Downing ONE VCT plc

Report & Accounts
for the year ended
31 March 2015

Downing

SHAREHOLDER INFORMATION

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

Latest share price at 25 June 2015:	88.1p per share

Financial calendar

27 July 2015	Annual General Meeting ("AGM")
7 August 2015	Payment of final dividend
November 2015	Announcement of half year results

Dividends
Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose (forms can be downloaded from www.capitassetservices.com). Queries relating to dividends, shareholdings, and requests for mandate forms should be directed to the Company's registrar, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

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 the payment of capital gains tax 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
0207 886 2716 chris.lloyd@panmure.com

Paul Nolan
0207 886 2717 paul.nolan@panmure.com

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

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

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

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

www.downing.co.uk

If you have any queries regarding your shareholding in Downing ONE VCT plc, please contact the registrar on the above number or visit Capita's website at www.capitaassetservices.com and click on "Share Portal".

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FINANCIAL HIGHLIGHTS

Total Return Increase

Total Return (Net Asset Value plus dividends) increased by 2.7 pence per share (2.7%) from 100.2 pence per share on 31 March 2014 to 102.9 pence per share this year.

Dividend Growth

The proposed final dividend of 3.0 pence per share will result in total dividends for the financial year of 5.0 pence per share (2014: 4.0 pence per share)

Successful Fundraising

£10 million of new funds raised to date which provide the Company with additional liquidity to pursue new investment opportunities. Plans are also being made for a new share offer for the 2015/16 tax year.

Exits, New Deals and Portfolio

The year has been marked with a significant level of portfolio activity, including realisations giving rise to total proceeds £5.6 million. New and follow-on investments of an equal amount were also completed. The Company now holds 99 investments with a total value of £69.2 million.

FINANCIAL SUMMARY

	31 Mar 2015 pence	31 Mar 2014 pence
Net asset value per share ("NAV")	96.9	98.2
Cumulative dividends paid since 12 November 2013	6.0	2.0
Total return (net asset value plus cumulative dividends paid per share)	102.9	100.2
Dividends in respect of financial year		
Interim dividend per share	2.0	2.0
Proposed final dividend per share	3.0	2.0
	5.0	4.0

DIVIDEND POLICY

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

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

INVESTMENT OBJECTIVES

The Company's principal investment objectives are:

- To provide private investors with attractive returns for a portfolio of investments focused on unquoted and AIM quoted companies; and

- to maintain VCT status so that the Company and its shareholders may benefit from the tax reliefs and exemptions available under the VCT legislation.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 17 to 18.

DIRECTORS

Chris Kay (Chairman) has over 25 years' experience in the venture capital industry. He spent nine years with 3i Group plc, where he was an investment director, and a further eight years at Elderstreet Investments Limited, where he headed the VCT team. He is a chief executive of Chrysalis VCT Management Limited. He is a Cambridge University graduate and gained an MBA at Manchester Business School. He was formerly chairman of Downing Absolute Income VCT 1 plc and a non-executive director of Downing Income VCT plc and Downing Income VCT 4 plc.

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

Stuart Goldsmith is chairman of Ketton Securities Limited, a firm that advises a range of companies on corporate strategy, mergers and acquisitions, which he founded in 1989. Previously, he was chairman and chief executive of two groups of financial services companies - Fredericks Place Group, which offered private client investment management and financial planning services and the Britannia Group of Investment Companies, which managed £4bn of funds in London and USA for institutions and private clients. He has been a non-executive director of a number of companies, including Savoy Asset Management and the Hallwood Group.

Andrew Griffiths is the founder and managing director of Green Star Media Limited and was formerly the managing editor and publisher of The AIM & OFEX Newsletter, which he founded in 1995. The newsletter won the Best Research award at the AIM Awards in 1997 and 2002. Previously, he was a business correspondent of the Daily Telegraph. He was formerly the chairman of Pennine Downing AIM VCT plc, Pennine Downing AIM VCT 2 plc and Downing Income VCT 3 plc.

Helen Sinclair started her career in investment banking and spent nearly eight years at 3i Group plc focusing on management buyouts and growth capital investments. She later co-founded Matrix Private Equity raising a successful technology fund, Matrix Venture Fund VCT plc. She then became managing director of Matrix Private Equity before moving to take on a portfolio of non-executive director roles in 2005. She is currently chairman of British Smaller Companies VCT plc, a non-executive director of The Income & Growth VCT plc and Mobeus Income & Growth 4 VCT plc and a director of Spark Ventures plc and OFT2 Limited. She has an MA from Cambridge and an MBA from INSEAD Business School. She was formerly a non-executive director of Downing Income VCT 4 plc.

All the Directors are non-executive and independent of the Investment Adviser.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's Annual Report for the year ended 31 March 2015. This has been the first full financial year since the merger of six VCTs which took place in November 2013. The year has seen a solid performance by the quoted portfolio against the background of a weaker AIM market and, despite some provisions being required on the unquoted portfolio, a steady performance by the Company overall.

Net asset value and results

As at the 31 March 2015 year end, the net asset value per share ("NAV") stood at 96.9p, an increase of 2.7p (2.7%) after adding back dividends of 4.0p per share which were paid during the year.

The Income Statement shows a return attributable to equity shareholders for the year of £2.0 million comprising a revenue return of £1.1 million and a capital profit of £947,000.

Dividends

At the time of the merger in November 2013, the Company adopted a policy of seeking to pay annual dividends of at least 4% of net assets per annum.

In view of the level of investment realisations which have taken place in the year and since the year end, the Board is proposing a final dividend of 3.0p per share to be paid on 7 August 2015, subject to Shareholder approval at the forthcoming AGM, to Shareholders on the register at 17 July 2015. This will bring total dividends in respect of the year ended 31 March 2015 to 5.0p per share, which represents a yield of 5.2%.

Investment activity and performance

At the year end, the Company held a portfolio of 99 investments. Of these, 30 are either quoted on AIM or the ISDX Growth Market and have a value of £25.6 million (32% of the portfolio). The 69 unquoted investments have a value of £43.6 million and represent 68% of the portfolio.

There was a significant level of portfolio activity during the year. In the quoted portfolio, full or partial disposals of 13 investments were achieved, giving rise to total proceeds of £3.6 million and realised gains of £442,000. Two new quoted investments and six follow-on investments were also made at a total cost of £1.8 million.

In the unquoted portfolio, there were 16 realisations, producing proceeds of £4.5 million and realised gains of £621,000. 11 follow-on investments were made at a total cost of £2.6 million and four new investments at £3.0 million. In addition, a number of care home investments underwent a reorganisation such that they are now all held under one holding company.

In respect of the existing portfolio, the quoted portfolio showed net gains of £2.3 million over the year. At the year end, the Board reviewed the valuations of the unquoted investments and made a number of adjustments. Overall the unquoted portfolio showed total unrealised losses of £1.5 million for the year. Net unrealised gains for the full portfolio were therefore £789,000.

Further details on the investment activity are included in the Investment Adviser's Report on pages 5 to 7.

Fundraising

In December 2014, the Company launched an offer for subscription seeking to raise new funds. The offer has raised £10.0 million to date and is now scheduled to close on 30 June 2015.

The new funds provide the Company with additional liquid resources to pursue new investment opportunities. In view of the success of this fundraising and continued investment opportunities, the Board is making some provisional plans for a new launch for the 2015/16 tax year.

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 year, the Company purchased 3.0 million Ordinary Shares at an average price of 92.1p per share.

The Company retains Panmure Gordon as its corporate broker to assist in operating the share buyback process and ensuring that the quoted spread on the Company's shares remains at a reasonable level. Contact details for Panmure Gordon are on page 53.

Dividend Reinvestment Scheme

The Company has received a number of enquiries from Shareholders as to whether the Company operates a Dividend Reinvestment Scheme ("DRIS"). Historically this has not been the case, however, now that the Company is substantially larger than it used to be, the Board has decided to introduce such a scheme to allow shareholders the option of reinvesting their dividends in new VCT shares and benefitting from further 30% income tax relief on their reinvested sum.

Full details are being sent to Shareholders with the Annual Report. In order for the forthcoming dividend to be reinvested, Shareholders will need to return the DRIS form to Downing LLP by 17 July 2015. A resolution will be put to Shareholders at the forthcoming AGM to approve a standing authority to issue shares under the DRIS.

Annual General Meeting

The Company's next Annual General Meeting ("AGM") will be held at Downing LLP, Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL at 10:30 a.m. on 27 July 2015.

Five items of special business are proposed at the AGM:

- two in respect of the allotment of shares,
- one in respect of the allotment of shares under the DRIS as described above,
- one in respect of the authority to buy back shares as noted above, and
- one to cancel the Company's share premium account.

The resolutions in respect of the allotment of shares would allow the Board to consider launching a new offer for subscription for up to approximately £30 million without the Company having to incur the costs of an additional shareholder circular. The Board will, of course, assess any such plan in detail before deciding to proceed.

Outlook

Although there have been some setbacks, the portfolio in general has become more stable over the last year and we believe now provides a solid foundation for the future. The unquoted portfolio should be able to continue to generate annual investment income while targeting a moderate level of growth.

The quoted investments are perhaps more sensitive to market conditions but with continued careful management have the potential to deliver further growth. The task of rationalising the quoted portfolio will continue over the next year, as and when suitable exit opportunities from non-core investments arise. This, along with the funds raised from the recent fundraising, should ensure that the Company has sufficient liquid resources to take advantage of new good quality investment opportunities as they arise.

Chris Kay
Chairman

26 June 2015

INVESTMENT ADVISER'S REPORT

Introduction

The following is a review of the performance of the combined investment portfolio.

At 31 March 2015, the Company held a portfolio of investments in 99 quoted and unquoted companies, valued in total at £69.2 million. Many of the Company's investments are performing well or to plan and we are pleased to report that good uplifts were made within the quoted portfolio which contributed significantly to the NAV performance.

Net asset value and results

The NAV per Share at 31 March 2015 stood at 96.9p, compared to the NAV at 31 March 2014 of 98.2p. Total Return (NAV plus cumulative dividends paid since the merger) is 102.9p.

The return on ordinary activities after taxation for the year was £2,002,000, comprising a revenue return of £1,055,000 and a capital profit of £947,000.

Unquoted Venture Capital investments

Investment activity

At 31 March 2015, the unquoted portfolio was valued at £43.6 million, comprising 69 investments, spread across a number of sectors.

In the year, Bowman Care Homes Limited, Downing (Alton) Limited and Downing (Pirbright Road) Limited were re-organised under existing portfolio company, Blue Cedars Holdings Limited to create a group of care homes. This was subsequently renamed Downing Care Homes Holdings Limited. This transaction is shown within the accounts as a £2.6 million investment and an equal and opposite £2.6 million disposal. These two figures have been excluded from the following analysis.

Over the year, the Fund made investments totalling £3.7 million. One new non-qualifying investment of £2.0 million was made in UK Solar (Hartwell) LLP. The company has built an 18MW solar plant in Hartwell, Northamptonshire. The fund made eight follow on investments in the year totalling £1.7 million and the most significant of these were as follows:

- £607,000 was invested in Pabulum Pubs Limited, a company setup to purchase and refurbish freehold pubs in London;
- £420,000 in Oak Grove Renewables Limited, an anaerobic digestion plant in Norfolk;
- £265,000 in Vulcan Renewables Limited, an anaerobic digestion plant near Doncaster;
- £130,000 in Ludorum plc, the previously quoted owner of the IP of "Chuggington"; and
- £100,000 in software company Rostima Limited.

The above investments were partially funded by disposals in the year which generated proceeds of £1.9 million. Details of the disposals are below.

Three full exits completed in the period: Hoole Hall Hotel Limited generated proceeds of £272,000; Ridgeway Pub Limited, the owner and operator of two pubs in Oxfordshire, was sold in March 2015 and generated proceeds of £150,000; and the exit process of EPI Services Limited completed a final liquidation payment of £51,000 during the period.

Loan note repayments totalling £1.2 million were received on nine investments, all of which were at or above par: £425,000 in Data Centre Response Limited; £250,000 in Tramps Nightclub Limited; £118,000 in Aminghurst Limited; £103,000 in SPC International Limited; £100,000 in First Care Limited; £68,000 in Gatewales Limited; £64,000 in Dominions House Limited; £47,000 in The Leytonstone Pub Limited; and £34,000 in Redmed Limited.

Portfolio valuation

The majority of the investments within the Fund have performed to plan in the year and there have been several valuation uplifts totalling £2.0 million. Unfortunately a few investments have experienced significant write downs in value which has resulted in a net valuation decrease of £1.5 million. The largest valuation movements are discussed below.

Vulcan Renewables Limited owns and operates a 2.0MW anaerobic digestion plant near Doncaster. Some of the gas produced is used to create electricity and most of it is injected into the National Gas Grid for which renewable heat incentive payments are received. Continued good performance at the site has led to an increase in the valuation of £517,000.

The Leytonstone Pub Limited owns The Red Lion pub in Leytonstone. Performance at the site has been strong, justifying an increase in value of £300,000 over the period.

Performance has improved at Tramps Nightclub Limited, a night club complex in central Worcester, and an increase in value of £174,000 has been recognised.

Following an offer to buy the business, the value of SPC International, the electronic equipment repairer, was increased by £175,000.

The care home business operated by Downing Care Homes Limited has performed well in the period and an uplift in value of £150,000 has been made.

Data Centre Response Limited, the maintenance provider to third party owned data centres, has outperformed its budget in the period and a valuation increase of £118,000 has been recognised.

Slopingtactic Limited, the owner of the Lamb and Lion freehold pub in York, has demonstrated good performance in the year and the value has been increased by £102,000. This investment was fully exited in April 2015.

We have disposed of both Chapel Street Food and Beverage Limited and Chapel Street Services at the small increase above their year-end carrying values in June 2015.

Performance of the solar arrays at Wickham Solar Limited continues to be positive and resulted in an uplift in the value of £78,000 in the period.

An offer was received to purchase the shares of formerly quoted investment Keycom plc which increased the value of the business by £89,000. The purchase has since completed.

The profits of Alpha Schools Holdings Limited, the independent primary school operator, have also continued to increase and the value has been increased by £52,000 to reflect this.

The positive valuation movements above have been offset by disappointing performances of several large investments. These are described in detail below.

Rostima Limited, the software business based in Maidenhead, Berkshire, has experienced significant delays in contracts being signed and as a result a reduction in value of £783,000 has been made.

Formerly quoted investment, Ludorum Limited is the owner of the IP of "Chuggington" the popular under 5-year olds media title. The company saw its value fall by £717,000 in the period. This was reflective of a highly illiquid market in the shares of Ludorum and the company has been de-listed.

Hoole Hall Country Club Holdings Limited and Hoole Hall Spa and Leisure Limited own and operate the restaurant, conferencing centre, and spa and health club facilities at Hoole Hall alongside a large DoubleTree by Hilton hotel in Chester. Below budget performance in the year has resulted in the valuation of Hoole Hall Spa and Leisure being reduced by £439,000 and Hoole Hall Country Club Holdings by £586,000.

Future Biogas (Reepham Road) Limited and Future Biogas (Spring Farm) Limited are the owners and operators of two separate biogas plants in Norfolk. Both have underperformed against initial expectations and while the issues have now been resolved, performance to date is notably below plan. This has resulted in a decrease in the valuation of £427,000 and £401,000 respectively.

Performance at all three pubs owned and managed by Pearce and Saunders Limited has been disappointing in the year and a value reduction of £370,000 has been recognised.

Mosaic Spa and Health Clubs Limited owns and manages two health clubs: The Shrewsbury Club, in Shrewsbury; and Holmer Park in Hereford. It also provides gym and spa management services to hotels, universities and corporate clients. Both Holmer Park and the Shrewsbury club have underperformed against expectations throughout the period and the value has been reduced by £223,000.

Quoted investments

Investment Activity

As at 31 March 2015, the quoted portfolio was valued at £25.6 million comprising of 30 holdings. As per the investment strategy to concentrate on a more focused portfolio of investments, eight investments were fully disposed of in the period. Over 45% of the quoted portfolio is accounted for in the top 10 holdings and represents 32% of the overall fund.

Over the period since 31 March 2014, the valuation of the quoted portfolio (taking into account realised and unrealised) is up over 11.0%, well ahead of the main AIM indices over the same period which were down by approximately 15.0%.

Eight full realisations were made, one being subject to tender offers or takeovers and the balance being in companies where we believed the valuations were not reflective of the prospects of the company. These included Afraig plc, Bglobal plc, Concha plc, Corac plc, H&T Group plc and Octagonal plc. Aside from H&T Group plc, these were legacy investments which we inherited. Separately, profits were taken in four portfolio holdings (Frontier IP plc, Inland Home plc, Science in Sport plc and Tracsis plc). Overall the realised gains (versus cost) on quoted investments since 31 March 2014 equated to £1.4 million.

A new non-qualifying position was taken in Finsbury Foods plc, a manufacturer and distributor of cake and bakery products. Since the position was taken, it has demonstrated a gain of £222,000 over cost. In addition, a small portfolio position was taken in Northbridge Industrial Services plc (a manufacturer/distributor and leaser of power load banks). This position is showing a small loss on the original investment cost.

The renewed interest in the quoted small companies market was reflected in the significant number of new AIM IPOs and secondary fund raisings. Although we welcome this activity, the Fund once again elected not to invest in these new offerings. It is our view that the valuations of these fundraisings were not aligned with the quality of many of the companies coming to market. This adversely affects the risk profile of the investment and hence we have elected to focus on those companies that we already know well within the quoted portfolio. However two new holdings were introduced to the portfolio over the period, both of which were non-qualifying investments and companies that had been on our "watch" list for some time.

Portfolio Movements

The most significant portfolio movement was Accumuli plc which demonstrated an unrealised gain of £1.0 million in the year to 31 March 2015. At the year end, this holding is valued at £3.8 million and is one of the largest holdings within the Company. Post the period end, Accumuli plc was sold to NCC Group plc, a larger competitor. Shareholders of Accumuli have crystallised part of their Accumuli holding in cash at a c. 10% premium to the levels reflected at 31 March 2015 and are now holders of NCC Group plc. Post period end, the holding in NCC Group plc has been sold down in part.

Tracsis plc is a developer and supplier of resource optimisation technologies to the transport industry, supplying a range of products and services to transport operators and infrastructure owners. The company is well known to us having been a holding since 2011. Continued positive news flow allowed us to revisit the target valuation for the company and we believe that the current valuation underestimates the value of future cash flows that the company can generate. However some gains were taken in the holding, realising £1.0 million, a £720,000 gain on the initial cost. The holding continues to be material and accounts for 4.4% of the total portfolio.

Plastics Capital plc, the manufacturer and distributor of specialist plastic extrusions, saw its value within the portfolio decrease by £360,000 reflecting caution regarding input prices. We believe that this concern has been overdone and continue to maintain the holding.

The UKs largest manufacturer and distributor of fire protection products, Sprue Aegis plc, saw its value in the portfolio increase by £563,000 in the year, versus a cost of £545,000. The Company raised £8.0 million for working capital to fund growth when it moved from ISDX to AIM post the end of the period. The Company increased its holding by £212,000 as part of this fundraising.

Pressure Technologies plc increased its value by £211,000 in the portfolio, reflecting the fundraising and acquisition of Roota Engineering Limited, a specialist engineer in the oil and gas sector.

Science in Sport plc, the manufacturer of sports nutritional products, saw its value fall by £429,000 in the Fund, reflecting a lack of news flow and small sellers in the market. Post year end, the company has announced positive trading results evidenced by 24% top line growth, ahead of our expectations.

Outlook

The continued improvement in the economic environment is welcome for our unquoted portfolio after a challenging few years. More opportunities are arising to allow for both exits and new investments whilst asset values continue to rise. There are some signs that banks and other funding sources are starting to become more active, though not at levels that are expected to impact deal flow significantly.

We remain positive on the key drivers within the quoted portfolio on the basis of the fundamentals and the valuations on which they trade. Instead of predicting the outlook for the wider AIM index, we will focus on the existing portfolio and here we hold confidence and optimism for the longer term.

With the recent fundraising and receipts from exits, our overall strategy is to look at a wide range of transactions in both the asset backed arena and growth capital where income and growth can be achieved and risk mitigated.

Downing LLP

26 June 2015

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 March 2015:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value	Total invested by Funds also managed by Downing LLP [1] £'000
Top ten venture capital investments					
Downing Care Homes Holdings Limited *(formerly Blue Cedars Holdings Limited)*	3,881	4,030	150	5.0%	-
Accumuli plc *	2,395	3,796	1,017	4.7%	266
Tracsis plc *	1,771	3,505	805	4.4%	1,099
Vulcan Renewables Limited	2,680	3,197	517	4.0%	3,589
Baron House Developments LLP	2,695	2,695	-	3.4%	-
Cadbury House Holdings Limited	3,081	2,326	-	2.9%	-
Inland Homes plc *	1,738	2,318	624	2.9%	1,360
Mosaic Spa and Health Clubs Limited	2,747	2,214	(223)	2.8%	3,270
Universe Group plc *	1,706	2,185	71	2.7%	1,305
UK Solar (Hartwell) LLP	2,000	2,000	-	2.5%	2,400
	24,694	28,266	2,961	35.3%	13,289
Other venture capital investments					
Anpario plc *	1,446	1,885	270	2.4%	1,119
Science in Sport plc *	1,686	1,781	452	2.2%	1,386
Ludorum plc	3,573	1,741	(717)	2.2%	455
Leytonstone Pub Limited	1,061	1,690	300	2.1%	-
Oak Grove Renewables Limited	1,365	1,365	-	1.7%	945
Kidspace Adventure Holdings Limited	1,216	1,362	10	1.7%	2,611
Sprue Aegis plc *	545	1,308	563	1.6%	1,246
Residential PV Trading Limited	1,060	1,270	30	1.6%	1,000
Plastics Capital plc *	849	1,255	(360)	1.6%	1,518
Domestic Solar Limited	1,008	1,008	-	1.3%	1,800
Quadrate Spa Limited	1,074	988	-	1.2%	1,589
Aminghurst Limited	988	988	-	1.2%	-
Craneware plc *	849	967	18	1.2%	704
Quadrate Catering Limited	966	966	-	1.2%	1,426
Antelope Pub Limited	840	885	16	1.1%	1,050
Finsbury Food Group plc*	655	877	222	1.1%	1,177
Vianet Group plc *	952	855	61	1.1%	-
The 3D Pub Co Limited	710	845	-	1.1%	627
Tramps Nightclub Limited	1,332	807	174	1.0%	-
Pabulum Pubs Limited	807	807	-	1.0%	-
Angle plc *	677	740	(40)	0.9%	-
Future Biogas (Reepham Road) Limited	1,123	696	(427)	0.9%	1,662
Data Centre Response Limited	558	676	118	0.8%	-
Alpha Schools (Holdings) Limited	585	637	52	0.8%	733
Future Biogas (SF) Limited	943	622	(401)	0.8%	1,009
Kimbolton Lodge Limited	664	604	(60)	0.8%	-
Norman Broadbent plc *	906	602	(287)	0.8%	452
First Care Limited	843	568	-	0.7%	-
Redmed Limited	580	552	(27)	0.7%	850
Wickham Solar Limited	472	550	78	0.7%	945
Curo Compensation Limited	525	525	-	0.6%	-
Angel Solar Limited	500	500	-	0.6%	500
Cohort plc*	393	497	195	0.6%	-
Liverpool Nurseries (Holdings) Limited	478	461	-	0.6%	870
Slopingtactic Limited	380	482	102	0.6%	-
Hoole Hall Country Club Holdings Limited	2,316	428	(586)	0.5%	-
Fresh Green Power Limited	400	400	-	0.5%	200

Continued over

REVIEW OF INVESTMENTS (continued)

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value	Total invested by Funds also managed by Downing LLP [1] £'000
Brady public limited company*	272	395	69	0.5%	-
Pearce & Saunders Limited	739	369	(370)	0.5%	200
Progressive Energies Limited	320	358	38	0.5%	1,740
SPC International Limited	180	355	175	0.4%	-
Dillistone Group plc *	411	355	(28)	0.4%	-
Fenkle Street LLP	346	346	-	0.4%	212
Fubar Stirling Limited	357	341	(16)	0.4%	1,072
Sanderson Group plc*	336	323	(3)	0.4%	846
Hoole Hall Spa and Leisure Club Limited	1,467	322	(439)	0.4%	-
Pennant International Group plc*	335	321	(101)	0.4%	-
Flowgroup plc *	207	306	(86)	0.4%	-
Augusta Pub Company Limited	290	290	-	0.4%	-
City Falkirk Limited	326	275	-	0.4%	1,686
Kidspace Adventures Limited	260	260	-	0.3%	539
Brooks Macdonald Group plc*	257	257	(24)	0.3%	505
Interquest Group plc*	229	255	(17)	0.3%	-
Avacta Group plc*	247	238	(84)	0.3%	-
Northbridge Financial Services plc	254	228	(26)	0.3%	1,639
Green Energy Production UK Limited	200	200	-	0.2%	100
Chapel Street Food and Beverage Limited	97	194	97	0.2%	75
Chapel Street Services Limited	97	194	97	0.2%	75
Camandale Limited	297	189	(77)	0.2%	1,017
PHSC plc*	156	155	(6)	0.2%	-
Gatewales Limited	152	152	-	0.2%	-
Pressure Technologies plc*	249	146	(314)	0.2%	503
Commercial Street Hotel Limited	115	115	-	0.1%	185
Giving Limited	83	83	-	0.1%	-
Leytonstone Pub no 1 Limited	81	81	-	0.1%	-
London City Shopping Centre Limited	79	79	-	0.1%	50
Dominions House Limited	78	78	-	0.1%	98
Keycom plc	817	91	89	0.1%	-
Kilmarnock Monkey Bar Limited	113	68	(45)	0.1%	-
Mi-Pay Group plc*	136	67	(20)	0.1%	-
Concha plc*	2	65	59	0.1%	-
Pro Global Insurance Solutions plc*	61	61	8	0.1%	-
Frontier IP Group plc*	31	47	(13)	0.1%	-
Wheelsure Holdings plc**	70	44	(39)	0.1%	-
Cheers Dumbarton Limited	64	22	-	-	191
Chapel Street Hotel Limited	4	8	4	-	3
VSA Capital Group plc	6	6	-	-	-
Rostima Limited	1,042	-	(783)	-	-
China Food Company plc	149	-	(73)	-	316
Southampton Hotel Developments Limited	395	-	-	-	-
The Thames Club Limited	175	-	-	-	-
Top Ten Holdings plc	399	-	-	-	-
	47,307	40,929	(2,172)	51.1%	36,926
	72,000	69,195	789	86.4%	50,215
Cash at bank and in hand		10,857		13.6%	
Total investments		80,052		100.0%	

The Company also invested into Heyford Homes VCT Limited, Imagelinx plc, Invocas Group plc, Lochrise Limited, The New Swan Holding Company Limited, Southampton Spa Limited and Antelope Pub no 1 Limited. These investments were acquired at negligible value and continued to be valued at the same level.

All venture capital investments are unquoted unless otherwise stated

* Quoted on AIM
** Quoted on the ISDX Growth Market

[1] Other funds also managed by Downing LLP as Investment Manager or Adviser as at 31 March 2015:

- Downing Planned Exit VCT 2011 plc
- Downing Structured Opportunities VCT 1 plc
- PFS Downing UK Micro-Cap Growth Fund
- Downing AIM Estate Planning Service and Downing AIM NISA

REVIEW OF INVESTMENTS (continued)

Investment movements for the year ended 31 March 2015

Additions

	£'000
Quoted	
Finsbury Food Group plc	655
Northbridge Industrial Services plc	254
Angle plc	225
Sprue Aegis plc	212
Norman Broadbent plc	198
Science in Sport plc	151
Anpario plc	150
Tracsis plc	2
	1,847
Unquoted	
Downing Care Homes Holdings Limited (*formerly Blue Cedars Holdings Limited)**	2,612
UK Solar (Hartwell) LLP	2,000
Pabulum Pubs Limited	607
Oak Grove Renewables Limited	420
Vulcan Renewables Limited	265
Ludorum plc	130
Rostima Limited	100
Leytonstone Pub no 1 Limited	81
London City Shopping Centre Limited	79
Kidspace Adventures Holdings Limited	51
Camandale Limited	39
Other sundry investments	1
	6,385
	8,232

* Part of reorganisation of Bowman Care Homes Limited, Downing (Alton) Limited and Downing (Pirbright Road) Limited

Disposals

	Cost £'000	Value at 01/04/14* £'000	Proceeds £'000	Profit/ (loss) vs cost £'000	Realised gain/ (loss) £'000
Quoted					
Market sales					
Afriaq plc	87	46	30	(57)	(16)
Bglobal public limited company	25	23	49	24	26
Concha plc	26	58	204	178	146
Corac Group plc	107	112	38	(69)	(74)
Frontier IT Group plc	10	20	26	16	6
H&T Group plc	413	463	411	(2)	(52)
IDOX plc	79	260	264	185	4
Inland Homes plc	337	593	729	392	136
Octagonal plc	38	20	23	(15)	3
Science in Sport plc	154	135	180	26	45
Tracsis plc	283	818	1,003	720	185
Tender offers					
Hasgrove plc	81	110	110	29	-
Manroy plc	343	528	561	218	33
	1,983	3,186	3,628	1,645	442
Unquoted (including loan note redemptions)					
Aminghurst Limited	118	118	118	-	-
Bowman Care Homes Limited**	1,535	1,635	1,535	-	(100)
Cadbury House Holdings Limited	152	131	152	-	21
Data Centre Response Limited	425	425	425	-	-
Dominions House Limited	64	64	64	-	-
Downing (Alton) Limited**	402	402	402	-	-
Downing (Pirbright Road) Limited**	675	675	675	-	-
EPI Services Limited	33	-	51	18	51
First Care Limited	100	100	100	-	-
Gatewales Limited	20	20	68	48	48
Hoole Hall Hotel Limited	270	270	272	2	2
Kidspace Adventures Limited	51	51	51	-	-
Leytonstone Pub Limited	47	47	47	-	-
Redmed Limited	34	34	34	-	-
Ridgeway Pub Company Limited	126	126	150	24	24
Southampton Hotel Developments Limited	5	-	-	(5)	-
SPC International Limited	103	103	103	-	-
Tramps Nightclub Limited	250	162	250	-	88
Liquidations/administrations					
Helcim Limited	-	-	45	45	45
	4,410	4,363	4,542	132	179
Total disposals	6,393	7,549	8,170	1,777	621

* Adjusted for purchases in the year where applicable
** Part of reorganisation whereby Companies acquired by Downing Care Homes Holdings Limited (see additions)

REVIEW OF INVESTMENTS (continued)

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

Downing Care Homes Holdings Limited
www.downingcare.co.uk

Cost at 31/03/2015:		£3,881,000	Valuation at 31/03/15:	£4,030,000
Cost at 31/03/2014:		£1,268,000	Valuation at 31/03/14:	£1,268,000
Investment comprises:				
Equity shares:		£1,958,000	Valuation method:	Independent valuation
Loan note:		£1,923,000		
Unaudited accounts:*	30/06/14	30/06/13	Dividend income:	£Nil
Turnover:	£0.5m	£0.5m	Loan note income	£152,000
Loss before tax:	(£0.1m)	(£0.1m)	Proportion of capital held:	50.0%
Net liabilities:	(£0.4m)	(£0.2m)	Diluted equity:	50.0%

******Data taken from the Blue Cedars Holdings Limited annual accounts*

The company operates four residential care homes providing specialist services for adults with learning and physical disabilities. They are located in Hampshire and Surrey and are managed by an experienced team who have many years of experience in the sector. The homes were either developed from scratch or acquired from other operators.

Accumuli plc
www.accumuliplc.com

Cost at 31/03/2015:		£2,395,000	Valuation at 31/03/15:	£3,796,000
Cost at 31/03/2014:		£2,395,000	Valuation at 31/03/14:	£2,779,000
Investment comprises:				
Equity shares:		£2,395,000	Valuation method:	Bid price
Audited accounts:	31/12/14	31/12/13	Dividend income:	£62,000
Turnover:	£16.6m	£14.1m		
Profit/(loss) before tax:	£0.9m	(£0.1m)	Proportion of capital held:	8.5%
Net assets:	£15.1m	£14.6m	Diluted equity:	8.5%

Accumuli is a UK-based independent specialist in IT Security and Risk Management. Accumuli specialises in helping organisations manage IT risk by ensuring their IT infrastructure is available, visible and performing whilst always being compliant and secure. On the 24 March 2015 NCC GROUP PLC made a recommended offer for the company at an attractive price which Downing One VCT plc accepted.

Tracsis plc
www.tracsis.com

Cost at 31/03/2015:		£1,771,000	Valuation at 31/03/15:	£3,505,000
Cost at 31/03/2014:		£2,052,000	Valuation at 31/03/14:	£3,515,000
Investment comprises:				
Equity shares:		£1,771,00	Valuation method:	Bid price
Audited accounts:	31/07/14	31/07/13	Dividend income:	£4,000
Turnover:	£21.8m	£10.8m		
Profit before tax:	£4.2m	£2.6m	Proportion of capital held:	3.6%
Net assets:	£17.9m	£13.2m	Diluted equity:	3.6%

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

REVIEW OF INVESTMENTS (continued)

Vulcan Renewables Limited
www.futurebiogas.com

Cost at 31/03/2015:		£2,680,000	Valuation at 31/03/15:	£3,197,000
Cost at 31/03/2014:		£2,415,000	Valuation at 31/03/14:	£2,415,000
Investment comprises:				
Equity shares:		£1,990,000	Valuation method:	Multiples
Loan note:		£690,000		

Abbreviated				
Audited accounts:	30/11/13	30/11/12	Dividend income:	£Nil
Turnover:	n/a	n/a	Loan note income:	£208,000
Profit before tax:	n/a	n/a	Proportion of capital held:	17.7%
Net assets:	£3.2m	£2.6m	Diluted equity:	17.7%

Vulcan Renewables operates a 2MW maize and rye fed biogas anaerobic digestion plant near Doncaster that produces bio methane gas which is injected into the National Grid. The plant benefits from the receipt of FIT (feed-in-tariff) and RHI (Renewable Heat Incentive) payments for the production of electricity and gas respectively as well as payment for the export of the gas to the grid.

Baron House Developments LLP

Cost at 31/03/2015:		£2,695,000	Valuation at 31/03/15:	£2,695,000
Cost at 31/03/2014:		£2,695,000	Valuation at 31/03/14:	£2,695,000
Investment comprises:				
Loan note:		£2,695,000	Valuation method:	Cost

Unaudited accounts:	31/03/14	31/03/13		
Turnover:	£0.9m	n/a	Loan note income:	£Nil
Loss before tax:	(£0.1m)	n/a	Proportion of capital held:	-%
Net assets:	£4.7m	£4.7m	Diluted equity:	-%

Baron House Developments purchased a building in Newcastle and converted most of it into a hotel, which started trading in March 2015. Baron House Developments has retained the rest of the building, which is let to tenants, and has retained an interest in the hotel.

Cadbury House Holdings Limited

Cost at 31/03/2015:		£3,081,000	Valuation at 31/03/15:	£2,326,000
Cost at 31/03/2014:		£3,233,000	Valuation at 31/03/14:	£2,457,000
Investment comprises:				
Equity shares:		£847,000	Valuation method:	Independent Valuation
Convertible loan note:		£2,170,000		
A Loan note:		£64,000		

Audited accounts:	31/03/14	31/03/13	Dividend income:	£Nil
Turnover:	£8.0m	£7.7m	Loan note income:	£21,000
Profit before tax:	£0.1m	£0.1m	Proportion of capital held:	21.5%
Net assets:	£6.1m	£6.3m	Diluted equity:	48.5%

Cadbury House Holdings Limited owns and operates a health club, restaurant and conference centre at Cadbury House, near Bristol. The restaurant trades as a Marco Pierre-White Steakhouse Bar and Grill.

Inland Homes plc
www.inlandhomes.co.uk

Cost at 31/03/2015:		£1,738,000	Valuation at 31/03/15:	£2,318,000
Cost at 31/03/2014:		£2,075,000	Valuation at 31/03/14:	£2,287,000
Investment comprises:				
Equity shares:		£1,738,000	Valuation method:	Bid price
Audited accounts:	30/06/14	30/06/13	Dividend income:	£21,000
Turnover:	£39.8m	£31.1m		
Profit before tax:	£8.6m	£5.2m	Proportion of capital held:	1.8%
Net assets:	£64.0m	£57.7m	Diluted equity:	1.8%

Inland Homes acquires brownfield land in the South and South-East of England principally for residentially led development schemes. The business then enhances the land value by obtaining planning permission, before building open market and affordable homes or selling surplus consented land to other developers to generate cash to reinvest in new brownfield opportunities.

Mosaic Spa and Health Clubs Limited
www.mosaicspaandhealth.co.uk

Cost at 31/03/2015:		£2,747,000	Valuation at 31/03/15:	£2,214,000
Cost at 31/03/2014:		£2,747,000	Valuation at 31/03/14:	£2,437,000
Investment comprises:				
Equity shares:		£570,000	Valuation method:	Multiples
Loan note:		£2,177,000		
Audited accounts:	31/12/13	31/12/12	Dividend income:	£Nil
Turnover:	£7.1m	£6.3m	Loan note income:	£123,000
Loss before tax:	(£0.5m)	(£0.4m)	Proportion of capital held:	23.2%
Net assets:	£1.9m	£2.4m	Diluted equity:	23.2%

Mosaic Spa and Health Clubs Limited owns and operates two health clubs in Hereford and Shrewsbury. The business also provides spa and gym management services and currently has 30 management contracts with gym owners, hotels and corporate clients. The Downing funds backed the existing experienced management team who started the business over 20 years ago.

Universe Group
www.universe-group.co.uk

Cost at 31/03/2015:		£1,706,000	Valuation at 31/03/15:	£2,185,000
Cost at 31/03/2014:		£1,706,000	Valuation at 31/03/14:	£2,114,000
Investment comprises:				
Equity shares:		£1,506,000	Valuation method:	Bid price
Loan note:		£200,000		
Audited accounts:	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	£20.8m	£15.9m	Loan note income:	£19,000
Profit before tax:	£1.8m	£1.2m	Proportion of capital held:	12.6%
Net assets:	£18.4m	£16.5m	Diluted equity:	12.6%

Universe Group plc is a specialist retail solution and managed services company that sells to UK petrol station forecourts providing them with pump to EPOS systems and loyalty solutions.

REVIEW OF INVESTMENTS (continued)

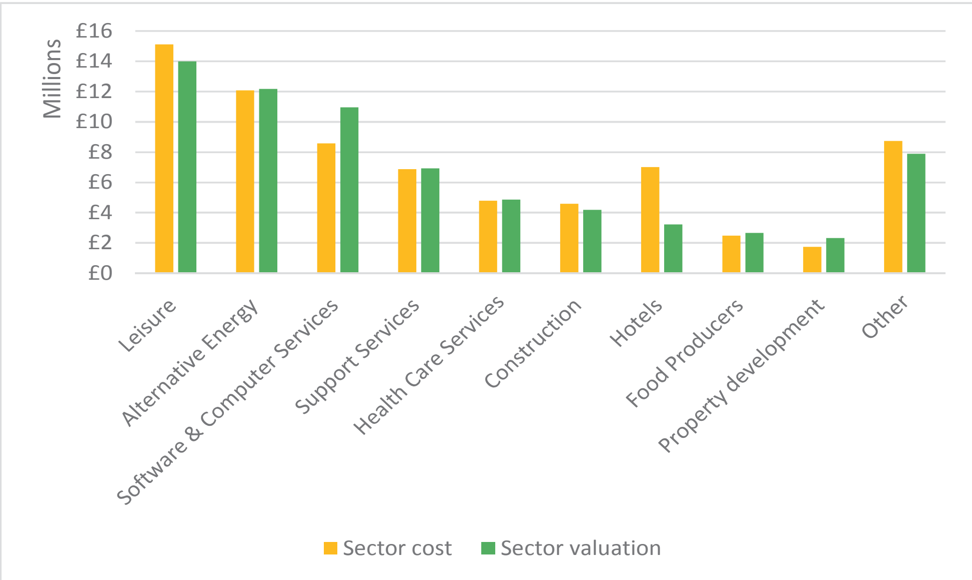
UK Solar (Hartwell) LLP
www.armstrongenergy.co.uk

Cost at 31/03/2015:		£2,000,000	Valuation at 31/03/15:	£2,000,000
Cost at 31/03/2014:		Not held	Valuation at 31/03/14:	Not held
Investment comprises:				
Loan note:		£2,000,000	Valuation method:	Cost
Abbreviated accounts:	31/03/14	31/03/13		
Turnover:	n/a	n/a	Loan note income:	£73,000
Profit before tax:	n/a	n/a	Proportion of capital held:	-%
Net assets:	£0.1m	£0.1m	Diluted equity:	-%

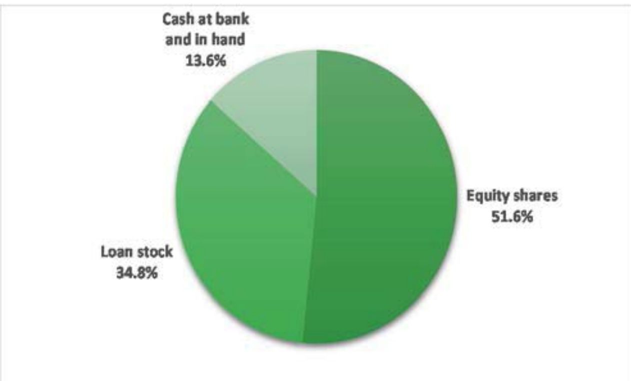
UK Solar Hartwell LLP has invested secured debt to fund the construction of an 18.6 MWp ground mounted solar array in Northamptonshire, with Armstrong Energy – a developer with whom Downing have worked on multiple occasions. The installation is now complete and divestment proceedings are underway, with investors to be repaid in full upon sale.

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

Analysis of investments by commercial sector
The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 March 2015) is as follows:



Analysis of investments by nature of instrument
The following chart summarises the Company's investment portfolio by the nature of instrument held (by value at 31 March 2015):



Portfolio balance
At 31 March 2015, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of Investment (by HMRC valuation rules)	**Actual**	**Target**
VCT qualifying investments	87.1%	>70%
Non-qualifying investments (including cash at bank)	12.9%	<30%
Total	100.0%	100%

Investment category (by value)	**Actual**	**Target**
Growth	32%	25% -50%
Income producing	50%	50% -75%
Non-qualifying	18%	max 30%
Total	100%	

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 March 2015. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

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

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

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

Business review and developments

During the year to 31 March 2015, the investments held rose in value by £789,000 and gains arising on investment realisations totalled £621,000.

Income over expenditure for the year resulted in a net gain, after accounting for capital expenses, of £592,000 (2014: Loss £7,000)

The total return for the year was £2,002,000 (2014: £501,000). Net assets at the year-end were £79.9 million (2014: £75 million). Dividends paid during the year totalled £3.0 million (2014: £2.0 million).

The Company's business and developments during the year are reviewed further in the Chairman's Statement, the Investment Adviser's Report and the Review of Investments on pages 3 to 16.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its objectives (as shown on page 2). The Board believes the Company's key performance indicators, for comparison against similar VCTs, are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (as disclosed within the financial summary).

Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, investment, credit and liquidity risks, are summarised within note 17 to the financial statements.

Principal risks and uncertainties (continued)

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

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

Business model

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

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

Investment policy

Quantitative analyses of how the Company has operated in accordance with its investment policy are shown in the Review of Investments on pages 8 to 16 and in the VCT compliance section of this report on pages 21 and 22.

The Company's investment policy is as follows:

Asset allocation

The Company will seek to have a minimum of 70% of its funds invested in VCT qualifying investments, with the balance held in non-qualifying investments. New funds raised will initially be held in non-qualifying investments and will gradually be invested in VCT qualifying investments over a two to three year period.

VCT qualifying investments

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

Investment type	Target	Maximum
Growth	25%-50%	100%
Income producing	50%-75%	100%

Investment policy (continued)

Growth investments will be in companies with prospects for high capital growth, predominantly focusing on AIM, or the ISDX Growth market but including unquoted companies with reasonable prospects of a flotation or a clear exit strategy.

Income producing investments will generally be in unquoted businesses (although this may include some quoted businesses), with a preference for companies which own substantial assets. These investments are likely to be structured such that they comprise significant levels of loans and/or preference shares, subject to the applicable VCT rules.

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

Non-qualifying investments

Non-qualifying investments will form between 20% and a maximum of 30% of the Company's holdings and will be invested in a variety of investments which may include:

- Fixed income securities which will consist of bonds issued by the UK Government, major companies and institutions, liquidity funds, fixed deposit or similar securities and with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated);
- Non-qualifying quoted and unquoted investments which will typically be in quoted companies where the holdings can be traded and in companies in which Downing has detailed knowledge as a result of VCT qualifying investments made previously;
- Pooled funds (typically those invested in equities, bonds and property); and
- Secured loans which will be secured on assets held by the borrower.

Non-qualifying unquoted investments will generally not exceed 5% of the overall fund.

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

Risk diversification

The Directors will control the overall risk of the Company. The Investment Adviser will ensure the Company has exposure to a diversified range of VCT qualifying investments from different sectors and generally no more than 15% of the Company's funds in any one company or any one issue of fixed income securities (except UK Government gilts or deposit accounts with UK clearing banks).

Further investment restrictions:

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. In respect of funds raised before 5 April 2011, at least 30% of the Company's qualifying investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital). For funds raised after 5 April 2011 this is increased to 70%;
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities; and
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained.

Listing Rules

In accordance with the Listing Rules:

(i) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds;

(ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and

(iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 of the Income Tax Act.

Borrowing policy
It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a sum equal to 10% of the aggregate amount paid up on the issued share capital of the Company and the amounts standing to the credit of the consolidated reserves of the Company as shown in the latest audited Balance Sheet, adjusted where appropriate to take account of movements since that date.

At 31 March 2015, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £8.0 million. There are no plans to utilise this ability at the current time.

Environmental and social and human rights policy
The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Advisers take environmental, social and human rights factors into consideration when making investment decisions.

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

Directors and senior management
The Company does not have any employees, including senior management, other than the Board of the five non-executive directors. The Board comprises four male and one female director.

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

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

By order of the Board

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

26 June 2015

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 31 March 2015.

Share capital

At the beginning of the year, the Company had 75,007,105 Ordinary Shares of 1p each in issue.

The company also allotted 7,817,253 Ordinary shares at a price of approximately 99.8p per Ordinary Share under the terms of the Offers for Subscription.

At the AGM held on 10 September 2014, Shareholders unconditionally authorised the Company to make market purchases of its own Ordinary shares of 1p each up to a maximum of 11,176,059 Ordinary Shares, representing 14.9% of the share capital in issue at the date of the last annual report. At the date of this report authority remains in place for 8,150,197 Ordinary Shares. A resolution to renew the authority to buy back up to approximately 14.9% of the share capital at the date of this report will be put to Shareholders at the AGM taking place on 27 July 2015.

During the year, the Company repurchased 3,025,862 Ordinary Shares of 1p each for average consideration of 92.1p per share, representing 4.0% of shares in issue at the last annual report. These shares were subsequently cancelled.

At the year end, the Company had 79,798,496 Ordinary Shares in issue. There were no other share classes in issue at the year end.

The Company allotted 4,218,937 shares in April 2015 and 372,617 shares in May 2015. At the date of this report the Company had 84,390,050 shares in issue.

Results and dividends

	£'000	**Per share**
Return on ordinary activities after tax for the year ended 31 March 2015	2,002	2.6p
Distributions paid in the year		
19 September 2014	1,512	2.0p
20 February 2015	1,542	2.0p
	3,054	4.0p

The Company has stated that it intends to target an annual dividend yield at 4% of net assets. In respect of the year under review this is equivalent to 4.0p, therefore in line with this intention.

The Board is proposing a final dividend of 3.0p per share to be paid, subject to Shareholder approval at the AGM, on 7 August to Shareholders on the register at 17 July 2015.

Investment adviser and administration manager

Downing LLP was appointed on 1 April 2010, as Investment Adviser, for a fee payable quarterly in advance in respect of each quarter, such quarterly fee being equal to one quarter of 1.8% of the Net Asset Value of the Company as at the opening of business on the first business day of that quarter. The agreement is not for a fixed term, and may be terminated by either side giving not less than 12 months' notice in writing.

Downing LLP also receives arrangement and monitoring (non-executive directorship) fees from the investee companies. During the year, Downing LLP received arrangement fees of £101,000 and monitoring fees of £648,000. These fees also relate to investments made by other funds managed by Downing LLP.

Investment adviser and administration manager (continued)
The Board is satisfied with the performance of Downing as Investment Adviser and with its strategy, approach and procedures in providing investment management services to the Company. The Board has concluded that the continuing appointment of Downing LLP, as Investment Adviser, remains in the best interest of Shareholders.

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

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

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

Trail commission
The Company has an agreement to pay trail commission, annually, to Downing LLP, in connection to funds raised under original offers for subscription. Trail commission is calculated between 0.15% and 0.50% of the respective net assets, attributable to the original shareholdings, at each year end.

Annual running costs cap
From 12 November 2013, the annual running costs of the Company are capped at 2.75% (including irrecoverable VAT) of the average net asset value of the Company as at the end of the relevant financial period. Any excess running costs above the cap are met by Downing. The Ongoing Charges ratio was 2.50%.

Annual Running Costs are costs incurred by the Company in the ordinary course of its business and include, *inter alia,* Directors' fees, fees for audit and taxation advice, registrar's fees, costs of communicating with Shareholders, annual trail commission and all the annual fees payable to the Company's investment adviser and administrators. Costs incurred on abortive investment proposals are the responsibility of the Investment Adviser. The fees payable by the Company to the Investment Adviser are allocated 50% to revenue and 50% to capital. This allocation may be reviewed in the future as the focus of the portfolio changes.

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

Chris Kay
Barry Dean
Andrew Griffiths
Stuart Goldsmith
Helen Sinclair

In view of trends in corporate governance practice, all Directors retire at each Annual General Meeting. Accordingly at the forthcoming AGM all Directors, being eligible, offer themselves for re-election. In view of each Director's considerable experience in the VCT sector the Board recommends that Shareholders vote in favour of the resolutions to re-appoint each of the Directors at the AGM.

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

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

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

VCT compliance (continued)
A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 18. Compliance with the main VCT regulations at 31 March 2015, and for the year then ended is summarised as follows:

1.	70.0% of its investments in qualifying companies (Company as a whole)	86.8%
2.	At least 30.0% of the Company's qualifying investments in "eligible shares"	67.2%
3.	At least 10.0% of each investment in a qualifying company held in "eligible shares"	Complied
4.	No investment constitutes more than 15.0% of the Company's portfolio	Complied
5.	Income for the year ended 31 March 2015 is derived wholly or mainly from shares and securities	95.7%
6.	The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained	Complied

Substantial interests
As at 31 March 2015, and at the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued share capital.

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

Annual General Meeting
The AGM will be held at Ergon House, Horseferry Road, London, SW1P 2AL at 10:30 a.m. on 27 July 2015. The Notice of the AGM and Form of Proxy are at the end of this document.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements and the Directors Remuneration Report comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and undertakes and provides the information necessary to assess the Company's performance, business model and strategy.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

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

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

- the management report, comprising the Chairman's Statement, the Strategic Report, the Investment Adviser's Report, the Review of Investments and the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company, together with the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.downing.co.uk, a website maintained by the Investment Adviser. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code (www.frc.org.uk), is shown on pages 26 to 29.

Principal risks and uncertainties

An overview of the principal risks faced by the Company is set out in the Strategic report on page 17.

Other matters

Information in respect of financial instruments and future developments have been disclosed within the Strategic Report on pages 17 to 19.

Statement as to disclosure of information to Auditor

The Directors in office at the date of the report have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
Company Number: 3150868
Registered Office:
Ergon House
Horseferry Road
London SW1P 2AL

26 June 2015

DIRECTORS' REMUNERATION REPORT

Annual statement from the Remuneration Committee
The Committee comprises Chris Kay, Barry Dean, Stuart Goldsmith, Andrew Griffiths and Helen Sinclair. The current remuneration levels were part of the proposals that were agreed by the participant companies in preparing for the merger and were adopted on its completion.

Remuneration policy
Below is the Company's current remuneration policy which is effective for the three years commencing 1 April 2015.

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

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

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

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

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

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

Annual report on remuneration (audited)
The following disclosure is required to be audited under the requirements of section 497. The audit opinion thereon is contained within the Auditor's Report on pages 30 to 33.

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

	2015 fee £	2014 fee £
Chris Kay	35,000	13,448
Barry Dean	20,000	7,685
Stuart Goldsmith	20,000	15,099
Andrew Griffiths	20,000	7,685
Helen Sinclair	20,000	7,685
Michael Cunningham	n/a	6,178
Roger Jeynes	n/a	7,414
Christopher Powell	n/a	9,267
	115,000	74,461

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

Statement of implementation of remuneration policy in the current financial year
The remuneration levels for the forthcoming year have been agreed, at the following levels:

	Annual fee £
Chris Kay	35,000
Barry Dean	20,000
Stuart Goldsmith	20,000
Andrew Griffiths	20,000
Helen Sinclair	20,000
	115,000

DIRECTORS' REMUNERATION REPORT (continued)

Directors share interests

The beneficial interests of the Directors in the issued Ordinary Shares in the Company at each year end (if appointed at that date) were as follows:

	31 March 2015	31 March 2014
Chris Kay	62,270	24,338
Barry Dean	7,129	7,129
Stuart Goldsmith	7,881	7,881
Andrew Griffiths	2,864	2,864
Helen Sinclair	5,398	5,398

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

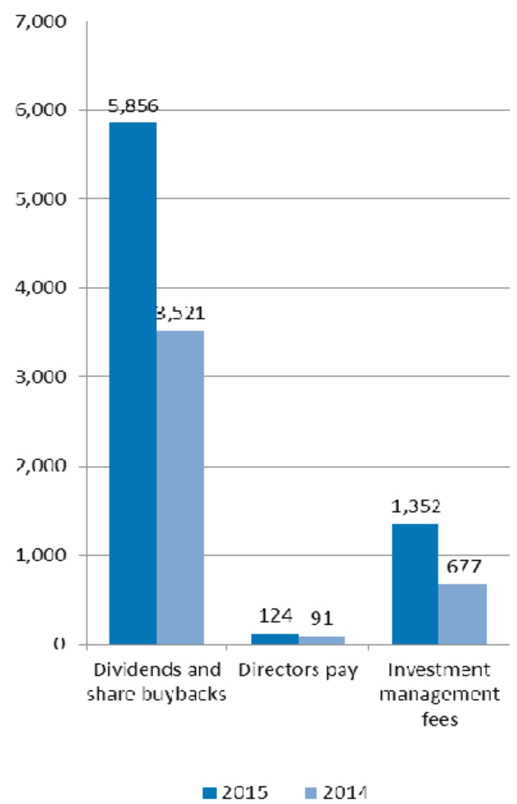
Statement of voting at AGM

At the AGM on 10 September 2014, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	90.0%
Against	10.0%
Withheld	118,227 votes

Relative importance of spend on pay

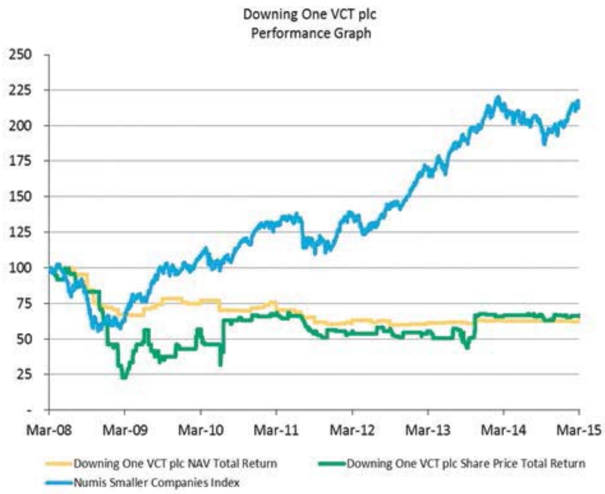
The difference in actual spend between 31 March 2015 and 31 March 2014 on remuneration for all employees in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the tabular graph below.



Performance graph

The graph below charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and total return of the Company's Share Price ("Share Price Total Return") over the past five years, compared to Numis Smaller Companies Index (Total Return, excluding investment companies), each of which has been rebased to 100 pence. Shareholders should note that the Company has undergone some substantial changes over that period.

The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company's long term value than the Company's share price, due to the long term nature of an investment in Venture Capital Trust shares. Although it is not a benchmark for the Company, the Numis Smaller Companies Index is considered to be an appropriate broad equity market index against which Investors can assess the relative performance of the Company.



By order of the Board

Grant Whitehouse
Company Secretary
Ergon House
Horseferry Road
London SW1P 2AL

26 June 2015

CORPORATE GOVERNANCE STATEMENT

The Directors support the relevant principles of the UK Corporate Governance Code, maintained by the Financial Reporting Council being the principles of good governance and the code of best practice.

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

In accordance with Company policy all of the Directors are offering themselves for re-election at the next AGM.

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

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman in advance of each Board meeting.

Share capital
The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 20.

Committees to the Board
As the Company has a small Board comprising wholly of non-executive Directors, all Directors sit on the Nomination Committee, Remuneration Committee and Audit Committee.

The Chairman of the Nomination Committee is Andrew Griffiths. The Chairman of the Remuneration Committee is Helen Sinclair and the Chairman of the Audit Committee is Stuart Goldsmith.

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

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

	Board meetings attended	Audit Committee meetings attended
Chris Kay	4	3
Barry Dean	4	3
Stuart Goldsmith	4	3
Andrew Griffiths	4	3
Helen Sinclair	4	3

Neither of the Nomination or Remuneration Committees met during the year.

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

Audit Committee
The Audit Committee is responsible for:
- monitoring the Company's financial reporting;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

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

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

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

Internal audit and control

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

Whistleblowing procedures

As the Company has no staff, other than directors, there are no procedures in place in respect of C.3.5 of the UK Corporate Governance Code, relating to whistleblowing. The Audit Committee understands that the Investment Adviser has whistleblowing procedures in place.

External auditor

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

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

BDO LLP has been appointed as the Auditor to the Company since March 2015.

Following assurances received from the Investment Adviser at the completion of the audit for the year to 31 March 2015, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services

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

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance. The Committee did not meet during the year. The composition of the new Board was considered during detailed merger discussions.

Diversity policy

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

Remuneration Committee

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

Anti-bribery policy

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

Relations with Shareholders
Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested. As disclosed in the Directors' Report, there were no Shareholders with a substantial interest in the Company at the year-end or at the date of this report.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. Downing LLP collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM.

In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting
The Directors' Statement of Responsibilities for preparing the accounts is set out in the Directors' Report on page 22, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 30.

Risk Management and Internal control
The Board has adopted an Internal Control Manual ("Manual") for which it is responsible, which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

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

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

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 4, the Investment Adviser's Report on pages 5 to 7 and the Strategic Report on page 17. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow Statement on page 37 and the Strategic Report on page 19. In addition, notes 12 and 17 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources at the year end, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they believe the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

The Directors confirm that the business is a going concern and that their assessment of the going concern position has been prepared in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council in October 2009.

Compliance statement

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code throughout the accounting period. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 March 2015 with the provisions set out in the UK Corporate Governance Code.

a) New Directors do not receive a full, formal and tailored induction on joining the Board, nor does the Chairman review and agree training and development needs. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)

b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. Similarly, a senior independent director has not yet been appointed. (A.4.1, A.4.2, B.6.1, B.6.3, B.7.2)

c) The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts. (B.2.3) The Directors do have letters of appointment in place which the Company considers to be sufficient. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
Ergon House
Horseferry Road
London SW1P 2AL

26 June 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING ONE VCT PLC

Our opinion on the financial statements

In our opinion the Downing ONE VCT PLC financial statements for the year ended 31 March 2015, which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What our opinion covers

Our audit opinion covers the:

- Income Statement;
- Reconciliation of Movement in Shareholders' Funds;
- Balance Sheet;
- Cash Flow Statement; and
- Related notes.

Respective responsibilities of directors and auditor

As explained more fully in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and international Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC) Ethical Standards for Auditors.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's (FRC) website at www.frc.org.uk/auditscopeukprivate.

Our approach

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by the Investment Adviser and Administration Manager and, the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response.

Risk area	Audit response
Valuation of investments: Valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the company.	The valuations are prepared in accordance with the international Private Equity and Venture Capital Valuation Guidelines. The investments are held in a diverse range of entities and are valued using various valuation models as appropriate in each circumstance. For a sample of investments held, our audit procedures included: • considering the appropriateness of the valuation methodology and ensuring that it is in accordance with the international Private Equity and Venture Capital Valuation Guidelines; • reviewing and challenging the assumptions inherent in the valuation models by comparison to appropriate benchmark data; • carefully examining, where appropriate, the Investment Adviser's assessment of maintainable earnings with reference to the investee's historic performance and current prospects; • assessing the appropriateness of discount rates and marketability discounts where applied in the model with reference to market data for comparable assets; • for asset backed investments, reviewing and evaluating valuation reports where available; • for quoted investments, confirming the valuations to market data bid prices; and • assessing the impact of estimation uncertainty concerning these assumptions and the completeness of associated disclosures in the financial statements. Where investments were held in loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans. For all investments sampled, we developed our own point estimate where alternative assumptions could reasonably be applied. We considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.
Revenue recognition: Revenue consists of loan stock interest, dividends receivable from investee companies and interest earned on cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.	• We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid; • We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest; • We also reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the income Statement; and • We also tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies.

The Audit Committee's consideration of these key issues is set out on pages 26 to 27.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING ONE VCT PLC (continued)

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view.	• The value of net assets • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	1,000,000
Specific materiality – classes of transactions and balances which impact on net realised returns	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• Level of gross expenditure	100,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £30,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 26 and 28 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 28 in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

BDO LLP

Stuart Collins (Senior Statutory Auditor)
For and on behalf of **BDO LLP**
Statutory Auditor
London UK

26 June 2015

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

INCOME STATEMENT
for the year ended 31 March 2015

	Note	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Income	**2**	2,659	-	2,659	1,158	-	1,158
Gains on investments	**9**	-	1,410	1,410	-	255	255
Net gain on acquisition of net assets on merger		-	-	-	-	253	253
		-	-	-	1,158	508	1,666
Investment management fees	**3**	(676)	(676)	(1,352)	(298)	(379)	(677)
Other expenses	**4**	(715)	-	(715)	(488)	-	(488)
Return on ordinary activities before tax		1,268	734	2,002	372	129	501
Tax on ordinary activities	**6**	(213)	213	-	(87)	87	-
Return attributable to equity shareholders	**8**	1,055	947	2,002	285	216	501
Basic and diluted return per share	**8**	1.4p	1.2p	2.6p	0.4p	0.3p	0.7p

All Revenue and Capital items in the above statement derive from continuing operations. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement shown above.

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between the return as stated above and at historical cost.

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Opening Shareholders' funds		74,577	14,005
Issue of share capital on acquisition		-	60,625
Issue of new shares	**12**	7,678	2,102
Funds held in respect of shares not yet allotted		1,672	921
Share issue costs	**12**	(156)	(57)
Purchase of own shares	**12**	(2,802)	(1,531)
Total recognised gains for the year		2,002	501
Dividends paid	**7**	(3,054)	(1,989)
Closing Shareholders' funds		79,917	74,577

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

BALANCE SHEET
as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	**9**	69,195	67,723
Current assets			
Debtors	**10**	592	509
Cash at bank and in hand		10,857	7,983
		11,449	8,492
Creditors: amounts falling due within one year	**11**	(727)	(1,638)
Net current assets		10,722	6,854
Net assets		79,917	74,577
Capital and reserves			
Called up share capital	**12**	798	750
Capital redemption reserve	**13**	1,500	1,470
Share premium account	**13**	69,714	62,114
Funds held in respect of shares not yet allotted	**13**	2,593	921
Special reserve	**13**	7,523	11,458
Capital reserve – realised	**13**	-	-
Capital reserve – unrealised	**13**	(2,805)	(2,438)
Revenue reserve	**13**	594	302
Total equity shareholders' funds		79,917	74,577
Basic and diluted net asset value per share	**14**	96.9p	98.2p

The financial statements on pages 34 to 51 were approved and authorised for issue by the Board of Directors on 26 June 2015 and were signed on its behalf by

Chris Kay
Chairman

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

CASH FLOW STATEMENT
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Net cash inflow/(outflow) from operating activities	**15**	378	(128)
Taxation			
Corporation tax paid		(199)	(169)
Capital expenditure			
Purchase of investments		(5,620)	(1,482)
Disposal of investments		5,660	5,397
Net cash inflow from capital expenditure		40	3,915
Acquisitions			
Cash acquired		-	4,627
Acquisition costs		(244)	(238)
Net cash (outflow)/ inflow from acquisitions		(244)	4,389
Equity dividends paid		(3,054)	(1,984)
Net cash (outflow)/inflow before financing		(3,079)	6,023
Financing			
Proceeds from share issue		6,757	2,102
Funds held in respect of shares not yet allotted		2,593	921
Share issue costs		(156)	(57)
Purchase of own shares		(3,241)	(1,129)
Net cash inflow from financing		5,953	1,837
Increase in cash	**16**	2,874	7,860

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

1. Accounting policies

Basis of accounting
The Company has prepared its financial statements under UK Generally Accepted Accounting Practice and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments.

The Company implements new Financial Reporting Standards issued by the Accounting Standards Board when required.

Presentation of income statement
In order to better reflect the activities of a Venture Capital Trust and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments
Venture capital investments are designated as "fair value through profit or loss" assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") together with FRS 26.

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

The valuation methodologies for unlisted instruments (comprising equity and loan notes) used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of the underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Where an investee company has gone into receivership, liquidation, or administration where there is little likelihood of a recovery, the loss on the investment, although not physically disposed of, is treated as being realised.

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

It is not the Company's policy to exercise either significant or controlling influence over investee companies. Consistent with FRS 9 and the SORP all portfolio investments are stated at fair value and not using the equity method of accounting. Therefore, the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

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

1. Accounting policies (continued)

Income

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

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

Expenses

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

- Expenses which are incidental to the acquisition of an investment are deducted from the Capital Account.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Since the merger on 12 November 2013, investment management fees are allocated 50% to revenue and 50% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Taxation

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

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

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

Cash and cash equivalents

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

Other debtors and other creditors

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

Share issue costs

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

Funds held in respect of shares not yet allotted

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

Segmental reporting

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

2. Income

	2015 £'000	2014 £'000
Income from investments		
Loan stock interest	2,117	932
Dividend income	426	166
Listed fixed income security interest	-	13
	2,543	1,111
Other income		
Other income	48	30
Deposit interest	68	17
	2,659	1,158

3. Investment management fees

	2015 £'000	2014 £'000
Investment management fees	1,352	677

Following the merger in November 2013, the size of the Company increased significantly, and accordingly the fees increased at the time too.

The annual running costs of the Company for the year were subject to a cap of 2.75% of the Company's net assets. The expense cap has not been breached for the year under review (2014: £nil).

4. Other expenses

	2015 £'000	2014 £'000
Administration services	121	89
Directors' remuneration	115	84
Social security costs	9	4
Trail commission	164	82
Auditor's remuneration for statutory audit	31	33
Legal and professional fees	1	7
Provision for doubtful income	22	32
Custodian charges	114	60
Other expenses	138	97
	715	488

5. Directors' remuneration

Details of remuneration (excluding VAT and employer's NIC) are given in the Directors' Remuneration Report on page 24. The Company had no employees (other than Directors) during the year (2014: none). No other emoluments and pension contributions were paid by the Company to, or on behalf of, any Directors.

6. Tax on ordinary activities

	2015 £'000	2014 £'000
a) Tax charge for year		
Current year:		
UK Corporation tax (charged to the Revenue Account)	213	87
Tax credited to Capital Account	(213)	(87)
	-	-
b) Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	2,002	501
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 21.0% (2014: 23.0%)	420	115
Effects of:		
Gains on investments	(296)	(58)
Gain on acquisition of net assets	-	(58)
UK dividend income	(89)	(38)
Disallowable expenses	35	20
Excess management fees (utilised)/carried forward	(70)	19
	-	-

c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £4.0 million (2014: £4.3 million). The associated deferred tax asset has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future.

Due to the Company's status as a Venture Capital Trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7. Dividends

				2015			2014
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2015 Interim:	2.0p	385	1,157	1,542	-	-	-
2014 Final:	2.0p	378	1,134	1,512	-	-	-
2014 Interim:	2.0p	-	-	-	-	1,499	1,499
2013 Final:	2.5p	-	-	-	-	490	490
		763	2,291	3,054	-	1,989	1,989
Dividends proposed							
Final:	3.0p (2014: 2.0p)	798	1,596	2,394	375	1,125	1,500

8. Basic and diluted return per share

	2015	2014
Return per share based on:		
Net revenue return for the financial year (£'000)	1,055	285
Capital return per share based on:		
Net capital gain for the financial year (£'000)	94	216
Weighted average number of shares in issue	76,191,863	74,326,968

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

9. Investments

	Unquoted investments £'000	Quoted on ISDX Growth Market £'000	Quoted on AIM £'000	Total £'000
Cost at 1 April 2014	47,576	1,220	21,365	70,161
Unrealised (losses)/gains at 1 April 2014	(4,631)	(603)	2,796	(2,438)
Opening fair value at 1 April 2014	42,945	617	24,161	67,723
Movement in the year:				
Change in status	900	(534)	(366)	-
Purchased at cost	6,387	-	1,845	8,232
Disposal proceeds	(4,652)	-	(3,518)	(8,170)
Realised gains in the income statement	179	-	442	621
Unrealised gains/(losses) in the income statement	(2,197)	(39)	3,025	789
Closing fair value at 31 March 2015	43,562	44	25,559	69,195
Closing cost at 31 March 2015	52,378	71	19,551	72,000
Unrealised (losses)/gains at 31 March 2015	(8,816)	(27)	6,038	(2,805)
Closing fair value at 31 March 2015	43,562	44	25,559	69,165

A schedule disclosing the additions and disposals during the year and other information on investments can be found within the Review of Investments on pages 11 to 12.

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;
Level 3 Reflects financial instruments that are not based on observable market data (investments in unquoted shares and loan note investments).

9. Investments (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2015 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2014 £'000
Quoted on AIM	25,589	-	-	25,589	24,161	-	-	24,161
Quoted on ISDX	44	-	-	44	617	-	-	617
Loan notes	-	-	27,870	27,870	-	-	28,214	28,214
Unquoted	-	-	15,692	15,692	-	-	14,731	14,731
	25,633	-	43,562	69,195	24,778	-	42,945	67,723

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

	Unquoted shares £'000	Loan notes £'000	Total £'000
Balance at 31 March 2014	14,731	28,214	42,945
Change in status	1,584	(684)	900
Movements in the income statement:			
Unrealised losses in the income statement	(1,158)	(1,039)	(2,197)
Realised gains/(losses) in the income statement	(55)	234	179
	(1,213)	(805)	(2,018)
Purchases at cost	2,440	3,947	6,387
Disposal proceeds	(1,850)	(2,802)	(4,652)
Balance at 31 March 2015	15,692	27,870	43,562

FRS 29 requires disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments. The Board and the Investment Adviser believe that the valuations as at 31 March 2015 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 17.

10. Debtors

	2015 £'000	2014 £'000
Trades awaiting settlement	-	102
Other debtors	-	104
Income tax recoverable	3	7
Prepayments and accrued income	589	296
	592	509

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Taxation and social security	14	19
Trade creditors	1	441
Other creditors	58	511
Accruals and deferred income	654	667
	727	1,638

12. Called up share capital

	2015 £'000	2014 £'000
Issued, allotted, called up and fully paid:		
79,798,496 (2014: 75,007,105) Ordinary Shares of 1p each	798	750

The company allotted 7,817,253 Ordinary Shares at a price of approximately 99.8p per Ordinary Share under the terms of the Offers for Subscription.

During the year, the Company repurchased 3,025,862 Ordinary Shares of 1p each for average consideration of 92.1p per share, representing 4.0% of those shares authorised to be repurchased. These shares were subsequently cancelled.

Management of capital
The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on pages 17 to 18, in pursuit of its principal investment objectives as stated on page 2. The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 26.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

12. Called up share capital (continued)

Management of capital (continued)

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

13. Reserves

	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	Capital reserve -unrealised £'000	Revenue reserve £'000
At 1 April 2014	1,470	62,114	921	11,458	-	(2,438)	302
Utilised in share issue	-	-	(921)	-	-	-	-
Unallotted shares	-	-	2,593	-	-	-	-
Issue of new shares	-	7,600	-	-	-	-	-
Share issue costs	-	-	-	(156)	-	-	-
Purchase of own shares	30	-	-	(2,802)	-	-	-
Capital expenses	-	-	-	-	(676)	-	-
Corporation tax	-	-	-	-	213	-	-
Gains on investments	-	-	-	-	621	789	-
Realisation of revaluations from previous years	-	-	-	-	1,156	(1,156)	-
Transfer between reserves	-	-	-	(977)	977	-	-
Dividends paid	-	-	-	-	(2,291)	-	(763)
Retained net revenue	-	-	-	-	-	-	1,055
At 31 March 2015	1,500	69,714	2,593	7,523	-	(2,805)	594

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. A transfer has been made at the year end to eliminate losses on the Capital reserve-realised.

Distributable reserves are calculated as follows:

	2015 £'000	2014 £'000
Special reserve	7,523	11,458
Revenue reserve	594	302
Unrealised losses (excluding unrealised unquoted gains)	(5,396)	(3,457)
	2,721	8,303

14. Basic and diluted net asset value per share

		Shares in issue	Net assets £'000	NAV per share pence
As at 31 March 2015	Ordinary Shares	79,798,496	77,324	96.9
	Funds held in respect of shares not yet allotted		2,593	
			79,917	
As at 31 March 2014	Ordinary Shares	75,007,105	73,656	98.2
	Funds held in respect of shares not yet allotted		921	
			74,577	

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

15. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	2,002	501
Gains on investments	(1,410)	(255)
Net gains on acquisition of net assets	-	(253)
(Increase)/ decrease in debtors	(185)	130
Decrease in creditors	(29)	(251)
Net cash inflow/(outflow) from operating activities	378	(128)

16. Reconciliation of net cash flow to movement in net funds

	2015 £'000	2014 £'000
Beginning of year	7,983	123
Net cash inflow	2,874	7,860
End of year	10,857	7,983

17. Financial instruments

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

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

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

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

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

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end are provided below:

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

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

- Investment price risk; and
- Interest rate risk.

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

17. Financial instruments (continued)

Investment price risk

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

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted investments, excluding fixed interest bonds, is summarised below. A 25% (2014: 25%) movement in the share price in each of the quoted stocks held by the Company which is considered to be a reasonable maximum movement in a year would have an effect as follows:

Sensitivity			2015 25% mvmt			2014 25% mvmt
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
Quoted shares	25,633	6,408	8.0	24,778	6,194	8.3

Unquoted investments

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity investments held in the unquoted portfolio. As unquoted investments are typically structured as partly equity and partly loan notes, investment price risk of the unquoted investments is considered as a whole. A 10% (2014: 10%) movement in the price of these investments is considered to be a reasonable maximum level in a year and would have an effect as follows: (in 2014, the sensitivity was only applied to unquoted equity):

Sensitivity			2015 10% mvmt			2014 10% mvmt
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
Unquoted investments	43,562	4,356	5.5	14,567	1,457	1.9

17. Financial instruments (continued)

Interest rate risk

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

Interest rate profile of financial assets and financial liabilities

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

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

Interest rate risk profile of financial assets and financial liabilities

	Weighted average interest rate	Weighted average period until maturity	2015 £'000	2014 £'000
Fixed rate	6.8%	698 days	25,804	26,149
Floating rate	0.7%		10,857	7,983
No interest rate		714 days *	43,226	40,445
			79,887	74,577

* In respect of non-interest bearing loan notes only

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

The Bank of England base rate stood at 0.5% per annum throughout the year. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and total return of the Company.

Credit risk

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

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

	2015 £'000	2014 £'000
Fair value through profit or loss assets:		
Investments in loan stocks	27,870	28,214
Loans and receivables:		
Cash and cash equivalents	10,857	7,983
Trades awaiting settlement	-	102
Interest, dividends and other receivables	586	404
	39,313	36,703

17. Financial instruments (continued)

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

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

There have been no changes in fair value during the year that can be directly attributable to changes in credit risk.

Liquidity risk
Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company only normally ever has a relatively low level of creditors (2015: £727,000, 2014: £1,638,000) and has no borrowings. Also most quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons the Board believes that the Company's exposure to liquidity risk is minimal.

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

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 March 2015, as analysed by expected maturity date, is as follows:

As at 31 March 2015	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**Passed maturity date £'000**	**Total £'000**
Fully performing loan stock	4,591	6,618	1,851	1,277	2,904	17,241
Past due loan stock	3,113	696	1,358	3,064	2,398	10,629
	7,704	7,314	3,209	4,341	5,302	27,870
Loan interest past due	79	84	249	24	128	564

Of the loan stock classified as "past due" above, £10,629,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is in arrears. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as "past due" above, £2,398,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date, falls within the banding of nil to 3 years past due. Notwithstanding this information, the Directors do not consider the loan notes to be impaired at the current time or that maturity dates of the principals have altered.

17. Financial instruments (continued)

As at 31 March 2014	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	3,441	7,882	4,602	6,840	-	22,765
Past due loan stock	1,774	122	-	1,218	2,335	5,449
	5,215	8,004	4,602	8,058	2,335	28,214

18. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year-end (2014: none).

19. Controlling party

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

UNAUDITED PERFORMANCE SUMMARY FOR VARIOUS INVESTOR GROUPS

The Company undertook a merger with five other VCTs followed by a share reorganisation on 12 November 2013. Full details, including share conversion ratios, can be found on Downing's website, www.downing.co.uk.

The figures in the table below show the performance of the various groups of investors who make up the Company's current shareholder base and grouped by the VCTs that participated in the merger in November 2013.

Share issue	Year of launch	Initial income tax relief	Equivalent dividends received	Equivalent NAV	Gain/(loss) (ignoring income tax relief)	Gain/(loss) (after initial income tax relief) (note 1)	Gain/(loss) (after initial and SRRP tax relief) (note 2)
	(pence)	(%)	(pence)	(pence)	(%)	(%)	(%)
Downing ONE VCT plc ("DDV1")							
AIM Distribution Trust plc	1996	20%	65.2	24.2	-10.7%	11.6%	21.4%
AIM Distribution Trust plc - top up	2005	40%	15.4	24.2	-46.3%	-10.5%	7.2%
Pennine AIM VCT 5 plc	2005	40%	37.6	21.0	-41.3%	-2.2%	9.1%
Pennine AIM VCT 6 plc	2006	40%	38.8	28.0	-33.1%	11.4%	26.5%
Downing Distribution VCT 1 plc - top up	2010	30%	21.8	69.1	-13.3%	23.8%	n/a
Downing Distribution VCT 1 plc - top up	2012	30%	11.8	69.1	3.8%	48.4%	n/a
Downing ONE VCT plc	Feb 2014	30%	6.0	96.9	2.4%	46.2%	n/a
Downing ONE VCT plc	Mar-Jul 2014	30%	4.0	96.9	2.4%	46.2%	n/a
Downing ONE VCT plc	Sep 2014	30%	2.0	96.9	1.6%	45.2%	n/a
Downing ONE VCT plc	Jan 2015	30%	2.0	96.9	2.5%	46.3%	n/a
Downing ONE VCT plc	Mar-May 2015	30%	-	96.9	2.5%	46.4%	n/a
Downing Income VCT 3 plc ("DI3")							
Pennine AIM VCT plc	1996	20%	96.8	31.2	28.0%	60.1%	70.4%
Pennine AIM VCT II plc	1997	20%	58.3	20.8	-20.9%	-1.1%	5.8%
Pennine Downing AIM VCT plc	1998	20%	41.3	27.5	-31.2%	-14.1%	-5.0%
The Ethical AIM VCT plc	1999	20%	25.0	17.7	-57.3%	-46.6%	-40.7%
Pennine Downing AIM VCT 2 plc	2001	20%	35.0	28.0	-37.0%	-21.3%	-12.0%
Pennine AIM VCT plc (C share)	2002	20%	30.4	43.8	-25.8%	-7.2%	7.2%
Pennine AIM VCT plc (D share)	2006	30%	36.1	51.6	-12.3%	25.3%	44.8%
Downing Distribution VCT 2 plc - top up	2010	30%	20.5	88.8	0.8%	44.0%	n/a
Downing Income VCT 3 plc - top up	2013	30%	8.0	88.8	6.8%	52.5%	n/a
Downing Income VCT 3 plc (E share)	2011	30%	12.7	84.3	-3.0%	38.6%	n/a
Downing Income VCT plc ("DI")							
Framlington AIM VCT 2 plc	2005	40%	30.1	34.2	-35.7%	7.2%	22.1%
Downing Income VCT plc	2013	30%	2.1	34.2	5.2%	50.3%	n/a
Downing Income VCT 4 plc ("DI4")							
Framlington AIM VCT plc	2006	40%	35.8	37.5	-26.7%	22.2%	37.7%
Downing Income VCT 4 plc	2013	30%	2.3	37.5	10.3%	57.6%	n/a
Downing Absolute Income VCT 1 plc ("DAI1")							
Downing Healthcare Protected VCT plc	1996	20%	73.5	81.6	55.0%	93.8%	124.0%
Downing Protected VCT 1 plc - top up	2010	30%	16.1	81.6	7.1%	52.9%	n/a
Downing Absolute Income VCT 1 plc - top up	2010	30%	16.1	81.6	6.8%	52.6%	n/a
Downing Absolute Income VCT 1 plc - top up	2012	30%	10.1	81.6	-0.8%	41.7%	n/a
Downing Absolute Income VCT 1 plc (C share)	2010	30%	16.7	68.3	-15.0%	21.5%	n/a
Downing Absolute Income VCT 2 plc ("DAI2")							
Downing Absolute Income VCT 2 plc	2010	30%	21.6	66.7	-11.7%	26.1%	n/a
Downing Absolute Income VCT 2 plc (A share)	2010	30%	-	0.1	2.9%	47.0%	n/a

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

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

COMPANY INFORMATION

Directors
Chris Kay (Chairman)
Barry Dean
Stuart Goldsmith
Andrew Griffiths
Helen Sinclair
all of
Ergon House
Horseferry Road
London SW1P 2AL

Company number
3150868

Secretary and Registered Office
Grant Whitehouse
Ergon House
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Tel No: 020 7416 7780

Investment Adviser and Administration Manager
Downing LLP
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Tel No: 020 7416 7780
www.downing.co.uk

Auditor
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55 Baker Street
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VCT status advisers
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Suite C – First Floor
4-6 Staple Inn
London WC1V 7QH

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel No: 0871 664 0324
(calls cost 10p per minute plus network extras
lines open Mon-Fri from 8.30am to 5.30pm)
www.capitaassetservices.com

Bankers
Royal Bank of Scotland plc
119-121 Victoria Street
London SW1E 6RA

Bank of Scotland plc
33 Old Broad Street
London BX2 1LB

NOTICE OF ANNUAL GENERAL MEETING
OF DOWNING ONE VCT PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Downing ONE VCT plc will be held at **Ergon House, Horseferry Road, London SW1P 2AL** at 10:30 a.m. on 27 July 2015 for the transaction of the following business:

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

1. To receive and adopt the Directors' Report and Accounts of the Company for the year ended 31 March 2015 together with the Independent Auditors' Report thereon.
2. To approve the Directors' Remuneration Report.
3. To approve a final dividend of 3.0p per Ordinary Share.
4. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Chris Kay, who retires and, being eligible, offers himself for re-election.
6. To re-elect as Director, Barry Dean, who retires and, being eligible, offers himself for re-election.
7. To re-elect as Director, Stuart Goldsmith, who retires and, being eligible, offers himself for re-election.
8. To re-elect as Director, Andrew Griffiths, who retires and, being eligible, offers himself for re-election.
9. To re-elect as Director, Helen Sinclair, who retires and, being eligible, offers herself for re-election.

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

Ordinary Resolution

10. That, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £350,000 (representing approximately 41% of the share capital in issue at today's date, provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

Special Resolutions

11. That, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the CA 2006 to exercise all the powers of the Company to allot and issue shares in the capital of the Company pursuant to any dividend reinvestment scheme operated by the Company from time to time and the authority conferred by this resolution shall continue in force until such time as it is varied or revoked by the Company in a general meeting.

12. That, the Directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolutions 10 and 11 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.

13. That, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the CA2006 Act to make one or more market purchases (as defined in section 693(4) of the Act) of shares provided that:
    (a) the maximum number of shares hereby authorised to be purchased is 12,575,000 representing approximately 14.9% of the present issued share capital of the Company;
    (b) the minimum price (exclusive of expenses) which may be paid for such shares is 1p the nominal amount thereof;
    (c) the maximum price (exclusive of expenses) which may be paid for such shares shall be an amount equal to 5 per cent. above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
    (d) the Company may make a contract to purchase its own shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own shares in pursuance of any such contract;

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

14. That in accordance with Section 641 of the CA 2006, the Company be generally authorised to reduce its share premium account by up to 100% of the amount standing to the credit thereof provided that any reduction pursuant to this resolution is confirmed by order of the Court.

By order of the Board

Grant Whitehouse
Company Secretary
Registered Office:
Ergon House
Horseferry Road
London SW1P 2AL

26 June 2015

Note:
Information regarding the Annual General Meeting, including the information required by section 311A of the CA2006, is available from www.downing.co.uk.

NOTICE OF THE ANNUAL GENERAL MEETING OF DOWNING ONE VCT PLC (continued)

Notes

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the CA2006, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10:30 a.m. on 23 July 2015 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10:30 a.m. on 23 July 2015 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 10:30 a.m. on 26 June 2015, the Company's issued share capital comprised 84,390,050 Ordinary Shares and the total number of voting rights in the Company was 84,390,050. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the CA2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.

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

DOWNING ONE VCT PLC
FORM OF PROXY

For use at the Annual General Meeting of the above named Company to be held on 27 July 2015 at **Ergon House, Horseferry Road, London SW1P 2AL** at 10:30 a.m.

I/We*.. (in BLOCK CAPITALS please)

of ....
being the holder(s)* of Ordinary Shares of 1p each in the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or ....

of ....
as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at Ergon House, Horseferry Road, London SW1P 2AL on 27 July 2015 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	**FOR**	**AGAINST**	**WITHHELD**
1. To receive and adopt the Directors' Report and Accounts.			
2. To approve the Directors' Remuneration Report.			
3. To approve the payment of a final dividend of 3.0p per share.			
4. To re-appoint the Auditor and authorise the Directors to determine their remuneration.			
5. To re-elect Chris Kay as a Director.			
6. To re-elect Barry Dean as a Director.			
7. To re-elect Stuart Goldsmith as a Director.			
8. To re-elect Andrew Griffiths as a Director.			
9. To re-elect Helen Sinclair as a Director.			
SPECIAL BUSINESS			
10. To authorise the Directors to allot shares.			
11. To authorise the Directors to allot shares in respect of the DRIS			
12. To authorise the Directors to disapply pre-emption rights.			
13. To authorise the Company to make market purchases of its shares.			
14. To reduce the Share Premium account			

Signature(s)*... Date...2015

* Delete as appropriate

PLEASE RETURN TO DOWNING LLP IN THE PRE-PAID ENVELOPE PROVIDED

NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointer. A member entitled to attend and vote at the Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

Downing

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