

THE 181 FUND LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

**THE 181 FUND LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS

Mr Ashley Le Feuvre
Mr John Humphrey Gunn
Mr Paul Keith Mundy (appointed 30 March 2023)
Mr Ronald William Green
Mr Stuart Melville Parkinson
Mr Trevor Lennard Norman (resigned 2 December 2022)

COMPANY SECRETARY

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

AUDITOR

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 2021**

Investment Objective

The objective of the Company is to achieve medium to long term capital growth through investing in smaller 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 year to 31 December 2021 was generally flat in terms of the Company's NAV. The value of the Company's investment portfolio did, however, increase by around 7.3%. Companies continued to navigate their way through and out of the COVID-19 pandemic, with Crest Medical Holdings Limited, in particular, unable to replicate its very strong 2020 performance. Positive exit outcomes were anticipated for certain investments, which came to fruition after the year-end, with the very successful sales of Finance Ireland and Antler Holdco (Interactive Investor) and further NAV growth into 2022. The Company remains focused on identifying opportunities to realise additional growth from existing holdings, continuing to support investee companies where possible and selectively identifying new investment opportunities.

Investment Performance

Pricing of most securities in the unquoted portfolio remained static, with performance for 2021 driven primarily by a valuation increase in Finance Ireland, although this was adversely impacted to an extent by a decrease in the valuation of Crest Medical.

Strategic Policy

The Board maintains its historic approach to the Company's investment portfolio. As with previous years there were fairly low levels of activity in terms of acquisitions and disposals, with just one addition to SolarNext AG. During the year the Company commenced assembling a portfolio of income generating securities, to provide coverage for operational costs.

The Board is grateful to shareholders for your continued support.

John Gunn
Chairman

15 June 2023

**THE 181 FUND LIMITED
INVESTMENT REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2021**

QUOTED INVESTMENTS

Rotala plc – throughout the lockdowns and COVID periods the company concentrated successfully on modernising its fleet and on improving cash flow. Both were achieved as the company weathered the challenges and put itself in a position for positive developments through 2022 and beyond, although this was unfortunately not reflected in the company's share price at the year end.

National World plc – during the year the Company made an investment into National World, a local/regional media company. The company did well; with a focus on buying regional newspapers and cost cutting by switching to digital format rather than paper.

Belluscura – this was a further new investment for the Company. Belluscura sells oxygen concentrators via a distribution network throughout the USA and during the year were awarded the Providers' Choice Gold award at America's largest home medical equipment trade show. The company has good expansion plans for the rest of the world and should increase sales dramatically.

UNQUOTED INVESTMENTS

The highlights from the unquoted investment portfolio were the continued developments of Finance Ireland and Antler Holdco (Interactive Investor), which led to successful exits of each investment in 2022 (see note 13 for further details).

Cambridge Mechatronics – the company continues to create new and better products in the camera lens space.

Clarmond Wealth – the year was a tricky one for asset managers, but Clarmond has kept its AuM figure at around £40million.

Crest Medical Ltd – during 2021 the company's figures returning to pre-COVID levels. The company is now implementing solid plans for development after the £100m of unbudgeted turnover arising in 2020 due to COVID.

FreshXtend Pty Ltd. – the underlying investment in Natureseal Inc. (of 17% of its capital) has resulted in a very acceptable level of dividend income to FXTI; which has been passed on to shareholders, giving a return of ca. 10% in cash on the current stake.

Jacoma Estates Ltd. – good progress was made in Malawi and prospects seem positive. During 2021 crops were increasing but there was slow progress with water and power improvements. Profit is starting to materialise.

RL Capital – the company achieved good results in 2021 (turnover up 25% and EBIT up 330%) with further improvement expected for 2022. The R+D team has been expanded to seven people. Product improvements continue with estimated returns on investment being 8 months for tyre pressure management and only 4.2 months for alignment tools.

SolarNext AG – the market for heat-driven cooling is growing, driven by its cost-effectiveness in a time of high energy prices and the company has sought new projects. It is expecting to be profitable in 2025.

Duuzra Event Software – despite constraints of a financial nature impacting expansion, the company has kept plugging away at its market. Ideally, it should tie up with another companion to further its ambitions. Revenues were fairly static and a small profit was achieved. This is not an area where the Company can call on expertise to get involved further and so it will maintain a position of "wait and see".

**THE 181 FUND LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and audited financial statements for the year ended 31 December 2021.

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 10.

DIVIDENDS

The Directors do not propose a dividend be paid for the year ended 31 December 2021 (2020: 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:

	2021	2020
Mr Ashley Le Feuvre	-	-
Mr John Humphrey Gunn	26,706,733	24,762,903
Mr Paul Keith Mundy (appointed 30 March 2023)	-	-
Mr Ronald William Green	-	-
Mr Stuart Melville Parkinson	765,972	765,972
Mr Trevor Lennard Norman (resigned 2 December 2022)	-	-

**THE 181 FUND LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2021, 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	19,440,230	25.98%
Mrs Renate Sigrid Gunn	6,029,068	8.06%
Judith Burton	5,107,900	6.83%
Michael Burton	4,404,774	5.89%
Anne Bayati	4,268,830	5.71%
J H Gunn Trust - Natalie Haynes	4,100,788	5.48%
J H Gunn Trust - Ingrid Croft	4,032,482	5.39%
David Poutney	2,709,349	3.62%

SECRETARY

The Secretary of the Company as at 31 December 2021 was VG Secretaries Limited (formerly Volaw Secretaries Limited).

AUDITOR

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

By order of the Board



VG Secretaries Limited
For Secretary

Dated: 15 JUNE 2023

**Independent auditor's 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 2021 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 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2021 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 (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 directors' responsibilities statement set out on page 5, 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.



Jason Richard Lees-Baker

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

Date: 15 June 2023

**THE 181 FUND LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	GBP	GBP
INCOME		
Dividend income	52,835	-
Sundry income	1,019	1,010
	<u>53,854</u>	<u>1,010</u>
EXPENDITURE		
Audit fees	12,500	20,500
Bank charges and interest	291	178
Directors fees	32,000	32,000
Insurance	9,825	9,480
Loss on foreign exchange	438	343
Other fees	3,880	21,344
Permit fees	4,540	4,450
Secretarial and management fees	69,263	78,018
Sundry expenses	172	285
	<u>132,909</u>	<u>166,598</u>
OPERATING DEFICIT FOR THE YEAR	(79,055)	(165,588)
(Loss)/gain on disposal of investments	(224,819)	18,119
Movement in unrealised gain/(loss) on investments	945,676	(439,495)
NET SURPLUS/(DEFICIT)	<u><u>641,802</u></u>	<u><u>(586,964)</u></u>
SURPLUS/(DEFICIT) PER SHARE	<u><u>0.009</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 14 to 23 form an integral part of these financial statements

**THE 181 FUND LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 GBP	2020 GBP
FIXED ASSETS			
Quoted investments	4	629,872	461,946
Unquoted investments	4	<u>11,340,847</u>	<u>10,691,585</u>
		<u>11,970,719</u>	<u>11,153,531</u>
CURRENT ASSETS			
Debtors and prepayments	5	2,812	2,037
Cash at bank and broker	6	<u>142,859</u>	<u>311,478</u>
		145,671	313,515
CREDITORS			
Amounts falling due within one year	7	<u>(55,313)</u>	<u>(47,771)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>90,358</u>	<u>265,744</u>
NET ASSETS		<u>12,061,077</u>	<u>11,419,275</u>
CAPITAL AND RESERVES			
Called up share capital	8	3,740,921	3,740,921
Share premium		5,852,365	5,852,365
Retained reserves		<u>2,467,791</u>	<u>1,825,989</u>
EQUITY SHAREHOLDERS' FUNDS		<u>12,061,077</u>	<u>11,419,275</u>

The financial statements on pages 10 to 23 were approved and authorised for issue by the Board of Directors on 15 June 2023 and are signed on its behalf by:

)
) Director
)

The notes on pages 14 to 23 form an integral part of these financial statements

**THE 181 FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 GBP	2020 GBP
CALLED-UP SHARE CAPITAL			
Balance at the beginning of the year	8	<u>3,740,921</u>	<u>3,740,921</u>
		<u>3,740,921</u>	<u>3,740,921</u>
SHARE PREMIUM			
Balance at the beginning of the year		<u>5,852,365</u>	<u>5,852,365</u>
		<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		988,501	1,575,465
Net surplus/(deficit) for the year		<u>641,802</u>	<u>(586,964)</u>
		<u>1,630,303</u>	<u>988,501</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			
		<u><u>12,061,077</u></u>	<u><u>11,419,275</u></u>

The notes on pages 14 to 23 form an integral part of these financial statements

**THE 181 FUND LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 GBP	2020 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		641,802	(586,964)
Adjustments for:			
Dividend income		(52,835)	-
Loss/(gain) on disposal of investments	4	224,819	(18,119)
Unrealised (gain)/loss on investments		<u>(945,676)</u>	<u>439,495</u>
Operating deficit before working capital changes		(131,890)	(165,588)
(Increase)/decrease in debtors		(775)	390
Increase/(decrease) in creditors		<u>7,542</u>	<u>(64,796)</u>
Net cash used by operating activities		(125,123)	(229,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	4	(96,357)	-
Proceeds from disposal of investments	4	26	501,551
Dividend income		<u>52,835</u>	-
Net cash provided by investing activities		<u>(43,496)</u>	<u>501,551</u>
NET (DECREASE)/INCREASE IN CASH AT BANK AND BROKER		(168,619)	271,557
CASH AT BANK AND BROKER AT BEGINNING OF YEAR		<u>311,478</u>	<u>39,921</u>
CASH AT BANK AND BROKER AT END OF YEAR		<u><u>142,859</u></u>	<u><u>311,478</u></u>

The notes on pages 14 to 23 form an integral part of these financial statements

**THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 to all the years presented, unless otherwise stated, are 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 and the Companies (Jersey) Law 1991.

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 Company's functional and presentation currency is the Pound Sterling (GBP).

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.

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. Subsequent to this, however, and having conducted investigations, the Directors decided to discontinue pursuing the listing primarily due to an assessment that the cost outweighed the benefit to the Company and its shareholders.

In addition, after the year end the Company participated in transactions which involved the sale of the Company's entire interests in Finance Ireland and Antler Holdco (Interactive Investor). These sales were very successful and generated cash receipts such that the Company was able to write to shareholders (on 26 August 2022), offering the opportunity to tender shares for buyback. Approximately 28,000,000 of the 74,818,425 shares currently in issue were tendered. The Company has the capacity to accept the buyback of all shares tendered, however, the resultant reduction in shares in issue would mean that the percentage held by Mr. John Gunn and his associates would exceed the percentage above which a formal offer for the remainder of the shares would be required, pursuant to UK Takeover Panel rules. This resulted in the Company needing to engage with the Takeover Panel, to agree a form of "whitewash" resolution to be proposed to shareholders. Following completion of the buyback and noting the change to the Company's term (as detailed above), the Company will continue to manage its investment portfolio and seek to generate returns in line with its stated investment objective.

Further details of this, along with notice of the required extraordinary general meeting is expected to be issued to shareholders very soon after the signing of these financial statements.

**THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 ACCOUNTING POLICIES (continued)

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) which includes, where appropriate, application of discounts or premiums to result in realistic fair values that could be obtained between a willing buyer and seller at the valuation date.

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.

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.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021 GBP	2020 GBP
Quoted Investments:		
Opening book cost	1,080,096	1,080,096
Opening unrealised loss	<u>(618,150)</u>	<u>(143,524)</u>
Opening fair value	461,946	936,572
Purchases at cost	74,391	-
Movement in unrealised gain/(loss) on investments	<u>93,535</u>	<u>(474,626)</u>
Closing fair value	<u>629,872</u>	<u>461,946</u>
Closing book cost	1,154,487	1,080,096
Closing unrealised loss	<u>(524,615)</u>	<u>(618,150)</u>
Closing fair value	<u>629,872</u>	<u>461,946</u>
Unquoted Investments:		
Opening book cost	6,017,028	6,233,467
Opening unrealised gain	<u>4,674,557</u>	<u>4,906,419</u>
Opening fair value	10,691,585	11,139,886
Purchases at cost	21,966	-
Disposal proceeds	(26)	(501,551)
Realised (loss)/gain on disposal	(224,819)	18,119
Movement in unrealised gain on investments	<u>852,141</u>	<u>35,131</u>
Closing fair value	<u>11,340,847</u>	<u>10,691,585</u>
Closing book cost	5,814,149	6,017,028
Closing unrealised gain	<u>5,526,698</u>	<u>4,674,557</u>
Closing fair value	<u>11,340,847</u>	<u>10,691,585</u>

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 INVESTMENTS (continued)	2021	2021	2020	2020
	Cost	Fair Value	Cost	Fair Value
Quoted Investments:	GBP	GBP	GBP	GBP
Hydrodec Group Plc	445	-	445	9
Rotala Plc	822,286	493,708	822,286	459,660
NanoVibronix Inc	257,365	3,184	257,365	2,277
National World Plc Ord 0.1p	25,125	76,980	-	-
Belluscura Limited Ord 0.01p	49,266	56,000	-	-
	1,154,487	629,872	1,080,096	461,946

All quoted stocks are quoted on AIM.

Unquoted Investments:	2021	2021	2020	2020
	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	595,803	293,155	595,803
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	4,375,139	953,657	3,170,391
Crest Medical Holdings Limited	426,000	1,160,830	426,000	1,738,866
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	2,811,000
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
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	462,408	131,133	440,442	108,583
Sorbic International Plc	-	-	224,845	-
	5,814,149	11,340,847	6,017,028	10,691,585

Total acquisitions during the year amounted to GBP96,357 (2020: GBPnil) while proceeds from disposals amounted to GBP26 (2020: GBP501,551). Movement on unrealised revaluation of investments of GBP945,676 (2020: GBP(439,495)) was recognised in the Income and Expenditure Account.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

5 DEBTORS AND PREPAYMENTS	2021	2020
	GBP	GBP
Amounts falling due within one year:		
Sundry debtors	37	37
Prepayments and accrued bank interest	<u>2,775</u>	<u>2,000</u>
	<u>2,812</u>	<u>2,037</u>
6 CASH AND CASH EQUIVALENTS	2021	2020
	GBP	GBP
The Royal Bank of Scotland International Limited	126,580	43,816
Brokers accounts	<u>16,279</u>	<u>267,662</u>
Cash at bank and broker	<u>142,859</u>	<u>311,478</u>
7 CREDITORS	2021	2020
	GBP	GBP
Amounts falling due within one year:		
Accruals -		
Administration fees	30,000	18,458
Monies due to shareholder	7,813	7,813
Audit fees	12,500	16,500
Directors fees and expenses	<u>5,000</u>	<u>5,000</u>
	<u>55,313</u>	<u>47,771</u>
8 CALLED UP SHARE CAPITAL	2021	2020
	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 (2020: 74,818,427) ordinary shares of 5p each	<u>3,740,921</u>	<u>3,740,921</u>

9 RELATED PARTY TRANSACTIONS

During the year fees totalling GBP69,263 (2020: GBP78,018) were payable to VG Trust & Corporate Services Limited for administration and valuation services, to the Company of which GBP30,000 (2020: GBP18,458) was outstanding as at 31 December 2021. 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 (2020: GBP32,000) was expensed during the year and as at 31 December 2021, the balance of directors fees payable to them is GBP5,000 (2020: GBP5,000).

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)

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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:

	2021	2020
	GBP	GBP
Cash and cash equivalents	142,859	311,478

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.

	2021	2020
	GBP	GBP
Effects on net assets attributable to shareholders of an increase in portfolio values by 5%	598,536	557,677
Effects on net assets attributable to shareholders of a decrease in portfolio values by 10%	(1,197,072)	(1,115,353)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2021.

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.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 GBP	Cash Flows GBP	Other Changes GBP	At 31 Dec 2021 GBP
Cash at bank and broker	311,478	(168,619)	-	142,859

Maturity Analysis as at 31 December 2021

	Due on demand	Due within 3 mths	Due between 3 mths and 12 mths	Due between 1 and 5 years	Due > 5 years	Total
Creditors	-	(55,313)	-	-	-	(55,313)
	<u>-</u>	<u>(55,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,313)</u>

Maturity Analysis as at 31 December 2020

	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	-	(47,771)	-	-	-	(47,771)
	<u>-</u>	<u>(47,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,771)</u>

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 2021

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 2021. All fair value measurements disclosed are recurring fair value measurements.

Assets	Level 1	Level 2	Level 3
Equity securities	<u>629,872</u>	-	<u>11,340,847</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 2020.

Assets	Level 1	Level 2	Level 3
Equity securities	<u>461,946</u>	-	<u>10,691,585</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 2021

10 FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments (continued)

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 2021.

Gains or losses arising from changes in fair value of financial instruments for the year end 31 December 2021 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

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. Subsequent to this, however, and having conducted investigations, the Directors decided to discontinue pursuing the listing primarily due to an assessment that the cost outweighed the benefit to the Company and its shareholders.

THE 181 FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

13 GOING CONCERN AND SUBSEQUENT EVENTS (continued)

In addition, after the year end the Company participated in transactions which involved the sale of the Company's entire interests in Finance Ireland and Antler Holdco (Interactive Investor). These sales were very successful and generated cash receipts such that the Company was able to write to shareholders (on 26 August 2022), offering the opportunity to tender shares for buyback. Approximately 28,000,000 of the 74,818,425 shares currently in issue were tendered. The Company has the capacity to accept the buyback of all shares tendered, however, the resultant reduction in shares in issue would mean that the percentage held by Mr. John Gunn and his associates would exceed the percentage above which a formal offer for the remainder of the shares would be required, pursuant to UK Takeover Panel rules. This resulted in the Company needing to engage with the Takeover Panel, to agree a form of "whitewash" resolution to be proposed to shareholders.

Further details of this, along with notice of the required extraordinary general meeting is expected to be issued to shareholders very soon after the signing of these financial statements.

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

14 COVID-19 PANDEMIC

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 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.