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**DEUTSCHE FINANCE NO.1 LIMITED**

**Company number: 6023806**

**REPORT AND FINANCIAL STATEMENTS**

**For the period 8 December 2006 to 31 January 2007**

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The Directors present their annual report and audited financial statements for the period 8 December 2006 to 31 January 2007

#### ACTIVITIES AND REVIEW OF BUSINESS

The Company was incorporated on 8 December 2006

The principal business of the Company is that of a financing company

On 8 December 2006, the Company issued one €1 ordinary share to its parent Deutsche Holdings No 2 Limited for a consideration of €1,000

On 14 December 2006, Deutsche Finance No 1 Limited issued a further 2,099,999 ordinary shares to Deutsche Holdings No 2 Limited for consideration of €2,099,999,000. On the same day the total share capital of the Company was sold to Deutsche Bank Luxembourg S A for €2,100,000,000. A put option on the shares has been granted by Deutsche Holdings No 2 Limited to Deutsche Bank Luxembourg S A, and, as a result, Deutsche Holdings No 2 Limited remains the parent of Deutsche Finance No 1 Limited, in accordance with FRS5. On the same day, Deutsche Finance No 1 Limited subscribed to a €2,100,000,000 floating rate note issued by Deutsche Holdings No 3 Limited as part of restructuring and refinancing of the UK legal entity group.

As the Company qualifies as a small company an enhanced business review is not required

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

#### RESULTS AND DIVIDENDS

The profit and loss account of the Company for the period 8 December 2006 to 31 January 2007, after providing for taxation, shows a profit of €7,360,564

The Directors do not recommend the payment of a dividend for the period ended 31 January 2007, leaving the retained profit for the period to be carried forward to the next period

#### DIRECTORS

The Directors of the Company who held office during the period and subsequent to the period ended 31 January 2007 were as follows

V Harman	Appointed 8 December 2006
D Keen	Appointed 8 December 2006
P Littler	Appointed 8 December 2006
D Penfold	Appointed 8 December 2006, Resigned 29 June 2007

A Bartlett and A Rutherford were Joint Secretaries of the Company since incorporation. There have been no further changes during the period or subsequent to the period-end

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

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with the law.

#### 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 ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### DIRECTORS' INTERESTS

None of the Directors had an interest in the share capital of the Company during the period.

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

#### 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 27<sup>th</sup> day of November 2007



A Rutherford  
Secretary

#### Registered office

Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB  
United Kingdom

We have audited the financial statements of Deutsche Finance No 1 Limited for the period 8 December 2006 to 31 January 2007 which comprise the Profit and Loss Account, the Balance Sheet, 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 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.

#### 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 January 2007 and of its profit for the period 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 *30 November 2007*

	Note	<u>Period ended</u> <u>31 January 2007</u>
		£
Gain on sale of gilts	4	10
Interest receivable	4	10,515,100
Interest payable and other expense	4	(19)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>10,515,091</b>
Tax expense on profit on ordinary activities	5	(3,154,527)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>7,360,564</b>

The profit for the period has arisen from continuing activities

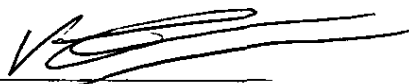
There were no other recognised gains and losses during the period

The notes on pages 7 to 9 form part of these accounts

	Note	<u>2007</u> £
CURRENT ASSETS		
Debtors	6	2,110,515,094
CREDITORS amounts falling due within one year	7	(3,154,530)
NET ASSETS		2,107,360,564
CAPITAL AND RESERVES		
Called up share capital	8	2,100,000
Share premium		2,097,900,000
Profit and loss account		7,360,564
SHAREHOLDER'S FUNDS		2,107,360,564

The notes on pages 7 to 9 form part of these accounts

These financial statements were approved by the Board of Directors on 27<sup>th</sup> November 2007

  
Signed by V E HARMAN  
for and on behalf of the Board of Directors

	<u>Ordinary Share Capital</u>	<u>Share premium</u>	<u>Profit &amp; Loss Account</u>	<u>Total</u>
	£	£	£	£
Shares issued during the period	2,100,000	2,097,900,000	-	2,100,000,000
Profit for the period	-	-	7,360,564	7,360,564
Balance as at 31 January 2007	2,100,000	2,097,900,000	7,360,564	2,107,360,564

The notes on pages 7 to 9 form part of these accounts

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## 1 ACCOUNTING POLICIES

### **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) 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.

#### (e) FOREIGN EXCHANGE

Transactions in foreign currencies are translated into Euro 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.

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## 2 DIRECTORS' REMUNERATION

The aggregate emoluments of persons who were Directors of the Company during the period ended 31 January 2007, including pension contributions, were £nil.

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## 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.

	<u>Period ended</u> <u>31 January 2007</u>
	£
Audit remuneration	
Audit of these financial statements	5,245
Auditors' remuneration for services to the Company has been borne by another group undertaking	

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**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Period ended  
31 January 2007  
£

Profit on ordinary activities before taxation is arrived at after taking into account

Gain on sale of gilts	10
Interest receivable from group undertakings	10,515,100
Interest payable on group undertakings	(13)
Foreign exchange gain	(6)

On 14 December 2006, Deutsche Finance No 1 Limited purchased £2,000 of gilts for a consideration of £2,024. These were sold on 2 January 2007 for £2,031.

**5 TAXATION**

2007  
£

(a) Analysis of tax on profit on ordinary activities

*Current tax*

Corporation tax charge for the year	3,154,527
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(b) Current tax reconciliation

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%

	<u>2007</u> <u>£</u>
Profit on ordinary activities	10,515,091
Tax on profit on ordinary activities at standard rate (30%)	3,154,527
Total current tax charge	3,154,527

**6 DEBTORS**

2007  
£

Falling due in greater than one year

Amounts owed by group undertakings	2,110,515,094
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Deutsche Finance No 1 Limited subscribed to €2,100,000,000 floating rate note issued by Deutsche Holdings No 3 Limited. The maturity date on this loan note is 9 January 2009. Interest is accrued at average LIBOR rate, this interest is compounded and is collectible with the note principal.

**7 CREDITORS**

2007  
£

Falling due within one year

Amounts owed to group undertakings	3
Corporation tax	3,154,527

3,154,530

**8 SHARE CAPITAL**

2007

No

Authorised

Ordinary shares of €1 each

4,000,000

Allotted, called up and fully paid

Ordinary shares of €1 each

2,100,000

2007

€

Authorised

Ordinary shares of €1 each

4,000,000

Allotted, called up and fully paid

Ordinary shares of €1 each

2,100,000

On 8 December 2006 the Company issued one €1 ordinary share to its parent Deutsche Holdings No 2 Limited for a consideration of €1,000. Subsequently on 14 December 2006 Deutsche Finance No 1 Limited issued a further 2,099,999 ordinary shares to Deutsche Holdings No 2 Limited for consideration of €2,099,999,000. On the same day the total share capital of the Company was sold to Deutsche Bank Luxembourg S A for €2,100,000. A put option on the shares has been granted by Deutsche Holdings No 2 Limited to Deutsche Bank Luxembourg S A, as such Deutsche Holdings No 2 Limited remains the parent of Deutsche Finance No 1 Limited, in accordance with FRS5.

**9 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS**

Deutsche Holdings No 2 Limited, a Company incorporated in 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 Secretary, Deutsche Bank AG, London branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

**10 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.