

**Webfusion Limited**

**Report and Financial Statements**

**31 December 2012**



# **Webfusion Limited**

## **Report and financial statements 2012**

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# **Webfusion Limited**

## **Officers and professional advisers**

### **Directors**

T Mohr  
P Pulvermueller  
T Vollrath

### **Secretary**

J Shutler

### **Registered Office**

5 Roundwood Avenue  
Stockley Park  
Uxbridge  
UB11 1FF

### **Auditor**

Deloitte LLP  
Reading  
United Kingdom

# Webfusion Limited

## Directors' report

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

### Principal activity

The company provides web hosting and network services and issues internet domain names to customers ranging from private individuals to large corporations

### Business review

Turnover on continuing operations is up £5.7m (16.8%) and gross profit on continuing operations is up £3.4m (15.7%) compared to 2011

The company made an operating profit of £9.5m from continuing operations compared to a profit of £7.3m during 2011. The company ended the year with £96.1m net current assets compared to £54.2m in 2011

The results for the year ended 31 December 2012 and the financial position of the company at that date are set out on pages 8 to 10 of the financial statements

### Key performance indicators

The company has financial KPIs which it monitors on a regular basis at board level and, where relevant, at business unit management meetings as follows

	2012	2011
Revenue	£39.7m	£34.0m
Gross profit	£25.0m	£21.6m
Gross profit margin	63.0%	63.5%
Earnings before interest, tax, depreciation and amortisation (EBITDA) and non-recurring exceptional items	£13.8m	£11.7m

### Financial risk management objectives and policies

Senior management are aware of their responsibility for managing risks within their business units. Each business unit head reports to the board on the status of these risks through management reports. Risk is regularly reviewed at board level to ensure that risk management is being implemented and monitored effectively. The board's policy is to ensure that the business units are empowered to run their business effectively and appropriately, bearing in mind the requirements for timely decision-making and commercial reality. Through management reports, risks are highlighted and monitored to identify potential business risk areas and to quantify and address the risk wherever possible.

## **Directors' report (continued)**

### **Financial risk management objectives and policies (continued)**

#### **Commercial and general risk**

Standard form contracts are provided for commercial use and to assist the commercial function to negotiate within approved parameters. Insurance policies are regularly reviewed to ensure these are adequate, appropriate and in line with the nature, size and complexity of the business.

#### *Credit risk*

The majority of the company's customers pay in advance for services. Where services are supplied without advance payment, a credit review of the customer is performed when the order is received and subsequently on a periodic basis.

#### *Liquidity risk*

The company regularly forecasts cash flow to ensure that sufficient cash is available from trading for future expenses and capital expenditure.

#### **Future developments**

The company plans to continue its existing activities.

#### **Dividend**

During the year the company paid the following dividend:

23 February 2012	£53.12 per share (£20,001,805)
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The directors do not recommend the payment of any further dividends (2011 - £Nil).

#### **Directors**

The directors who held office during the year and to the date of approval of the financial statements were:

Tobias Mohr  
Patrick Pulvermueller  
Thomas Vollrath

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### **Employee participation**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units.

# Webfusion Limited

## Directors' report (continued)

### Going concern

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group as disclosed in the accounts of the ultimate parent company, HEL Holding Limited.

The directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis in preparing these financial statements.

Further details on the adoption of the going concern basis can be found in note 1 to the financial statements.

### Auditor and disclosures of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



**J Shutler**  
Company Secretary

17 April 2013

## **Directors' responsibilities statement**

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). 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 of 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 judgements 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, 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 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 Webfusion Limited**

We have audited the financial statements of Webfusion Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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 auditor**

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

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

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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 matters prescribed by the Companies Act 2006**

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



## **Independent auditor's report to the members of Webfusion 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



**Andrew Bond ACA (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

**17** April 2013

## Webfusion Limited

### Profit and loss account Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	39,749	34,023
Cost of sales		(14,783)	(12,383)
<b>Gross profit</b>		<b>24,966</b>	<b>21,640</b>
Administrative expenses		(15,506)	(14,336)
<b>Operating profit</b>	3	<b>9,460</b>	<b>7,304</b>
Other income		367	-
Impairment of investment	10	(30,854)	-
Income from shares in group undertakings		43,757	-
Interest receivable and similar income	5	6,560	6,377
Interest payable and similar charges	6	(302)	(659)
<b>Profit on ordinary activities before taxation</b>		<b>28,988</b>	<b>13,022</b>
Taxation on profit on ordinary activities	7	(181)	(365)
<b>Profit for the financial year</b>	16	<b>28,807</b>	<b>12,657</b>

All results are derived from continuing operations

## **Webfusion Limited**

### **Statement of total recognised gains and losses Year ended 31 December 2012**

		<b>Year Ended 31 December 2012 £'000</b>	<b>Year Ended 31 December 2011 £'000</b>
	<b>Note</b>		
Profit for the financial year		<b>28,807</b>	12,657
Exchange translation differences	16	<b>(229)</b>	-
<b>Total recognised gain for the financial year</b>		<b><u>28,578</u></b>	<b><u>12,657</u></b>

# Webfusion Limited

## Balance sheet 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	8	5,510	8,383
Tangible assets	9	2,464	2,388
Investments	10	-	30,854
		<u>7,974</u>	<u>41,625</u>
<b>Current assets</b>			
Debtors	11	102,052	117,721
Cash at bank and in hand		4,468	2,596
		<u>106,520</u>	<u>120,317</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(10,381)</u>	<u>(66,081)</u>
<b>Net current assets</b>		<u>96,139</u>	<u>54,236</u>
<b>Total assets less current liabilities</b>		<u>104,113</u>	<u>95,861</u>
<b>Provisions for liabilities</b>	13	<u>(1,747)</u>	<u>(2,071)</u>
<b>Net assets</b>		<u>102,366</u>	<u>93,790</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Share premium account	16	37,453	37,453
Profit and loss account	16	64,913	56,337
<b>Shareholders' funds</b>	17	<u>102,366</u>	<u>93,790</u>

The financial statements of Webfusion Limited, registered number 05306504, were approved by the Board of Directors and authorised for issue on 17 April 2013

Signed on behalf of the Board of Directors

  
T Mohr  
Director

## Notes to the financial statements Year ended 31 December 2012

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom generally Accepted Accounting Practice. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

#### Consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by s400 of the Companies Act 2006, as it and its subsidiary undertakings are included in full in the consolidated financial statements of its ultimate parent company.

#### Cash flow statement

Under Financial Reporting Standard 1 (revised) 'Cash Flow Statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the company in its own published consolidated financial statements.

#### Going concern

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group as disclosed in the accounts of the ultimate parent company, HEL Holding Limited.

The directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons:

- The company achieved £14.2m EBITDA (Earnings before interest, tax, depreciation and amortisation) pre-exceptional items in 2012 and this is forecast to increase in 2013.
- It had a positive cash balance at 31 December 2012 of £4.5m and the directors forecast positive cash flows for 2013.
- The directors continue to monitor the company's funding strategy and have prepared detailed forecasts for 2013. These forecasts underpin the going concern basis for the company.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing these financial statements.

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 1. Accounting policies (continued)

#### Turnover

Turnover comprises the value of web hosting and network services provided, and internet domain names issued, net of value added tax. Fees for web hosting and network services are deferred and recognised evenly over the period of the contract. Income from the issue of domain names is recognised in full on registration of the domain names.

#### Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is capitalised and amortised on a straight-line basis through the profit and loss account over its estimated useful life. The economic life of goodwill has been estimated by the directors to be 10 years.

At the end of the first full financial year following acquisition goodwill is assessed for impairment. Thereafter, goodwill is monitored for indicators of impairment and a test for impairment is performed should indicators be identified.

#### Intangible assets – customer lists

Customer lists are included at cost and depreciated in equal annual instalments over a period of four years which is their estimated useful economic life. Provision is made for any impairment.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	shorter of the lease term or useful economic life
Network infrastructure	-	2 to 10 years
Fixtures, fittings and office equipment	-	3 to 7 years

#### Gains and losses on disposal of fixed assets

The profit and loss on disposal of a tangible fixed asset is accounted for in the profit and loss account in the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provision made) or at a valuation.

#### Valuation of investments

Investments held as fixed assets are stated at cost less any provisions for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the financial statements**  
**Year ended 31 December 2012**

**1. Accounting policies (continued)**

**Deferred taxation**

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes. A deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The company has elected not to discount the deferred tax assets and liabilities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses on tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold as it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leased assets**

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of the capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 1. Accounting policies (continued)

#### Research and development

The company continues to invest in research and development. This has resulted in improvements in hosting products which will benefit the group in the medium to long term. Costs in respect of the new products have been expensed through the profit and loss account.

#### Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease applying a discount rate equivalent to the company's cost of capital.

#### Pension contributions

The company contributes to the personal pension schemes of certain employees. Amounts charged in the profit and loss account represent amounts payable in the period.

#### Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial instruments are measured initially and subsequently at cost. Where an instrument contains a feature of a financial liability, a liability is recognised initially only to the extent that future obligations to the holder are either fixed or can be determined.

#### Non-recurring and other items

Non-recurring and other items are material items of income or expense that are disclosed separately due to their nature or amount. They are disclosed and described separately in the accounts where it is necessary to do so to provide further understanding of the financial performance of the group.

### 2. Segmental information

The company had a single class of business during both periods reported on and consequently does not present a segmental analysis. The net assets and revenues of the company at the end of both years were all attributable to the United Kingdom. The profit before tax of the company during each year was attributable to the United Kingdom.

	2012 £'000	2011 £'000
<b>Earnings before interest, tax, depreciation, amortisation and exceptional items</b>	<b>13,811</b>	<b>11,670</b>
Less depreciation	(1,478)	(1,482)
Less amortisation	(2,873)	(2,884)
<b>Operating profit</b>	<b>9,460</b>	<b>7,304</b>



# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 3. Operating profit

	2012 £'000	2011 £'000
Operating loss is stated after charging		
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	39	39
Depreciation		
- owned assets	1,470	1,342
- assets held under finance leases	8	140
Amortisation – goodwill and customer lists	2,873	2,884
Rentals payable under operating leases – land and buildings	699	699

### 4. Employees

#### (a) Staff costs consist of

	2012 £'000	2011 £'000
Wages and salaries	4,550	4,381
Social security costs	403	372
Pension costs	44	52
	<u>4,997</u>	<u>4,805</u>

The average number of employees (including directors) during the year was

	Number	Number
Technical and customer operations	106	124
Sales and marketing	26	19
Management and administration	36	26
	<u>168</u>	<u>169</u>

#### (b) Directors' emoluments

	£'000	£'000
Directors' remuneration consists of		
Emoluments for qualifying services	<u>437</u>	<u>406</u>

The total amount payable to the highest paid director in respect of emoluments was £278,000 (2011 - £251,000)

All amounts were paid by another company within the wholly owned group

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 5. Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest	1	2
Interest on loans to group undertakings	6,559	6,375
	<u>6,560</u>	<u>6,377</u>

### 6. Interest payable and similar charges

	2012 £'000	2011 £'000
Interest on loans from group undertakings	131	459
Interest payable on finance leases	-	2
Other	171	198
	<u>302</u>	<u>659</u>

### 7. Taxation on ordinary activities

#### (a) Analysis of tax charge for the year

	2012 £'000	2011 £'000
Current tax on income for the year	-	-
Adjustments in relation to prior periods	-	-
Current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	181	365
Total tax charge	<u>181</u>	<u>365</u>

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 7. Taxation on ordinary activities (continued)

#### (b) Factors affecting tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	28,988	13,022
Current tax at 24.5% (2011 – 26.49%)	7,102	3,449
Effects of:		
Income not taxable	(10,720)	-
Expenses not deductible for tax purposes	8,043	667
Depreciation in excess of capital allowances	(107)	(229)
Other short term timing differences	-	(94)
Tax losses surrendered within the group	(4,167)	(2,226)
Utilisation of tax losses brought forward	(151)	(1,232)
Transfer pricing adjustments	-	(335)
Total current tax charge for year	-	-

#### (c) Factors that may affect tax charge for future periods

The future tax charge will be reduced to below the UK standard rate by the availability of fixed asset timing differences and short term timing differences

#### (d) Timing differences for which deferred tax asset is recognised

At 31 December 2012, there were unrelieved losses in the company of approximately £Nil (2011 - £644,000). On the basis of the relevant tax rates the company has an unrecognised deferred tax asset in relation to unrelieved losses of £Nil (2011 - £155,000).

A deferred tax asset of £1,724,000 (2011 - £1,905,000) has been recognised in relation to fixed asset timing differences and other short term timing differences as, in the opinion of the directors, this asset will be utilised in the near future.

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 8. Intangible assets

	<b>Goodwill £'000</b>	<b>Customer lists £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2012	19,187	5,106	24,293
At 31 December 2012	19,187	5,106	24,293
<b>Amortisation</b>			
At 1 January 2012	12,299	3,611	15,910
Charge for the year	2,133	740	2,873
At 31 December 2012	14,432	4,351	18,783
<b>Net book value</b>			
At 31 December 2012	4,755	755	5,510
At 31 December 2011	6,888	1,495	8,383

### 9. Tangible fixed assets

	<b>Leasehold improvements £'000</b>	<b>Network infrastructure £'000</b>	<b>Fixtures fittings, and office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2012	2,400	5,978	788	9,166
Additions	152	1,300	102	1,554
Disposals	(293)	(4,216)	(394)	(4,903)
At 31 December 2012	2,259	3,062	496	3,353
<b>Accumulated depreciation</b>				
At 1 January 2012	1,696	4,684	398	6,778
Charge for the year	417	810	251	1,478
Disposals	(293)	(4,216)	(394)	(4,903)
At 31 December 2012	1,820	1,278	255	3,353
<b>Net book value</b>				
At 31 December 2012	439	1,784	241	2,464
At 31 December 2011	704	1,294	390	2,388

Included in the total net book value of network infrastructure is £17,000 (2011 - £8,000) in respect of assets held under finance leases. The related depreciation charge for the year on these assets was £8,000 (2011 - £140,000).

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 10. Investments

	Share in subsidiary undertaking s £'000
<b>Cost and book value:</b>	
At 1 January 2012	30,854
Impairment	(30,854)
At 31 December 2012	-

On 23rd October 2012 Host Europe Four Limited, a subsidiary of Webfusion Limited, was put in to voluntary liquidation. At this point Host Europe Four Limited paid a dividend of £43,757,000 to Webfusion Limited.

Upon receiving the dividend, Webfusion Limited immediately impaired its investment in Host Europe Four Limited and proceeded to put the company in to voluntary liquidation. The impairment of £30,854,000 relates to 100% of the value of the investment in Host Europe Four Limited.

Webfusion Limited or its wholly owned subsidiaries own 100% of the ordinary share capital and voting rights of the following companies, all of which are incorporated in England and Wales except where noted below.

Name	Place of incorporation	Principal activity
<i>Directly held</i>		
123-Reg Limited		Dormant
Donhost Limited		Dormant
Host Europe Four Limited		In liquidation
Webfusion Internet Limited		Dormant
Webfusion Internet Solutions SL	Spain	Telecommunications
Webfusion Internet Solutions Limited		Intermediate holding company
Swann & Turner Limited		Debt Collection
<i>Held by Webfusion Internet Solutions Limited</i>		
Webfusion SRL	Romania	Telecommunications
Webfusion Internet Solutions Inc	United States of America	Telecommunications

### 11. Debtors

	2012 £'000	2011 £'000
Trade debtors	141	290
Amounts owed by other group undertakings	99,286	114,118
Other debtors	435	657
Taxation and social security	1,724	1,905
Prepayments and accrued income	466	751
	<b>102,052</b>	<b>117,721</b>

All amounts shown under debtors above fall due within one year, with the exception of Taxation and social security which contains an amount of £1,724,000 (2011 - £1,905,000) of deferred tax assets.

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 12. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	1,697	1,419
Amounts owed to other group undertakings	2,213	59,012
Finance leases (note 14)	16	19
Taxation and social security	994	762
Other creditors	129	280
Accruals and deferred income	5,332	4,589
	<u>10,381</u>	<u>66,081</u>

### 13. Provisions for liabilities

	Property leases £'000
At 1 January 2012	2,071
Utilised in year	(495)
Unwinding of discounting	171
	<u>1,747</u>
<b>At 31 December 2012</b>	<b><u>1,747</u></b>

The onerous lease provisions relate to the leases on unutilised office space which expire at various dates up to 2021 and dilapidation provisions. Their duration of exposure on unutilised office space is uncertain and will depend on whether the space can be successfully sub-let. Where relevant, sub-letting income has been reasonably estimated and accrued for.

### 14. Commitments under operating leases

As at 31 December 2012 and 2011, the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and buildings £'000	2011 Land and buildings £'000
Operating leases which expire		
Within two to five years	620	620
After five years	79	79
	<u>699</u>	<u>699</u>

# Webfusion Limited

## Notes to the financial statements Year ended 31 December 2012

### 15. Share capital

	2012 £'000	2011 £'000
<b>Authorised</b> 1,000,000 ordinary shares		
<b>Called up and fully paid</b> 376,540 ordinary shares of 0.1p each	-	-

### 16 Reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	-	37,453	56,337
Profit for the year	-	-	28,807
Exchange translation differences	-	-	(229)
Dividends paid	-	-	(20,002)
<b>At 31 December 2012</b>	<b>-</b>	<b>37,453</b>	<b>64,913</b>

The exchange differences resulted from revaluation to closing rates of loans to overseas members of the group

### 17. Reconciliation of movements in shareholder's funds

	2012 £'000	2011 £'000
Profit for the year	28,807	12,657
Exchange translation differences	(229)	-
Dividends paid	(20,002)	-
Net additions to shareholder's funds	8,576	12,657
Opening shareholder's funds	93,790	81,133
<b>Closing shareholder's funds</b>	<b>102,366</b>	<b>93,790</b>

### 18. Capital commitments

Webfusion Limited has entered in to an agreement to refurbish the Leeds Data Centre. The total cost of this refurbishment is £3,302,000.

**Notes to the financial statements**  
**Year ended 31 December 2012**

**19. Pension**

The company does not operate an occupational pension scheme but makes a percentage contribution of qualifying salary to certain employees' personal pension schemes. The amount charged to the profit and loss account in respect of such contributions was £44,000 (2011 - £52,000). The outstanding contributions to the pension scheme at the balance sheet date were £Nil (2011 - £Nil).

**20. Related party transactions**

The company has taken advantage of the exemptions permitted under FRS 8 not to disclose transactions between members of the group which eliminate on consolidation.

**21. Immediate and ultimate parent company and controlling party**

The immediate parent company during the year ended 31 December 2012 was Host Europe Limited.

The ultimate parent company during the year ended 31 December 2012 was HEL Holding Limited, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is HEL Bidco Limited, an intermediate holding company in the HEL Holding Limited group. The consolidated financial statements of both these groups can be obtained from Companies House.

The ultimate controlling party is Montagu Private Equity, which holds the majority of the shares in the company's ultimate parent company.