

# Downing ONE VCT plc

—  
Half Yearly Report  
for the six months ended  
30 September 2018



## SHAREHOLDER INFORMATION

### FINANCIAL SUMMARY

	30 Nov 2018	30 Sep 2018	31 Mar 2018	30 Sep 2017	Nov 2013
	pence	pence	pence	pence	pence
Net Asset Value per share ("NAV")	84.4	87.7	87.5	88.8	100.4
Cumulative dividends paid since 12 Nov 2013	28.5	28.5	25.5	22.5	0.0
Total return (NAV plus cumulative dividends paid per share)	<u>112.9</u>	<u>116.2</u>	<u>113.0</u>	<u>111.3</u>	<u>100.4</u>

### DIVIDEND POLICY

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

### FORTHCOMING DIVIDENDS

	Date payable	Pence per share
Interim dividend	22 February 2019	3.0p

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

### SHARE SCAM WARNING

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

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

Shareholder information is continued on the inside back cover

## CHAIRMAN'S STATEMENT

I am pleased to present the Company's half-yearly report for the six-month period ended 30 September 2018. The portfolio made positive progress during the period under review, however the correction to global stock markets in October and November has caused the NAV to fall back since the period end.

The period saw a reasonable level of investment activity following the close of the successful fundraising in April 2018, having reached full capacity of £30 million.

### Net asset value and results

As at 30 September 2018, the Company's NAV stood at 87.7p, an increase of 3.2p (or 3.7%) compared to the 31 March 2018 year-end position, after adding back the 3.0p dividend paid during the period.

The return attributable to equity shareholders for the period was £4.4 million, comprising a revenue return of £731,000 and a capital return of £3.6 million.

### Investment activity and performance

The Company has been an active investor during the period with nine qualifying investments made totalling £6.3 million. Five of these were new investments and four were follow on investments into existing portfolio companies. There were also a small number of partial realisations.

At the period end, the Company held a portfolio of 85 investments. Of these, 31 are either quoted on AIM or the NEX Exchange Growth Market and have a value of £34.5 million (38% of the portfolio). The 54 unquoted investments have a value of £57.1 million and represent 62% of the investment portfolio.

At the period end the Board has undertaken a review of the unquoted valuations and made a number of adjustments. Net unrealised gains across the unquoted and quoted portfolio over the period were £3.9 million. The most significant uplift was the AIM quoted investment in Craneware plc, the financial solutions provider for the healthcare market, which contributed £2.9 million of unrealised gains.

Further details of the investment activities of the Company are in the Investment Adviser's Report on pages 3 to 7.

### Dividends

The Company has a stated policy of seeking to pay dividends equivalent to at least 4% of net asset value each year. Consistent with this policy, the Board has declared an interim dividend of 3.0p which will be paid on 22 February 2019 to Shareholders on the register as at 1 February 2019.

This will take the total dividends paid since the merger in November 2013 to 31.5p.

### Share buybacks

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

During the period, the Company purchased 1,186,349 shares at an average price of 81.3p per Ordinary Share, being a 5% discount to the latest announced NAV at the time of purchase.

## CHAIRMAN'S STATEMENT (continued)

### Performance incentive arrangements

As mentioned in my statement with the last Annual Report, the Board continues its discussions with the Manager regarding the introduction of a performance incentive scheme. Further details are expected with the year end accounts to 31 March 2019.

### Outlook

In October and November there were significant falls in global stock markets indices. This has been reflected in the valuations of many of the Company's quoted stocks, resulting in a fall in the NAV of 3.3p from 87.7p to 84.4p per share as at 30 November 2018, which brings Total Return down from 116.2p to 112.9p, a decrease of 0.1p (0.1%) compared to the 31 March 2018 year end position. Despite this small setback, the Manager is satisfied that the prospects of the underlying businesses remain positive, although continuing political and economic uncertainty may produce more market volatility.

Over the remainder of the year, we expect to see a further significant level of new investment activity as the Manager continues to deploy the available funds in order to maintain VCT qualification status. In line with the current VCT regulations, we expect all new investments to be into relatively young growth businesses, where the Manager has developed a steady pipeline of investment opportunities.

I look forward to updating Shareholders on developments and the progress of the portfolio in my statement with the Annual Report covering the year to 31 March 2019.



**Chris Kay**  
Chairman

17 December 2018

## INVESTMENT ADVISER'S REPORT - OVERVIEW

### Introduction

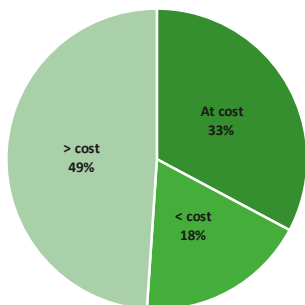
We are pleased to present a review of the investment portfolio and activity over the six months to 30 September 2018. Our review is split into three parts comprising this overview, an unquoted investments review on page 5 to 6 and a report on the quoted investments on page 7.

### Portfolio Overview

At 30 September 2018, the Company held a portfolio of 85 investments, valued in total at £91.6 million.

There have been some positives and negatives within the portfolio over the period, however overall there has been a rise in value across both the quoted and unquoted portfolios. Overall 82% of the portfolio is held at a valuation either at or above cost.

Valuation compared to cost



### Portfolio Performance

The net unrealised gains in the quoted portfolio totalled £3.5 million. The largest unrealised gains in the quoted portfolio were Craneware plc (£2.9 million), Tracsis plc (£1.5 million) and Anpario plc (£371,000). These were partially offset by unrealised losses on Universe Group plc (£425,000) and Redhall Group plc (£275,000).

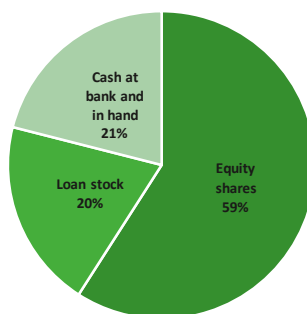
There were several valuation movements in the unquoted portfolio in the period totalling an unrealised gain over valuation of £355,000. Within the unquoted portfolio, the largest unrealised gains were Ludorum plc (£785,000), Doneloans Limited (£600,000), Pearce and Saunders Limited (£238,000) and Kimbolton Lodge Limited (£121,000).

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

### Portfolio Composition

The 2017/18 fundraising closed in April 2018, having reached full capacity of £30 million. As a result, a significant proportion of the net assets were held in cash at the prior year end. Since the year end, £6.3 million has been deployed into new or follow on investments. As a result, 21% of the net assets of the Company remain held in cash at the period end.

Security type - 30 September 2018 \*

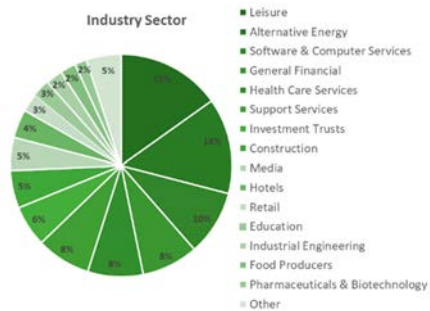


\*includes cash and cash equivalents

The chart overleaf shows the diversification of the portfolio illustrating that the main sectors in which the Company has invested are Leisure, Alternative Energy and Software and Computer Services, albeit the maximum exposure to any sector is 15%.

## INVESTMENT ADVISER'S REPORT – OVERVIEW (continued)

### Portfolio Composition (continued)



### Net asset value and results

The net asset value per Share (“NAV”) at 30 September 2018 stood at 87.7p, compared to the NAV at 31 March 2018 of 87.5p. Total Return (NAV plus cumulative dividends paid since the merger in 2013) is 116.2p.

### Outlook

The existing portfolio now comprises a significant number of investments which we are broadly satisfied with and believe will provide good returns for Shareholders.

As demonstrated over the past six months, the Company has a high quality deal flow to utilise the remaining cash in the portfolio. Focus remains on younger growth investments and although the environment remains challenging and competitive, we expect there to be a steady pipeline of such businesses to utilise the remaining cash over the following six months.

### Downing LLP

17 December 2018

## INVESTMENT ADVISER'S REPORT – UNQUOTED PORTFOLIO

We present a review of the unquoted investment portfolio for the six months ended 30 September 2018.

### **Investment activity**

At 30 September 2018, the unquoted portfolio was valued at £57.1 million, comprising 54 investments spread across a number of sectors.

During the period, the Company invested a total of £5.3 million in unquoted companies comprising five new investments and four follow-on investments.

The five new qualifying investments that were made during the six month period are as follows:

Lignia Wood Company Limited (£1.1 million) is a producer of modified sustainable wood based in Barry, Wales. The VCT invested as part of a £7.6 million net equity funding round.

Live Better With Limited (£991,000) has developed a healthcare platform aiming to help people with long-term medical conditions, focussing on non-medical products that make day to day life better for patients.

Glownet Limited (£741,000) has developed a technology solution for organisers of mass-attendance live events and festivals, which allows attendees to make cashless payments.

Virtual Class Limited (£525,000), trading as Third Space Learning, has developed an online educational platform that provides mathematics tuition to pupils studying for their Key Stage 2 exams.

Masters of Pie Limited (£166,000) is an early stage technology firm specialising in virtual and augmented reality software for manufacturing and wider enterprise solutions.

Follow on investments totalling £1.8 million were made into E-fundamentals Limited (£639,000), Xupes Limited (£450,000), BridgeU Corporation (£417,000) and Avid Technology Group Limited (£260,000).

Details of the small number of realisations in the year are set out on page 14. Total proceeds of £61,000 were generated, producing profits over holding value of £33,000.

Tramps Nightclub Limited, the owner of three nightclub sites in central Worcester, was the largest disposal during the period after redeeming £43,000 as the company continues to repay loan notes.

### **Portfolio valuation**

A number of adjustments to carrying values have been made at the period end, resulting in an overall gain of £355,000. The most significant of which are summarised below:

Ludorum plc, the owner of the intellectual property rights to various children's entertainment brands, was uplifted in the period by £785,000 to reflect post period end expected receipts.

Donoloans Limited, a non-qualifying investment company was uplifted by £600,000 as a result of positive outcomes on its loan book.

Pearce and Saunders Limited, the owner of three freehold pubs in south east London, was uplifted by £238,000 supported by independent valuations from industry specialists.

Kimbolton Lodge Limited, which operates a care home for the elderly in Bedford, was uplifted by £121,000 in the year on the back of stronger trading.

## **INVESTMENT ADVISER'S REPORT – UNQUOTED PORTFOLIO (continued)**

### **Portfolio valuation (continued)**

The most significant decrease in value was Quadrata Spa Limited, which owns and operates a health club business in The Cube complex in Birmingham. The company has been written down by £808,000 following poor performance.

The other notable decrease in value was to Tramps Nightclub Limited, the owner of three nightclub sites in central Worcester. Following a challenging period of trading, the valuation was reduced by £251,000.

### **Outlook**

We remain satisfied with the composition of the portfolio for the period to 30 September 2018, as focus remains on the close monitoring of the current portfolio companies. In addition, we shall continue to utilise the remaining cash in the Company and expect the Company to be an active investor over the remainder of the year.

### **Downing LLP**

17 December 2018



## INVESTMENT ADVISER'S REPORT – QUOTED PORTFOLIO

### Quoted investments

#### *Investment activity*

At 30 September 2018 the quoted portfolio was valued at £34.5 million comprising 31 active investments.

During the period, there was a full exit in Mi-Pay Group plc, a full redemption on the Universe Group plc loan notes, a partial sale in Amino Technologies plc and a new qualifying investment into Bonhill Group plc.

£1.0 million was invested in Bonhill Group plc, a leading B2B media business specialising in business information, live events and data and insight.

Realisations of quoted investments generated proceeds of £128,000 and a gain over holding value of £6,000. The most significant divestment was Universe Group plc, a designer and supporter of point of sale, payment and online loyalty solutions for the UK petrol forecourt and convenience store markets. The company fully redeemed its loan notes at par.

The investment in Mi-Pay Group plc, who manage and mitigate fraud risk in the payment solutions market, was sold generating proceeds of £26,000 and a gain over holding value of £4,000.

#### *Portfolio valuation*

Overall the quoted portfolio produced unrealised gains of £3.5 million. The most notable movements are discussed below.

Craneware plc is a provider of billing and auditing software to the US healthcare industry. It experienced appreciation in its share price following its reporting of very positive results for the year ended 30 June 2018, highlighting five significant contract wins or contract extensions. This resulted in an increase in market value of £2.9 million.

Tracsis plc, a provider of transport software solutions for rail and bus services, issued a trading update for the year ended 31 July 2018. It was reported that group trading for the year has been strong. An increase to the broker forecast given confidence in future growth prospects resulted in an increase in market value of £1.5 million.

The most significant decrease was to Universe Group plc. The interim profit decreased as a result of new product development costs which resulted in a decrease in market value of £425,000.

Redhall Group plc, a high integrity engineering company, also had a decrease in value across the period. Delays on key projects and slower than expected operational efficiency gains mean the company's board now anticipates that the group's full year performance will be materially below its previous expectations. This resulted in a decrease in market value of £275,000.

#### **Outlook**

While we believe that it is a competitive market for AIM VCT qualifying investments, in general, we remain confident in the longer-term prospects for the existing portfolio.

Macro trends and political uncertainty have been consistent features this year, however we believe that the outlook for the UK equity market is not as bleak as some have predicted. Although the overall UK economy has slowed resulting in significant falls in the AIM index since the period end, it is still growing. Despite the headwinds, we believe that the outlook for young and growing companies remains positive and should support future growth.

#### **Downing LLP**

17 December 2018

## UNAUDITED BALANCE SHEET

as at 30 September 2018

	30 Sep 2018	30 Sep 2017	31 Mar 2018
Note	£'000	£'000	£'000
<b>Fixed assets</b>			
Investments	91,628	81,037	81,588
<b>Current assets</b>			
Debtors	2,168	767	1,574
Cash at bank and in hand	24,021	8,337	35,456
	<u>26,189</u>	<u>9,104</u>	<u>37,030</u>
<b>Creditors:</b> amounts falling due within one year	(403)	(248)	(711)
<b>Net current assets</b>	<u>25,786</u>	<u>8,856</u>	<u>36,319</u>
<b>Net assets</b>	<u>117,414</u>	<u>89,893</u>	<u>117,907</u>
<b>Capital and reserves</b>			
Called up share capital	8 1,338	1,008	1,200
Capital redemption reserve	9 1,586	1,564	1,574
Share premium	9 44,923	13,710	31,661
Funds held in respect of shares not yet allotted	9 60	361	12,876
Special reserve	9 60,390	73,559	64,859
Capital reserve – unrealised	9 8,899	(259)	4,909
Revenue reserve	9 218	(50)	828
	<u>117,414</u>	<u>89,893</u>	<u>117,907</u>
<b>Equity shareholders' funds</b>	<u>117,414</u>	<u>89,893</u>	<u>117,907</u>
<b>Basic and diluted net asset value per share</b>	7 <b>87.7p</b>	<b>88.8p</b>	<b>87.5p</b>

## UNAUDITED INCOME STATEMENT

for the six months ended 30 September 2018

	Six months ended 30 September 2018			Six months ended 30 September 2017			Year ended 31 March 2018	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		1,750	90	1,840	2,102	-	2,102	3,858
Gains on investments								
- realised		-	39	39	-	590	590	1,037
- unrealised		-	3,890	3,890	-	1,314	1,314	2,299
		1,750	4,019	5,769	2,102	1,904	4,006	7,194
Investment management fees		(510)	(510)	(1,020)	(413)	(413)	(826)	(1,670)
Other expenses		(381)	-	(381)	(345)	-	(345)	(687)
<b>Return on ordinary activities before tax</b>		859	3,509	4,368	1,344	1,491	2,835	4,837
Tax on total comprehensive income and ordinary activities		(128)	128	-	(124)	124	-	-
<b>Return attributable to equity shareholders</b>	5	731	3,637	4,368	1,220	1,615	2,835	4,837
<b>Basic and diluted return per share</b>		<b>0.5p</b>	<b>2.7p</b>	<b>3.2p</b>	<b>1.2p</b>	<b>1.6p</b>	<b>2.8p</b>	<b>4.6p</b>

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

## STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2018

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended 30 September 2018</b>									
<b>At 1 Apr 2018</b>	1,200	1,574	31,661	12,876	64,859	-	4,909	828	117,907
Total comprehensive income	-	-	-	-	-	(253)	3,890	731	4,368
Realisation of revaluations from previous years*	-	-	-	-	-	(100)	100	-	-
Transfer between reserves**	-	-	-	-	(3,032)	3,032	-	-	-
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-	(2,679)	-	(1,341)	(4,020)
Utilised in share issue	-	-	-	(12,816)	-	-	-	-	(12,816)
Issue of new shares	150	-	13,262	-	-	-	-	-	13,412
Share issue costs	-	-	-	-	(468)	-	-	-	(468)
Purchase of own shares	(12)	12	-	-	(969)	-	-	-	(969)
<b>At 30 Sept 2018</b>	<b>1,338</b>	<b>1,586</b>	<b>44,923</b>	<b>60</b>	<b>60,390</b>	<b>-</b>	<b>8,899</b>	<b>218</b>	<b>117,414</b>

\* A transfer of £100,000 representing previously recognised unrealised losses on disposal of investments during the period ended 30 September 2018 (year ended 31 March 2018: losses £3.2 million) has been made from the Capital reserve realised to the Revaluation reserve.

\*\* A transfer of £3.0 million representing realised gains on disposal of investments, less capital expenses and capital dividends in the year (year ended 31 March 2018: £6.3 million) has been made from Capital Reserves – realised to Special reserve.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31 March 2018</b>									
<b>At 1 Apr 2017</b>	1,016	1,553	13,387	-	77,049	-	(1,002)	(133)	91,870
Total comprehensive income	-	-	-	-	-	440	2,299	2,098	4,837
Realisation of revaluations from previous years	-	-	-	-	-	(3,213)	3,213	-	-
Realisation of impaired valuations	-	-	-	-	-	(399)	399	-	-
Transfer between reserves	-	-	-	-	(9,958)	9,958	-	-	-
<i>Transactions with owners</i>									
Unallotted shares	-	-	-	12,876	-	-	-	-	12,876
Dividends paid	-	-	-	-	-	(6,786)	-	(1,137)	(7,923)
Issue of new shares	205	-	18,274	-	-	-	-	-	18,479
Share issue costs	-	-	-	-	(464)	-	-	-	(464)
Purchase of own shares	(21)	21	-	-	(1,768)	-	-	-	(1,768)
<b>At 31 Mar 2018</b>	<b>1,200</b>	<b>1,574</b>	<b>31,661</b>	<b>12,876</b>	<b>64,859</b>	<b>-</b>	<b>4,909</b>	<b>828</b>	<b>117,907</b>

## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2018

	30 Sep 2018 £'000	30 Sep 2017 £'000	31 Mar 2018 £'000
<b>Cash flow from operating activities</b>			
Profit on ordinary activities before taxation	4,368	2,835	4,837
Gains on investments	(3,929)	(1,904)	(3,336)
Increase in debtors	(594)	(317)	(1,126)
(Decrease)/increase in creditors	(179)	(77)	38
<b>Cash from operations</b>			
Corporation tax paid	-	-	-
<b>Net cash (utilised)/generated from operating activities</b>	<u>(334)</u>	<u>537</u>	<u>413</u>
<b>Cash flow from investing activities</b>			
Purchase of investments	(6,300)	(7,910)	(10,627)
Proceeds from disposal of investments	189	15,171	18,772
<b>Net cash (utilised)/generated from investing activities</b>	<u>(6,111)</u>	<u>7,261</u>	<u>8,145</u>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	13,412	323	18,479
Funds held in respect of shares not yet allotted	(12,816)	361	12,876
Share issue costs	(468)	-	(464)
Purchase of own shares	(1,098)	(1,119)	(1,593)
Equity dividends paid	(4,020)	(4,549)	(7,923)
<b>Net cash (utilised)/generated from financing activities</b>	<u>(4,990)</u>	<u>(4,984)</u>	<u>21,375</u>
<b>(Decrease)/increase in cash</b>	<u>(11,435)</u>	<u>2,814</u>	<u>29,933</u>
<b>Net increase in cash</b>			
Beginning of year	35,456	5,523	5,523
Net cash (outflow)/inflow	<u>(11,435)</u>	<u>2,814</u>	<u>29,933</u>
End of year	<u>24,021</u>	<u>8,337</u>	<u>35,456</u>

## SUMMARY OF INVESTMENT PORTFOLIO

as at 30 September 2018

	Cost	Valuation	Valuation movement in period	% of portfolio by value
	£'000	£'000	£'000	
<b>Top twenty venture capital investments (by value)</b>				
Craneware plc*	850	6,029	2,877	5.2%
Doneloans Limited	5,000	5,600	600	4.8%
Tracsis plc*	1,443	5,471	1,541	4.7%
Downing Care Homes Holdings Limited	3,880	4,495	-	3.9%
Downing Strategic Micro-Cap Investment Trust plc**	5,000	4,400	(200)	3.8%
Leytonstone Pub Limited	1,911	3,686	-	3.2%
Cadbury House Holdings Limited	3,082	3,075	-	2.7%
Anpario plc*	1,448	2,969	371	2.6%
Baron House Developments LLP	2,695	2,695	-	2.4%
Pilgrim Trading Limited	2,594	2,594	-	2.2%
Jito Trading Limited	2,500	2,500	-	2.2%
Yamuna Renewables Limited	2,500	2,500	-	2.2%
Xupes Limited	2,250	2,250	-	1.9%
Inland Homes plc*	1,526	1,801	(61)	1.6%
Pearce and Saunders Limited	1,320	1,558	238	1.3%
Ludorum plc	3,269	1,535	785	1.3%
Pantheon Trading Limited	1,500	1,500	-	1.3%
Quadrate Catering Limited	1,500	1,500	-	1.3%
Science in Sport plc*	1,239	1,418	(39)	1.2%
Harrogate Street LLP	1,400	1,400	-	1.2%
	<u>46,907</u>	<u>58,976</u>	<u>6,112</u>	<u>51.0%</u>
<b>Other venture capital investments</b>	<u>36,222</u>	<u>32,652</u>	<u>(2,222)</u>	<u>28.2%</u>
	<u>83,129</u>	<u>91,628</u>	<u>3,890</u>	<u>79.2%</u>
<b>Cash at bank and in hand</b>		<u>24,021</u>		<u>20.8%</u>
<b>Total investments</b>		<u>115,649</u>		<u>100.0%</u>

All venture capital investments are unquoted unless otherwise stated.

\* Quoted on AIM

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

## SUMMARY OF INVESTMENT MOVEMENTS

for the six months ended 30 September 2018

### Additions

£'000

#### Quoted

Bonhill Group plc	1,000
	1,000

#### Unquoted

Lignia Wood Company Limited	1,111
Live Better With Limited	991
Glownet Limited	741
E-Fundamentals Limited	639
Virtual Class Limited	525
Xupes Limited	450
BridgeU Corporation	417
Avid Technology Group Limited	260
Masters of Pie Limited	166
	5,300
<b>Total additions</b>	<b>6,300</b>

### Disposals

	Cost £'000	Value at 31/03/18* £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain in period £'000
<b>Quoted</b>					
Universe Group plc	80	80	80	-	-
Mi-Pay Group plc	113	22	26	(87)	4
Amino Technologies plc	13	20	22	9	2
	206	122	128	(78)	6

#### Unquoted

##### Including loan note redemptions

Tramps Nightclub Limited	33	24	43	10	19
VSA Capital Limited	-	-	7	7	7
Fubar Stirling Limited	11	4	11	-	7
	44	28	61	17	33
	250	150	189	(61)	39

\* adjusted for purchases in the period



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

for the six months ended 30 September 2018

### **1. General Information**

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

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

The unaudited half-yearly financial results cover the six months to 30 September 2018 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2018, which were prepared in accordance with the Financial Reporting Standard 102 (“FRS102”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” revised November 2014 (“SORP”).

- 3.** The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- 4.** The comparative figures were in respect of the six months ended 30 September 2017 and the year ended 31 March 2018 respectively.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2018 (continued)

### 5. Return per share

	Weighted average number of shares in issue	Revenue Return £'000	Capital Gain £'000
Period ended 30 September 2018	133,284,857	<u>731</u>	<u>3,637</u>
Period ended 30 September 2017	101,366,948	<u>1,220</u>	<u>1,615</u>
Year ended 31 March 2018	105,306,924	<u>2,098</u>	<u>2,739</u>

### 6. Dividends paid in the period

		Six months ended 30 September 2018			Year ended 31 March 2018
Date paid		Revenue £'000	Capital £'000	Total £'000	Total £'000
2018 Final	24 August 2018: 3.0p	1,341	2,679	4,020	-
2018 Interim	23 February 2018: 3.0p	-	-	-	3,374
2017 Final	18 August 2017: 4.5p	-	-	-	4,549
		<u>1,341</u>	<u>2,679</u>	<u>4,020</u>	<u>7,923</u>

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

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2018	133,822,737	<u>117,414</u>	87.7
Period ended 30 September 2017	100,829,225	<u>89,893</u>	88.8
Year ended 31 March 2018	119,997,574	<u>117,907</u>	87.5

### 8. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2018	133,822,737	<u>1,338</u>
Period ended 30 September 2017	100,829,225	<u>1,008</u>
Year ended 31 March 2018	119,997,574	<u>1,200</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2018 (continued)

### 9. Reserves

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

	<b>30 Sep</b>	<b>30 Sep</b>	<b>31 Mar</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital redemption reserve	1,586	1,564	1,574
Share premium account	44,923	13,710	31,661
Funds held in respect of shares not yet allotted	60	361	12,876
Special reserve	60,390	73,559	64,859
Revaluation reserve	8,899	(259)	4,909
Revenue reserve	218	(50)	828
Total reserves	<u>116,076</u>	<u>88,885</u>	<u>116,707</u>

Distributable reserves are calculated as follows:

	<b>30 Sep</b>	<b>30 Sep</b>	<b>31 Mar</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Special reserve	60,390	73,559	64,859
Revenue reserve	218	(50)	828
Unrealised gains/(losses) (excluding unrealised unquoted gains)	3,629	(4,115)	523
	<u>64,237</u>	<u>69,394</u>	<u>66,210</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2018 (continued)

### 10. Investments

The fair value of investments is determined using the detailed accounting policy as shown in the audited financial statements for the year ended 31 March 2018. 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 and fixed interest bonds);

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 (investments in unquoted shares and loan note investments).

	30 Sep				31 Mar			
	Level 1	Level 2	Level 3	2018	Level 1	Level 2	Level 3	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Quoted on AIM	29,067	-	-	29,067	24,390	-	-	24,390
Quoted on NEX	15	-	-	15	29	-	-	29
Quoted on Main market	5,430	-	-	5,430	5,600	-	-	5,600
Unquoted loan notes	-	-	23,490	23,490	-	-	22,477	22,477
Unquoted equity	-	-	33,626	33,626	-	-	29,092	29,092
	<u>34,512</u>	<u>-</u>	<u>57,116</u>	<u>91,628</u>	<u>30,019</u>	<u>-</u>	<u>51,569</u>	<u>81,588</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2018 (continued)

**11.** The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 March 2018 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.

**12. Going concern**

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

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

**13. Risks and uncertainties**

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

The Board has concluded that the key risks are:

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

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

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

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

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2018 (continued)

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

## SHAREHOLDER INFORMATION (continued from inside front cover)

### Share price

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

	<b>New Ordinary Shares</b>
TIDM/EPIC codes	DDV1
Latest share price (14 December 2018):	75.5p per share

### Selling shares

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

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

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

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

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

### Notification of change of address

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

### Other information for Shareholders

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

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

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

### **Directors**

Chris Kay (Chairman)  
Barry Dean  
Stuart Goldsmith

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

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

Registered No. 3150868

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

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

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

### **Registrar**

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

[www.linkassetservices.com](http://www.linkassetservices.com)  
Tel: 0871 664 0324  
(calls cost 12p per minute plus network extras,  
lines open Monday to Friday 8:30am to 5:30pm)



St Magnus House  
3 Lower Thames Street  
London EC3R 6HD

020 7416 7780  
[contact@downing.co.uk](mailto:contact@downing.co.uk)  
[www.downing.co.uk](http://www.downing.co.uk)



This document has  
been printed on  
100% recycled paper