
SIX DEGREES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

THURSDAY



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29/06/2017
COMPANIES HOUSE

SIX DEGREES LIMITED

COMPANY INFORMATION

Directors	M J James J Janson
Registered number	03047692
Registered office	Soanepoint 6-8 Market Place Reading Berkshire RG1 2EG
Independent auditors	Nortons Assurance Limited Chartered Accountant and Statutory Auditor Highlands House Basingstoke Road Spencers Wood Reading RG7 1NT

SIX DEGREES LIMITED

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SIX DEGREES LIMITED
REGISTERED NUMBER: 03047692

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	6	4,864	8,104
		<u>4,864</u>	<u>8,104</u>
Current assets			
Debtors	7	305,510	182,721
Cash at bank and in hand	8	107,983	317,158
		<u>413,493</u>	<u>499,879</u>
Creditors: amounts falling due within one year	9	(318,556)	(329,497)
Net current assets		<u>94,937</u>	<u>170,382</u>
Total assets less current liabilities		<u>99,801</u>	<u>178,486</u>
Provisions for liabilities			
Deferred tax	10	(660)	(1,350)
		<u>(660)</u>	<u>(1,350)</u>
Net assets		<u>99,141</u>	<u>177,136</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		99,041	177,036
		<u>99,141</u>	<u>177,136</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

SIX DEGREES LIMITED
REGISTERED NUMBER: 03047692

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

M J James

25/5/17

M J James

Director

The notes on pages 3 to 12 form part of these financial statements.

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Six Degrees Limited is a private limited company incorporated in England. The registered office is Soanepoint, 6-8 Market Place, Reading, Berkshire, RG1 2EG. The financial statements have been prepared in compliance with FRS102 Section 1A. The entity has transitioned from previously extant UK GAAP to FRS 102 Section 1A as at 1 January 2016. There has been no affect on the accounts from this transition.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	50% reducing balance
Computer equipment	-	50% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.6 Financial instruments (continued)

between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Significant judgements and estimates

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £4,410 (2015 - £4,200).

5. Employees

The average monthly number of employees, including directors, during the year was 11 (2015-11).

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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6. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2016	44,502
Additions	1,643
Disposals	(2,057)
At 31 December 2016	<u>44,088</u>
Depreciation	
At 1 January 2016	36,398
Charge for the year	4,872
On revalued assets	(2,046)
At 31 December 2016	<u>39,224</u>
Net book value	
At 31 December 2016	<u><u>4,864</u></u>
At 31 December 2015	<u><u>8,104</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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7. Debtors

	2016 £	2015 £
Trade debtors	238,107	112,011
Prepayments and accrued income	67,403	70,710
	<u>305,510</u>	<u>182,721</u>

8. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	107,983	317,158
	<u>107,983</u>	<u>317,158</u>

9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	52,339	26,444
Corporation tax	20,513	44,095
Other taxation and social security	27,216	30,177
Other creditors	204,210	199,151
Accruals and deferred income	14,278	29,630
	<u>318,556</u>	<u>329,497</u>

10. Deferred taxation

	2016 £	2015 £
At beginning of year	(1,350)	(991)
Charge to profit or loss	690	(359)
At end of year	<u>(660)</u>	<u>(1,350)</u>

SIX DEGREES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(660)	(1,350)
	<u>(660)</u>	<u>(1,350)</u>

11. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

SIX DEGREES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Share based payments

In 2014 the company set up the Six Degrees Limited Enterprise Management Incentive Plan (the 'plan'), which authorises the granting of share options to provide incentives to its employees in the form of share options.

Under the plan the exercise price of each option equals the nominal value of the company's stock on the grant date. Options granted under the plan may be granted for a period of up to 10 years from the grant date.

3 (2015: 3) employees benefit from the plan.

	Weighted average exercise price (pence) 2016	Number 2016	<i>Weighted average exercise price (pence) 2015</i>	<i>Number 2015</i>
Outstanding at the beginning of the year	0.0001	17	0.0001	17
Outstanding at the end of the year	0.0001	17	<i>0.0001</i>	<i>17</i>

	2016 £	<i>2015 £</i>
Equity-settled schemes	1	1
	1	<i>1</i>

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. During the year total contributions of £41,921 (2015: £35,740) were paid in. There were no balances outstanding at the year end.

SIX DEGREES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Later than 1 year and not later than 5 years	30,207	119,331
	<u>30,207</u>	<u>119,331</u>

15. Translation to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 Section 1A (FRS 102 s1A) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under FRSSE were for the year ended 31 December 2015 and the date of transition to FRS 102 s1A was therefore 1 January 2016. As a consequence of adopting FRS 102 s1A, there were no accounting policies that have changed.

16. Related party transactions

J Janson

Director and shareholder

During the year dividends totalling £75,000 (2015: £79,800) were issued to J Janson. Dividends paid to J Janson in the year totalled £75,000 (2015: £64,800).

Amount due to related party at the balance sheet date is £nil (2015: £15,000):

M J James

Director and shareholder

During the year dividends totalling £75,000 (2015: £79,800) were issued to M J James. Dividends paid to M J James in the year totalled £75,000 (2015: £64,800).

Amount due to related party at the balance sheet date is £nil (£15,000).

17. Ultimate controlling party

The ultimate controlling party is M J James and J Janson.

18. Auditors' information

The report of the auditors was unqualified.

Anthony Campbell (Senior Statutory Auditor)
For and on behalf of Nortons Assurance Limited