
DB Group Services (UK) Limited
Company number: 3077349

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

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REPORT OF THE DIRECTORS
For the year ended 31 December 2008

The Directors present their annual report and audited financial statements for the year ended 31 December 2008.

ACTIVITIES AND REVIEW OF BUSINESS

The principal business is that of an employing company for the Deutsche Bank Group in the UK and its activities are driven by the staffing requirements of the operating subsidiaries to whom all costs are recharged. As a result of a letter of comfort from Deutsche Holdings No.2 Limited, the Company is able to maintain good standing and remain in a position to meet its contractual obligations as they fall due. The position of the Company as at 31 December 2008 is reflected in the audited balance sheet set out on page 5.

FUTURE OUTLOOK

The outlook for the business is stable, and it is expected that the Company will maintain its historical level of activity and profitability.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Market Risk refers to the volatility of returns from movements in market prices (for example interest rates, share prices and exchange rates) before the affected positions can be closed or hedged. At present Market Risk is mitigated by entering into contracts for difference within the Deutsche Bank Group on a significant proportion of the equity positions held.

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31 December 2008, after providing for taxation, showed neither a profit nor a loss (2007 - £nil).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: £ nil).

DIRECTORS

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2008 were as follows:

MP Coxon	Resigned 30 June 2009
D Hards	
SJ Lytton	
S Morris	
GM Thomas	
CP Venter	

AW Bartlett was Secretary of the Company throughout the year. Subsequent to the year-end JL Bagshaw was appointed as joint secretary with AW Bartlett.

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 2008

EMPLOYEES

The Company is committed to ensuring that employees share in the success of the Deutsche Bank Group (the "Group") and are kept informed of matters of concern to them in a variety of ways, including a regular corporate news magazine, numerous intranet sites and also regular email communications. The Company established a UK Employee Consultation Forum in 2005 to communicate and share information with employees and this forum meets regularly and includes elected employee representatives. During 2008 employees of the Company together with employees of the Group globally were encouraged to participate in a Corporate Identity Survey with a view to identifying and addressing issues of importance to employees.

All employees of the Company have the opportunity to purchase shares in Deutsche Bank AG through participation in the UK Employee Share Ownership Plan. The Group also has an active and comprehensive Corporate Social Responsibility programme which encompasses employee volunteering, charitable giving and community partnerships.

The Company seeks to recruit and appoint the best available person for a job and to encourage the development of all employees to their full potential. The Company promotes equality of opportunity. The Company is committed to providing support to employees with disabilities and carries out a personal assessment for each disabled employee to assess their needs. The Company operates a workstation assessment programme for all employees which examines the working environment and implements adjustments where necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND 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).

The financial statements are required by law to 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 proper accounting records that 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.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG Audit plc will therefore continue in office

By order of the Board of Directors this 16 day of OCTOBER 2009


J.L. Bagshaw
Joint Secretary

Registered office

23 Great Winchester Street
London
EC2P 2AX

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DB Group Services (UK) Limited**

We have audited the financial statements of DB Group Services (UK) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

Dated:

21st October 2009

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Note	<u>2008</u> £	<u>2007</u> £
Turnover	1	1,345,284,586	1,950,468,865
GROSS PROFIT		1,345,284,586	1,950,468,865
Administrative expenses	3	(1,348,463,024)	(1,953,266,834)
OPERATING (LOSS)		(3,178,438)	(2,797,969)
Interest receivable	4	2,399,263	6,115,964
Financing income	5	3,600,000	700,000
Interest payable	4	(2,820,825)	(3,517,995)
Financing Charge	5	-	(500,000)
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax credit on result on ordinary activities			
RESULT FOR THE FINANCIAL YEAR		-	-

The result for the year has arisen from continuing activities.

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

The notes on pages 7 to 23 form part of these accounts.

BALANCE SHEET
As at 31 December 2008

	Note	<u>2008</u> £	<u>2007</u> £
FIXED ASSETS			
Investments	7, 8	13,315	13,315
CURRENT ASSETS			
Debtors	10	1,618,453,790	2,669,447,412
Cash at bank	9	223,771,015	69,660,777
		<u>1,842,224,805</u>	<u>2,739,108,189</u>
CREDITORS: amounts falling due within one year	11	(1,842,238,118)	(2,739,121,502)
NET CURRENT LIABILITIES		(13,313)	(13,313)
TOTAL ASSETS LESS CURRENT LIABILITIES		2	2
Creditor amounts falling due after more than one year	12	(335,500,000)	(220,621,000)
NET LIABILITIES excluding Pension Fund Asset		(335,499,998)	(220,620,998)
Pension Asset		335,500,000	220,621,000
NET ASSETS		2	2
CAPITAL AND RESERVES			
Called up share capital	13	2	2
SHAREHOLDERS' FUNDS		2	2

The notes on pages 7 to 23 form part of these accounts.

These financial statements were approved by the Board of Directors on 16 OCTOBER

2009



Signed by D. HARDS
for and on behalf of the Board of Directors

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2008

	<u>2008</u>	<u>2007</u>
	<u>£</u>	<u>£</u>
Result for the year	-	-
Actuarial Profit recognised in the pension scheme	22,700,000	179,800,000
(Loss) recognised for recovery of actuarial gain to group undertakings	(22,700,000)	(179,800,000)
Total recognised gain relating to the year	-	-

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2008

	<u>Profit & Loss Account</u>	<u>Ordinary Share Capital</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2008	-	2	2
Retained result for the year	-	-	-
Movement in Pension Reserve	117,000,000	-	117,000,000
Other	(117,000,000)	-	(117,000,000)
Balance at 31 December 2008	-	2	2

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2007

	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2007		2	2
Movement in Pension Reserve	175,500,000	-	175,500,000
Other	(175,500,000)	-	(175,500,000)
Balance at 31 December 2007		2	2

The notes on pages 7 to 23 form part of these accounts.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

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 1985, 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) INCOME RECOGNITION

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

(c) TURNOVER

Turnover represents all DB Group Services (UK) Limited staff and funding costs recharged to other group companies.

Staff and funding costs are recognised on an accruals basis.

(d) SHARE BASED COMPENSATION

The costs of awards to employees that take the form of shares are recognised over the period of the employees' related performance. The schemes are classified as being equity settled.

(e) PENSION SCHEMES

The Deutsche Bank Group operates three defined benefit schemes in the UK. The assets of the schemes are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at a rate derived from the yield of AA-rated corporate bonds. The pension scheme surplus or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

1 ACCOUNTING POLICIES (Continued)

(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) GROUP ACCOUNT EXEMPTION

As the Company is a wholly owned subsidiary undertaking of Deutsche Bank AG, which is incorporated in the E.U. and which publishes consolidated financial statements, and as its immediate parent undertaking is also incorporated in the E.U., it is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

(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) GOING CONCERN

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate. As a result of a letter of comfort from Deutsche Holdings No. 2 Limited the Company is able to maintain good standing and remain in a position to meet its contracted obligations as they fall due.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

2 DIRECTORS' REMUNERATION

The aggregate emoluments paid by DBGS of persons who were Directors of the Company during the year ended 31 December 2008, including pension contributions, were £nil (2007: £nil).

3 ADMINISTRATIVE EXPENSES

	£	£
Wages and benefits	1,194,406,485	1,675,017,351
Social security costs	57,864,119	180,308,450
Other pension costs	96,192,420	97,941,033
	1,348,463,024	1,953,266,834
 Audit of these financial statements	 24,288	 24,288
Auditor's remuneration for services to the Company has been borne by another group undertaking.		
 Average staff numbers during the year were as follows:	 8,306	 6,883

4 INTEREST RECEIVABLE / PAYABLE

Throughout 2008 the Company has been charged/received interest on its borrowings/deposits with other group companies.

5 FINANCING INCOME / CHARGE

Financing Income / Charges are incurred in relation to the Company's defined benefit pension and post retirement healthcare schemes.

This is explained in more detail in note 6.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

6 PENSION COSTS

Composition of the schemes

Throughout 2007 and 2008 the Deutsche Bank Group operated two defined benefit schemes in the UK (Staff and Senior Group Pension Schemes). Full actuarial valuations of the schemes are carried out every two years. As both the staff and senior group defined benefit schemes are closed to new entrants, under the projected unit method, the current service cost for the schemes will increase as a percentage of pensionable salary as the members of the schemes approach retirement.

During the year the Group paid pension contributions of £122,400,000 to the staff scheme and £14,200,000 to the senior group scheme. Employer Contributions from 1 January 2008 are at a rate of 51.5% and 61.3% of pensionable salaries for the Staff and Senior Group schemes respectively following the actuarial valuation completed as at 1 January 2006.

The total pension costs for the Deutsche Bank AG Group in the UK were £96,192,420 (2007 - £97,587,332) of which £45,500,000 (2007 - £54,900,000) related to the UK Group's funded defined benefits schemes for employees based in the UK. A further £41,250,414 (2007 - £42,687,332) of contributions were made to money purchase schemes.

The adoption of FRS17 has resulted in a need to recognise a surplus in respect of the Staff and Senior defined benefit schemes of £347,400,000 in 2008 (surplus of £228,500,000 in 2007). This surplus has been reflected as a long term payable within the financial statements of DB Group Services (UK) Limited.

<u>31 December 2008</u>			
	Senior Group	Staff	Average
Rate of increase in salaries	4.00%	4.00%	4.00%
Rate of increase in pensions - deferment	3.00%	3.00%	3.00%
Rate of increase in pensions - payment	2.95%	2.95%	2.95%
Discount rate	5.90%	5.90%	5.90%
Inflation assumption	3.00%	3.00%	3.00%
<u>31 December 2007</u>			
	Senior Group	Staff	Average
Rate of increase in salaries	3.80%	3.80%	3.80%
Rate of increase in pensions - deferment	2.80%	2.80%	2.80%
Rate of increase in pensions - payment	2.80%	2.80%	2.80%
Discount rate	5.50%	5.50%	5.50%
Inflation assumption	2.80%	2.80%	2.80%
<u>31 December 2006</u>			
	Senior Group	Staff	Average
Rate of increase in salaries	3.60%	3.60%	3.60%
Rate of increase in pensions - deferment	2.60%	2.60%	2.60%
Rate of increase in pensions - payment	2.60%	2.60%	2.60%
Discount rate	4.90%	4.90%	4.90%
Inflation assumption	2.60%	2.60%	2.60%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The post-retirement mortality assumption is 85% of the mortality table PNA2000 for the staff scheme (80% for the senior scheme) adjusted for the year of birth of each member with additional allowances for future improvements in life expectancy in line with the medium cohort effect. The assumptions are that a member who retires in 2008 at the age of 60 will live on average for a further 28 years after retirement if they are male for both the staff and senior schemes. For females, the assumption is that they will live for a further 30 years after retirement if they are a member of the staff scheme and 31 years after retirement if they are a member of the senior scheme.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

6 PENSION COSTS (continued)

The fair value of the schemes' assets, which are not intended to be realized in the short term and may be subject to significant change before they are

	Long term rate of return expected at 31 Dec 2008 %	Value at 31 Dec 2008 £m	Long term rate of return expected at 31 Dec 2007 %	Value at 31 Dec 2007 £m
	Total	Total	Total	Total
Equities		190.7		175.9
Government bonds		964.4		837.9
Corporate bonds		677.4		616.5
Property		71.0		100.2
Derivatives		98.7		(63.1)
Other		19.0		108.6
Total market value of assets	4.78	2,021.2	5.0	1,776.0
Present value of scheme liabilities		1,572.8		1,547.5
Surplus at end of year		448.4		228.5

	Long term rate of return expected at 31 Dec 2006 %	Value at 31 Dec 2006 £m
	Total	Total
Equities		236.6
Government bonds		692.9
Corporate bonds		552.2
Property		103.9
Derivatives		(45.2)
Other		115.0
Total market value of assets	4.8	1,655.4
Present value of scheme liabilities		1,602.5
Surplus at end of year		52.9

As at 31 December 2008 the scheme had entered into derivatives where Deutsche Bank was the counter party which had a fair value of £129,903,237

Changes to the present value of the defined benefit obligation during the year

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Opening defined benefit obligation	1,547.5	1,602.5
Current service cost	45.5	54.9
Interest Cost	85.4	79.1
Contributions by Scheme participants	0.0	0.0
Actuarial (gains)/losses on liabilities	(65.0)	(156.7)
Net benefits paid out	(41.1)	(32.3)
Past service cost	0.0	0.0
Net increase in liabilities from disposals/acquisitions	0.0	0.0
Curtailments	0.0	0.0
Settlements	0.0	0.0
Termination Benefits	0.5	0.0
Closing defined benefit obligation	1,572.8	1,547.5

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

6 PENSION COSTS (continued)

Changes to the fair value of the Scheme assets during the year

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Opening fair value of Scheme assets	1,776.0	1,655.4
Expected return on Scheme assets	89.0	79.8
Actuarial gain/(losses) on Scheme assets	60.7	23.3
Contributions by the employer	136.6	49.8
Contributions by Scheme participants	0.0	0.0
Net benefits paid out	(41.1)	(32.3)
Net increase in assets from disposals/acquisitions	0.0	0.0
Settlements	0.0	0.0
Closing fair value of Scheme assets	2,021.2	1,776.0

Deutsche Bank employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied

Actual return on Scheme assets

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Expected return on Scheme assets	89.0	79.8
Actuarial gain/(loss) on Scheme assets	60.7	23.3
Actual return on Scheme assets	149.7	103.1

Analysis of pension costs charged in arriving at operating profit /(loss)

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Current Service Cost	45.5	54.9
Curtailments	-	-
Past Service Cost	-	-
Charge to Operating profit	45.5	54.9

Analysis of amounts included in other financing income / (costs)

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Interest cost of scheme liabilities	(85.4)	(79.1)
Expected return on scheme assets	89.0	79.8
Credit to financing cost	3.6	0.7

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

6 PENSION COSTS (continued)

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Actual return less expected return on Scheme assets	60.7	23.3
Experience gains and losses arising on the scheme liabilities	11.2	14.1
Changes in assumptions underlying the PV of the scheme liabilities	53.8	142.6
Change in irrecoverable surplus, effect of limit in para 41	(101.0)	0.0
Actuarial (loss) recognised in Statement of Total Recognised Gains and Losses	24.7	180.0

Cumulative amount of gains/(losses) recognised in the STRGL	(121.0)	(145.7)
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	Senior & Staff Scheme 2006 £m	Senior & Staff Scheme 2005 £m
Actual return less expected return on Scheme assets	(64.5)	160.2
Experience gains and losses arising on the scheme liabilities	(21.3)	14.4
Changes in assumptions underlying the PV of the scheme liabilities	61.5	(196.4)
Actuarial (loss) recognised in Statement of Total Recognised Gains and Losses	(24.3)	(21.8)

Cumulative amount of gains/(losses) recognised in the STRGL	(301.4)	(325.7)
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Reconciliation of funded status to balance sheet

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Fair value of Scheme assets	2,021.2	1,776.0
Present value of funded defined benefit obligations	1,572.8	1,547.5
	448.4	228.5
Unrecognised asset due to limit in para 41	101.0	0.0
Asset/(Liability) recognised on the balance sheet	347.4	228.5

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

6 PENSION COSTS (continued)

History of asset values, DBO and surplus/deficit in Scheme

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Fair value of Scheme assets	2,021.2	1,776.0
Defined benefit obligation	1,572.8	1,547.5
Surplus/(deficit) in the Scheme	448.4	228.5
	Senior & Staff Scheme 2006 £m	Senior & Staff Scheme 2005 £m
Fair value of Scheme assets	1,655.4	1,611.6
Defined benefit obligation	1,602.5	1,539.5
Surplus/(deficit) in the Scheme	52.9	72.1
	Senior & Staff Scheme 2004 £m	
Fair value of Scheme assets	1,289.3	
Defined benefit obligation	1,310.3	
Surplus/(deficit) in the Scheme	(21.0)	

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

6 PENSION COSTS (continued)

History of experience gains and losses

	Senior & Staff Scheme 2008 £m	Senior & Staff Scheme 2007 £m
Experience gains/(losses) on Scheme assets	60.7	23.3
Experience gains/(losses) on Scheme liabilities	11.2	14.1

	Senior & Staff Scheme 2006 £m	Senior & Staff Scheme 2005 £m
Experience gains/(losses) on Scheme assets	(64.5)	160.2
Experience gains/(losses) on Scheme liabilities	(21.3)	14.4

	Senior & Staff Scheme 2004 £m
Experience gains/(losses) on Scheme assets	65.3
Experience gains/(losses) on Scheme liabilities	(22.7)

The expected company contributions for the year commencing 1 January 2009 in respect of the Staff and Senior Schemes are £94.3m.

Post Retirement Medical Benefit

The UK Group operates an unfunded post-retirement medical benefits scheme for UK pensioners. The scheme is now closed to new members. The liability is valued by a qualified actuary. The last formal review of the scheme was at 31 December 2008 by Mercer Limited. The principal actuarial assumptions used in the 2008 valuation were a liability discount rate of 6.3 per cent per annum and medical inflation of 9% per cent per annum for one year, reducing to 6 per cent over the next five years and 6 per cent per annum thereafter. The principal actuarial assumptions used in the 2007 valuation were a liability discount rate of 5.8 per cent per annum and medical inflation of 8% per cent per annum for one year, reducing to 4.5 per cent over the next five years and 4.5 per cent per annum thereafter. The principal actuarial assumptions used in the 2006 valuation were a liability discount rate of 5.1 per cent per annum and medical inflation of 8% per cent per annum for two years, reducing to 4.5 per cent over the next five years and 4.5 per cent per annum thereafter.

The effect of a change of one percent point in the medical inflation rates would result in the following:

<u>1% Increase Medical Trend</u>	£m
The accumulated retirement healthcare obligation	1.4
The aggregate of current service cost and interest cost	0.1
<u>1% Decrease Medical Trend</u>	£m
The accumulated retirement healthcare obligation	-1.2
The aggregate of current service cost and interest cost	-0.1

At the date of valuation the liability was £11,883,689.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

6 PENSION COSTS (continued)

Movement in surplus / (deficit) during the year

	Medical Scheme 2008 £m	Medical Scheme 2007 £m
Deficit at start of year	(10.0)	(9.9)
Total operating charge	-	-
Company contributions	0.6	0.6
Other financing charge	(0.5)	(0.5)
Actuarial gain/(loss)	(2.0)	(0.2)
(Deficit) at end of year	(11.9)	(10.0)

The year end pension deficit for the 4 preceeding years was as follows:

	£m
Year Ended 31 December 2007	(10.0)
Year Ended 31 December 2006	(9.9)
Year Ended 31 December 2005	(10.5)
Year Ended 31 December 2004	(10.0)

Analysis of other pension costs charged in arriving at operating profit /(loss)

There are no disclosable costs associated with the Post Retirement Medical Benefit within Operating Profit

Analysis of amounts included in other financing income / (costs)

	Medical Scheme 2007 £m	Medical Scheme 2006 £m
Interest cost on scheme liabilities	(0.5)	(0.5)
Expected return on scheme assets	0.0	0.0
Credit/(Charge) to financing cost	(0.5)	(0.5)

The expected charge for the year ending 31 December 2009 is £0.6m.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

6 PENSION COSTS (continued)

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses

	Medical Scheme 2008 £m	Medical Scheme 2007 £m
Actual return less expected return on scheme assets	0.0	0.0
Experience gains and losses arising on scheme liabilities	(0.4)	0.1
Changes in assumptions underlying the PV of the Scheme liabilities	(1.6)	(0.3)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains	(2.0)	(0.2)

	Medical Scheme 2006 £m	Medical Scheme 2005 £m
Actual return less expected return on scheme assets	0.0	0.0
Experience gains and losses arising on scheme liabilities	0.0	(0.1)
Changes in assumptions underlying the PV of the Scheme liabilities	0.5	(0.4)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains	0.5	(0.5)

	Medical Scheme 2004 £m
Actual return less expected return on scheme assets	0.0
Experience gains and losses arising on scheme liabilities	0.1
Changes in assumptions underlying the PV of the Scheme liabilities	0.1
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains	0.2
Cumulative amount of gains/(losses) recognised in the STRGL	(2.0)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2008

7 INVESTMENTS

	<u>Shares in Group undertakings and participating interests</u>	<u>Loans to group undertakings</u>	<u>Total</u>
	£	£	£
Cost			
At 1 January 2008	13,315		13,315
At 31 December 2008	13,315	-	13,315
Net book amount			
At 31 December 2008	13,315	-	13,315
Comprising:			
Subsidiary undertakings	13,315		13,315
	13,315	-	13,315

8 SUBSIDIARY UNDERTAKINGS AND SIGNIFICANT HOLDINGS

Incorporated subsidiary undertakings

<u>Name of Company</u>	<u>Number & Class of Shares Owned</u>	<u>%</u>	<u>Country of Incorporation/Operatio</u>	<u>Nature of Business</u>
Dark Blue Investments Limited	38,042 Ordinary shares of £0.35 each	100%	Cayman-Islands	Staff Compensation

9 CASH AT BANK AND IN HAND

	<u>2008</u>	<u>2007</u>
	£	£
Cash at bank held with Deutsche Bank AG	223,771,015	69,660,777
	223,771,015	69,660,777

10 DEBTORS

	<u>2008</u>	<u>2007</u>
	£	£
Trade Debtors	108,441,330	111,320,217
Amounts owed by group undertakings - due within 1 year	1,505,945,722	2,541,815,823
Amounts owed by group undertakings - greater than 1 year	-	11,830,175
Prepayments and accrued income	4,066,738	4,481,197
	1,618,453,790	2,669,447,412

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

11 CREDITORS: Amounts falling due within one year	2008	2007
	£	£
Trade creditors	2,731,505	2,445,395
Amounts owed to group undertakings	842,268,198	516,880,428
Other creditors, including taxation and social security	94,474,174	108,893,796
Accruals and deferred income	778,494,336	2,079,544,448
Bank overdraft	124,269,905	31,357,435
	<u>1,842,238,118</u>	<u>2,739,121,502</u>

12 CREDITORS: Amounts falling due after one year	2008	2007
	£	£
Amounts owed to group undertakings	335,500,000	220,621,000
	<u>335,500,000</u>	<u>220,621,000</u>

13 SHARE CAPITAL	2008	2007
	No	No
Authorised:		
Ordinary or preference shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>
	2008	2007
	£	£
Authorised:		
Ordinary or preference shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

14 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

DB UK Holdings 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.

15 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.

16 COMMITMENTS AND CONTINGENCIES

At 31 December 2008, the Company was committed, through equity swaps, to purchase 28,660,626 (2007 45,296,794) shares of Deutsche Bank Group, the ultimate parent undertaking at a cost of €2,356,593,144 (£2,310,286,677) (2007 €3,540,621,732 (£2,611,952,058)). Settlement is structured for certain dates between February 2009 and February 2012. The shares are used as part of the Deutsche Bank Group's remuneration package to employees and any costs to the Company are re-charged, in full, to other Deutsche Bank Group companies.

Whilst these equity swap agreements are with external parties the Company has recourse to other Deutsche Bank AG group companies via Service Level Agreements and Recharge Agreements which ensure that any profits or losses arising will be borne by those companies and not by the Company itself.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

17 SHARE BASED COMPENSATION

The Group's share-based compensation plans used for granting new awards in 2007 and 2008 are summarized in the table below. These plans, and those plans no longer used for granting new awards, are described in more detail below.

Plan Name	Eligibility	Requisite Service Period ¹
Share-based compensation plans		
Restricted Equity Units Plan	Select executives	4.5 years
DB Share Scheme		
as bonus grants	Select employees	3 years
as retention grants	Select employees	3 years
DB Global Share Plan	All employees	1 year
UK ESOP Plan	All Employees	3 years
DB Equity Plan ²	Select employees	4 years

¹Approximate period during which an employee is usually required to provide service in exchange for all portions of the award.
²Used for grants starting 2007, estimate of requisite service period based on grants in February 2007.

Restricted Equity Units Plan

Under the restricted Equity Units Plan, the Company grants various employees deferred share awards as retention incentive which provides the right to receive common shares of the Group at specific future dates. The expense related as Restricted Equity Units awarded is recognised on a straight-line basis over the requisite service periods, which is generally four to five years.

The Company also grants the same group of employees exceptional awards as a component of the Restricted Equity Units as an additional retention incentive that is forfeited if the participant terminates employment prior to the end of the vesting period. Compensation expense for these awards is recognised on a straight-line basis over the requisite service period.

DB Share Scheme

Under the DB Share Scheme, the Company grants various employees deferred share awards which provide the right to receive common shares of the Group at a specified future date. Compensation expense for the awards granted in relation to annual bonuses was recognised in the applicable performance year as part of the compensation earned for that year until performance year 2004.

From performance years 2005 and onwards, awards under this plan are granted as retention incentive only. Awards granted as retention incentive are expensed on a straight-line basis over the vesting period, which is generally three years. The award vests either in multiple tranches (graded vesting) or on a specific date (cliff vesting) and are share settled and are issued as both off-cycle and as part of the annual bonus round.

DB Global Share Plan

The DB Global Share Plan is an all-employee program which awards eligible employees ten shares of the Group's common shares as part of their annual compensation. A participant must have been working for the DB Group for at least one year and have had an active employment contract in order to participate. The number of shares to part-time employees and those in various categories of extended leave was on a pro rata basis. Compensation expense related to the DB Global Share Plan is recognised on a straight line basis over the requisite service period of one year from the date of grant. Awards vest on November 1 of the year following the grant and are forfeited if the participant terminates employment prior to vesting.

DB Equity Plan

The DB Equity Plan is a scheme established in 2007, which awards eligible employees the right to receive common shares of the DB Group at specified future dates. The expense related to the DB Equity Plan is recognised on a straight-line basis over the requisite service period. The awards vests either in multiple tranches (graded vesting) or at one date (cliff vesting). In cases where the award has a graded vesting schedule, each vesting portion is amortized separately on a straight-line basis over the requisite service period.

Plan rules for the DB Equity Plan allow in specified cases for early retirement before the award vests. Expense recognition is accelerated for awards granted to staff who are or become eligible for early retirement according to the defined criteria of the plan.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

17 SHARE BASED COMPENSATION (continued)

UK ESOP PLAN

The UK ESOP Plan is a UK Revenue and Customs approved scheme whereby employees voluntarily elect to purchase DB Group shares. The company makes a matching contribution which is recognised as an expense on an accruals basis. In addition, eligible employees are granted options equivalent to the number of shares their contributions have purchased based on the average share price for the last 10 trading days in December, resulting in options being issued at prices between €26.49 and €101.25 per option. The fair value at grant date of the option is expensed on a straight line basis over the period from grant to vest (3 years). As at 31st December 2008 130,417 (31st December 2007 93,658) of outstanding options were exercisable.

In prior years, the Company also granted awards under the following share based and option schemes

Global Partnership Plan Performance Options

Performance Options under the Global Partnership Plan were granted to select executives in the years 2002 to 2004 together with Partnership Appreciation Rights (PAR). PARs are rights to receive a cash award in an amount equal to 20% of the reference price of the option. The vesting occurred at the same time and to the same extent as the vesting of Performance Options. PARs are automatically exercised at the same time and in the same proportion as the exercise of the Global Partnership Plan. All options under this plan as at 31st December 2008 were exercisable except for the 2002 awards mentioned below. Awards were granted at a price of €89.96 with a related PAR of €14.99 in 2002 and €47.53 with a related PAR of €7.92 in 2003. The 2002 awards expired in February 2008 with the 2003 awards expiring in February 2009. These awards were exercisable throughout 2005 and 2006.

COMPENSATION EXPENSE

Expense related to share awards is recognised 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 company recognised compensation expense related to its significant share-based compensation plans, described above, as follows.

In £	2008	2007
DB Global Share Plan	2,765,806	2,809,238
DB Share Scheme/Restricted Equity Units Plan	232,543,500	136,553,674
Stock Appreciation Rights	0	2,230,118
UK ESOP	6,104,047	4,674,478
Total	241,413,353	146,267,508

As of December 31, 2008, unrecognised compensation cost related to non-vested share-based compensation was £166,255,969, which is expected to be recognised over an average period of approximately 1.56 years.

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2008, the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £705,274,859 (31st December 2007 £643,426,977). 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.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

17 SHARE BASED COMPENSATION (continued)

Award Related Activities

The following is a summary of the activity in the Group's compensation plans involving share awards (DB Share Scheme, Restricted Equity Units Plan and DB Global Share) for the years ended December 31, 2008, and 2007. Expense for these awards is recognised over the requisite service period.

In Units of 000's (except per share data)	DB Share Scheme/DB Equity Plan	Global Share Plan	Total	Weighted- average grant date fair value per unit
Balance at Dec 31, 2006	17,772	46	17,818	€ 59.14
Granted	3,339	60	3,399	€ 105.17
Issued	-6,942	-43	-6,985	€ 44.29
Forfeited/Transferred	-1,504	-7	-1,511	€ 79.54
Balance at Dec 31, 2007	12,665	56	12,721	€ 77.22
Granted	3,865	0	3,865	€ 75.04
Issued	-3,969	-50	-4,019	€ 67.99
Forfeited/Transferred	-2,896	-6	-2,902	€ 73.43
Balance at Dec 31, 2008	9,665	0	9,665	€ 81.36

In addition to the amounts shown in the table above, in February 2009 the Group granted awards of 3,939,689 units under the DB Equity Plan with an average fair value of €18.69 per unit.

The tax expense realized, in other Deutsche Bank UK Group companies, in the same period from delivery of shares under the DB Global Share Plan, the DB Share Scheme (including Restricted Equity Units Plan) for the settlement of Equity Units was approximately £9,082,654.

The following is a summary of the activity in the UK ESOP and Global Partnership Plan compensation plans involving option awards for the years ended December 31, 2008 and 2007. All of the remaining options are exercisable.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

17 SHARE BASED COMPENSATION (continued)

Award Related Activities (continued)

UK ESOP		
In Units of 000's (except per share data)	Units	Weighted-average grant date fair value per unit
Balance at Dec 31, 2006	407	€ 72.14
Granted	68	€ 88.56
Exercised	-66	€ 64.08
Forfeited	-43	€ 74.32
Balance at Dec 31, 2007	366	€ 76.37
Granted	139	€ 26.49
Exercised	-20	€ 57.33
Forfeited	-58	€ 61.80
Balance at Dec 31, 2008	427	€ 54.19
Weighted-Average remaining contractual life at:		
December 31, 2008	4.0 years	
December 31, 2007	3.7 years	

Global Partnership Plan Options		
In Units of 000's (except per share data)	Units	Weighted-average grant date fair value per unit
Balance at Dec 31, 2006	2,273	€ 76.86
Granted	0	
Exercised	-1,519	€ 84.20
Forfeited	0	
Balance at Dec 31, 2007	754	€ 62.07
Granted		
Exercised	-30	€ 62.07
Forfeited		
Balance at Dec 31, 2008	724	€ 62.07
Weighted-Average remaining contractual life at:		
December 31, 2008	0.2 Years	
December 31, 2007	1.2 Years	

The tax expense realized, in other Deutsche Bank UK Group companies, in the same period from delivery of shares under the DB Global Partnership and UK ESOP Option plans was approximately £96,095.