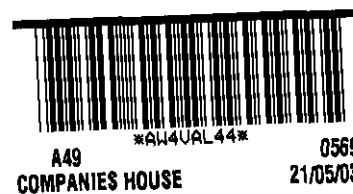
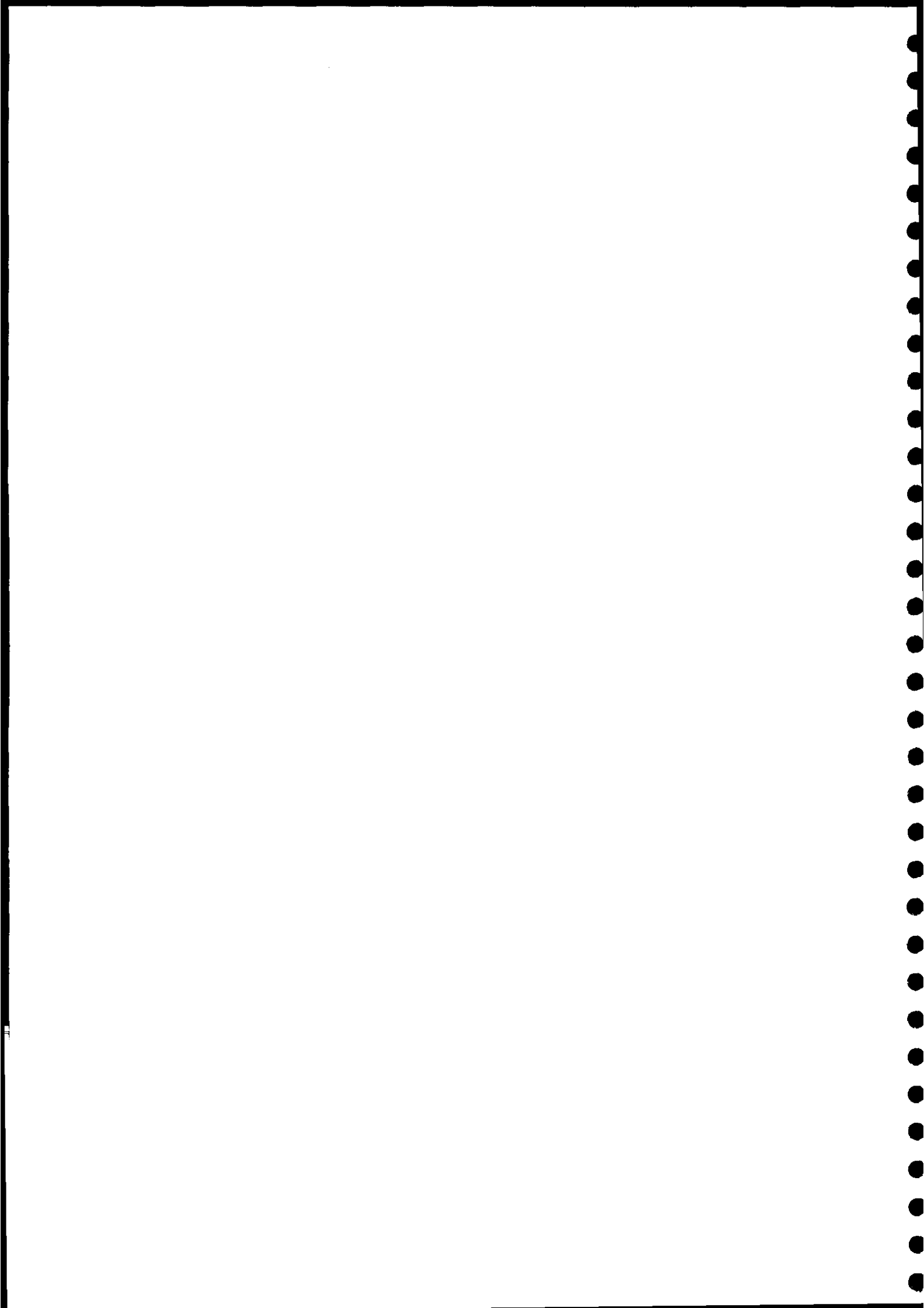


Toronto Dominion Holdings (UK) Limited

Directors' Report and Audited Consolidated Financial Statements
for the year ended 31 October 2002

Registered Number 1455450

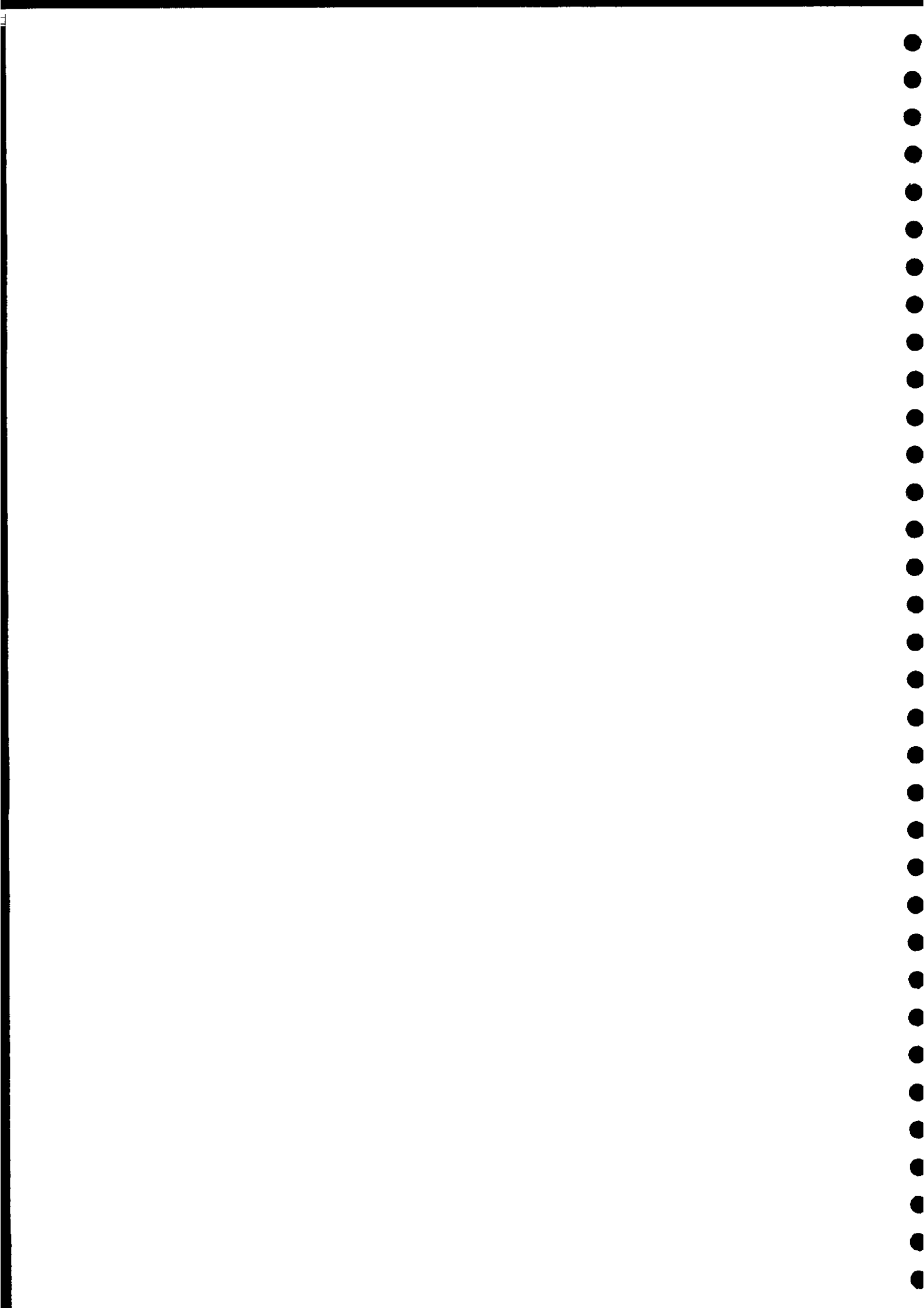




Toronto Dominion Holdings (UK) Limited
Directors' Report and Audited Financial statements
for the year ended 31 October 2002

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Toronto Dominion Holdings (UK) Limited

Directors' report for the year ended 31 October 2002

The directors submit their report and audited consolidated financial statements for the company and its subsidiaries ('the Group') for the year ended 31 October 2002.

Principal Activity

The Company is a holding company whose subsidiaries provide financial services. The Company's activities are not expected to change in the coming year. Two existing non-trading subsidiaries, Toronto Dominion (United Kingdom) Limited and Toronto Dominion International Limited, were dormant for the year ending 31 October 2002. The directors are not aware of any events subsequent to the yearend that would affect the dormant status of these companies.

TD Securities Limited continued investing in corporate securities. During the year TD Securities Limited acquired part of the equity options business of Stafford Trading Europe Limited and increased its activities to include trading in equity options. TD Finance (UK) Limited is expected to continue in the corporate securities lending business in the forthcoming year.

Directors

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

- | | |
|---------------------------|---|
| Mr M Fedder (German) | – Director (appointed 30 January 2002), Chairman and Managing Director (appointed 4 February 2002) |
| Mr J M Bott (British) | – Chairman (resigned 4 February 2002) |
| Mr G W Piercey (Canadian) | – Finance Director |
| Mr J White (British) | – Legal and Compliance Director |
| Mr T W Bull (British) | – Director (Resigned 19 July 2002) |

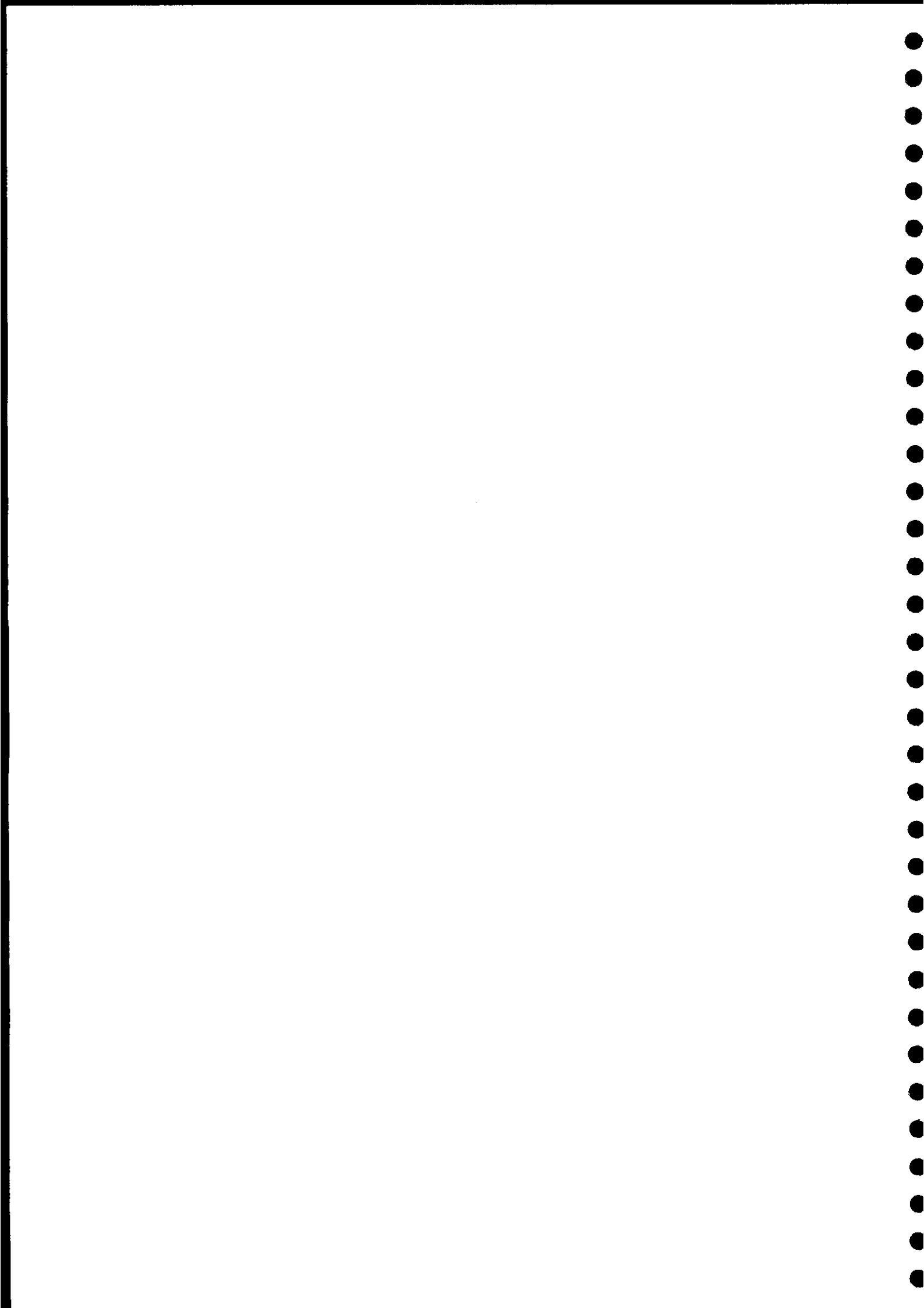
Directors' Interests

None of the directors had any interest in the share capital of the company, or of any other group company, which is incorporated in the United Kingdom.

Business Review and Future Developments

The Group's consolidated results for the year are dealt with in detail within the statutory consolidated profit and loss account on page 5. The profit on ordinary activities after taxation for the year was £ 633,000 (Restated 2001: £5,280,000).

No Redeemable Preference dividend was declared and paid during the year (2001: Nil). No dividend on Ordinary Shares was declared and none is proposed (2001: Nil).



Toronto Dominion Holdings (UK) Limited

Directors' report for the year ended 31 October 2002 (continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the directors are required to:

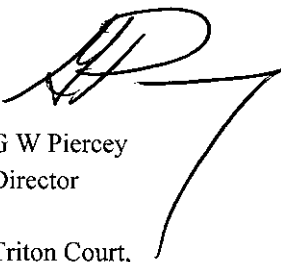
- select suitable accounting policies and then apply them consistently;
- make judgements that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of the company's auditors, PricewaterhouseCoopers, to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned with effect from 11 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next Annual General Meeting.

By order of the directors



G W Piercey
Director

Triton Court,
14/18 Finsbury Square,
London EC2A 1DB.

14 May 2003

Toronto Dominion Holdings (UK) Limited

Independent Auditors' Report to the Members of Toronto Dominion Holdings (UK) Limited

We have audited the consolidated financial statements, which comprise the consolidated profit and loss account, the consolidated group balance sheet, the company balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, the company has not kept proper accounting records, we have not received all the information and explanations we require for our audit, or information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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.

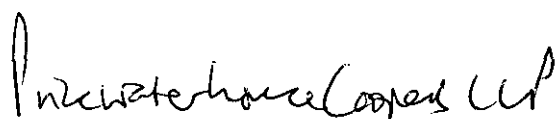
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Toronto Dominion Holdings (UK) Limited

Independent Auditors' Report to the Members of Toronto Dominion Holdings (UK) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 October 2002 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

14 May 2003

Toronto Dominion Holdings (UK) Limited

Consolidated Profit and loss account for the year ended 31 October 2002

| | Notes | 2002 | | | <i>As restated</i> |
|--|-------|-------------|--------------|------------------|---------------------|
| | | Acquisition | Continuing | Total | Total |
| | | £'000 | £'000 | £'000 | £'000 |
| Turnover | 2 | 776 | 3,071 | 3,847 | 5,605 |
| Fees and Commissions receivable | 3 | | 179 | 179 | 135 |
| Fees and Commissions payable | 4 | | (124) | (124) | (100) |
| Interest receivable / payable (net) | 5 | - | - | - | - |
| Other operating charges | | (481) | (1,892) | (2,373) | (3,003) |
| | | <u>295</u> | <u>1,234</u> | <u>1,529</u> | 2,637 |
| Administrative expenses | | | | (701) | (137) |
| Operating Profit | 6 | | | 828 | 2,500 |
| Gain on sale of investment securities | 9 | | | - | 1,043 |
| Provision for permanent diminution in value of investment securities | 9 | | | - | (1,250) |
| Profit on Ordinary Activities Before Taxation | 6 | | | 828 | 2,293 |
| Tax on Profit on Ordinary Activities | 7 | | | (195) | 2,987 |
| Retained Profit for the financial year | 16 | | | <u>63</u> | <u>5,280</u> |

The above results are derived solely from continuing operations. There are no discontinued activities in relation to either year.

The profit for the year is not different from the result on an unmodified historical cost basis, except as explained in note 1(d) and 1(g) on page 9.

The notes on pages 9 to 25 form part of these financial statements.

Toronto Dominion Holdings (UK) Limited

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 October 2002

| | Notes | 2002 | <i>As restated</i> 2001 |
|---|-------|---------------------|-----------------------------------|
| | | £'000 | £'000 |
| Retained profit for the financial year and total recognised gains and losses for the year | 16 | 633 | 5,280 |
| Prior year adjustment in respect of deferred taxation (see note 1(h)) | 16/17 | 375 | - |
| Total recognised gains recognised since last Annual report | | <u>1,008</u> | <u>5,280</u> |

The notes on pages 9 to 25 form part of these financial statements.

Toronto Dominion Holdings (UK) Limited

Consolidated Balance Sheet as at 31 October 2002

| | | <i>As restated</i> | | | |
|--|-------|--------------------|---------------|---------------|---------------|
| | Notes | 2002 £'000 | 2002 £'000 | 2001 £'000 | 2001 £'000 |
| Fixed Assets: | | | | | |
| Fixed asset investment securities | 9 | | 12,130 | | 11,598 |
| Tangible fixed assets | 11 | | 1,538 | | - |
| | | | 13,668 | | 11,598 |
| Current Assets: | | | | | |
| Debtors | 12 | 99,268 | | 88,413 | |
| Cash at bank | | 65,055 | | 59,496 | |
| | | 164,323 | | 147,909 | |
| Creditors: | | | | | |
| Amounts falling due within one year | 13 | (18,921) | | (1,752) | |
| Net Current Assets | | | 145,402 | | 146,157 |
| Total Assets less Current Liabilities | | | 159,070 | | 157,755 |
| Creditors: | | | | | |
| Amounts falling after more than one year | 14 | | (67,577) | | (66,895) |
| Net Assets | | | 91,493 | | 90,860 |
| Capital and Reserves | | | | | |
| Called Up Share Capital | 15 | | 70,107 | | 70,189 |
| Capital reserve on consolidation | 16 | | 88 | | 88 |
| Profit and loss account | 16 | | 17,156 | | 16,441 |
| Other reserves | 16 | | 4,142 | | 4,142 |
| Total shareholder's funds | 17 | | 91,493 | | 90,860 |

including non-equity interests of £65,062,000 (2001: £65,144,000)

The financial statements on pages 5 to 25 were approved by the Directors on 14 May 2003 and signed on their behalf by:

.....
J White - Director

.....
G W Piercey - Director

The notes on pages 9 to 25 form part of these financial statements.

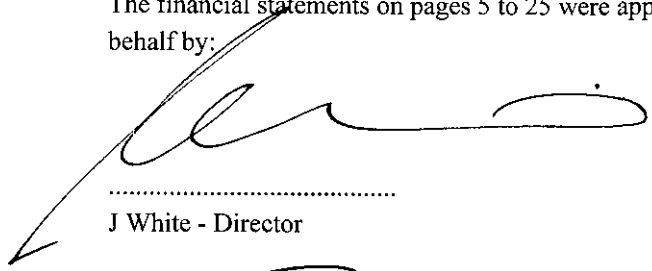
Toronto Dominion Holdings (UK) Limited

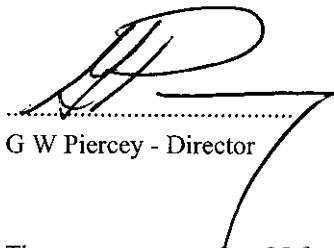
Company Balance Sheet as at 31 October 2002

| | Notes | 2002 £'000 | 2002 £'000 | 2001 £'000 | 2001 £'000 |
|---|-------|---------------|---------------|---------------|---------------|
| Fixed Assets: | | | | | |
| Investment in subsidiary undertakings | 10 | | 63,064 | | 63,084 |
| Current Assets: | | | | | |
| Debtors (amounts falling due within one year) | 12 | 4,194 | | 4,260 | |
| Cash at bank | | 10,408 | | 10,022 | |
| | | 14,602 | | 14,282 | |
| Creditors: | | | | | |
| Amounts falling due within one year | 13 | (852) | | (796) | |
| Net Current Assets | | | 13,750 | | 13,486 |
| Total Assets less Current Liabilities | | | <u>76,814</u> | | <u>76,570</u> |
| Capital and Reserves | | | | | |
| Called Up Share Capital | 15 | | 70,107 | | 70,189 |
| Profit and loss account | 16 | | 6,707 | | 6,381 |
| Total shareholders' funds | 17 | | <u>76,814</u> | | <u>76,570</u> |

including non-equity interests of £65,062,000 (2001: £65,144,000)

The financial statements on pages 5 to 25 were approved by the Directors on 14 May 2003 and signed on their behalf by:


.....
J White - Director


.....
G W Piercey - Director

The notes on pages 9 to 25 form part of these financial statements.

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002

1 Accounting Policies

Accounting Convention

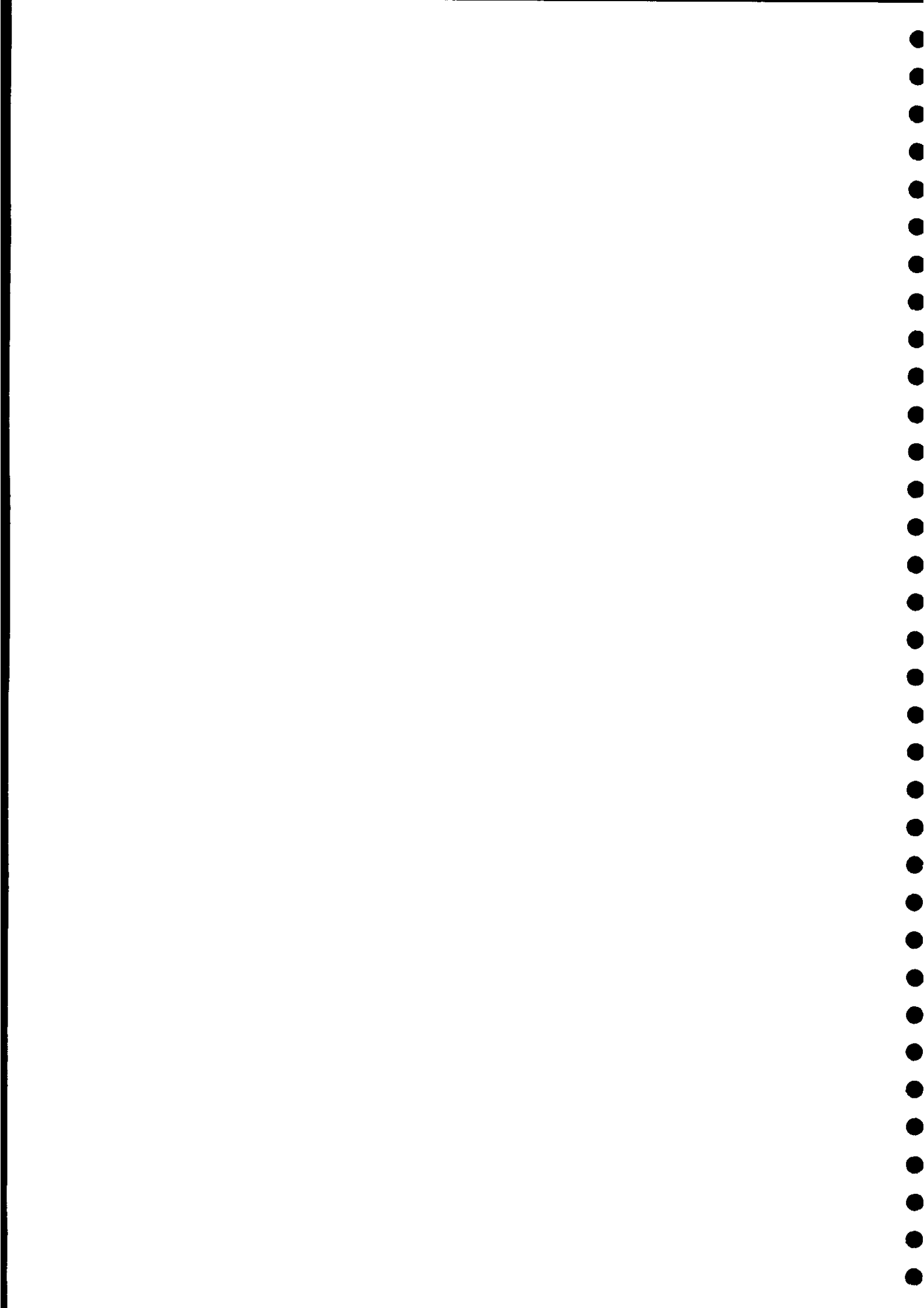
These consolidated financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention (subject to note 1(g) below) and in accordance with the requirements of the Companies Act 1985.

The Group financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of are included in the financial statements from the date of acquisition or up to the date of disposal.

A summary of the accounting policies of the Group, which have been consistently applied, is set out below:

- (a) Turnover represents gross dividends, interest receivable from fixed assets investment and interest receivable from other interest earning assets, including commercial paper and cash deposits.
- (b) Investments in securities are held for the long term as a matter of investment policy, and are accounted for as fixed asset investments. Fixed asset investments are stated at cost, as adjusted for amortisation of premiums and discounts on fixed rate investments on a straight-line basis over the period to maturity. The Board regularly reviews each individual investment of the Group and provides for any permanent diminution in value, where necessary.
- (c) Fees and commissions receivable and payable represent fees arising from security lending and borrowing in the United Kingdom and are accounted for on an accruals basis.
- (d) Rights and obligations under securities lending transactions where there is no legal right to settle on a net basis are included in the balance sheet within debtors and creditors. These assets and liabilities are stated at market value, including accrued interest.
- (e) Interest receivable and payable on securities borrowing and lending transactions is accounted for on an accruals basis. In accordance with Financial Reporting Standard (FRS) 5 "Reporting the substance of transactions" (amended 1998), the interest receivable and payable is shown net in the profit and loss account. Other interest payable is shown under administrative expenses.
- (f) Depreciation of tangible fixed assets is provided over estimated useful lives as follows:

| | |
|-----------------------|-----------------------|
| Computers | 3 years straight line |
| Fixtures and Fittings | 20% reducing balance |
| Other equipment | 20% reducing balance |
- (g) Stock and options positions related to exchange traded financial instruments are marked to market, based on the year-end exchange rate. The gains or losses resulting from the application of this policy are taken into the profit and loss account, which represents a departure, as far as gains are concerned, from the Companies Act 1985. The directors consider that this departure is necessary in order that the financial statements should give a true and fair view of the results of the Group's trading activities in accordance with Section 226 (5) of the Companies Act 1985. The directors consider that it is not practicable, and moreover would be misleading, to quantify the effect of non-compliance with the Act.



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

1 Accounting Policies (continued)

Accounting Convention (continued)

- (h) During the year the Group adopted FRS 19 "Deferred tax". The effect of the change in accounting policy on the prior year results and balance sheet was to decrease tax on profit on ordinary activities, and to increase retained profit for the financial year, closing net assets and shareholder's funds by £375,000. There is no effect of the change in accounting policy on the current year results and balance sheet. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, that result in an obligation to pay more tax in the future or a right to pay less tax in the future. Timing differences relate to items which are recognised in tax computations in a different period to that in which they are accounted for in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.
- (i) For reporting purposes, transactions, assets and liabilities (including share capital) denominated in currencies other than Sterling are translated into Sterling at spot rates of exchange prevailing at the balance sheet date. Foreign exchange differences relating to the company's share capital are taken directly to profit & loss account reserves (see note 16). Transactions are translated into Sterling at spot rates of exchange prevailing at the balance sheet date. These rates are not materially different from the average rates of exchange prevailing during the period. Foreign exchange gains or losses are dealt with through the profit and loss account as other operating income or expense (see note 6).

Related Party Transactions

Under paragraph 3 (c) of FRS 8 "Related Party Disclosures" the Company has taken advantage of the exemptions permitted for non disclosure of 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 and Group have not produced a cash flow statement. In accordance with FRS 1 "Cash flow statements" (revised 1996), the Company is claiming an exemption as the financial statements of its ultimate parent are publicly available.

Segmental Information

The businesses of the Group during the period were investing in securities, trading in securities and derivatives and lending of corporate securities.

The sole geographical segment from which the group has operated is the EC. Consequently, no segmental analysis of the Group's revenue and assets is provided.

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

2 Turnover

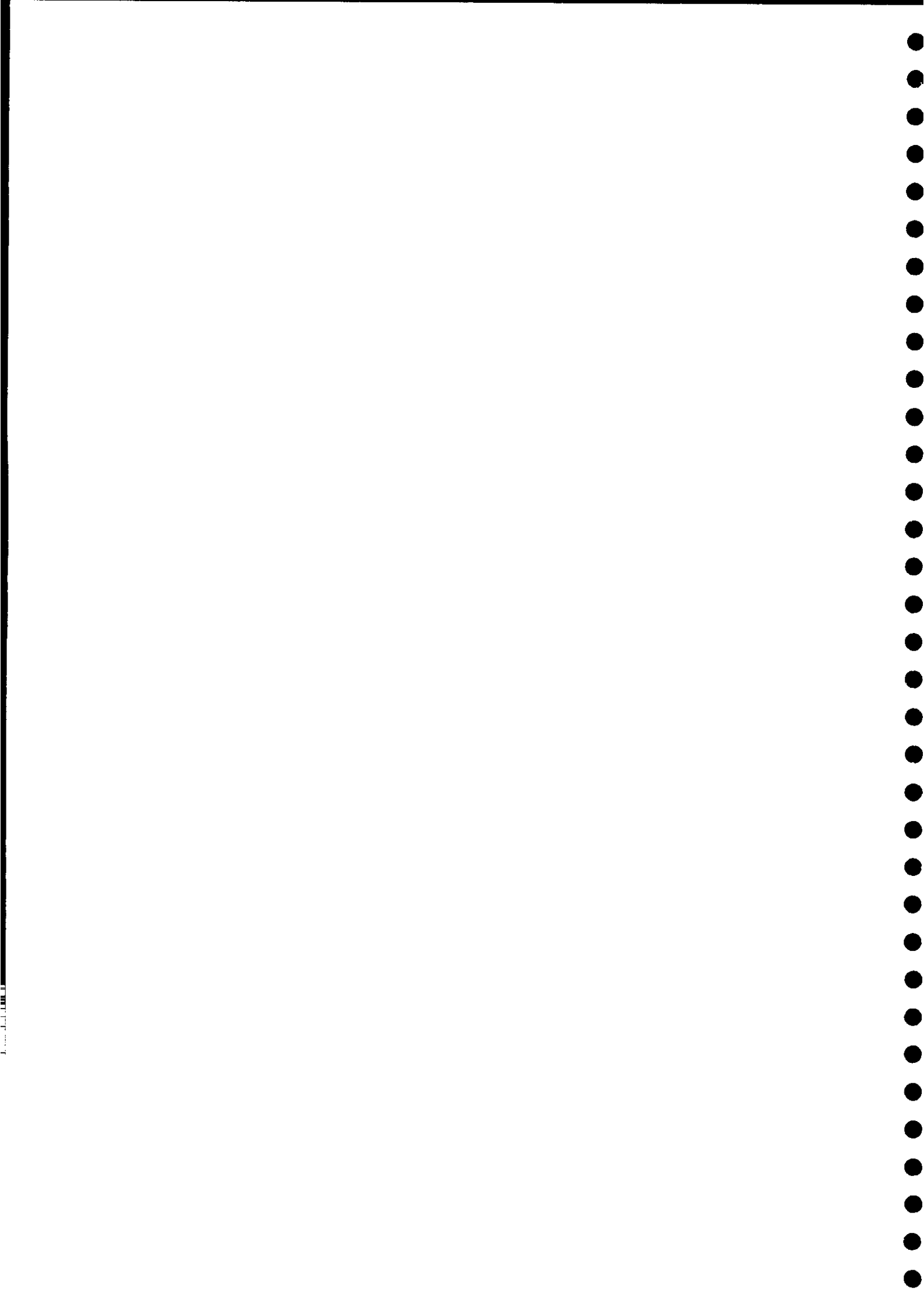
| | <u>2002</u> | <u>2001</u> |
|--|--------------|--------------|
| | £'000 | £'000 |
| Trading income earned from exchange traded financial instruments | 684 | - |
| Interest received on deposits placed | 2,889 | 1,214 |
| Interest received on commercial paper | 52 | 2,477 |
| Other interest income/ expense | - | 1,472 |
| Dividend income from investments in listed securities | 152 | 43 |
| Interest received from The Toronto-Dominion Bank Group | 70 | 399 |
| | <u>3,847</u> | <u>5,605</u> |

3 Fees and Commissions receivable

| | <u>2002</u> | <u>2001</u> |
|--|-------------|-------------|
| | £'000 | £'000 |
| Commission received from The Toronto-Dominion Bank Group | 179 | 135 |

4 Fees and Commissions payable

| | <u>2002</u> | <u>2001</u> |
|-----------------|-------------|-------------|
| | £'000 | £'000 |
| Commission paid | 124 | 100 |



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

5 Interest receivable and payable

Interest receivable and payable relates to securities borrowing and lending arrangements and comprises the following:

| | 2002 | 2001 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Interest receivable from The Toronto-Dominion Bank Group | 2,397 | 2,697 |
| Interest payable | 2,397 | (2,697) |
| | - | - |

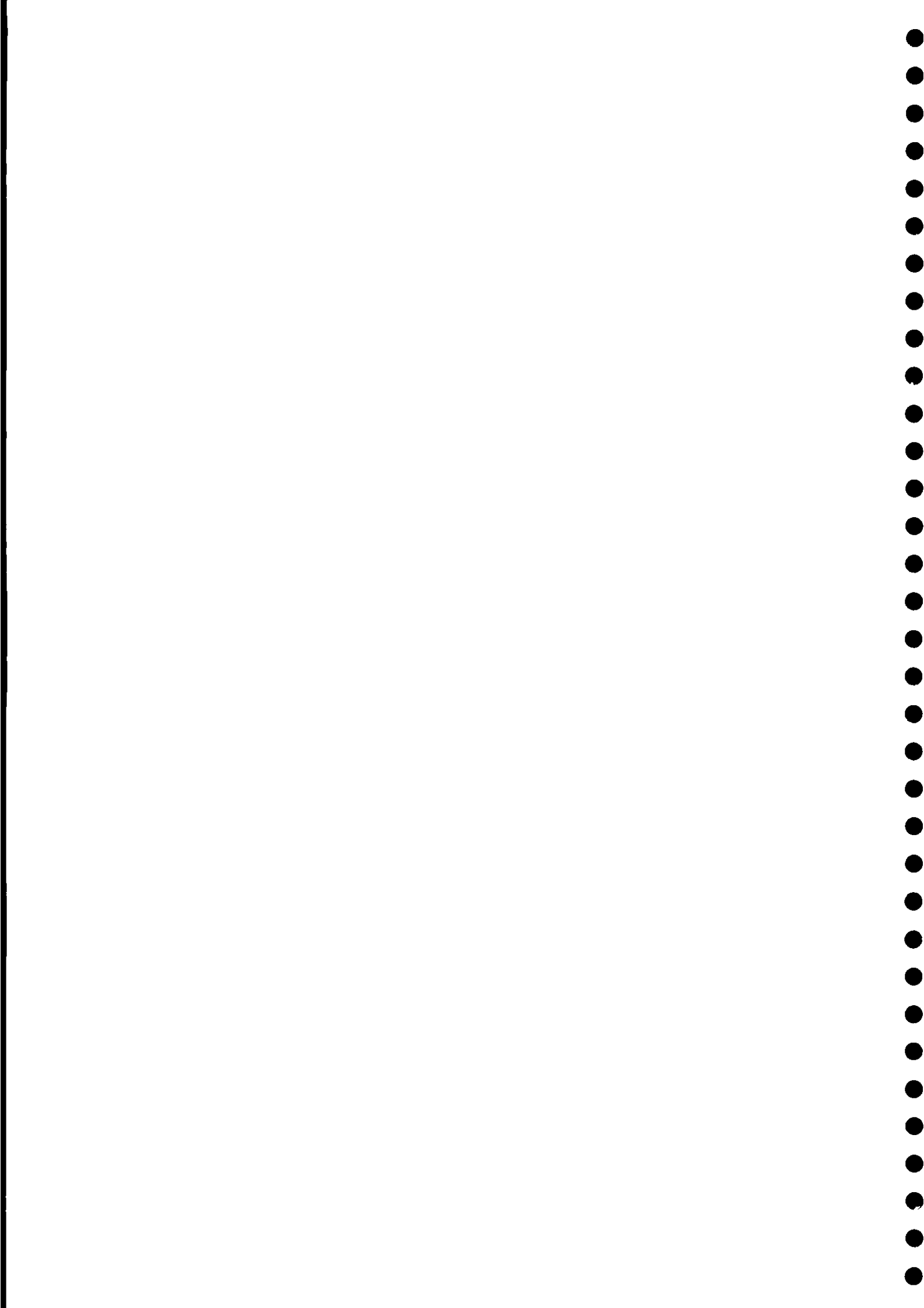
6 Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging/
(crediting):

| | 2002 | 2001 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Interest payable on loans from banks | 137 | - |
| Other charges payable to group companies | 1,713 | 3,092 |
| Auditors' remuneration:- audit services | 26 | 19 |
| - non-audit services | 51 | 31 |
| Foreign exchange losses/(gains) on translation of assets and liabilities | 178 | 78 |
| Provision for permanent diminution in the value of investments, net of recoveries (see note 9) | - | 205 |

Auditors' remuneration for 2002 includes £ 6,975 for audit services and £ 17,852 for non-audit services relating to the prior year.

No emoluments were paid to directors during the year (2001:£ Nil) and there are no pension benefits accruing to any of the directors in respect of their services to the company. The company has no direct employees.



Toronto Dominion Holdings (UK) Limited

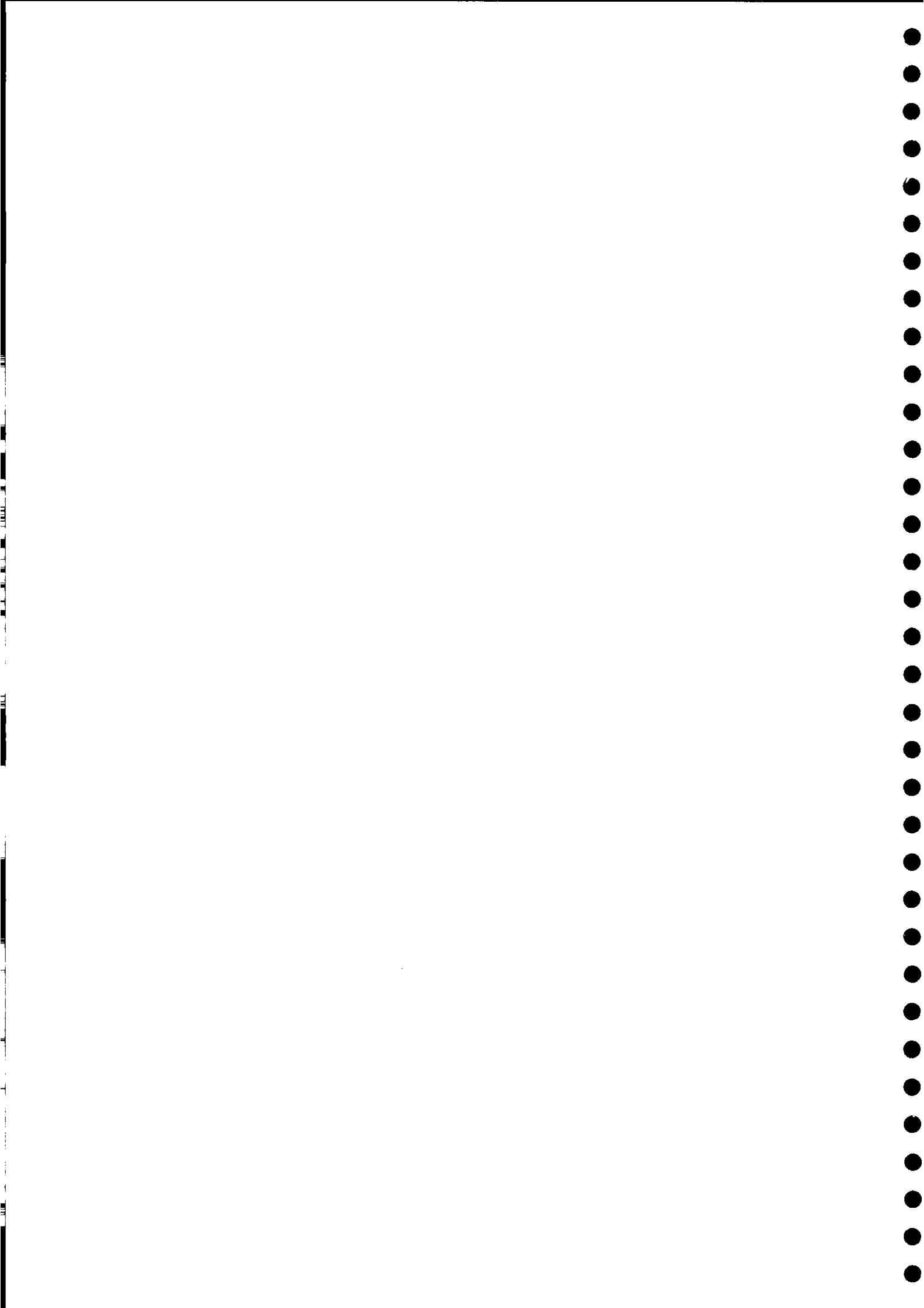
Notes to the financial statements for the year ended 31 October 2002 (continued)

7 Taxation

| | <i>As restated</i> | |
|---|--------------------|----------------|
| | 2002 | 2001 |
| | £000 | £000 |
| Current tax: | | |
| UK Corporation tax on profits of the year | 241 | 333 |
| Adjustments in respect of previous years | (53) | (2,930) |
| Dividend tax credits / (reversals) | - | (15) |
| Total current tax charge / (credit) | <u>188</u> | <u>(2,612)</u> |
| Deferred tax: | | |
| Origination & reversal of timing differences | 7 | (375) |
| Total deferred tax charge / (credit) | <u>7</u> | <u>(375)</u> |
| Tax charge / (credit) on profit on ordinary activities | <u>195</u> | <u>(2,987)</u> |

The tax assessed for the year is lower than the standard rate applying in the UK (30%). The differences are explained below:

| | 2002 | 2001 |
|---|-------------|----------------|
| | £000 | £000 |
| Profit / (Loss) on ordinary activities at the UK tax rate 30% (2001: 30%) | 248 | 688 |
| Dividend tax credits / (reversals) | - | (15) |
| Expenses not deductible for tax purposes | (7) | (355) |
| Adjustments to tax charge in respect of previous year | <u>(53)</u> | <u>(2,930)</u> |
| Total current tax (credit) / charge | <u>188</u> | <u>(2,612)</u> |



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

8 Holding company profit and loss account

The holding company has not presented its own profit and loss account, as permitted by Section 230 (1) (b) of the Companies Act 1985. The holding company recorded a profit for the year of £ 244,000 (see note 16) (2001:£3,960,000).

9 Group Fixed Assets – Investment Securities

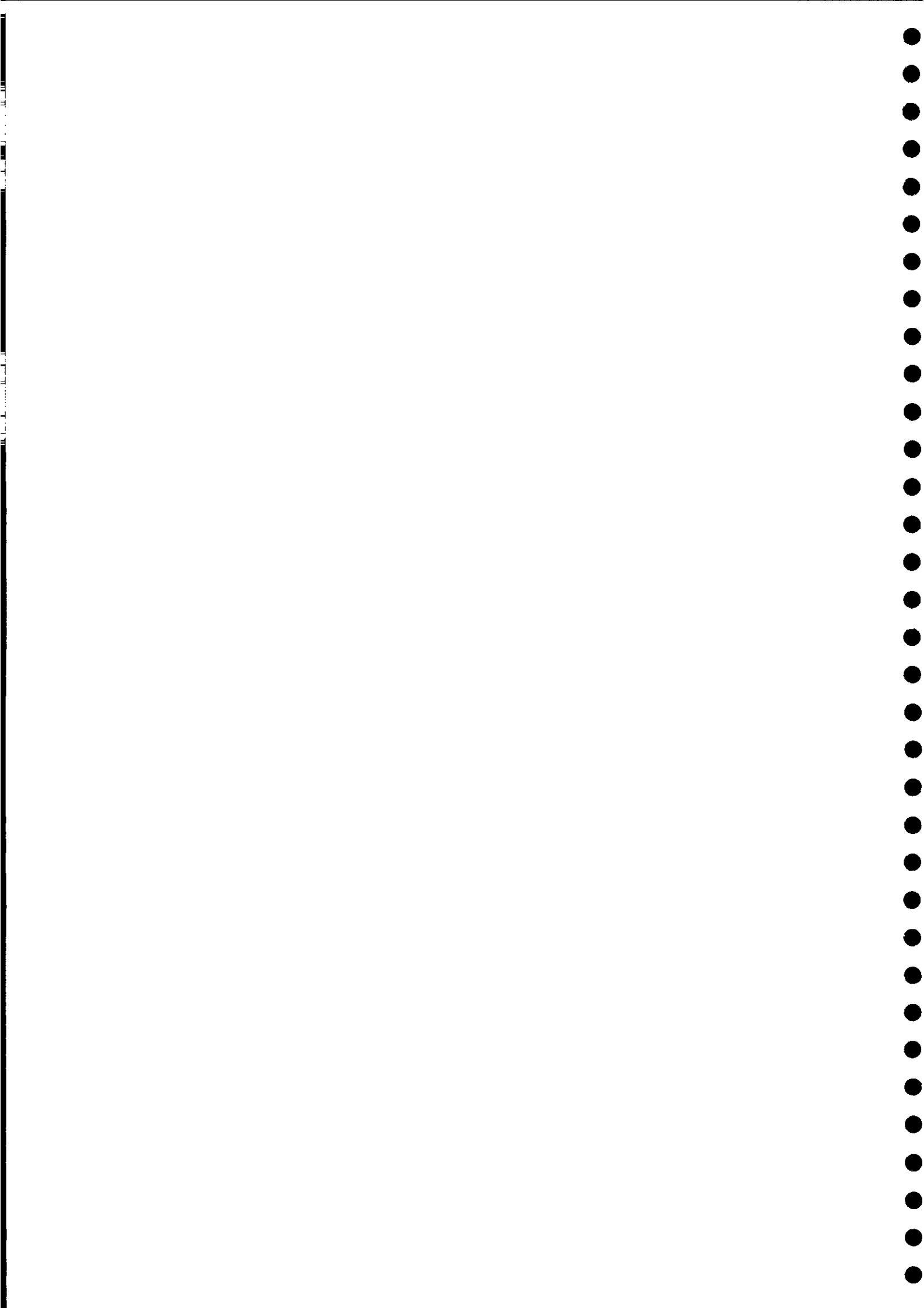
| | Listed investments | Unlisted investments | Total |
|--|-----------------------|-------------------------|---------------|
| | £000 | £000 | £000 |
| Cost | | | |
| At 1 November 2001 | 9,451 | 3,397 | 12,848 |
| Additions | 27 | 731 | 758 |
| Exchange adjustment on opening balance | (240) | 42 | (198) |
| At 31 October 2002 | <u>9,238</u> | <u>4,170</u> | <u>13,408</u> |
| Provisions | | | |
| At 1 November 2001 | - | 1,250 | 1,250 |
| Charge for year | - | - | - |
| Exchange adjustment on opening balance | - | 28 | 28 |
| At 31 October 2002 | <u>-</u> | <u>1,278</u> | <u>1,278</u> |
| Net Book Value at 31 October 2002 | <u>9,238</u> | <u>2,892</u> | <u>12,130</u> |
| Net Book Value at 31 October 2001 | <u>9,451</u> | <u>2,147</u> | <u>11,598</u> |

The market value of the listed securities at 31 October 2002 was £7,291,972 (2001: £8,170,051). All listed securities are listed on recognised exchanges.

A provision for impairment of certain investment securities has been established based on the directors' assessment of their recoverable amount. The directors have reviewed the investment portfolio and do not consider there to be any un-provided instances of permanent impairment.

There were no disposals of investments during the year (2001: disposals of £2,406,000 resulted in profit on disposals of £1,043,000).

The cost of listed securities includes £9,237,000 (2001: £9,451,000) relating to investments in related parties, namely TD Waterhouse Funds, by virtue of common control.



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

10 Holding Company Fixed Assets – Investments in subsidiary undertakings

| | 2002 | 2001 |
|---|--------|--------|
| | £'000 | £'000 |
| Investments in subsidiary undertakings at opening exchange rate | 63,084 | 63,069 |
| Translation difference | (20) | 15 |
| Investments in subsidiary undertakings at closing exchange rate | 63,064 | 63,084 |

The amounts above relate solely to the Company's ownership of the whole of the issued share capital of four companies, registered in England and Wales, whose business comprise the provision of financial services, namely:

Toronto Dominion International Limited *
Toronto Dominion (United Kingdom) Limited *

TD Securities Limited
Toronto Dominion Finance (UK) Limited

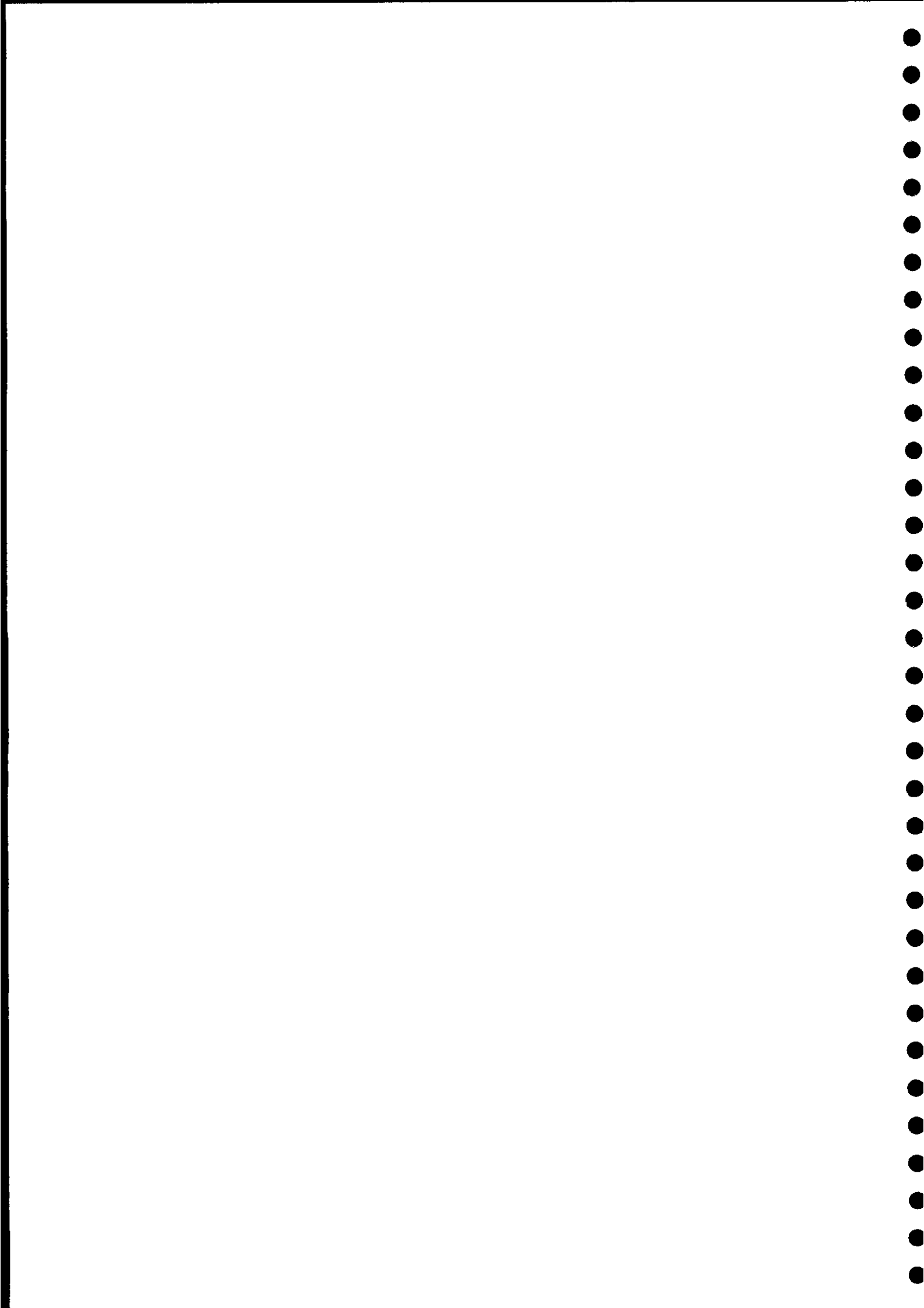
[* Dormant]

11 Tangible fixed assets

Group and Company

| | Computer software and hardware | Fixtures Fittings | Other Equipment | Total |
|--|--------------------------------------|----------------------|--------------------|--------------|
| | £000 | £000 | £000 | £000 |
| Cost | | | | |
| Additions during the year | 1,038 | 477 | 63 | 1,578 |
| Accumulated depreciation | | | | |
| Charge for the year | (25) | (13) | (2) | (40) |
| Net Book Value at 31 October 2002 | 1,013 | 464 | 61 | 1,538 |

During the year, as a result of the acquisition by TD Securities Limited of the equity options business of Stafford Trading Europe Limited, the group acquired the fixed assets above.



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

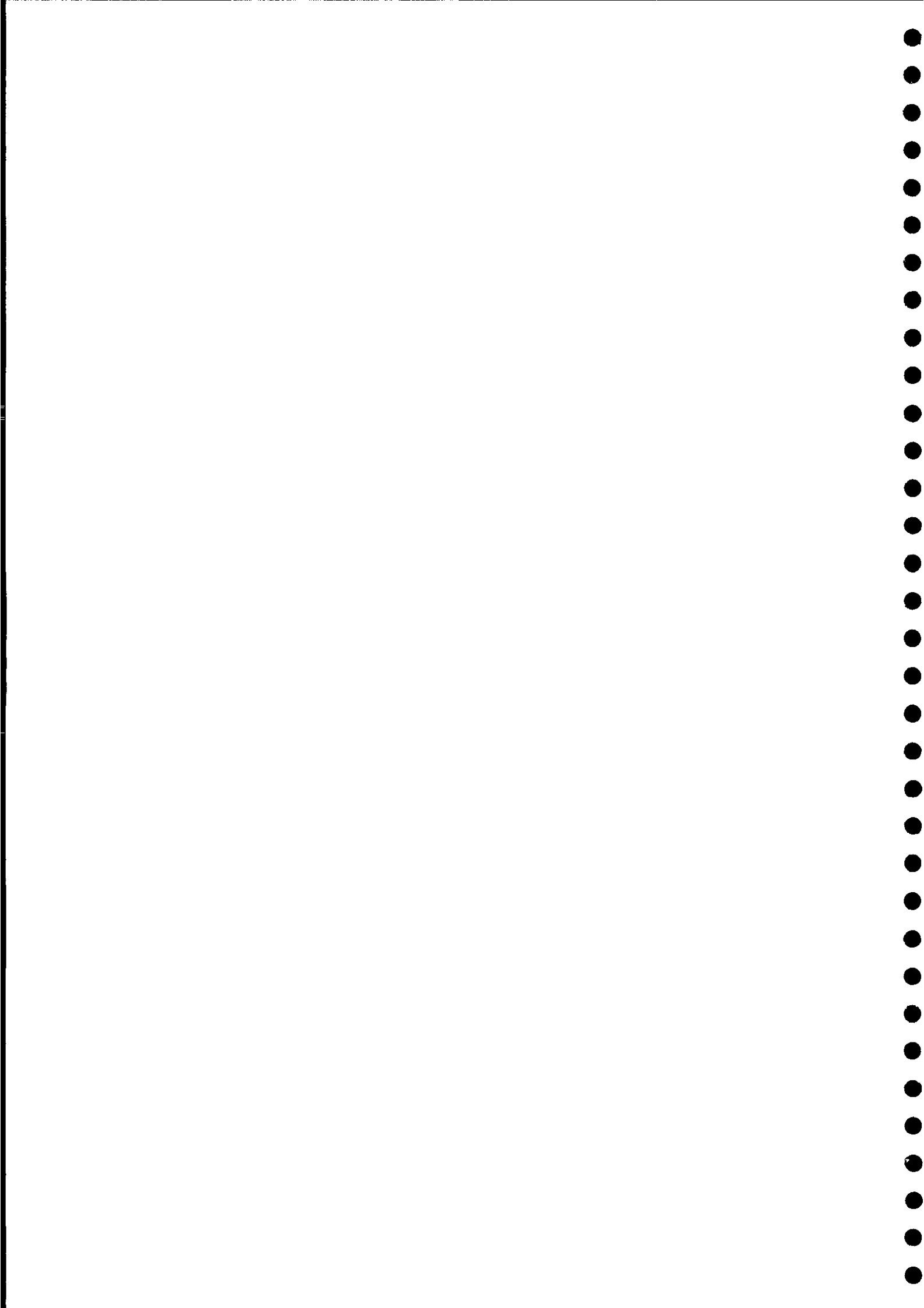
12 Debtors

| | | <i>As restated</i> |
|---|---------------|--------------------|
| | 2002 | 2001 |
| | £'000 | £'000 |
| Group | | |
| Stock and option positions | 13,131 | - |
| Current account with clearing member | 9,915 | - |
| Commercial paper | - | 14,813 |
| Amounts owed by The Toronto-Dominion Bank Group | 29 | 34 |
| Deposits with The Toronto-Dominion Bank Group | 2,919 | 3,815 |
| Taxation recoverable | 2,220 | 2,284 |
| Deferred tax asset | 368 | 375 |
| Prepayments and accrued income | 872 | 197 |
| Other debtors | 2,237 | - |
| Other assets | 67,577 | 66,895 |
| | 99,268 | 88,413 |
| Company | | |
| Amounts owed by subsidiary undertakings | 3,924 | 4,220 |
| Amounts owed by The Toronto-Dominion Bank Group | 14 | - |
| Deposits with The Toronto-Dominion Bank Group | 6 | 16 |
| Prepayments and accrued income | 249 | 24 |
| Tax recoverable | 1 | - |
| | 4,194 | 4,260 |

Amounts owed by The Toronto-Dominion Bank Group are repayable on demand and earn interest at market rates. Amounts owed by subsidiary undertakings are repayable on demand and earn no interest.

The current account with the clearing member is pledged as security against trading positions. During the year, as a result of the acquisition of the equity options business of Stafford Trading Europe Limited, TD Securities Limited acquired certain stock and options positions and the current account with the clearing member. The deferred tax asset shown above relates to non-allowable general provisions.

Other assets represent rights by TD Finance (UK) Limited to receive the beneficial interest in securities lent to The Toronto-Dominion Bank group undertakings. Under the terms of transactions the Company is not entitled to the profits and does not bear losses arising from fluctuations in the market value of the underlying securities. Amounts quoted are repayable in more than one year from the balance sheet date and include accrued interest of £2,396,955 (2001: £2,667,417).



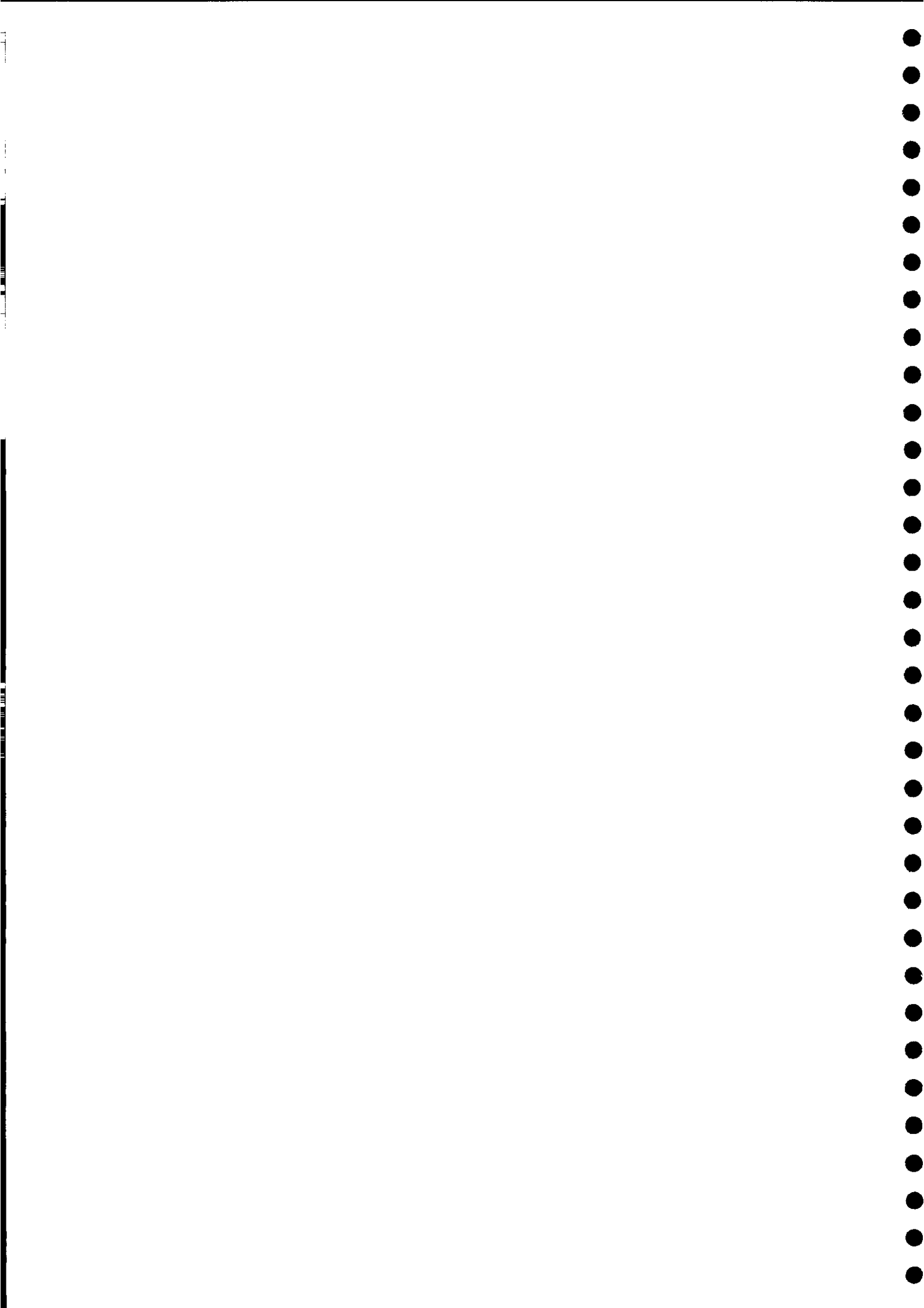
Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

13 Creditors: Amounts falling due within one year

| | 2002 | 2001 |
|---|---------------|--------------|
| | £'000 | £'000 |
| Group | | |
| Loan from The Toronto-Dominion Bank Group | 200 | - |
| Amounts owed to The Toronto-Dominion Bank Group | 1,054 | 1,548 |
| Current account with clearing member | 190 | - |
| Accruals and deferred income | 17,237 | 41 |
| Taxation | 230 | 154 |
| Other creditors | 10 | 9 |
| | 18,921 | 1,752 |
| Company | | |
| Amounts owed to The Toronto-Dominion Bank Group | - | 12 |
| Amounts owed to subsidiary undertakings | 619 | 619 |
| Accruals and deferred income | 17 | 14 |
| Taxation | 216 | 151 |
| | 852 | 796 |

Amounts owed to The Toronto-Dominion Bank Group are repayable on demand and bear interest at market rates. Amounts owed to subsidiary undertakings are repayable on demand and earn no interest.



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

14 Creditors: Amounts falling after more than one year

| | <u>2002</u> | <u>2001</u> |
|-------------------|---------------|---------------|
| | <u>£'000</u> | <u>£'000</u> |
| Group | | |
| Other liabilities | <u>67,577</u> | <u>66,895</u> |

Other liabilities represent obligations to transfer the beneficial interest in securities borrowed from third parties. All amounts quoted mature between two and five years from the balance sheet date and include accrued interest of £2,396,955 (2001: £2,667,417).

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

15 Called Up Share Capital

| | 2002 | 2001 |
|--|--------|--------|
| | £'000 | £'000 |
| Share capital at opening exchange rate | 70,189 | 70,195 |
| Translation difference (see note 16) | (82) | (6) |
| Share capital at closing exchange rate | 70,107 | 70,189 |

| | 2002 | 2001 |
|--|---------|---------|
| | £'000 | £'000 |
| Authorised: | | |
| 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 |
| | 10,000 | 10,000 |
| 500,000,000 New sterling redeemable preference shares of £0.99 | 495,000 | 495,000 |
| 500,000,000 "B" Deferred shares of £0.01 | 5,000 | 5,000 |
| | 500,000 | 500,000 |

| | 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 |
| | 500,000 | 500,000 |

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

15 Called Up Share Capital (continued)

| | 2002 | 2001 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Allotted and fully paid: | | |
| 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 | 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 | 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> |
| | £'000 | £'000 |
| GBP equivalent of US\$ share capital (see note 16) | <u>1,092</u> | <u>1,174</u> |
| | £'000 | £'000 |
| Total issued and fully paid shares | <u>70,107</u> | <u>70,189</u> |

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

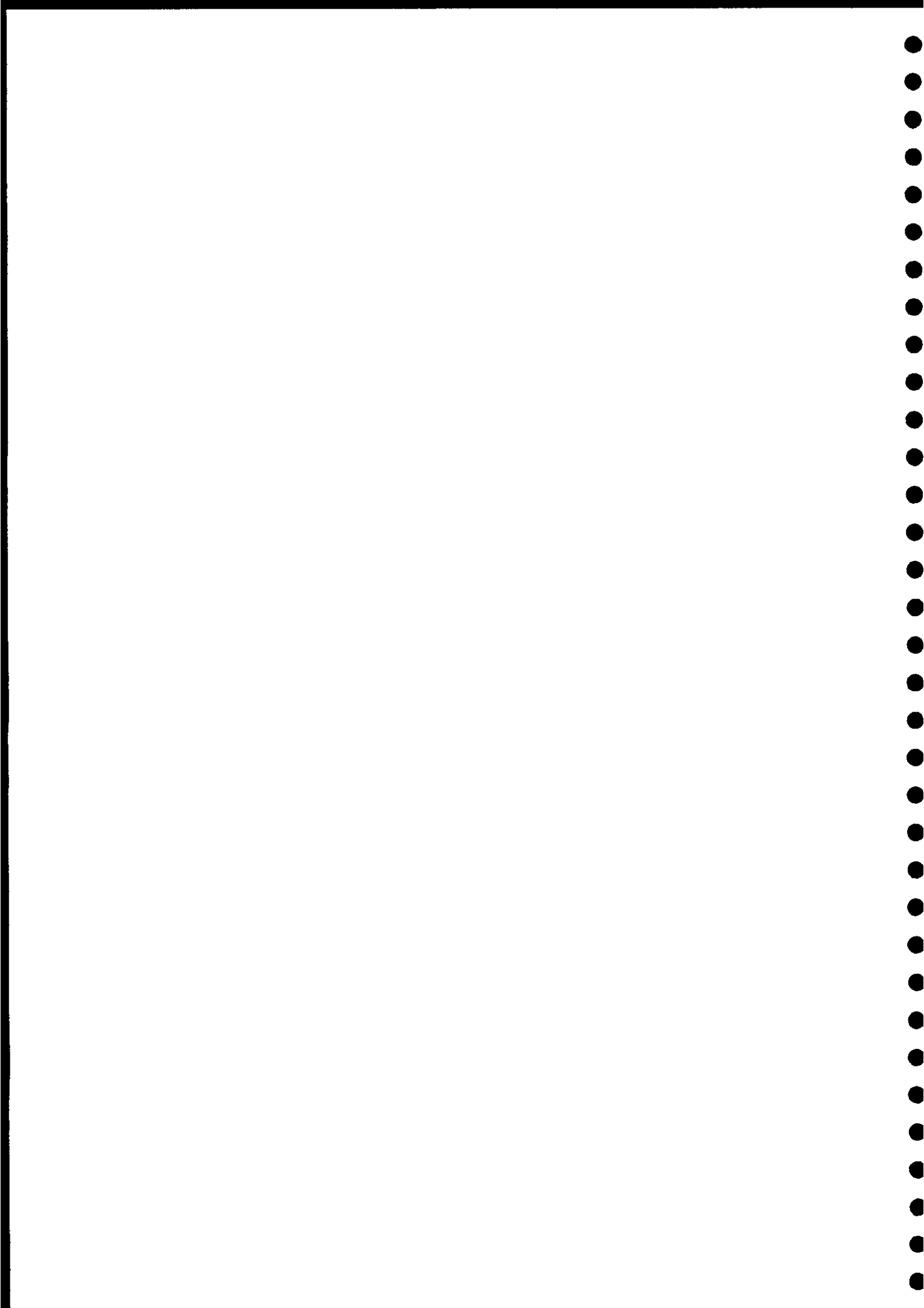
15 Called Up Share Capital (continued)

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.

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.



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

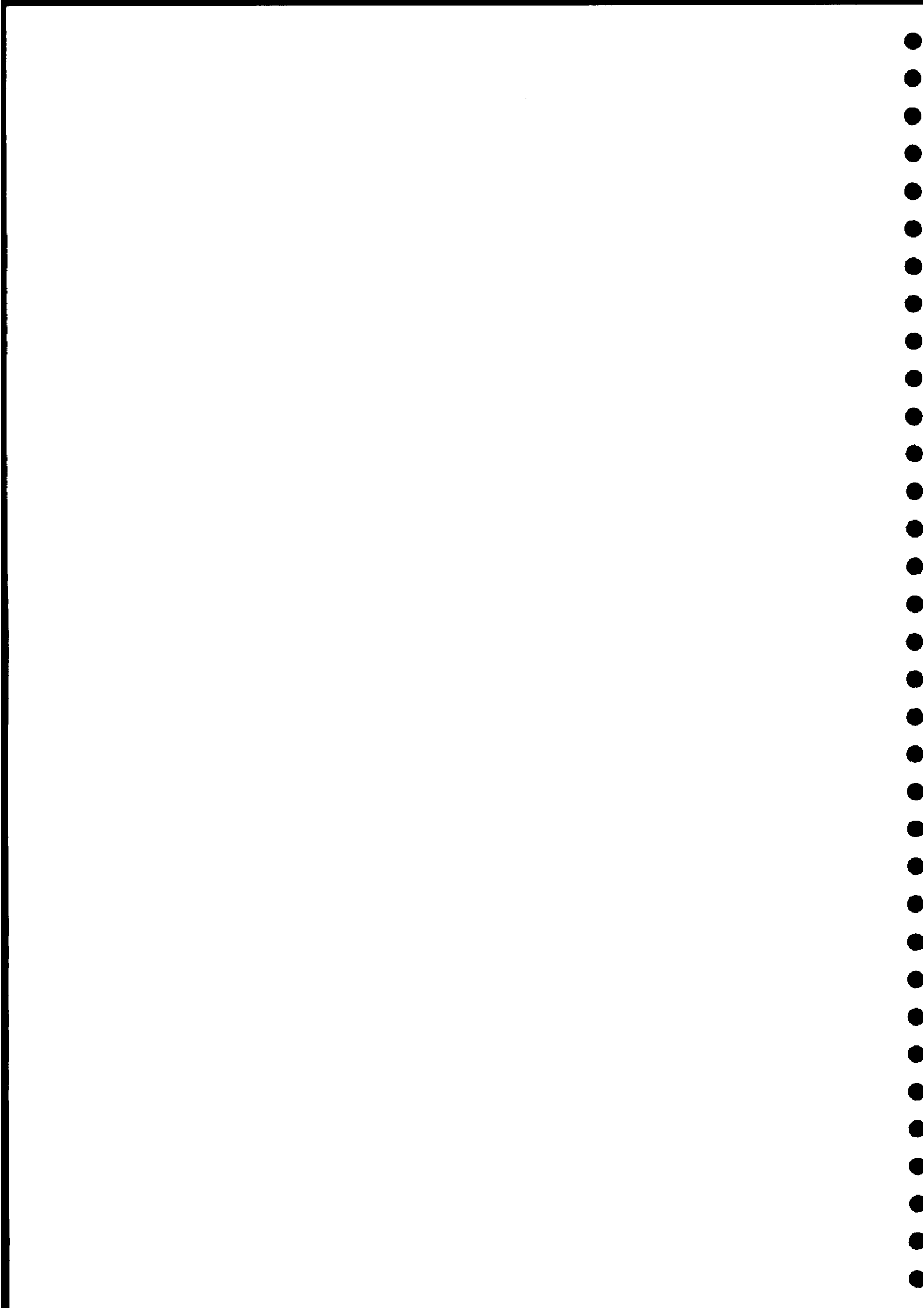
16 Reserves

Group

| | Capital reserve on consolidation | Profit and loss reserve | Other reserves |
|---|--|----------------------------|-------------------|
| | £'000 | £'000 | £'000 |
| Opening balance as previously stated | 88 | 16,066 | 4,142 |
| Prior year adjustment – FRS 19 | - | 375 | - |
| Opening balance as restated | 88 | 16,441 | 4,142 |
| Profit for the financial year | - | 633 | - |
| Translation differences on preference share capital (see note 15) | - | 82 | - |
| Closing balance | 88 | 17,156 | 4,142 |

Company

| | Profit and loss reserve | |
|---|-------------------------|-------|
| | 2002 | 2001 |
| | £'000 | £'000 |
| Profit for the financial year (see note 8) | 244 | 3,960 |
| Translation differences on preference share capital | 82 | 6 |
| Retained profit for the year | 326 | 3,966 |
| Opening balance | 6,381 | 2,415 |
| Closing balance | 6,707 | 6,381 |



Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

17 Reconciliation and Analysis of Shareholder's Funds

Group

| | Share capital | Capital reserve on consolidation | Profit and loss reserve | Other reserves | Total shareholders' funds |
|---|------------------|--|----------------------------|-------------------|---------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Opening shareholder's funds as previously stated | 70,189 | 88 | 16,066 | 4,142 | 90,485 |
| Prior year adjustment – FRS 19 | - | - | 375 | - | 375 |
| Opening shareholder's funds as restated | 70,189 | 88 | 16,441 | 4,142 | 90,860 |
| Profit for the financial year | - | - | 633 | - | 633 |
| Translation differences on preference share capital (see note 15) | (82) | - | 82 | - | - |
| Closing shareholder's funds | 70,107 | 88 | 17,156 | 4,142 | 91,493 |

During the year ended 31 October 1985 Toronto Dominion International Limited, a subsidiary of the company, received from Toronto Dominion Investments BV a capital contribution of US\$ 6,000,000 which has been credited directly to "Other reserves" in the consolidation accounts. Because Toronto Dominion International Limited is a dormant company, this non-sterling reserve has not been re-translated at the balance sheet date. This capital contribution has been written off in the books of Toronto Dominion Investments BV.

| | <i>As restated</i> | |
|---|--------------------|---------------|
| | 2002 | 2001 |
| | £'000 | £'000 |
| Attributable to equity interests: | | |
| Ordinary shares and "A" deferred shares | 5,045 | 5,045 |
| Profit and loss reserve | 17,156 | 16,441 |
| Capital reserve on consolidation | 88 | 88 |
| Other reserves | 4,142 | 4,142 |
| Total equity interests | 26,431 | 25,716 |
| Attributable to non-equity interests: | | |
| Sterling redeemable preference shares and "B" deferred shares | 63,970 | 63,970 |
| Dollar redeemable preference shares and "C" deferred shares | 1,092 | 1,174 |
| Total non-equity interests | 65,062 | 65,144 |
| Total shareholder's funds | 91,493 | 90,860 |

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

17 Reconciliation and Analysis of Shareholder's Funds

Company

| | 2002 | 2001 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Retained Profit for the financial year (see note 16) | 326 | 3,966 |
| Translation differences on preference share capital (see note 15) | (82) | (6) |
| Opening Shareholder's funds | 76,570 | 72,610 |
| Closing Shareholder's Funds | <u>76,814</u> | <u>76,570</u> |
| Attributable to equity interests: | | |
| Ordinary shares and "A" deferred shares | 5,045 | 5,045 |
| Profit and loss reserve | 6,707 | 6,381 |
| Total equity interests | <u>11,752</u> | <u>11,426</u> |
| Attributable to non-equity interests: | | |
| Sterling redeemable preference shares and "B" deferred shares (see note 15) | 63,970 | 63,970 |
| Dollar redeemable preference shares and "C" deferred shares (see note 15) | 1,092 | 1,174 |
| Total non-equity interests | <u>65,062</u> | <u>65,144</u> |
| Total shareholder's funds | <u>76,814</u> | <u>76,570</u> |

Toronto Dominion Holdings (UK) Limited

Notes to the financial statements for the year ended 31 October 2002 (continued)

18 Contingent Liabilities

One of the Company's subsidiaries, TD Securities Limited, has commitments of £12,590,328 (2001: £12,422,985) in respect of further purchases of unlisted securities as at 31 October 2002.

19 Ultimate Parent Undertaking

The immediate parent company and the parent company of the smallest group of which the Company forms part is Toronto Dominion Investments BV, which is incorporated in the Netherlands. Copies of its accounts may be obtained from: Toronto Dominion Investments BV, Atrium Gebouw, Strawinskylaan 3025, 1077 ZX Amsterdam, Holland.

The ultimate controlling party and ultimate parent company of the largest group of which the Company forms part is The Toronto-Dominion Bank, which is incorporated in Canada. Copies of the Toronto-Dominion Bank's group accounts may be obtained from: Finance and Control Division, The Toronto-Dominion Bank, PO Box 1, Toronto-Dominion Centre, King St.W and Bay St, Toronto, Ontario M5K 1A2, Canada.