

Registered Number: SE000006

RSL Com Germany SE

**Annual report and financial statements
for the year ended 31 December 2009**

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RSL Com Germany SE

Contents

	Pages
Company information	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Reconciliation of movements in shareholder's funds	7
Balance sheet	8
Cashflow statement	9
Reconciliation to net cash	9
Notes to the financial statements	10 - 15

RSL Com Germany SE

Company information

Directors

A J P Brereton
R Harper
S Ross

Registered office

c/o PricewaterhouseCoopers LLP
12 Plumbtree Court
London
EC4A 4HT

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

RSL Com Germany SE

Directors' report for the year ended 31 December 2009

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

Principal activity and review of business

The company's principal activity is the holding of investments. The results for the year and financial position of the Company were broadly in line with expectations. Returns on investments deteriorated significantly during the course of the year reflecting the global economic climate and resulting reductions in base rates of interest. This has had a negative impact on profit for the year.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Future developments

The company intends to continue to invest its cash funds in order to maximise returns whilst preserving capital value and maintaining liquidity to pay liabilities as they become due.

Results and dividends

The audited financial statements for the year ended 31 December 2009 are set out on pages 7 to 15.

The loss for the year after taxation was €146,837 (2008 profit €566,029).

During the year, the company paid a dividend of €nil (2008 €21,896,247).

Directors

The directors who held office during the year, and to the date of this report are as follows:

A J P Brereton
R Harper
S Ross

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Directors' report for the year ended 31 December 2009 (continued)

Principal risks and uncertainties

The directors, in the execution of their duties, are responsible for identifying the principal risks and uncertainties faced by the company and for determining the appropriate courses of action to manage these

The directors set out below the principal risks and uncertainties facing the business

- (a) The company is affected by foreign exchange risk. Transactions are completed in GBP as well as Euros. The directors have not hedged against this risk as they do not believe this risk to be material to the company.
- (b) The company is also exposed to interest rate risk. In the current climate of low interest rates, the interest received on its investments has significantly reduced. The directors have reviewed the risk between receiving higher interest rates and investing in higher risk investments. The directors have taken the decision to only invest in institutions whose credit ratings are AA- or higher.

Directors Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Policy and practice on payment of creditors

It is the company's policy that payments to operating cost suppliers are made in accordance with those terms and conditions agreed between the company and those suppliers, providing that all trading terms and conditions have been complied with.

At 31 December 2009, the company had an average of 16 days purchases outstanding in trade creditors (2008: 23 days).

Statement of directors' responsibilities

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, 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.

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Directors' report for the year ended 31 December 2009 (continued)


Disclosure of information to auditors

The directors' confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware. The directors also confirm they have each taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

The auditors, Deloitte LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



A J P Brereton

Director

23 June 2010

Independent auditors' report to the members of RSL Com Germany SE

We have audited the financial statements of RSL Com Germany SE for the year ended 31 December 2009 which comprise the Profit and loss account, Reconciliation of movements in shareholder's funds, the Balance sheet, the Cash flow statement, the Reconciliation to net cash and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

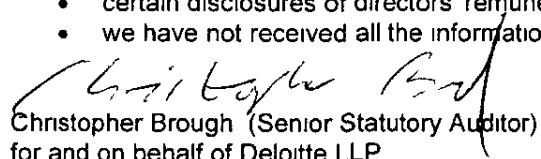
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of RSL Com Germany SE

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


Christopher Brough (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

24 June 2010

RSL Com Germany SE

Profit and loss account for the year ended 31 December 2009

	Note	2009 €	2008 €
Interest receivable and similar income	3	119,942	1,882,845
Other operating income		-	215,052
Staff costs	5	(60,431)	(135,763)
Other operating charges		<u>(495,097)</u>	<u>(837,720)</u>
(Loss)/profit on ordinary activities before taxation	4	(435,586)	1,124,414
Tax on (loss)/profit on ordinary activities	6	<u>288,749</u>	<u>(558,385)</u>
(Loss)/profit for the financial year	12	<u>(146,837)</u>	<u>566,029</u>

The company's results are derived from continuing activities

There were no recognised gains or losses in the period other than the result for the relevant period
Accordingly, no statement of total recognised gains or losses has been prepared

There is no difference between the loss/profit on ordinary activities before taxation and the loss/profit for the financial year stated above and their historical cost equivalents

Reconciliation of movements in shareholder's funds for the year ended 31 December 2009

	Note	2009 €	2008 €
(Loss)/profit for the financial year		(146,837)	566,029
Dividends paid	7	<u>-</u>	<u>(21,896,247)</u>
Net change in shareholder's funds		(146,837)	(21,330,218)
Opening shareholder's funds		<u>19,194,468</u>	<u>40,524,686</u>
Closing shareholder's funds as at 31 December		<u>19,047,631</u>	<u>19,194,468</u>

Balance sheet
For the year ended 31 December 2009

	Note	2009 €	2008 €
Current assets			
Debtors	8	353,525	165,389
Investments	9	17,602,892	23,221,526
Cash at bank and in hand		<u>1,271,228</u>	<u>1,008,007</u>
		19,227,645	24,394,922
Creditors Amounts falling due within one year	10	<u>(180,014)</u>	<u>(5,200,454)</u>
Net assets		<u>19,047,631</u>	<u>19,194,468</u>
Capital and reserves			
Called up share capital	11	120,000	120,000
Profit and loss reserve	12	<u>18,927,631</u>	<u>19,074,468</u>
Total shareholder's funds		<u>19,047,631</u>	<u>19,194,468</u>

The financial statements on pages 7 to 15 were approved by the board of directors on
and were signed on its behalf by

Director

93 Jun 2010

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Cashflow statement

For the year ended 31 December 2009

	Note	2009 €	2008 €
Net cash outflow from operating activities	13	(689,770)	(782,309)
Returns on investments and servicing of finance			
Interest received		139,738	1,860,140
Taxation		(559,355)	525,046
Financing			
Repayment of intercompany loans		(4,243,723)	-
Equity dividends paid to shareholders		-	(21,896,247)
Net cash outflow before use of liquid resources and finances		(5,353,110)	(20,293,370)
Management of liquid resources			
Reduction in short term deposits with banks		5,618,634	21,279,916
Increase in net cash		265,524	986,546

Reconciliation to net cash

Net cash at 1 January		1,008,007	62,279
Increase in net cash		265,524	986,546
Exchange adjustments		(2,303)	(40,818)
Net cash at 31 December	14	1,271,228	1,008,007

RSL Com Germany SE

Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies

The financial statements have been prepared, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies, which have been applied consistently during the year, are set out below.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 2 to 4. The company has considerable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have reasonable expectations that the company has adequate resources to continue in operating existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

Turnover

In the opinion of the directors, disclosure of turnover is most appropriately represented for the company by interest receivable. This represents an adaptation of the profit and loss account format laid down in Schedule 1 of SI2008 No 410 to the Companies Act 2006 due to the nature of the company's business.

Functional currency and foreign exchange

The Euro is the functional currency. Transactions in currencies other than Euros are recorded at the average monthly rates ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Euros are translated at the rate of exchange ruling at the balance sheet date. All gains and losses arising are included in the profit and loss account.

Taxation

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on the taxable profits or losses for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full on timing differences, which 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 tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods 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.

Other operating income

Other operating income relates to income received over and above the taxation debtors provided and from the reclassification of capital reserves to profit for the year resulting from the merger of RSL Com Deutschland GmbH and RSL Com Germany SE.

Interest receivable

Interest receivable is accounted for on an accruals basis.

Investments

All excess cash within the company is held on deposit with access restricted to a minimum of 30 days. The company aims to achieve the highest return possible within the credit rating restrictions. Investments are only to be made in institutions with credit ratings of AA- or higher.

RSL Com Germany SE

Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies (continued)

Provision for impairment of receivables

Provisions are made against all receivables where it is more than likely that the debt will not be recovered. The provisions are revisited on an annual basis.

2 Segmental reporting

The company has only one class of business as described in the Directors' report. All interest receivable originated as follows:

	2009 €	2008 €
UK	42,989	1,433,179
Europe	76,953	449,666
	<u>119,942</u>	<u>1,882,845</u>

3 Interest receivable and similar income

	2009 €	2008 €
Bank interest receivable	119,942	1,846,604
Interest receivable on overpaid taxation	-	36,241
	<u>119,942</u>	<u>1,882,845</u>

4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

	2009 €	2008 €
Fees payable to the Company's auditors for the audit of the Company's annual accounts	19,652	21,600
Exchange rate (gain)/loss	(9,861)	39,304
	<u></u>	<u></u>

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Notes to the financial statements for the year ended 31 December 2009

5 Employees and directors

During the current and prior year there were no other employees apart from the 3 directors (2008 3)

	2009 €	2008 €
Directors' emoluments		
Aggregate emoluments	55,101	125,480
Social security costs	5,330	10,283
	<u>60,431</u>	<u>135,763</u>

There are no retirement benefits accruing to any of the directors

6 Tax on (loss)/profit on ordinary activities

	2009 €	2008 €
Current tax:		
Current year at 28% (2008 28 3%)	(120,674)	414,176
Adjustment in respect of prior period tax charge	(178,567)	-
Foreign tax		
Corporation taxes	-	75,000
Adjustment in respect of prior period tax charge	10,492	69,209
Tax on (loss)/profit on ordinary activities	<u>(288,749)</u>	<u>558,385</u>

The tax assessed for the year is lower (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28 3%) The differences are explained below

	2009 €	2008 €
(Loss)/profit on ordinary activities before taxation	<u>(435,586)</u>	<u>1,124,414</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28 3%)	(121,964)	318,069
Effects of		
Expenses not deductible for tax purposes	1,290	184,814
Income not chargeable to tax in the UK	-	(88,707)
Income chargeable to tax in Germany	-	75,000
Adjustment in respect of prior period tax charge	<u>(168,075)</u>	<u>69,209</u>
Total current tax charge	<u>(288,749)</u>	<u>558,385</u>

RSL Com Germany SE

Notes to the financial statements for the year ended 31 December 2009

7 Dividends

	2009 €	2008 €
Equity – Ordinary		
Interim dividends paid €nil (2008 £182 47) per €1 share	-	21,896,247

8 Debtors

	2009 €	2008 €
Trade debtors	837,208	837,208
Amounts owed from group undertakings	2,020,127	2,020,127
Provision for impairment of receivables	(2,857,335)	(2,857,335)
	-	-
Other debtors	295,849	79,661
Prepayments and accrued income	57,676	85,728
	353,525	165,389

9 Investments

	2009 €	2008 €
Short term deposits	17,602,892	23,221,526
	17,602,892	23,221,526

Short term deposits are with major UK and German banks

10 Creditors: Amounts falling due within one year

	2009 €	2008 €
Trade creditors	22,475	47,217
Amounts owed to group undertakings (note 15)	67,384	4,311,107
Corporation tax	-	631,916
Other tax and social security payable	4,768	54 907
Accruals and deferred income	85,387	155,307
	180,014	5,200,454

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

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Notes to the financial statements for the year ended 31 December 2009

11 Called up share capital

	2009	2008
Authorised		
120,000 ordinary shares of €1 each	120,000	120,000
Allotted and fully paid		
120,000 ordinary shares of €1 each	120,000	120,000

12 Reserves

	Profit and loss reserve €
At 1 January 2009	19,074,468
Loss for the financial year	(146,837)
At 31 December 2009	18,927,631

13 Cash flow from (loss)/profit on ordinary activities before taxation

Reconciliation of (loss)/profit on ordinary activities before taxation to net cash outflow from operating activities

	2009 €	2008 €
Continuing operations		
(Loss)/profit on ordinary activities before taxation	(435,586)	1,124,414
Interest receivable	(119,942)	(1,882,845)
Decrease/(increase) in debtors	8,256	(26,143)
Decrease in creditors	(144,801)	(52,736)
Other non cash changes	12,164	15,697
Exchange adjustments	(9,861)	39,304
Net cash outflow from operating activities	(689,770)	(782,309)

RSL Com Germany SE

Notes to the financial statements for the year ended 31 December 2009

14 Reconciliation in net cash

	As at 1 January 2009 €	Cash flow €	Exchange adjustments €	As at 31 December 2009 €
Cash at bank and in hand	1,008,007	265,524	(2,303)	1,271,228

15 Related party transactions

At 31 December 2009 the following amounts were owed to group undertakings,

	2009 €	2008 €
RSL Communications PLC	-	3,352,541
RSL Com Europe	-	891,182
RSL Com Telco UK	36,071	36,071
RSL Com UK	31,313	31,313
	67,384	4,311,107

At 31 December 2009 the following amounts were owed from group undertakings,

	2009 €	2008 €
RSL Denmark	35,601	35,601
RSL Netherlands	104,232	104,232
RSL Com USA	1,880,294	1,880,294
	2,020,127	2,020,127
Provision for impairment of receivables	(2,020,127)	(2,020,127)
	-	-

16 Ultimate parent undertaking

The immediate parent undertaking, which is in administration in the UK, is RSL Communications PLC

The ultimate parent undertaking is RSL Communications Limited, a company incorporated in Bermuda