

Company Registration No. 05763397

1&1 UK HOLDINGS LIMITED

Report and Financial Statements

31 December 2009

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1&1 UK HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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1&1 UK HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

O Mauss (appointed 01/02/2010)
A Burton (appointed 01/07/2009)
M Hogan (resigned 01/02/2010)
N Hodson (resigned 03/11/2009)
I Stephens (appointed 28/4/2010)

SECRETARY

A M Burton (appointed 1/2/2010)
M P Hogan (resigned 1/2/2010)

REGISTERED OFFICE

Discovery House
154 Southgate Street
Gloucester
GL1 2EX

BANKERS

West LB AG
Herzogstrasse 15
40217 Dusseldorf
Postanschrift
40199 Düsseldorf

AUDITORS

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

1&1 UK HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2009

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 £8,050,000.

RESULTS AND DIVIDEND

The directors, having assessed the responses of the directors of the company's parent United Internet AG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Fasthosts group to continue as a going concern or its ability to continue with the current banking arrangements. The company's key financial performance indicators during the year were as follows:

The profit for the year, after taxation, was £8,034,983 (2008: £13,514,743). Dividends of £7,750,000 were paid (2008: £13,750,000).

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of 1&1 UK Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS AND THEIR INTERESTS

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

O Mauss (appointed 01/02/2010)
A Burton (appointed 01/07/2009)
M Hogan (resigned 01/02/2010)
N Hodson (resigned 03/11/2009)
I Stephens (appointed 28/04/2010)

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 2009.

As the company is a wholly owned subsidiary of a company incorporated outside the United Kingdom, in accordance with Statutory Instrument 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

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

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DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and foreign exchange 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.

Foreign exchange risk

The Company is exposed to foreign exchange risk on purchases, inter-company loans and investments that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily U S Dollars and Euros. During the current and prior year, the Company did not participate in any derivative or hedging contracts and any currency movements have been taken to the P&L.

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

A Burton

Director

1&1 UK HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

to the members of 1&1 UK Holdings Limited (continued)

We have audited the financial statements of 1&1 UK Holdings Limited for the year ended 31st December 2009 which comprise of Profit and Loss Account, the Balance Sheet, and the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. 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, 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 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 (APB'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.

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 1&1 UK Holdings 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.

INDEPENDENT AUDITORS' REPORT

to the members of 1&1 UK Holdings Limited (continued)

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Bristol

Date 30 September 2019

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PROFIT AND LOSS ACCOUNT **Year ended 31 December 2009**

	Note	2009 £	2008 £
OPERATING PROFIT/(LOSS)	2	28,988	(224,680)
Interest receivable		19,976	88,408
Interest payable	4	(63,981)	(98,985)
Dividend income		<u>8,050,000</u>	<u>13,750,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,034,983	13,514,743
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>8,034,983</u>	<u>13,514,743</u>

All activities derive from continuing operations

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

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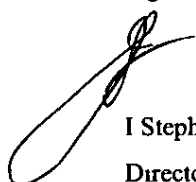
BALANCE SHEET **31 December 2009**

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Investments	7		63,886,352		63,886,352
			63,886,352		63,886,352
CURRENT ASSETS					
Debtors	8	662,698		95,463	
Cash at bank and in hand		2		2	
		662,700		95,465	
CREDITORS: amounts falling due within one year	9	(699,955)		(417,703)	
NET CURRENT LIABILITIES			(37,255)		(322,238)
TOTAL ASSETS LESS CURRENT LIABILITIES			63,849,097		63,564,114
NET ASSETS			63,849,097		63,564,114
CAPITAL AND RESERVES					
Called up share capital	10		61,000,002		61,000,002
Profit and loss account	11		2,849,095		2,564,112
EQUITY SHAREHOLDERS' FUNDS	12		63,849,097		63,564,114

These financial statements were approved by the Board of Directors on

29 SEP 2010

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 2009

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

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of 1&1 UK Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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 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

2 OPERATING LOSS

	2009	2008
Operating profit/(loss) is after charging:	£	£
Legal fees	-	17,658
Audit Fees	9,331	-
Foreign currency movements	(42,936)	206,503
Bank Charges	409	519
Non operating costs	4,208	-

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no emoluments paid to the directors who held office during and at the end of the year, as those directors are remunerated elsewhere in the United Internet AG group

Other than the directors who served during the period, there are no employees in the company

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

4. INTEREST PAYABLE

	2009	2008
	£	£
Interest Payable		
Interest payable to group undertakings	63,981	98,985
	<u>63,981</u>	<u>98,985</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2009	2008
	£	£
Current taxation		
UK corporation tax charge at 28% (2008- 28 5%) on the profit for the year	-	-
	<u>-</u>	<u>-</u>
Deferred taxation		
(Credit)/ charge from origination and reversal of timing differences	-	-
	<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 28 % (2008 – 28 5%) to the profit before tax

The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	8,034,983	13,514,743
Tax charge at 28% (2008 – 28 5%) thereon	2,249,795	3,851,702
Income not taxable	(2,254,000)	(3,918,750)
Expenses not deductible for tax purposes	1,178	-
Group relief	3,027	67,048
Current tax charge for the year	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(iii) Deferred tax

The movement on the deferred tax asset is as follows

	2009 £	2008 £
Opening balance	-	-
Current period credit	-	-
Closing balance	-	-

6. DIVIDENDS

	2009 £	2008 £
Dividends declared and paid	7,750,000	13,750,000

7. INVESTMENTS

**Unlisted
Subsidiary
Undertakings
2009
£**

Cost

At 1 January 2009 and at 31 December 2009

63,886,352

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

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

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

8. DEBTORS

	2009 £	2008 £
Accounts receivable from associated companies	662,698	88,413
Other assets and social security	-	7,050
	662,698	95,463

1&1 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Amounts owed to group undertakings	694,862	417,703
Accruals	5,093	-
	<u>699,955</u>	<u>417,703</u>

10 CALLED UP SHARE CAPITAL

	2009	2008
	No.	No.
Authorised		
61,000,002 Ordinary shares of £1 each	61,000,002	61,000,002
	<u>61,000,002</u>	<u>61,000,002</u>
	2009	2008
	£	£
Called up, allotted and fully paid		
61,000,002 Ordinary shares of £1 each	61,000,002	61,000,002
	<u>61,000,002</u>	<u>61,000,002</u>

11. RESERVES

	Profit and loss account £
Balance at 1 January 2009	2,564,112
Profit for the year	8,034,983
Dividends paid	(7,750,000)
Balance at 31 December 2009	<u>2,849,095</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit for the financial year	8,034,983	13,514,743
Dividends paid in the year (note 6)	(7,750,000)	(13,750,000)
Net addition/(deduction) to shareholders' funds	284,983	(235,257)
Opening shareholders' funds	63,564,114	63,799,371
Closing shareholders' funds	<u>63,849,097</u>	<u>63,564,114</u>

13. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments at 31 December 2009 (2008 - £Nil)

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

14. CONTROLLING PARTY

The ultimate parent undertaking and controlling party, and the parent undertaking of the largest group of undertakings for which group financial statements are prepared, and of which 1&1 UK Holdings Limited is a member of 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 of undertakings for which group financial statements are prepared, and of which 1&1 UK Holdings Limited is a member, of 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.