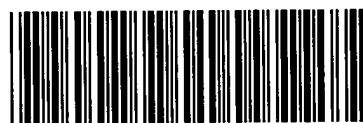


Colt Telecom Finance Sweden

Directors' report and financial statements

For the year ended 31 December 2014

Registered number: 4421628



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Colt Telecom Finance Sweden

Directors' report For the year ended 31 December 2014

The Directors present the report and audited financial statements of Colt Telecom Finance Sweden ("the Company") for the year ended 31 December 2014.

Principal activities and business review

The Company's principal activity is to act as a finance company for transactions denominated in Swedish Kroner ("SKr") within the Group comprising Colt Group S.A. and its subsidiaries ("the Group"). Colt Group S.A. is a company incorporated in Luxembourg. The results of the Company are included in the consolidated financial statements of Colt Group S.A. for the year ended 31 December 2014.

The Company will continue to act as a finance company for transactions denominated in Swedish Kroner.

The principal risks and uncertainties facing the Company are integrated with the principal risks and uncertainties facing the Group and are not managed separately. Details of the risks and uncertainties facing the Group, the Group's financial risk management policy and an analysis of the performance of the Group, including key performance indicators, can be found in the consolidated Group annual report which does not form part of this report. The Group annual report is available from the Company's registered office, as set out in note 11 to the financial statements.

For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

Financial risk management

The management of the Company and the execution of the Company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, credit, interest rate and foreign currency risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for Colt Telecom Finance Sweden.

The Treasury management function also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity risk

The Company finances its operations through a combination of new share issues and intercompany balances to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

Credit risk

The Company is exposed to a risk that intercompany entities default on the payment of their loans. Management mitigate this risk by performing credit assessments on these entities prior to entering into a loan.

Interest rate risk

The Company has interest bearing intercompany assets. No material exposure is considered to exist in respect of these balances as all intercompany loans have fixed interest rates.

Colt Telecom Finance Sweden

Directors' report (continued) For the year ended 31 December 2014

Foreign currency risk

To the extent that the Company enters into intercompany loan agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. At 31 December 2014 the Company has intercompany loan agreements denominated in Euros. The Company does not use derivative financial instruments to manage foreign currency risk and as such, no hedge accounting is applied.

Results and dividends

The profit on ordinary activities before taxation was SKr 24,788,500 (2013: SKr 10,775,977). The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: SKr nil).

Directors

The Directors of the Company who held office during the year and up to the date of signing the financial statements were:

V Benis (appointed 1 January 2014)
C Griffin Pain
M Hewitt

The Company Secretary who held office during the year was:

V Benis

Statement of directors' responsibilities

The directors are responsible for preparing the 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 prepared 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.

Colt Telecom Finance Sweden

Directors' report (continued) For the year ended 31 December 2014

Disclosure of information to auditors

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

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director 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 section 418 of the Companies Act 2006.

Qualifying third party indemnity provisions for the benefit of Directors

The Company has provided an indemnity for its directors and the secretary during the year, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 and remains in force at the date of this report.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the board



M Hewitt
Director
3 June 2015

Colt Telecom Finance Sweden

Independent auditors' report to the members of Colt Telecom Finance Sweden

Report on the financial statements

Our opinion

In our opinion, Colt Telecom Finance Sweden's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Colt Telecom Finance Sweden's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Colt Telecom Finance Sweden

Independent auditors' report to the members of Colt Telecom Finance Sweden (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paul Barkus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 June 2015

Colt Telecom Finance Sweden

Profit and loss account

For the year ended 31 December 2014

	Note	2014 SKr	2013 SKr
Impairment reversal	2	16,049,468	3,479,500
Administrative expenses	2	(5,255)	(5,475)
Operating profit		16,044,213	3,474,025
Interest receivable and similar income	4	8,744,478	7,301,952
Interest payable and similar charges	5	(191)	--
Profit on ordinary activities before taxation		24,788,500	10,775,977
Tax on profit on ordinary activities	6	--	--
Profit for the financial year	10	24,788,500	10,775,977

All activities are regarded as continuing.

The Company has no recognised gains and losses other than as above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the years stated above, and their historical cost equivalent.

Colt Telecom Finance Sweden

Balance sheet As at 31 December 2014

	Note	2014 SKr	2013 SKr
Current assets			
Debtors (including SKr nil (2013: SKr 234,390,592) falling due after more than one year)	7	315,269,133	285,545,403
Cash at bank and in hand		439	695
Total current assets		<u>315,269,572</u>	<u>285,546,098</u>
Creditors: amounts falling due within one year	8	(13,111,353)	(5,223,423)
Net current assets		<u>302,158,219</u>	<u>280,322,675</u>
Total assets less current liabilities		<u>302,158,219</u>	<u>280,322,675</u>
Net assets		<u>302,158,219</u>	<u>280,322,675</u>
Capital and reserves			
Called up share capital	9	407,745,264	410,698,220
Profit and loss account	10	(105,587,045)	(130,375,545)
Total shareholders' funds	10	<u>302,158,219</u>	<u>280,322,675</u>

The financial statements on pages 6 to 12 were approved by the board on 3 June 2015 and signed on its behalf by



M Hewitt
Director

Colt Telecom Finance Sweden

Registered number: 4421628

Colt Telecom Finance Sweden

Notes to the financial statements For the year ended 31 December 2014

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future, for a period of at least 12 months from the date of signing the financial statements.

The principal accounting policies which have been consistently applied throughout the year are set out below.

Foreign currency transactions

The financial statements are expressed in Swedish Kroner ("SKr"), which is the Company's functional currency. This is because the Company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in SKr. The exchange rate as at 31 December 2014 was SKr 9.3930/£1 (2013: SKr 10.6262/£1).

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 balance sheet 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 profit and loss account.

Debtors

Debtors are shown at their book value less any provision for bad or doubtful debts.

Impairment

Debtors are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of an asset exceeds its recoverable amount, being the higher of its value in use and net realisable value.

Impairment provisions recognised in prior years against assets are also reviewed for events or changes in circumstances that indicate that impairments should be reversed. When this is the case, the carrying amount of the asset is increased to its recoverable amount and an impairment reversal is included in the profit and loss account.

Interest receivable and similar income

Interest receivable and similar income is accounted for on an accruals basis.

Related party disclosures

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Colt Group S.A. and has not disclosed transactions with other group companies.

Cash flow statements

The Company is a wholly owned subsidiary company of a group headed by Colt Group S.A. and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash Flow Statements'.

Strategic report

The Company has taken advantage of the small companies exemption provided by section 414b of the Companies Act 2006 as it would be entitled to prepare financial statements for the year in accordance with the small companies regime, but for being a member of an ineligible group, Colt Group S.A.

Colt Telecom Finance Sweden

Notes to the financial statements (continued) For the year ended 31 December 2014

2. Profit on ordinary activities before taxation

The Company's audit fees of SKr 34,870 (2013: SKr 45,000) have been paid by another group company and are not recharged to the Company.

The Company had no employees during the years ended 31 December 2014 and 31 December 2013.

During 2014, the company received cash consideration of SKr 16,049,468 (2013: SKr 3,479,500) for a loan balance with a fellow subsidiary that had been provided against, hence the impairment has been reversed in the profit and loss account.

3. Directors' emoluments

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company (2013: nil) and are payable for services wholly attributable to other Colt Group S.A. subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year there were no Directors (2013: nil) who exercised share options in the ordinary shares of the ultimate parent company, Colt Group S.A..

4. Interest receivable and similar income

	2014 SKr	2013 SKr
Interest receivable from fellow subsidiary companies	5,404,495	5,506,451
Exchange gains	3,339,983	1,795,501
	<u>8,744,478</u>	<u>7,301,952</u>

5. Interest payable and similar charges

	2014 SKr	2013 SKr
Interest payable to fellow subsidiary companies	191	--
	<u>191</u>	<u>--</u>

Colt Telecom Finance Sweden

Notes to the financial statements (continued) For the year ended 31 December 2014

6. Tax on profit on ordinary activities

a) Analysis of charge in year

There is no current tax charge arising in the years ended 31 December 2014 and 2013 as the Company had no taxable profits due to the availability of tax losses surrendered from other group Companies.

b) Factors affecting tax charge for year

The tax expense assessed on the profit on ordinary activities is different from the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%) as a result of the following factors:

	2014 SKr	2013 SKr
Profit on ordinary activities before tax	24,788,500	10,775,977
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	5,327,049	2,505,415
Effects of:		
Non-taxable income	(3,449,031)	(2,089,234)
Group relief (claimed)/surrendered for nil payment	(1,878,018)	(416,181)
Current tax charge for the year	-	-

c) Factors affecting future tax charges

The UK Government introduced legislation in Finance Act 2014 to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015. The Company does not have deferred tax assets or liabilities.

7. Debtors

	At 31 December 2014 SKr	At 31 December 2013 SKr
Amounts falling due within one year:		
Amounts owed by group undertakings	315,269,133	51,154,811
Amounts falling due after more than one year:		
Amounts owed by group undertakings	--	234,390,592
	315,269,133	285,545,403

Amounts owed by group undertakings are unsecured and bear interest at rates ranging from 0% to 8.7%.

Colt Telecom Finance Sweden

Notes to the financial statements (continued) For the year ended 31 December 2014

8. Creditors: amounts falling due within one year

	At 31 December 2014 SKr	At 31 December 2013 SKr
Amounts owed to group undertakings	<u>(13,111,353)</u>	<u>(5,223,423)</u>

Amounts owed to group undertakings are unsecured, interest free and are due in less than one year.

9. Called up share capital

	At 31 December 2014 SKr	At 31 December 2013 SKr
Authorised 750,000,000 (2013: 750,000,000) ordinary shares of 1 SKr each	<u>750,000,000</u>	<u>750,000,000</u>
Allotted and fully paid 407,745,264 (2013: 410,698,220) ordinary shares of 1 SKr each	<u>407,745,264</u>	<u>410,698,220</u>

10. Reconciliation of movements in shareholders' funds

	Called up share capital SKr	Profit and loss account SKr	Total shareholders' funds SKr
At 31 December 2012	423,639,180	(141,151,522)	282,487,658
Issue of shares	12,767,084	--	12,767,084
Cancellation of shares	(25,708,044)	--	(25,708,044)
Profit for the financial year	--	10,775,977	10,775,977
At 31 December 2013	<u>410,698,220</u>	<u>(130,375,545)</u>	<u>280,322,675</u>
Issue of shares	18,728,503	--	18,728,503
Cancellation of shares	(21,681,459)	--	(21,681,459)
Profit for the financial year	--	24,788,500	24,788,500
At 31 December 2014	<u>407,745,264</u>	<u>(105,587,045)</u>	<u>302,158,219</u>

The issuing and cancelling of shares in the Company is used to hedge the parent company's exposure to Swedish Kroner balances with the Company. During 2014, 18,728,503 shares were issued and 21,681,459 shares were cancelled at par value via this process (2013: 12,767,084 shares were issued and 25,708,044 shares were cancelled). This was in exchange for an increase (for a share issue) or a reduction (for a share cancellation) in the loan balance with their parent company.

Colt Telecom Finance Sweden

Notes to the financial statements (continued) For the year ended 31 December 2014

11. Ultimate parent company and controlling party

The ultimate parent company and controlling party is Colt Group S.A., which is the parent undertaking of the largest and smallest group to consolidate these financial statements and is registered in Luxembourg. The immediate parent company is Colt Technology Services Group Limited, a company incorporated in the UK and registered in England and Wales.

Copies of Colt Group S.A.'s financial statements are available from its registered office at K2 Building, Forte 1, 2a rue Albert Borschette, L-1246 Luxembourg, or from the Company's registered office at Beaufort House, 15 St Botolph Street, London, England, EC3A 7QN.