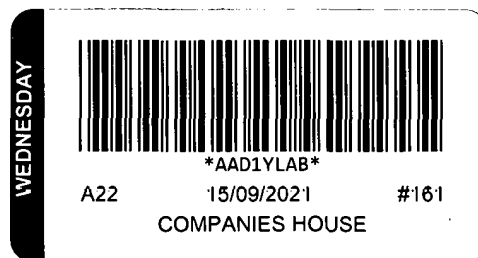


Company Registration No. 03656438

FASTHOSTS INTERNET LIMITED

Report and Financial Statements

31 December 2020



FASTHOSTS INTERNET LIMITED

REPORT AND FINANCIAL STATEMENTS 2020

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FASTHOSTS INTERNET LIMITED

REPORT AND FINANCIAL STATEMENTS 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Yeoman
P Holt

REGISTERED OFFICE

Discovery House
154 Southgate Street
GLOUCESTER
GL1 2EX

BANKERS

HSBC Bank Plc.
The Cross
GLOUCESTER
GL1 2AP

AUDITORS

Ernst & Young LLP
The Paragon
Counterslip
BRISTOL
BS1 6BX

FASTHOSTS INTERNET LIMITED**STRATEGIC REPORT****Company Registration 03656438**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year remained the provision of website hosting, email hosting, servers (dedicated/cloud) and domain name registration services. The directors consider that the company continues to hold a strong position in the UK Hosting market.

United Internet AG, the ultimate parent company, has conducted its own internal audits on Fasthosts, has found no major issues and continues to offer support to the company.

In 2020 turnover increased by 0.6% and operating profit decreased by 8.7%; the focus for the company in 2020 was to start to grow its customer base so that it can achieve more significant revenue growth in future years. The company increased investment in sales and marketing activities which contributed to increased costs of sales, and this investment is the main driver for reduced profit along with some increased operating costs. Over the course of 2020 the company successfully reduced the decline in customer inventory and by the end of the reporting period had started to grow customer inventory once more.

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

	2020	2019	Change
	£'000	£'000	%
Turnover	40,298	40,072	0.6%
Gross Profit	23,383	23,952	-2.4%
Gross Margin	58.0%	59.8%	-1.8%
Operating Profit	7,632	8,361	-8.7%
Profit on Ordinary Activities Before Tax	8,936	10,363	-13.8%
Profit Margin Before Tax	22.8%	25.9%	-3.1%

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £7,179k (2019: £8,596k). No dividend was declared during the year (2019: £1,100k - £0.83 per share).

FUTURE DEVELOPMENTS

The company is in a strong financial position and is therefore well placed to continue to focus on its core hosting business and further strengthen its position in its key UK markets for web hosting, email hosting, servers and domain name registrations. The outlook for 2021 is similar as the company continues to maintain its customer base and will aim to deliver increased value for its customers to deliver sustainable revenue growth over the medium term. The company will continue to utilise technologies from the wider group to achieve improvements and synergies.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial and business risks that include competitive risk, 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.

Competitive risk

The company operates in markets which are characterised by high levels of competition. The company faces competition from other hosters, cloud service providers and domain name registration companies. There are many factors which contribute to the high levels of competitiveness including customer churn and the emergence of new competitors. The company aims to mitigate these risks by working with its parent company to continually monitor competitors and their offerings and responding appropriately in accordance with current strategy.

FASTHOSTS INTERNET LIMITED

STRATEGIC REPORT

Company Registration 03656438

FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

Interest rate risk

The directors do not consider the company to have any exposure to interest rate risks, as the company does not have any externally provided loans or debt finance on its balance sheet. The company when necessary operates an overdraft from group at normal banking rates of interest. 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 Income Statement.

COVID-19 AND ASSOCIATED RISKS

The ongoing spread of the Covid-19 virus might impact the business in a number of areas: (1) health of the employees might be impacted at a greater than normal scale with negative effects on business performance; (2) the decline in economic activity might result in customers consolidating their services; and (3) the shutdown of some sectors may impact the ability of the customers to pay invoices and consequently might lead to increased bad debt. The directors review the situation constantly in order to take appropriate measures against any negative impact.

SECTION 172 COMPANIES ACT STATEMENT

The company has a focus on customers, employees, the community and its shareholders to help contribute to a long-term sustainable future for all its stakeholders.

Customers

The company engages with its customers directly through various touch points including customer care, external events and individual contact. Its performance is measured through satisfaction surveys (e.g. Net Promoter Score) and monitors third party and social media review sites.

As a direct result of this feedback the company implemented a series of customer satisfaction improvements; for example, it implemented a new email SPAM management tool/process on all web mail services. As a result of these improvement measures the company was able to deliver sustained improvements and meet its 2020 Net Promoter Score targets with a score of 37.8 for 2020 which is a +23% improvement year on year.

Employees

The company completed the majority of its Employee Engagement with an in-person approach through various touchpoints, including corporate events, town halls and employee engagement events. It monitors progress by utilising Employee Net Promoter Score (ENPS). The outcome showed improvements in ENPS compared to the previous review period; overall 2020 results were +34 which is a significant improvement on our previous reviews and reflects a change of approach to Employee Engagement topics.

Community

The company engages with the community predominantly through online mechanisms such as social media and blog. It is committed to supporting the community on topics that are important to them; for example, as a datacentre provider the company is often asked about the energy consumed in its datacentres and office space. The directors continue to ensure that all energy is from 100% renewable sources and only work with renewable suppliers. All datacentres are ISO50001 energy management certified. Throughout all its facilities the company has implemented a complete waste management and recycling solution.

The company is part of the United Internet group which is committed to supporting UNICEF projects. Economic success secures the future for the company and its employees, and via United Internet it is able to help where aid is desperately needed.

FASTHOSTS INTERNET LIMITED

STRATEGIC REPORT


Company Registration 03656438

SECTION 172 COMPANIES ACT STATEMENT (continued)

Shareholders

Fasthosts Internet is a wholly owned subsidiary of United Internet and is part of their Business Applications sector. The company engages with representatives from the parent company on a regular basis to discuss the business, its performance and also to understand what issues are important to them. As a result of this dialogue the directors are able to keep key shareholders up to date with latest business developments and ensure the company's strategy and plans remain aligned with wider Group objectives.

On Behalf of the Board

DocuSigned by:

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S Yeoman
Director

Date: 20 August 2021

FASTHOSTS INTERNET LIMITED

DIRECTORS' REPORT

Company Registration 03656438

DIRECTORS OF THE COMPANY

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

S Yeoman
P Holt

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 2020.

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 during the year who were not remunerated by the company but who are also directors of other United Internet group companies are remunerated by 1&1 IONOS SE.

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.

GOING CONCERN

The directors have reviewed the current economic and business environment and have prepared forecasts based on various financial projections. In addition, the directors have considered the ongoing impact of Covid-19 (see Strategic Report) and subjected the financial forecasts and projections to additional revenue and cash stress tests. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence to at least December 2022 to which date the forecasts were prepared. Accordingly, they continue to adopt the going concern basis on preparing the annual report and accounts.

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.

RESEARCH AND DEVELOPMENT EXPENDITURE

The company operates an on-going programme of research and development. The total cost of research and development during the year ended 31 December 2020 was £2,063k (2019: £2,047k), and this has been charged to the Income Statement as incurred.

UK STREAMLINE ENERGY AND CARBON REPORTING (SECR)

The company has complied with the UK Streamline Energy and Carbon Reporting (SECR) requirements along with the other UK entities that are part of the UK organisational structure of United Internet AG. The relevant information is reported in the group financial statements and sustainability report, which can be obtained from United Internet AG, Elgendorfer Strasse 57, D-56410 Montabaur, Germany.

Further information on the performance of the United AG and its subsidiaries in respect of these regulations can be found at <https://report.united-internet.de/sustainability/2020.html>

FASTHOSTS INTERNET LIMITED

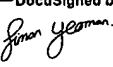
DIRECTORS' REPORT

Company Registration 03656438

AUDITORS

In accordance with Section 485 of the Companies Act 2006, 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

DocuSigned by:

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S Yeoman
Director

Date: 20 August 2021

FASTHOSTS 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 Fasthosts Internet Limited

We have audited the financial statements of Fasthosts Internet Limited for the year ended 31 December 2020 which comprise the Statement of income and retained earnings, Statement of financial position and the related notes 1 to 19, including a summary of significant accounting policies. 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 company's affairs as at 31 December 2020 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 themselves. 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

INDEPENDENT AUDITOR'S REPORT to the members of Fasthosts Internet Limited

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 7, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, FRS 102 and Tax legislation (governed by HM Revenue & Customs), Employment Law and Health and Safety Regulations.
- We understood how Fasthosts Internet Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment, including the level of oversight of those charged with governance. We have made inquiries of management and those charged with governance of any known instances of non-compliance or suspected non-compliance with laws and regulations. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above. As well as enquiry and attendance at meetings, our procedures involved a review of board meetings to identify any non-compliance with laws and regulations. Our procedures also involved

**INDEPENDENT AUDITOR'S REPORT
to the members of Fasthosts Internet Limited**

journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement.

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

Jos Burkill (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)

Bristol

Date: August 23, 2021

FASTHOSTS INTERNET LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS**
Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
TURNOVER	2	40,298	40,072
Cost of sales		<u>(16,915)</u>	<u>(16,120)</u>
Gross profit		23,383	23,952
Administrative expenses		<u>(15,751)</u>	<u>(15,591)</u>
OPERATING PROFIT	3	7,632	8,361
Interest receivable	5	62	95
Interest payable	5	-	-
Other income	6	<u>1,242</u>	<u>1,907</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,936	10,363
Tax on profit on ordinary activities	7	<u>(1,757)</u>	<u>(1,767)</u>
PROFIT FOR THE FINANCIAL YEAR		7,179	8,596
Retained earnings as at 1 January		14,031	6,535
Dividends declared and paid during the year	8	-	<u>(1,100)</u>
Retained earnings as at 31 December		<u>21,210</u>	<u>14,031</u>

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

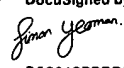
FASTHOSTS INTERNET LIMITED**STATEMENT OF FINANCIAL POSITION
31 December 2020**

Company Registration 03656438

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	9	91	48
Tangible assets	10	7,730	6,381
		<u>7,821</u>	<u>6,429</u>
CURRENT ASSETS			
Debtors due within one year	11	29,248	24,909
Debtors due after one year	11	1,539	1,377
Cash at bank and in hand		52	38
		<u>30,839</u>	<u>26,324</u>
CREDITORS: amounts falling due within one year	12	(14,926)	(16,267)
NET CURRENT ASSETS		<u>15,913</u>	<u>10,057</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,734</u>	<u>16,486</u>
CREDITORS: amounts falling due after one year	12	(2,524)	(2,455)
NET ASSETS		<u>21,210</u>	<u>14,031</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Share premium account	13	890	890
Profit and loss account		20,320	13,141
EQUITY SHAREHOLDERS' FUNDS		<u>21,210</u>	<u>14,031</u>

These financial statements were approved by the Board of Directors on 20 August 2021.

Signed on behalf of the Board of Directors

DocuSigned by:

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S Yeoman

Director

FASTHOSTS INTERNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2020

1. ACCOUNTING POLICIES

Fasthosts 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) 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.

Consolidated financial statements

The financial statements contain information about Fasthosts Internet Limited as an individual company and do not contain group financial statements. The company is exempt under section 401 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 and publicly available.

Going Concern

The directors have reviewed the current economic and business environment and have prepared forecasts based on various financial projections. In addition, the directors have considered the ongoing impact of Covid-19 (see Strategic Report) and subjected the financial forecasts and projections to additional revenue and cash stress tests. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence to at least December 2022 to which date the forecasts were prepared. Accordingly, they continue to adopt the going concern basis on preparing the annual report and accounts.

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.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its services. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Management and development services are recharged to other group entities and these amounts are recognised in other income in the Statement of Income and Retained Earnings. Amounts billed in the year relating to services to be provided beyond the reporting period date are carried forward as deferred income and released to the Statement of Income and Retained Earnings as the right to consideration is earned.

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020****1. ACCOUNTING POLICIES (continued)****Foreign currencies**

Transactions in currencies other than the functional currency of the company are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting period date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates.

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

Intangible assets

Acquired trade names, domain registrations and perpetual licenses are recorded at cost. Amortisation is calculated to write off the cost of the assets in equal annual instalments over their useful economic life.

Trade names and domain registrations	Straight line over ten years
Software licenses	Straight line over three years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives, as follows:

Short-term leasehold improvements	Over the period of the lease
Fixtures and fittings	Straight line over five years
Computer equipment	Straight line over three to seven years

Investments

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.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term.

Research and Development

Expenditure in the year is immediately charged against profit as incurred.

Pensions

The company operates a defined contribution pension scheme for certain salaried employees. The costs of contributions are accounted for as payments fall due.

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020****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 time period the service is active and paid for.

Analysis of turnover by geographical market:

	2020	2019
	£'000	£'000
United Kingdom	37,013	36,812
Rest of Europe	2,156	2,109
USA	116	113
Rest of World	1,013	1,038
	<u>40,298</u>	<u>40,072</u>

3. OPERATING PROFIT

	2020	2019
	£'000	£'000
Operating profit is stated after charging:		
Amortisation of intangible assets	21	8
Depreciation of tangible, owned assets	2,793	2,636
Foreign exchange losses	232	(123)
Rentals under operating leases:		
Land and buildings	262	264
Other	15	16
Research and development expenditure	2,063	2,047
Auditors' remuneration:		
Audit fees	68	52
Tax advice	23	30
Defined contribution pension cost	<u>378</u>	<u>362</u>

4. STAFF COSTS

	2020	2019
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	6,697	6,619
Social security costs	749	744
Pension contributions	<u>378</u>	<u>362</u>
	<u>7,824</u>	<u>7,725</u>
Directors' remuneration		
Fees	252	229
Other emoluments	63	85
Contributions to a defined contribution pension scheme	<u>32</u>	<u>21</u>
	<u>347</u>	<u>335</u>

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 December 2020**4. STAFF COSTS (continued)**

	2020	2019
	No.	No.
Average number of persons employed		
Technical	73	77
Administration	80	81
	<u>153</u>	<u>158</u>

The amount paid to the highest paid director is £199k (2019: £172k). Pension contributions for the highest paid director are £22k (2019: £11k). The highest paid director did not exercise any share options during the year (2019: £Nil).

	2020	2019
	No.	No.
Number of directors who are members of defined contribution pension scheme	<u>2</u>	<u>2</u>

5. INTEREST PAYABLE AND RECEIVABLE

	2020	2019
	£'000	£'000
Interest receivable		
On bank deposits	<u>62</u>	<u>95</u>
Interest payable		
Group loan account interest	<u>-</u>	<u>-</u>

6. OTHER INCOME

	2020	2019
	£'000	£'000
Services provided to group companies	<u>1,242</u>	<u>1,907</u>

Management and development services are recharged to other group entities and these amounts are recognised in other income.

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 December 2020**7. TAX ON PROFIT ON ORDINARY ACTIVITIES***(i) Analysis of tax charge on ordinary activities*

	2020	2019
	£'000	£'000
Current taxation		
UK corporation tax charge at 19% (2019: 19%) on the profit for the year	1,532	1,767
Prior year adjustment	18	-
	<u>1,550</u>	<u>1,767</u>
Deferred taxation		
Timing differences, origination and reversal	161	151
Adjustment in respect of prior years	152	(7)
Effect of change in tax rates	(105)	-
	<u>208</u>	<u>1,911</u>

(ii) Factors affecting tax charge for the current year

The tax charge for the current year is higher (2019: lower) than that resulting from applying the standard rate of corporation tax of 19% (2019: 19%) to the profit before tax. The differences are explained below:

	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	<u>8,936</u>	<u>10,363</u>
Tax charge at 19% (2019: 19%) thereon:	1,698	1,969
Income not taxable	-	-
Effects of group relief	(6)	(9)
Adjustments in respect of previous periods	18	(50)
Adjustments in respect of previous periods – deferred tax	152	19
Tax rate changes	(105)	(18)
Total tax charge for the year	<u>1,757</u>	<u>1,911</u>

(iii) Deferred tax

The movement on the deferred tax asset is as follows:

	2020	2019
	£'000	£'000
Opening balance	1,042	1,042
Adjustments in respect of previous periods	(152)	26
Current year charge	(56)	(26)
Closing balance	<u>834</u>	<u>1,042</u>

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020****7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)***(iii) Deferred tax (continued)*

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

	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	828	1,042
Other timing differences	6	-
Deferred tax asset balance	<u>834</u>	<u>1,042</u>

(iv) Factors that may affect future tax charges

In the 2021 Budget on 3 March 2021, the Chancellor announced an increase in the Corporation Tax rate to 25% effective from 1 April 2023. Deferred tax in these accounts has been measured at the rate enacted at the balance sheet date, and therefore does not reflect the announced increase. It is not anticipated that these changes will have a material impact on the company's/group's deferred tax balances.

8. DIVIDENDS

	2020 £'000	2019 £'000
Dividends declared and paid	<u>-</u>	<u>1,100</u>

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

9. INTANGIBLE FIXED ASSETS

	Acquired trade names and registrations £'000	Software licenses £'000	Total £'000
Cost			
At 1 January 2020	53	83	136
Additions	-	64	64
Transfers	-	-	-
At 31 December 2020	<u>53</u>	<u>147</u>	<u>200</u>
Accumulated amortisation			
At 1 January 2020	53	35	88
Charge for the year	-	21	21
Transfers	-	-	-
At 31 December 2020	<u>53</u>	<u>56</u>	<u>109</u>
Net book value			
At 31 December 2020	<u>-</u>	<u>91</u>	<u>91</u>
At 1 January 2020	<u>-</u>	<u>48</u>	<u>48</u>

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 December 2020**10. TANGIBLE FIXED ASSETS**

	Short-term leasehold improvements £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2020	377	27,645	192	28,214
Additions	39	4,112	16	4,167
Transfers	-	-	-	-
Disposals	-	(248)	-	(248)
At 31 December 2020	<u>416</u>	<u>31,509</u>	<u>208</u>	<u>32,133</u>
Accumulated depreciation				
At 1 January 2020	304	21,352	177	21,833
Charge for the year	26	2,761	5	2,792
Transfers	-	-	-	-
Disposals	-	(222)	-	(222)
At 31 December 2020	<u>330</u>	<u>23,891</u>	<u>182</u>	<u>24,403</u>
Net book value				
At 31 December 2020	<u>86</u>	<u>7,618</u>	<u>26</u>	<u>7,730</u>
At 1 January 2020	<u>73</u>	<u>6,293</u>	<u>15</u>	<u>6,381</u>

11. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	434	616
Intercompany loan	-	-
Prepayments and accrued income	5,789	5,483
Amounts owed by group undertakings	23,268	19,145
Deferred tax asset	834	1,042
Corporation tax receivables	456	-
Other debtors	6	-
	<u>30,787</u>	<u>26,286</u>

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

	2020 £'000	2019 £'000
Prepayments	<u>1,539</u>	<u>1,377</u>

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020****12. CREDITORS**

	2020	2019
	£'000	£'000
Creditors falling due within one year		
Trade creditors	1,372	906
Amounts owed to group undertakings	242	839
Other creditors including tax and social security	1,246	1,104
Accruals and deferred income	12,066	12,544
Corporation tax payable	-	874
	<u>14,926</u>	<u>16,267</u>
	2020	2019
	£'000	£'000
Creditors falling due after more than one year		
Deferred income	<u>2,524</u>	<u>2,455</u>

13. SHARE CAPITAL AND RESERVES

	2020	2019
	£'000	£'000
Called up, allotted and fully paid		
1,330,880 ordinary shares of 0.01p each	<u>-</u>	<u>-</u>

Share premium account

This reserve records the amount above the nominal value for shares sold, less transaction costs.

14. OPERATING LEASE COMMITMENTS

At 31 December 2020 the company was committed to making the following payments in respect of operating leases:

	Land and buildings	
	2020	2019
	£'000	£'000
Due within one year	231	253
Due between two and five years	386	616
Due beyond five years	<u>-</u>	<u>-</u>

Lease payments of £253k (2019: £253k) were recognised as an expense during the year.

15. CAPITAL COMMITMENTS

The company had capital commitments for plant and machinery of £1k (2019: £34k) at the end of the reporting period.

FASTHOSTS INTERNET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020****16. 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' was £49k (2019: £52k).

17. FIXED AND FLOATING CHARGES

A fixed and floating charge exists over the undertaking and its property and assets, in respect of any monies due or which may become due to the company's merchant services account provider, HSBC plc. The company's ultimate parent, United Internet AG, has provided a Deed of Corporate Guarantee to HSBC plc in respect of the company's liabilities.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under section 33 of FRS 102 "Related Party Disclosures" from disclosing transactions with any other members of the group where 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. During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2020 are as follows:

	Purchases from £'000	Sales to £'000	Amounts owed to/(from) related parties £'000
DomainsBot S.r.l.	-	-	-

19. 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 Fasthosts 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.