Registered number: 06485099

2 DEGREES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 3 to 7, together with the financial statements of 2 Degrees Limited for the year ended 31 December 2014 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 3 to 7 have been properly prepared in accordance with the regulations made under that section.

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

OTHER INFORMATION

On 25 August 2015 we reported as auditors to the members of the company on the financial statements prepared under section 396 of the Companies Act 2006 and our report included the following paragraph:

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £698,202 during the year ended 31 December 2014 and this together with the matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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

25 August 2015

2 DEGREES LIMITED
REGISTERED NUMBER: 06485099

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £	2014 £	2013 £	2013 £
FIXED ASSETS					
Tangible assets	3		**46,209**		31,096
CURRENT ASSETS					
Debtors		**413,472**		507,811	
Cash at bank		**145,568**		237,495	
		559,040		745,306	
CREDITORS: amounts falling due within one year		**(692,764)**		(3,415,148)	
NET CURRENT LIABILITIES			**(133,724)**		(2,669,842)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(87,515)**		(2,638,746)
CREDITORS: amounts falling due after more than one year	4		**(707,565)**		(858,408)
NET LIABILITIES			**(795,080)**		(3,497,154)
CAPITAL AND RESERVES					
Called up share capital	5		**2,395**		1,689
Share premium account			**6,686,997**		3,287,427
Profit and loss account			**(7,484,472)**		(6,786,270)
SHAREHOLDERS' DEFICIT			**(795,080)**		(3,497,154)

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:

....
J D Tarin
Director

Date: 21 August 2015

The notes on pages 4 to 7 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

At the balance sheet date, total liabilities exceeded total assets by £795,080 (2013: £3,497,154). This included net current liabilities of £133,724 (2013: £2,669,842 net current liabilities) having made a loss after tax for the year of £698,202 (2013: £1,418,534). The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

Detailed projections have been prepared and approved by the directors and are considered to be achievable. 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 April 2008).

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.

1.5 Research and development

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

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

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 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Operating leases

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

1.9 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.

1.10 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.

1.11 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 2014

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2014 and 31 December 2014	**280,000**
Amortisation	
At 1 January 2014 and 31 December 2014	**280,000**
Net book value	
At 31 December 2014	-

3. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2014	**74,041**
Additions	**34,050**
At 31 December 2014	**108,091**
Depreciation	
At 1 January 2014	**42,945**
Charge for the year	**18,937**
At 31 December 2014	**61,882**
Net book value	
At 31 December 2014	**46,209**
At 31 December 2013	31,096

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

£190,669 of the convertible loan interest accrued up to 31 December 2013 and converted during the year into convertible loan notes (as per Note 12) are classed as due after more than one year. Under the terms of the agreement the repayment of the loan notes is deferred until January 2016 at which time they will be either converted into ordinary share capital or repaid in full.

The balance of convertible loan notes falling due after more than one year at the year end was £652,051 (2014: £416,147).

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid		
2,354,656 (2013 - 1,555,500) Ordinary shares of £0.001 each	**2,355**	1,649
40,000 Convertible Redeemable Preference shares of £0.001 each	**40**	40
	2,395	1,689

On 12 September 2014 £390,948 of convertible loan notes were converted into 97,738 £0.001 Ordinary Shares for £4 per share. The total consideration received was £390,948.

On 12 September 2014 £2,250,000 of convertible loan notes were converted into 450,000 £0.001 Ordinary Shares for £5 per share. The total consideration received was £2,250,000.

On 19 November 2014 £125,043 of convertible loan notes were converted into 31,261 £0.001 Ordinary shares for £4 per share. The total consideration received was £125,043.

On 31 December 2014 £634,286 of convertible loan notes of £610,000 and accrued interest of £24,286 up to 31 December 2014 were converted into 126,857 £0.001 Ordinary shares for £5 per share. The total consideration received on conversion was £634,286.

Convertible Preference shares are redeemable, with no time limit or fixed redemption date, by the holder as part of any future fund-raising in excess of £2million.

6. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

At the year end the company owed M Chilcott, a director of the company, £136,391 (2013: £95,010) in relation to a repayable loan. Interest in relation to this of £9,547 (2013: £6,651) 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 2016, therefore at the end of the year interest of £9,547 (2013: £23,106) was owed to the director.

At the year end the company owed J Tarin, a director of the company, £129,325 (2013: £86,160) in relation to a repayable loan. Interest in relation to this of £7,677 (2013: £6,031) 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 2016, therefore at the end of the year interest of £7,677 (2013: £20,869) was owed to the director.

During the year M Chilcott, a director of the company, held £110,508 (2013: £110,508) of convertible loan notes which were converted into equity before the year end. The interest of £18,275 accrued up to 31 December 2013 was rolled up into the above repayable loan which is due at 7 January 2016.

During the year J Tarin, a director of the company, held £110,508 (2013: £110,508) of convertible loan notes which were converted into equity before the year end. The interest of £22,186 accrued up to 19 November 2014 was rolled up into the above repayable loan which is due at 7 January 2016.

During the year, a close family member of J Tarin provided marketing consultancy services to the company for a total of £11,134 (2013: £nil). At the year end no balance was outstanding.

During the year, a close family member of M Chilcott worked as the company's marketing director. The gross wages paid was £45,666 (2013: £47,880).