



# Downing ONE VCT plc

Half-yearly report for the six months  
ended 30 September 2019



## SHAREHOLDER INFORMATION

### FINANCIAL SUMMARY

	30 Sep 2019	31 Mar 2019	30 Sep 2018	Nov 2013
	pence	pence	pence	pence
Net Asset Value per share ("NAV")	75.5	78.3	87.7	100.4
Cumulative dividends paid since 12 Nov 2013	33.5	31.5	28.5	0.0
Total return (NAV plus cumulative dividends paid per share)	109.0	109.8	116.2	100.4

### 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	28 February 2020	2.0p

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 9:00am 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 a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

The FCA has published information about such scams at <https://www.fca.org.uk/scamsmart>

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 present the Company's half-yearly report for the six-month period ended 30 September 2019. The period saw a continued high level of investment activity as the task of deploying the company's available funds continues, as well as a number of realisations from the existing investment portfolio.

The uncertain market conditions in the quoted portfolio, coupled with a small number of disappointing setbacks in the unquoted portfolio has resulted in a minor decrease in NAV (after adjusting for dividends paid) since the 31 March 2019 year end.

### Net asset value and results

As at 30 September 2019, the Company's NAV stood at 75.5p, a decrease of 0.8p (or 1.0%) compared to the 31 March 2019 year-end position, after adding back the 2.0p dividend paid during the period.

The return attributable to equity shareholders for the period was a loss of £1.1 million, comprising a revenue loss of £99,000 and a capital loss of £983,000.

### Investment activity and performance

The Company has been an active investor during the period with ten qualifying investments and one non-qualifying investment made totalling £4.2 million. Four of these were new investments and seven were follow on investments into existing portfolio companies. There were a number of disposals and part disposals in the period. Total realisations in the period generated proceeds of £6.6 million, resulting in a minor net realised loss of £4,000.

At the period end, the Company held a portfolio of 89 investments, with 29% (by value) held in quoted growth, 47% (by value) in unquoted income and 24% (by value) in unquoted growth. 30 investments are held in the quoted growth category which are either quoted on AIM or the

NEX Exchange Growth Market and have a value of £23.7 million. The 59 unquoted investments have a value of £57.7 million.

At the period end the Board has reviewed the unquoted valuations and approved a number of adjustments. Net unrealised losses across the unquoted and quoted portfolio over the period were £730,000.

Further details of the investment activities of the Company are in the Investment Adviser's Report on pages 3 to 8.

### 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 2.0p which will be paid on 28 February 2020 to Shareholders on the register as at 7 February 2020.

This will take the total dividends paid since the merger in November 2013 to 35.5p.

### Fundraising

The Company launched a new offer for subscription on 19 September 2019, seeking to raise up to £15 million, with the option of a further £25 million. The offer has been well received by the market in the three months that it has been open, with £3.4 million being raised to date.

### General Meeting

The Company held a General Meeting on 6 November 2019 seeking Shareholder approval for resolutions in connection with the new fundraising offer, to revise the investment strategy to align with future investment into young growth businesses and amend arrangements with the Investment Adviser. All resolutions proposed were approved.

## CHAIRMAN'S STATEMENT (continued)

### General Meeting (continued)

In line with the resolutions, Downing LLP's annual management charge has been increased from 1.8% to 2.0% per annum and the cap on annual running costs provided by Downing LLP has reduced from 2.75% to 2.6% with effect from 1 October 2019.

### 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 1,159,749 shares at an average price of 73.5p per Ordinary Share, being a 5% discount to the latest announced NAV at the time of purchase.

### VCT Qualification

From 1 April 2020, the proportion of funds required to be invested in VCT qualifying investments for the Company will increase from 70% to 80%. Currently, the VCT holds 76.4% of its total investments in qualifying assets. The Board continues to monitor the qualification level closely and is confident of exceeding the 80% target by the end of the current accounting period.

### Outlook

In the period from the merger in 2013 to 30 September 2018, the Company experienced moderate but consistent growth in its Total Return. In the last 12 months, the Company has suffered from a number of factors that have impacted performance.

The unquoted income-focussed investments suffered from a small number of major setbacks in the last financial year. The quoted investments have suffered from uncertain market conditions producing falls in share prices from which they have yet to recover significantly. Unfortunately, the VCT regulations now mostly prevent the Company

from taking advantage of these lower prices by adding to the existing quoted holdings.

With the continued delay to Brexit, the political and economic uncertainty in the UK is expected to remain for some time. The Investment Adviser believes that the quoted portfolio share prices do not currently reflect the intrinsic value of the underlying businesses and there are therefore prospects for growth. However, any significant recovery is unlikely to take place until the outcome and full impact of Brexit are clear.

It is too early to form a view as to the ultimate success of the portfolio of young unquoted growth investments that the Company has made over the last couple of years. Weaker businesses in this sector tend to become apparent well before the stronger businesses prove themselves. This is the effect that we have started to see recently. The Investment Adviser works very closely with all of these businesses to ensure that the potential successes are identified and nurtured, while tough decisions about the businesses which ultimately may fail are taken at the earliest opportunity.

Funds raised under the new share offer will ensure that the Company is able to continue to add new businesses to the portfolio as well as support existing investments that require further funds. The Company's next report to Shareholders will be the Annual Report of the year ended 31 March 2020 which is expected to be published in July 2020.



**Chris Kay**  
Chairman

26 November 2019

## INVESTMENT ADVISER'S REPORT - OVERVIEW

### Introduction

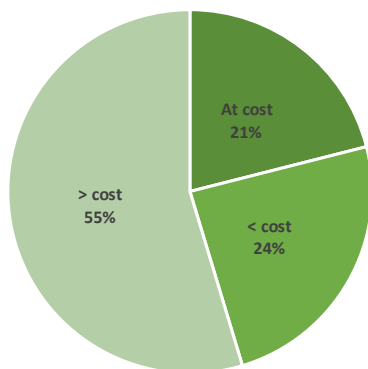
We present a review of the investment portfolio and activity over the six months to 30 September 2019. Our review is split into three parts comprising this overview, an unquoted investments review on pages 5 and 6 and a report on the quoted investments on pages 7 and 8.

### Portfolio Overview

At 30 September 2019, the Company held a portfolio of 89 investments, valued in total at £81.4 million.

There have been some positives and negatives within the portfolio over the period, resulting in a fall in value across both the quoted and unquoted portfolios. Despite the decrease to investment valuations in the period, over three quarters of the portfolio remains held at a valuation either at or above cost.

Valuation compared to cost



### Portfolio Performance

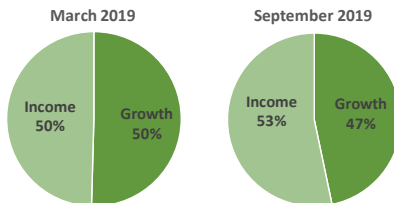
The net unrealised losses in the quoted portfolio totalled £434,000. The largest unrealised gains in the quoted portfolio were Inland Homes plc (£611,000), Cohort plc (£318,000) and Angle plc (£247,000). These were offset by unrealised losses on Bonhill Group plc (£438,000), Downing Strategic Micro-Cap Investment Trust plc (£328,000) and Tracsis plc (£270,000).

There were several valuation movements in the unquoted portfolio in the period totalling an unrealised loss over valuation of £296,000. Within the unquoted portfolio, the largest unrealised gains related to Baron House Developments LLP (£1.1 million) and Harrogate Street LLP (£657,000). These gains were offset by a small number of material unrealised losses in the unquoted portfolio, most notably to Empiribox Limited (£747,000), Jito Trading Limited (£727,000) and Live Better With Limited (£495,000).

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

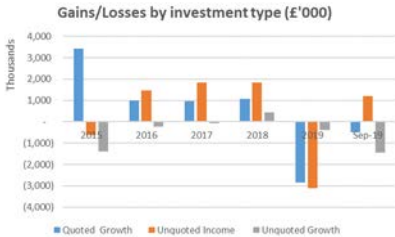
### Portfolio Composition

As noted in the 2019 annual report, the underlying investments in the portfolio are expected to shift from income to growth investments, in line with changes in the VCT regulations. In the six months to 30 September 2019, this has not been proven as a result of a number of write downs in the period, mainly attributable to the growth portfolio, with the quoted growth and unquoted growth sectors returning an unrealised loss of 0.4p and 1.1p respectively, contrasting to a 0.9p unrealised gain in the unquoted income sector.



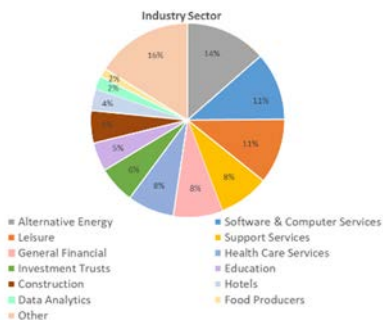
## INVESTMENT ADVISER'S REPORT – OVERVIEW (continued)

### Portfolio Composition (continued)



However, it is our expectation that the proportion of growth investments in the portfolio, particularly the unquoted growth investments, will increase over the coming years.

The diversified portfolio of the Company is reflected in the following chart and illustrates that the main sectors that the Company are invested in continue to be Alternative Energy, Leisure and Software and Computer Services, albeit the maximum exposure to any sector is 15%.



### Net asset value and results

The net asset value per Share (“NAV”) at 30 September 2019 stood at 75.5p, compared to the NAV at 31 March 2019 of 78.3p. Total Return (NAV plus cumulative dividends paid since the merger in 2013) is 109.0p.

### Outlook

In the period to 30 September 2019, the Company has demonstrated a high level of deal flow with £4.2 million being invested to date, which we expect to maintain over the remainder of the year.

It has been disappointing to report further write downs to a small number of the earlier stage companies. However, shareholders should be assured that the investment adviser has devoted notable resources to address the issues that have occurred. Uncertain market conditions have also resulted in falls in the quoted stocks, however we remain positive in the longer-term prospects for the existing portfolio.

We remain satisfied with the composition of the portfolio for the period to 30 September 2019, as focus remains on the close monitoring of the current portfolio. In addition, we shall continue to utilise the remaining cash in the Company as well as the additional funds raised from the current offer and expect the Company to be an active investor over the remainder of the year.

### Downing LLP

26 November 2019

## INVESTMENT ADVISER'S REPORT – UNQUOTED PORTFOLIO

We present a review of the unquoted investment portfolio for the six months ended 30 September 2019.

### **Investment activity**

At 30 September 2019, the unquoted portfolio was valued at £57.7 million, comprising 59 investments spread across a number of sectors.

During the period, the Company invested a total of £4.0 million in unquoted companies comprising four new investments and six follow-on investments.

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

JRNI Limited (£525,000) is a leading, business to business (B2B) software platform that enables companies to offer online appointment and event booking to their customers and staff in real-time.

Hummingbird Technologies Limited (£500,000) is an advanced crop analytics platform that is powered by machine learning and aerial imagery to assess and predict crop health.

Cambridge Touch Technologies Limited (£459,000) is developing pressure sensitive multi touch technology that is simpler to integrate in touch panels such as mobile phone devices.

StreetHub Limited, trading as Trouva (£300,000) is an online marketplace for curated homeware and lifestyle products.

Follow on investments totalling £2.2 million were made into Limitless Limited (£584,000), Volo Commerce Limited (£510,000), Lignia Wood Company Limited (£333,000), Channel Mum Limited (£300,000), Empiribox Limited (£250,000) and E-Fundamentals Limited (£250,000).

Details of the small number of realisations in the year are set out on page 15. Total proceeds of £2.9 million were generated, producing profits over holding value of £56,000.

Leytonstone Pub Limited, the owner of The Red Lion located in Leytonstone, London, was the largest disposal during the period after redeeming loans of £1.6 million in full.

One other notable exit was in Wickham Solar Limited, the owner of a 5.6MW ground mounted solar farm in Bourne, Lincolnshire which was exited in full, realising a gain over holding value of £56,000.

### **Portfolio valuation**

A number of adjustments to carrying values have been made at the period end, resulting in an overall loss of £296,000. The most significant of which are summarised below.

The largest fall in value was in Empiribox Limited, the provider of equipment and training to primary schools across the UK. Due to operational issues experienced in the company and cash restrictions within primary schools in the UK, the equity value has been reduced to nil, resulting in an unrealised loss of £747,000.

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

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

Jito Trading Limited, the developer of a wood pelleting plant in Weitra, Austria has suffered a further write down of £727,000. This has arisen as a result of it becoming clear that the company's projections were overoptimistic in terms of both costs to develop the plant and future trading prospects.

Live Better With Limited, a developer of a healthcare website aiming to help people with long-term medical conditions, has been reduced in value by £495,000 as a result of significant underperformance.

The losses encountered were partly offset by a number of gains across the portfolio. The most significant gain in the period related to Baron House Developments LLP, a company created to fund the purchase of a property opposite Newcastle station, which qualifies under the BPRA scheme. At the period end, an uplift of £1.1 million was recognised, following improved trading and an uplift in the value of the hotel site.

### **Outlook**

We remain satisfied with the composition of the portfolio for the period to 30 September 2019, despite the significant challenges faced by a limited number of investments which has impacted performance.

We believe that the portfolio includes businesses that can deliver good rewards over time and expect to see further funds deployed into a strong pipeline of investments over the remainder of the period.

### **Downing LLP**

26 November 2019



## INVESTMENT ADVISER'S REPORT – QUOTED PORTFOLIO

### Quoted investments

#### *Investment activity*

At 30 September 2019 the quoted portfolio was valued at £23.7 million comprising 30 active investments.

It was a relatively quiet period, during which the quoted portfolio made one full exit in Finsbury Food Group plc, a partial sale in Craneware plc, and a follow-on investment in the Downing Strategic Micro-Cap Investment Trust plc.

In August 2019, the boards of Sanderson Group plc and Aptean Bidco announced they had agreed terms of a recommended cash acquisition by Aptean Bidco to acquire the entire issued share capital of Sanderson Group. Following shareholder approval, shareholders were entitled to receive 140 pence per share.

Realisations of quoted investments generated proceeds of £3.6 million and a loss over holding value of £60,000. The largest of these realisations related to Finsbury Food Group plc, a leading UK speciality bakery manufacturer of cake, break and morning goods for the retail and foodservice channels, generating proceeds of £843,000 and producing a gain over holding value of £155,000.

#### **Portfolio valuation**

Overall, the quoted portfolio produced unrealised losses of £434,000. The most notable movements are summarised below.

Cohort plc provides a wide range of services and products for domestic and export customers in defence and related markets. During the period its share price appreciated as the group announced positive progress, achieving a record adjusted operating profit and record order intake.

In addition, three significant new contract wins in the period enhanced the visibility of future group revenue. This resulted in an increase in market value of £318,000.

Inland Homes plc is a land developer focusing on residentially-led, mixed-use brownfield sites in the South of England. During the period, the group announced that it had received planning consent for its flagship site at Wilton Park, Buckinghamshire, a site that has an estimated gross development value of £350 million. We believe that strategic land is now making a positive contribution to the group's profitability. This led to an increase in market value of £611,000.

The most significant decrease in the period was to Bonhill Group plc (formerly Vitesse Media plc), a business to business (B2B) media company providing business information, live events and data and insight propositions to international business communities. The group reported that a challenging US market impacted trading at InvestmentNews, its US business. In addition, the lack of fund flows in the UK fund management industry and the ongoing issues in Hong Kong have impacted performance. Full year revenue and EBITDA will be below market expectations and this resulted in a decrease in market value of £437,000. However, we are confident that the group will enter 2020 in a stronger position.

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

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

Downing Strategic Micro-Cap Investment Trust plc also had a decrease in value across the period. We believe a combination of uncertainty, failing markets and poor sentiment towards UK smaller companies has driven micro-cap share prices down excessively over the last six months. The Trust's share price fell and the discount to net asset value widened over the last reporting period. This has resulted in a decrease in market value over the period of £328,000. Given the upside that the manager sees in this portfolio, an additional investment of £197,000 was made to take advantage on the discount on the NAV.

### **Outlook**

We believe the portfolio is well positioned to grow over the coming years, but the political and economic background remains challenging. This environment is particularly difficult for small and micro-cap companies that have been impacted by poor market sentiment and whose share prices have been driven down because they are generally perceived to raise most of their revenues from the domestic market.

However, despite the headwinds, we believe that the outlook for young and growing companies remains positive and should support future growth.

**Downing LLP**

26 November 2019

## UNAUDITED BALANCE SHEET

as at 30 September 2019

	30 Sep 2019 Note	30 Sep 2018 £'000	31 Mar 2019 £'000
<b>Fixed assets</b>			
Investments	81,388	91,628	84,483
<b>Current assets</b>			
Debtors	3,519	2,168	3,228
Cash at bank and in hand	16,517	24,021	17,222
	<u>20,036</u>	<u>26,189</u>	<u>20,450</u>
<b>Creditors:</b> amounts falling due within one year	(868)	(403)	(383)
<b>Net current assets</b>	<u>19,168</u>	<u>25,786</u>	<u>20,067</u>
<b>Net assets</b>	<u>100,556</u>	<u>117,414</u>	<u>104,550</u>
<b>Capital and reserves</b>			
Called up share capital	8 1,329	1,338	1,334
Capital redemption reserve	9 1,608	1,586	1,597
Share premium	9 45,989	44,923	45,515
Funds held in respect of shares not yet allotted	9 237	60	114
Special reserve	9 51,965	60,390	52,526
Capital reserve – unrealised	9 (1,709)	8,899	1,343
Revenue reserve	9 1,137	218	2,121
	<u>100,556</u>	<u>117,414</u>	<u>104,550</u>
<b>Equity shareholders' funds</b>	<u>100,556</u>	<u>117,414</u>	<u>104,550</u>
<b>Basic and diluted net asset value per share</b>	7 75.5p	87.7p	78.3p

## UNAUDITED INCOME STATEMENT

for the six months ended 30 September 2019

	Six months ended 30 September 2019			Six months ended 30 September 2018			Year ended 31 March 2019	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		1,232	100	1,332	1,750	90	1,840	4,727
(Losses)/gains on investments								
- realised		-	(4)	(4)	-	39	39	(30)
- unrealised		-	(730)	(730)	-	3,890	3,890	(6,287)
		1,232	(634)	598	1,750	4,019	5,769	(1,590)
Investment management fees		(461)	(461)	(922)	(510)	(510)	(1,020)	(1,950)
Other expenses		(758)	-	(758)	(381)	-	(381)	(732)
<b>(Loss)/gain on ordinary activities before tax</b>		13	(1,095)	(1,082)	859	3,509	4,368	(4,272)
Tax on total comprehensive income and ordinary activities		(112)	112	-	(128)	128	-	-
<b>(Loss)/return attributable to equity shareholders</b>	<b>5</b>	<b>(99)</b>	<b>(983)</b>	<b>(1,082)</b>	<b>731</b>	<b>3,637</b>	<b>4,368</b>	<b>(4,272)</b>
<b>Basic and diluted return per share</b>		<b>(0.1p)</b>	<b>(0.7p)</b>	<b>(0.8p)</b>	<b>0.5p</b>	<b>2.7p</b>	<b>3.2p</b>	<b>(3.2p)</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 2019

	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 2019</b>									
<b>At 1 Apr 2019</b>	1,334	1,597	45,515	114	52,526	-	1,343	2,121	104,550
Total comprehensive income	-	-	-	-	-	(253)	(730)	(99)	(1,082)
Realisation of revaluations from previous years*	-	-	-	-	-	1,752	(1,752)	-	-
Realisation of impaired valuations	-	-	-	-	-	570	(570)	-	-
Transfer between reserves**	-	-	-	-	298	(298)	-	-	-
<i>Transactions with owners</i>									
Unallotted shares	-	-	-	123	-	-	-	-	123
Dividends paid	-	-	-	-	-	(1,771)	-	(885)	(2,656)
Issue of new shares	6	-	474	-	-	-	-	-	480
Share issue costs	-	-	-	-	(3)	-	-	-	(3)
Purchase of own shares	(11)	11	-	-	(856)	-	-	-	(856)
<b>At 30 Sept 2019</b>	<b>1,329</b>	<b>1,608</b>	<b>45,989</b>	<b>237</b>	<b>51,965</b>	<b>-</b>	<b>(1,709)</b>	<b>1,137</b>	<b>100,556</b>

\* A transfer of £1.8 million representing previously recognised unrealised gains on disposal of investments during the period ended 30 September 2019 (year ended 31 March 2019: losses £1.6 million) has been made from the Capital reserve - realised to the Revaluation reserve.

\*\* A transfer of £298,000 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 (year ended 31 March 2019: £7.3 million) has been made from Capital Reserves - realised to Special reserve.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	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 2019</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	-	-	-	-	-	(618)	(6,287)	2,634	(4,271)
Realisation of revaluations from previous years	-	-	-	-	-	(1,598)	1,598	-	-
Realisation of impaired valuations	-	-	-	-	-	(1,123)	1,123	-	-
Transfer between reserves	-	-	-	-	(10,018)	10,018	-	-	-
<i>Transactions with owners</i>									
Unallotted shares	-	-	-	(12,762)	-	-	-	-	(12,762)
Dividends paid	-	-	-	-	-	(6,679)	-	(1,341)	(8,020)
Issue of new shares	157	-	13,854	-	-	-	-	-	14,011
Share issue costs	-	-	-	-	(470)	-	-	-	(470)
Purchase of own shares	(23)	23	-	-	(1,845)	-	-	-	(1,845)
<b>At 31 Mar 2019</b>	<b>1,334</b>	<b>1,597</b>	<b>45,515</b>	<b>114</b>	<b>52,526</b>	<b>-</b>	<b>1,343</b>	<b>2,121</b>	<b>104,550</b>

## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2019

	<b>30 Sep 2019 £'000</b>	<b>30 Sep 2018 £'000</b>	<b>31 Mar 2019 £'000</b>
<b>Cash flow from operating activities</b>			
(Loss)/profit on ordinary activities before taxation	(1,082)	4,368	(4,272)
Loss/(gain) on investments	734	(3,929)	6,317
Increase in debtors	(291)	(594)	(1,654)
Increase/(decrease) in creditors	279	(179)	(76)
<b>Cash from operations</b>			
Corporation tax paid	-	-	-
<b>Net cash (utilised)/generated from operating activities</b>	<u>(360)</u>	<u>(334)</u>	<u>315</u>
<b>Cash flow from investing activities</b>			
Purchase of investments	(4,208)	(6,300)	(12,501)
Proceeds from disposal of investments	6,570	189	3,289
<b>Net cash generated/(utilised) from investing activities</b>	<u>2,362</u>	<u>(6,111)</u>	<u>(9,212)</u>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	480	13,412	14,011
Funds held in respect of shares not yet allotted	123	(12,816)	(12,762)
Share issue costs	(3)	(468)	(470)
Purchase of own shares	(651)	(1,098)	(2,096)
Equity dividends paid	(2,656)	(4,020)	(8,020)
<b>Net cash utilised from financing activities</b>	<u>(2,707)</u>	<u>(4,990)</u>	<u>(9,337)</u>
<b>Decrease in cash</b>	<u>(705)</u>	<u>(11,435)</u>	<u>(18,234)</u>
<b>Net increase in cash</b>			
Beginning of period	17,222	35,456	35,456
Net cash outflow	<u>(705)</u>	<u>(11,435)</u>	<u>(18,234)</u>
End of period	<u>16,517</u>	<u>24,021</u>	<u>17,222</u>

## SUMMARY OF INVESTMENT PORTFOLIO

as at 30 September 2019

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
<b>Top twenty venture capital investments (by value)</b>				
Doneloans Limited	5,000	5,627	1	5.7%
Tracsis plc*	1,443	4,585	(270)	4.7%
Downing Care Homes Holdings Limited	3,880	4,495	-	4.6%
Baron House Developments LLP	2,695	3,773	1,078	3.9%
Downing Strategic Micro-Cap Investment Trust plc**	5,197	3,418	(328)	3.5%
Cadbury House Holdings Limited	3,082	3,075	-	3.1%
Pilgrim Trading Limited	2,594	2,594	-	2.6%
Inland Homes plc*	1,526	2,412	611	2.5%
Xupes Limited	2,250	2,250	-	2.3%
Leytonstone Pub Limited	361	2,061	(75)	2.1%
Harrogate Street LLP	1,400	2,057	657	2.1%
Anpario plc*	1,448	1,979	-	2.0%
Craneware plc*	353	1,877	61	1.9%
Avid Technologies Group Limited	1,351	1,659	-	1.7%
Pearce & Saunders Limited	1,320	1,605	(48)	1.6%
Lignia Wood Company Limited	1,444	1,533	-	1.6%
Pantheon Trading Limited	1,500	1,500	-	1.5%
Data Centre Response Limited	557	1,414	148	1.4%
Universe Group plc*	1,506	1,350	(11)	1.4%
Nomansland Biogas Limited	1,300	1,300	-	1.3%
	<u>40,207</u>	<u>50,564</u>	<u>1,824</u>	<u>51.5%</u>
<b>Other venture capital investments</b>	<u>43,842</u>	<u>30,824</u>	<u>(2,554)</u>	<u>31.6%</u>
	<u>84,049</u>	<u>81,388</u>	<u>(730)</u>	<u>83.1%</u>
<b>Cash at bank and in hand</b>		<u>16,517</u>		<u>16.9%</u>
<b>Total investments</b>		<u>97,905</u>		<u>100%</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 2019

### Additions

£'000

#### Quoted

Downing Strategic Micro-Cap Investment Trust plc	197
	197

#### Unquoted

Limitless Limited	584
JRNI Limited	525
Volo Commerce Limited	510
Hummingbird Technologies Limited	500
Cambridge Touch Technologies Limited	459
Lignia Wood Company Limited	333
Channel Mum Limited	300
StreetHub Limited	300
Empiribox Limited	250
E-Fundamentals Limited	250
	4,011

### Total additions

4,208

### Disposals

	Cost	Value at	Disposal	Gain/(loss)	Realised
	£'000	31/03/19*	proceeds	against	gain/(loss)
	£'000	£'000	£'000	cost	in period
				£'000	£'000
<b>Quoted</b>					
Sanderson Group plc	336	461	701	365	240
Finsbury Food Group plc	655	688	843	188	155
Craneware plc	497	2,550	2,095	1,598	(455)
	1,488	3,699	3,639	2,151	(60)
<b>Unquoted</b>					
<i>Including loan note redemptions</i>					
Wickham Solar Limited	473	660	716	243	56
Mosaic Spa and Health Clubs Limited	706	58	58	(648)	-
Pabulum Limited	607	607	607	-	-
Leytonstone Pub Limited	1,550	1,550	1,550	-	-
	3,336	2,875	2,931	(405)	56
	4,824	6,574	6,570	1,746	(4)

\* adjusted for purchases in the period

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2019

### 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 2019 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2019, 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 2018 and the year ended 31 March 2019 respectively.

### 5. Return per share

	Weighted average number of shares in issue	Revenue (deficit)/return £'000	Capital (loss)/gain £'000
Period ended 30 September 2019	133,357,325	(99)	(983)
Period ended 30 September 2018	133,284,857	731	3,637
Year ended 31 March 2019	133,474,895	2,634	(6,906)

### 6. Dividends paid in the period

		Six months ended 30 September 2019			Year ended 31 March 2019
Date paid		Revenue £'000	Capital £'000	Total £'000	Total £'000
2019 Final	30 August 2019: 2.0p	885	1,771	2,656	-
2019 Interim	22 February 2019: 3.0p	-	-	-	4,001
2018 Final	24 August 2018: 3.0p	-	-	-	4,019
		885	1,771	2,656	8,020

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2019 (continued)

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

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2019	132,902,307	100,556	75.5
Period ended 30 September 2018	133,822,737	117,414	87.7
Year ended 31 March 2019	133,444,807	104,550	78.3

### 8. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2019	132,902,307	1,329
Period ended 30 September 2018	133,822,737	1,338
Year ended 31 March 2019	133,444,807	1,334

### 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.

	30 Sep 2019 £'000	30 Sep 2018 £'000	31 Mar 2019 £'000
Capital redemption reserve	1,608	1,586	1,597
Share premium account	45,989	44,923	45,515
Funds held in respect of shares not yet allotted	237	60	114
Special reserve	51,965	60,390	52,526
Revaluation reserve	(1,709)	8,899	1,343
Revenue reserve	1,137	218	2,121
Total reserves	99,227	116,076	103,216

Distributable reserves are calculated as follows:

	30 Sep 2019 £'000	30 Sep 2018 £'000	31 Mar 2019 £'000
Special reserve	51,965	60,390	52,526
Revenue reserve	1,137	218	2,121
Unrealised gains/(losses) (excluding unrealised unquoted gains)	(10,144)	3,629	(5,989)
	42,958	64,237	48,658

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2019 (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 2019. 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	2019	Level 1	Level 2	Level 3	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Quoted on AIM	19,203	-	-	19,203	23,027	-	-	23,027
Quoted on NEX	8	-	-	8	18	-	-	18
Quoted on main market	4,499	-	-	4,499	4,600	-	-	4,600
Unquoted loan notes	-	-	22,330	22,330	-	-	21,645	21,645
Unquoted equity	-	-	35,348	35,348	-	-	35,193	35,193
	<u>23,710</u>	<u>-</u>	<u>57,678</u>	<u>81,388</u>	<u>27,645</u>	<u>-</u>	<u>56,838</u>	<u>84,483</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2019 (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 2019 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 2019 (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 (25 November 2019):	71.0p 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 Investors" and then "Shareholder Services UK".

**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 9:00am to 5:30pm)



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