

1&1 UK HOLDINGS LIMITED

**Report and Financial Statements
31 December 2012**

THURSDAY



A27IXTXM

A04

02/05/2013

#210

COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2-3
Statement of directors' responsibilities in respect of the financial statements	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-11

1&1 UK HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Hoffman
A Burton
I Stephens
S Yeoman

SECRETARY

A Burton

REGISTERED OFFICE

Discovery House
154 Southgate Street
Gloucester
GL1 2EX

BANKERS

Commerzbank AG
Gallusanlage 2
60329 Frankfurt am Main

AUDITORS

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

DIRECTORS' REPORT

Company Registration No. 05763397

The directors present their report and the audited financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of a holding company. During the year the company received dividends from Fasthosts Internet Ltd of £6,000k. The company will continue to act as a holding company.

RESULTS AND DIVIDEND

The company's key financial performance indicators during the year were as follows:

The profit for the year, after taxation, was £5,994k (2011: £3,496k). Dividends of £6,000k were paid (2011: £3,500k).

GOING CONCERN

The directors have reviewed the current economic and business environment and have prepared forecasts based on various financial projections. 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 on preparing the annual report and accounts.

DIRECTORS OF THE COMPANY

The directors of the company who served during the year and subsequently are listed below:

A Burton	
I Stephens	
R Hoffman	Appointed 1 February 2013
S Yeoman	Appointed 1 February 2013
O Mauss	Resigned 11 February 2013

Those directors in office at the financial year end did not hold any beneficial interest in the issued share capital of the company at 31 December 2012.

As the company is a wholly owned subsidiary of a company incorporated outside the United Kingdom, in accordance with Companies Act 2006/170-181, directors' interests in shares of United Internet AG are not required to be disclosed.

Directors holding office throughout the period who are also directors of other United Internet group companies are remunerated elsewhere within the group.

The parent company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT

Company Registration No. 05763397

(Continued)

FINANCIAL RISK MANAGEMENT

The company's operations expose it to minimal financial and business risks that include liquidity risk and interest rate risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors are implemented by the company's finance department. The company's approach to the management of such risk is detailed below.

Liquidity risk

The company maintains sufficient cash reserves to ensure it has the appropriate funds available for its operations. The company does not maintain an overdraft facility, as this is not considered necessary by the directors. The company would have access to longer term funding from the ultimate parent company if required.

Interest rate risk

The directors do not consider the company to have any exposure to interest rate risks. The company does not trade in interest rate derivatives.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'A Burton', with a long horizontal stroke extending to the right.

A Burton

Director

Date 29 April 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT
to the members of 1&1 UK Holdings Limited

We have audited the financial statements of 1&1 UK Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If, we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Jane Barwell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Bristol

Date 1 May 2013

1&1 UK HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT
31 December 2012**

	Note	2012 £'000	2011 £'000
OPERATING LOSS	2	(6)	(4)
Interest receivable		-	-
Dividend income		<u>6,000</u>	<u>3,500</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,994	3,496
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>5,994</u>	<u>3,496</u>

All activities derive from continuing operations

There are no recognised gains and losses other than the profit for the financial year. Accordingly, no statement of total recognised gains and losses is given.

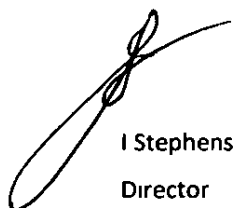
1&1 UK HOLDINGS LIMITED**BALANCE SHEET
31 December 2012**

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Investments	6	63,886	63,886
CURRENT ASSETS			
Cash at bank and in hand		<u>138</u>	<u>138</u>
		138	138
CREDITORS amounts falling due within one year	7	<u>(216)</u>	<u>(210)</u>
NET CURRENT LIABILITIES		<u>(78)</u>	<u>(72)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>63,808</u>	<u>63,814</u>
NET ASSETS		<u>63,808</u>	<u>63,814</u>
CAPITAL AND RESERVES			
Called up share capital	8	61,000	61,000
Profit and loss account	9	<u>2,808</u>	<u>2,814</u>
EQUITY SHAREHOLDERS' FUNDS	10	<u>63,808</u>	<u>63,814</u>

These financial statements were approved by the Board of Directors on

29 April 2013

Signed on behalf of the Board of Directors



I Stephens
Director

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Consolidated financial statement

The financial statements contain information about 1&1 UK Holdings Limited as an individual company and do not contain group financial statements. The company is exempt under section 400 of the Companies Act 2006 from preparing group financial statements on the basis that it is a wholly owned subsidiary of a parent group registered in Germany, for which group financial statements are prepared

Going Concern

The directors have reviewed the current economic and business environment and have prepared forecasts based on various financial projections. 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 on preparing the annual report and accounts

Cash flow

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with FRS 1 (Revised 1996)

Investments

Fixed asset investments are shown at cost less provision for any impairment

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Dividends

Dividends are recognised when the company's right to receive payment is established

2. OPERATING LOSS

	2012	2011
	£'000	£'000
Operating loss is stated after charging:		
Audit fees	<u>6</u>	<u>3</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The UK directors of the company are also directors of the subsidiary Fasthosts Internet Limited. The directors received total remuneration for the year of £491k (2011: £424k), all of which was paid by the subsidiary company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the subsidiary company. Dr O Mauss was remunerated by 1&1 Internet AG. Other than the directors who served during the year, there are no employees in the company.

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2012 £'000	2011 £'000
Current taxation		
UK corporation tax charge at 24.5% (2011: 26.5%) on the profit for the year	-	-
Deferred taxation		
Timing differences, origination and reversal	-	-
	<u>-</u>	<u>-</u>

(ii) Factors affecting tax charge for the current year

The tax charge for the current year is lower than that resulting from applying the standard rate of corporation tax of 24.5% (2011: 26.5%) to the profit before tax

The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	<u>5,994</u>	<u>3,496</u>
Tax charge at 24.5% (2011: 26.5%) thereon	1,468	927
Income not taxable	(1,470)	(928)
Group relief	<u>2</u>	<u>1</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

5. DIVIDENDS

	2012 £'000	2011 £'000
Dividends declared and paid	<u>6,000</u>	<u>3,500</u>

6. INVESTMENTS

	Unlisted subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2012	<u>63,886</u>

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2012**

6. INVESTMENTS (CONTINUED)

Direct investments in subsidiary undertakings comprises of a 100% ordinary shares in Fasthosts Internet Ltd, a UK incorporated company, which was acquired on 15 May 2006. The nature of this business is hosting services.

Indirect investments, via Fasthosts Internet Limited, in which the company's subsidiary holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Dollamore Limited	Ordinary shares	UK	100%	Hosting services
Fasthosts Internet Inc	Shares of common stock	US	100%	Dormant

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed to group undertakings	211	205
Accruals	5	5
	<u>216</u>	<u>210</u>

8. SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised, called up, allotted and fully paid 61,000,002 ordinary shares of £1 each	<u>61,000</u>	<u>61,000</u>

9. RESERVES

	Profit and loss account £'000
As at 1 January 2012	2,814
Profit for the year	5,994
Dividends declared and paid	(6,000)
As at 31 December 2012	<u>2,808</u>

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£'000	£'000
Profit for the financial year	5,994	3,496
Dividends paid in the year (note 5)	(6,000)	(3,500)
Net decrease to shareholders' funds	(6)	(4)
Opening shareholders' funds	63,814	63,818
Closing shareholders' funds	<u>63,808</u>	<u>63,814</u>

11. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments at 31 December 2012 (2011 £Nil)

12. CONTROLLING PARTY

The ultimate parent undertaking and controlling party of the largest group of undertakings, for which group financial statements are prepared, is United Internet AG, a company incorporated in Germany. Copies of the financial statements of United Internet AG can be obtained from United Internet AG, Elgendorfer Strasse 57, D-56410 Montabaur, Germany.

The parent undertaking of the smallest group for which group financial statements are prepared, and of which 1&1 UK Holdings Limited is a member, is 1&1 Internet AG. Copies of the financial statements of 1&1 Internet AG are available from United Internet AG, Elgendorfer Strasse 57, D-56410 Montabaur, Germany.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" from disclosing transactions with any other members of the group as 100% of the voting rights of the company are controlled within the group and the ultimate parent company publishes consolidated financial statements that are publicly available.