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TD Securities Limited

Report and Audited Financial Statements

31 October 2011



TD Securities Limited

Registered No 2650118

Directors

A Bambawale (Canadian)
B Wallace (British)
P Dixon (British)
J Stewart (British)
M Lang (Canadian)
A Fong (Australian)

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 year ended 31 October 2011

Results and dividends

TD Securities Limited's ("the Company") results for the year are shown in the statutory profit and loss account on page 8. The profit on ordinary activities after taxation for the year was £187,161 (2010 £884,839)

No redeemable preference dividend was declared or paid during the year (2010 £Nil). No dividend on ordinary shares was declared and none is proposed (2010 £Nil).

Principal activity and review of the business

The Company periodically engages in long-term investments and during the year held two private equity investments.

The Company continues to receive commissions from other group companies on the sale of Canadian and other globally exchange-listed equities to European-based institutional clients.

The Company is regulated by the Financial Services Authority.

The key financial performance indicators during the year were as follows

	2011 £'000	2010 £'000	Change %
Turnover	5,004	3,338	50%
Operating profit/(loss)	498	(785)	163%
Profit after tax	187	885	(79)%
Shareholder's funds	70,881	70,298	1%

Turnover increased in 2011 by 50%, primarily due to growth in commission income from the Institutional Equities business. Despite the increase in turnover, profit after tax has decreased as a result of the release of the remaining onerous lease provision in 2010.

Principal risks and uncertainties

The financial risk management objectives and policies of the Company are shown in Note 15 of the financial statements.

Future developments

The Company does not anticipate any changes in principal activities in the forthcoming year.

Going concern

The Company's management has made a forward-looking assessment (of at least 12 months) 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, 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 two private equity investments held by the Company were sold to TD Bank Capital Group Limited on 31 December 2011.

Directors' report

Directors and their interests

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

A Bambawale (Canadian)	-	Managing Director and Chairman (appointed 4 July 2011)
J Coombs (Canadian)	-	Managing Director and Chairman (resigned 4 July 2011)
B Wallace (British)	-	Director
P Dixon (British)	-	Director
J Stewart (British)	-	Director
D Machacek (Canadian)	-	Director (resigned 13 April 2011)
M Lang (Canadian)	-	Director
A Fong (Australian)	-	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 2010</i>	<i>Additions/Disposals during the year</i>	<i>At 31 October 2011</i>
A Bambawale	19,430	3,502	22,932
M Lang	6,762	102	6,864
J Stewart	517	311	828
B Wallace	397	74	471
P Dixon	38	62	100
A Fong	-	39	39
	<u>27,144</u>	<u>4,090</u>	<u>31,234</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 2011 Annual Report (AR) and Supplemental Financial Information (SFI)

Credit Portfolio Quality	AR pgs 40-51
Capital Position	AR pgs 52-57
Managing Risk	AR pgs 61-84
Quarterly Basel II Quantitative Disclosures	SFI pgs 42-48

Remuneration disclosures can be found online at the TD Securities website

http://www.tdsecurities.com/tds/content/AU_RegulatoryDisclosure

Disclosure of information to the auditors

So far as each person who is 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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

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

P Dixon

A handwritten signature in black ink, appearing to be 'P Dixon', with a horizontal line extending to the right.

Director

22 February 2012

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 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 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.

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.

Independent auditor's report

to the members of TD Securities Limited

We have audited the financial statements of TD Securities Limited for the year ended 31 October 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 Report and Audited Financial Statements 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 2011 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 TD Securities 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 22/2/2012

Profit and loss account

for the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Turnover	2	5,004	3,338
Operating charges		(57)	(45)
Foreign exchange (loss)/gain		(38)	3
		<u>4,909</u>	<u>3,296</u>
Administrative expenses		(4,041)	(4,065)
Provision for impairment in value of investment securities	7	(370)	(292)
Gain on investment securities		-	276
Operating profit/(loss)	3	<u>498</u>	<u>(785)</u>
Interest payable and similar charges	5	(80)	(44)
Provision for liabilities released		-	1,538
Profit on ordinary activities before taxation		<u>418</u>	<u>709</u>
Tax (charge)/credit on ordinary activities	6	(231)	176
Retained profit for the financial year	12	<u><u>187</u></u>	<u><u>885</u></u>

The above results are derived solely from continuing operations

The notes on pages 11 to 24 form an integral part of the financial statements

Statement of total recognised gains and losses

for the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year	12	187	885
Total recognised gains and losses relating to the year		<u>187</u>	<u>885</u>
Write back of impairment on investment securities	7	396	-
Adjustment in respect of prior year expense accrual		-	(106)
Total gains and losses recognised since last annual report		<u>583</u>	<u>779</u>

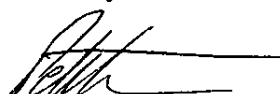
The notes on pages 11 to 24 form an integral part of these financial statements

Balance sheet

at 31 October 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Investment securities	7	4,891	5,044
Tangible fixed assets	8	<u>13</u>	<u>14</u>
		4,904	5,058
Current assets			
Debtors	9	12,463	9,671
Cash at bank		<u>66,490</u>	<u>66,213</u>
		78,953	75,884
Current liabilities			
Creditors: amounts falling due within one year	10	(12,976)	(10,644)
Net assets		<u>70,881</u>	<u>70,298</u>
Capital and reserves			
Called up share capital	11	63,000	63,000
Profit and loss account	12	<u>7,881</u>	<u>7,298</u>
Total shareholder's funds	12	<u>70,881</u>	<u>70,298</u>

The financial statements were approved by the Board of Directors on 22 February 2012 and signed on their behalf by



P Dixon
Director

The notes on pages 11 to 24 form an integral part of these financial statements

Notes to the financial statements

at 31 October 2011

1. Accounting policies

Basis of preparation and prior year adjustments

The financial statements of TD Securities Limited were approved by the Board of Directors on 22 February 2012

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

Revenue recognition

Turnover includes interest income, administration and commission fees. Administration and commission fees are recognised over the period in which the related service is rendered. Interest income is recognised on an accrual basis.

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 marketplace. 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.

Notes to the financial statements

at 31 October 2011

1. Accounting policies (continued)

Financial assets (continued)

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.

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.

Notes to the financial statements

at 31 October 2011

1. Accounting policies (continued)

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it expires or is settled, sold or cancelled

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the profit and loss account

Tangible fixed assets

Depreciation of tangible fixed assets is provided over estimated useful lives as follows

Computer equipment	Straight line over applicable useful life
Furniture and fittings	20% reducing balance

Depreciation is charged from the relevant date in the year use commences

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

Share-based compensation plans

The Company operates a restricted share unit plan, which is offered to certain employees of the Company. Under this plan, participants are awarded share units equivalent to the Company's common shares that generally vest over four years (including the year prior to the grant). A liability is accrued by the Company related to such share units awarded and an incentive compensation expense is recognised in the Profit and Loss Account over the vesting period.

Compensation expense for these plans is recorded from the date at which the plan participant renders services related to the grant. Changes in the value of these plans are recorded in the profit and loss account.

The Bank also offers deferred share unit plans to eligible employees. Under these plans, a portion of the participant's annual incentive award and/or maturing share units may be deferred as share units equivalent to TD Bank Group's common shares.

Notes to the financial statements

at 31 October 2011

1. Accounting policies (continued)

Foreign currencies

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

For reporting purposes, monetary 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. Non-monetary assets and liabilities denominated in currencies other than Sterling are translated into Sterling at the spot rates of exchange at the date of transaction. 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) "Cash Flow Statements", the Company is claiming an exemption as the financial statements of its ultimate parent are publicly available.

Segmental information

The businesses of the Company during the year were investing in securities and dealing in exchange-traded securities, which the directors consider to be a single category of business. 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.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Rentals receivable under operating leases are recognised in the profit and loss account on a straight-line basis over the lease term.

Notes to the financial statements

at 31 October 2011

2. Turnover

	2011 £'000	2010 £'000
Commission income from other group companies on sale of institutional equities	4,210	2,607
Commission income from third parties on sale of institutional equities	439	543
Interest receivable on cash at bank	279	237
Interest receivable on deposits with ultimate parent undertaking	76	38
Trading loss from exchange-traded financial instruments	-	(94)
Fee income from other group companies on introduction of investors	-	6
Interest receivable on current account with clearing member	-	1
	<u>5,004</u>	<u>3,338</u>

3. Operating profit/(loss) on ordinary activities before taxation

This is stated after charging

	2011 £'000	2010 £'000
Auditor's remuneration – audit services	56	54
Charges from ultimate parent undertaking	26	8
Depreciation (Note 8)	3	2
Directors' emoluments	<u>399</u>	<u>907</u>

4. Employees

Staff Costs

	2011 £'000	2010 £'000
Salaries and benefits	2,783	2,810
Social security costs	236	234
Pension costs	63	102
	<u>3,082</u>	<u>3,146</u>

The average monthly number of employees during the year was made up as follows

	2011 No	2010 No
Front office	7	6
Support staff	2	3
	<u>9</u>	<u>9</u>

Notes to the financial statements

at 31 October 2011

4. Employees (continued)

Directors' remuneration

	2011 £'000	2010 £'000
Aggregate remuneration in respect of qualifying services	257	582
Aggregate amounts receivable under long term incentive plans	142	325
Contributions paid to defined contribution pension schemes	<u>11</u>	<u>10</u>

Only one director was employed by the Company during the year. 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 (2010: £Nil).

There were no pension contributions under a defined benefit scheme accrued for any director in 2011 (2010: £Nil) in respect of their role with the Company.

In respect of the highest paid director

	2011 £'000	2010 £'000
Aggregate remuneration	399	907
Accrued pension at the end of the year	<u>-</u>	<u>1</u>

The Company does not operate a qualifying share option scheme.

5. Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable on bank loans from ultimate parent undertaking	80	43
Interest payable on current account with clearing member	<u>-</u>	<u>1</u>
	<u>80</u>	<u>44</u>

Notes to the financial statements

at 31 October 2011

6. Taxation

	2011 £'000	2010 £'000
Current tax		
UK corporation tax for the year	-	(52)
Adjustments in respect of prior periods	(53)	18
Current tax charged/(credit) for current year	(53)	(34)
Deferred tax		
Change in opening deferred tax resulting from reduction in tax rates	36	21
Prior year adjustment	48	-
Arising during the year	200	(163)
Total tax charged/(credit) on profit on ordinary activities	231	(176)

The corporate tax rate has reduced from 28% to 26%. Tax has been assessed for the year by applying a hybrid rate of 26.83%. The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	418	709
Profit on ordinary activities multiplied by hybrid rate of 26.83% (2010: 28%)	112	199
Effects of		
Items not deductible for tax purposes	118	128
Tax relief on partnership expenses	(29)	(38)
Timing differences	18	(341)
Adjustments to tax charge in respect of previous years	(53)	18
Utilisation of brought forward trading losses	(219)	-
Tax for the year	(53)	(34)

Deferred tax

	2011 £'000	2010 £'000
Deferred tax asset.		
At 1 November	716	574
Change in opening deferred tax resulting from reduction in tax rates	(36)	(21)
Prior year adjustment	(48)	-
Arising during the year	(200)	163
At 31 October (Note 9)	432	716

On 23 March 2011, the Chancellor announced a further reduction in the standard rate of corporation tax from the already announced 27% to 26% from 1 April 2011. The UK government also confirmed its intention to reduce the rate further by 1% per annum falling to 23% with effect from 1 April 2014. The 25% rate was substantively enacted in July 2011. As such the closing deferred tax balances at 31 October 2011 have been stated at a rate of 25%. The maximum further effect on deferred tax on the reduction in the UK corporation tax rate to 23% is expected to be £34,605.

Notes to the financial statements

at 31 October 2011

6. Taxation (continued)

Recognised deferred tax

As at 31 October 2011, the Company had carried forward trading losses of £342,581 (2010 £1,157,906) and other timing differences of £1,387,690 (2010 £1,495,346), giving rise to a total deferred tax asset of £432,568 (2010 £716,375)

Unrecognised deferred tax

The company has not provided for deferred tax on capital losses carried forward of £1,084,609 at the balance sheet date. If an asset were provided it would equate to £271,152

Future events

On 31 December 2011, the company sold its share of the Amadeus and GMT investments based on the fair value per the last valuation in the 30 September 2011 partnership accounts. Had a binding sale agreement been in existence at the balance sheet date, additional capital losses of £1,262,023 would have been realised. The Directors do not believe that there will be a material change to be recognised when the fair value as at 31 December 2011 is established upon publication of the funds' audited accounts in March 2012.

7. Investment securities

	<i>Unlisted investments £'000</i>
Cost	
As at 1 November 2010	8,884
Foreign exchange adjustments on opening balance	(42)
Capital distribution during the year	(150)
As at 31 October 2011	<u>8,692</u>
Provisions	
As at 1 November 2010	3,840
Foreign exchange adjustments on opening balance	(13)
Impairment charge for year	370
As at 31 October 2011	<u>4,197</u>
Write back of impairment on investment securities	<u>396</u>
Net book value as at 31 October 2011	<u>4,891</u>
Net book value as at 31 October 2010	<u>5,044</u>

Investment securities comprise two private equity investments held by the Company. For future commitments, please refer to Note 14. These are available-for-sale financial instruments with any changes in fair value recognised through equity. The fair value of the investment is disclosed in Note 16.

A provision for impairment for one of the investments, GMT Communications Partners, has been established based on the directors' assessment of their recoverable amount.

The second investment, Amadeus II, recognised a fair value gain which is included in the statement of recognised gains and losses on page 8.

During the year, the investments made capital distributions of £150,000 (2010 £1,284,463) and income distributions of £Nil (2010 £275,828).

Notes to the financial statements

at 31 October 2011

8. Tangible fixed assets

	<i>Computer Hardware £'000</i>	<i>Furniture and fittings £'000</i>	<i>Total £'000</i>
Cost			
As at 1 November 2010	11	5	16
Additions during the year	6	-	6
Disposals during the year	(5)	-	(5)
As at 31 October 2011	<u>12</u>	<u>5</u>	<u>17</u>
Accumulated depreciation			
As at 1 November 2010	(2)	-	(2)
Charge for the year	(2)	(1)	(3)
Disposals during the year	1	-	1
As at 31 October 2011	<u>(3)</u>	<u>(1)</u>	<u>(4)</u>
Net book value as at 31 October 2011	<u>9</u>	<u>4</u>	<u>13</u>
Net book value as at 31 October 2010	<u>9</u>	<u>5</u>	<u>14</u>

9. Debtors

	<i>2011 £'000</i>	<i>2010 £'000</i>
Deposits with ultimate parent undertaking	10,294	7,499
Amounts owed by ultimate parent undertaking	-	6
Amounts owed by other group companies	1,665	1,396
Amounts owed by other group companies in respect of group relief	67	52
Deferred tax asset (Note 6)	432	716
Prepayments and accrued income	5	2
	<u>12,463</u>	<u>9,671</u>

Deposits with ultimate parent undertaking are interest bearing. Other amounts owed by ultimate parent undertaking and by other group companies are repayable on demand and are non-interest bearing.

Notes to the financial statements

at 31 October 2011

10. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank loans from ultimate parent undertaking	9,451	6,980
Accruals and deferred income	3,272	3,216
Amounts owed to ultimate parent undertaking	253	448
	<u>12,976</u>	<u>10,644</u>

Bank loans from ultimate parent undertaking are interest bearing. Other amounts owed to ultimate parent undertaking are repayable on demand and are non-interest bearing.

11. Issued share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully paid.		
1,000,000 Ordinary shares of £1 each	1,000	1,000
62,000,000 Redeemable preference shares of £1 each	<u>62,000</u>	<u>62,000</u>
	<u>63,000</u>	<u>63,000</u>

The redeemable preference shares are redeemable at par on the following dates (or earlier if the directors so resolve)

25,000,000 redeemable preference shares of £1 each issued 27 September 1991 redeemable on 31 October 2021

4,000,000 redeemable preference shares of £1 each issued on 3 February 1992 redeemable on 31 October 2022

27,000,000 redeemable preference shares of £1 each issued on 30 April 1996 redeemable on 31 October 2026

6,000,000 redeemable preference shares of £1 each issued on 24 July 1996 redeemable on 31 October 2026

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 has the right to receive a variable non-cumulative preferential dividend between the rates of 1 per cent and 20 per cent per share per annum.

The redeemable preference shares have attached to them the same rights regarding voting and payment on a winding up as are attached to ordinary shares.

Capital management

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company will make adjustments to its capital in light of changes in economic conditions and the risk characteristics of its activities. The Company continues to hold sufficient capital to ensure that flexibility is maintained in its operations. No changes were made to the objectives, policies or processes during the years ended 31 October 2011 and 31 October 2010.

The Group Treasury and Balance Sheet Management function is responsible for managing capital for the Group and is responsible for acquiring, maintaining and retiring capital, with oversight from the Toronto-Dominion Bank's Board of Directors.

Notes to the financial statements

at 31 October 2011

11. Issued share capital (continued)

Regulatory capital

	2011 £'000	2010 £'000
Tier 1 capital	17,762	70,298
Tier 2 capital	17,762	-
Tier 3 capital	35,357	-
	<u>70,881</u>	<u>70,298</u>
Capital required	<u>3,811</u>	<u>2,082</u>

12. Reconciliation and analysis of shareholder's funds

Year ended 31 October 2011

	Profit and loss account £'000	Ordinary share capital £'000	Preference shares (equity) £'000	Shareholder's funds £'000
At 1 November 2010	7,298	1,000	62,000	70,298
Gross unrealised gain on investment securities	396	-	-	396
Profit for the financial year	187	-	-	187
At 31 October 2011	<u>7,881</u>	<u>1,000</u>	<u>62,000</u>	<u>70,881</u>

Year ended 31 October 2010

	Profit and loss account £'000	Ordinary share capital £'000	Preference shares (equity) £'000	Shareholder's funds £'000
At 1 November 2009	6,413	1,000	62,000	69,413
Profit for the financial year	885	-	-	885
At 31 October 2010	<u>7,298</u>	<u>1,000</u>	<u>62,000</u>	<u>70,298</u>

13. Share-based payments

The Company operates a restricted share unit plan which is offered to certain employees. Under this plan, participants are awarded share units equivalent to TD Bank Group's ("TDBG") common shares that generally vest over four years, providing the employees have remained continuously employed by the group for this period. The number of units granted is determined using the closing share price on the TSX on the trading day preceding the grant date.

Beginning with units granted in December 2009, the Human Resources Committee ("HRC") of the Board of TDBG has the discretion to adjust the number of units within a 20% range at maturity at the plan or individual level based on a review of the risks taken to achieve business results over the life of the award. Share units are subject to a claw back in the event of a material misrepresentation resulting in the restatement of financial results or a material error, within a 36 month retrospective period. In the event of a material misrepresentation or error, the committee will determine the extent of the claw back based on the specific circumstances.

Notes to the financial statements

at 31 October 2011

13. Share-based payments (continued)

At the maturity date, the participant receives cash representing the value of the share units, unless the employee previously elected to defer them into deferred share units. Any dividends earned over the period will be re-invested in additional units that will be paid at maturity. Redemption proceeds are paid within 60 days of maturity, net of statutory withholdings, and are taxed as employment income. The redemption value of units can be reduced by the HRC in unusual circumstances.

A liability is accrued by the Company related to such share units awarded and an incentive compensation expense is recognised in the profit and loss account over the vesting period. Compensation expense for these plans is recorded in the year the incentive award is earned by the plan participant. Changes in the value of these plans are recorded, net of the effects of related hedges, in the profit and loss account.

For the year ended 31 October 2011, the Bank recognised compensation expense for these plans of £475,261 (2010: £554,003).

	<i>2011</i>	<i>2010</i>
	<i>No of</i>	<i>No of</i>
	<i>Units</i>	<i>Units</i>
Outstanding at 1 November	32,081	30,318
Granted during the year	9,915	12,131
Released during the year	(19,450)	(9,666)
Forfeited during the year	-	(702)
Outstanding at 31 October	<u>22,546</u>	<u>32,081</u>

TDBG share price at 31 October 2011 was C\$75.23 (2010: C\$73.45). The CAD/GBP exchange rate at 31 October 2011 was 1.6025 (2010: 1.6347).

14. Commitments

The Company has investment commitments in respect of unlisted securities as at 31 October 2011 of £16,643 (2010: £16,802) which can currently be drawn at any time at the discretion of the investment fund managers.

15. Risk management

Objectives, policies and strategies

The principal financial risks faced by the Company are interest rate risk, liquidity risk and credit risk. A description of the significant risks associated with the Company's activities is provided below.

TD Securities Limited has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed by the Board.

Interest rate risk

The net interest income of the Company is exposed to movements in interest rates. This is managed by using short-term deposits of no more than one month, which earn applicable money market rates of interest.

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The other financial instruments of the Company that are not included in the tables below are non-interest bearing and therefore not subject to interest rate risk.

Notes to the financial statements

at 31 October 2011

15. Risk management (continued)

Interest rate risk (continued)

The interest rate profile of the financial assets and liabilities of the Company is as follows

At 31 October 2011

	<i>Within 1 year £'000</i>	<i>1 to 5 years £'000</i>	<i>More than 5 years £'000</i>	<i>Total £'000</i>
Fixed rate				
Cash at bank	66,490	-	-	66,490
Deposits with ultimate parent undertaking	10,294	-	-	10,294
Bank loans from ultimate parent undertaking	(9,451)	-	-	(9,451)
Interest rate sensitivity gap	<u>67,333</u>	<u>-</u>	<u>-</u>	<u>67,333</u>

At 31 October 2010

	<i>Within 1 year £'000</i>	<i>1 to 5 years £'000</i>	<i>More than 5 years £'000</i>	<i>Total £'000</i>
Fixed rate				
Cash at bank	66,213	-	-	66,213
Deposits with ultimate parent undertaking	7,499	-	-	7,499
Bank loans from ultimate parent undertaking	(6,980)	-	-	(6,980)
Interest rate sensitivity gap	<u>66,732</u>	<u>-</u>	<u>-</u>	<u>66,732</u>

Liquidity risk

The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding, to retain full public confidence in the solvency of the Company and to enable the Company to meet its financial obligations. This is achieved through maintaining a prudent level of liquid assets and through management control of the growth of the business. The maturity profile of the Company's assets and liabilities, based on contractual maturity date or earliest available date on which repayment can be demanded where relevant, is set out in Notes 9 and 10.

Credit risk

The Company's exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. Cash is placed on term or overnight deposits with Group Risk Management-approved financial institutions.

Notes to the financial statements

at 31 October 2011

16. 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

	2011		2010	
	<i>Book value £'000</i>	<i>Fair value £'000</i>	<i>Book value £'000</i>	<i>Fair value £'000</i>
<i>Financial assets</i>				
Investment securities	4,891	4,891	5,044	5,096
Tangible fixed assets	13	13	14	14
Debtors	12,463	12,463	9,671	9,671
Cash at bank	66,490	66,490	66,213	66,213
<i>Financial liabilities</i>				
Bank loans and amounts owed to group undertakings	(9,451)	(9,451)	(6,980)	(6,980)
Accruals and deferred income	(3,272)	(3,272)	(3,216)	(3,216)
Amounts owed to ultimate parent undertaking	(253)	(253)	(448)	(448)
	<u>70,881</u>	<u>70,881</u>	<u>70,298</u>	<u>70,350</u>

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

17. Ultimate parent undertaking and controlling party

The smallest group in which the results of the Company are consolidated is that headed by Toronto Dominion Holdings (UK) Ltd, which is incorporated in the United Kingdom. Copies of its financial statements may be obtained from Toronto Dominion Holdings (UK) Ltd, 60 Threadneedle Street, London EC2R 8AP.

The Company's ultimate parent undertaking, 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