

THE 181 FUND LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**THE 181 FUND LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS

Mr Anthony David Burton (resigned 15 April 2019)
Mr Ashley Le Feuvre
Mr John Humphrey Gunn
Mr Ronald William Green
Mr Stuart Melville Parkinson (appointed 31 March 2019)
Mr Trevor Lennard Norman

COMPANY SECRETARY

VG Secretaries Limited
Fifth Floor
37 Esplanade
St Helier
Jersey
JE1 2TR

AUDITORS

Grant Thornton Limited
Kensington Chambers
46/50 Kensington Place
St Helier
Jersey
JE1 1ET

ADMINISTRATOR AND REGISTRAR

VG Trust & Corporate Services Limited
Fifth Floor
37 Esplanade
St Helier
Jersey
JE1 2TR

LEGAL ADVISERS

Voisin & Co
37 Esplanade
St Helier
Jersey
JE1 1AW

REGISTERED OFFICE

Fifth Floor
37 Esplanade
St Helier
Jersey
JE1 2TR

**THE 181 FUND LIMITED
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Investment Objective

The objective of the Company is to achieve medium to long term capital growth through investing in small companies across a wide range of interesting technologies and services, so as to create shareholder value within a reasonable timescale.

Net Assets of the Company

The financial year to 31 December 2019 saw another year of positive development in the Company's portfolio and NAV, lead primarily by valuation increases for Crest Medical and Antler Holdco Ltd. (formerly Interactive Investor Limited). There was unfortunately a mark-down of the valuation for SolarNext AG, with the other unquoted investments remaining generally flat. As detailed in the investment review, positive progress is anticipated for several investee companies but there continues to be limited opportunities to add to existing positions or liquidate positions. The focus though will continue to be on realising growth from existing holdings and supporting the companies where we can, as they navigate the current and ongoing effects of the Covid pandemic.

Within the quoted sector the share price of Rotala increased a little during 2019 but has been badly affected after the year-end as a result of Covid and its economic impact.

Investment Performance

Performance for 2019 was primarily driven by valuation increases for Crest Medical and Antler Holdco Ltd. (formerly Interactive Investor Limited).

Strategic Policy

The Board maintains its historic approach to the Company's investment portfolio. There was very low activity in terms of acquisitions and disposals during 2019 and this is expected to remain the case through 2020. Any opportunity for fund raising is, however, unlikely.

In conclusion and consistent with the prior year, the Board is confident that recent growth in the Company's NAV can be maintained, although potential liquidity events have been delayed by the unprecedented effects of the pandemic. Notwithstanding these challenges there remains a positive outlook for a number key investee companies.

The Board is grateful to shareholders for your continued support.

John Gunn
Chairman

2020

**THE 181 FUND LIMITED
INVESTMENT REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2019**

INTRODUCTION

As is usual with a venture capital portfolio, there were some disappointments, but also some good gains to offset those. 2019 proved to be very positive in the progress in our bigger investments, i.e. Finance Ireland, Antler Holdings (Interactive Investor), Crest Medical and Duuzra Event Software. In the coming years, we can expect further gains in these and even in one or two cases an IPO (by 2021 or 2022), which would bring with it the opportunity to use the resultant liquidity to both buy in shares and to support portfolio companies further.

The report for 2019 will go to shareholders toward the end of 2020. Therefore, it is sensible that we make our comments on our individual holdings to incorporate the current effect on them of the COVID 19 virus. Its influence has been quite different, depending totally on the nature of the business sectors our Companies operate in.

Many companies in the portfolio had already decided to increase liquidity both by equity increases or better and larger credit lines. This was in anticipation of a possible slowdown later in 2020. Thus, it was only a small number of our companies that have found the going difficult due to the pandemic and to its economic effects.

It is difficult to be precise about the outcome post-epidemic and to envisage the "new normal" for each of our holdings. We have set out what seems to be the situation in September 2020, but this, as can be expected in the circumstances, is likely to change as we go forward. However, all in all, we have seen no failures and hope this remains the case. We do have plenty of good things to look forward to and it can be hoped that the awaited recovery in 2021 will be beneficial for the portfolio and we will at the very least get back to the end 2019 level sometime during 2021. It is challenging to estimate a current value for our portfolio given the level of global uncertainty but this will become clearer as we go into quarters 3 and 4 of 2020. The overall value will be lower, but not materially so, a reasonable guess would be some 10-15% lower than December 2019, i.e. 13.5p-14p per share NAV.

We would comment on our material holdings as follows:

QUOTED INVESTMENTS

Rotala plc.- the company ended 2019 in good form, posting record results for pre-tax profits and turnover of £67.5 million. The forecast was for a total dividend of 2.8p versus 2.7p. However, operations were totally curtailed by government directives, so that, post the appearance of the virus, the company was turning over initially only about 15% of the expected levels for 2020. The first quarter to 28 February 2020 had been strong and so prospects for the year appeared positive. The performance at the newly acquired Bolton depot was particularly pleasing. Then, in March the company was hit hard both by the public's retreat into lockdown and the government's exhortations to avoid public transport. The industry was given short term grants to keep a (non-viable) skeleton service going, but it was calculated by the DoT so as to give the bus operators just enough to cover their costs. The company has so far managed to function on a marginally positive cash flow by operating economically. Management has done an excellent job and we expect that once we are back to some sort of normality, prospects will again look good. Sadly, these events impacted the share price which dropped from 55p to 18.5p before recovering slightly to 26.5p in September. As a recipient of grants from HMG the company felt it prudent to defer the dividend, which had a big impact on the Company's cash flow. However, a return to the dividend list, albeit at revised level should be seen in late 2021.

UNQUOTED INVESTMENTS

Cambridge Mechatronics - innovative new products have appeared and sales have been growing, especially to Chinese telecom companies. Prospects appear good for the coming year, particularly if this sector returns to a more normal situation. We have retained the value at 626p per share in line with the last funding level.

Finance Ireland Ltd. - the company achieved an excellent result in 2019 (up over 25% versus 2018) and also posted a record first quarter in 2020. Then the impact of the virus became evident. All divisions were impacted with an almost total stop in commercial property lending and a severe drop -off in loans from the car finance subsidiary, the SME leasing and the domestic mortgage area. Following this, the Irish government introduced loan interest payment holidays (and even extended them), but made no financial help available to lenders based in Ireland. The company's strong balance sheet, and just as importantly, the strong management, will enable it to survive this COVID downturn and thrive once the situation gets back to normal.

**THE 181 FUND LIMITED
INVESTMENT REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2019**

UNQUOTED INVESTMENTS (continued)

Finance Ireland Ltd. (continued) - The profits for 2019 were €14m PBT (as opposed to €10.5m in 2018). The expectation for 2020 was to be above 2019, but this is now not at all likely. However, a small profit should be achieved in 2020 and a return to a normal level in 2021. An IPO might have been doable in 2020, but now it seems more likely in 2022 or 2023. We will assess the carrying value of 288p once things settle down. There will likely be a small drop in the notional price but it should be remembered that the company has a strong NAV of ca. €2.50 per share, as reflected in its balance sheet.

Crest Medical Ltd. - the company had a bumpy 2019/2020 year (to 31 March 2020), which was reflected in a lower profit versus 2018/19, mainly due to much lower activity in pharmaceutical trading and higher expenses relating to the reorganisation of the former Wallace Cameron business. However, as the saying goes, every cloud has a silver lining. The advent of the corona virus led to huge demand for PPE (personal protection equipment), an area where the company is active for gloves and gowns (mainly to the higher quality, lower turnover area for surgical standards). As a result of its standing as an accredited NHS supplier, orders for items other than the standard products were received in April and May. Manufacturing will be done overseas and all such suppliers are besieged with request for products from a large number of countries. Due to the excellent and long-standing contacts the company has built up, it is managing to supply the NHS with these new contracts. They will run until August/September 2020, and if all goes well, it will result in a very pleasing, albeit "one-off" profit for Crest. The "one-off" profit has resulted in Crest Medical Ltd announcing a Tender Offer. The Terms of the offer allow shareholders to tender ordinary shares at £4.15 per share for Board consideration. It is not yet clear what the "new normal" will look like for Crest as there are many new opportunities to be followed up. But some of the products now sourced overseas may be supplanted by manufacturers in the UK. This will be assessed over the coming months, so that the company can perform well in 2021 and beyond. We believe that the company has maintained its value and even marginally increased it. We will retain the 400p valuation until we have further information. Again, the management has done a splendid job, leading us to look forward positively to their future performance.

FreshXtend International - the company had a good (calendar)-year to 31 December 2019, but has been hit hard by the maturing of many patents, and thus increased (generic) competition as well as the severe downturn in orders since Corona virus appeared. Although the food sector did quite well overall, it was in tinned and processed foods where outperformance occurred. Fresh foods, the company's sector, was badly hit both in the USA and overseas. This has reduced turnover markedly as well as the profit. An improvement is expected later in 2020, but dividends have ceased, pending clarity on what the market post Covid will look like. We have maintained our valuation at 779p, reflecting a yield in 2019 of well over 10%, as we expect it to recover following the easing of lockdown and the return to a more normal pattern. The biggest hits to turnover and profit came from schools closing and fast food outlets doing the same, both of which were using fresh food lines. As the schools and the fast food outlets open up again, we expect to see an increase in demand for our fresh food organic treatments.

Antler Holdings (Interactive Investor) - both 2019 and the first half of 2020 have been successful for II. The activities of Alliance Trust Savings were merged during this period and the results were very positive in terms of growth in AUA (assets under administration) and profits. Following this, the company closed a deal on the 4 July 2020 to acquire Share plc, an AIM quoted platform. Again, integration should lead to both an increase in AUA and profits. As part of this deal it was necessary for an investment bank to value II's shares. They were given a value of £441.62 per share; we are using this valuation currently. However, it is likely that on completion of the Share plc deal, this valuation would increase. Against our base cost price of £44.92 this is now a "ten-bagger". We believe that the future of this and other platforms looks very promising and see higher values as the business grows in size and profitability.

Jacoma Estates Ltd. – the company has steadily increased the acreage of planted macadamia trees and is now seeing the crop increase. This year it hopes to produce 250 tons of nut-in-shell; as the trees mature, the yield increases, and so in five years' time we could see a crop of over 1,800 tons with a value (at today's prices) of US\$8.5m. The trees have a lifespan of 40-50 years, so that once a good surplus over costs is achieved, it will be attractive as a trade sale, flotation or even as a dividend payer. The company is working to secure reliable sources of water free from seasonal fluctuations and a good supply of power.

**THE 181 FUND LIMITED
INVESTMENT REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2019**

UNQUOTED INVESTMENTS (continued)

Jacoma Estates Ltd. (continued) – This takes time in a location such as Malawi, but a good management team is in place to bring that about. We are maintaining our current valuation of US\$4.00/£3.20 per share.

RL Capital Ltd. – good progress has been made in all technical aspects. Strong partnerships have been formed, particularly with MacLaren and several universities. Sales of the systems are growing, and post Covid, are expected to get the company into a positive cash position, followed by a move to a P+L profit. The market is coming round to seeing tyre monitoring as an important safety and economic factor. The company believes it has a market leading product and expects 2021 to show strong growth. We are using 83p as our valuation; this gives a company valuation of ca. £5m, but if it hits its sales targets, that forecast will be left well behind by the end of 2021.

SolarNext AG - as the company, based near Rosenheim, Bavaria, is struggling to get properly financed, we decided to reduce our carrying price to €1.00 per share, putting a value on the company of only €130,000 or £115,000. Should finance be found and the potential known orders be confirmed, then this could rise markedly. The technology, using excess heat in factories, workshops and the like, to create cooling and thereby increase energy efficiency, is attractive –and it works! Like many SMEs it needs a little luck to make a breakthrough.

Duuzra Event Software Ltd. – the company undertook a major financial re-construction last year in which £2.7m debt was turned into equity. The fund participated in this, resulting in a much increased holding at an attractive price. Hopefully, it will be sourced in the second half of 2020. The company, albeit short of a sensible amount of working capital, continues to perform well and is making a small profit. However, it cannot yet roll out its products as aggressively as it would wish. We do believe that it will make it through this tight period and create an exciting SaaS company.

CONCLUSION

We are doing what we can and where we can to support our investments both directly and indirectly. Small unquoted companies are about the hardest sector to be in currently, but we expect our patience and perseverance will pay off for our shareholders. Despite these gloomy times, there are good prospects ahead. As the old saying goes- it is always darkest before the dawn.

**THE 181 FUND LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and audited financial statements for the year ended 31 December 2019.

INCORPORATION

The Company is incorporated in Jersey, Channel Islands.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the annual financial statements in accordance with applicable law and regulations.

Jersey 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 Accounting Standards, including FRS102 "The Financial Reporting Standards Applicable in the United Kingdom and Ireland". Under company law, the Directors must prepare financial statements that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and it has taken all the steps that the Directors ought to have taken in order to make itself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment holding company. The Company is defined as an unclassified fund under the Collective Investment Funds (Jersey) Law 1998.

RESULTS

The results for the year are set out in the Income and Expenditure Account on page 11.

DIVIDENDS

The Directors do not propose a dividend be paid for the year ended 31 December 2019 (2018: Nil).

DIRECTORS

The Directors, who (unless stated otherwise) all held office throughout the year and their interests including their related party interests in the Company's issued ordinary share capital were as follows:

	2019	2018
Mr Ronald William Green	-	-
Mr Ashley Le Feuvre	-	-
Mr Anthony David Burton (resigned 15 April 2019)	14,261,504	14,261,504
Mr John Humphrey Gunn	34,721,775	34,721,775
Mr Stuart Melville Parkinson (appointed 31 March 2019)	765,972	-
Mr Trevor Lennard Norman	-	-

**THE 181 FUND LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2019, the following major interests of 3% or more of the ordinary shares in issue had been notified to the Company:

	Number of Ordinary Shares	% Holding
Mr John Humphrey Gunn	34,721,775	46.41%
Mr Anthony David Burton	14,261,504	19.06%
David Poutney	2,709,349	3.62%

SECRETARY

The Secretary of the Company as at 31 December 2019 was VG Secretaries Limited (formerly Volaw Secretaries Limited).

AUDITORS

Grant Thornton Limited continued as auditors of the Company during the year.

By order of the Board



VG Secretaries Limited
For Secretary

Dated: 30 October 2020

THE 181 FUND LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE 181 FUND LIMITED

Opinion

We have audited the financial statements of The 181 Fund Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes, , including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, Section 1A Small Entities' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its net surplus for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and financial statements set out on pages 2 to 8, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**THE 181 FUND LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE 181 FUND LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.



Alexander R Langley

For and on behalf of
Grant Thornton Limited
Chartered Accountants
St Helier, Jersey, Channel Islands

Date : 30 October 2020

**THE 181 FUND LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 GBP	2018 GBP
INCOME		
Dividend income	105,387	71,024
Sundry income	3,367	-
	<u>108,754</u>	<u>71,024</u>
EXPENDITURE		
Audit fees	15,000	15,000
Bank charges and interest	159	129
Directors fees	32,500	34,000
Insurance	7,920	7,260
Loss on foreign exchange	538	800
Other fees	9,200	4,415
Permit fees	3,950	3,685
Secretarial and management fees	73,867	73,025
Sundry expenses	869	729
	<u>144,003</u>	<u>139,043</u>
OPERATING DEFICIT FOR THE YEAR	(35,249)	(68,019)
Loss/(gain) on disposal of investments	(38,000)	6,184
Movement in unrealised gain on investments	1,488,383	668,757
NET SURPLUS	<u><u>1,415,134</u></u>	<u><u>606,922</u></u>
SURPLUS PER SHARE	<u><u>0.019</u></u>	<u><u>0.008</u></u>

All of the income and expenditure for the year stated above were derived from continuing operations.

The notes on pages 15 to 24 form an integral part of these financial statements

**THE 181 FUND LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2019 GBP	2018 GBP
FIXED ASSETS			
Quoted investments	4	936,572	794,907
Unquoted investments	4	11,139,886	9,764,138
Other investments	4	-	60,000
		<u>12,076,458</u>	<u>10,619,045</u>
CURRENT ASSETS			
Debtors and prepayments	5	2,427	2,427
Cash at bank and broker	6	39,921	17,946
		<u>42,348</u>	<u>20,373</u>
CREDITORS			
Amounts falling due within one year	6, 7	(112,567)	(48,313)
NET CURRENT LIABILITIES		<u>(70,219)</u>	<u>(27,940)</u>
NET ASSETS		<u>12,006,239</u>	<u>10,591,105</u>
CAPITAL AND RESERVES			
Called up share capital	8	3,740,921	3,740,921
Share premium		5,852,365	5,852,365
Reserves		2,412,953	997,819
EQUITY SHAREHOLDERS' FUNDS		<u>12,006,239</u>	<u>10,591,105</u>

The financial statements on pages 11 to 24 were approved and authorised for issue by the Board of Directors on 30 October 2020 and are signed on its behalf by:

)
) Director
)

The notes on pages 15 to 24 form an integral part of these financial statements

**THE 181 FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 GBP	2018 GBP
CALLED-UP SHARE CAPITAL			
Balance at the beginning of the year	8	3,740,921	3,740,921
Share buy back during the year		-	-
		<u>3,740,921</u>	<u>3,740,921</u>
SHARE PREMIUM			
Balance at the beginning of the year		5,852,365	5,852,365
Share buy back during the year		-	-
		<u>5,852,365</u>	<u>5,852,365</u>
CAPITAL REDEMPTION RESERVE			
		<u>837,488</u>	<u>837,488</u>
RETAINED RESERVE			
Balance at the beginning of the year		160,331	(446,591)
Net surplus for the year		<u>1,415,134</u>	<u>606,922</u>
		<u>1,575,465</u>	<u>160,331</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			
		<u><u>12,006,239</u></u>	<u><u>10,591,105</u></u>

The notes on pages 15 to 24 form an integral part of these financial statements

**THE 181 FUND LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 GBP	2018 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		1,415,134	606,922
Adjustments for:			
Dividend income		(105,387)	(71,024)
Loss/(gain) on disposal of investments	4	38,000	(6,184)
Unrealised gain on investments		<u>(1,488,383)</u>	<u>(670,576)</u>
Operating deficit before working capital changes		(140,636)	(140,862)
Increase in debtors		-	(697)
Increase/(decrease) in creditors		<u>64,254</u>	<u>(18,757)</u>
Net cash used by operating activities		(76,382)	(160,316)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	4	(257,030)	-
Proceeds from disposal of investments	4	250,000	59,184
Dividend income		<u>105,387</u>	<u>71,024</u>
Net cash provided by investing activities		<u>98,357</u>	<u>130,208</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		21,975	(30,108)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>17,946</u>	<u>48,054</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>39,921</u>	<u>17,946</u>

The notes on pages 15 to 24 form an integral part of these financial statements

**THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 COMPANY INFORMATION

The Company is registered in Jersey at Fifth Floor, 37 Esplanade, St. Helier, Jersey, JE1 2TR.

The registered number of the Company is 82375.

2 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, Section 1A, Small Entities.

The financial statements are presented in British Pound (GBP).

Investments

Investments are stated at fair value. The Company classifies its investments as basic financial instruments or as financial instruments, as applicable, in accordance with the provisions set out in FRS 102, Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues. The classification is based on the nature and purpose of the financial assets and is determined at the time of initial recognition.

In the absence of an active market for an investment, fair values are based on the adoption of International Private Equity and Venture Capital Guidelines (IPEV). However, where the Directors are of the opinion that adoption of such principles results in over optimistic values then fair value is determined by applying an appropriate discount to the IPEV valuation.

Gains and losses arising on the disposal of investments are calculated by reference to carrying value. Unrealised gains and realised gains and losses are reported through the Income and Expenditure Account.

Income and expenditure

Income and expenditure is accounted for on an accruals basis.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are included in the Income and Expenditure Account in the period in which they arise.

Estimates and judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. These estimates and assumptions are based on past experience and other factors that are believed to be reasonable in the circumstances. The principal area in which significant judgement is applied is the valuation of the Company's unquoted investments. No independent valuations are carried out. Management uses valuation techniques in accordance with IPEV to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

2 ACCOUNTING POLICIES (continued)

Estimates and judgments (continued)

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available and most suitable valuation from the available data.

Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Investment and valuation advice is provided to the board for approval by J. H. Gunn who is a director and significant shareholder of the Company and who holds direct investment in the majority of the Company's investment holdings (see Note 9).

3 TAXATION

Profits arising in the Company are subject to Jersey Income Tax at the rate of 0% as enacted by Income Tax Amendment No. 28 & Income Tax Amendment No. 29 (Jersey) Law 2007.

4 INVESTMENTS	2019	2018
	GBP	GBP
Quoted Investments:		
Opening book cost	1,080,096	1,128,397
Opening unrealised loss	<u>(285,189)</u>	<u>(158,697)</u>
Opening fair value	794,907	969,700
Disposal proceeds	-	(53,973)
Realised gain on disposal of investments	-	973
Unrealised gain on disposal of investments	-	4,700
Movement in unrealised loss on investments	<u>141,665</u>	<u>(126,492)</u>
Closing fair value	<u>936,572</u>	<u>794,907</u>
Closing book cost	1,080,096	1,080,096
Closing unrealised loss	<u>(143,524)</u>	<u>(285,189)</u>
Closing fair value	<u>936,572</u>	<u>794,907</u>

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

4 INVESTMENTS (continued)	2019	2018
	GBP	GBP
Unquoted Investments:		
Opening book cost	5,902,600	5,878,179
Opening unrealised gain	3,861,538	<u>3,070,960</u>
Opening fair value	9,764,138	<u>8,949,139</u>
Purchases at cost	257,030	-
Disposal proceeds	(250,000)	-
Conversion of loan to unquoted investment	60,000	24,421
Realised loss on disposal	(38,000)	-
Movement in unrealised gain on investments	1,346,718	<u>790,578</u>
Closing fair value	<u>11,139,886</u>	<u>9,764,138</u>
Closing book cost	6,233,467	5,902,600
Closing unrealised gain	4,906,419	<u>3,861,538</u>
Closing fair value	<u>11,139,886</u>	<u>9,764,138</u>
	2019	2018
	GBP	GBP
Loans classified as available for sale:		
Opening book cost	60,000	103,338
Opening unrealised loss	-	<u>(20,708)</u>
Opening fair value	60,000	<u>82,630</u>
Disposals at cost	-	(20,203)
Conversion of loan to unquoted investment	(60,000)	(24,421)
Realised gain on disposal	-	5,211
Unrealised loss on disposal	-	(20,203)
Movement in unrealised loss on investments	-	<u>36,986</u>
Closing fair value	<u>-</u>	<u>60,000</u>
Closing book cost	-	60,000
Closing unrealised loss	-	<u>-</u>
Closing fair value	<u>-</u>	<u>60,000</u>

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

4 INVESTMENTS (continued)	2019	2019	2018	2018
	Cost	Fair Value	Cost	Fair Value
Quoted Investments:	GBP	GBP	GBP	GBP
Hydrodec Group Plc	445	3	445	18
Rotala Plc	822,286	927,831	822,286	783,124
NanoVibronix Inc	257,365	8,738	257,365	11,765
	1,080,096	936,572	1,080,096	794,907

All quoted stocks are quoted on AIM.

Unquoted Investments:	2019	2019	2018	2018
	Cost	Fair Value	Cost	Fair Value
	GBP	GBP	GBP	GBP
Cambridge Mechatronics Limited	537,723	187,800	537,723	187,800
Clarmond Wealth Limited	80,400	80,002	80,400	80,002
Duuzra Event Software Limited	293,155	782,488	85,000	257,686
Duuzra Event Software Limited - Shares under Option	108,875	121,875	-	-
Duuzra Software International Limited (formerly TEP Events International Limited)	519,352	-	519,352	-
Finance Ireland Ltd Ordinary Shares	953,657	4,565,363	1,013,817	4,853,363
First Aid Holdings Limited	642,439	1,434,932	642,439	1,309,375
FreshXtend International PTY Ltd	245,506	414,171	245,506	414,171
Hiflux Ltd	333,528	1,581	333,528	1,582
Antler Holdco Ltd. (formerly Interactive Investor Limited)	210,473	2,066,085	210,473	937,000
Jacoma Estates Limited	491,138	1,254,352	491,138	1,222,993
MCD Ventures Ltd (formerly Mechadyne Plc)	451,166	7,961	451,166	7,961
Reproductive Sciences Limited	127,428	-	127,428	-
RL Capital Limited	156,210	199,200	156,210	199,200
SB Mining (HK) Limited	417,130	-	417,130	-
SolarNext AG	440,442	24,076	440,442	293,005
Sorbic International Plc	224,845	-	224,845	-
	6,233,467	11,139,886	5,976,597	9,764,138

Loans:	2019	2019	2018	2018
	Cost	Fair Value	Cost	Fair Value
	GBP	GBP	GBP	GBP
China Food 20% Convertible Loan Note	-	-	-	-
Duuzra Event Software 8% Convertible Loan Note	-	-	50,000	50,000
Duuzra Event Software 12% Convertible Loan Note	-	-	10,000	10,000
SolarNext AG 6% Loan Note 2017	-	-	-	-
	-	-	60,000	60,000

Total acquisitions during the year amounted to GBP257,030 (2018: GBPNil) while proceeds from disposals amounted to GBP250,000 (2018: GBP59,184). Movement on unrealised revaluation of investments of GBP1,488,383 (2018: GBP668,757) was recognised in the Income and Expenditure Account.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

5 DEBTORS AND PREPAYMENTS	2019	2018
	GBP	GBP
Amounts falling due within one year:		
Sundry debtors	37	37
Prepayments and accrued bank interest	<u>2,390</u>	<u>2,390</u>
	<u><u>2,427</u></u>	<u><u>2,427</u></u>
6 CASH AND CASH EQUIVALENTS	2019	2018
	GBP	GBP
The Royal Bank of Scotland International Limited	17,778	2,201
Brokers accounts	<u>22,143</u>	<u>15,745</u>
Cash at bank and broker	<u><u>39,921</u></u>	<u><u>17,946</u></u>
7 CREDITORS	2019	2018
	GBP	GBP
Amounts falling due within one year:		
Accruals -		
Administration fees	76,754	17,500
Monies due to shareholder	7,813	7,813
Audit fees	12,000	14,500
Directors fees and expenses	<u>16,000</u>	<u>8,500</u>
	<u><u>112,567</u></u>	<u><u>48,313</u></u>
8 CALLED UP SHARE CAPITAL	2019	2018
	GBP	GBP
Authorised share capital		
125,000,000 ordinary shares of 5p each	<u>6,250,000</u>	<u>6,250,000</u>
Issued, called up and fully paid		
74,818,427 (2017: 74,818,427) ordinary shares of 5p each	<u><u>3,740,921</u></u>	<u><u>3,740,921</u></u>

9 RELATED PARTY TRANSACTIONS

During the year fees totalling GBP73,867 (2018: GBP73,025) were payable to VG Trust & Corporate Services Limited for administration and valuation services, to the Company of which GBP76,754 (2018: GBP17,500) was outstanding as at 31 December 2019. Mr T L Norman and Mr A Le Feuvre are Directors of the Company and Directors of VG Trust & Corporate Services Limited. Mr J H Gunn and Mr A D Burton were Directors during the year and have an interest in the Company. Total directors fees of GBP32,500 (2018: GBP34,000) was expensed during the year and as at 31 December 2019, the balance of directors fees payable to them is GBP16,000 (2018: GBP8,500).

There is a balance of £7,813 disclosed in note 7 due to one of the participants in the share buy-back which represents monies that are being held pending completion of certain documentation.

The Company holds shares in the following companies in which J. H. Gunn, significant shareholder of The 181 Fund Limited, holds a position on the Board:

- Finance Ireland
- First Aid Holdings Limited
- FreshXtend International Pty Limited
- MCD Ventures Limited
- Rotala Plc
- Duuzra Software International Limited (previously TEP Events International Limited)

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10 FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks arising from the various financial instruments it holds. The main risks the Company is exposed to are credit risk, market price risk and liquidity and cash flow risk. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has policies in place to deal with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of its counterparties are continuously monitored.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	GBP	GBP
Loans held as investments	-	60,000
Cash and cash equivalents	39,921	17,946

The credit risk for cash, cash equivalents and the overdraft is considered negligible, since the Company transacts with reputable banks.

Market price risk

The Company's quoted investments, unquoted investments and other investments are susceptible to market price risk arising from uncertainties about future value of the investment securities. Mr Gunn advises the Company on the acquisition of equity securities that have prospects to appreciate in value in the medium and long term period. Recommendations are reviewed, considered and approved by the remaining board members before any investment decisions are implemented.

The performance of investments held by the Company is monitored on an ongoing basis.

The table below summarises the sensitivity of the Company's net assets attributable to shareholders to equity price movements at the end of the reporting period. The analysis is based on the assumption that the equity portfolio increased by 5% and decreased by 10%, with all other variables held constant. This represents a best estimate of a reasonable possible shift in the overall fair value of the equity portfolio.

	2019	2018
	GBP	GBP
Effects on net assets attributable to shareholders of an increase in portfolio values by 5%	603,823	530,952
Effects on net assets attributable to shareholders of a decrease in portfolio values by 10%	(1,207,646)	(1,061,905)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2019.

Liquidity risk is the risk that the Company will not meet its financial obligations as and when they fall due. The significant payments that the Company is required to make, relate to the acquisition of interests in the invested companies.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10 FINANCIAL RISK MANAGEMENT (continued)

Liquidity and cash flow risk

The table following summarises the Company's exposure to cash flow risks with the analysis of changes net debt.

	At 1 Jan 2019 GBP	Cash Flows GBP	Other Changes GBP	At 31 Dec 2019 GBP
Cash at bank and broker	48,054	(8,133)	-	39,921

Maturity Analysis as at 31 December 2019

	Due on demand GBP	Due within 3 mths GBP	Due between 3 mths and 12 mths GBP	Due between 1 and 5 years GBP	Due > 5 years GBP	Total GBP
Liabilities						
Creditors	-	(112,567)	-	-	-	(112,567)
	-	(112,567)	-	-	-	(112,567)

Maturity Analysis as at 31 December 2018

	Due on demand GBP	Due within 3 mths GBP	Due between 3 mths and 12 mths GBP	Due between 1 and 5 years GBP	Due > 5 years GBP	Total GBP
Liabilities						
Creditors	-	(48,313)	-	-	-	(48,313)
	-	(48,313)	-	-	-	(48,313)

Fair value of financial instruments

The Company's financial instruments at the end of the reporting period comprised cash at bank, investments, loans, debtors and accruals. As explained in the accounting policies the Company has valued its investments in accordance with the IPEV Guidelines.

FRS 102, Section 34 Specialised Activities, requires the Company to disclose for each class of financial instrument, an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The determination of what constitutes observable' requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10 FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments (continued)

The following table analyses within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 31 December 2019. All fair value measurements disclosed are recurring fair value measurements.

Assets	Level 1	Level 2	Level 3
Equity securities	<u>936,572</u>	-	<u>11,139,886</u>

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 31 December 2018.

Assets	Level 1	Level 2	Level 3
Equity securities	<u>794,907</u>	-	<u>9,824,138</u>

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

In accordance with the IPEV Guidelines, the Directors consider and select a valuation technique that is the most appropriate, to each investee company, and consequently make valuation adjustments on the basis of their informed and experienced judgement.

The types of valuation techniques considered by the Directors, include; price of recent investment, multiples, industry valuation benchmarks, available market prices, discounted cash flows or earnings (of underlying business), discounted cash flows (from an investment) and net assets.

This includes consideration of the following factors:

- the relative applicability of the techniques used given the nature of the industry and current market conditions;
- the quality, and reliability of the data used in each valuation technique;
- the comparability of investee company or transaction data;
- the stage of development of the investee company;
- the ability of the investee company to generate maintainable profits or positive cashflow;
- any additional considerations unique to the investee company; and
- the results of testing (calibrating) techniques and inputs to replicate the entry price of the investment.

Observable inputs into the valuation techniques consist of revenue/expenditure and net assets, unobservable inputs consist of discount rates applied to the probability of future cashflows and revenue multiples.

In determining fair valuation, the Directors in many instances relies on the financial data of investee companies and on estimates by the management of the investee companies as to the effect of future developments. Although the Directors uses its best judgment the fair value estimates presented herein are not necessarily indicative of an amount the Company could realise in a current transaction.

Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10 FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments (continued)

Fair values of instruments determined as above are subjected to additional discounting if these are not realisable in the opinion of the Directors. Although the Directors calculates prudently the fair value of financial instruments based on all available information the actual amounts realised sale of the financial assets held at fair value may significantly differ from the estimated fair value.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

There were no transfers between levels for the year ended 31 December 2019.

Gains or losses arising from changes in fair value of financial instruments for the year end 31 December 2019 are presented as movements in unrealised gain/(loss) on investments through the income and expenditure account.

11 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2010.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to the shareholders, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The Company is a closed ended investment company and the shareholders are unable to redeem their holding in the Company. This enables the Company to meet its objectives of managing its capital.

12 CONTROLLING PARTY

In the opinion of the Directors, the Company does not have a controlling party. It is recognised and acknowledged by the Board of The 181 Fund that J. H. Gunn holds a significant shareholding in the Company but procedures are adhered to that ensure that all investment decisions, acquisition or disposal, are considered and implemented by the Directors of the Company. Similarly the corporate governance structure covers the valuation of investments held by the Company.

13 GOING CONCERN AND SUBSEQUENT EVENTS

The Company receives income and holds freely tradable securities with a value that exceed its annual working capital requirements. The Directors have reviewed the cash flows and projected income and expenses for the next twelve months and deemed that the Company has adequate financial resources to meet its obligations. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements.

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organisation ("WHO") declared the outbreak of Coronavirus Disease 2019 ("COVID-19") a "Public Health Emergency of International Concern". On 11 March 2020, the WHO announced that the outbreak can be characterised as a pandemic.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

13 GOING CONCERN AND SUBSEQUENT EVENTS (continued)

The UK government, along with governments globally, introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of businesses and other venues. The responses of governments and their corresponding effects continue to evolve in the face of the enduring pandemic. These measures have had a significant impact on the world economy with devastating consequences across the globe. At the date of approving these financial statements the future impact of COVID-19 on investment markets remains uncertain and correspondingly, the resulting impact on the Company's ongoing financial position and the future performance of investee companies remains difficult to predict.

The pandemic makes the valuation exercise for unquoted investments particularly challenging with many investee companies not yet in a position to report the full effects. Accordingly, the valuations for the unquoted securities within the Company's portfolio have generally been maintained at pre-pandemic levels, until such time that sufficient information is available to re-consider carrying valuations.

Notwithstanding the uncertainties noted above the Directors believe that it is appropriate to continue to prepare the financial statements of the Company on a going concern basis. In particular in this regard, it should be noted that the Company retains a sizeable position in a liquid security, should it need to raise funds to support liabilities and the Company is also hoping for a liquidity event with Crest Medical, as mentioned in the Investment Report.

It should also be noted that the operations of the Company have not been adversely impacted by the pandemic with remote working seamlessly adopted among the Directors and the Company's administrator.

The directors will continue to monitor the overall situation as appropriate.

There are no other significant events that have occurred at the date of signing which require disclosure in the financial statements.