



DOWNING ONE VCT PLC

Half Yearly Report for the six months ended

30 September 2020

Downing 

Shareholder Information

Financial Summary

	30 Nov 2020	30 Sep 2020	31 Mar 2020	30 Sep 2019	Nov 2013
	pence	pence	pence	pence	pence
Net Asset Value per share ("NAV")	57.9	56.3	57.6	75.5	100.4
Cumulative dividends paid since Nov 13	37.5	37.5	35.5	33.5	0.0
Total Return (NAV plus cumulative dividends paid per share)	95.4	93.8	93.1	109.0	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	26 February 2021	1.25p

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.linkgroup.eu). 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.

Chairman's Statement

I present the Company's half-yearly report for the six-month period ended 30 September 2020.

When I last reported to shareholders in July, the UK was just starting to come out of the first lockdown, and it was clear that some of the portfolio companies had been significantly negatively impacted by the coronavirus pandemic. Since then, we have seen the setback of the second wave and a further government-imposed lockdown.

Although some investments have been further hindered by the ongoing pandemic, particularly those within the leisure and hospitality sectors, many have now been able to adapt to the conditions and some have been able to benefit from the new environment, for example in the education technology sector.

The Company has been a very active investor in recent months, completing investments in a number of attractive new prospects within the software and computer technology, education, retail and biotechnology sectors totalling £12.7 million.

Net asset value and results

As at 30 September 2020, the Company's NAV stood at 56.3p, an increase of 0.7p (or 1.2%) compared to the 31 March 2020 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 gain of £1.3 million, comprising a revenue loss of £366,000 and a capital gain of £1.6 million.

Investment activity and performance

Over the last six months, Downing, the Investment Adviser, has been able to strengthen its investment team which has generated a significant number of new investment opportunities.

During the period, the Company made 17 VCT qualifying investments, totalling £12.7 million. This is the highest rate of investment in a six-month period that the Company has achieved under the current VCT regulations. 11 of these additions were new investments and six were follow on investments into existing portfolio companies.

In line with the current VCT regulations, £11.4 million of the additions were in unquoted growth businesses, which tend to be younger businesses with a high risk/reward ratio. Unquoted growth companies now make up almost 40% of the total portfolio (by value) and the proportion is expected to continue to increase going forward.

There were also a small number of disposals and part disposals in the period. Total realisations generated proceeds of £1.2 million, resulting in a net realised gain of £328,000.

At the period end, the Company held a portfolio of 80 active investments, with 27% (by value) held in quoted growth, 35% (by value) in unquoted yield focused and 38% (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 £20.4 million. The 50 unquoted investments have a value of £56.6 million.

Chairman's Statement (continued)

Investment activity and performance (continued)

At the period end the Board has reviewed the unquoted valuations and approved a number of adjustments. Net unrealised gains across the unquoted and quoted portfolio over the period were £1.6 million.

Further details of the investment activities of the Company are in the Investment Adviser's Report on pages 4 to 11.

Dividends

The Company has a stated policy of seeking to pay dividends equivalent to at least 4% of net asset value (currently 56.3p) each year. Consistent with this policy, the Board has declared an interim dividend of 1.25p (equivalent to 2.2% of current NAV) which will be paid on 26 February 2021 to Shareholders on the register as at 5 February 2021.

This will take the total dividends paid since the merger in November 2013 to 38.75p.

Fundraising

The Company launched a new offer for subscription in September 2020, seeking to raise up to £15 million, plus an over-allotment facility. £2.6 million has been raised to date under the offer. If existing investors wish to subscribe under the offer, they will receive a discount of 1.0% for applications processed by 26 February 2021.

With the Investment Adviser reporting a continuing strong pipeline of new investment opportunities, funds raised under the offer will allow the Company to take advantage of these as well as supporting existing portfolio companies.

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 1,343,282 shares at an average price of 54.3p per Ordinary Share, being a 5% discount to the latest announced NAV at the time of purchase.

VCT Qualification

Following the significant number of new qualifying investments made over the past six months, qualifying investments now represent 83.8% of total investments (including cash). The minimum VCT qualification level of 80% is expected to continue to be comfortably exceeded for the foreseeable future.

Outlook

Since 30 September 2020, there has been some further recovery by the quoted stocks due, in part, to the prospect of a return to more normal conditions in 2021. At 30 November 2020, the estimated unaudited NAV had risen to 57.9p (Total Return of 95.4p), an increase of 1.6p since 30 September 2020.

Although the Company remains exposed to sectors that have been heavily affected by the pandemic, many of the portfolio companies have now been able to modify their plans to operate successfully in the current conditions. The Investment Adviser continues to work closely with all portfolio companies, ensuring that they benefit from any government and other support that is available.

Chairman's Statement (continued)

Outlook (continued)

We now have a significant number of investments which are new additions to the portfolio since the original coronavirus outbreak. A number of the new investments are within the deep tech field, that have been made alongside industry leaders and where the Investment Adviser is upbeat about prospects.

With the recent positive news regarding coronavirus vaccines and the feeling that there is now light at the end of the tunnel, we believe the portfolio is well placed to deliver growth over the medium term.



Chris Kay
Chairman

18 December 2020

Investment Adviser's Report - Overview

Introduction

We present a review of the investment portfolio and activity over the six months to 30 September 2020. Our review is split into three parts comprising this overview, an unquoted investments review on pages 7 and 9 and a report on the quoted investments on pages 10 and 11.

Net asset value and results

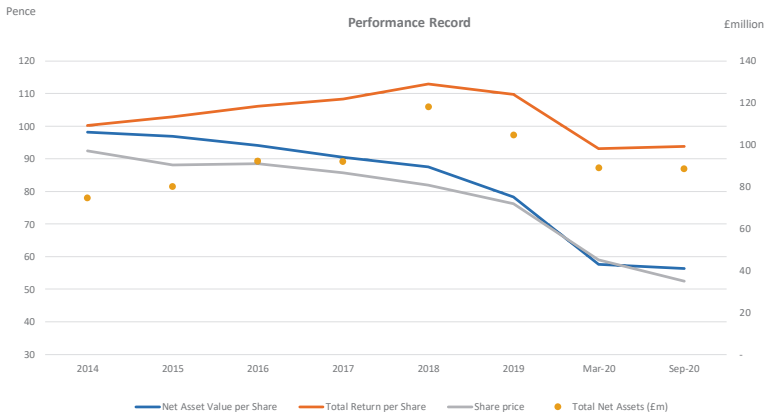
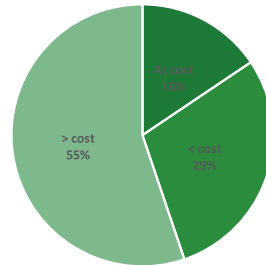
The net asset value per Share ("NAV") at 30 September 2020 stood at 56.3p, compared to the NAV at 31 March 2020 of 57.6p. Total Return (NAV plus cumulative dividends paid since the merger in 2013) is 93.8p, resulting in an increase of 0.7p after adjusting for the dividends paid during the period of 2.0p, as illustrated in the performance record chart below.

Portfolio Overview

At 30 September 2020, the Company held a portfolio of 80 active investments, valued in total at £77.0 million, with £12.7 million of additions in the six months.

The period to 30 September 2020 has seen mixed performance across the portfolio with the coronavirus pandemic negatively impacting some investments, while others have adapted and made progress despite, or in some cases supported by, the current conditions. This has resulted in an overall increase in value across both the quoted and unquoted portfolios since 31 March 2020. As a result, more than 70% of the portfolio is now held at a valuation either at or above cost.

Valuation compared to cost



Investment Adviser’s Report – Overview (continued)

Performance

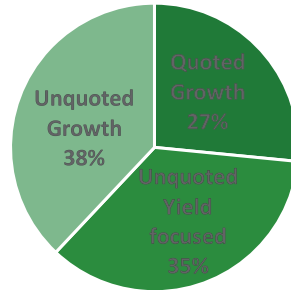
The net unrealised gains in the quoted portfolio totalled £1.6 million. There were several valuation movements in the unquoted portfolio in the period totalling an unrealised gain over valuation of £105,000. The historic contribution of each investment type is illustrated in the chart below.

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

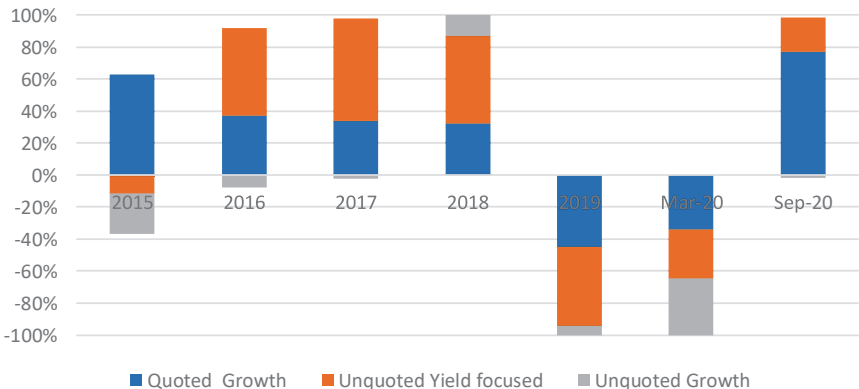
Portfolio Composition

The shift in the balance of the portfolio towards younger, unquoted growth investments, in line with the current VCT regulations, has continued with the proportion of funds (by value) in these investments increasing from 24% to 40% over the last 12 months.

Portfolio by type of investment



Total Gains/Losses by investment type (%)



Investment Adviser’s Report – Overview (continued)

Portfolio Composition (continued)

It is our expectation that the proportion of growth investments in the portfolio, particularly the unquoted growth investments, will continue to increase over the coming years as we gradually exit from the older unquoted yield focused investments and new funds are deployed mostly in unquoted growth investments.

The investment portfolio continues to be well diversified with recent new investments made in the software and computer technology, education, retail and biotechnology sectors. Further details on all new investments can be found on the following pages.

The current sector split of the portfolio is summarised below.

Outlook

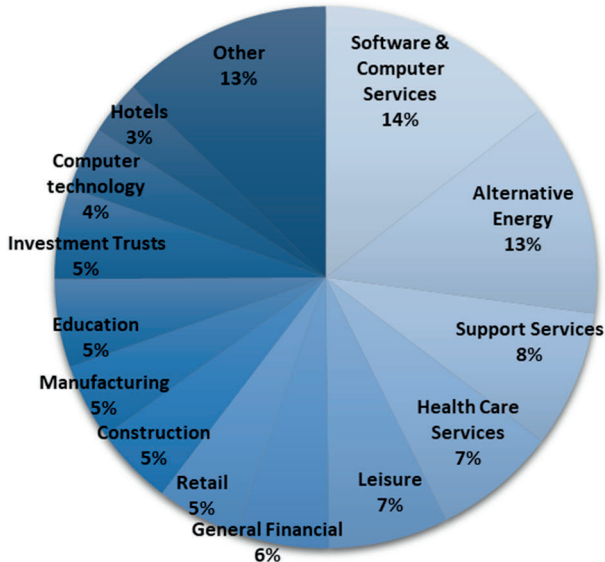
For those portfolio companies to which it is relevant, we have ensured that they have taken full advantage of the government support that has been made available and encouraged management to act swiftly and decisively where necessary. Although some businesses, particularly those in the leisure sector, are still vulnerable to further impact from the pandemic, we believe there are good prospects in the portfolio that can start to drive improved performance.

We expect to see the recent high level of new investment activity to continue over the remainder of the year as we seek to deploy the existing funds and new funds from the current offer for subscription

Downing LLP

18 December 2020

Portfolio sector (by cost)



Investment Adviser's Report – Unquoted portfolio

We present a review of the unquoted investment portfolio for the six months ended 30 September 2020.

Investment activity

At 30 September 2020, the unquoted portfolio was valued at £56.6 million, comprising 50 investments spread across a number of sectors.

During the period, the Company invested a total of £11.4 million in unquoted companies comprising seven new investments and five follow-on investments.

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

Carbice Corporation (£3.0 million) has developed a suite of products based on its carbon material which is primarily used as thermal management solutions.

Cornelis Networks (£2.1 million) has developed purpose-built high-performance fabrics used within commercial, scientific, academic and government organisations.

Parsable (£1.5 million) has developed mobile applications and administration system software to improve operational efficiency within the corporate and manufacturing industry.

Ayar Labs Inc (£1.3 million) has developed components for high performance computing and data centre applications.

Genincode Limited (£600,000) is a biotechnology company that offers analysis of a patient's cardio health risk through clinical genetic tests combined with AI.

Trinny London Limited (£443,000) is an e-commerce-based beauty and cosmetics brand launched by Trinny Woodall.

MIP Diagnostics Limited (£150,000) is a manufacturer of polymer based synthetic antibodies which are used across a variety of sectors including diagnostics, sensors, food testing and reagent purification.

Follow on investments totalling £2.3 million were made into Empiribox Limited (£1.3 million), FundingXchange Limited (£525,000), Curo Compensation Limited (£244,000), ADC Biotechnology Limited (£167,000) and Virtual Class Limited (£125,000).

Details of the small number of realisations in the year are set out on page 19. Total proceeds of £1.2 million were generated, producing profits over holding value of £328,000.

Empiribox Limited, the provider of equipment and training to primary schools across the UK, converted their existing loan notes during the period into further qualifying equity.

Pearce and Saunders Limited, a freehold pub business, redeemed part of their loan notes during the period, receiving proceeds of £440,000.

Investment Adviser's Report – Unquoted portfolio (continued)

Portfolio valuation

A number of adjustments to carrying values have been made at the period end, resulting in an overall gain of £105,000. The most significant of which are summarised below.

The largest gain in value was in E-Fundamentals (Group) Limited, a Software as a Service (SaaS) analytics company. At the period end an uplift of £1.1 million was recognised following strong revenue growth both in the UK and US markets.

Downing Care Homes Holdings Limited, which owns four specialist care homes, was uplifted in value by £1.0 million. This was partially driven by the unwinding of provisions made at the onset of the coronavirus pandemic (which were based on assumptions that proved to be overly cautious) and partially by improving occupancy and tight control of costs. These have resulted in the company performing ahead of budget, leading to an increase in valuation.

Virtual Class Limited, trading as Third Space Learning, has been increased in value by £665,000 reflecting recent improvements in financial performance driven by increased demand for remote teaching solutions.

Baron House Developments LLP, a company created to fund the purchase of a property opposite Newcastle Central station for redevelopment as a hotel, was uplifted by £539,000 during the year. This movement is driven by the latest trading projections, which are stronger than originally anticipated at the outbreak of the pandemic.

The gains recognised at the period end were partly offset by a number of losses across the portfolio. The most significant loss in the period related to Lignia Wood Company Limited, a producer of modified sustainable wood based in Barry, Wales, which is, amongst other application used in yacht building. Since the start of the pandemic, Lignia has experienced a substantial reduction in demand. We are now unlikely to support a further investment in the company and it may ultimately fail. As a result, the company has been written down to nil, generating an unrealised loss of £1.2 million.

Avid Technologies Group Limited, a manufacturer of electrified ancillary equipment for internal combustion engines, has been written down by £687,000 given the economic uncertainty, which has resulted in significant delays to a planned sale of the company.

Pearce and Saunders Limited, a freehold pub business, has been impacted by the ongoing coronavirus pandemic and the lockdown restrictions imposed on the UK. As a result, a write down of £646,000 has been recognised to reflect the closure of the site and the anticipated impact on future revenue and profit.

Investment Adviser's Report – Unquoted portfolio (continued)

Outlook

The period to 30 September 2020 has seen an unprecedented situation which has severely impacted the UK and Worldwide economies. Although some businesses have been able to quickly adapt and move forward, the pandemic will affect others, particularly those in the leisure and hospitality sectors, for an extended period.

The unquoted portfolio is however well diversified, and we take some encouragement from the fact that the portfolio saw an overall uplift over the last six months. We are optimistic that the unquoted portfolio includes businesses, particularly the newer investments, which can drive performance going forward.

Downing LLP

18 December 2020

Investment Adviser's Report – Quoted portfolio

Investment activity

At 30 September 2020, the quoted portfolio was valued at £20.5 million comprising 30 active investments.

During the period, the quoted portfolio made four new qualifying investments in Feedback plc, a specialist medical imaging technology company, Deepmatter Group plc, a company focusing on digitising chemistry, One Media IP Group plc, a digital music rights acquirer, and Pelatro plc, a precision marketing software specialist. An increase was made to an existing investment in Immotion Group plc, an immersive entertainment group. These additions totalled £1.3 million.

There were partial sales in Science in Sport plc, a performance nutrition company and Flowgroup plc, which is currently in liquidation. The only full disposal made in the period related to Redhall Group plc, an engineering business which is currently in administration.

Portfolio valuation

Overall, in the six months to 30 September 2020, the quoted portfolio produced a positive result, with an unrealised gain of £1.6 million. The most notable movements are discussed below.

Anpario plc is an international producer and distributor of natural animal feed additives for animal health, nutrition and biosecurity. After falling sharply in early March, its share price recovered strongly and at the reporting period end, was trading c.14% higher than its pre-COVID-19 levels. The group delivered strong sales and profit performance in the first half of 2020, despite the extreme challenges posed by the pandemic. Management seeks to continue the on-line and direct marketing tactics that produced such a strong first half performance.

Additionally, it will be able to build upon new business gained from those competitors unable to supply during lockdown. The group's strong balance sheet provides the resources to expand its global reach and to undertake earnings enhancing and complementary acquisitions which may arise in these uncertain times. The market valuation increased by £495,000.

Universe Group plc is a developer and supplier of retail management solutions, payment and loyalty systems. The group reported in its latest published results for the six months ended 30 June 2020, that first half revenues had held up despite the effects of COVID-19. While market conditions were difficult, Universe won further significant business with several major clients in the payment processing space, as well as a major payment device contract. The group is a second half weighted business, dependent on a small number of high value projects. Following completed revenues of £9.8 million in the first half, there are further revenues of £12.5 million visible through existing recurring and repeatable revenue contracts and the order book to year end. The group needs to fully execute the order book over the rest of the year, however, together with a sound balance sheet showing net cash and undrawn banking facilities, the board remains cautiously optimistic for 2020 and beyond. As a result, the market valuation has increased by £482,000.

The most significant decrease was to Craneware plc, a market leader in Value Cycle software solutions for the US healthcare market. The group reported good progress in the year ended 30 June 2020, despite the difficulties imposed by COVID-19 in its final quarter. Management stated that it has experienced strong sales momentum in Q1 and continues to have sales discussions with hospitals across the US.

Investment Adviser's Report – Quoted portfolio (continued)

Portfolio valuation (continued)

The board is cautiously optimistic that it is seeing the first signs of sales cycles slowly normalising, however, it remains cognisant of the ongoing macro uncertainties. The business benefits from a strong balance sheet and high levels of recurring revenue, entering the new financial year with an annuity revenue base of over \$65 million, providing it with a strong foundation for future growth. The market valuation decreased by £236,000.

Tracis plc, a provider of transport software solutions and condition monitoring equipment that automates and optimises the process of labour scheduling for rail and bus services, also decreased in value over the period by £193,000. The group provided a trading update for the year ended 31 July 2020 and reported that revenues are expected to be around £48 million, compared to £49.2 million for the same period in the year prior. COVID-19 has had a negative impact of around £10 million on overall revenues mainly in its Traffic & Data Services Division, though the impact was much less than originally feared. Under the circumstances, the board is pleased with the overall revenue performance, which was assisted by a very strong performance from the Rail Technology & Services Division. The board remains confident that the group is well positioned to navigate through this period of uncertainty whilst continuing to pursue and invest in future growth opportunities.

Outlook

The coronavirus crisis has hit all parts of the UK market, but large cap companies have held up slightly better than their smaller company peers as they are considered more exposed to the UK domestic economy. We are encouraged by the actions management teams have taken, and portfolio companies are now structurally in a better position than they were pre-COVID and we believe that they are now more resilient to a second wave of the pandemic. The result is a portfolio of companies with strong balance sheets, more resilient earnings, better returns on capital and less debt, but on considerably more attractive valuations than the broader market.

We believe that markets will continue to be volatile given the ongoing challenges caused both by COVID-19 and the political uncertainties due to the Brexit transition and the aftermath of the US election. While it is difficult to be positive in the short term, we believe the portfolio is well positioned to continue to grow over the medium to longer term.

Downing LLP

18 December 2020

Unaudited Balance Sheet

as at 30 September 2020

		30 Sep 2020 £'000	30 Sep 2019 £'000	31 Mar 2020 £'000
	Note			
Fixed assets				
Investments		77,048	81,388	63,590
Current assets				
Debtors		1,182	3,519	1,944
Cash at bank and in hand		10,569	16,517	23,471
		11,751	20,036	25,415
Creditors: amounts falling due within one year		(443)	(868)	(263)
Net current assets		11,308	19,168	25,152
Net assets		88,356	100,556	88,742
Capital and reserves				
Called up share capital	8	1,564	1,329	1,440
Capital redemption reserve	9	1,628	1,608	1,615
Share premium	9	62,494	45,989	54,703
Funds held in respect of shares not yet allotted	9	264	237	5,775
Special reserve	9	30,388	51,965	34,587
Capital reserve - unrealised	9	(5,703)	(1,709)	(8,504)
Revenue reserve	9	(2,279)	1,137	(874)
Equity shareholders' funds		88,356	100,556	88,742
Basic and diluted net asset value per share	7	56.3p	75.5p	57.6p

Unaudited Income Statement

For the six months ended 30 September 2020

	Six months ended 30 September 2020			Six months ended 30 September 2019			Year ended 31 March 2020	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		644	-	644	1,232	100	1,332	2,218
(Losses)/gains on investments								
- realised gains/(losses) on disposal		-	328	328	-	(4)	(4)	(304)
- unrealised valuation gains/(losses)		-	1,660	1,660	-	(730)	(730)	(20,790)
- unrealised foreign exchange gains/(losses)		-	(36)	(36)	-	-	-	-
		644	1,952	2,596	1,232	(634)	598	(18,876)
Investment management fees		(448)	(448)	(896)	(461)	(461)	(922)	(1,940)
Other expenses		(434)	-	(434)	(758)	-	(758)	(3,000)
(Loss)/gain on ordinary activities before tax		(238)	1,504	1,266	13	(1,095)	(1,082)	(23,816)
Tax on total comprehensive income and ordinary activities		(128)	128	-	(112)	112	-	-
(Loss)/return attributable to equity shareholders	5	(366)	1,632	1,266	(99)	(983)	(1,082)	(23,816)
Basic and diluted return per share		(0.2p)	1.1p	0.9p	(0.1p)	(0.7p)	(0.8p)	(17.7p)

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 2020

	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 six months ended 30 September 2020									
At 1 Apr 2020	1,440	1,615	54,703	5,775	34,587	-	(8,504)	(874)	88,742
Total									
comprehensive income	-	-	-	-	-	8	1,624	(366)	1,266
Realisation of revaluations from previous years*	-	-	-	-	-	(773)	773	-	-
Realisation of impaired valuations	-	-	-	-	-	(404)	404	-	-
Transfer between reserves**	-	-	-	-	(3,251)	3,251	-	-	-
<i>Transactions with owners</i>									
Unallotted shares	-	-	-	(5,511)	-	-	-	-	(5,511)
Dividends paid	-	-	-	-	-	(2,082)	-	(1,039)	(3,121)
Issue of new shares	137	-	7,791	-	-	-	-	-	7,928
Share issue costs	-	-	-	-	(215)	-	-	-	(215)
Purchase of own shares	(13)	13	-	-	(733)	-	-	-	(733)
At 30 Sept 2020	1,564	1,628	62,494	264	30,388	-	(5,703)	(2,279)	88,356

* A transfer of £773,000 million representing previously recognised unrealised losses on disposal of investments during the period ended 30 September 2020 (year ended 31 March 2020: gains £2.5 million) has been made from the Capital reserve - realised to the Revaluation reserve.

** A transfer of £3.3 million 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 2020: £16.5 million) has been made from the Special Reserve to the Capital Reserves - realised.

Statement of Changes in Equity

For the year ended 31 March 2020

	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 2020									
At 1 Apr 2019	1,334	1,597	45,515	114	52,526	-	1,343	2,121	104,550
Total comprehensive income	-	-	-	-	-	(917)	(20,790)	(2,109)	(23,816)
Realisation of revaluations from previous years	-	-	-	-	-	2,488	(2,488)	-	-
Realisation of impaired valuations	-	-	-	-	-	(13,431)	13,431	-	-
Transfer between reserves	-	-	-	-	(16,499)	16,499	-	-	-
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-	(4,639)	-	(886)	(5,525)
Utilised in share issue	-	-	-	(114)	-	-	-	-	(114)
Unallotted shares	-	-	-	5,775	-	-	-	-	5,775
Issue of new shares	124	-	9,188	-	-	-	-	-	9,312
Share issue costs	-	-	-	-	(151)	-	-	-	(151)
Purchase of own shares**	(18)	18	-	-	(1,289)	-	-	-	(1,289)
At 31 Mar 2020	1,440	1,615	54,703	5,775	34,587	-	(8,504)	(874)	88,742

Unaudited Cash Flow Statement

For the six months ended 30 September 2020

	30 Sep 2020 £'000	30 Sep 2019 £'000	31 Mar 2020 £'000
Cash flow from operating activities			
Profit/(loss) on ordinary activities before taxation	1,266	(1,082)	(23,816)
Loss/(gain) on investments	(1,952)	734	21,094
Decrease/(increase) in debtors	763	(291)	1,284
(Decrease)/increase in creditors	(86)	279	(28)
Cash from operations			
Corporation tax paid	-	-	-
Net cash (utilised)/generated from operating activities	(9)	(360)	(1,466)
Cash flow from investing activities			
Purchase of investments	(12,713)	(4,208)	(11,197)
Proceeds from disposal of investments	1,206	6,570	10,997
Net cash generated/(utilised) from investing activities	(11,507)	2,362	(200)
Cash flows from financing activities			
Proceeds from share issue	7,928	480	9,312
Funds held in respect of shares not yet allotted	(5,511)	123	5,661
Share issue costs	(215)	(3)	(151)
Purchase of own shares	(467)	(651)	(1,382)
Equity dividends paid	(3,121)	(2,656)	(5,525)
Net cash utilised from financing activities	(1,386)	(2,707)	7,915
(Decrease)/increase in cash	(12,902)	(705)	6,249
Net increase in cash			
Beginning of period	23,471	17,222	17,222
Net cash (outflow)/inflow	(12,902)	(705)	6,249
End of period	10,569	16,517	23,471

Summary of Investment Portfolio

as at 30 September 2020

	Cost £'000	Valuation £'000	Valuation movement in period† £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Doneloans Limited	5,000	5,455	(36)	6.2%
Downing Care Homes Holdings Limited	3,880	5,158	1,041	5.9%
Tracsis plc*	1,443	4,316	(193)	4.9%
Baron House Developments LLP	2,695	3,773	539	4.3%
Carbice Corporation	3,020	3,020	-	3.4%
Anpario plc*	1,448	2,412	495	2.8%
E-Fundamentals (Group) Limited	1,342	2,408	1,067	2.7%
Downing Strategic Micro-Cap Investment Trust plc**	5,197	2,332	106	2.7%
Pilgrim Trading Limited	2,594	2,120	-	2.4%
Cornelis Networks Inc	2,102	2,102	-	2.4%
Harrogate Street LLP	1,400	2,057	-	2.3%
Cadbury House Holdings Limited	3,082	1,801	52	2.1%
Rated People Limited	1,282	1,583	301	1.8%
Parsable Inc	1,532	1,532	-	1.7%
Inland Homes plc*	1,526	1,496	214	1.7%
Virtual Class Limited t/a Third Space Learning	1,039	1,471	665	1.7%
Curo Compensation Limited	1,663	1,459	316	1.7%
Impact Healthcare REIT plc**	1,518	1,442	140	1.6%
Data Centre Response Limited	557	1,316	8	1.5%
Nomansland Biogas Limited	1,300	1,300	-	1.5%
	43,620	48,553	4,715	55.3%
Other venture capital investments	52,156	28,495	(3,091)	32.6%
	95,776	77,048	1,624	87.9%
Cash at bank and in hand		10,569		12.1%
Total investments		87,617		100%

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

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

† The valuation movement in the period includes unrealised foreign exchange losses of £36,000

Summary of Investment Movements

For the six months ended 30 September 2020

Additions

	£'000
<i>Quoted growth investments</i>	
Deepmatter plc	350
Pelatro plc	290
Feedback plc	250
Immotion Group plc	200
One Media IP Group plc	175
	1,265
<i>Unquoted growth investments</i>	
Carbice Corporation	3,020
Cornelis Networks Inc	2,102
Parsable Inc	1,532
Ayar Labs Inc	1,280
Empiribox Limited	1,260
Genincode Limited	600
FundingXchange Limited	525
TrinnyLondon Limited	443
Curo Compensation Limited	244
ADC Biotechnology Limited	167
MIP Diagnostics Limited	150
Virtual Class Limited	125
	11,448
Total additions	12,713

Summary of Investment Movements (continued)

For the six months ended 30 September 2020

Disposals

	Cost £'000	Value at 31/03/20 £'000	Disposal proceeds £'000	(Loss)/gain against cost £'000	Realised gain in period £'000
<i>Quoted growth investments</i>					
Science in Sport plc	210	109	112	(98)	3
Redhall Group plc	500	-	-	(500)	-
Flowgroup plc	178	-	-	(178)	-
	888	109	112	(776)	3
<i>Unquoted growth investments (including loan note redemptions)</i>					
Empiribox Limited	650	325	650	-	325
	650	325	650	-	325
<i>Unquoted yield focused investments (including loan note redemptions)</i>					
Pearce and Saunders Limited	110	440	440	330	-
Pearce and Saunders DevCo Limited	4	4	4	-	-
Quadrate Spa Limited	1,500	-	-	(1,500)	-
	1,614	444	444	(1,170)	-
	3,152	878	1,206	(1,946)	328

* adjusted for purchases in the period

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2020

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 2020 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2020, 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" issued in October 2019 ("SORP").

- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures were in respect of the six months ended 30 September 2019 and the year ended 31 March 2020 respectively.

5. Return per share

	Weighted average number of shares in issue	Revenue (deficit)/return £'000	Capital Gain/(loss) £'000
Period ended 30 September 2020	153,783,770	(366)	1,632
Period ended 30 September 2019	133,357,325	(99)	(983)
Year ended 31 March 2020	134,726,743	(2,109)	(21,707)

6. Dividends paid in the period

Date paid	Six months ended 30 September 2020			Year ended 31 March 2020	
	Revenue £'000	Capital £'000	Total £'000	Total £'000	
2020 Final	18 Sept 2020: 2.0p	1,039	2,082	3,121	-
2020 Interim	28 Feb 2020: 2.0p	-	-	-	2,868
2019 Final	30 Aug 2019: 2.0p	-	-	-	2,657
		1,039	2,082	3,121	5,525

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2020 (continued)

7. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2020	156,354,880	88,356	56.3
Period ended 30 September 2019	132,902,307	100,556	75.5
Year ended 31 March 2020	143,984,140	88,742	57.6

8. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2020	156,354,880	1,564
Period ended 30 September 2019	132,902,307	1,329
Year ended 31 March 2020	143,984,140	1,440

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 2020 £'000	30 Sep 2019 £'000	31 Mar 2020 £'000
Capital redemption reserve	1,628	1,608	1,615
Share premium account	62,494	45,989	54,703
Funds held in respect of shares not yet allotted	264	237	5,775
Special reserve	30,388	51,965	34,587
Revaluation reserve	(5,703)	(1,709)	(8,504)
Revenue reserve	(2,279)	1,137	(874)
Total reserves	86,792	99,227	87,302

Distributable reserves are calculated as follows:

	30 Sep 2020 £'000	30 Sep 2019 £'000	31 Mar 2020 £'000
Special reserve	30,388	51,965	34,587
Revenue reserve	(2,279)	1,137	(874)
Unrealised gains/(losses) (excluding unrealised unquoted gains)	(12,839)	(10,144)	(12,381)
	15,270	42,958	21,332

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2020 (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 2020. 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).

	Level 1	Level 2	Level 3	30 Sep 2020	Level 1	Level 2	Level 3	31 Mar 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Quoted on AIM	16,672	-	-	16,672	14,210	-	-	14,210
Quoted on NEX	3	-	-	3	-	-	-	-
Quoted on main market	3,775	-	-	3,775	3,528	-	-	3,528
Unquoted loan notes	-	-	19,043	19,043	-	-	19,039	19,039
Unquoted equity	-	-	37,555	37,555	-	-	26,813	26,813
	20,450	-	56,598	77,048	17,738	-	45,852	63,590

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2020 (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 2020 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 impact of the coronavirus pandemic has created heightened uncertainty but has not changed the nature of these risks.

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 Investment 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. The impact of the coronavirus pandemic has been significant on some portfolio companies and, in many cases, the VCT regulations restrict the Company from making further investment into these businesses, so the Investment Adviser seeks to provide whatever other support they can to these businesses, including encouraging them to take advantage of Government support that may be available. The Company also has a limited period in which it must invest the majority of its funds into VCT qualifying investments. The Investment 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 2020 (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/d1

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).

TIDM/EPIC codes

DDV1

Latest share price (17 December 2020):

52.5p per share

Selling shares

If you wish to sell your shares either you or your adviser can 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 or purchased 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

Paul Nolan
020 7886 2717
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/d1

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.linkgroup.eu and click on "Shareholders".

Directors

Chris Kay (Chairman)
Barry Dean
Stuart Goldsmith

Company Secretary and Registered Office

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

Registered No. 3150868

Investment Adviser and Administration Manager

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

www.downing.co.uk
Tel: 020 7416 7780

Registrar

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

www.linkgroup.eu
Tel: 0371 664 0300
(calls cost 12p per minute plus network extras,
lines open Monday to Friday 9:00am to 5:30pm)



St Magnus House
3 Lower Thames Street
London EC3R 6HD
020 7416 7780
customer@downing.co.uk
www.downing.co.uk

Downing LLP is authorised and regulated by the Financial Conduct Authority

V50031_Downing ONE VCT_Report_September 2020