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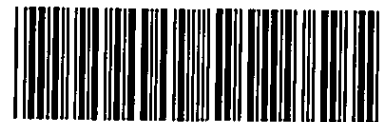
# **Toronto Dominion Holdings (UK) Limited**

## **Report and Audited Financial Statements**

31 October 2012

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# Toronto Dominion Holdings (UK) Limited

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Registered No 1455450

## **Directors**

B Smith (American)  
D Cerovic (Canadian)  
J Stewart (British)

## **Company Secretary**

N Harrison (British)

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Registered Office**

60 Threadneedle Street  
London EC2R 8AP

## Directors' report

The directors submit their report and audited financial statements for the Company for the year ended 31 October 2012

### Results and dividends

The Company's results for the year are shown in the profit and loss account on page 7. The profit on ordinary activities after taxation for the year was C\$759,752 (2011: loss of C\$598,979).

No redeemable preference dividend was declared or paid during the year (2011: C\$Nil). No dividend on ordinary shares was declared and none is proposed (2011: C\$Nil).

### Principal activity and review of the business

The Company is a holding company whose subsidiaries provide financial services. The Company's activities are not expected to change in the coming year. One non-trading subsidiary, Toronto Dominion International Limited, was dormant for the year ended 31 October 2012.

The key financial performance indicators of the Company during the year were as follows:

	2012 C\$'000	2011 C\$'000	Change %
Operating loss	(63)	(721)	91%
Profit / (loss) after tax	760	(599)	227%
Shareholder's funds	164,683	163,923	0%

Operating loss decreased primarily due to a reduction in foreign exchange exposure following the change to the functional currency in the prior year. Further to this, the increase in profit after tax was driven by a tax refund received from HMRC in respect of prior year losses related to the functional currency change.

For reporting purposes in 2011, monetary assets and liabilities (including share capital) denominated in currencies other than Canadian Dollars were translated into Canadian Dollars at spot rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in currencies other than Canadian Dollars were translated into Canadian Dollars at the rate in force at 1 November 2007, being the date at which FRS 23 was adopted and the functional currency was changed to Canadian Dollars. Foreign exchange differences relating to the Company's share capital were taken directly to profit and loss account reserves. Other foreign exchange gains or losses were dealt with through the profit and loss account as other operating income or expense.

### Principal risks and uncertainties

The key financial risks of the Company are disclosed in Note 10 of the financial statements.

### Future developments

During the year, the Company continued its principal activity, being that of a holding company. The Company does not anticipate any changes in principal activities in the forthcoming year.

### Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### Events since the balance sheet date

The directors are not aware of any events subsequent to the year end that would materially affect the financial statements.

## Directors' report

### Directors and their interests

The directors of the Company who served during the year were as follows

B Smith (American)	-	Managing Director and Chairman (appointed 21 January 2013)
A Bambawale (Canadian)	-	Managing Director and Chairman (resigned 14 January 2013)
D Cerovic (Canadian)	-	Director (appointed 21 September 2012)
P Dixon (British)	-	Director (resigned 14 September 2012)
J Stewart (British)	-	Director

According to the register of directors, none of the directors has any interests in the share capital of the Company. The interests of the directors in the shares of The Toronto-Dominion Bank, the ultimate parent company, are as follows

	<i>At 1 November 2011</i>	<i>Additions/Disposals during the year</i>	<i>At 31 October 2012</i>
A Bambawale	22,932	4,827	27,759
J Stewart	828	(382)	446
D Cerovic	-	214	214
	<u>23,760</u>	<u>4,659</u>	<u>28,419</u>

### Basel II Pillar 3

The Company has been granted a waiver from the FSA with respect to Basel II Pillar 3 disclosure requirements, as the ultimate parent undertaking produces consolidated Pillar 3 disclosures which include specific company information. For further information on the following, please see the Toronto-Dominion Bank's group 2012 Annual Report (AR) and Supplemental Financial Information (SFI)

Credit Portfolio Quality	AR pgs 40-52
Capital Position	AR pgs 53-57
Managing Risk	AR pgs 65-89
Quarterly Basel II Quantitative Disclosures	SFI pgs 46-56

### Disclosure of information to the auditors

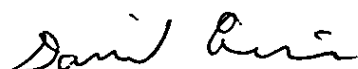
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditor

In accordance with Section 485 of the Companies Act 2006 a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the board



D Cerovic  
Director

22 March 2013

## 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report**

## **to the members of Toronto Dominion Holdings (UK) Limited**

We have audited the financial statements of Toronto Dominion Holdings (UK) Limited for the year ended 31 October 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 4, 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 our 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 31 October 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

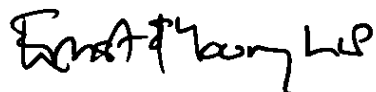
# Independent auditor's report

to the members of Toronto Dominion Holdings (UK) Limited (continued)

## 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



Simon Michaelson (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date 26/3/13

## Profit and loss account

for the year ended 31 October 2012

	<i>Note</i>	<i>2012</i> <i>C\$'000</i>	<i>2011</i> <i>C\$'000</i>
Foreign exchange loss		(1)	(705)
Administrative expenses		<u>(62)</u>	<u>(16)</u>
<b>Operating loss</b>		<b>(63)</b>	<b>(721)</b>
Interest payable and similar charges		-	(11)
Interest receivable and similar income	2	<u>22</u>	<u>142</u>
<b>Loss on ordinary activities before taxation</b>	3	<b>(41)</b>	<b>(590)</b>
Tax credit / (charge) on loss on ordinary activities	4	<u>801</u>	<u>(9)</u>
<b>Profit / (loss) for the financial year</b>		<b><u>760</u></b>	<b><u>(599)</u></b>

The above results are derived solely from continuing operations

The notes on pages 10 to 18 form an integral part of the financial statements



## Statement of total recognised gains and losses

for the year ended 31 October 2012

	<i>Note</i>	<i>2012</i> <i>C\$'000</i>	<i>2011</i> <i>C\$'000</i>
Profit / (loss) for the financial year		<u>760</u>	<u>(599)</u>
		760	(599)
Translation difference on non-Canadian Dollar share capital	9	<u>(666)</u>	<u>2,262</u>
<b>Total recognised gains and losses relating to the year</b>		<u><u>94</u></u>	<u><u>1,663</u></u>

The notes on pages 10 to 18 form an integral part of the financial statements

## Balance sheet

at 31 October 2012

	<i>Note</i>	<i>2012</i> <i>C\$'000</i>	<i>2011</i> <i>C\$'000</i>
<b>Non-current assets</b>			
Investment in subsidiary undertakings	5	134,978	134,978
<b>Current assets</b>			
Debtors	6	29,910	29,325
<b>Creditors: amounts falling due within one year</b>	7	<u>(205)</u>	<u>(380)</u>
<b>Net current assets</b>		29,705	28,945
<b>Net assets</b>		<u>164,683</u>	<u>163,923</u>
<b>Capital and reserves</b>			
Called up share capital	8	112,966	112,300
Profit and loss account	9	<u>51,717</u>	<u>51,623</u>
<b>Total shareholder's funds</b>	9	<u>164,683</u>	<u>163,923</u>

The financial statements were approved by the directors on 21 March 2013 and signed on their behalf by



D Cerovic  
Director

The notes on pages 10 to 18 form an integral part of these financial statements

## Notes to the financial statements

at 31 October 2012

### 1. Accounting policies

#### **Basis of preparation and change in accounting policy**

The financial statements of Toronto Dominion Holdings (UK) Limited were approved by the Board of Directors on 21 March 2013

These financial statements have been prepared in accordance with applicable accounting standards, on the going concern basis under the historical cost convention except as disclosed below, and in accordance with the requirements of Companies Act 2006

A summary of the accounting policies of the Company is set out below

#### **Financial assets**

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Such transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows

#### *Financial assets at fair value through profit or loss*

Financial assets classified as held-for-trading and other assets designated as such on inception are included in this category. Financial assets are classified as held-for-trading if they are acquired for sale in the short term. Derivatives are also classified as held-for-trading unless they are designated as hedging instruments. Assets are carried in the balance sheet at fair value with gains or losses recognised in the profit and loss account.

#### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at cost.

## Notes to the financial statements

at 31 October 2012

### 1. Accounting policies (continued)

#### *Fair values*

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and pricing models. Otherwise assets will be carried at cost.

#### **Impairment of financial assets**

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### *Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account.

#### **Investment in subsidiary undertaking**

Investments in subsidiary undertakings are stated at cost, but are written down to net realisable value if, in the opinion of the directors, there has been a permanent diminution in value.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date arising from transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

## Notes to the financial statements

at 31 October 2012

### 1. Accounting policies (continued)

#### Foreign currencies

Trading results denominated in foreign currencies are translated into Canadian Dollars at average rates of exchange during the year

For reporting purposes, monetary assets and liabilities (including share capital) denominated in currencies other than Canadian Dollars are translated into Canadian Dollars at spot rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in currencies other than Canadian Dollars are translated into Canadian Dollars at the rate in force at 1 November 2007, being the date at which FRS 23 was adopted and the functional currency was changed to Canadian Dollars. Foreign exchange differences relating to the Company's share capital are taken directly to profit and loss account reserves. Other foreign exchange gains or losses are dealt with through the profit and loss account as other operating income or expense.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

#### Related party transactions

Under paragraph 3(c) of FRS 8 'Related Party Disclosures' the Company has taken advantage of the exemptions permitted for related party transactions as a result of being a wholly owned subsidiary of a group, where the ultimate parent prepares consolidated financial statements which include the Company and which are publicly available.

#### Cash flow statement

The Company has not produced a cash flow statement. In accordance with FRS 1 (revised 1996), the Company is claiming an exemption as the financial statements of its ultimate parent are publicly available.

#### Segmental information

The business of the Company during the year was acting as a holding company. The sole geographical segment from which the Company has operated is Europe. Consequently, no segmental analysis of the Company's revenue and assets is required.

#### Group accounts

The Company has not produced group financial statements as under Section 401 of the Companies Act 2006 group financial statements are not required, the Company being a wholly owned subsidiary of another corporate body which consolidates the financial statements of the Company as detailed in note 12. Accordingly these financial statements present information about the Company as an individual undertaking and not about its group.

## Notes to the financial statements

at 31 October 2012

### 2 Interest receivable and similar income

	2012 C\$'000	2011 C\$'000
Other interest receivable	22	(11)
Interest receivable on deposits with fellow subsidiary	-	142
	<u>22</u>	<u>131</u>

### 3. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging

	2012 C\$'000	2011 C\$'000
Auditor's remuneration – audit services	<u>55</u>	<u>16</u>

The executive directors receive no remuneration in respect of their services to the Company. Although none of the Company's directors is a director of the ultimate parent company, they receive remuneration in respect of their services to the group as a whole. No recharges have been made to the Company relating to the remuneration of directors during the year (2011: £Nil).

No pension contributions under either a defined contribution or defined benefit scheme were accrued for any director in 2012 (2011: £Nil) in respect of their role with the Company.

During the year, no director was advanced a loan (2011: £Nil) in respect of their role with the Company.

### 4. Taxation

	2012 C\$'000	2011 C\$'000
<b>Current tax</b>		
UK Corporation tax for the year	(10)	9
Adjustments in respect of prior years	<u>(791)</u>	<u>-</u>
<b>Tax (credit)/ charge for current year</b>	<u>(801)</u>	<u>9</u>

The corporate tax rate has reduced from 26% to 24%. Tax has been assessed for the year by applying a blended rate of 24.83% (2011: 26.83%). The differences are explained below:

	2012 C\$'000	2011 C\$'000
Loss on ordinary activities before tax	<u>(41)</u>	<u>(590)</u>
Loss on ordinary activities multiplied by blended rate of 24.83% (2011: 26.83%)	(10)	(158)
Effects of		
Adjustments to tax charge in respect of prior years	<u>(791)</u>	<u>167</u>
<b>Tax (credit) / charge for current year</b>	<u>(801)</u>	<u>9</u>

## Notes to the financial statements

at 31 October 2012

### 5. Investments in subsidiary undertakings

	<i>TD Securities Limited C\$'000</i>	<i>Total Investment in subsidiary undertakings C\$'000</i>
<b>Cost</b>		
At 1 November 2011 and 31 October 2012	<u>134,978</u>	<u>134,978</u>

Investments in subsidiary undertakings are held at cost

At 31 October 2012, the amounts above relate solely to the Company's ownership of the whole of the issued share capital of two companies, registered in England and Wales, whose businesses comprise the provision of financial services, namely TD Securities Limited and Toronto Dominion International Limited, a dormant company, the investment in which has been written down to Nil

### 6. Debtors

	<i>2012 C\$'000</i>	<i>2011 C\$'000</i>
Deposits with ultimate parent undertaking	28,238	28,469
Amounts owed by ultimate parent undertaking	1,501	-
Amounts receivable from other group companies in respect of group relief	171	825
Corporation tax receivable	-	31
	<u>29,910</u>	<u>29,325</u>

Deposits with ultimate parent undertaking and amounts owed by ultimate parent undertaking are repayable on demand and are non-interest bearing

## Notes to the financial statements

at 31 October 2012

### 7. Creditors

	2012 C\$'000	2011 C\$'000
Amounts owed to subsidiary undertakings	197	195
Amounts owed to ultimate parent undertaking	-	173
Accruals and deferred income	8	12
	<u>205</u>	<u>380</u>

Amounts owed to ultimate parent undertaking and subsidiary undertakings are repayable on demand and are non-interest bearing

### 8. Authorised and issued share capital

	2012 £'000	2011 £'000
<b>Authorised</b>		
10,000,000 new ordinary shares of £0.99 each	9,900	9,900
10,000,000 "A" deferred shares of £0.01 each	100	100
	<u>10,000</u>	<u>10,000</u>
500,000,000 new sterling redeemable preference shares of £0.99 each	495,000	495,000
500,000,000 "B" deferred shares of £0.01 each	5,000	5,000
	<u>500,000</u>	<u>500,000</u>
	US\$'000	US\$'000
500,000,000 new dollar redeemable preference shares of US\$ 0.99 each	495,000	495,000
500,000,000 "C" deferred shares of US\$ 0.01 each	5,000	5,000
	<u>500,000</u>	<u>500,000</u>



## Notes to the financial statements

at 31 October 2012

## 8. Authorised and issued share capital (continued)

	2012 £'000	2011 £'000
<b>Allotted, called up and fully paid</b>		
5,023,000 new ordinary shares of £0.99 each	4,973	4,973
7,173,000 "A" deferred shares of £0.01 each	72	72
	<u>5,045</u>	<u>5,045</u>
 63,000,000 new sterling redeemable preference shares of £0.99 each classified as equity under FRS 25	 62,370	 62,370
160,000,000 "B" deferred shares of £0.01 each	1,600	1,600
	<u>63,970</u>	<u>63,970</u>
	US\$'000	US\$'000
 100,000 new dollar redeemable preference shares of US\$0.99 each classified as equity under FRS 25	 99	 99
160,985,000 "C" deferred shares of US\$0.01 each	1,610	1,610
	<u>1,709</u>	<u>1,709</u>
 CAD equivalent of GBP and USD denominated share capital @ GBP 1.6121 (2011: 1.6025), USD 0.999 (2011: 0.9967)	 <u>112,966</u>	 <u>112,300</u>
 <b>Total issued and fully paid shares</b>	 <u>112,966</u>	 <u>112,300</u>

**Deferred Shares**

The "A" deferred, "B" deferred and "C" deferred shares shall not entitle the holder of such shares to receive any dividends or other distributions, nor entitle the holder to receive notice of or to attend or vote at any General Meeting of the Company. On a return of capital or winding up or otherwise the "A" deferred shares rank pari-passu with the "B" deferred and "C" deferred shares.

The Company may redeem all or any of the "B" deferred shares for consideration of £0.01 each for every 1,000,000 deferred shares held by each holder thereof. The Company may redeem all or any of the "C" deferred shares for consideration of US\$0.01 each for every 1,000,000 deferred shares held by each holder thereof. The "A" deferred shares are not redeemable.

**Redeemable Preference Shares**

In the event that it is resolved to distribute by way of dividend all or part of the profits, the holder of the redeemable preference shares (£ and US\$) has the right to receive a variable non-cumulative preferential dividend between the rates of 1 per cent and 20 per cent per annum.

The redeemable preference shares (£ and US\$) have attached to them the same rights regarding voting and payment on a winding up as are attached to ordinary shares.

## Notes to the financial statements

at 31 October 2012

### 9. Reconciliation and analysis of shareholder's funds

At 31 October 2012

	<i>Profit and loss reserve C\$'000</i>	<i>Ordinary and deferred share capital C\$'000</i>	<i>Preference shares (equity) C\$'000</i>	<i>Share- holder's funds C\$'000</i>
At 1 November 2011	51,623	12,253	100,047	163,923
Translation difference on opening share capital	(666)	67	599	-
Profit for the financial year	760	-	-	760
At 31 October 2012	<u>51,717</u>	<u>12,320</u>	<u>100,646</u>	<u>164,863</u>

At 31 October 2011

	<i>Profit and loss reserve C\$'000</i>	<i>Ordinary and deferred share capital C\$'000</i>	<i>Preference shares (equity) C\$'000</i>	<i>Share- holder's funds C\$'000</i>
At 1 November 2010	49,960	12,505	102,057	164,522
Translation difference on opening share capital	2,262	(252)	(2,010)	-
Loss for the financial year	(599)	-	-	(599)
At 31 October 2011	<u>51,623</u>	<u>12,253</u>	<u>100,047</u>	<u>163,923</u>

### 10. Risk Management

The principal financial risk faced by the Company is credit risk. The Company's credit risk exposure is generally reflected in the carrying amounts of financial assets on the balance sheet. Cash is held in nostro accounts with the ultimate parent company and as such is compliant with approved Group Risk Management policies.

## Notes to the financial statements

at 31 October 2012

### 11. Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements

<b>Company</b>	<b>2012</b>		<b>2011</b>	
	<i>Book value</i> <i>C\$'000</i>	<i>Fair value</i> <i>C\$'000</i>	<i>Book value</i> <i>C\$'000</i>	<i>Fair value</i> <i>C\$'000</i>
<i>Financial assets</i>				
Deposits with ultimate parent undertaking	28,238	28,238	28,469	28,469
Amounts receivable from other group companies in respect of group relief	160	160	170	170
Amounts owed by ultimate parent undertaking	1,501	1,501	-	-
<i>Financial liabilities</i>				
Amounts owed to ultimate parent undertaking	-	-	(173)	(173)
Amounts owed to subsidiary undertaking	(197)	(197)	(195)	(195)
Other creditors	(8)	(8)	(12)	(12)
	<u>29,705</u>	<u>29,705</u>	<u>28,259</u>	<u>28,259</u>

Fair values are calculated by discounting cash flows at prevailing interest rates or calculated by using the market interest rates

### 12. Ultimate parent undertaking

The Company's ultimate parent company, controlling party and the parent of the largest group to consolidate the financial statements of the Company is The Toronto-Dominion Bank, which is incorporated in Canada. Copies of The Toronto-Dominion Bank's group financial statements may be obtained from Finance Control Division, The Toronto Dominion Bank, PO Box 1, Toronto-Dominion Centre, King St W and Bay St, Toronto, Ontario M5K 1A2, Canada. Copies of the group financial statements may also be obtained online at [www.td.com](http://www.td.com)