Registered number: 06485099

2 DEGREES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2 DEGREES LIMITED

INDEPENDENT AUDITORS' REPORT TO 2 DEGREES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of 2 Degrees Limited for the year ended 31 December 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

UNQUALIFIED OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 2 to 6 have been properly prepared in accordance with the regulations made under that section.

Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG
Date: 7 September 2016

2 DEGREES LIMITED
REGISTERED NUMBER: 06485099

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2015 £	2014 £	2014 £
FIXED ASSETS					
Tangible assets	3		**38,303**		46,209
CURRENT ASSETS					
Debtors		**614,493**		413,472	
Cash at bank		**119,923**		145,568	
		734,416		559,040	
CREDITORS: amounts falling due within one year		**(1,485,585)**		(692,764)	
NET CURRENT LIABILITIES			**(751,169)**		(133,724)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(712,866)**		(87,515)
CREDITORS: amounts falling due after more than one year	4		**(1,001,069)**		(707,565)
NET LIABILITIES			**(1,713,935)**		(795,080)
CAPITAL AND RESERVES					
Called up share capital	5		**2,415**		2,395
Share premium account			**6,786,777**		6,686,997
Profit and loss account			**(8,503,127)**		(7,484,472)
SHAREHOLDERS' DEFICIT			**(1,713,935)**		(795,080)

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf by:

Mark Chilcott

....
M N Chilcott
Director

Date: 5 SEPTEMBER 2016

The notes on pages 3 to 6 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Going concern

At the balance sheet date, total liabilities exceeded total assets by £1,713,935 (2014: £795,080) and this included net current liabilities of £751,169 (2014: £133,724 net current liabilities). During the year ended 31 December 2015, the company made a loss after tax for the year of £1,018,655 (2014: £698,202). Notwithstanding these results for the year, the directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons outlined below.

Included within creditors are the following items:

a) £245,145 of convertible loan notes due to be converted to equity on the earlier of (i) 31 December 2017 ii) a change of control iii) a qualifying investment round.

b) £803,400 of repayable loans, the principal of which since the year end has been converted into equity shares in the company, any interest accrued on those loans has been written off.

Detailed projections have been prepared and approved by the directors and are considered to be achievable. These projections include the provision of £700,000 of additional funding in the form of convertible loan notes issued by an existing investor during the year ending 31 December 2016. These projections show the company to be a going concern.

If required the directors will review the business plan and budgeted level of expenditure and cut costs accordingly to ensure the company can meet its liabilities as they fall due. Additionally, further investment will be sought if deemed necessary.

1.3 Cash flow

The financial statements do not include a Cash Flow Statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised in accordance with the contractual obligations of the contract or service:

Where the company's contractual obligations are performed gradually over time, revenue is recognised as the contract activity progresses to reflect the company's partial peformance of its contractual obligations.

Where the company's right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.5 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	25% straight line
Computer equipment	-	25-33% straight line

1.7 Operating leases

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

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

1.10 R&D tax credit

The R&D tax credit is recognised when it is certain that the tax credit in relation to research and development carried out will be received.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2015 and 31 December 2015	**280,000**
Amortisation	
At 1 January 2015 and 31 December 2015	**280,000**
Net book value	
At 31 December 2015	**-**

3. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2015	**108,091**
Additions	**12,867**
Disposals	**(15,946)**
At 31 December 2015	**105,012**
Depreciation	
At 1 January 2015	**61,882**
Charge for the year	**18,656**
On disposals	**(13,829)**
At 31 December 2015	**66,709**
Net book value	
At 31 December 2015	**38,303**
At 31 December 2014	46,209

4. CREDITORS:
Amounts falling due after more than one yea

The repayable loan of £634,342 (2014: £652,051) has been renegotiated and under the terms of the agreement repayment is deferred until January 2018.

The convertible loan notes do not meet the criteria of equity under the Financial Reporting Standards for Smaller Entities "FRSSE" or Financial Reporting Standard 25 - Financial Instruments ("FRS 25") and, therefore, have been disclosed as liabilities within the financial statements.

Under the convertible loan note agreement, the principal and interest will be converted into equity on the earlier of (i) 31 December 2017 ii) a change of control iii) a qualifying investment round.

Included within accruals and deferred income is an amount £91,344 (2014: £55,514) relating to interest accrued on the repayable loan due for repayment in January 2018.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

5. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
2,374,616 (2014 - 2,354,656) Ordinary shares of £0.001 each	**2,375**	2,355
40,000 Convertible Redeemable Preference shares of £0.001 each	**40**	40
	2,415	2,395

On 30 September 2015 8,000 £0.001 Ordinary Shares were issued for £5 per share. The total consideration received was £40,000.

On 30 September 2015 £15,000 of repayable loans were converted into 3,000 £0.001 Ordinary Shares for £5 per share.

On 30 September 2015 £44,800 of commission was converted into 8,960 £0.001 Ordinary Shares for £5 per share.

The convertible redeemable preference shares still in issue have exactly the same rights and obligations as ordinary shares.

6. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

At the year end the company owed M Chilcott, a director of the company, £136,391 (2014: £136,391) in relation to a repayable loan. Interest in relation to this of £9,547 (2014: £9,547) has been charged to the P&L account during the year. Interest accrued to 31 December 2013 of £23,106 was rolled up into the principal of the loan and the loan repayment date rescheduled to 7 January 2018, therefore at the end of the year interest of £19,094 (2014: £9,547) was owed to the director.

At the year end the company owed J Tarin, a director of the company, £129,325 (2014: £129,325) in relation to a repayable loan. Interest in relation to this of £9,053 (2014: £7,677) has been charged to the P&L account during the year. Interest accrued to 31 December 2013 of £20,979 was rolled up into the principal of the loan and the loan repayment date rescheduled to 7 January 2018, therefore at the end of the year interest of £16,730 (2014: £7,677) was owed to the director.

During the year, a close family member of one of the directors provided recruitment consultancy services to the company for a total of £4,752 (2014: £11,022). At the year end no balance was outstanding.

During the year, a close family member of one of the directors provided marketing consultancy services to the company for a total of £29,822 (2014: £11,134). At the year end no balance was outstanding.

During the year, a close family member of one of the directors worked as the company's marketing director. The gross wages paid were £29,325 (2014: £45,666).