

INTERNET FOR BUSINESS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
PAGES FOR FILING WITH REGISTRAR



INTERNET FOR BUSINESS LIMITED

COMPANY INFORMATION

Directors	Mr John Michie Mr Graeme Gordon Ms Jane Stewart	(Appointed 21 December 2016)
Company number	SC159601	
Registered office	Building 54 54 Hareness Road Aberdeen AB12 3LE	
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	

INTERNET FOR BUSINESS LIMITED

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INTERNET FOR BUSINESS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their annual report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activities of the company continued to be that of the provision of managed network and connectivity services, data backup and recovery services, cloud based computing services, co-location services, workplace and disaster recovery services, broadband services, and fixed line, minuted billing and voice over IP services.

Review of the business

Since FY16, the company ("IFB") has invested significantly in its core infrastructure to support continued growth and innovation in its service delivery. The results for FY17 were affected by net exceptional costs of £(180k) compared to £(121k) in the prior year. Net assets pre-exceptional costs in FY17 were £87k. Post year end, the company has generated excess cash beyond its budget expectations to May 2018, resulting in a decision by the board in June 2018 to make a discretionary one off repayment to reduce related party debt by £300k, from £2.22m to £1.92m.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr John Michie
Mr Graeme Gordon
Ms Jane Stewart

(Appointed 21 December 2016)

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board


Mr John Michie
Director
29/6/18

INTERNET FOR BUSINESS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	4	3,058,390		3,796,278	
Current assets					
Stocks		2,383		10,188	
Debtors		1,258,878		796,898	
Cash at bank and in hand		11,213		2,573	
		<u>1,272,474</u>		<u>809,659</u>	
Creditors: amounts falling due within one year		<u>(2,204,412)</u>		<u>(2,251,267)</u>	
Net current liabilities			(931,938)		(1,441,608)
Total assets less current liabilities			2,126,452		2,354,670
Creditors: amounts falling due after more than one year			(2,220,000)		(2,220,000)
Net (liabilities)/assets			<u>(93,548)</u>		<u>134,670</u>
Capital and reserves					
Called up share capital	6	500,000		500,000	
Profit and loss reserves		<u>(593,548)</u>		<u>(365,330)</u>	
Total equity			<u>(93,548)</u>		<u>134,670</u>

In accordance with section 444 of the Companies Act 2006 all of the members of the company have consented to the preparation of abridged financial statements pursuant to paragraph 1A of Schedule 1 to the Small Companies and Groups (Accounts and Directors' Report) Regulations (S.I. 2008/409)(b).

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29/6/18 and are signed on its behalf by:


Mr John Michie
Director

Company Registration No. SC159601

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

Internet for Business Limited is a private company limited by shares incorporated in Scotland. The registered office and trading address is Building 54, 54 Hareness Road, Aberdeen, AB12 3LE. The company's registered number is SC159601.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 September 2017 are the first financial statements of Internet for Business Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

The company has one subsidiary, a wholly owned dormant company, InterackT Limited incorporated in Scotland with net assets of £nil.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised as goods are supplied and services are provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Heritable property	50 years straight line
Plant and machinery	1 - 5 years straight line
Fixtures, fittings & equipment	4 years straight line
Data Centre Facilities	3 - 50 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from related parties, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Carrying value of tangible fixed assets

The carrying value of tangible fixed assets is a judgement exercised by management.

Going concern

The going concern assessment is a key judgement exercised by management (note 1.2).

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 19 (2016 - 23).

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 October 2016	1,942,078	4,070,584	6,012,662
Additions	37,808	50,103	87,911
Disposals	-	(695,431)	(695,431)
At 30 September 2017	1,979,886	3,425,256	5,405,142
Depreciation and impairment			
At 1 October 2016	32,180	2,184,204	2,216,384
Depreciation charged in the year	32,557	124,469	157,026
Eliminated in respect of disposals	-	(26,658)	(26,658)
At 30 September 2017	64,737	2,282,015	2,346,752
Carrying amount			
At 30 September 2017	1,915,149	1,143,241	3,058,390
At 30 September 2016	1,909,898	1,886,380	3,796,278

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 Tangible fixed assets (Continued)

Included within heritable property is land of £330,000 (2016: £330,000) which has not been depreciated.

5 Securities

Creditors include a bank overdraft of £156,704 (2016: £90,190), which is secured by a standard security over the land and buildings and a floating charge.

6 Called up share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid 500,000 Ordinary shares of £1 each	500,000	500,000

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Graeme Fraser.

The auditor was Johnston Carmichael LLP.

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017 £	2016 £
	360,781	277,031

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Entities with control, joint control or significant influence over the company	20,896	23,228	22,367	24,447

	Loan interest	
	2017	2016
	£	£
Entities with control, joint control or significant influence over the company	111,000	111,000

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	2,253,150	2,253,223

The following amounts were outstanding at the reporting end date:

	2017	2016
	Balance	Balance
	£	£
Amounts owed by related parties		
Entities with control, joint control or significant influence over the company	2,045	4,914

INTERNET FOR BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Loan	-	-	3,522	3,522
		<u>-</u>	<u>3,522</u>	<u>3,522</u>
		<u>-</u>	<u>3,522</u>	<u>3,522</u>

The directors loan was fully repaid after the year end.

11 Controlling party

The company is controlled by John Michie who owns 100% of the ordinary share capital.