BT PENSION FUND TRUSTEES LIMITED

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2003

Company Registered Number : 2001752

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DIRECTORS AND ADVISORS

Directors

A G Buckland
S J Dobbie
N D Harrison (Chairman)

Company Secretary

A W Bartlett

Registered Office

Winchester House
1 Great Winchester Street
London EC2N 2DB

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Actuary

Entegria Limited
Hogg Robinson House
42-62 Greyfriars Road
Reading
RG1 1NN

Lawyers

Linklaters
One Silk Street
London
EC2Y 8HQ

Company Registered Number: 2001752

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 2003.

Results and dividends

The Company had neither income nor expense during the year. No dividends were declared or paid during the year. The directors do not recommend the payment of any dividends in respect of 2003 (2002 - £Nil).

Principal activity

The sole activity of the Company is to act as trustee for the Bankers Trust UK Pension Plan. With the exception of responsibility for some residual matters which are retained by the Company, the assets, liabilities and membership of the Bankers Trust UK Pension Plan have been transferred to the main Deutsche Bank UK pension scheme, with effect from April 1, 2003.

Directors

The directors of the Company during the year, or at the date of this report were:

A G Buckland
S J Dobbie
N D Harrison
A Zombanakis (resigned 13 November 2003)

Company Secretary

A W Bartlett

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' interests

None of the Directors had any interest in the share capital of the Company during the year.

None of the Directors had any disclosable interest in the shares or debentures of any UK group undertaking at the end of the year, or were granted or exercised any right to subscribe for shares in, or debentures of, any UK group undertaking during the year.

Auditors

Pursuant to Section 379A of the Companies Act 1985 the Company has elected –

(a) to dispense with the holding of Annual General Meeting;
(b) to dispense with the appointment of Auditors annually; and
(c) to dispense with the laying of Report and Financial statements before General Meeting.

KPMG Audit Plc are willing to continue in office and the Directors have agreed to their so continuing.

By order of the Board of Directors 12th October 2004.

A W Bartlett
Company Secretary

REPORT OF THE INDEPENDENT AUDITORS
to the members of BT Pension Fund Trustees Limited

We have audited the financial statements on pages 5 to 7.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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'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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at December 31, 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

18th October 2004

8 Salisbury Square
London EC4Y 8BB

BT PENSION FUND TRUSTEES LIMITED

BALANCE SHEET
at December 31, 2003

	Notes	2003 £	2002 £
CURRENT ASSET			
Debtors: called up share capital not paid		2	2
NET ASSET		2	2
CAPITAL AND RESERVES			
Called up share capital	5	2	2
EQUTY SHAREHOLDER'S FUNDS	6	2	2

Approved by the Board of Directors on the 12th October 2004.

A. G. Buckley

A G Buckland
Director

The notes on pages 6-7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 2003

1 Accounting policies

These financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards. The particular accounting policies are described below.

(a) CONVENTION
These financial statements are prepared in accordance with the historical cost convention.

(b) PROFIT AND LOSS ACCOUNT
The Company has not prepared a separate profit and loss account, or statement of total recognised gains and losses, as it received no income and incurred no expenditure in the year or in the previous year. Consequently, during those years the Company made neither a profit nor a loss.

(c) ADMINISTRATIVE EXPENSES
Expenses incurred in the Company's operations have been borne by Deutsche Bank AG, the Company's ultimate parent undertaking, which has made no charge therefore.

(d) CASH FLOW STATEMENT
The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available.

2 Staff costs

The staff involved in the Company's operations are all employees of DB Group Services (UK) Limited, a subsidiary of Deutsche Morgan Grenfell Group Plc. The total staff costs have been borne by a Deutsche Bank company without recharge; no staff costs have therefore been included in these financial statements.

3 Directors' emoluments

The directors' emoluments have been borne by a Deutsche Bank company without recharge.

4 Auditors' remuneration

The remuneration of the auditors is borne by a group undertaking.

5 Called up share capital

	2003 No.	2003 £	2002 No.	2002 £
Authorised:				
Ordinary shares of £1 each	100	100	100	100
	===	===	===	===
Allotted, called up and nil paid:				
Ordinary shares of £1 each	2	2	2	2
	===	===	===	===

6 Shareholder's funds

There has been no movement in shareholder's funds for the years ended December 31, 2003 and December 31, 2002.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 2003

7 Ultimate parent company

BT Holdings (Europe) Limited, which is is incorporated in the United States of America, is for the purposes of the Companies Act 1985 the immediate parent undertaking.

Deutsche Bank AG, a company registered in Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the smallest and largest such group for which group financial statements are drawn up.

Copies of the financial statements prepared in respect of BT Holdings (Europe) Limited and Deutsche Bank AG may be obtained from 23 Great Winchester Street, London EC2P 2AX.

8 Related party transactions

As permitted by paragraph 3(c) of FRS 8, no disclosure is made of transactions with members or associates of the Deutsche Bank AG group.