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**Deutsche Alternative Asset Management (UK) Limited**

**Company number: 2478500**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**

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**REPORT OF THE DIRECTORS**  
For the year ended 31 December 2013

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The Directors present their annual report and audited financial statements for the year ended 31 December 2013.

**ACTIVITIES AND REVIEW OF BUSINESS**

The Company acts as an investment management and advisory company. The Company is authorised and regulated by the Financial Conduct Authority.

The business of the Company during the year has been impacted in line with the challenging market conditions and has developed satisfactorily in areas where the market allows with the Company achieving a profit overall.

The Company acts as investment adviser/manager for a number of Funds and has continued to work closely with Investors during the year to balance their liquidity requirements with Fund performance and the market environment.

The position at the end of the year is reflected in the audited balance sheet set out on page 5.

**RESULTS AND DIVIDENDS**

The results of the Company for the year ended 31 December 2013, after providing for taxation, show a profit of £13,371,000 (2012: £2,563,000).

No dividends paid during the year.

**DIRECTORS**

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2013 were as follows:

M.W. Bolton  
N.K.J. Calvert  
G. Muzzi  
S.J.T. Shaw  
A.C.F. Smith  
J.B. McCarthy

Resigned 22 February 2013

Directors have confirmed that during the year they spent time appropriate to their responsibilities on the affairs of the Company.

A P. Rutherford was the Secretary of the Company throughout the year. There have been no further changes during the year or subsequent to the year-end.

As at the date of approval, and during the year, the Company provided an indemnity to its Directors in the form of a qualifying third party indemnity provision.

**REPORT OF THE DIRECTORS (continued)**  
**For the year ended 31 December 2013**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

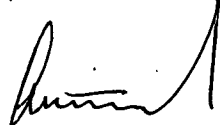
- 1) So far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2013, of which the auditors are unaware; and
- 2) The Director has taken all steps the he/she ought to have taken in his/her duty as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The Company's auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Company appointed KPMG LLP as auditor during the year. KPMG LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at a general meeting

By order of the Board of Directors this

24<sup>th</sup> day of April 2014



A P Rutherford  
Secretary

**Registered office**

One Appold Street  
Broadgate  
London  
EC2A 2UU

Company number: 2478500

**STRATEGIC REPORT**For the year ended 31 December 2013

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**PRINCIPAL OBJECTIVES**

The Company provides investment management and fund management services for the Alternatives business in the European region (excluding Germany). The business model is built on:

The sales groups which identify and source potential institutional mandates and high net wealth individuals on behalf of the Company. These groups do not sit within the Company and the firm remunerates their services at arm's length.

The Company's investment professionals, who define and implement suitable client strategies; and

The Company's operations, which administer the funds and products

The remuneration derived from asset management in the Company is assessed in various ways from the underlying product being managed, invested capital and/or the NAV of the products/funds management and/or performance fees.

The Company's revenues are based on two components: management fees, driven by absolute level of AUM, and performance fees, driven by funds performance against an agreed benchmark.

**RISK AND UNCERTAINTIES**

The Company is a wholly owned subsidiary within the Deutsche Bank Group and therefore the risks it is subject to are managed within the risk and control functions of this Group.

The key risks facing the firm include operational and business risks.

**Operational Risk**

The Company's key operational risks include potential suitability and advisory process deficiencies, dependence on key personnel and service providers to support its operating model.

These risks are covered by DB Group Operational Risk Management. The department is responsible for establishing and managing the operational risk framework within the DB Group. The Company operates under the DB Group Policies on Operational Risk Management and is consequently covered within the existing Operational Risk framework. This framework governs issues such as reporting, recording and escalation of operational events and losses. Group Operational Risk Management reports on a regular basis to the Board highlighting Operational Risk developments, relevant losses and areas of risk. Additional information and support would be provided if particular areas of weakness were identified within the Company.

In addition, new business initiatives undergo a detailed impact review, through the DB New Product Assessment process, ensuring adherence with DB Group risk policies and operation readiness.

**Business Risk**

The business revenues are based on management fees, driven by AUM and performance fees driven by funds performance against an agreed benchmark. The valuation of the AUM, which impacts both management and performance fees, is driven by external market risk conditions and factors, such as prevailing economic conditions, investor sentiment, foreign exchange rates and funds / products investment illiquidity.

To offset potential volatility in revenues arising from external market factors, the business benefits from a flexible cost base, the majority of costs being 'recharged' from other DB Group companies based on the overall volume of business undertaken within the Company and the number of people allocated to the business. In addition, the Company's revenues are partially protected via the high degree of diversification between markets and investment types the firms operate in. Finally, the Company manages close ended funds only, limiting the risk of capital outflow during the life of the fund.

The Board of Directors is generally risk averse and does not seek to expose the Company to significant risk. The overall approach to risk is to control with policies and procedures.

## STRATEGIC REPORT (continued)

For the year ended 31 December 2013

### KEY PERFORMANCE INDICATORS

The Company's KPIs, which are aligned with the Group's KPIs, enable oversight of the material risks of the Company while supporting and enabling the overall business strategy as approved by the Board. The Board sets KPI limits reflecting the Board's risk appetite to deliver its business objectives. A key objective of the KPIs is to ensure that the Company has sufficient financial resources to support the business at any given point in time, absorb market events and to meet regulatory requirements.

The Company's KPIs are monitored and governed in Board meetings and by the Board Risk Committee. At a business level, each Business Risk committee sets its own KPIs which are monitored and escalated when required.

The key financial KPIs are presented in the table below:

Crisis (Red) : Minimum regulatory requirement (or above)/ maximum of acceptable risk

Observation (Amber) : Regulatory or local entity specific target breach

Normal (Green) : At or above regulatory or local entity specific targets

KPI Measure	Description	Green	Amber	Red
Common Equity Tier 1 ratio	In line with the local regulatory definition. Buffer of 20% aligned with Group requirement.	>7.2 %	Between 6% - 7.2%	<6%
Total capital requirement assessment	Aligned with Group risk appetite tolerances. Set up well above the regulatory minimum of 100% and include impact of orderly wind down.	>135%	Between 120% - 135%	<120%
Liquidity surplus	Short term liquidity tolerance enabling application of preventive measures and management tools within relevant time frame.	>GBP 8m	Between GBP 0m - GBP 8m	<GBP 0m

Common Equity Tier 1 ratio is a measure of Core Equity capital compared to total Risk Weighted Assets (RWA). The purpose is to ensure sufficient high quality capital to cover potential future exposure.

The Board expects new business activities to generate positive value for Deutsche Bank's shareholders, present limited risks and be capital neutral for the Company.

### CURRENT PERIOD PERFORMANCE

GBP'000	2013	2012
Revenue	59,784	37,801
Expenses	42,222	34,179
PBT	17,562	3,622
Surplus Capital	9.4m	18.3m
Liquidity	25.2m	14.8m
AUM	7.9bn	7.5bn

The KPI status for the Company for Surplus Capital and Liquidity for both 2013 and 2012 are Green.

Revenue - The increase in 2013 is primarily due to the recognition of GBP 22m performance fee in April 2013 that covers 2010 to 2012 performance of the Pan European Infrastructure Fund.

Expenses - The increase in expenses includes carry plan costs relating to the performance fees recognised in the year and additional headcount costs.

Surplus Capital - The reduction in Surplus Capital is due to the recalculation of the Company's pillar 2 costs. The Pillar 2 costs increased by GBP10m due to the additional headcount in the Company.

Liquidity - The increase in liquidity is primarily due to the collection of the performance fees during the year.

AUM - AUM remained constant.

**STRATEGIC REPORT (continued)**  
For the year ended 31 December 2013

**FUTURE OUTLOOK**

**Projections - AUM Forecast**

GBP 'm	2014	2015	2016	2017	2018
Private Equity	167	250	250	250	250
Real Estate	3,239	4,723	5,258	5,258	5,258
Infrastructure	6,581	7,687	7,941	7,941	7,941
AUM Total	9,987	12,660	13,449	13,449	13,449

**Projections - Profit and Loss forecast**

GBP 'm	2014	2015	2016	2017	2018
Revenue	49.9	66.3	81.4	89.7	75.5
Expenses	-32.4	-35.2	-39.2	-43.6	-36.4
NIBT	17.5	31.1	42.2	46.1	39.1

**2013 - 2014:**

Drop in Infrastructure fund revenues mostly driven by anticipated lack of performance fees in 2014, partially offset by increased revenues from Private Equity and revenues from Aggregator.

**2014 - 2015 :**

Inflow of Infrastructure and Real Estate funds and resumed payment of Infrastructure performance fees will impact revenues positively.

**2015 - 2017:**

Increase in revenues, mostly driven by performance fees.

**2018:**

Decrease in revenues, mostly driven by reduction in performance fees.

By order of the Board of Directors this

24<sup>th</sup> day of April 2014



A P Rutherford  
Secretary

**Registered office**

One Appold Street  
Broadgate  
London  
EC2A 2UU

Company number: 2478500

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEUTSCHE ALTERNATIVE ASSET MANAGEMENT (UK) LIMITED**

We have audited the financial statements of Deutsche Alternative Asset Management (UK) Limited for the year ended 31 December 2013, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors**

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**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 31st December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

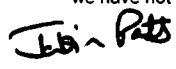
**Opinion on other matter prescribed by the Companies Act 2006**

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

**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.

  
Jatin Patel  
Senior Statutory Auditor  
For and on behalf of KPMG LLP (Statutory Auditor)  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London E14 5GL

Dated: 

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2013**

	Note	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Turnover	1(c)	59,748	37,745
Administrative expenses	3	(42,223)	(34,179)
<b>OPERATING PROFIT</b>		<b>17,525</b>	<b>3,566</b>
Other interest income and similar income	4	36	56
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>17,562</b>	<b>3,622</b>
Tax charge on profit on ordinary activities	5	(4,191)	(1,059)
<b>PROFIT FOR THE YEAR</b>		<b>13,371</b>	<b>2,563</b>

The profit for the year has arisen from continuing activities.

There were no other recognised gains and losses during the year.

The notes on pages 10 to 18 form part of these accounts.




**BALANCE SHEET**  
As at 31 December 2013

	Note	2013 £000	2012 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	15	20
Investments	6	25	25
		<u>40</u>	<u>45</u>
<b>CURRENT ASSETS</b>			
Debtors	8	20,297	30,973
Cash at bank	9	78,730	52,420
		<u>99,027</u>	<u>83,393</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(48,479)	(45,995)
<b>NET CURRENT ASSETS</b>		50,548	37,398
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		50,589	37,443
<b>NET ASSETS</b>		50,589	37,443
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,822	1,822
Profit and loss account		48,767	35,621
<b>SHAREHOLDERS' FUNDS</b>		50,589	37,443

The notes on pages 10 to 18 form part of these accounts.

These financial statements were approved by the Board of Directors on

24<sup>th</sup> April 2014

  
Signed by **NICK CALVER**  
for and on behalf of the Board of Directors  
Company number: 2478500

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
For the year ended 31 December 2013

	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Profit for the year	13,371	2,563
Share-based payment recharge expense (note 15)	(225)	5
Total recognised gain relating to the year	<u>13,146</u>	<u>2,568</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
For the year ended 31 December 2013

	<u>Profit and Loss</u> <u>Account</u> <u>£000</u>	<u>Ordinary Share</u> <u>Capital</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Balance at 1 January 2013	35,621	1,822	37,443
Share-based payment recharge expense (note 15)	(225)	-	(225)
Profit for the financial year	13,371	-	13,371
Balance at 31 December 2013	48,767	1,822	50,589

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
For the year ended 31 December 2012

	<u>Profit and Loss</u> <u>Account</u> <u>£000</u>	<u>Ordinary Share</u> <u>Capital</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Balance at 1 January 2012	41,053	1,822	42,875
Share-based payment recharge expense (note 15)	5	-	5
Dividend paid for the year	(8,000)	-	(8,000)
Profit for the financial year	2,563	-	2,563
Balance at 31 December 2012	35,621	1,822	37,443

The notes on pages 10 to 18 form part of these accounts.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

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**1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

***Basis of preparation***

These financial statements have been prepared in accordance with the Companies Act 2006, UK applicable Accounting Standards and applicable Statements of Recommended Practice. The particular accounting policies are described below.

**(a) CONVENTION**

These financial statements are prepared in accordance with the historical cost convention.

**(b) INTEREST INCOME AND EXPENSE**

Interest income and expense is accounted for on an accrual basis.

**(c) TURNOVER**

Turnover represents management fees, commissions and other income receivable, exclusive of Value Added Taxation. Income has been recognised where services have been provided.

**(d) TANGIBLE FIXED ASSETS**

Tangible fixed assets are depreciated under the straight line method so as to write off their cost over the shorter of their estimated useful lives or, where appropriate, remaining lease periods. Furniture, fittings and equipment are depreciated over an estimated useful economic life of three years.

**(e) FIXED ASSET INVESTMENTS**

Fixed asset investments are held at cost less provision for any impairment in value. Any such provision is charged to the profit and loss account in the period in which it arises.

The Company is exempt from the obligation to prepare group accounts under S400 of Companies Act 2006. The Company's accounts are included in the consolidated financial statements of Deutsche Bank AG.

**(f) TAXATION**

The charge for taxation is based on profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard (FRS)19.

The recoverability of the Deferred Tax Asset is dependent on future taxable profits in excess of those arising from the reversal of the Deferred Tax Liability.

**(g) 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.

**(h) PENSION SCHEMES**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Directors and employees of the Company are members of the group defined benefit contribution schemes operated by DB Group Services (UK) Limited, details of which are disclosed in the financial statements of that company.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

## (h) PENSION SCHEMES (continued)

The expected cost of pensions payable under the group's funded defined benefit schemes, and of other unfunded post-retirement benefits, is charged to the Company by the Principal Employer and is recognised in the Profit and Loss Account so as to spread this cost over the service lives of employees in schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes and are included in the recharge to the Company. The costs are assessed in accordance with the advice of qualified actuaries, the last formal actuarial valuation was carried out for pensions and for other post-retirement benefits at 31 December 2013.

The Company is unable to identify its share of the underlying assets and liabilities of the schemes and information regarding any surplus/deficit of the scheme is not currently available as of 31 December 2013 and as such adopts the FRS 17 exemption for the accounting of actuarial gains and losses which are borne by the Principal Employer. Further details of the schemes as required by FRS17 are disclosed in the statutory financial statements of DB Group Services (UK) Limited.

## (i) FOREIGN EXCHANGE

Transactions in foreign currencies are translated into Pounds Sterling (£) at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

## (j) SHARE-BASED COMPENSATION

Where the Company's parent grants rights to the equity instrument to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these shares based payments as equity settled.

The cost of awards to employees that take the form of shares are recognised over the period of the employees' related performance. Payments are accounted for in equity at fair value on the grant date with a corresponding charge in profit and loss over the vesting period of the award. The recharge of the related expense from the Parent company offsets the charge within equity.

## (k) DIVIDENDS ON SHARES PRESENTED WITHIN SHAREHOLDER' FUNDS

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year-end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## (l) GOING CONCERN

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 annual report and

## 2 DIRECTORS' REMUNERATION

	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Directors' emoluments	96	1,290
Amounts receivable under long term schemes	66	99
Total	162	1,389
Company contributions to money purchase pension schemes	4	28

During the year, 3 Directors (2012: 4 Directors) received shares or payments under long term incentive share schemes totalling £66,198 (2012: £99,144).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was below £200,000 (2012: £1,289,813) and no pension contributions (2012: £20,526).

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

**2 DIRECTORS' REMUNERATION (continued)**

	<u>Number of Directors 2013</u>	<u>Number of Directors 2012</u>
Retirement benefits are accruing to the following number of Directors under:		
Money Purchase Pension Schemes	1	4
Defined Benefit Pension Schemes	2	-

No Directors exercised any share options under long term incentive schemes.

As at the date of approval of the financial statements, and during the year, the Company provided an indemnity to its Directors in the form of a qualifying third party indemnity provision.

**3 ADMINISTRATIVE EXPENSES**

	<u>2013 £000</u>	<u>2012 £000</u>
Depreciation of fixed assets	6	11
Auditors' remuneration:		
Audit of these financial statements	14	14
	<u>14</u>	<u>14</u>
Auditors' remuneration for services to the Company has been borne by another group undertaking.		
Staff costs		
- Wages and salaries	23,397	17,919
- Social security costs	2,413	1,564
- Pension costs	(435)	935
- Share based-payment expense	1,865	1,759
- Other staff-related costs	1,236	1,464
Other administrative expenses	<u>13,726</u>	<u>10,513</u>
	<u>42,223</u>	<u>34,179</u>
Average number of employees	64	72

**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2013 £000</u>	<u>2012 £000</u>
Profit on ordinary activities before taxation is arrived at after taking into account:		
Other interest receivable and similar income		
Interest receivable from group undertakings	<u>36</u>	<u>56</u>
	<u>36</u>	<u>56</u>

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

**5 TAXATION**

	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
(a) Analysis of tax on profit on ordinary activities		
<i>Current tax</i>		
Group relief charge for the year	(4,181)	(1,584)
Adjustment in respect of prior periods	839	-
	<u>(3,342)</u>	<u>(1,584)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	93	677
Adjustment in respect of previous periods	(855)	-
Effect of tax rate change	(87)	(152)
	<u>(849)</u>	<u>525</u>
Total tax charge on profit on ordinary activities	<u>(4,191)</u>	<u>(1,059)</u>
(b) Current tax reconciliation		

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012 - 24.5%). The actual tax charge for the year differs from the standard rate for the reasons set out in the following reconciliation:

	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Profit on ordinary activities	<u>17,562</u>	<u>3,622</u>
Tax on profit on ordinary activities at standard rate	(4,083)	(887)
Effects of:		
Non-deductible expenditure	(9)	(10)
Adjustment for market value of vesting share-based compensation	-	-
Fixed asset timing differences	1	1
Share-based compensation-related timing differences	(90)	(751)
Pension related timing differences	-	63
Adjustment in respect of previous periods	839	-
Total current tax charge	<u>(3,342)</u>	<u>(1,584)</u>

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

The March 2013 budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% reduction, although this will further reduce the company's future current tax charge accordingly.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

6 FIXED ASSET INVESTMENTS	<u>Shares in group</u>	
	<u>undertakings</u>	
	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Opening balance as at 1 January	25	25
Additions during year	-	-
Disposals for the year	-	-
Closing balance as at 31 December	25	25
This is an Investment with RREEF UK Property Ventures Fund No.3 which was incorporated in Ireland.		
7 TANGIBLE FIXED ASSETS	<u>Cost</u>	
	<u>£000</u>	
	<u>£000</u>	
	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Computer Equipment and Software		
Opening balance as at 1 January 2013	117	(97)
Additions during year	1	1
Depreciation charge for the year	-	(6)
Closing balance as at 31 December 2013	118	(103)
		15
8 DEBTORS	<u>2013</u>	
	<u>£000</u>	
	<u>£000</u>	
	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Other debtors	16,703	27,595
Amounts owed by group undertakings	2,401	1,361
Deferred taxation - see Note 11	1,193	2,017
	20,297	30,973
9 CASH AT BANK	<u>2013</u>	
	<u>£000</u>	
	<u>£000</u>	
	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Cash at bank held with Deutsche Bank AG, London branch	78,730	52,420
10 CREDITORS: Amounts falling due within one year	<u>2013</u>	
	<u>£000</u>	
	<u>£000</u>	
	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Amounts owed to group undertakings	22,354	28,528
Group relief payable	3,343	1,647
Other creditors	22,782	15,762
Bank Overdraft	-	58
	48,479	45,995

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

**11 DEFERRED TAXATION**

	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Provision at 1 January	2,017	1,394
Deferred tax charged in profit and loss account for the period	849	525
Statement of Total Recognised Gains & Losses	25	98
Provision at 31 December	<u>1,193</u>	<u>2,017</u>

Deferred tax assets are recognised and carried forward only to the extent that the realisation of the related tax benefit is probable.

Deferred taxes have been measured at 21.50% (2012: 23.25%) being the rate enacted at the balance sheet date.

**12 SHARE CAPITAL**

	<u>2013</u>	<u>2012</u>
	<u>£000</u>	<u>£000</u>
Authorised:		
Ordinary shares of £1 each	2,500	2,500
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1,822</u>	<u>1,822</u>
	<u>1,822</u>	<u>1,822</u>
	<u>2013</u>	<u>2012</u>
	<u>No</u>	<u>No</u>
Authorised:		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
1,822,000 Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1,822,000</u>	<u>1,822,000</u>
	<u>1,822,000</u>	<u>1,822,000</u>

**13 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS**

Deutsche Asset Management Group Limited, a company incorporated in the UK, is the Company's immediate controlling entity.

Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest and smallest group for which group financial statements are drawn up.

Copies of the group financial statements prepared in respect of Deutsche Bank AG may be obtained from the Company Secretariat, Deutsche Bank AG, London branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

**14 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 Group.



## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

**15 SHARE BASED COMPENSATION**

The entity made grants of share-based compensation under the Deutsche Bank Equity Plan. This plan represent a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the Deutsche Bank Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

The following table sets forth the basic terms of the share plans.

Grant year/s	Deutsch Bank Equity Plan	Vesting Schedule	Early retirement provisions	Eligibility
2013	Annual Award	1/3: 12 months 1/3: 24 months 1/3: 36 months	Yes	Select employees as annual retention
		Or cliff vesting after 45 months	Yes	Members of Management Board or of Senior
	Retention/New Hire	Individual specification	Yes	Select employees to attract or retain key staff
	Annual Award - Upfront	Vesting immediately at grant	No	Regulated employees
2012/2011	Annual Award	1/3: 12 months 1/3: 24 months 1/3: 36 months	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	Yes	Select employees to attract or retain key staff
	Annual Award - Upfront	Vesting immediately at grant	No	Regulated employees
2010	Annual Award	Graded vesting in nine equal tranches between 12 months and 45 months	Yes	Select employees as annual retention
		Or cliff vesting after 45 months	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff
2009	Annual Award	50 %: 24 months 25 %: 36 months 25 %: 48 months	No	Select employees as annual retention
	Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

## 15 SHARE BASED COMPENSATION (continued)

Compensation Expense

Expense related to share awards is recognized on a straight-line basis over the requisite service period. The service period usually begins on the grant date of the award and ends when the award is no longer subject to plan-specific forfeiture provisions. Awards are forfeited if a participant terminates employment under certain circumstances. The accrual is based on the number of instruments expected to vest. The entity recognized compensation expense related to its significant share-based compensation plans, described above, as follows.

	£	£
Total share-based compensation expense recognised in profit and loss	1,864,609	1,759,269
Recharges to parent company	2,088,618	1,754,389
Charges credited to equity	(224,009)	4,880

As of 31 December 2013, unrecognized compensation costs related to non-vested share-based compensation was £803,937 (2012: £1,066,876), which is expected to be recognized over an average period of approximately 17 months (2012: 13 months).

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2013, the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £3,460,877 (31st December 2012 £2,320,936). This balance is based on the grant date value and is therefore at fixed values and represents that part of the ultimate commitment to its employee that has already been amortised. The settlement of this occurs through the intercompany process.

Award Related Activities

The following table summarises the activity in plans involving share awards, which are those plans granting a contingent right to receive Deutsche Bank common shares after a specified period of time.

in units (except per share data)	Share units	average grant date fair value per unit
Balance at 31 December 2011	61,094	€ 43.50
Granted	91,822	€ 30.58
Issued	(29,166)	€ 43.86
Transferred/Forfeited	(947)	€ 33.34
Balance at 31 December 2012	122,803	€ 33.83
Granted	51,804	€ 34.88
Issued	(52,528)	€ 35.95
Transferred/Forfeited	(5,639)	€ 33.63
Balance at 31 December 2013	116,440	€ 33.35

In addition to the amounts shown in the table above, in February 2014 the Group granted awards of approximately 51,807 units (2013: 38,894) under the DB Equity Plan with an average fair value of €33.86 per unit (2013: €35.19 per unit).

**NOTES TO THE ACCOUNTS**For the year ended 31 December 2013

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**16 RETIREMENT BENEFITS (FRS 17)**

Directors and employees of the Company are members of group defined contribution and benefit schemes operated by DB Group Services (UK) Limited, details of which are disclosed in the financial statements of that company.

The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit schemes due to the complexity of the scheme and as such, in line with FRS 17, has presented its defined benefit schemes as a defined contribution scheme.

The surplus of the Group defined benefit schemes recognised by DB Group Services (UK) Limited, the Principal Employer as at 31 December 2013, was £480,500,000 (2012: £599,000,000).

As detailed in the accounting policy note, the pension costs are recharged by the principal employer, DB Group Services (UK) Limited, in accordance with actuarial advice.

The financial statements of DB Group Services (UK) Limited show full details of the assumptions and valuation techniques applied by the actuaries in assessing the gains and losses at year end.