
DBUKH Finance Limited

Company number. 4816138

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2007

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REPORT OF THE DIRECTORS
For the year ended 31 December 2007

The Directors present their annual report and audited financial statements for the year ended 31 December 2007

ACTIVITIES AND REVIEW OF BUSINESS

The principal business of the Company is that of a holding company. The Directors do not envisage that there will be any substantial change for the foreseeable future in the operations of the Company.

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 2007, after providing for taxation, show a profit of £460,878, (2006 profit of £4,824,108).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 £ nil), leaving the profit for the year to be carried forward to the next year.

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 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 Directors acknowledge their responsibility for the overall management of the risks faced by the Company and note that the key business risks and uncertainties affecting the Company are considered to relate to the external interest rate and credit environment, particularly in relation to the Euro zone and the banking sector.

DIRECTORS

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2007 were as follows:

M P Coxon		
V E Harman		
D D O Keen	Appointed 4 July 2007	
S E Macfarlane	Appointed 18 June 2007	Resigned 17 January 2008
D G Penfold		Resigned 29 June 2007
M Press		Resigned 7 June 2007
D Thomas	Appointed 28 January 2008	
N S Vasudeva		Resigned 7 June 2007

A 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 2007

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 379A of the Companies Act 1985 the Company has elected to dispense with the annual appointment of Auditors and KPMG Audit Plc will, therefore, continue in office

By order of the Board of Directors this 20 day of AUGUST 2008


D. THOMAS
Director

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DBUKH FINANCE LIMITED

We have audited the financial statements of DBUKH Finance Ltd for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder's Funds 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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit 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

20 August 2008

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	<u>2007</u> £	<u>2006</u> £
Income from shares in group undertakings		17,581,891	20,337,372
Interest receivable	4	27,624,238	24,544,714
Interest payable	5	(50,100,216)	(47,234,601)
Foreign exchange		(1,795,930)	350,568
Administrative expense	3	-	(100)
<hr/>			
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,690,017)	(2,002,047)
Tax credit on loss on ordinary activities	6	7,150,895	6,826,155
<hr/>			
PROFIT FOR THE FINANCIAL YEAR		460,878	4,824,108

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 7 to 11 form part of these accounts

BALANCE SHEET

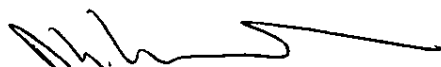
As at 31 December 2007

	Note	<u>2007</u> £	<u>2006</u> £
FIXED ASSETS			
Investments	7	554,848,063	504,956,869
CURRENT ASSETS			
Debtors	8	482,784,460	454,387,623
Cash at bank		1,040,319	45,772
		<u>483,824,779</u>	<u>454,433,395</u>
CREDITORS amounts falling due within one year	9	(934,135,839)	(855,314,139)
TOTAL ASSETS LESS CURRENT LIABILITIES		104,537,003	104,076,125
CREDITORS amounts falling due after more than one year	10	(103,931,625)	(103,931,625)
NET ASSETS		605,378	144,500
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account		605,377	144,499
SHAREHOLDER'S FUNDS		605,378	144,500

The notes on pages 7 to 11 form part of these accounts

These financial statements were approved by the Board of Directors on 20 AUGUST

2008



Signed by D K THOMAS

For and on behalf of the Board of Directors

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2007

	<u>2007</u>	<u>2006</u>
Profit for the year	460,878	4,824,108
Exchange (loss)/gain on translation of investments denominated in foreign currencies	(49,891,207)	11,607,997
Exchange gain/(loss) on translation of borrowings to hedge investments denominated in foreign currencies	49,891,207	(11,607,997)
Total recognised gains and losses for the year	460,878	4,824,108

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

	<u>Profit & Loss Account</u>	<u>Ordinary Share Capital</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2007	144,499	1	144,500
Profit for the year	460,878	-	460,878
Balance at 31 December 2007	605,377	1	605,378

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2006

	<u>Profit & Loss Account</u>	<u>Ordinary Share Capital</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2006	(4,679,609)	1	(4,679,608)
Profit for the year	4,824,108	-	4,824,108
Balance at 31 December 2006	144,499	1	144,500

The notes on pages 7 to 11 form part of these accounts

NOTES TO THE ACCOUNTSFor the year ended 31 December 2007

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) 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 FRS19

(d) FOREIGN EXCHANGE

Transactions in foreign currencies other than sterling are translated 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

(e) CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

In accordance with FRS 25, financial instruments issued by the Company are treated as equity (i.e., forming part of shareholder's funds) only to the extent that they meet the following two conditions

- (i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- (ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging of a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance charges associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds

(f) FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings are valued at Directors' valuation. Other fixed asset investments are held at historical cost less an impairment provision where the Directors consider it to be appropriate. The carrying value in the financial statements includes all costs incurred in the acquisition of the investments. Investments in preference shares of group undertakings that are monetary in nature, are revalued at the exchange rate current at the balance sheet date or if there is a derivative instrument hedging the foreign currency investment, are recorded at the exchange rate implicit in the hedge. Dividend income is recognised on an accruals basis. Income on hedged investments is recognised on the basis of the exchange rate implicit in the hedge

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

1 ACCOUNTING POLICIES (continued)**(f) STOCK LOAN AGREEMENT**

The Company has entered into a stock loan agreement which involves the transfer of subsidiary shares in return for collateral. The collateral is recorded as a liability with the related shares included in fixed asset investments, reflecting the substance of the arrangement.

(g) BASIS OF PREPARATION

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.

(h) 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 DIRECTORS' REMUNERATION

The aggregate emoluments of persons who were Directors of the Company during the year ended 31 December 2007, including pension contributions, were £nil (2006 £nil).

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.

3 ADMINISTRATIVE EXPENSES

The Company has no full time employees. The staff involved in the Company's operations are all employees of the Deutsche Bank Group. The total staff costs have been borne by a Deutsche Bank Group company without recharge, no staff costs have therefore been included in these financial statements (2006 £nil).

	<u>2007</u>	<u>2006</u>
	£	£
Auditors' remuneration		
Audit of these financial statements	9,307	8,529

Auditors' remuneration for services to the Company has been borne by another group undertaking.

During the year, the Company incurred a late filing penalty amounting to £nil (2006 £100).

4 INTEREST RECEIVABLE

	<u>2007</u>	<u>2006</u>
	£	£
Interest receivable from group undertakings	27,624,238	24,544,714

5 INTEREST PAYABLE

	<u>2007</u>	<u>2006</u>
	£	£
In respect of borrowing from group undertakings	43,510,951	40,645,336
Finance costs on shares classified as liabilities	6,589,265	6,589,265
	<u>50,100,216</u>	<u>47,234,601</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

6 TAXATION	2007	2006
	£	£
(a) Analysis of tax on profit on ordinary activities		
<i>Current Taxation</i>		
UK Corporation tax on income for the year	7,278,451	5,994,711
Adjustment in respect of prior periods	(127,556)	831,444
Total tax credit on profit on ordinary activities	7,150,895	6,826,155

(b) Current tax reconciliation

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 30%) The actual tax credit for the year differs from the standard rate for the reasons set out in the following reconciliation

	2007	2006
	£	£
Loss on ordinary activities before taxation	(6,690,017)	(2,002,047)
Tax on loss on ordinary activities at standard rate (30%)	2,007,005	600,614
Effects of		
Deemed manufactured dividend	1,973,662	1,973,662
Dividend payable	(1,976,780)	(1,976,780)
Non taxable UK dividend income	5,274,567	6,101,212
Non-deductible expenditure	(3)	(703,997)
Adjustment in respect of previous periods	(127,556)	831,444
Total current tax credit	7,150,895	6,826,155

7 FIXED ASSET INVESTMENTS	2007	2006
	Shares in subsidiaries	Shares in subsidiaries
	£	£
At 1 January	504,956,869	516,565,132
Exchange difference	49,891,194	(11,608,263)
At 31 December	554,848,063	504,956,869

Subsidiary Undertakings

The shares in subsidiary undertakings are valued at the Director's valuation

Details of the Company's principal undertakings are set out below

Name of company	Country of incorporation	Activity	Proportion of equity capital
Arche Investments Limited	United Kingdom	Special Purpose Vehicle	100%
Stores International Limited	Cayman Islands	Special Purpose Vehicle	100%
DB Henlow Investments Limited	Cayman Islands	Special Purpose Vehicle	100%
DB Jasmine (Cayman) No 2 Limited	Cayman Islands	Special Purpose Vehicle	100%
DB Marcassin (Cayman) Holdings Limited	Cayman Islands	Special Purpose Vehicle	100%
Deutsche Securities Colombia SA	Colombia	Special Purpose Vehicle	1 5%

The Company has a nominal investment of EUR672 million in preference shares issued by Arche Investments Limited. The Company has hedged part of the foreign exchange risk of this investment by entering a cross currency swap amounting to EUR152 million.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

8 DEBTORS	2007 £	2006 £
Amounts due from group undertakings	482,784,459	452,433,842
Group relief receivable	-	1,953,780
Called up share capital, allotted and issued but not fully paid	1	1
	482,784,460	454,387,623
9 CREDITORS Amounts falling due within one year	2007 £	2006 £
Amounts owed to parent undertakings	462,838,849	430,833,609
Amounts owed to fellow subsidiary undertakings	445,361,432	405,308,496
Interest on preference share classified as liabilities	25,761,299	19,172,034
Group relief payable	174,259	-
	934,135,839	855,314,139
10 CREDITORS Amounts falling due after more than one year	2007 £	2006 £
Cumulative redeemable preference shares classified as liabilities	2,500	2,500
Preference share premium classified as liabilities	103,929,125	103,929,125
	103,931,625	103,931,625
11 SHARE CAPITAL	2007 No	2006 No
Authorised		
Ordinary Shares of £1 each	1	1
	1	1
Allotted and issued		
Ordinary Shares of £1 each	1	1
	1	1
Fully paid		
Ordinary Shares of £1 each	-	-
	-	-
	2007 £	2006 £
Authorised		
Ordinary Shares of £1 each	1	1
Cumulative Redeemable Preference Shares of \$1 each	99,999,999	99,999,999
	100,000,000	100,000,000
Allotted and issued		
Ordinary Shares of £1 each	1	1
Cumulative Redeemable Preference Shares of \$1 each	2,500	2,500
	2,501	2,501

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

11 SHARE CAPITAL (continued)

	<u>2007</u>	<u>2006</u>
	£	£
Fully paid		
Ordinary Shares of £1 each	-	-
Cumulative Redeemable Preference Shares of \$1 each	2,500	2,500
	<u>2,500</u>	<u>2,500</u>
<i>Presentation on Balance Sheet</i>		
Shares classified as liabilities	2,500	2,500
Shares classified in shareholder's funds	1	1
	<u>2,501</u>	<u>2,501</u>

The Cumulative Redeemable Preference shares were issued for a total of £103,931,625, including a premium of £103,929,125. This premium, along with the notional value above, has been classified as liabilities.

The preference share issued are redeemable cumulative preferential share with a fixed rate dividend of 6.34% per annum. The Company has the ability to redeem these preference shares from the date of the 10th anniversary of the issue of these shares. Preferential share holders have one vote in respect of each fully paid preference share.

12 FORWARD PURCHASE AGREEMENTS

On 5 February 2004 the Company entered into a forward purchase agreement with Bozarche Limited in relation to preference shares issued by DB Sirius Limited presently held by Bozarche Limited.

Under the terms of the agreement the Company contracts to buy back the shares, the principal being £103,931,625, plus all accrued and unpaid dividends once the dividends have become payable. At 31 December, the amount was

	<u>2007</u>	<u>2006</u>
	£	£
Commitments - one year or more	119,727,808	113,138,543

13 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

DB UK Holdings Limited, a company registered in England and Wales, 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 Secretary, 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 AG group.