speed and accuracy.

Follow on investments totalling £1.4 million were made into eight companies, most notably Cambridge Touch Technologies Limited (£500,000), Cambridge Respiratory Limited (£250,000) and E-Fundamentals (Group) Limited (£166,000).

Details of the investment realisations during the year are set out on page 20. Total proceeds of £4.3 million were generated from 7 investments, producing a gain over holding value of £1.9 million, although representing a loss over cost of £3.2 million.

The largest gain in the period related to Xupes Limited, a pre-owned luxury goods retailer specialising in designer watches, handbags, and jewellery. The investment was sold in October 2021, returning £1.6 million, resulting in a gain over the opening value of £1.2 million, however, a loss over cost of £637,000.

Curo Compensation Limited, the provider of a human resources software service, was sold in the period, generating proceeds of £1.6 million, resulting in a loss over cost of £59,000, although this was a gain over the previous holding value of £509,000.

Avid Technology Group Limited, a manufacturer of electrified ancillary equipment for internal combustion engines, was sold during the period, generating proceeds of £429,000. The investment had previously been fully provided against, so this represented a gain of £429,000 in the period, although it should be noted that this was a disappointing overall loss against the original cost of £1.4 million.

Further deferred consideration was received from BridgeU Limited in relation to the exit in 2021, producing further proceeds of £143,000 in the year.

JRNI Limited, a business to business (B2B) software platform that enables companies to offer online appointments and event bookings for their customers and staff, exited, producing a gain over carrying value and original cost of £23,000.

It is disappointing to report that Exonar Limited and Glownet Limited both exited in full for nil proceeds during the year, resulting in a combined loss over original cost of £1.3 million and a realised loss over carrying value of £379,000.

Portfolio valuation

The unquoted portfolio, on the whole, performed well over the period, resulting in a total unrealised gain of £3.6 million in the period, including unrealised foreign exchange gains of £511,000. £472,000 of the £3.6 million gain was recognised within the unquoted yield focus portfolio, further detail can be found on the following pages. The remaining £3.1 million was recognised within the unquoted growth portfolio. The most significant movements are noted below:

The largest gain in value was in Ayar Labs, Inc, the developer of components for high performance computing and data centre applications. At the period end, the company was uplifted by £1.4 million, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a recent funding round.

Portfolio valuation (continued)

E-Fundamentals (Group) Limited, a Software as a Service (SaaS) analytics company has continued to grow its customer base, both in the UK and in the US, resulting in a valuation uplift of £1.3 million as at the year end.

Upp Technologies Limited, a provider of multichannel e-commerce technology, was increased in value by £835,000 as its performance recovers following a change in strategy and a new product focus.

Hackajob Limited, the owner of an online marketplace for hiring technical talent, was uplifted by £739,000 as a result of recurring revenues continuing to grow.

GENinCode develops products and technology that helps patients and healthcare practitioners assess and predict the onset of cardiovascular disease, thrombosis, and to diagnose Familial Hypercholesterolemia. During the period, in July 2021, the company successfully completed an IPO which saw its shares quoted on AIM. This resulted in an unrealised gain of £282,000 over the period.

There were some setbacks to a small number of the more vulnerable businesses within the portfolio, which has offset some of the unrealised gains recognised at the period end. The largest unrealised loss in the period was from Streethub Limited (trading as Trouva), an online marketplace for a curated range of homeware and lifestyle products. The company was reduced in value by £1.4 million, as a result of the business trading significantly behind budget.

Empiribox Holdings Limited, a provider of equipment and training to primary schools across the UK, was revalued downwards by £606,000 as the business is yet to recover from the impacts of the coronavirus pandemic.

Hummingbird Technologies Limited, the owner of an advanced crop analytics platform that is powered by machine learning and aerial imagery, was reduced in value by £502,000 as a result of a reduction in revenue forecasts.

Unquoted Yield Focused Investment activity

During the period, the Company made no new investments into this portfolio, however, it generated total proceeds of £8.7 from disposals, producing a loss of £285,000 over opening value and a £535,000 loss over original cost. Details of the realisations are set out on page 20.

The largest realisation in the period related to Downing Care Homes Holdings Limited, which owned four specialist care homes. The company was one of the long-standing investments for the VCT, with the first care home acquired in 1999.

Following a successful exit, the sale generated proceeds of £5.0 million, resulting in a loss over holding value of £520,000, although it should be noted that this represented a gain over original cost of £1.1 million, in addition to loan interest proceeds received during the period of £1.8 million.

Pearce and Saunders Limited, the owner of a freehold pub in South East London, repaid loan note principal of £88,000 during the period, along with a redemption premium of £264,000.

Doneloans Limited, which holds a portfolio of secured loans, repaid part of its loan notes during the period, resulting in Downing ONE receiving capital proceeds of £1.4 million, and associated interest of £381,000.

Nomansland Biogas Limited, an anaerobic digestion plant in Devon, was fully exited during the period, resulting in a minor loss of £21,000 against opening value and original cost.

During the period, the Company also exited from two of the four Indian solar investments, Indigo Generation Limited and Ironhide Generation Limited which were both developing solar farms on adjacent land in India. After a series of setbacks, mainly due to the reduction in prevailing energy prices in the Maharashtra region of India, the investments were fully exited for minimal proceeds, resulting in a combined loss over cost of £1.8 million, although representing a minor realised gain over carrying value of £8,000.

Portfolio valuation

The unquoted yield focused portfolio experienced a mixed year with the overall unrealised movement producing a gain of £472,000. The most significant movements are as follows:

Baron House Developments LLP, a company created to fund the purchase of a property opposite Newcastle's Central Station recognised the largest gain in the period. After being significantly impacted by the coronavirus pandemic, we are pleased to report that the hotel is being marketed for sale and first round offers are expected to be received shortly with the estimated sales price suggesting a healthy uplift of over £900,000.

Portfolio valuation (continued)

Harrogate Street LLP, a property developer was uplifted by over £700,000 in line with anticipated exit proceeds, with the sale expected to complete over the coming months.

Despite these positives in the portfolio, some of the investee companies suffered setbacks and as a result an unrealised loss has been recognised. Pilgrim Trading Limited, the operator of two children's nurseries in greater London, saw a reduction in the carrying value of £1.3 million, but this was offset by the recognition of £1.2 million of loan stock interest, most of which was previously provided against. The business is making progress and the ultimate payment of the accrued loan stock interest is now more likely.

Doneloans Limited, which holds a portfolio of secured loan notes, redeemed a small number of its loan notes during the period below carrying value, resulting in a reduction of £135,000 in line with the company's net assets as at 31 March 2022.

Conclusion and outlook

The unquoted portfolio continues to see reasonable recovery from the significant challenges faced in the over the past 2 years.

We remain focused on exiting the more mature yield focused investments as we look to redeploy cash into more growth focused investments in line with the VCT guidelines.

Downing LLP

7 July 2022

Investment Adviser's Report - Quoted Growth Portfolio

Investment activity

At 31 March 2022 the quoted portfolio was valued at £26.7 million, comprising 34 active investments. Over the year, the quoted portfolio produced unrealised gains of £1.3 million, reflecting a 13.4% increase over the period against the FTSE AIM All Share that fell 13.0%.

Equity markets began a tentative recovery from the pandemic in the earlier part of the reporting period as pandemic restrictions were gradually eased. However, markets remained nervous over the rapid spread of Covid variants. As the year progressed, many companies experienced more normalised trading conditions but fears around higher inflation and interest rates were evident. Volatility remained a persistent feature towards the end of the year and sentiment was dampened by the discovery of a more virulent strain of Covid.

The beginning of 2022 was characterised by an aggressive market rotation from growth to value, and from small and mid-cap names into the perceived safety of larger capitalisation businesses. Sentiment shifted considerably too, with the tech sector falling as investors switched into previously unloved sectors as mounting concern over rising inflation and interest rates gripped markets.

At the end of the reporting period, news flow was dominated by the crisis in Ukraine. Equity market volatility is likely to continue for some time as the consequences of the conflict in the region become clearer. Markets face undoubted headwinds, not only the impact of the Russian invasion, but widespread Covid lockdowns in China, persistent supply chain disruptions, and rising interest rates. The threat of recession and possibility that we could be entering a prolonged bear market is also weighing on investor sentiment.

The quoted portfolio saw increased trading activity during the period, with eight purchases, all VCT qualifying. There were five new investments made into Trellus Health plc, Eneraqua Technologies plc, Libertine Holdings plc, Strip Tinning Holdings plc and Verici DX plc, and three follow on investments into GENinCode plc, Feedback plc and DeepMatter Group plc.

GENinCode was originally an unlisted position in the portfolio, however, confidence in the management team led the Adviser to also participate further in the IPO of this investment.

There were two corporate actions in the period: the successful exit of Universe Group plc, which was acquired by private equity. Universe was acquired by PDI software, a global provider of enterprise management software, in January 2022, at a valuation of 12p per share, a 7p per share premium to the share price before the announcement. This reflected a successful exit for the quoted growth portfolio, realising a gain of £1.9 million over cost, being a realised gain over opening value of £2.1 million and a money multiple return of 2.3x. Downing client funds held a 16.67% equity position in Universe and were actively engaged with the strategy of the company. This acquisition is evidence of the Adviser's successful private-equity approach to investing in public markets.

In addition, net proceeds of £5,000 were realised from the wind-up of the Downing UK Micro-Cap Growth Fund.

The most notable unrealised movements in the portfolio over the period are discussed below.

Portfolio Movements

The main positive contributor to performance was Tracsis plc, which increased the value of the portfolio by £2.6 million.

Tracsis is a leading provider of software, hardware, data analytics/GIS and services for the rail, traffic data and wider transport industries. The group's latest results, for the six months ended 31 January 2022, were in line with management's expectations. Highlights included revenue increased by 31% to £29.2 million, with significant growth in the Data, Analytics, Consultancy and Events Division, including post-Covid recovery. The Rail Technology and Services Division revenue was at a similar level to prior year and a recent multi-year Rail Technology software contract wins will drive future revenue. The UK rail industry's transition to a new Great British Railways structure is ongoing and the overall objective is to create a data-driven, customer-focused, safety-critical future for the industry. Tracsis' range of rail technology products and services is well placed to help the rail industry deliver its strategic goals and as a result the business has been asked to actively participate in helping to shape future decision making. The recent acquisition of RailComm is an important strategic development for Tracsis, providing a platform onto which the group can start to internationally expand its rail product portfolio via direct access to the significant and growing North American rail technology market.

Investment Adviser's Report - Quoted Growth Portfolio
(continued)

Portfolio Movements (continued)

GENinCode plc, the predictive genetics company focused on the prevention of cardiovascular disease, also made a positive contribution to the portfolio, delivering an unrealised gain of £282,000.

In March, the group announced a collaboration with the Academic Health Science Network for the Northeast and North Cumbria to pilot the use of its Lipid inCode® test for the diagnosis of hypercholesterolemia (high levels of cholesterol) and familial hypercholesterolemia. The group has a vision to assist clinicians and inform patients in interpreting cardiovascular risk, and to improve public health using the predictive capability of genomics. High genetic risk patients are assisted in making lifestyle choices and can receive targeted treatment to improve outcomes. Over the past 15 years GENinCode has made a substantial investment in its research, bioinformatic data, technology, and product development to assess disease risk, in order to help clinicians and patients prevent the onset of CVD.

GENinCode also announced its collaboration with the Indiana University School of Medicine (IU). IU is the largest medical school in the US and will undertake a 'Proof of Concept' study using Cardio inCode-SCORE for the risk assessment of patients for onset of atherosclerotic cardiovascular disease ("ASCVD"). ASCVD accounts for over 85% of all cardiovascular disease deaths and is the leading cause of morbidity and mortality in the US and globally.

Downing Strategic Micro Cap Investment Trust plc (DSM), was a negative contributor, reducing the value of the quoted portfolio by £318,000. This negative share price movement was despite the positive results for the full year ended 28 February 2022. The Company reported a 5.3% increase in NAV, and 1% increase in the share price, despite the volatility in markets due to the post-Covid macroeconomic backdrop and the conflict in Ukraine. The managers remain positive on the prospects for the Company's holdings which are generally cheaper than the wider market, with stronger balance sheets and good growth prospects from the compelling products or services they provide. Typically, these investments have gone through significant catalytic changes over the last few years and are therefore stronger than they were pre this period of economic instability.

Strategically, the managers continue to be active, ensuring that portfolio businesses are well positioned to grow over the long term with the right operating structure and management in place. If conditions and prices are right, they may exit positions. Cash remains around 10% and the uncertain environment is generating ample opportunities for new investments. The DSM portfolio consists of value stocks, dynamically managed with strong balance sheets, appropriate to the foreseeable economy and held at modest valuations. Their quoted prices are significantly below the value at which the managers, using conservative estimates and noting evident catalysts, place their achievable market value.

Inland Homes plc was also a negative contributor, reducing the value of the portfolio by £315,000. Inland Homes is a brownfield developer, housebuilder and regeneration specialist focused on the South and Southeast of England. The group's most recently published results for the year ended 30 September 2021, reported record revenue and a significant reduction in net debt and growth in its asset management, partnership housing and private housebuilding divisions. Management stated that the results are underpinned by the group's attractive portfolio of brownfield and longer-term strategic land opportunities. Located across the South and Southeast of England, it is this valuable portfolio, together with its planning and housebuilding expertise, which drives demand from third-party investors, build to rent operators, registered providers, and other housebuilders. The underlying strength of the housing market and the shortfall in new housing delivery will continue to support demand for the land Inland owns and the homes they build.

Outlook

The ramifications of the pandemic continued to disrupt throughout the reporting period, and markets have been faced with extreme demand side shocks, extreme supply side shocks, labour shortages, energy price crises, and freight and logistical challenges. The macroeconomic backdrop remains concerning and markets are likely to remain volatile in the months ahead as rising inflation and higher interest rates cause concern.

Investment Adviser's Report - Quoted Growth Portfolio
(continued)

Outlook (continued)

The year ahead is likely to be more difficult than last year, where lingering Covid issues were offset by massive stimulus and record household savings feeding a demand spike. Supply chain issues continue to have an impact, Covid is still crippling parts of China where so many goods are manufactured, household savings are being rapidly eroded by the unforeseen cost of living crisis, and expansionary policy has reversed. Confidence is low and uncertainty is high. However, the quoted portfolio contains good companies, with strong balance sheets and significant prospects for growth over the long-term.

Downing LLP

7 July 2022

Review of Investments

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 March 2022:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value	Loan stock interest recognised in the period £'000	Total value of other funds also managed by Downing LLP [1] £'000
Quoted growth investments						
Tracsis plc*	1,443	7,552	2,620	7.1%	-	5,844
Downing Strategic Micro-Cap Investment Trust plc***	5,197	3,498	(318)	3.3%	-	3,366
Anpario plc*	1,448	3,340	(62)	3.1%	-	-
Impact Healthcare REIT plc***	1,518	1,773	142	1.7%	-	1,138
Craneware plc*	353	1,261	(312)	1.2%	-	1,886
Inland Homes plc*	1,311	1,153	(315)	1.1%	-	-
GENinCode plc*	800	1,082	282	1.0%	-	1,624
Cohort plc*	394	840	(308)	0.8%	-	-
Angle plc*	570	768	141	0.7%	-	-
Pittards plc*	1,350	697	203	0.7%	-	421
Vianet Group plc*	756	669	(24)	0.6%	-	-
Immotion Group plc*	500	546	(61)	0.5%	-	-
Brooks Macdonald Group plc*	257	445	82	0.4%	-	-
Libertine Holdings plc*	350	444	95	0.4%	-	-
Feedback plc*	400	302	(148)	0.3%	-	-
DeepMatter plc*	463	274	(307)	0.3%	-	-
Verici DX plc*	240	219	(21)	0.2%	-	-
Oncimmune Holdings plc*	278	201	(97)	0.2%	-	-
Norman Broadbent plc*	906	196	45	0.2%	-	514
Frontier IP Group plc*	30	191	29	0.2%	-	-
EnerAqua Technology plc*	195	186	(9)	0.2%	-	-
Pennant International Group plc*	335	161	(28)	0.2%	-	-
One Media Group IP plc*	175	156	(19)	0.1%	-	-
SysGroup plc*	377	144	(94)	0.1%	-	-
Pelatro plc*	289	136	(95)	0.1%	-	-
Bonhill Group plc*	1,000	94	(56)	0.1%	-	758
Strip Tinning Holdings plc*	105	85	(20)	0.1%	-	-
Trellus Health plc*	175	83	(92)	0.1%	-	-
Dillistone Group plc*	411	71	(3)	0.1%	-	-
Pressure Technologies plc*	249	62	3	0.0%	-	-
Fireangel Safety Technology Group plc*	545	49	(1)	0.0%	-	3,787
Wheelsure Holdings plc**	48	4	(1)	0.0%	-	-
MI Downing UK Micro-Cap Growth Fund***	2	2	1	0.0%	-	152
AIQ Limited	-	1	(1)	0.0%	-	-
Flowgroup plc	207	-	-	0.0%	-	-
ACHP plc*	61	-	-	0.0%	-	-
Golden Rock Global plc***	-	-	(1)	0.0%	-	-
Unquoted growth investments						
E-Fundamentals (Group) Limited	1,508	3,847	1,272	3.6%	2	1,533
Carbice Corporation	3,020	2,967	137	2.8%	-	1,639
StorageOS Inc	2,970	2,921	134	2.7%	-	-
Ayar Labs, Inc	1,280	2,594	1,359	2.4%	-	3,510
Trinny London Limited	443	2,508	573	2.3%	-	14,401
Cornelis Networks Inc	2,102	2,056	95	1.9%	-	3,936
Virtual Class Limited	1,164	1,912	(62)	1.8%	-	1,816
Rated People Ltd	1,382	1,895	211	1.8%	-	4,228
Imagen Limited	1,000	1,763	(65)	1.7%	-	3,612
Hummingbird Technologies Limited	2,250	1,750	(502)	1.6%	-	250
Hackajob Limited	784	1,523	739	1.4%	-	5,731

Continued over the page

Review of Investments (continued)

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value	Loan stock interest recognised in the period £'000	Total value of other funds also managed by Downing LLP [1] £'000
Unquoted growth investments (continued)						
Parsable Inc	1,532	1,422	65	1.3%	-	2,004
Cambridge Touch Technologies Limited	959	1,369	507	1.3%	-	4,704
Glisser Limited	1,300	1,300	-	1.2%	-	5,878
Ecstase Limited	1,000	1,257	257	1.2%	-	2,515
Maestro Media Limited	1,000	1,160	160	1.1%	-	4,134
Upp Technologies Group Limited	1,077	1,077	835	1.0%	-	1,077
Firefly Learning Limited	1,047	1,047	-	1.0%	-	2,271
Limitless Technology Limited	757	920	-	0.9%	-	2,897
FundingXchange Limited	1,050	786	(264)	0.7%	-	1,835
DSTBTD Limited	775	775	-	0.7%	-	-
Bulbshare Limited	749	749	-	0.7%	-	749
Vivacity Labs Limited	500	669	169	0.6%	-	3,642
Masters of Pie Limited	667	667	-	0.6%	-	2,304
Cambridge Respiratory Innovations Limited	500	500	-	0.5%	-	2,000
FVRVS Limited	375	484	109	0.5%	8	-
Channel Mum Limited	737	291	(50)	0.3%	2	291
DiA Imaging Analysis Limited	208	214	6	0.2%	-	928
MIP Discovery Limited	225	150	(75)	0.1%	-	1,256
StreetHub Limited	1,446	79	(1,431)	0.1%	2	71
Empiribox Holdings Limited	1,813	-	(606)	0.0%	-	-
Lignia Wood Company Limited	1,778	-	-	0.0%	-	-
Live Better With Limited	990	-	-	0.0%	-	-
Lineten Limited	750	-	(392)	0.0%	-	-
Ludorum plc	177	-	(7)	0.0%	-	-
Resource Reserve Recovery Limited	6	-	-	0.0%	-	-
Unquoted yield focused investments						
Doneloans Limited	3,631	4,213	(135)	3.9%	378	-
Baron House Developments LLP	2,695	4,177	943	3.9%	443	7,113
Harrogate Street LLP	1,400	2,778	721	2.6%	72	2,876
Data Centre Response Limited	558	1,787	471	1.7%	-	-
Cadbury House Holdings Limited	3,081	1,688	(113)	1.6%	102	791
Kimbolton Lodge Limited	664	996	30	0.9%	-	-
Fenkle Street LLP	346	911	39	0.9%	52	13,422
Pilgrim Trading Limited	2,593	778	(1,275)	0.7%	1,228	519
Downing Pub EIS ONE Limited	490	668	100	0.6%	-	7,120
SF Renewables (Solar) Limited	422	278	(41)	0.3%	-	4,252
Rockhopper Renewables Limited	738	156	(122)	0.1%	-	1,599
Pearce & Saunders Limited	1,122	117	(133)	0.1%	-	150
Pearce & Saunders DevCo Limited	84	70	(12)	0.1%	-	89
Yamuna Renewables Limited	2,500	-	-	0.0%	-	-
Jito Trading Limited	2,500	-	-	0.0%	-	-
Quadrate Catering Limited	1,500	-	-	0.0%	-	-
Top Ten Holdings plc	399	-	-	0.0%	-	-
Quadrate Spa Limited	372	-	-	0.0%	-	-
London City Shopping Centre Limited	110	-	-	0.0%	-	-
Total investments	87,264	85,954	4,897	80.5%	2,289	136,633
Cash at bank and in hand		20,856		19.5%		
		106,810		100.0%		

Review of Investments (continued)

The Company also holds investments in Golden Rock Global plc and Mining, Minerals & Metals plc (which does not show in the previous table). These investments were acquired in prior periods at negligible value as a result of reorganisations of other investments and continue to be valued at the same level.

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM
** Quoted on the Aquis Stock Exchange Growth Market
*** Quoted on the Main Market of the London Stock Exchange

[1] Other self-managed and discretionary managed funds also managed by Downing LLP as Investment Manager or Adviser (excluding Downing ONE VCT plc) as at 31 March 2022:

- Downing TWO VCT plc
- Downing THREE VCT plc
- Downing FOUR VCT plc
- MI Downing UK Micro-Cap Growth Fund
- MI Downing Monthly Income Fund
- Downing Strategic Micro-Cap Investment Trust plc
- Downing AIM Estate Planning Service and Downing AIM NISA
- VT Downing Unique Opportunities Fund
- VT Downing Listed Infrastructure Income Fund
- Downing Healthcare EIS Knowledge Intensive Fund
- Downing Renewables EIS
- Downing Indian Solar EIS
- Downing Ventures EIS
- Downing Pub EIS

Review of Investments (continued)

Investment movements for the year ended 31 March 2022

Additions

	£'000
Quoted growth investments	
Libertine Holdings plc	350
Verici DX plc	240
GENinCode plc	200
EnerAqua Technology plc	195
Trellus Health plc	175
Feedback plc	150
DeepMatter Group plc	113
Strip Tinning Holdings plc	105
	1,528
Unquoted growth investments	
DSTBTD Limited	775
Bulbshare Limited	749
Cambridge Touch Technologies Limited	500
Cambridge Respiratory Innovations Limited	250
DiA Imaging Analysis Limited	208
E-Fundamentals (Group) Limited	166
FVRVS Limited	125
Rated People Limited	100
StreetHub Limited	80
MIP Discovery Limited	75
Channel Mum Limited	63
	3,091
	4,619

Review of Investments (continued)

Disposals

	Cost £'000	Value at 01/04/21* £'000	Proceeds £'000	Profit/ (loss) vs cost £'000	Realised gain/ (loss) £'000	Loan stock interest recognised in the period £'000
Quoted growth investments						
Universe Group plc	1,506	1,276	3,403	1,897	2,127	-
MI Downing UK Micro-Cap Growth Fund	6	4	5	(1)	1	-
	1,512	1,280	3,408	1,896	2,128	-
Unquoted growth investments (including loan note redemptions)						
Xupes Limited	2,250	459	1,613	(637)	1,154	-
Curo Compensation Limited	1,663	1,095	1,604	(59)	509	50
Avid Technology Group Limited	1,833	-	429	(1,404)	429	77
BridgeU Corporation	-	-	143	143	143	-
JRNI Limited	525	525	548	23	23	-
Glownet Limited	741	-	-	(741)	-	-
Exonar Limited	550	379	-	(550)	(379)	-
	7,562	2,458	4,337	(3,225)	1,879	127
Unquoted yield focused investments (including loan note redemptions)						
Pearce and Saunders Limited	88	88	352	264	264	-
Ironhide Generation Limited	920	-	4	(916)	4	-
Indigo Generation Limited	920	-	4	(916)	4	-
Doneloans Limited	1,370	1,370	1,370	-	-	-
The Thames Club Limited	175	-	-	(175)	-	-
Fresh Green Power Limited	378	564	556	178	(8)	-
Green Energy Production UK Limited	200	133	125	(75)	(8)	-
Nomansland Biogas Limited	1,300	1,300	1,279	(21)	(21)	-
Downing Care Homes Holdings Limited	3,880	5,526	5,006	1,126	(520)	1,769
	9,231	8,981	8,696	(535)	(285)	1,769
	18,305	12,719	16,441	(1,864)	3,722	1,896

* Adjusted for purchases in the year where applicable

Review of Investments (continued)

Further details of the top ten investments held (by value) are as follows:

Tracsis plc
www.tracsis.com

Cost at 31/03/22:	£1,443,000	Valuation at 31/03/22:	£7,552,000
Cost at 31/03/21:	£1,443,000	Valuation at 31/03/21:	£4,932,000
Date of first investment:	November 2013		
Investment comprises:			
Equity shares:	£1,443,000	Valuation method:	Bid price
		% of total shares in issue/total voting rights:	2.6%

Audited accounts:	31/07/21	31/07/20	Dividend income:	£nil
Turnover:	£50.2m	£48.0m		
Profit before tax:	£4.6m	£4.1m		
Net assets:	£56.7m	£53.0m		

The Group specialises in solving a variety of data capture, reporting and resource optimisation problems along with the provision of a range of associated professional services. Tracsis' products and services are used to increase efficiency, reduce cost, and improve the operational performance and decision-making capabilities for clients and customers.

Doneloans Limited

Cost at 31/03/22:	£3,631,000	Valuation at 31/03/22:	£4,213,000
Cost at 31/03/21:	£5,000,000	Valuation at 31/03/21:	£5,717,000
Date of first investment:	April 2016		
Investment comprises:			
Loan note:	£3,631,000	Valuation method:	Net assets
Equity shares:	£1	% of total shares in issue/total voting rights:	50.0%

Unaudited accounts*:	31/03/21	31/03/20	Dividend income:	£nil
Turnover:	n/a	n/a	Loan note income	£378,000
Profit before tax:	n/a	n/a		
Net assets:	£0.6m	£0.3m		

Doneloans Limited is a non-VCT-qualifying investment company which holds a portfolio of secured loans from which it generates a steady income with limited capital risk.

* Turnover and operating profit figures not publicly available as unaudited abridged accounts filed.

Baron House Developments LLP

Cost at 31/03/22:	£2,695,000	Valuation at 31/03/22:	£4,177,000
Cost at 31/03/21:	£2,695,000	Valuation at 31/03/21:	£3,234,000
Date of first investment:	November 2013		
Investment comprises:			
Loan note:	£2,695,000	Valuation method:	Discounted cashflow – from the investment
		% of total shares in issue/total voting rights:	-%

Unaudited accounts:	31/03/21	31/03/20	Loan note income:	£443,000
Turnover:	£nil	£nil		
Loss before tax:	£nil	£nil		
Net assets:	£4.1m	£4.0m		

Baron House Developments was created to fund the purchase of a property opposite Newcastle station, which qualifies under the Business Premises Renovation Allowance (BPRA) scheme.

E-Fundamentals (Group) Limited
www.efundamentals.com

Cost at 31/03/22:	£1,508,000	Valuation at 31/03/22:	£3,847,000
Cost at 31/03/21:	£1,342,000	Valuation at 31/03/21:	£2,408,000
Date of first investment:	December 2017		
Investment comprises:			
Equity shares:	£1,342,000	Valuation method:	Discounted cashflow – from the investment
Loan note:	£166,000	% of total shares in issue/total voting rights:	10.6%

Unaudited accounts*:	31/12/20	31/12/19		
Turnover:	n/a	n/a	Dividend income:	*£nil*
Profit before tax:	n/a	n/a	Loan note income:	£2,000
Net assets:	£11.4m	£10.0m		

E-Fundamentals (Group) Limited is a Software as a Service (SaaS) analytics company, which has developed and commercialised a SaaS analytics tool sold directly to companies to enable them to accurately assess the performance of their products when being sold through third party e-commerce sites.

* Turnover and operating profit figures not publicly available as total exemption full accounts filed.

Downing Strategic Micro-Cap Investment Trust plc
www.downingstrategic.co.uk

Cost at 31/03/22:	£5,197,000	Valuation at 31/03/22:	£3,498,000
Cost at 31/03/21:	£5,197,000	Valuation at 31/03/21:	£3,816,000
Date of first investment:	May 2017		
Investment comprises:			
Equity shares:	£5,197,000	Valuation method:	Bid price
		% of total shares in issue/total voting rights:	10.6%

Audited accounts:	28/02/22	28/02/21		
Turnover:	£0.8m	£1.0m	Dividend income:	£42,000
Gain before tax:	£2.4m	£5.7m		
Net assets:	£43.1m	£42.5m		

Downing Strategic Micro-Cap Investment Trust plc is a non-qualifying investment which seeks to provide investors with long term growth through a concentrated portfolio of UK listed companies that typically have a market capitalisation of below £150 million.

Anpario plc
www.anpario.com

Cost at 31/03/22:	£1,448,000	Valuation at 31/03/22:	£3,340,000
Cost at 31/03/21:	£1,448,000	Valuation at 31/03/21:	£3,402,000
Date of first investment:	November 2013		
Investment comprises:			
Equity shares:	£1,448,000	Valuation method:	Bid price
		% of total shares in issue/total voting rights:	2.6%

Audited accounts:	31/12/21	31/12/20		
Turnover:	£33.4m	£30.5m	Dividend income:	£57,000
Profit before tax:	£5.7m	£5.4m		
Net assets:	£40.3m	£37.5m		

Anpario plc is an international producer and distributor of natural animal feed additives for animal health, nutrition, and biosecurity.

Review of Investments (continued)

Carbice Corporation
carbice.com

Cost at 31/03/22:	£3,020,000	Valuation at 31/03/22:	£2,967,000
Cost at 31/03/21:	£3,020,000	Valuation at 31/03/21:	£2,830,000
Date of first investment:	September 2020		
Investment comprises:			
Equity shares:	£3,020,000	Valuation method:	Calibration to price of recent investment
		% of total shares in issue/total voting rights:	19.5%
Audited accounts:	None filed	Dividend income:	*£nil*

Carbice Corporation has developed a suite of products based on its carbon material called Carbice Carbon which is primarily used as thermal management solutions to enable greater thermal conductivity.

StorageOS Inc
ondat.io

Cost at 31/03/22:	£2,970,000	Valuation at 31/03/22:	£2,921,000
Cost at 31/03/21:	£2,970,000	Valuation at 31/03/21:	£2,787,000
Date of first investment:	November 2020		
Investment comprises:			
Equity shares:	£2,970,000	Valuation method:	Calibration to price of recent investment
		% of total shares in issue/total voting rights:	10.9%

Unaudited accounts:	31/01/21	31/01/20	Dividend income:	*£nil*
Turnover:	£0.0m	£0.1m		
Loss before tax:	(£0.4m)	(£0.9m)		
Net assets:	£8.5m	£3.7m		

StorageOS Inc (now trading as Ondat) is a cloud-based storage management software solution developed to manage storage issues. Downing led a $10 million round in late 2020.

Harrogate Street LLP

Cost at 31/03/22:	£1,400,000	Valuation at 31/03/22:	£2,778,000
Cost at 31/03/21:	£1,400,000	Valuation at 31/03/21:	£2,057,000
Date of first investment:	October 2015		
Investment comprises:			
Loan note:	£1,400,000	Valuation method:	Discounted cashflow – from the investment
		% of total shares in issue/total voting rights:	-%

Unaudited accounts*:	31/03/21	31/03/20	Loan note income:	£72,000
Turnover:	n/a	n/a		
Profit before tax:	n/a	n/a		
Net assets:	£1.4m	£1.5m		

Harrogate Street LLP was created to fund the purchase of a hotel site that is let to Premier Inn on a long-term basis, which qualifies under the Business Premises Renovation Allowance (BPRA) scheme.

* Turnover and operating profit figures not publicly available as total exemption full accounts filed.

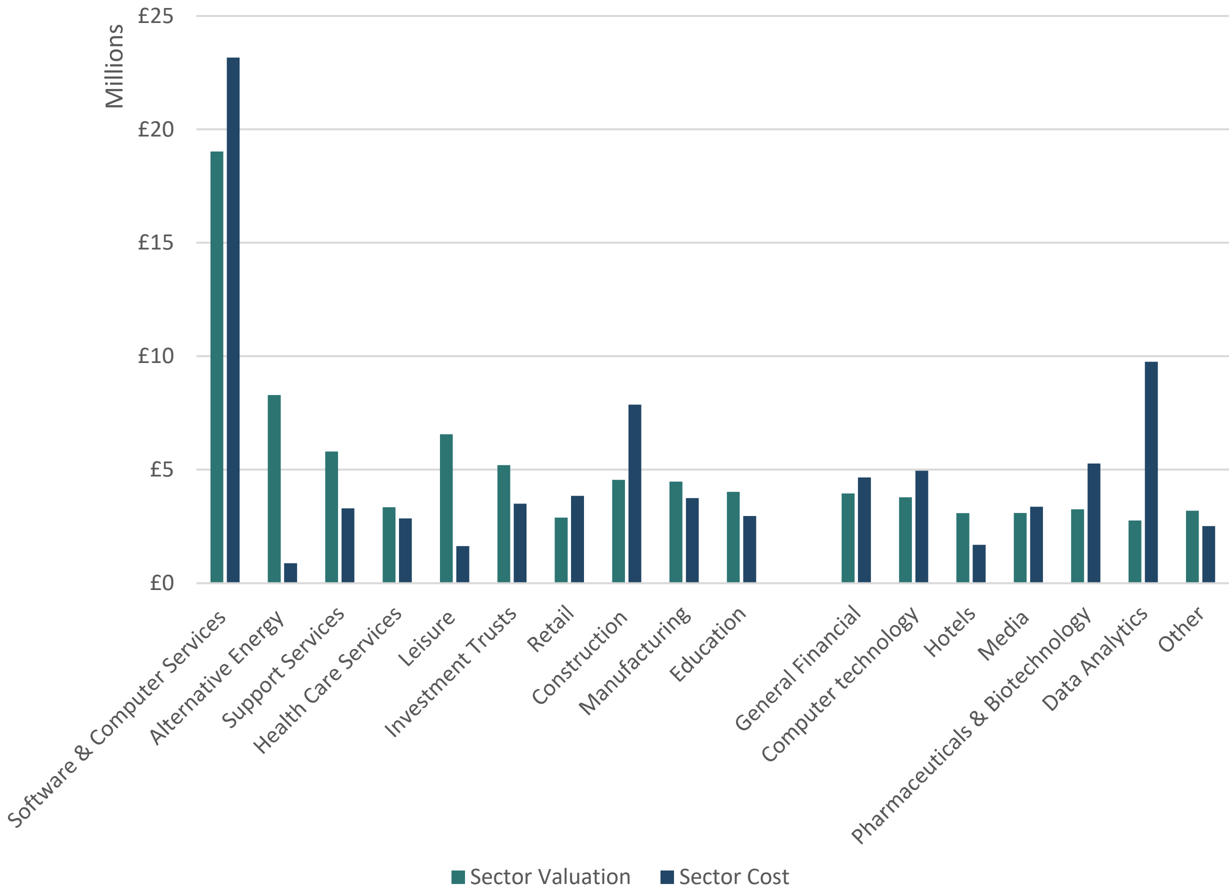
Review of Investments (continued)

Ayar Labs, Inc	Cost at 31/03/22:	£1,280,000	Valuation at 31/03/22:	£2,594,000
Ayarlabs.com	Cost at 31/03/21:	£1,280,000	Valuation at 31/03/21:	£1,235,000
	Date of first investment:	August 2020		
	Investment comprises:			
	Equity shares:	£1,280,000	Valuation method:	Calibration to price of recent investment
			% of total shares in issue/total voting rights:	0.9%
	Audited accounts:	None filed	Dividend income:	*£nil*

Ayar Labs, Inc has developed components for high performance computing and data centre applications to deliver better bandwidth, better power and better latency for a given application.

Note:
The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of investments by commercial sector
The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 March 2022) is as follows:



Review of Investments (continued)

Portfolio balance
At 31 March 2022, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of Investment (by HMRC valuation rules)	Actual	Target
VCT qualifying investments	88.0%	>80%
Non-qualifying investments (including cash at bank)	12.0%	<30%
Total	100.0%	

Investment category (by HMRC value)	Actual	Target
Growth	23.6%	40%-100%
Yield focused	64.4%	0%-60%
Non-qualifying	12.0%	max 20%
Total	100.0%	

Investment Adviser's Approach to Responsible Investment

Introduction

Downing LLP ("Downing") has acted as Investment Adviser to Downing ONE VCT, as well as adviser and manager to a number of other VCTs, investment trusts, funds, and schemes. Central to Downing's ethos is a commitment to be a "Responsible Investor". We aim to protect and enhance returns for our funds' investors by placing Environmental, Social and Governance (ESG) criteria at the heart of our business and investment activities.

We understand that ESG issues represent risks and opportunities; and that these issues are becoming an increasingly material factor with investments. By taking a long-term, sustainable approach with our analysis, decision-making and active asset management, we strive to take these into account, mitigate risks and maximise opportunities, while endeavouring to facilitate wider societal and environmental benefits, wherever possible.

Our principles

As Investment Adviser to Downing ONE VCT plc, we aim to support and actively seek out investments that promote the principles of ESG, as well as create long-term, sustainable value and have a positive impact on society and the economy.

Downing's approach to investing is underpinned by a series of ESG principles that reflect our commitment to embed Responsible Investment considerations as part of our normal business operations. These are:

Integration

To meet our objectives, we will integrate our Responsible Investment System both within our business and throughout the lifecycle of the investments we make.

Influence

Through active ownership, we will endeavour to engage with and assist individual businesses in managing ESG risks and opportunities better than their competitors to create value and a competitive advantage, while promoting positive benefits to society and the environment.

Disclosure

We will seek appropriate monitoring and disclosure of ESG matters by investees so that we have a better understanding of what we are investing into, and the ability to assess their performance against any ESG initiatives we decide to implement.

Continual Improvement

We are encouraged by the growing momentum and developments in the Responsible Investment and ESG areas and look forward to working with the investment community to develop sustainable ways of conducting business and leading by example.

Screening and exclusions – our evolving approach

Historically, Downing has tended to avoid a number of sectors, companies, and investments because we believe they cause harm to the environment and society that we cannot mitigate as responsible investors. Examples of this being weapons, fossil fuels and tobacco.

This approach has evolved as we have developed individual investment strategies for different asset classes. Where a strict negative screening approach may not be suitable, any new investment in higher ESG risk sectors we will have to carefully consider (a) how inherent risks are reflected in company/investment valuation and (b) our level of influence on management teams to foster change and value creation through an active ownership approach.

Investment Adviser's Approach to Responsible Investment
(continued)

Screening and exclusions (continued)

In other sectors, with known ESG issues we may also decide to screen for best-in class investments, identifying and supporting management teams that we think are better placed than their competitors today to become successful and sustainable businesses in the future.

Whilst our approach to negative screening may vary by sector, we maintain some minimum standards we would expect of any company for it to attract investment by Downing ONE: at the very least that the business meets local laws and regulations, that they are safe places to work and that the management has a code of ethics and/or an anticorruption policy in place.

Climate-related matters

Whilst neither the Company nor the Investment Adviser are currently required to disclose climate related financial information in line with the Task Force on Climate related Financial Disclosures ("TCFD"), they recognise the aim and importance of the TCFD recommendations to provide a foundation to improve investors' ability to appropriately assess climate-related risk and opportunities. Disclosing information related to the TCFD recommendations remains an objective of the Investment Adviser as part of its ESG initiatives and progress will be monitored by the Directors.

Downing's commitment

Downing has made a long-term commitment to meet its ESG pledges. To this end, we expect our polices and processes to evolve over time and continue to be a core component of the services that we provide to Downing ONE VCT plc.

Downing LLP

7 July 2022

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2022. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

The Company is a Venture Capital Trust ("VCT") whose principal investment objectives are to:

- provide private investors with attractive returns from a portfolio of investments focused on unquoted and AIM quoted companies; and
- maintain VCT status so that the Company and its shareholders may benefit from the tax reliefs and exemptions available under the VCT legislation.

As a Venture Capital Trust, Investors are required to hold their shares for a minimum period of five years in order to retain their income tax relief.

Business review and developments

During the year to 31 March 2022, the investments held increased in value by £4.9 million and gains arising on investment realisations totalled £3.7 million.

Income over expenditure for the year resulted in a net gain, after accounting for capital expenses, of £1.8 million (2021: loss of £1.2 million).

The total gain for the year was £10.4 million (2021: £6.2 million). Net assets at the year-end were £109.5 million (2021: £101.4 million). Dividends paid during the year totalled £4.5 million (2021: £5.1 million).

The Company's business and developments during the year are reviewed further in the Chairman's Statement, the Investment Adviser's Reports and the Review of Investments on pages 3 to 26.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its objectives (as shown on page 2). The Board believes the Company's key performance indicators, for comparison against similar VCTs, are Total Return (NAV plus cumulative dividends paid to date) and dividends per share (as disclosed within the financial summary). Further consideration of the above key performance indicators is included in the Investment Adviser's reports under Net Asset Value and results. The performance of the Company measured by historic Share Price Total Return is shown in the graph on page 41.

The net asset value per share is defined as an Alternative Performance Measure and the Board considers it to be the primary measure of shareholder value.

The Chairman's Statement and Investment Adviser's Reports include further commentary on the Company's activities and future prospects.

Principal risks and uncertainties

The Directors have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity. The Board has ensured that there are policies in place for managing each of these risks. The principal financial risks faced by the Company, which include interest rate, investment, credit and liquidity risks, are summarised within note 16 to the financial statements. Note 16 also includes an analysis of the sensitivity of the NAV to changes in investment valuations.

Other principal risks faced by the Company have been assessed by the Board and grouped into the key categories outlined below:

- Investment performance;
- Regulatory;
- Operational; and
- Economic, political and other external factors.

Investment performance

The Company holds investments in unquoted and quoted companies. Poor investment decisions or a lack of effective monitoring and management of investments could result in a reduction in the carrying values of the Company's investments.

The Investment Adviser has significant experience in investing in unquoted UK companies and engages reputable and experienced advisers at each stage of the investment process. Furthermore, the Board regularly reviews the performance of the portfolio.

Regulatory

The Company, as a fully listed Company on the London Stock Exchange with a premium listing and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces several related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Conduct Authority and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

Principal risks and uncertainties (continued)

The Board reviews and agrees policies for managing each of these risks. It receives quarterly reports from the Adviser, which monitor the compliance of these risks, and places reliance on the Adviser to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Philip Hare & Associates provides regular independent reviews of the Company's VCT status, as well as advice on VCT compliance issues as and when they arise.

In order to further mitigate this risk, the Board monitors regulatory and legislative developments. The Company also has a strong compliance culture and systems in place to ensure that the Company complies with all of its regulatory requirements. Further detail on VCT Status is provided on pages 35 to 36.

Operational

The Company relies on the Investment Adviser, Administration Manager and other third parties to fulfil many of its operational requirements and duties. A provision of inferior services by one or more of these parties could lead to inadequate systems and controls or inefficient management of the Company, its assets and its reporting requirements.

The Company, the Investment Adviser and the Administration Manager engage experienced and reputable service providers, the performance of which is reviewed on an annual basis by the Board. In addition, the Audit Committee reviews the Internal Control and Corporate Governance Manual on an annual basis.

Economic, political and other external factors

Fluctuations in the stock market due to the Ukrainian conflict, economic recession, increasing inflation or monetary policy could affect the valuations of quoted investments, even if such companies are performing to plan.

Wider political and economic events also have the potential to impact the performance, and therefore valuations of, the unquoted companies in the portfolio as a result of a deterioration in business and consumer confidence. This is mitigated by holding a diversified portfolio of investments across a wide range of sectors and subsectors.

The emerging risks faced by the Company are outlined below:

Inflation

The company's investments could be impacted negatively as a result of increasing inflation, particularly wages and other costs.

The Investment Adviser's close relationship with the investee companies allows it to ensure that the businesses properly assess the potential impact of increasing costs, particularly wages, and the extent to which these may or may not be able to be passed on to the end customer. The Board and the Investment Adviser considers the net impact to be at a manageable level and shall continue to monitor developments closely across all investee companies.

Geopolitical risks

The Ukraine conflict and the impact of new sanctions placed on Russian businesses and individuals may have some impact on the returns of the Company.

The Investment Adviser's hands on approach with the investee companies ensures that they are well placed to assess the exposure of the business to the Ukraine conflict and associated developments. The Board considers exposure to be low and any direct impact on the company's performance is not expected to be significant. The Board along with the Investment Adviser shall continue to review the evolving situation as part of its ongoing activities.

Climate change

The effects of climate change or those of changing legislation as the world looks to transition towards net zero emissions may impact the returns generated by the portfolio companies.

Whilst the Company itself, as a Venture Capital Trust, has negligible exposures to climate change risk, the Investment Adviser works with the investee companies to ensure that climate change risk and transition risk is appropriately addressed. The Board together with the Investment Adviser believe that the risks within the current portfolio to be manageable and gives consideration to this in reviewing new investment decisions and will continue to assess developments in legislation and their potential impact on portfolio companies.

Developments in accounting and disclosure regulations impacting the Company are monitored by the Investment Adviser and Administration Manager to ensure full compliance.

Principal risks and uncertainties (continued)

Coronavirus Pandemic

The impact of the coronavirus pandemic on global markets was first observed in March 2020. Since then, there have been a number of challenges for businesses in the UK and around the world, as governments sought to contain rising infection numbers.

The Board recognises that the resulting restrictions and subsequent major developments have had an impact on valuations and has negatively impacted the prospects of many businesses within the portfolio, particularly those in the hospitality, manufacturing and children's nursery sectors.

As a result of the Investment Advisers close involvement with all investee companies, the Adviser has been able to provide support, where possible, throughout the pandemic. The Board and Adviser will continue to monitor developments as the world starts to return to more normal conditions.

Viability statement

In accordance with Corporate Governance best practice, the Directors have carried out a robust assessment of the emerging and principal risks facing the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for a period of five years from the accounts approval date as developments are considered to be reasonably foreseeable over this period and is considered reasonable for a business of its nature and size as well, as the period being the minimum expected holding period. The five-year review considers the principal risks facing the Company, which are summarised within note 16, as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. This includes the potential impact of the coronavirus pandemic and any other risks which may adversely impact its business model, future performance, solvency or liquidity. The five-year review makes assumptions about the normal level of capital recycling likely to occur, expenses, dividends and share buybacks.

The Board has considered the Company's cashflow projections and found these to be realistic and reasonable.

The Directors believe that the Company is well placed to manage its business risks successfully.

Based on the results, the Board believes that, taking into account the Company's current position, and subject to the emerging and principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least five years from the accounts approval date.

Business model

The Company operates as a Venture Capital Trust to ensure that its Shareholders can benefit from the tax reliefs available.

The Business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set out within its Investment Policy, as shown below.

Investment policy

Quantitative analysis of how the Company has operated in accordance with its investment policy are shown in the Review of Investments on pages 16 to 25 and in the VCT compliance section of this report on page 35.

The Company's investment policy is as follows:

Asset allocation

The Company will seek to maintain a minimum of 80% of its funds invested in VCT qualifying investments, with the balance held in non-qualifying investments. New funds raised will initially be held in non-qualifying investments and cash and will gradually be invested in VCT qualifying investments over a two to three-year period.

VCT qualifying investments

The Company seeks to hold a portfolio of VCT qualifying investments as follows:

Investment type	Target	Maximum	Target IRR
Growth	0%-100%	100%	15% and above
Yield focused	0%-60%	100%	10%

Growth investments will be in companies with prospects for high capital growth, reflecting higher risk, predominantly focusing on:

- investments in unquoted companies where there are reasonable prospects of a trade sale or clear exit strategy over a five to seven-year time horizon and the prospects of a reasonable level of capital growth. Start-ups will not generally be considered, although the fund may consider investments in early-stage companies offering higher risk and higher potential returns; and

Investment policy (continued)

- companies already quoted on AIM, the Aquis Stock Exchange Growth market or the Main Market of the London Stock Exchange, or being admitted to AIM, the Aquis Stock Exchange Growth market or the Main Market of the London Stock Exchange.

Yield focused investments will generally be in unquoted businesses (although this may include some quoted businesses), with a preference for companies which, subject to prevailing VCT rules, own substantial assets.

These investments may be structured such that they comprise of loan stock and/or preference shares.

Some investments may exhibit features of both of the above categories.

Non-Qualifying Investments
Non qualifying investments invested after 5 April 2016 will only be made in the following categories:

- Shares or units in an AIF (Alternative Investment Fund) e.g. an investment trust or in a UCITS (undertakings for the collective investment in transferable securities) e.g. an OEIC (open ended investment company) which may be repurchased or redeemed by the investor on no more than 7 days' notice; and
- Ordinary shares or securities in a company which are acquired on a European regulated market e.g. in companies with shares listed on the main market of the London Stock Exchange.

The existing non-qualifying portfolio includes investments made before 5 April 2016 within the following categories:

- Non-qualifying listed investments which are in quoted companies where the holdings can be traded and in companies in which the Investment Adviser has detailed knowledge as a result of VCT qualifying investments made previously;
- Secured loans which are secured on assets held by the borrower; and
- Non-qualifying unquoted investments which will generally not exceed 5% of the overall fund.

In addition to the above, the Company may hold non-qualifying funds in cash or bank deposits, which fall within the VCT rules.

The allocation between asset types in the non-qualifying portfolio will vary depending upon opportunities that arise, with any one asset class having a maximum exposure of 100% of the non-qualifying portfolio.

Risk diversification
The Directors will control the overall risk of the Company. The Investment Adviser will ensure the Company has exposure to a diversified range of VCT qualifying investments from different sectors and no more than 15% of the Company's funds in any one company or any one issue of fixed income securities.

Venture Capital Trust Regulations
In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007 VCT Rules.

Borrowing Policy
It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a sum equal to no more than 10% of the aggregate amount paid up on the issued share capital of the Company plus the amounts standing to the credit of the consolidated reserves of the Company.

At 31 March 2022, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £10.9 million. There are no plans to utilise this ability at the current time.

Performance incentive fees

Downing LLP is entitled to receive a performance incentive fee equal to 20% of the realised gains on any exit from new investments made since 1 April 2019 ("New Investments") where, and to the extent that, the following conditions are met:

(a) The Internal Rate of Return ("IRR") of all New Investments at the year-end exceeds the hurdle of 5% per annum (based on audited valuations and including realised and unrealised gains and losses and all investment income, measured from 1 April 2019 ("IRR Hurdle"); and

(b) The Total Return per share at the year end exceeds the Base Value per share ("Base Value Hurdle"). The Base Value per Share is set at the Total Return per share (NAV plus dividends paid since the date of the merger) as at 31 March 2019, being 109.8p per Share.

Performance incentive fees (continued)

If any amount is not paid in a year when an investment is realised because the IRR Hurdle and/or Base Value Hurdle are not met, such amounts are deferred and can be paid in a future year if and when the IRR Hurdle and Base Value Hurdle are both met again. Additionally, the amounts payable under this proposed scheme are only paid to the extent that the IRR Hurdle and Base Level are exceeded, and no payment will be made which would cause either hurdle to cease to be met.

As the hurdles have not been met, no fee is due to be paid in respect of the year ended 31 March 2022.

Statement on s172

Under section 172 of the Companies Act 2006, the Board have a duty to promote the success of the Company, and when making decisions for the long term, have regard to a range of matters including:

- the likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the environment and community;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between Shareholders of the Company.

However, the Company has no employees (other than its directors) and no customers in the traditional sense. It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management and administration of the Company to third parties. The Board will then engage with the third parties in setting, approving and overseeing the execution of the business strategy and related policies. In accordance with the Company's nature as a Venture Capital Trust, the Board's principal concern has been, and continues to be, the interest of the Company's Shareholders taken as a whole, as well as continuing to monitor portfolio management in light of the Company's objectives.

In addition to this, the Board has a responsible governance culture and has due regard for broader matters so far as they apply including the expectations of its regulators. Specifically, the Board engages with the Investment Adviser at every Board meeting where it will review the financial and operational performance, as well as legal and regulatory compliance.

The Board also reviews its relationships with other service providers at least annually as well as other areas over the course of the financial year including the Company's key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; and corporate responsibility and governance.

The Investment Adviser regularly engages with major shareholders, by producing half yearly reports and reporting back to the Board. The Board also encourage all Shareholders to attend the AGM and welcomes any other communications from Shareholders. Its main stakeholders therefore comprise of the shareholders, the Investment Adviser, other service providers and investee companies.

The principal decisions made or approved by the Directors during the year are as follows. Principal decisions have been defined as those that have a material impact to the Company and its key stakeholders:

Dividend declarations

The Directors target an annual dividend of at least 4% of net assets per annum, subject to sufficient distributable reserves and capital resources. The Board closely monitor the level of dividends and propose to pay a final dividend of 1.75 pence per share which will result in total dividends for the financial year of 3.0 pence per share, equivalent to 5.2% based on the opening net asset value.

Launch of top up offer for subscription

At the end of November 2021, the Company launched a new non-prospectus top-up offer in order to provide additional funds for further investment activity. As noted in the Chairman's Statement, the offer closed following the period end having raised £1.9 million.

Communication with Shareholders

As a result of the COVID-19 restrictions in place at the time, the AGM in 2020 could not be held in person and the decision was made to hold the AGM virtually. The Board encourages all shareholders to attend the AGM and welcomes communication from Shareholders and was pleased to hold the 2021 AGM in person at the Company's registered office to facilitate this interaction. In person AGMs will continue, where possible, to allow Shareholders to ask questions and hear updates from the Board and Investment Adviser.

Strategic Report (continued)

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

Climate-related matters
The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") do not currently apply to the Company. The Board and Investment Adviser acknowledges the recommendations which will be reviewed over future periods.

Environmental, social, and human rights policy
The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Advisers take environmental, social and human rights factors into consideration when making investment decisions. Further details on the Investment Advisers approach to responsible investment can be found on pages 26 to 27.

Share capital
The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM.

A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 34.

Directors and senior management
The Company does not have any employees, including senior management, other than the Board of the three non-executive directors, all of whom are male.

Whilst the Board have delegated the day-to-day operation of the Company to its advisers, details of which are contained within the Report of the Directors, they retain the responsibility of planning, directing, and controlling the activities of the Company.

Future prospects
The Company's future prospects are set out in the Chairman's Statement and Investment Adviser's Report.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

7 July 2022

Report of the Directors

The Directors present the Annual Report and Accounts of the Company for the year ended 31 March 2022.

Share capital

At the beginning of the year, the Company had 161,094,068 Ordinary Shares of 1p each in issue.

The Company allotted 20,170,101 Ordinary shares at an average price of approximately 60.6p per Ordinary Share under the terms of the Offers for Subscription.

A further 1,148,756 Ordinary Shares at an average price of 60.7p per Ordinary Share were allotted under the terms of the Dividend Reinvestment Scheme ("DRIS").

At the AGM held on 10 August 2021, Shareholders unconditionally authorised the Company to make market purchases of its own Ordinary shares of 1p each, up to a maximum of 26,170,121 Ordinary Shares, representing 14.9% of the share capital in issue at the date of the last Annual Report. At the date of this report, authority remains in place for 21,324,595 Ordinary Shares. A resolution to renew the authority to buy back up to approximately 14.9% of the share capital at the date of this report will be put to Shareholders at the AGM taking place on 15 August 2022.

During the year, the Company repurchased 4,845,526 Ordinary Shares of 1p each for average consideration of 57.8p per share, representing 3.0% of shares in issue at the date of the last Annual Report. These shares were subsequently cancelled.

At the year end, the Company had 177,567,399 Ordinary Shares in issue. There were no other share classes in issue at the year end.

Results and dividends

	£'000	Per Share
Gain on ordinary activities after tax for the year ended 31 March 2022	10,396	4.2p
Distributions paid/proposed for the year		
25 February 2022 – 2022 Interim	2,227	1.25p
26 August 2022 – 2022 Final	3,107	1.75p
	5,334	3.00p

The Company has a stated target for annual dividends of at least 4% of net assets per annum. In respect of the year under review this is equivalent to 2.5p. The Board is proposing a final dividend of 1.75p per share to be paid, subject to Shareholder approval at the AGM, on 26 August 2022 to Shareholders on the register at 29 July 2022, which will result in total dividends for the financial year of 3.0 pence per share (2021: 2.5 pence per share).

Investment adviser and administration manager

Downing LLP was appointed on 1 April 2010, as Investment Adviser, for a fee payable quarterly in advance in respect of each quarter, such quarterly fee being equal to one quarter of 2.0% of the Net Asset Value of the Company as at the opening of business on the first business day of that quarter. The agreement is not for a fixed term and may be terminated by either side giving not less than 12 months' notice in writing. During the year the investment management fees amounted to £2.1 million (2021: £1.6 million). The fees payable by the Company to the Investment Adviser are allocated 50% to revenue and 50% to capital. This allocation may be reviewed in the future as the focus of the portfolio changes.

Downing LLP also receives arrangement and monitoring (non-executive directorship) fees from the investee companies. During the year, Downing LLP was due arrangement fees of £58,000 (2021: £288,000) and monitoring fees of £697,000 (2021: £729,000). These fees also relate to investments made by other funds managed by Downing LLP.

In addition, Downing LLP also provides administration services to the Company for an annual fee which from 12 November 2013 is calculated as follows:

- £40,000 (which is subject to an RPI annual increase, if positive); plus
- 0.125% of the Net Asset Value of the Company in excess of £10 million; plus
- £10,000 per additional share class of the Company (excluding the Ordinary Share class).

During the year, fees for administration services amounted to £166,000 (2021: £147,000).

If the Company undertakes any significant corporate actions (including the raising of additional capital), Downing LLP shall be entitled to negotiate an additional fee or increased fee to take account of any significant additional work occasioned for the Company Secretary and bookkeeper by that corporate action.

Investment adviser and administration manager (continued)

Following the period end, the Company announced that Downing LLP agreed to sell its non-Healthcare Ventures business to Foresight Group LLP ("Foresight") and as a result the investment advisory agreement was novated from Downing to Foresight on completion of the sale on 4 July 2022. Downing shall continue to provide investment advisory services in respect of the non-venture's portfolio of investments, as well as administration services to the Company for a transitional period.

Ongoing trail fee

The Company has an agreement to pay an ongoing trail fee annually to Downing LLP, in connection with funds raised under original offers for subscription out of which Downing LLP has an obligation to pay trail commission to intermediaries. The ongoing trail fee is calculated between 0.25% and 0.50% of the net assets attributable at the year end to the shareholdings which have arisen from each fundraising offer.

Annual running costs cap

The Ongoing Charges figure (calculated in accordance with the AIC's methodology) is an Alternative Performance Measure used by the Board to monitor expenses. The annualised Ongoing Charges figure was 2.5% for the year ended 31 March 2022.

Downing LLP provides a cap on the annual running costs of the Company. Any annual running costs above this level are met by Downing LLP. The cap is set at 2.6% of nets assets per annum. The annual running costs cap for this purpose is calculated based on the net asset value at the end of each quarter and certain costs are excluded such as fees in connection with the listing of the Company's shares and AIC membership fees.

Directors

The Directors of the Company during the year were as follows:

Chris Kay
Barry Dean
Stuart Goldsmith
Chris Allner (appointed 8 Feb 2021)

Directors generally retire at every third AGM or are subject to re-election at the AGM immediately following their appointment, in accordance with the requirement of the Articles of Association. At the forthcoming AGM Stuart Goldsmith will retire and offers himself for re-election. In accordance with corporate governance best practice, by virtue of serving on the Board for more than nine years, Stuart Goldsmith will retire at each Annual General Meeting, and being eligible, offers himself for re-election. Each of the Directors has considerable experience in the VCT sector and has continued to perform well.

Each of the Directors have entered into an agreement for services whereby they are required to devote such time to the affairs of the Company as the Board reasonably requires, consistent with their role as a non-executive Director, and is subject to a three-month termination notice on either side.

Appointments of new Directors to the Board are considered by the Nomination Committee as and when required.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its directors, and has also agreed to indemnify the directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third-party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current directors.

VCT compliance

The Company has retained Philip Hare & Associates LLP ("Philip Hare") to advise it on compliance with VCT requirements, reporting directly to the Board. Philip Hare works closely with the Investment Adviser; undertaking reviews of the VCT compliance status of new investment opportunities; providing regular compliance updates on the Company's existing portfolio of investments and providing advice on VCT compliance issues as and when they arise.

Report of the Directors (continued)

VCT compliance (continued)

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 30. Compliance with the main VCT regulations at 31 March 2022, and for the year then ended, is summarised as follows:

1.	80.0% of its investments in qualifying companies (Company as a whole);	88.0%
2.	At least 70.0% of the Company's qualifying investments in "eligible shares" (investments made prior to 6 April 2018 from funds raised before 6 April 2011 are excluded);	94.5%
3.	At least 10.0% of each investment in a qualifying company held in "eligible shares";	Complied
4.	No investment constitutes more than 15.0% of the Company's portfolio;	Complied
5.	Income for the year ended 31 March 2021 is derived wholly or mainly from shares and securities; and	100.0%
6.	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.	Complied

Substantial interests

As at 31 March 2022, and at the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued share capital.

Auditor

A resolution to re-appoint BDO LLP as the Company's auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The AGM will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 10.30 a.m. on 15 August 2022. Full details are included in the Notice of the AGM at the end of this document.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements 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.

Report of the Directors (continued)

Directors' responsibilities statement (continued)

In addition, each of the directors is responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- 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

- the Annual Report, comprising the Chairman's Statement, the Strategic Report, the Investment Adviser's Report, the Review of Investments and the Report of the Directors, includes 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.downing.co.uk, a website maintained by the Investment Adviser. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company's compliance with, and departures from, the Association of Investment Companies Code of Corporate Governance (AIC Code, www.theaic.co.uk), is shown on page 45.

The Statement on Corporate Governance set out on pages 42 to 46 is included in the Report of the Directors by reference.

Streamlined Energy and Carbon Reporting ('SECR')

As the company has no employees and primarily conducts its business at the London office of the Investment Adviser and administrator, Downing LLP, the company is not directly responsible for the consumption of electricity and gas in the UK, nor is the company responsible for greenhouse gas emissions related to transport in the UK.

As the company did not consume more than 40,000 kWh of energy during the year ended 31 March 2022, it has nothing to report under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulation 2018.

Other matters

Information in respect of financial instruments and future developments which were previously disclosed within the Directors Report has been disclosed within the Strategic Report on pages 28 to 33.

Information in respect of greenhouse gas emissions, which is normally disclosed within the Report of the Directors has been disclosed within the Strategic Report on page 33.

Information on financial risk management including investment risks, credit risks and liquidity risks has been disclosed within the notes to the accounts in note 16.

Insurance cover

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

Events after the end of the reporting period

Following the period end, the Company allotted 2,813,152 Ordinary Shares of 1p each under the terms of the offers for subscription. The aggregate consideration of the shares was £1.8 million.

Report of the Directors (continued)

Events after the end of the reporting period (continued)

On 13 June 2022, the Company announced that its Investment Adviser, Downing LLP, agreed to sell its non-Healthcare Ventures business to Foresight Group LLP ("Foresight"). As part of this transaction, the Investment advisory agreement was novated to Foresight on completion of the sale. Downing will continue to provide administration services, and investment advisory services in respect of the non-venture portfolio of investments, being the quoted growth and yield focused investments for a transitional period. Further detail can be found within the Chairman's Statement.

Statement as to disclosure of information to the Auditor

The directors in office at the date of the report have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the directors has 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.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

7 July 2022

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 420 and 422 of the Companies Act 2006. A resolution to approve this report will be put to Shareholders at the Annual General Meeting.

Under the requirements of Section 497, the Company's Auditors are required to audit certain disclosures contained within the Report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report.

Annual statement from the Remuneration Committee

The Committee comprises Chris Kay, Barry Dean, Stuart Goldsmith and Chris Allner. The current remuneration levels for the year ended 31 March 2022 were last reviewed by the remuneration committee during its meeting on 24 February 2017.

Remuneration policy

Below is the Company's current remuneration policy which was last put to a Shareholder vote at the AGM in 2020.

In accordance with regulations, Shareholders must vote on the remuneration policy, for the financial year commencing after the AGM, every three years or sooner if the Company wants to make changes to the policy. Therefore, the policy will be put to Shareholders again at the AGM in 2023.

The Company's policy on directors' remuneration is to seek to remunerate board members at a level appropriate for the time commitment required and degree of responsibility involved for a self-managed Venture Capital Trust, where all investment decisions are made by the Board and where the non-executive directors are more closely involved with the investee companies than other similar VCTs.

Non-executive directors are not entitled to any performance related pay or incentive.

Directors' remuneration is guided by the Company's Articles of Association as follows:

(i) The ordinary remuneration of the directors shall not in aggregate exceed £150,000 per annum (or such higher sum as may from time to time be determined by an Ordinary Resolution) and shall be divided between the directors as they may agree or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which they held office. The directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or General Meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

(ii) Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, percentage of profits or otherwise as the directors may determine.

The Company's policy is that fees payable to directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to directors.

Letters of appointment

Each of the directors on the current Board has a letter of appointment whereby they are required to devote such time to the affairs of the Company, as the Board reasonably requires, consistent with their role as a non-executive director. A three-month rolling notice period applies.

Annual report on remuneration (audited)

The following disclosure is required to be audited under the requirements of section 497. The audit opinion thereon is contained within the Auditor's Report on pages 47 to 53.

Directors' Remuneration Report (continued)

Annual report on remuneration (audited) (continued)

Directors' remuneration for the year under review was as follows:

	2022 fee £'000	% change in gross fee[1]	2021 fee £'000	% change in gross fee[2]	2020 fee £'000
Chris Kay	45	-	45	-	45
Barry Dean	30	-	30	-	30
Stuart Goldsmith	30	-	30	-	30
Chris Allner	nil	-	nil	-	n/a
	105		105		105

[1]between the years ending 31 March 2022 and 31 March 2021
[2]between the years ending 31 March 2021 and 31 March 2020

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

Statement of implementation of remuneration policy in the current financial year

The remuneration levels for the forthcoming year have been agreed at the following levels:

	Annual fee £
Chris Kay	45,000
Barry Dean	30,000
Stuart Goldsmith	30,000
Chris Allner[1]	20,000
	125,000

[1]As part of the transfer of the investment advisory agreement to Foresight, from 1 July 2022 Chris Allner is being paid an annual fee of £20,000 which is rechargeable to Downing LLP until 30 June 2024.

Directors share interests (audited)

The Directors of the Company during the year and their beneficial interest in the issued Ordinary Shares, at each year end, were as follows:

	31 March 2022	31 March 2021
Chris Kay	83,300	83,300
Barry Dean	7,129	7,129
Stuart Goldsmith	7,881	7,881
Chris Allner	16,736	nil

There have been no changes in Directors' shareholdings since the year end.

Statement of voting at AGM

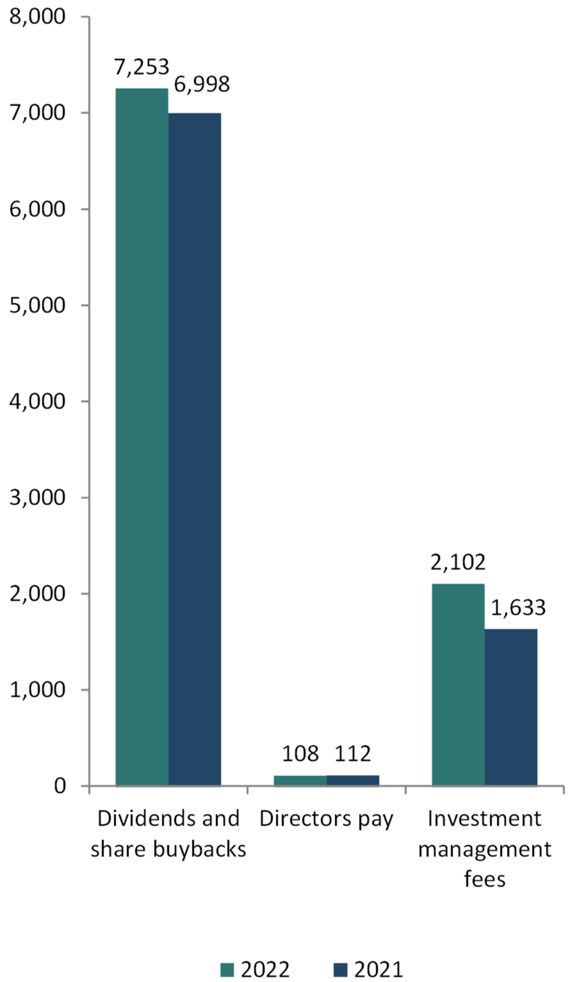
At the AGM on 10 August 2021, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	94.9%
Against	5.1%

At the 2020 AGM, where the remuneration policy was last put to a Shareholder vote, 92.4% voted for the resolution and 7.6% voted against, showing significant Shareholder support.

Relative importance of spend on pay

The difference in actual spend between 31 March 2022 and 31 March 2021 on remuneration for all employees, in comparison to distributions (dividends and share buybacks) and other significant spending, are set out in the tabular graph below.



Performance graph

The graph on the next page charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and Total Return of the Company's Share Price ("Share Price Total Return") over the past 10 years, compared to the FTSE AIM All Share Index, each of which has been rebased to 100 pence.

Performance graph (continued)

Shareholders should note that the Company has undergone some substantial changes over that period.

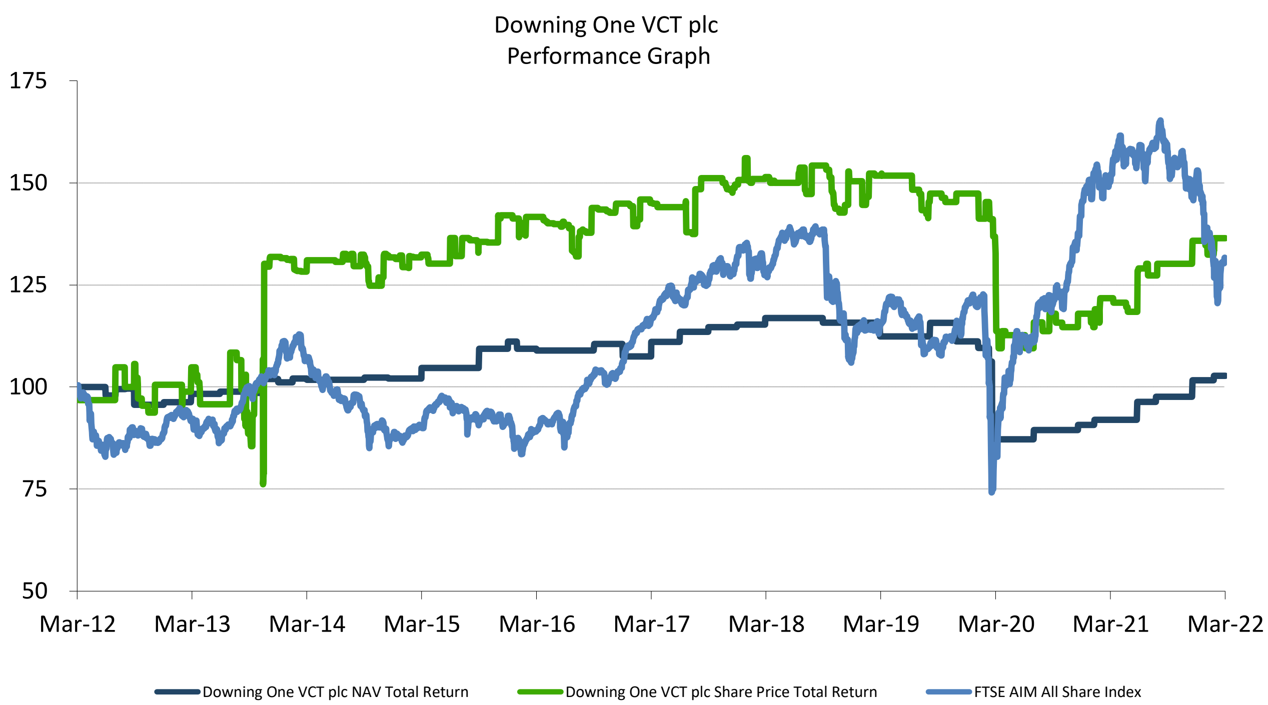
The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company's long-term value than the Company's share price, due to the long-term nature of an investment in Venture Capital Trust shares. The FTSE AIM All Share Index ("FTSE Index") is not a benchmark for the Company and its components include a much broader range of quoted investments than the Company is able to invest in.

The FTSE Index also does not include exposure to unquoted asset-backed investments of which the Company also holds a significant proportion. As a result, the Company's performance is not expected to be closely correlated to the FTSE Index. However, of the publicly available indexes that can be used by the Company without incurring disproportionate costs, the FTSE Index is considered to be the most appropriate broad equity market index to use for this chart.

By order of the Board

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

7 July 2022



Corporate Governance Statement

The Directors support the relevant principles of the Association of Investment Companies Code of Corporate Governance (AIC Code), being the principles of good governance and the code of best practice, as set out in the annex to the Listing Rules of the UK Listing Authority. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (UK Code) as well as setting out additional Provisions. The Board considers that reporting against principles and recommendations of the AIC Code will provide better information to Shareholders.

The Board

At the date of this report, the Company has a Board comprising of four non-executive Directors. The Chairman is Chris Kay. The Company does not have a Senior Independent Director. Biographical details of all current Board members (including the significant commitments of the Chairman) are shown on page 2.

The Board has assessed the independence of each of the Directors, all of which are considered to be independent, with the exception of Chris Allner, in accordance with the provision and recommendations set out in the AIC code.

In accordance with Company policy and corporate best practice, Stuart Goldsmith offers himself for re-election at the forthcoming AGM.

Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes but is not limited to considering recommendations from the Investment Adviser; and reviewing, annually, the terms of engagement of all third-party advisers (including the Investment Adviser). 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.

Committees to the Board

As the Company has a small Board comprising wholly of non-executive Directors, all Directors sit on the Nomination, Remuneration and Audit Committees.
The Chairman of the Nomination and Remuneration Committees is Barry Dean. The Chairman of the Audit Committee is Stuart Goldsmith.

Committee meetings are held in conjunction with the Board meetings. All committees have defined terms of reference and duties, which are available from www.downing.co.uk.

Board and Committee meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended	Audit Com. meetings attended
Chris Kay	6/6	2/2
Barry Dean	6/6	2/2
Stuart Goldsmith	6/6	2/2
Chris Allner	6/6	2/2

The Board also meets as and when required during the year to discuss other matters arising.

Audit Committee

The Audit Committee is responsible for:

- monitoring the Company's financial reporting and any formal announcements relating to the company's financial performance;
- providing advice on whether the annual report and accounts, taken as a whole, are fair balance and understandable;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

Financial Reporting

The Committee is responsible for reviewing and agreeing the half-yearly and annual accounts (including those figures presented within) before they are presented to the Board for final approval.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Adviser, for presentation within the half-yearly and annual accounts.

Financial Reporting ***(continued)***

The Committee also takes into careful consideration comments on matters regarding valuation, revenue recognition and disclosures arising from the Auditors Report to the Audit Committee as part of the finalisation process for the Annual Accounts.

The Committee has considered the whole Annual Report for the year ended 31 March 2022 and has reported to the Board that it considers it to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal audit and control

The Committee has considered the need for an internal audit function and has concluded that at the present time this would not be appropriate for a company of this size and structure. The Committee seeks to satisfy themselves that there is a proper system and allocation of the responsibilities for the day-to-day monitoring of financial controls by receiving representations and information (either upon request or voluntarily) from the Investment Adviser. This is covered more fully under Risk Management and Internal Control on page 44.

Whistleblowing procedures

As the Company has no staff, other than directors, there are no procedures in place relating to whistleblowing. The Audit Committee understands that the Investment Adviser has whistleblowing procedures in place.

External auditor

The Committee reviews and agrees the audit strategy paper, presented by the Auditor in advance of the audit, which sets out the key risk areas to be covered during the audit, confirms their status of independence and includes the proposed audit fee. The Committee confirms that the main area of risk for the year under review is valuation of unquoted investments. The Committee also carefully examines the treatment of quoted investments and loan stock interest revenue recognition.

The Committee, after taking into consideration comments from the Investment Adviser, Downing LLP, regarding the effectiveness of the audit process; immediately before the conclusion of the annual audit, will recommend to the Board either the re-appointment or removal of the auditors.

Under the Competition and Markets Authority regulations, there is a requirement that an audit tender process be carried out every ten years and mandatory rotation at least every twenty years. The last audit tender took place for the year ended 31 March 2015 and therefore mandatory tender will be required not later than after the year ending 31 March 2024.

Following assurances received from the Investment Adviser at the completion of the audit for the year to 31 March 2022, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services

The Committee will approve the provision of ad-hoc work and maximum expected fee before being undertaken, to ensure the Auditors objectivity and independence are safeguarded.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance. Before any appointment is made by the Board, the Committee shall evaluate the balance of skills, knowledge and experience, and consider candidates based on merit, against objective criteria, and with due regard for the benefits of diversity on the Board. The Committee did not meet during the year.

Director tenure policy

Given the size of the Company and the complexity of the VCT regulations, the Board does not impose a limit in respect of the tenure of the Company's non-executive Directors. In accordance with Corporate Governance, the Director tenure policy of the Company requires that any Director who has served on the Board in excess of nine years be subject to annual re-election. Directors who have served on the Board for less than nine years are subject to re-election at the AGM immediately following their appointment, and every three years thereafter.

Corporate Governance Statement (continued)

Diversity policy

When considering a new appointment to the Board, the committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position, (irrespective of gender) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

Remuneration Committee

The Remuneration Committee meets as required, to discuss the existing levels of remuneration for the non-executive Directors, and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels. The Committee did not meet during the year.

Board performance evaluation

The Company operates an annual process for the evaluation of the performance of the Board, each of its committees and of the non-executive Directors.

The evaluation is undertaken using a questionnaire which covers a broad range of topics, including how the Board conducts its business and how it discharges its responsibilities. Further questions address the evaluation of the Chairman's performance.

The responses to the questionnaire were summarised by the Company Secretary and passed to the Chair of the Remuneration Committee. Any matters arising were then discussed with the non-executive directors as appropriate.

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by the Investment Adviser at www.downing.co.uk.

Relations with Shareholders

Shareholders have the opportunity to meet 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. As disclosed in the Report of the Directors, there were no Shareholders with a substantial interest in the Company at the year-end or at the date of this report.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Company's registrar collates proxy votes, and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. Proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. Shareholders have the opportunity to vote on the resolutions proposed at the AGM using the proxy form, or electronically online.

The notice of the next AGM can be found at the end of these financial statements and a proxy form is included with Shareholders' copies of this Annual Report. The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting

The Directors' Statement of Responsibilities for preparing the accounts is set out in the Report of the Directors on page 36, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 52.

Risk Management and Internal control

The Board has adopted an Internal Control Manual ("Manual") for which it is responsible, which has been compiled in order to comply with the AIC 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 reviews the perceived risks, in line with relevant guidance, on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the Company's advisers and Directors are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the financial reporting process) to Downing LLP.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 5, the Investment Adviser's Report on pages 6 to 15 and the Strategic Report on pages 28 to 33. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow Statement on page 57 and the Strategic Report on page 28. In addition, notes 13 and 16 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Board have undertaken a review of the prospects of the Company over a 12-month period.

The major cash outflows of the Company (most notably investments, share buybacks and dividends) are within the Company's control. The Company has considerable financial resources at the year end and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

In addition, the Directors have carried out a robust assessment of the principal risks facing the Company over a longer period than the 12 months required by the 'Going concern' provision, as set out in the viability statement on page 28.

The Company has little direct exposure to the conflict in Ukraine and impact of new sanctions placed on Russian business and individuals. The Investment Adviser works closely with all investee companies to ensure that they are well placed to assess the exposure of the business to the Ukraine conflict and associated developments. As a result, direct impact of the sanctions on the company's performance is not expected to be significant.

Increasing inflation, particularly on wages and other costs has developed into an emerging risk during the period. The Investment Adviser's close relationship with the investee companies allow it to ensure that the businesses properly assess the potential impact of increasing costs, particularly wages, and the extent to which these may or may not be able to be passed on to the end customer.

The Board believes that, currently, the net impact is at a manageable level and does not have a significant impact on the going concern of the Company.

After reviewing the company's forecasts and projections, the Directors have a reasonable expectation that the major cash outflows of the Company (notably new investments, share buybacks and dividends) are within the Company's control and therefore the Board is confident that the current situation will not threaten the going concern status and are satisfied that the Company has adequate resources to continue in business for at least twelve months from the date of approval of these financial statements.

For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements

Compliance statement

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code throughout the accounting period. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies, adding that the AIC Code can assist in meeting the obligations under the UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 March 2022 with the provisions set out in the AIC Code of Corporate Governance.

a) 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. (5.2.3)

b) Due to the size of the Board and nature of the VCT's business, the Board considers it appropriate for the entire Board, including the chair, to fulfil the role of the nomination, audit and the remuneration committee. (7.2.22, 9.2.37, 8.2.29)

Compliance statement *(continued)*

c) A Senior Independent Director has not been appointed. (6.2.14)

By order of the Board

GWhitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

7 July 2022

Independent Auditor's Report to the Members of Downing ONE VCT plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Downing ONE VCT plc (the 'Company') for the year ended 31 March 2022 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 March 2010 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 12 years, covering the years ended 31 March 2010 to 31 March 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern and challenging management's assumptions and judgements made in the forecasts, assessing them for reasonableness. In particular we considered the available cash resources relative to the forecast expenditure and ability to meet VCT qualification criteria; and
- Evaluating the appropriateness of management's method of assessing the going concern in light of worst-case assumptions and the present uncertainties due to the Covid-19 pandemic.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Downing ONE VCT plc (continued)

Overview

		2022	2021
Key audit matters	Valuation of unquoted investments	Yes	Yes
Materiality	*Company financial statements as a whole* £1,915,000 (2021: £1,560,000) based on 1.75% of net assets (2021: 1.75% of fixed asset investments)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr>
<td>Valuation of unquoted investments

Refer to note 2 and 10 of the financial statements</td>
<td>The unquoted investments consist of both equity and loan note investments. We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the value of the net assets of the fund, as shown in note 3.</td>
<td>Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique.

For all Investments in our sample we:

Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards. We have checked that the valuation methodology remains applicable given the impact of the Russia/Ukraine crisis and Covid-19, and recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies.

For investments sampled that were valued using less subjective valuation techniques (cost and price of recent investment reviewed for changes in fair value) we:

Verified the cost or price of recent investment to supporting documentation;
Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company;
Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and
</td>
</tr>
</table>

Independent Auditor's Report to the Members of Downing ONE VCT plc (continued)

An overview of the scope of our audit (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
		▶ Considered whether the price of recent investment is supported by alternative valuation techniques. For investments sampled that were valued using more subjective techniques (earnings multiples, revenue multiples and discounted cash flow forecasts) we: ▶ Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; ▶ Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations; ▶ Considered the revenue or earnings multiples applied and the discounts applied by reference to observable listed company market data; and ▶ Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. For a sample of loan note investments held at fair value included above, we: ▶ Vouched security held to loan agreement ▶ Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept ▶ Reviewed the treatment of accrued redemption premium/other fixed returns in line with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP"). Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. *Key observations:* Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

Independent Auditor's Report to the Members of Downing ONE VCT plc (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

		Company financial statements
	2022	**2021**
Materiality	£1,915,000	£1,560,000
Basis for determining materiality	1.75% of net assets	1.75% of fixed asset investments
Rationale for the benchmark applied	The primary focus of Investment companies of this nature is long- and short-term capital appreciation. Therefore the users of the financial statements are primarily focused on the net asset value, hence we consider this to be the most appropriate basis for our materiality calculations. We have updated our materiality basis during the year as in our judgement, the users of the financial statements are interested in the net asset position as compared to gross assets.	In setting materiality, we have had regard to the nature and composition of the investment portfolio. Given that the VCT's portfolio is comprised of quoted and unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.75% of net assets.
Performance materiality	£1,436,000	£1,170,000
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.

Lower testing threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £280,000 (2021: £253,000) based on 10% (2021: 10%) of gross expenditure.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £95,000 (2021: £31,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of Downing ONE VCT plc (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report & Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	▸ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and ▸ The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	▸ Directors' statement on fair, balanced and understandable; ▸ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; ▸ The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and ▸ The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▸ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▸ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Independent Auditor's Report to the Members of Downing ONE VCT plc (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in February 2018 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures included:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to their knowledge of any non-compliance with laws and regulations;
- obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- reviewing minutes of board meetings and legal correspondence and invoices throughout the period for instances of non-compliance with laws and regulations and fraud.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Auditor's responsibilities for the audit of the financial statements (continued)

Our tests included, but were not limited to:

- the procedures set out in the Key audit matters section above;
- obtaining independent evidence to support the ownership of a sample of investments;
- enquiries of management, those charged with governance relating to their knowledge of any fraud, whether suspected or alleged
- recalculating investment management fees in total;
- obtaining independent confirmation of bank balances; and
- testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
7 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2021 Revenue £'000	Capital £'000	Total £'000
Income	3	**4,584**	**-**	**4,584**	1,333	-	1,333
Gains on investments	10	**-**	**8,619**	**8,619**	-	7,402	7,402
		4,584	**8,619**	**13,203**	1,333	7,402	8,735
Investment management fees	4	**(1,051)**	**(1,051)**	**(2,102)**	(817)	(817)	(1,634)
Other expenses	5	**(705)**	**-**	**(705)**	(900)	-	(900)
Return/(loss) on ordinary activities before tax		**2,828**	**7,568**	**10,396**	(384)	6,585	6,201
Tax on total comprehensive income and ordinary activities	7	**(300)**	**300**	**-**	(232)	232	-
Return/(loss) attributable to equity shareholders	9	**2,528**	**7,868**	**10,396**	(616)	6,817	6,201
Basic and diluted return/(loss) per share	9	**1.4**	**4.5**	**5.9**	(0.4)	4.4	4.0

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS 102"). 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 and updated in April 2021 by the Association of Investment Companies ("AIC SORP").

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2022

	Called up 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
For the year ended 31 March 2021									
At 1 April 2020	1,440	1,615	54,703	5,775	34,587	-	(8,504)	(874)	88,742
Total comprehensive income	-	-	-	-	-	(780)	7,597	(616)	6,201
Realisation of revaluations from previous years*	-	-	-	-	-	(1,735)	1,735	-	-
Realisation of impaired valuations	-	-	-	-	-	(5,581)	5,581	-	-
Transfer between reserves*	-	-	-	-	(12,197)	12,197	-	-	-
Transactions with owners									
Dividends paid	-	-	-	-	-	(4,101)	-	(1,039)	(5,140)
Utilised in share issue	-	-	-	(5,775)	-	-	-	-	(5,775)
Unallotted shares	-	-	-	7,545	-	-	-	-	7,545
Issue of new shares	205	-	11,727	-	-	-	-	-	11,932
Share issue costs	-	-	-	-	(286)	-	-	-	(286)
Purchase of own shares**	(34)	34	-	-	(1,866)	-	-	-	(1,866)
At 31 March 2021	1,611	1,649	66,430	7,545	20,238	-	6,409	(2,529)	101,353
For the year ended 31 March 2022									
At 1 April 2021	1,611	1,649	66,430	7,545	20,238	-	6,409	(2,529)	101,353
Total comprehensive income	-	-	-	-	-	2,971	4,897	2,528	10,396
Realisation of revaluations from previous years*	-	-	-	-	-	794	(794)	-	-
Realisation of impaired valuations	-	-	-	-	-	(791)	791	-	-
Transfer between reserves*		-	-	-	(738)	738	-	-	-
Transactions with owners									
Dividends paid	-	-	-	-	-	(3,712)	-	(743)	(4,455)
Utilised in share issue	-	-	-	(7,545)	-	-	-	-	(7,545)
Unallotted shares	-	-	-	78	-	-	-	-	78
Issue of new shares	213	-	12,605	-	-	-	-	-	12,818
Share issue costs	-	-	-	-	(360)	-	-	-	(360)
Purchase of own shares**	(48)	48	-	-	(2,812)	-	-	-	(2,812)
At 31 March 2022	1,776	1,697	79,035	78	16,328	-	11,303	(744)	109,473

* A transfer of £794,000 representing previously recognised unrealised gains on disposal of investments during the year ended 31 March 2022 (2021: losses of £1,735,000) has been made from the Revaluation reserve to the Capital Reserve-realised. A transfer of £738,000 representing realised gains on disposal of investments, less net investment impairments and the excess of capital expenses over capital income and capital dividends in the year (2021: £12.2 million) has been made from the Special reserve to the Capital Reserve – realised.

** These shares were subsequently cancelled.

The accompanying notes form an integral part of these financial statements.

Balance Sheet
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	**10**	**85,954**	89,157
Current assets			
Debtors	**11**	**3,300**	2,001
Cash at bank and in hand		**20,856**	10,738
		24,156	12,739
Creditors: amounts falling due within one year	**12**	**(637)**	(543)
Net current assets		**23,519**	12,196
Net assets		**109,473**	101,353
Capital and reserves			
Called up share capital	**13**	**1,776**	1,611
Capital redemption reserve	**14**	**1,697**	1,649
Share premium account	**14**	**79,035**	66,430
Funds held in respect of shares not yet allotted	**14**	**78**	7,545
Special reserve	**14**	**16,328**	20,238
Revaluation reserve	**14**	**11,303**	6,409
Revenue reserve		**(744)**	(2,529)
Total equity shareholders' funds	**15**	**109,473**	101,353
Basic and diluted net asset value per share	**15**	**61.6p**	58.2p

The financial statements on pages 54 to 75 were approved and authorised for issue by the Board of Directors on 7 July 2022 and were signed on its behalf by:

Chris Kay
Chairman
Company number: 3150868

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Gain/(loss) on ordinary activities after taxation		**10,396**	6,201
(Gain)/loss on investments	**10**	**(8,619)**	(7,402)
(Increase) in debtors		**(1,298)**	(57)
Increase in creditors		**72**	25
Net cash generated from/ (used in) operating activities		**551**	(1,233)
Cash flow from investing activities			
Purchase of investments	**10**	**(4,619)**	(21,403)
Proceeds from disposal of investments	**10**	**16,441**	3,238
Net cash inflow/(outflow) from investing activities		**11,822**	(18,165)
Cash flows from financing activities			
Proceeds from share issue		**12,121**	11,933
Funds held in respect of shares not yet allotted		**(7,467)**	1,770
Share issue costs		**(360)**	(286)
Purchase of own shares		**(2,791)**	(1,612)
Equity dividends paid	**8**	**(3,758)**	(5,140)
Net cash (outflow)/inflow from financing activities		**(2,255)**	6,665
Increase/(decrease) in cash		**10,118**	(12,733)
Net movement in cash			
Beginning of year		**10,738**	23,471
Net cash (outflow)/inflow		**10,118**	(12,733)
End of year		**20,856**	10,738

The accompanying notes form an integral part of these financial statements.

Notes to the Accounts
for the year ended 31 March 2022

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, and its registered office is St. Magnus House, 3 Lower Thames Street, London EC3R 6HD.

2. Accounting policies
Basis of accounting
The Company has prepared its financial statements in accordance with the Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued November 2014 and updated in April 2021 ("SORP").

The financial statements are presented in Sterling (£) and rounded to thousands.

Going concern
After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the major cash outflows of the Company (most notably investments, share buybacks and dividends) are within the Company's control and therefore the Company has sufficient cash to meet its expenses and liabilities when they fall due. The impact of COVID-19 has been considered. More detail on these considerations can be found within the Corporate Governance report. As such, the Board confirms that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements as noted further within the Corporate Governance Report on page 45.

Presentation of 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 revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments
Venture capital investments are designated as "fair value through profit or loss" assets due to investments being managed and their performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy.

Investments quoted on recognised stock markets are measured using bid prices.

The valuation methodologies for unquoted instruments (comprising equity and loan notes), used by the IPEV to ascertain the fair value of an investment, are as follows:
- Calibration to the price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of the underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value, as explained in the investment accounting policy above and addressed further in note 10. Where an investee company has gone into receivership, liquidation or administration and there is little likelihood of a recovery, the loss on the investment, although not physically disposed of, is treated as being realised.

Gains and losses arising from changes in fair value are included in the income statement as a capital item.

2. Accounting policies (continued)

It is not the Company's policy to exercise significant influence or joint control over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement, except to the extent of any income accrued. This is in accordance with the SORP and FRS 102 sections 14 and 15 that do not require portfolio investments to be accounted for using the equity method of accounting.

Calibration to price of recent investment requires a level of judgment to be applied in assessing and reviewing any additional information available since the last investment date. The Board and Adviser consider a range of factors in order to determine if there is any indication of decline in value or evidence of increase in value since the recent investment date. If no such indications are noted the price of the recent investment will be used as the fair value for the investment.

Examples of signals which could indicate a movement in value are: -

- Changes in results against budget or in expectations of achievement of technical milestones patents/testing/ regulatory approvals
- Significant changes in the market of the products or in the economic environment in which it operates
- Significant changes in the performance of comparable companies
- Internal matters such as fraud, litigation or management structure.

In respect of disclosures required by the SORP for the 10 largest investments held by the Company, the most recent publicly available accounts information, either as filed at Companies House, or announced to the London Stock Exchange, is disclosed. In the case of unlisted investments, this may be abbreviated information only.

Judgements in applying accounting policies and key sources of estimation uncertainty

The key estimate in the financial statements is the determination of the fair value of the unquoted investments by the Directors, as it impacts the valuation of the unquoted investments at the balance sheet date.

Of the Company's assets measured at fair value, it is possible to determine their fair values within a reasonable range of estimates. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

A price sensitivity analysis of the unquoted investments is provided in note 16, under Investment price risk.

Income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date.

Loan stock interest is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection.

Distributions from investments in limited liability partnerships ("LLPs") are recognised as they are paid to the Company. Where such items are considered capital in nature they are recognised as capital profits.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items, except as follows:

- Expenses which are incidental to the acquisition of an investment are deducted from the Capital Account.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Investment management fees are allocated 50% to revenue and 50% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Notes to the Accounts (continued)

for the year ended 31 March 2022

2. Accounting policies (continued)

Taxation

The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate, using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments.

Deferred taxation is not discounted and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the obligations or rights crystallise based on tax rates and law enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are only recognised if it is expected that future taxable profits will be available to utilise such assets and are recognised on a non-discounted basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Other debtors and other creditors

Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

Share issue costs

Share issue costs have been deducted from the special reserve account.

Segmental reporting

The Company only has one class of business and one market.

Dividends payable

Dividend's payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established, normally the record date.

Funds held in respect of shares not yet allotted

Cash received in respect of applications for new shares that have not yet been allotted is shown as "Funds held in respect of shares not yet allotted" and recorded on the Balance Sheet and Statement of Changes in Equity.

3. Income

	Revenue £'000	Capital £'000	2022 Total £'000	2021 Total £'000
Income from investments				
Loan stock interest	**4,185**	-	**4,185**	939
Dividend income	**399**	-	**399**	357
	4,584	-	**4,584**	1,296
Other income				
Other income	-	-	-	2
Deposit interest	-	-	-	35
	4,584	-	**4,584**	1,333

4. Investment management fees

	2022 £'000	2021 £'000
Investment management fees	**2,102**	**1,634**

The annual running costs of the Company for the year were subject to a cap of 2.6% of the Company's net assets. The expense cap for the year was 2.5% and therefore has not been breached for the year under review. Downing LLP also provides administration services. Fees in relation to these services are shown within note 5 below.

5. Other expenses

	2022 £'000	2021 £'000
Administration services	166	147
Directors' remuneration	108	112
Social security costs (key management personnel)	4	8
Trail fee	192	172
Auditor's remuneration for statutory audit	50	42
Legal and professional fees	13	5
Custodian charges	24	62
Registrar's fees	68	77
Provision for doubtful income	-	69
Other expenses	80	206
	705	900

6. Directors' remuneration

The Directors of the Company are considered to be the only key management personnel. Details of remuneration (excluding employer's NIC) are given in the Directors' Remuneration Report on page 40. The Company had no employees (other than Directors) during the year (2021: none). No other emoluments and pension contributions were paid by the Company to, or on behalf of, any Directors. There were no amounts outstanding at the year end.

7. Tax on ordinary activities

	2022 £'000	2021 £'000
a) Tax charge for the year		
Current year:		
UK Corporation tax (charged to the Revenue Account)	**300**	232
Tax credited to Capital Account	**(300)**	(232)
	-	-
b) Factors affecting tax charge for the year		
Gain on ordinary activities before taxation	**10,396**	6,201
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 19.0% (2021: 19.0%)	**1,975**	1,178
Effects of:		
(Gains)/losses on investments	**(1,638)**	(1,406)
UK dividend income	**(76)**	(68)
LLP income	**28**	90
Disallowable expenses	**2**	3
Partnership trading losses utilised	**(79)**	-
Excess management fees (utilised)/carried forward on which deferred tax asset is not recognised	**(212)**	203
	-	-

c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £3.4 million (2021: £4.3 million). The associated deferred tax asset has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future. 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.

A deferred tax asset of £410,000 arising from investments in LLP companies has not been recognised as it is uncertain whether the losses carried forward will be offset against future taxable profits of the same trade in the foreseeable future.

8. Dividends

		Year ended 31 March 2022			Year ended 31 March 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2022 Interim:	1.25p	**-**	**2,227**	**2,227**	-	-	-
2021 Final:	1.25p	**743**	**1,485**	**2,228**	-	-	-
2021 Interim:	1.25p	**-**	**-**	**-**	-	2,021	2,021
2020 Final:	2.0p	**-**	**-**	**-**	1,039	2,080	3,119
		743	**3,712**	**4,455**	1,039	4,101	5,140
Dividends proposed							
2022 Final:	1.75p (2021: 1.25p)	**1,900**	**1,207**	**3,107**	732	1,463	2,195

9. Basic and diluted return per share

	2022 £'000	2021 £'000
Return per share based on:		
Net revenue gain/(loss) for the financial year	**2,528**	(616)
Net capital gain for the financial year	**7,868**	6,817
Total gain for the financial year	**10,396**	6,201
Weighted average number of shares in issue	**177,473,899**	156,403,594

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both the basic and diluted return per share.

10. Investments

	Unquoted investments £'000	Quoted on Aquis Growth Market £'000	Quoted on Main Market £'000	Quoted on AIM £'000	Total £'000
Opening cost at 1 April 2021	78,828	48	6,714	15,359	100,949
Unrealised gains/(losses) at 1 April 2021	3,678	(44)	(1,267)	4,042	6,409
Realised (losses) arising on impairment	(17,933)	-	-	(268)	(18,201)
Opening fair value at 1 April 2021	64,573	4	5,447	19,133	89,157
Movement in the year:					
Purchased at cost	3,091	-	-	1,528	4,619
Disposal proceeds	(13,033)	-	-	(3,408)	(16,441)
Realised gains in the income statement	1,594	-	-	2,128	3,722
Unrealised valuation gains in the income statement	3,136	(1)	(177)	1,428	4,386
Unrealised foreign exchange gains in the income statement	511	-	-	-	511
Transfers between investment categories	(600)	-	-	600	-
Closing fair value at 31 March 2022	59,272	3	5,270	21,409	85,954
Closing cost at 31 March 2022	64,526	48	6,714	15,976	87,264
Unrealised gains/(losses) at 31 March 2022	7,089	(45)	(1,444)	5,703	11,303
Realised losses arising on impairment	(12,343)	-	-	(270)	(12,613)
Closing fair value at 31 March 2022	59,272	3	5,270	21,409	85,954

A schedule disclosing the additions and disposals during the year and other information on investments can be found within the Review of Investments on pages 19 to 20.

10. Investments (continued)

The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market (quoted companies);

Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and

Level 3 Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2021 £'000
Quoted on AIM	**21,409**	**-**	**-**	**21,409**	19,133	-	-	19,133
Quoted on Aquis	**3**	**-**	**-**	**3**	4	-	-	4
Quoted on Main market	**5,270**	**-**	**-**	**5,270**	5,447	-	-	5,447
Loan notes	**-**	**-**	**16,264**	**16,264**	-	-	19,891	19,891
Unquoted	**-**	**-**	**43,008**	**43,008**	-	-	44,682	44,682
	26,682	**-**	**59,272**	**85,954**	24,584	-	64,573	89,157

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

	Unquoted shares £'000	Loan notes £'000	Total £'000
Balance at 31 March 2021	44,682	19,891	64,573
Movements in the income statement:			
Unrealised valuation gains in the income statement	1,601	1,535	3,136
Unrealised foreign exchange gains in the income statement	511	-	511
Realised (losses)/gains in the income statement	(2,239)	3,833	1,594
	44,555	25,259	69,814
Purchases at cost	2,657	434	3,091
Disposal proceeds	(3,604)	(9,429)	(13,033)
Transfer between investment categories	(600)	-	(600)
Balance at 31 March 2022	43,008	16,264	59,272

Changing one or more of the inputs to reasonable possible alternative valuation assumptions could result in a significant change in the fair value of the Level 3 investments. There is an element of judgement in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). A price sensitivity analysis of the unquoted investments is provided in note 16, under Investment price risk.

The Board and the Investment Adviser believe that the valuations as at 31 March 2022 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 16.

Significant interests

Details of shareholdings in those companies where the Company's holding, at 31 March 2022, represents greater than 20% of the nominal value of any class of the allotted shares in the portfolio company are included within the review of investments on pages 21 to 24. Relevant companies which are not included within the review of investments are disclosed on the next page. Although the Company, through the Investment Adviser will, in some cases, be represented on the Board of the portfolio company, it will not take a controlling interest in the company.

10. Investments (continued)

Significant interests (continued)

The investments listed below are held and managed as part of the investment portfolio and therefore, in accordance with FRS 102 section 14, are measured at fair value through profit or loss. All of the companies named are incorporated in Great Britain. The percentage holding does not reflect the percentage voting rights in the company as a whole.

Company	Registered office	Class of shares	Number held	Proportion of class held	Proportion of total voting rights
Bulbshare Limited	SE1 3SY	Ordinary 'A1' Shares	898	22.5%	3.7%
Cadbury House Holdings Limited	EC3R 6HD	Ordinary Shares	892,306	36.2%	36.2%
Channel Mum Limited	RG1 1PL	Ordinary 'D1' Shares	57,022	26.3%	9.6%
Cornelis Networks Inc	EC4M 8AL	Preference 'A3' Shares	2,700,000	42.2%	4.7%
Data Centre Response Limited	SN6 8TY	Ordinary 'A' Shares	1,477	100%	49.6%
Data Centre Response Limited	SN6 8TY	Ordinary 'B' Shares	181,048	100%	-
DiA Analysis Imagining Limited	WC1H 0AF	Preference 'C1' Shares	22,570	43.0%	0.7%
Empiribox Holdings Limited	OX11 0QX	Ordinary 'C' Shares	2,515,592	40.9%	8.7%
Empiribox Holdings Limited	OX11 0QX	Ordinary 'D' Shares	1,377,144	41.5%	-
Empiribox Holdings Limited	OX11 0QX	Ordinary 'E' Shares	13,548,122	37.4%	30.3%
Glisser Limited	EC2A 4NE	Ordinary 'B3' Shares	279,165	52.7%	5.2%
Jito Trading Limited	YO8 6EL	Ordinary 'B' Shares	2,551,020	50.0%	25.0%
Kimbolton Lodge Limited	EC3R 6HD	Ordinary 'A' Shares	603,500	50.0%	50.0%
Pearce and Saunders Limited	EC3R 6HD	Ordinary Shares	950,400	44.0%	4.4%
Pearce and Saunders DevCo Limited	EC3R 6HD	Ordinary 'A' Shares	83,600	44.0%	4.4%
Pilgrim Trading Limited	EC3R 6HD	Ordinary 'A' Shares	300	60.0%	13.9%
Pilgrim Trading Limited	EC3R 6HD	Ordinary 'B' Shares	1,815,348	60.0%	-
Quadrate Catering Limited	EC3R 6HD	Ordinary 'A' Shares	257	39.5%	25.7%
Quadrate Catering Limited	EC3R 6HD	Ordinary 'B' Shares	1,049,654	39.5%	-
Rated People Limited	SE1 8NW	Ordinary 'C' Shares	30,171	21.4%	2.7%
Trinny London Limited	SW3 3TD	Preference 'B2' Shares	1,820	29.5%	0.9%
Virtual Class Limited	E1 8EW	Ordinary 'B' Shares	3,238	50.0%	1.9%
Virtual Class Limited	E1 8EW	Ordinary 'C2' Shares	4,662	30.1%	2.7%
Yamuna Renewables Limited	YO8 6EL	Ordinary 'B' Shares	2,551,020	50.0%	25.0%

Notes to the Accounts (continued)

for the year ended 31 March 2022

11. Debtors

	2022 £'000	2021 £'000
Other debtors	**103**	632
Income tax recoverable	**3**	3
Prepayments and accrued income	**3,194**	1,366
	3,300	2,001

12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Taxation and social security	**6**	14
Other creditors	**46**	10
Accruals and deferred income	**585**	519
	637	543

13. Called up share capital

	2022 £'000	2021 £'000
Issued, allotted, called up and fully paid:		
177,567,399 (2021: 161,094,068) Ordinary Shares of 1p each	1,776	1,611

The Company allotted 20,170,101 Ordinary Shares of 1p each at an average price of 60.6p per Ordinary Share under the terms of the offers for subscription. The aggregate consideration of the shares was £12.1 million, which excludes costs of £360,000.

Under the terms of the Company's Dividend Reinvestment scheme, the Company allotted 1,148,756 Ordinary Shares of 1p each at an average price of 60.7p, to subscribing shareholders in respect of the dividends paid on 27 August 2021 and 25 February 2022 respectively.

During the year, the Company repurchased 4,845,526 Ordinary Shares of 1p each for an average consideration of 57.8p per share, representing 3.0% of those shares in issue at the last Annual Report. These shares were subsequently cancelled.

Management of capital

The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on pages 30 to 31, in pursuit of its principal investment objectives as stated on page 2. The Company has the authority to buy back shares as described in the Strategic Report on page 33. 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 an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk. As a Venture Capital Trust, the Company has an amount of capital, at least 80% (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.

13. Called up share capital (continued)

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

There is a single class of Ordinary Shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14. Reserves

	2022 £'000	2021 £'000
Capital redemption reserve	**1,697**	1,649
Share premium account	**79,035**	66,430
Funds held in respect of shares not yet allotted	**78**	7,545
Special reserve	**16,328**	20,238
Revaluation reserve	**11,303**	6,409
Revenue reserve	**(744)**	(2,529)
	107,697	99,742

Distributable reserves are calculated as follows:

	2022 £'000	2021 £'000
Special reserve	**16,328**	20,238
Revenue reserve	**(744)**	(2,529)
Unrealised (losses) (excluding unrealised unquoted gains)	**(4,200)**	(3,547)
	11,384	14,162

Capital redemption reserve
This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Share premium account
This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the other distributable reserves.

Funds held in respect of shares not yet allotted
This reserve accounts for cash received in respect of applications for new shares that have not yet been allotted and is recorded on the Balance Sheet.

Special reserve
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 capital distributions. Share issue costs are also charged to the special reserve.

14. Reserves (continued)

Capital reserve - realised

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above accounting policies; and
- dividends paid to equity holders.

Revaluation reserve

Increases and decreases in the valuation of investments held at the year-end against cost are included in this reserve.

Revenue reserve

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends and other non-capital realised movements.

15. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share Pence
As at 31 March 2022			
Ordinary Shares	177,567,399	109,473	61.6
		109,473	
As at 31 March 2021			
Ordinary Shares	161,094,068	101,353	58.2
		101,353	

As the Company has not issued any convertible securities or share options, there is no dilutive effect on the net asset value per share. The net asset value per share disclosed therefore represents both the basic and diluted net asset value per share.

The Company's net assets as at 31 March 2022 included funds held in respect of shares not yet allotted of £78,000.

16. Financial instruments

The Company's financial instruments comprise investments held at fair value through profit or loss, being equity and loan stock investments in quoted companies and unquoted companies, loans and receivables, being cash deposits and short-term debtors, and financial liabilities, being creditors arising from its operations. The main purpose of these financial instruments is to generate cash flows, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities, apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 2. The composition of the investments is set out in note 10. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

16. Financial instruments (continued)

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Investment risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end, are provided on the following pages.

Investment risks

As a VCT, the Company is exposed to investment risks in the form of potential losses and gains that may arise on the investments it holds, in accordance with its investment policy. The management of these investment risks is a fundamental part of the investment activities undertaken by the Investment Adviser and overseen by the Board. The Investment Adviser monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Investment Adviser to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key investment risks to which the Company is exposed are:

- Investment price risk;
- Interest rate risk; and
- Foreign currency exposure risk

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review, in order to ascertain the appropriate risk allocation.

Investment price risk

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through investment price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

16. Financial instruments (continued)

Investment price risk (continued)

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted investments, excluding fixed interest bonds, is summarised below. In light of the current volatile market conditions arising from the coronavirus pandemic and the conflict in Ukraine, the Board has considered the reasonably possible market movements that should be illustrated with sensitivity analysis. A positive 20% movement and negative 50% movement in the share price in each of the quoted stocks held by the Company is considered to be a reasonable maximum movement in a year and would have an effect as follows:

Sensitivity	Year ended 31 March 2022		+20% movement		-50% movement
	Risk exposure £'000	Impact on net assets/ return £'000	Impact on NAV per share Pence	Impact on net assets/ return £'000	Impact on NAV per share Pence
Quoted shares	26,682	5,336	3.0	(13,341)	(7.5)

Sensitivity	Year ended 31 March 2021		+20% movement		-50% movement
	Risk exposure £'000	Impact on net assets/ return £'000	Impact on NAV per share Pence	Impact on net assets/ return £'000	Impact on NAV per share Pence
Quoted shares	24,584	4,917	3.1	(12,292)	(7.6)

Unquoted investments

At 31 March 2022, the unquoted portfolio was valued at £59,272,000 (31 March 2021: £64,573,000). A breakdown of the unquoted portfolio by valuation method used is as follows:

	2022 £'000
Calibration to price of recent investment	26,742
Discounted cash flows (from the investment)	15,622
Multiples	12,695
Net Assets	4,213
	59,272

16. Financial instruments (continued)

Investment price risk (continued)

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity investments held in the unquoted portfolio. As the unquoted investments are across a broad range of sectors and valued using different valuation techniques, it is not possible to create a meaningful analysis by changing one input or discount factor. As unquoted investments are typically structured as partly equity and partly loan notes, investment price risk of the unquoted investments is considered as a whole. The Board has considered the current volatile market conditions arising from the coronavirus pandemic in determining the reasonably possible market movements that should be illustrated within sensitivity analysis. A positive 20% and negative 50% movement in the price of these investments is considered to be a reasonable maximum level in a year and would have an effect as shown below:

Sensitivity	Year ended 31 March 2022				
		+20% movement		-50% movement	
	Risk exposure £'000	Impact on net assets/ return £'000	Impact on NAV per share Pence	Impact on net assets/ return £'000	Impact on NAV per share Pence
Unquoted investments	59,272	11,854	6.7	(29,636)	(16.7)

Sensitivity	Year ended 31 March 2021				
		+20% movement		-50% movement	
	Risk exposure £'000	Impact on net assets/ return £'000	Impact on NAV per share Pence	Impact on net assets/ return £'000	Impact on NAV per share Pence
Unquoted investments	64,573	12,914	8.0	(32,286)	(20.0)

16. Financial instruments (continued)

Investment price risk (continued)

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares and loan stocks) held by the Company produces an overall positive movement of 20% and negative movement of 50%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to investment price risk in isolation.

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. Investments in loan stock and fixed interest securities attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

Interest rate profile of financial assets and financial liabilities

There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to the Bank of England base rate and comprise cash at bank.
- "No interest rate" assets do not attract interest and comprise equity investments, non-interest-bearing convertible loan notes, loans and receivables (excluding cash at bank) and other financial liabilities.

Interest rate risk profile of financial assets and financial liabilities

	Weighted average interest rate	Weighted average period until maturity	2022 £'000	2021 £'000
Fixed rate	23.3%	1,723 days	16,264	19,891
Floating rate	0.0%		20,856	10,738
No interest rate			72,353	70,724
			109,473	101,353

The Company monitors the level of income received from fixed, floating and non-interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

During the period the Bank of England base rate has increased from 0.1% per annum to 0.75% per annum at the period end. Following the period end, in May 2022, the rate increased further, to 1.0% per annum. Any potential change in the base rate at the current level would not have a material impact on the net assets and total return of the Company.

Foreign currency exposure risk

The Company has exposure to foreign currency risk through its investments in companies whose valuation is denominated and who report in US Dollars. This has resulted in an unrealised foreign exchange loss of £511,000 (2021: £735,000) during the year. Due to the relatively low exposure to companies denominated in foreign currencies, the Board considers foreign currency risk to be at an acceptable level and does not seek to mitigate such exposure as this could restrict the net returns from the foreign currency investments.

16. Financial instruments (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in fixed interest securities, cash deposits and debtors.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	2022 £'000	2021 £'000
Fair value through profit or loss assets:		
Investments in loan stocks	16,264	19,891
Loans and receivables:		
Cash and cash equivalents	20,856	10,738
Interest, dividends and other receivables	3,170	1,277
	40,290	31,906

The Investment Adviser manages credit risk in respect of loan notes with a similar approach as described under investment risks above. In addition, with the exception of new investments, credit risk is mitigated by registering floating charges, covering the full par value of the loan stock in the form of fixed and floating charges over the assets of the investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held at Royal Bank of Scotland plc, with a balance also maintained at Bank of Scotland plc, both of which are A-rated financial institutions. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There has been limited changes in fair value during the year that can be directly attributable to changes in credit risk.

As at 31 March 2022, of the loan stock classified as "past due", on the next page, £911,000 relates to the principal of loan notes where, although the principal remains within the term, the investee company is not fully servicing the interest obligations under the loan note and is in arrears. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

As at 31 March 2022, of the loan stock classified as "past due", on the next page, £6,760,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date, £874,000 falls within the banding of nil to 2 years past due and £5.9 million is 2 to 5 years past due. Notwithstanding this information, the Directors do not consider the loan notes to be impaired at the current time or that maturity dates of the principal have altered.

16. Financial instruments (continued)

Credit risk (continued)

As at 31 March 2021, of the loan stock classified as “past due”, below, £1,931,000 related to the principal of loan notes where, although the principal remained within term, the investee company was not fully servicing the interest obligations under the loan note and was in arrears. Notwithstanding the arrears of interest, the Directors did not consider that the loan note itself had been impaired or the maturity of the principal had altered.

As at 31 March 2021, of the loan stock classified as “past due”, below, £7,328,000 related to the principal of loan notes where the principal had passed its maturity date. As at 31 March 2021, the extent to which the principal is past its maturity date, £5.0 million falls within the banding of nil to 2 years past due and £2.3 million is 3 to 5 years past due. Notwithstanding this information, the Directors did not consider the loan notes to be impaired at 31 March 2021 or that maturity dates of the principal had altered.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company normally has a relatively low level of creditors (2022: £637,000, 2021: £543,000) and has no borrowings. Most of the quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company’s exposure to liquidity risk is minimal.

The Company’s liquidity risk is managed by the Investment Adviser in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company’s investments are not held to meet the Company’s liquidity requirements, the table below shows an analysis of the assets, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 March 2022, as analysed by expected maturity date, is as follows:

	Not later than 1 year £’000	Between 1 and 2 years £’000	Between 2 and 3 years £’000	Between 3 and 5 years £’000	Over 5 years £’000	Passed maturity date £’000	Total £’000
As at 31 March 2022							
Fully performing loan stock	167	-	-	2,017	3,631	2,778	8,593
Past due loan stock	911	-	-	-	-	6,760	7,671
	1,078	-	-	2,017	3,631	9,538	16,264
As at 31 March 2021							
Fully performing loan stock	2,057	-	-	1,750	5,000	1,825	10,632
Past due loan stock	834	1,097	-	-	-	7,328	9,259
	2,891	1,097	-	1,750	5,000	9,153	19,891

17. Contingencies, guarantees and financial commitments

As at 31 March 2022, the Company had exited from JRNI Limited. Of the total sales consideration, £84,000 had been withheld from the Company pending warranty claims. Whilst the Directors consider it unlikely that any such claims will be made, the remaining funds will not be released to the Company until the expiry of the warranty period. As such, in accordance with FRS 102 (Section 10.11.3). this amount has not been recorded as a receivable in these financial statements, nor as part of the exit proceeds shown on page 20.

Other than those noted above, there were no contingencies, guarantees or financial commitments of the Company at the year-end (2021: £453,000).

18. Controlling party and related party transactions

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

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on pages 39 to 41. There were no amounts outstanding and due to the Directors as at 31 March 2021 (2021: nil).

Further related party transactions include Investment Adviser and Administration fees payable to Downing LLP, as disclosed in notes 4 and 5. In addition, Downing LLP was also paid promoter fees in connection with the fundraising offer that was open during the period, which totalled £276,000 for the year ended 31 March 2022 (2021: £206,000).

The Company also has an agreement to pay an ongoing trail fee annually to Downing LLP, in connection with funds raised under original offers for subscription out of which Downing LLP has an obligation to pay trail commission to intermediaries. During the year to 31 March 2022, £192,000 (2021: £172,000) was paid to Downing LLP.

19. Events after the end of the reporting period

Since the year end, the Company allotted 2,813,152 Ordinary Shares of 1p each at an average price of 63.5p per Ordinary Share, under the terms of the offers for subscription. The aggregate consideration for the shares was £1.8 million.

On 13 June 2022, the Company announced that its investment adviser, Downing LLP ("Downing"), agreed to sell its non-Healthcare Ventures business to Foresight Group LLP ("Foresight"). As part of this transaction, the Investment Advisory agreement was novated from Downing to Foresight at the completion of the sale on 4 July 2022. Downing will continue to provide administration services, and investment advisory services in respect of the non-venture portfolio of investments, being the quoted growth and yield focused investments for a transitional period. Further detail has been disclosed within the Chairman's Statement on page 3.

Unaudited Performance Summary for Investor Groups

The Company undertook a merger with five other VCTs followed by a share reorganisation on 12 November 2013. Full details, including share conversion ratios, can be found on Downing's website, www.downing.co.uk.
The figures in the table below show the performance of the various groups of investors who make up the Company's current shareholder base and grouped by the VCTs that participated in the merger in November 2013.

Share issue	Year of launch	Initial income tax relief	Equivalent dividends received	Equivalent NAV	(Loss)/gain (ignoring income tax relief)	Gain/(loss) (after initial income tax relief) (note 1)	Gain/(loss) (after initial and SRRP tax relief) (note 2)
Downing ONE VCT plc ("DDV1")		(%)	(pence)	(pence)	(%)	(%)	(%)
AIM Distribution Trust plc	1996	20%	74.0p	15.4p	-10.7%	11.6%	21.4%
AIM Distribution Trust plc - top up	2005	40%	24.2p	15.4p	-46.3%	-10.5%	7.2%
Pennine AIM VCT 5 plc	2005	40%	45.3p	13.4p	-41.3%	-2.2%	9.1%
Pennine AIM VCT 6 plc	2006	40%	49.0p	17.8p	-33.2%	11.4%	26.5%
Downing Distribution VCT 1 plc - top up	2010	30%	46.9p	43.9p	-13.3%	23.7%	n/a
Downing Distribution VCT 1 plc - top up	2012	30%	36.9p	43.9p	3.8%	48.3%	n/a
Downing ONE VCT plc	Feb 2014	30%	41.3p	61.6p	2.3%	46.1%	n/a
Downing ONE VCT plc	Mar-Jul 2014	30%	39.3p	61.6p	2.4%	46.2%	n/a
Downing ONE VCT plc	Sep 2014	30%	37.3p	61.6p	1.6%	45.2%	n/a
Downing ONE VCT plc	Jan 2015	30%	37.3p	61.6p	2.4%	46.2%	n/a
Downing ONE VCT plc	Mar-May 2015	30%	37.3p	61.6p	4.6%	49.3%	n/a
Downing ONE VCT plc	Jul-2015	30%	37.3p	61.6p	2.0%	45.8%	n/a
Downing ONE VCT plc	Sep-Nov-2015	30%	35.3p	61.6p	3.1%	47.4%	n/a
Downing ONE VCT plc	Feb-2016	30%	32.3p	61.6p	-4.3%	36.6%	n/a
Downing ONE VCT plc	Mar-Apr 2016	30%	29.3p	61.6p	-4.5%	36.4%	n/a
Downing ONE VCT plc	Jul 2016	30%	29.3p	61.6p	-1.3%	41.1%	n/a
Downing ONE VCT plc	Sep 2016	30%	26.3p	61.6p	-1.3%	41.0%	n/a
Downing ONE VCT plc	Oct 2016	30%	26.3p	61.6p	-5.0%	35.6%	n/a
Downing ONE VCT plc	Nov 2017	30%	18.8p	61.6p	-9.5%	29.2%	n/a
Downing ONE VCT plc	Mar 2018	30%	15.8p	61.6p	-10.4%	28.1%	n/a
Downing ONE VCT plc	Apr 2019	30%	9.8p	61.6p	-11.6%	26.3%	n/a
Downing ONE VCT plc	Sep 2019	30%	5.8p	61.6p	-14.3%	22.5%	n/a
Downing ONE VCT plc	Sept 2020	30%	2.5p	61.6p	3.6%	48.0%	n/a
Downing ONE VCT plc	Nov 2021	30%	0.0p	61.6p	1.0%	44.3%	n/a
Downing Income VCT 3 plc ("DI3")							
Pennine AIM VCT plc	1996	20%	108.2p	19.9p	28.0%	60.0%	70.4%
Pennine AIM VCT II plc	1997	20%	65.9p	13.2p	-20.9%	-1.1%	5.7%
Pennine Downing AIM VCT plc	1998	20%	51.3p	17.5p	-31.3%	-14.1%	-5.0%
The Ethical AIM VCT plc	1999	20%	31.4p	11.3p	-57.3%	-46.6%	-40.7%
Pennine Downing AIM VCT 2 plc	2001	20%	45.2p	17.8p	-37.0%	-21.3%	-12.0%
Pennine AIM VCT plc (C share)	2002	20%	46.4p	27.8p	-25.8%	-7.3%	7.2%
Pennine AIM VCT plc (D share)	2006	30%	54.9p	32.8p	-12.3%	25.3%	44.8%
Downing Distribution VCT 2 plc - top up	2010	30%	52.8p	56.4p	0.8%	43.9%	n/a
Downing Income VCT 3 plc - top up	2013	30%	40.3p	56.4p	6.7%	52.4%	n/a
Downing Income VCT 3 plc (E share)	2011	30%	43.4p	53.6p	-3.0%	38.5%	n/a
Downing Income VCT plc ("DI")							
Framlington AIM VCT 2 plc	2005	40%	42.6p	21.7p	-35.7%	7.2%	22.1%
Downing Income VCT plc	2013	30%	14.6p	21.7p	5.1%	50.2%	n/a
Downing Income VCT 4 plc ("DI4")							
Framlington AIM VCT plc	2006	40%	49.5p	23.8p	-26.7%	22.2%	37.7%
Downing Income VCT 4 plc	2013	30%	16.0p	23.8p	10.3%	57.5%	n/a
Downing Absolute Income VCT 1 plc ("DAI1")							
Downing Healthcare Protected VCT plc	1996	20%	103.1p	51.9p	55.0%	93.7%	123.9%
Downing Protected VCT 1 plc - top up	2010	30%	45.7p	51.9p	7.0%	52.9%	n/a
Downing Absolute Income VCT 1 plc - top up	2010	30%	45.7p	51.9p	6.8%	52.5%	n/a
Downing Absolute Income VCT 1 plc - top up	2012	30%	39.7p	51.9p	-0.9%	41.6%	n/a
Downing Absolute Income VCT 1 plc (C share)	2010	30%	41.6p	43.4p	-15.0%	21.4%	n/a
Downing Absolute Income VCT 2 plc ("DAI2")							
Downing Absolute Income VCT 2 plc	2010	30%	45.9p	42.4p	-11.7%	26.1%	n/a

Note 1 Initial income tax relief has been netted off against original cost for the purpose of calculating the percentage net gain/(loss).

Note 2 Between April 2012 and 2013, a number of VCTs which subsequently merged to form Downing ONE VCT plc offered a Share Realisation and Reinvestment Programme ("SRRP"), which allowed Shareholders who had held their shares for more than five years to sell their shares and reinvest the proceeds, receiving additional income tax relief at the rate of 30% on the new issue. The income tax relief obtained on the SRRPs has been treated as additional income for the purpose of calculating the percentage net gain/(loss).

Company Information

Registered number	03150868
Directors	Chris Kay (Chairman) Chris Allner Barry Dean Stuart Goldsmith
Secretary and registered office	Grant Whitehouse 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Investment Adviser	Downing LLP 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD www.downing.co.uk With effect from 5 July 2022: Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG www.foresightgroup.eu investorrelations@foresightgroup.eu
Administration Manager	Downing LLP 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD www.downing.co.uk
Auditor	BDO LLP 55 Baker Street London W1U 7EU
VCT status advisers	Philip Hare & Associates LLP Hamilton House 1 Temple Avenue, Temple London EC4Y 0HA
Registrars	City Partnership (UK) Limited The Mending Rooms Park Valley Mills Meltham Road Huddersfield HD4 7BH 01484 240 910 registrars@city.uk.com
Corporate broker	Panmure Gordon (UK) Limited Chris Lloyd 0207 886 2716 chris.lloyd@panmure.com Paul Nolan 0207 886 2717 paul.nolan@panmure.com
Bankers	Bank of Scotland plc 33 Old Broad Street London EC2N 1HZ

Notice of Annual General Meeting of Downing ONE VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Downing ONE VCT plc will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 10.30 a.m. on 15 August 2022 for the transaction of the following business:

If you intend to attend the AGM, please also notify us by email to d1agm@downing.co.uk in case there are any changes to arrangements that need to be communicated at short notice.

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as ***Ordinary Resolutions***:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 March 2022, together with the Independent Auditors' Report thereon.

2. To approve the Directors' Remuneration Report.

3. To approve a final dividend of 1.75p per Ordinary Share.

4. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the accounts of the Company are presented and to authorise the Directors to determine their remuneration.

5. To re-elect as Director, Stuart Goldsmith, who retires and being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

6. That, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £900,000 (representing approximately 50% of the share capital in issue at today's date), provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

Special Resolutions

7. That, the Directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 6 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.

Notice of Annual General Meeting of Downing ONE VCT plc
(continued)

Special resolutions (continued)

8. That, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the CA 2006 to make one or more market purchases (as defined in section 693(4) of CA 2006) of shares provided that:

   (a) the maximum number of shares hereby authorised to be purchased is 26,876,702 representing approximately 14.9% of the present issued share capital of the Company;
   (b) the minimum price (exclusive of expenses) which may be paid for such shares is 1p the nominal amount thereof;
   (c) the maximum price (exclusive of expenses) which may be paid for such shares shall be an amount equal to 5% above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
   (d) the Company may make a contract to purchase its own shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

7 July 2022

Note:
Information regarding the Annual General Meeting, including the information required by section 311A of the CA 2006, is available from www.downing.co.uk.

Notice of Annual General Meeting of Downing ONE VCT plc
(continued)

Notes

(a) A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman as his proxy although the Chairman will not speak for the member.

(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 Registrar, The City Partnership (UK) Limited, or electronically at proxies@city.uk.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.

(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 Registrar, The City Partnership (UK) Limited. 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 proxies@city.uk.com.

In either case, the revocation notice must be received by the Company's Registrar before the Annual General Meeting. 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) 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 10:30 a.m. on 11 August 2022 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 10:30 a.m. on 11 August 2022 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.

(e) A personal reply-paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, so as to be received no later than 10:30 a.m. on 11 August 2022 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

(f) Please note that you can vote your shares electronically at https://proxy-downingone.cpip.io/

(g) As at 9:00 a.m. on 7 July 2022, the Company's issued share capital comprised 180,380,551 Ordinary Shares and the total number of voting rights in the Company was 180,380,551. The Company website, www.downing.co.uk will include information on the number of shares and voting rights.

Notice of Annual General Meeting of Downing ONE VCT plc
(continued)

Notes (continued)

(h) If you are a person who has been nominated under section 146 of the CA2006 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 Annual General Meeting should write to the Chairman at the registered office.

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

Downing

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