

Company Registration No. 03953678

**1&1 IONOS LIMITED**

(Formerly 1&1 Internet Limited)

**Report and Financial Statements**

**31 December 2018**



**1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

**REPORT AND FINANCIAL STATEMENTS 2018**

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**1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

**REPORT AND FINANCIAL STATEMENTS 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M Steinberg  
A Weiss (Appointed 1 October 2018)  
H Kettler (Appointed 1 March 2019)  
C F Steffens (Appointed 15 May 2019)  
E Tholomé (Resigned 30 September 2018)  
S Yeoman (Resigned 15 May 2019)

**REGISTERED OFFICE**

Discovery House  
154 Southgate Street  
GLOUCESTER  
GL1 2EX

**BANKERS**

HSBC Bank Plc.  
75 – 77 High Street  
SUTTON  
SM1 1DU

**AUDITORS**

Ernst & Young LLP  
The Paragon  
Counterslip  
BRISTOL  
BS1 6BX

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **STRATEGIC REPORT**

**Company Registration 03953678**

The directors present their report and the audited financial statements for the year ended 31 December 2018.

#### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company during the year was that of website hosting, domain name registration services, provision of servers and website development software, all of which remain principally unchanged from the prior year. The directors consider that the company has succeeded in securing its position in the UK and the company remains a major player in the UK web hosting market and holds a significant percentage of the market share.

The company continues to develop its cloud technologies, further enhancing the functionality of existing products as well as launching new Bare Metal Cloud and Enterprise Cloud services catering to SMB and Enterprise customers, which are expected to deliver further growth during 2019. Wherever it makes good business sense the company will continue to develop products within the group and with third-party vendors to maximise efficiency and innovation.

In 2018 revenue increased by 7.6% due to continued marketing spend and the directors expect to maintain growth in 2019. The gross profit margin decreased by 4.8% to 29.3%, and the profit margin before tax remained the same at 4%.

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

	<b>2018</b>	<b>2017</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	56,142	52,175	+7.6%
Gross Profit	16,463	17,802	-7.5%
Gross Margin	29.3%	34.1%	-4.8%
Operating Profit	2,218	2,103	+5.5%
Profit on Ordinary Activities Before Tax	2,245	2,087	+7.6%
Profit Margin Before Tax	4.0%	4.0%	

Turnover growth during the year under review has come principally from organic growth and shows an increase over the prior year.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £ 1,807k (2017: £1,682k). Dividends declared during the year were £40.00 per share totalling £2,000k (2017: £1,400k - £28.00 per share).

#### **FUTURE DEVELOPMENTS**

The company is well positioned to further strengthen itself in the small business hosting market, building on the rebranding to 1&1 IONOS launched in 2018 and increased marketing investment in 2019. In addition the company extends its segment coverage to enterprise customers, launching an Enterprise Cloud Business in the UK and ramping up dedicated sales force and data centre capacity.

The company's business model has financial strength and offers competitive advantage by a high level of recurring contractual revenues, high demand for the company's products and services, positive earnings and cash flows. Its product development and go-to-market teams are able to be flexible and adaptable to the highly competitive market.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risk Management**

The company attaches high priority to its holistic risk management system, which goes above and beyond the statutory requirements. The company's monitoring system identifies, classifies and evaluates risks using standard procedures and defining clear responsibilities throughout the company. Management not only regard efficient and forward-looking risk management as an important tool to anticipate dangerous developments, but as an important value-adding responsibility.

**Financial risk**

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.

**Interest rate risk**

The directors do not consider the company to have any exposure to interest rate risks; the UK interest rate is likely to remain at similar levels and the directors do not consider the company to have any exposure to such risks since the company does not have any outstanding loans or debt finance.

**Foreign exchange rate risk**

Potential exposures to foreign currency exchange rate movements in all currencies in which the company trades are monitored on a daily basis by the finance department and appropriate action taken to manage net open foreign currency positions. The company does not trade in interest rate or currency derivatives.

**Liquidity risk**

The company retains sufficient cash and cash equivalents to ensure it has adequate funds available for operations. The company has access to longer term funding from its ultimate parent undertaking if required.

On Behalf of the Board



M Steinberg  
Director

Date: 2019/09/26

**DIRECTORS' REPORT**

**Company Registration 03953678**

**DIRECTORS**

The directors of the company who served during the year and to the date of this report are as follows:

M Steinberg  
A Weiss (appointed 1 October 2018)  
H Kettler (Appointed 1 March 2019)  
C F Steffens (Appointed 15 May 2019)  
E Tholomé (resigned 30 September 2018)  
S Yeoman (resigned 15 May 2019)

**GOING CONCERN**

After reviewing forecasts and making enquiries, including confirmation of intentions and support from the parent undertaking, the directors have a reasonable expectation that the company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**DIRECTOR'S QUALIFYING THIRD PARTY INDEMNITY PROVISION**

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 section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. Suppliers are typically paid within 30 days after receipt of invoice.

**DISCLOSURE OF INFORMATION TO THE 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.

**AUDITORS**

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

On Behalf of the Board



M Steinberg  
Director

Date: 2019/09/26

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, 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 IONOS Limited (formerly 1&1 Internet Limited)**

We have audited the financial statements of 1&1 IONOS Limited (formerly 1&1 Internet Limited) for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT  
to the members of 1&1 IONOS Limited (formerly 1&1 Internet Limited)**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.

*Ernst & Young LLP*

Paul Mapleston (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP (Statutory Auditor)

Bristol

Date: 30/9/19

**1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>TURNOVER</b>	2	56,142	52,175
Cost of sales		<u>(39,679)</u>	<u>(34,373)</u>
Gross profit		16,463	17,802
Administrative expenses		(14,347)	(15,819)
Other operating income		<u>102</u>	<u>120</u>
<b>OPERATING PROFIT</b>	3	2,218	2,103
Interest receivable and similar income	6	107	30
Interest payable	6	<u>(80)</u>	<u>(46)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,245	2,087
Tax on profit on ordinary activities	7	<u>(438)</u>	<u>(405)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,807	1,682
Retained earnings as at 1 January		1,733	1,451
Dividends declared and paid during the year	8	<u>(2,000)</u>	<u>(1,400)</u>
Retained earnings as at 31 December		<u>1,540</u>	<u>1,733</u>

All amounts derive from continuing operations. There are no items of other comprehensive income for the current or previous financial years.

**1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

**STATEMENT OF FINANCIAL POSITION**  
**31 December 2018**

**Company Registration 03953678**

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>245</u>	<u>118</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	28,596	8,232
Debtors due after one year	10	21	-
Cash at bank and in hand		<u>2,247</u>	<u>13,335</u>
		30,864	21,567
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(25,622)</u>	<u>(15,878)</u>
<b>NET CURRENT ASSETS</b>		<u>5,242</u>	<u>5,689</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,487	5,807
<b>CREDITORS: amounts falling due after one year</b>	11	<u>(3,947)</u>	<u>(4,074)</u>
<b>NET ASSETS</b>		<u>1,540</u>	<u>1,733</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	50	50
Profit and loss account		<u>1,490</u>	<u>1,683</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,540</u>	<u>1,733</u>

These financial statements were approved by the Board of Directors on *2018/09/26*

Signed on behalf of the Board of Directors

  
M Steinberg

Director

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

#### **1. ACCOUNTING POLICIES**

1&1 IONOS Limited (formerly 1&1 Internet Limited) is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business are disclosed on page 1.

##### **Basis of preparation and Statement of Compliance**

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) with certain exemptions of the reduced framework applied as detailed below. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

##### **Exemptions**

The company is exempt under section 1 of FRS 102 from the requirement to prepare a cash flow statement on the basis that it is a wholly owned subsidiary of a parent company (1&1 IONOS SE (Formerly 1&1 Internet SE)) whose financial statements include the company's cash flows in its own published consolidated financial statements.

The company is a qualifying entity and has also taken advantage of the financial instrument disclosures exemption, the exemption from disclosing transactions entered into with 100% owned group companies and the exemption from disclosing key management compensation (other than directors' emoluments) under section 1.12 of FRS 102.

##### **Key estimates and judgements**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates.

##### **Depreciation and residual values**

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate

##### **Group financial statements**

The company is a wholly owned subsidiary of 1&1 IONOS SE and is included in the group financial statements of United Internet AG, the ultimate parent undertaking, which are publicly available.

##### **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.

##### **Turnover**

Turnover represents the provision of website hosting services, domain name registration and website development software, excluding value added tax.

Customers are billed in advance and revenue is recognised pro-rata over the period of service provision, as the right to consideration is earned.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write-off each asset evenly over its estimated useful life:

Plant and machinery and computer equipment	–	Straight line over 3-7 years
Fixtures and fittings	–	Straight line over 4 years
Leasehold improvements	–	Straight line over 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Monetary 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. Gains and losses arising on retranslation of monetary assets and liabilities are included in the income statement.

**Leasing commitments**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Pensions**

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2. TURNOVER AND SEGMENTAL ANALYSIS**

Turnover, which is stated net of value added tax, represents amounts invoiced to customers in respect of the principal, continuing activity, but matched to the period the service is active and paid for. All turnover is derived from the United Kingdom.

**3. OPERATING PROFIT**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible, owned assets	52	42
Foreign exchange losses	2	60
Rentals under operating leases:		
Land and buildings	101	70
Auditors' remuneration:		
Audit fees	51	31
Tax advice	9	4
Defined contribution pension cost	<u>59</u>	<u>24</u>

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

#### **4. DIRECTORS REMUNERATION**

The directors' remuneration is borne by subsidiaries of the ultimate parent undertaking, United Internet AG as follows:

Directors M Steinberg, E Tholomé, C F Steffens, H Kettler and A Weiss are remunerated by 1&1 IONOS SE; Director S Yeoman is remunerated by Fasthosts Internet Limited.

The directors' service to the company does not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2018 and 31 December 2017.

#### **5. STAFF COSTS**

<b>Staff costs during the year</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,781	1,438
Social security costs	161	123
Pension contributions	59	24
	<u>2,001</u>	<u>1,585</u>

<b>Average number of persons employed</b>	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Customer service	69	64
Sales	1	-
	<u>70</u>	<u>64</u>

#### **6. INTEREST PAYABLE AND RECEIVABLE**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest receivable</b>		
Group interest receivable	105	22
Bank deposit interest	2	8
	<u>107</u>	<u>30</u>
<b>Interest payable</b>		
Group loan account interest	77	46
Other interest	3	-
	<u>80</u>	<u>46</u>

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

#### **7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

*(i) Analysis of tax charge on ordinary activities*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Current taxation		
UK corporation tax charge at 19% (2017: 19.25%) on the profit for the year	436	412
Prior year adjustment	-	-
	<u>436</u>	<u>412</u>
Deferred taxation		
Timing differences, origination and reversal	2	(7)
Adjustment in respect of prior years	-	-
Effect of change in tax rates	-	-
	<u>438</u>	<u>405</u>

*(ii) Factors affecting tax charge for the current year*

The tax charge for the current year is higher (2017: lower) than that resulting from applying the standard rate of corporation tax of 19% (2017: 19.25%) to the profit before tax. The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	<u>2,245</u>	<u>2,087</u>
Tax charge at 19% (2017:19.25%) thereon:	426	402
Expenses not tax deductible	11	-
Fixed asset differences	1	2
Adjustments in respect of previous periods	-	-
Adjustments in respect of previous periods – deferred tax	-	-
Tax rate changes	-	1
Total tax charge for the year	<u>438</u>	<u>405</u>

*(iii) Deferred tax*

The movement on the deferred tax asset is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	13	6
Adjustments in respect of previous periods	-	-
Current year charge	(2)	7
Closing balance	<u>11</u>	<u>13</u>

## 1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

##### (iii) Deferred tax (continued)

Deferred tax assets recognised in the financial statements are as follows:

	2018 £'000	2017 £'000
Depreciation in excess of capital allowances	5	6
Other timing differences	6	7
Deferred tax asset balance	<u>11</u>	<u>13</u>

##### (iv) Factors that may affect future tax charges

Reductions in the main rate of corporation tax from 19% to 17% from 1 April 2020 have been substantively enacted at the year end date. Consequently, deferred tax has been calculated at the year end using a tax rate of 17%.

#### 8. DIVIDENDS

	2018 £'000	2017 £'000
Dividends declared and paid	<u>2,000</u>	<u>1,400</u>

In the year all dividends were declared and fully paid up.

#### 9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant & Machinery £'000	Fixtures & fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	28	144	64	236
Additions	-	172	7	179
Disposals	-	-	-	-
At 31 December 2018	<u>28</u>	<u>316</u>	<u>71</u>	<u>415</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	15	80	23	118
Charge for the year	5	39	8	52
Disposals	-	-	-	-
At 31 December 2018	<u>20</u>	<u>119</u>	<u>31</u>	<u>170</u>
<b>Net book value</b>				
At 31 December 2018	<u>8</u>	<u>197</u>	<u>40</u>	<u>245</u>
At 1 January 2018	<u>13</u>	<u>64</u>	<u>41</u>	<u>118</u>



**1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**10. DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,374	2,181
Intercompany loan	-	-
Prepayments and accrued income	98	86
Amounts owed by group undertakings	27,134	5,952
Deferred tax asset	11	13
Other debtors	-	-
	<u>28,617</u>	<u>8,232</u>

Amounts falling due after more than one year are included in the above are:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments	<u>21</u>	<u>-</u>

**11. CREDITORS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Creditors falling due within one year</b>		
Trade creditors	779	523
Amounts owed to group undertakings	9,967	1,211
Other creditors including tax and social security	1,803	2,076
Accruals and deferred income	12,863	11,865
Corporation tax payable	210	203
	<u>25,622</u>	<u>15,878</u>

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Creditors falling due after more than one year</b>		
Deferred income	<u>3,947</u>	<u>4,074</u>

## **1&1 IONOS LIMITED (FORMERLY 1&1 INTERNET LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

#### **12. SHARE CAPITAL AND RESERVES**

	2018 No.'000	2018 £'000	2017 No.'000	2017 £'000
Called up, allotted and fully paid 50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

#### **13. PENSIONS**

The company operates a defined contribution pension plan and contributes to personal pension plans in respect of certain of its employees. Contributions are charged to the income statement as they become payable. The unpaid contributions outstanding at the year end, included in 'Other creditors including tax and social security' are £ Nil (2017: £Nil).

#### **14. OPERATING LEASE COMMITMENTS**

At 31 December 2018 the company was committed to making the following payments in respect of operating leases:

	<b>Land and buildings</b>	
	2018 £'000	2017 £'000
Due within one year	162	70
Due between two and five years	38	175
Due beyond five years	<u>-</u>	<u>-</u>

Lease payments of £101k (2017: £70k) were recognised as an expense during the year.

#### **15. CAPITAL COMMITMENTS**

The company had capital commitments for plant and machinery of £Nil (2017: £Nil) at the end of the reporting period.

#### **16. 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 IONOS Limited (formerly 1&1 Internet Limited) is a member, is 1&1 IONOS SE. Copies of the financial statements of 1&1 IONOS SE are available from United Internet AG, Elgendorfer Strasse 57, D-56410 Montabaur, Germany.