THE 181 FUND LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THE 181 FUND LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS

Mr Ashley Le Feuvre
Mr John Humphrey Gunn
Mr Ronald William Green
Mr Stuart Melville Parkinson
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 2020

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 2020 saw a slight decrease in the Company's portfolio and NAV as a result of the COVID-19 pandemic. Some companies did well despite the challenges, such as Crest Medical Holdings Limited which experienced extra orders in excess of £100m. However, companies in different industries did not fare as well, such as Rotala plc which saw its share price decrease from 52p to 27p. Despite this, thanks to the Company's diverse portfolio the NAV only decreased by 4.89% and it is anticipated that there will be a rebound during 2022 once a 'new normal' has been established. The Company's focus 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-19 pandemic.

Investment Performance
Performance for 2020 was primarily driven by valuation increases for Antler Holdco Ltd and Crest Medical Holdings Limited. However, the decrease in NAV can be attributed to the written down valuation of Rotala plc and Finance Ireland Ltd.

Strategic Policy
The Board maintains its historic approach to the Company's investment portfolio. As with previous years there has been very low activity in terms of acquisitions and disposals, but the Company tendered 120,858 shares as part of a share buyback for Crest Medical Holdings Limited providing the Company with useful liquidity.

In conclusion, the Board is confident that the Company's NAV will rebound and exceed pre-COVID levels. It is noted that the potential liquidity events that were delayed by the unprecedented effects of the pandemic will hopefully take place in 2022.

The Board is grateful to shareholders for your continued support.

John Gunn
Chairman

29 March 2022

THE 181 FUND LIMITED
INVESTMENT REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

A rather flat performance for the fund this year with the NAV falling 4.89% from 16.047p to 15.263p per share. The slight reduction in NAV gives the impression of little change, however, from March 2020 to the year-end we all endured the disturbances caused by the COVID-19 pandemic. Some companies did well, others held their own while some were adversely affected, we ended the period without having to fear for any of our invested companies. Indeed, we see potential in certain holdings for good performance once COVID-19 is controlled and the so-called new normal is established.

We would comment on our material holdings as follows:

QUOTED INVESTMENTS

<u>Rotala plc</u> - after a record opening quarter to 2020, government regulations on social distancing on buses hit Rotala hard. Double-decker buses deigned to hold 72 passengers were restricted to a maximum of 30 passengers or 18 on a single decker that normally accommodates 30-40 passengers. Without government support the bus industry would not have continued to operate. The company was obliged to run a normal schedule but was compensated by Her Majesty's Government for the losses arising. The company was not allowed to make a profit nor was it permitted to pay a dividend, thus reducing the income to the Fund. The board undertook measures to streamline and modernise the fleet, both by buying a large number of new vehicles, thus reducing running costs and selling off unwanted older buses.

The increase in efficiency should result in good profitability and an ability to grow positive cash flow. No further borrowings were taken or required, and a renegotiated banking package will result in lower borrowings in 2021 and 2022. The management did a tremendous job of not only keeping the show on the road but preparing operations for a better future. However, it had to suffer a loss in earnings and an absence of dividends; this led to a fall in the share price from 55p to 27p over the year. As it is not likely that they will go back to normal operations until 2022, then they will see only a small increase in the share price until restriction are completely lifted. However, there is no reason to believe that the price will not be recouped over the coming year or so.

UNQUOTED INVESTMENTS

<u>Cambridge Mechatronics</u> - the outlook remains positive as the company continues the development of both new products and new clients. Extra funding was secured during the year to keep progress on track and the valuation remained steady at 626p per share.

<u>Finance Ireland Ltd</u> - after a very successful 2019, the first quarter of 2020 was a record by quite a margin for turnover, profits and cash flow. In March 2020, COVID-19 caused many borrowers to take fright and look for alleviation wherever they could. This allied to the Irish government's moves to protect customers, constricting the company's cash flow and leading to a serious reappraisal of the budget for 2020. €25m in loans were raised from two large institutional investors and substantial provisions for potential loan losses were made. As the year progressed, much effort was put in by management and staff to aid and guide existing borrowers to maintain a level of new lending flowing.

By the end of the year precautions made by the company proved very successful minimising loan losses, both real and potential, resulting in a very manageable scenario. More importantly, this has continued into 2021 and may well lead to the removal of these provisions in 2021 and 2022. New lending has started to increase, and the company's 2020 results show a pre-tax profit of €9.6m (after provisions). The company had planned an IPO for April 2020, but it was scuppered by the rise of COVID-19 and was abandoned in March 2021, resulting in the unavoidable costs of some €2m on the profit or loss account. With luck, the post COVID-19 scenario looks good for Finance Ireland, and in the absence of a pandemic the next couple of years will see excellent progress. We reduced our valuation from 288p to 200p. This will, however, be reviewed at the 2021 half year point.

UNQUOTED INVESTMENTS (continued)

Crest Medical Ltd. - "it's an ill wind", the saying goes... The company was swept along on increased demand for PPE in 2020 by the NHS, resulting in extra orders of over £100m more than budgeted. The company kept its prices fair, making only a small margin over cost, but even that resulted in a greatly increased profit. This profit was used to buy back shares, reducing the issue from 3m to 2m and repay the outstanding convertible loan stock (ca.£700,000), warrants and some of the bank debt (invoice discounted lines were retained). There have been no follow-on orders as the PPE shortage was a one-off event. The lockdown has impinged on shop sales (e.g. BOOTS, Superdrug etc.) which should recover as the situation returns to normal. The shares were bought back at 415p given the one-third reduction of shares in issue, the vastly improved balance sheet and the strong cash position, the valuation of the remaining shares has been estimated at 730p (a market valuation of £15 million, or one third of sales). Again, once a more normal market is here, then the company can plot its course going forward. The Fund sold 120,850 shares back to the company at 415p for £501,561, providing the fund with useful liquidity at a time when other expected dividends were cancelled. The remaining holding represents just over 10% of the now issued share capital.

FreshXtend International - although the company was hit severely by a COVID-19 related drop in orders, it stayed in the black at all times. The company took the measures needed to maintain profits, albeit at a reduced level, by good control of raw material pricing and both variable and fixed costs. A lower level of dividends was paid but this will increase somewhat in 2021. We can only expect a return to a higher profit and dividend levels once things normalise, particularly in the United States. We maintained the value at 779p per share as the decrease in dividend payments was considered temporary. The payments so far in 2021 bear this out. Research and development costs are being increased, which will impact initially the growth in the dividends, but if successful, should bring greater rewards in the future.

Antler Holdings (Interactive Investor) - 2020 proved to be an excellent year as more and more investors decided to look after their own investments. The company also integrated the clients of Alliance Trust Savings and bought the quoted platform company, Share plc. The former's clients were integrated in 2020, while those of Share plc will join by the end of Q1 2021 (a further acquisition of the clients of Equiniti plc was made in 2021). The rapid organic and acquired growth is creating a large rival to the quoted "giants" of Hargreaves Lansdowne and AJ Bell. In size, by mid-2021, Interactive Investor will not be far from AJ Bell, which had in June 2021 a market value of £1.7 billion. We have increased our valuation to £600, from £441 per share, which equates to a valuation of some £1 billion and reflects a sizeable discount. It is quite possible that an IPO will occur in 2022. The company paid £48 million in cash for the Equiniti clients - neither a share issue nor borrowings were used demonstrating the company's strong cash position. The outstanding loan notes of £78m will be repaid from mid-2021 to early 2022, rendering the company debt free (most notes are held by the JC Flowers fund, the company's largest shareholder). We continue to believe that there is considerable upside due to good organic growth and the potential IPO coming closer.

Jacoma Estates Ltd. – the company is making slow but steady progress as it has increased the acreage of Macadamia trees and will have over 1,000 hectares when fully planted. Most importantly the company is working on increasing the water supplies to all locations which is both critical for growth and yields. The price of macadamia nuts continues to stay strong and the processing facilities now in place enable further gains to be made. Funding is currently being sought to improve water supply and general expansion. We maintain our valuation at 320p.

UNQUOTED INVESTMENTS (continued)
RL Capital Ltd. – the company continues to develop its tyre monitoring technology. Take up of systems by clients was severely impacted by COVID-19, but the company is hoping to pick up the pace in 2H 2021 and 2022. Valuation maintained at 83p.

SolarNext AG - the company obtained a couple of good new orders during the year and is hoping for more once the COVID-19 period settles. We invested a further €25,000 at €5 per share, being its current valuation.

Duuzra Event Software Ltd. – the company handled the COVID-19 pandemic well and managed to migrate its products from physical conferences to Zoom-style interactive meetings. The latter are charged at a much cheaper price, so the company had to increase the number of "meetings" to compensate. It was broadly successful in this endeavour however given the impact we decided to reduce the valuation from 197p to 150p. This will be reviewed during 2021.

CONCLUSION
We are keeping a watching brief as there are no funds available for investment. The IPOs of both Interactive Investor and Finance Ireland will provide funds which will be used for share buy-backs and further investments. Pursuant to an extraordinary general meeting held on 22 February 2022, the Company's shareholders approved the term of the Company be extended until such time that the Company is dissolved by a Special Resolution of the shareholders and also that the Directors of the Company be authorised to take the steps necessary to secure regulatory approval for the listing of the Company's shares on the Aquis Exchange.

Again, we must be patient and allow for the natural progression of our investee companies. Great efforts to overcome the challenges created by COVID-19 were made by many of them. We are grateful to the management teams for their efforts and their success in protecting our investments.

THE 181 FUND LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and audited financial statements for the year ended 31 December 2020.

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 12.

DIVIDENDS
The Directors do not propose a dividend be paid for the year ended 31 December 2020 (2019: 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:

	2020	**2019**
Mr Ronald William Green	-	-
Mr Ashley Le Feuvre	-	-
Mr John Humphrey Gunn	**24,762,903**	**34,721,775**
Mr Stuart Melville Parkinson	**765,972**	**765,972**
Mr Trevor Lennard Norman	-	-

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2020, 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	19,652,730	26.27%
Mrs Renate Sigrid Gunn	5,110,173	6.83%
Judith Burton	5,107,900	6.83%
Michael Burton	4,404,774	5.89%
Anne Burton	4,268,830	5.71%
David Poutney	2,709,349	3.62%

SECRETARY

The Secretary of the Company as at 31 December 2020 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: 29 MARCH 2022

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 2020 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, 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 2020 and of its loss 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 (ISAs) 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the report and financial statements, 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.

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 United Kingdom Generally Accepted Practice, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

JR Lees-Baker

Jason Richard Lees-Baker

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

Date : 29 March 2022

THE 181 FUND LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GBP	2019 GBP
Dividend income	-	105,387
Sundry income	1,010	3,367
	1,010	108,754
EXPENDITURE		
Audit fees	20,500	15,000
Bank charges and interest	178	159
Directors fees	32,000	32,500
Insurance	9,480	7,920
Loss on foreign exchange	343	538
Other fees	21,344	6,091
Permit fees	4,450	3,950
Secretarial and management fees	78,018	76,976
Sundry expenses	285	869
	166,598	144,003
OPERATING DEFICIT FOR THE YEAR	(165,588)	(35,249)
Gain/(loss) on disposal of investments	18,119	(38,000)
Movement in unrealised (loss)/gain on investments	(439,495)	1,488,383
NET (DEFICIT)/SURPLUS	(586,964)	1,415,134
(DEFICIT)/SURPLUS PER SHARE	(0.008)	0.019

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

The notes on pages 16 to 25 form an integral part of these financial statements

THE 181 FUND LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 GBP	2019 GBP
FIXED ASSETS			
Quoted investments	4	461,946	936,572
Unquoted investments	4	10,691,585	11,139,886
		11,153,531	12,076,458
CURRENT ASSETS			
Debtors and prepayments	5	2,037	2,427
Cash at bank and broker	6	311,478	39,921
		313,515	42,348
CREDITORS			
Amounts falling due within one year	7	(47,771)	(112,567)
NET CURRENT ASSETS/(LIABILITIES)		265,744	(70,219)
NET ASSETS		11,419,275	12,006,239
CAPITAL AND RESERVES			
Called up share capital	8	3,740,921	3,740,921
Share premium		5,852,365	5,852,365
Reserves		1,825,989	2,412,953
EQUITY SHAREHOLDERS' FUNDS		11,419,275	12,006,239

The financial statements on pages 12 to 25 were approved and authorised for issue by the Board of Directors on 29 MARCH 2022 and are signed on its behalf by:

)
) Director
)

The notes on pages 16 to 25 form an integral part of these financial statements

THE 181 FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 GBP	2019 GBP
CALLED-UP SHARE CAPITAL			
Balance at the beginning of the year	8	3,740,921	3,740,921
		3,740,921	3,740,921
SHARE PREMIUM			
Balance at the beginning of the year		5,852,365	5,852,365
		5,852,365	5,852,365
CAPITAL REDEMPTION RESERVE		837,488	837,488
RETAINED RESERVE			
Balance at the beginning of the year		1,575,465	160,331
Net (deficit)/surplus for the year		(586,964)	1,415,134
		988,501	1,575,465
TOTAL EQUITY SHAREHOLDERS' FUNDS		11,419,275	12,006,239

The notes on pages 16 to 25 form an integral part of these financial statements

THE 181 FUND LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 GBP	2019 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		**(586,964)**	1,415,134
Adjustments for:			
Dividend income		**-**	(105,387)
(Gain)/loss on disposal of investments	4	**(18,119)**	38,000
Unrealised loss/(gain) on investments		**439,495**	(1,488,383)
Operating deficit before working capital changes		**(165,588)**	(140,636)
Increase in debtors		**390**	-
(Decrease)/increase in creditors		**(64,796)**	64,254
Net cash used by operating activities		**(229,994)**	(76,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	4	**-**	(257,030)
Proceeds from disposal of investments	4	**501,551**	250,000
Dividend income		**-**	105,387
Net cash provided by investing activities		**501,551**	98,357
NET INCREASE IN CASH AT BANK AND BROKER		**271,557**	21,975
CASH AT BANK AND BROKER AT BEGINNING OF YEAR		**39,921**	17,946
CASH AT BANK AND BROKER AT END OF YEAR		**311,478**	39,921

The notes on pages 16 to 25 form an integral part of these financial statements

1 COMPANY INFORMATION

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

The Company is regulated by the Jersey Financial Services Commission (JFSC), registered as an unclassified fund compliant with Collective Investment Fund (CIF) law.

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 have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

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.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Debtors and prepayments
Debtors and prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Creditors
Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share Capital and Premium
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 ACCOUNTING POLICIES (continued)

Income and expenditure
Income and expenditure are 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.

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

	2020 GBP	2019 GBP
Quoted Investments:		
Opening book cost	1,080,096	1,080,096
Opening unrealised loss	(143,524)	(285,189)
Opening fair value	936,572	794,907
Movement in unrealised loss on investments	(474,626)	141,665
Closing fair value	461,946	936,572
Closing book cost	1,080,096	1,080,096
Closing unrealised loss	(618,150)	(143,524)
Closing fair value	461,946	936,572
Unquoted Investments:		
Opening book cost	6,233,467	5,902,600
Opening unrealised gain	4,906,419	3,861,538
Opening fair value	11,139,886	9,764,138
Purchases at cost	-	257,030
Disposal proceeds	(501,551)	(250,000)
Conversion of loan to unquoted investment	-	60,000
Realised gain on disposal	18,119	(38,000)
Movement in unrealised gain on investments	35,131	1,346,718
Closing fair value	10,691,585	11,139,886
Closing book cost	6,017,028	6,233,467
Closing unrealised gain	4,674,557	4,906,419
Closing fair value	10,691,585	11,139,886

	2020 GBP	2019 GBP
Loans classified as available for sale:		
Opening book cost	-	60,000
Opening unrealised loss	-	-
Opening fair value	-	60,000
Disposals at cost	-	-
Conversion of loan to unquoted investment	-	(60,000)
Realised gain on disposal	-	-
Unrealised loss on disposal	-	-
Movement in unrealised loss on investments	-	-
Closing fair value	-	-
Closing book cost	-	-
Closing unrealised loss	-	-
Closing fair value	-	-

4 INVESTMENTS (continued)

Quoted Investments:	2020 Cost GBP	2020 Fair Value GBP	2019 Cost GBP	2019 Fair Value GBP
Hydrodec Group Plc	445	9	445	3
Rotala Plc	822,286	459,660	822,286	927,831
NanoVibronix Inc	257,365	2,277	257,365	8,738
	1,080,096	461,946	1,080,096	936,572

All quoted stocks are quoted on AIM.

Unquoted Investments:	2020 Cost GBP	2020 Fair Value GBP	2019 Cost GBP	2019 Fair Value 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	595,803	293,155	782,488
Duuzra Event Software Limited - Shares under Option	108,875	121,875	108,875	121,875
Duuzra Software International Limited (formerly TEP Events International Limited)	519,352	-	519,352	-
Finance Ireland Ltd Ordinary Shares	953,657	3,170,391	953,657	4,565,363
Crest Medical Holdings Limited	426,000	1,738,866	642,439	1,434,932
FreshXtend International PTY Ltd	245,506	414,171	245,506	414,171
Hiflux Ltd	333,528	1,581	333,528	1,581
Antler Holdco Ltd. (formerly Interactive Investor Limited)	210,473	2,811,000	210,473	2,066,085
Jacoma Estates Limited	491,138	1,254,352	491,138	1,254,352
MCD Ventures Ltd (formerly Mechadyne Plc)	451,166	7,961	451,166	7,961
Nano Vibronix Inc	-	-	-	-
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	108,583	440,442	24,076
Sorbic International Plc	224,845	-	224,845	-
	6,017,028	10,691,585	6,233,467	11,139,886

Total acquisitions during the year amounted to GBPNil (2019: GBP257,030) while proceeds from disposals amounted to GBP501,551 (2019: GBP250,000). Movement on unrealised revaluation of investments of GBP(439,495) (2019: GBP1,488,383) was recognised in the Income and Expenditure Account.

5 DEBTORS AND PREPAYMENTS

	2020 GBP	2019 GBP
Amounts falling due within one year:		
Sundry debtors	37	37
Prepayments and accrued bank interest	2,000	2,390
	2,037	2,427

6 CASH AND CASH EQUIVALENTS

	2020 GBP	2019 GBP
The Royal Bank of Scotland International Limited	43,816	17,778
Brokers accounts	267,662	22,143
Cash at bank and broker	311,478	39,921

7 CREDITORS

	2020 GBP	2019 GBP
Amounts falling due within one year:		
Accruals -		
Administration fees	18,458	76,754
Monies due to shareholder	7,813	7,813
Audit fees	16,500	12,000
Directors fees and expenses	5,000	16,000
	47,771	112,567

8 CALLED UP SHARE CAPITAL

	2020 GBP	2019 GBP
Authorised share capital		
125,000,000 ordinary shares of 5p each	6,250,000	6,250,000
Issued, called up and fully paid		
74,818,427 (2019: 74,818,427) ordinary shares of 5p each	3,740,921	3,740,921

9 RELATED PARTY TRANSACTIONS

During the year fees totalling GBP74,728 (2019: GBP76,976) were payable to VG Trust & Corporate Services Limited for administration and valuation services, to the Company of which GBP18,458 (2019: GBP76,754) was outstanding as at 31 December 2020. 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 S M Parkinson were Directors during the year and have an interest in the Company. Total directors fees of GBP32,000 (2019: GBP32,500) was expensed during the year and as at 31 December 2020, the balance of directors fees payable to them is GBP5,000 (2019: GBP16,000).

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)

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:

	2020 GBP	2019 GBP
Cash and cash equivalents	**311,478**	39,921

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.

	2020 GBP	2019 GBP
Effects on net assets attributable to shareholders of an increase in portfolio values by 5%	**557,677**	603,823
Effects on net assets attributable to shareholders of a decrease in portfolio values by 10%	**(1,115,353)**	(1,207,646)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2020.

Liquidity and cash flow risk
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.

10 FINANCIAL RISK MANAGEMENT (continued)

Liquidity and cash flow risk (continued)
The table following summarises the Company's exposure to cash flow risks with the analysis of changes net debt.

	At 1 Jan 2020 GBP	Cash Flows GBP	Other Changes GBP	At 31 Dec 2020 GBP
Cash at bank and broker	39,921	271,557	-	311,478

Maturity Analysis as at 31 December 2020

	Due on demand	Due within 3 mths	Due between 3 mths and	Due between 1 and 5 years	Due > 5 years	Total
Creditors	-	**(47,771)**	-	-	-	**(47,771)**
	-	**(47,771)**	-	-	-	**(47,771)**

Maturity Analysis as at 31 December 2019

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

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.

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 2020. All fair value measurements disclosed are recurring fair value measurements.

Assets	**Level 1**	**Level 2**	**Level 3**
Equity securities	461,946	-	10,691,585

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 2019.

Assets	Level 1	Level 2	Level 3
Equity securities	936,572	-	11,139,886

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.

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 on 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 2020.

Gains or losses arising from changes in fair value of financial instruments for the year end 31 December 2020 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 holds freely tradable securities with a value that exceeds 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.

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. 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.

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.

Hydrodec Group plc, a company listed as a quoted investment had its shares suspended on 1 October 2020 and was delisted from the AIM stock exchange with effect from the 6 April 2021. The share held by the Fund represent an immaterial value to the Fund.

Pursuant to an extraordinary general meeting held on 22 February 2022, the Company's shareholders approved the term of the Company be extended until such time that the Company is dissolved by a Special Resolution of the shareholders and also that the Directors of the Company be authorised to take the steps necessary to secure regulatory approval for the listing of the Company's shares on the Aquis Exchange.

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