TD Securities Limited

Report and Audited Financial Statements

31 October 2013

Registered No 2650118

Directors

B Smith (American)
M Huppke (Canadian)
D Cerovic (Canadian)
B Wallace (British)
J Stewart (British)
S Nash (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 year ended 31 October 2013

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 £765,244 (2012 £1,544,084)

No redeemable preference dividend was declared or paid during the year (2012 £Nil) No dividend on ordinary shares was declared and none is proposed (2012 £Nil)

Information on the principal activity, risks, uncertainties and future developments of the business are provided in the strategic report on page 5

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

Directors and their interests

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

B Smith (American)	-	Director and Chairman (appointed 17 January 2013)
A Bambawale (Canadian)	-	Director and Chairman (resigned 14 January 2013)
M Huppke (Canadian)	-	Director (appointed 2 September 2013)
M Lang (Canadian)	-	Director (resigned 2 September 2013)
D Cerovic (Canadian)	-	Director
B Wallace (British)	-	Director
J Stewart (British)	-	Director
S Nash (British)	-	Director (appointed 4 February 2013)

According to the register of directors, no director 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

	At 1 November 2012	*Additions/Disposals during the year*	***At 31 October 2013***
B Smith	1,771	-	**1,771**
M Huppke	4	-	**4**
J Stewart	446	(31)	**415**
B Wallace	553	76	**629**
D Cerovic	214	122	**336**
S Nash	-	-	**-**
	2,988	167	**3,155**

Directors' report

Basel II Pillar 3

The Company was granted a waiver by 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 Existing waivers and rule modifications were 'grandfathered' to the FCA on 1 April 2013 For further information on the following, please see the TD Bank Group's 2013 Annual Report (AR) and Supplemental Financial Information (SFI) which can be found online at http //www td com/annual-report/ar2013/index jsp

Credit Portfolio Quality	AR pages 40-53
Capital Position	AR pages 54-61
Managing Risk	AR pages 70-103
Quarterly Basel II Quantitative Disclosures	SFI pages 41-58

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

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

19 February 2014

Strategic report

Strategy

As an international operation of a major Canadian financial institution, the primary strategic position in the region is to support TD Bank Group's North American franchise TD Bank Group (TDBG) maintains client relationships with a number of large multinational organisations, many of which require access to capital markets in Europe and elsewhere

Business model

The Company maintains its own employee base in terms of both business and infrastructure personnel and also leverages the operational infrastructure that exists in both TD Bank London Branch and Toronto The Company's turnover is generated in Europe (by staff operating from the London office), operating expenses are a combination of a) direct costs and b) allocations of overhead costs from both the London and Toronto operations

The Company's business focuses on equities, in particular institutional equity sales The sales team is responsible for facilitating the distribution of listed Canadian equities and IPO offerings to a range of European- and Asian-based equity investors, including hedge funds, commercial and private banks, central banks, investment funds, insurance companies, pension funds, and asset/fund managers The majority of the Company's assets are deposits held with third party banks

Principal activity and review of the business

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 Conduct Authority

The key financial performance indicators during the year were as follows

	2013 *£'000*	*2012* *£'000*	*Change*
Turnover	3,852	3,328	16%
Operating profit/(loss)	1,088	1,739	(37)%
Profit after tax	765	1,544	(50)%
Shareholder's funds	72,794	72,029	1%

Turnover increased in 2013 by 16%, primarily due to the increase in commission income from the Institutional Equities business reflecting an increase in trading volumes due to favourable market conditions Despite the increase in turnover, profit after tax decreased as a result of the gain on sale of investment securities to TD Capital Group Limited in 2012

Principal risks and uncertainties

The financial risk management objectives and policies of the Company are shown in Note 14 of the financial statements

Future developments

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

On behalf of the board

D Cerovic
Director

19 February 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report, Strategic 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 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 TD Securities Limited

We have audited the financial statements of TD Securities Limited for the year ended 31 October 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16 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 an 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 and Strategic 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 2013 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 Strategic report and 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

Ernst & Young LLP

Manprit Dosanjh (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 21 February 2014

Profit and loss account

for the year ended 31 October 2013

	Note	*2013* *£'000*	*2012* *£'000*
Turnover	2	3,852	3,328
Operating charges		(52)	(60)
Foreign exchange loss		(89)	(61)
		3,711	3,207
Administrative expenses		(2,623)	(2,580)
Gain on investment securities	7	-	1,112
Operating profit	3	1,088	1,739
Interest payable and similar charges	5	(6)	(72)
Profit on ordinary activities before taxation		1,082	1,667
Tax charge on ordinary activities	6	(317)	(123)
Retained profit for the financial year	12	765	1,544

The above results are derived solely from continuing operations

The notes on pages 11 to 23 form an integral part of the financial statements

Statement of total recognised gains and losses

for the year ended 31 October 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year	12	765	1,544
Total recognised gains and losses relating to the year		765	1,544
Reversal of write back of impairment on sale of investment securities	7	-	(396)
Total gains and losses recognised since last annual report		765	1,148

The notes on pages 11 to 23 form an integral part of the financial statements

Balance sheet

at 31 October 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Tangible fixed assets	8	7	10
		7	10
Current assets			
Debtors	9	5,705	5,685
Cash at bank		69,467	69,241
		75,172	74,926
Current liabilities			
Creditors: amounts falling due within one year	10	(2,385)	(2,907)
Net assets		72,794	72,029
Capital and reserves			
Called up share capital	11	63,000	63,000
Profit and loss account	12	9,794	9,029
Total shareholder's funds	12	72,794	72,029

The financial statements were approved by the Board of Directors on 19 February 2014 and signed on their behalf by

D Cerovic
Director

The notes on pages 11 to 23 form an integral part of the financial statements

Notes to the financial statements

at 31 October 2013

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 19 February 2014

These financial statements have been prepared in accordance with the requirements of Schedule 1 of the Large and Medium size companies and group (accounts and reports) regulation 2008 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) on the going concern basis under the historical cost convention except as disclosed below

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

Revenue recognition

Turnover includes interest income and commission fees 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 2013

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 2013

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	15 years straight line

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

Pension costs

An external pension provider operates a defined contribution scheme on behalf of the Bank and payments made by the Bank are charged directly to the profit and loss account in the period to which they relate

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 TDBG's common shares that generally vest over four years 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 in the Profit and Loss Account

The Company 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 TDBG's common shares

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

Notes to the financial statements

at 31 October 2013

1. Accounting policies (continued)

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

2. Turnover

	2013	*2012*
	£'000	*£'000*
Commission income from other group companies on sale of institutional equities	3,194	2,704
Commission income from third parties on sale of institutional equities	386	281
Interest receivable on cash at bank	232	252
Interest receivable on deposits with ultimate parent undertaking	40	91
	3,852	3,328

3. Operating profit

Operating profit is stated after charging

	2013	*2012*
	£'000	*£'000*
Auditor's remuneration – audit services	45	49
Auditor's remuneration – non audit services	2	-
Charges from ultimate parent undertaking	47	60
Charges payable to group undertaking	6	-
Depreciation (Note 8)	4	3

Notes to the financial statements

at 31 October 2013

4. Employees

Staff Costs

	2013 £'000	2012 £'000
Salaries and benefits	1,649	1,548
Social security costs	220	152
Pension costs	68	69
	1,937	1,769

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

	2013 No	2012 No
Front office	7	7
Support staff	2	2
	9	9

Directors' remuneration

There were no directors 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 (2012 £Nil)

No pension contributions under either a defined contribution or defined benefit scheme were accrued for any director in 2013 (2012 £Nil) in respect of their role with the Company

The Company does not operate a qualifying share option scheme

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable on bank loans from ultimate parent undertaking	6	72

Notes to the financial statements

at 31 October 2013

6. Taxation

	2013 *£'000*	*2012* *£'000*
Current tax		
UK corporation tax for the year	175	7
Adjustments in respect of prior periods	(5)	(39)
Total current tax charge	170	(32)
Deferred tax		
Change in opening deferred tax resulting from reduction in tax rates	18	22
Adjustments in respect of prior periods	43	8
Origination and reversal of timing differences	86	125
Tax on profit on ordinary activities	317	123

	2013 *£'000*	*2012* *£'000*
Deferred tax asset		
At 1 November	277	432
Change in opening deferred tax resulting from reduction in tax rates	(18)	(22)
Adjustments in respect of prior periods	(43)	(8)
Arising during the year	(86)	(125)
At 31 October (Note 9)	130	277

The headline rate of UK corporation tax reduced from 24% to 23% on 1 April 2013, and through the enactment of Finance Act 2013 will reduce further to 21% from 1 April 2014 and 20% from 1 April 2015

Under UK GAAP, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date

Since the future reductions of the corporation tax rate to 21% and 20% were enacted on 17 July 2013, the deferred tax balances at 31 October 2013 have been assessed accordingly

The tax assessed for the year is lower than the hybrid rate applying in the UK (23 41%) The differences are explained below

	2013 *£'000*	*2012* *£'000*
Profit on ordinary activities before tax	1,082	1,667
Profit on ordinary activities multiplied by hybrid rate of 23 41% (2012 24 83%)	253	414
Effects of		
Items not deductible for tax purposes	8	(7)
Tax relief on partnership expenses	-	-
Timing differences	(86)	2
Adjustments to tax charge in respect of prior years	(5)	(39)
Utilisation of brought forward losses	-	(402)
Total current tax charge	170	(32)

Notes to the financial statements

at 31 October 2013

6. Taxation (continued)

Recognised deferred tax

As at 31 October 2013, the Company had P&L timing differences of £649,298 (2012 £1,196,342), giving a deferred tax asset of £129,860 (2012 £275,159)

Unrecognised deferred tax

The company has not provided for deferred tax on capital losses carried forward of £1,262,971 (2012 £2,244,651) at the balance sheet date If an asset were provided it would equate to £252,591 (2012 £516,270)

7. Investment securities

During the year ended 31 October 2012 the Company's investment securities were sold to TD Capital Group Ltd Following income distribution of £123,000, an additional gain on sale of £989,076 was recognised through the profit and loss account

These investments had been held as available-for-sale financial instruments with any changes in fair value recognised through equity A reversal of write back of impairment on sale of investement securities of £395,717 was recognised in fiscal year 2012

8. Tangible fixed assets

	Computer Hardware £'000	*Furniture and fittings £'000*	*Total £'000*
Cost			
As at 1 November 2012	12	5	17
Additions during the year	1	-	1
Disposals during the year	-	-	-
As at 31 October 2013	13	5	18
Accumulated depreciation			
As at 1 November 2012	(6)	(1)	(7)
Charge for the year	(3)	(1)	(4)
Disposals during the year	-	-	-
As at 31 October 2013	(9)	(2)	(11)
Net book value as at 31 October 2013	4	3	7
Net book value as at 31 October 2012	6	4	10

Notes to the financial statements

at 31 October 2013

9. Debtors

	2013 £'000	2012 £'000
Deposits with ultimate parent undertaking	4,913	4,550
Amounts owed by ultimate parent undertaking	-	-
Amounts owed by other group companies	651	681
Amounts owed by other group companies in respect of group relief	-	104
Deferred tax asset (Note 6)	130	277
Prepayments and accrued income	11	5
Taxation receivable	-	68
	5,705	5,685

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

10. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans from ultimate parent undertaking	71	110
Accruals and deferred income	1,884	2,570
Amounts owed to ultimate parent undertaking	238	227
Amounts payable to other group companies	91	-
Taxation payable	101	0
	2,385	2,907

Bank loans from ultimate parent undertaking are interest bearing Other amounts owed to ultimate parent undertaking and amounts payable to other group companies are repayable on demand and are non-interest bearing All external supplier payments are settled on presentation of invoice Internal supplier payments are settled on demand

Notes to the financial statements

at 31 October 2013

11. Issued share capital

	2013	*2012*
	£'000	*£'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	62,000	62,000
	63,000	63,000

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 2013 and 31 October 2012

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

Regulatory capital

	2013	*2012*
	£'000	*£'000*
Tier 1 capital	21,574	20,042
Tier 2 capital	21,574	20,042
Tier 3 capital	29,617	31,913
	72,765	71,997
Capital required	3,584	3,752

Notes to the financial statements

at 31 October 2013

12. Reconciliation and analysis of shareholder's funds

Year ended 31 October 2013

	Profit and loss account £'000	*Ordinary share capital £'000*	*Preference shares (equity) £'000*	*Shareholder's funds £'000*
At 1 November 2012	9,029	1,000	62,000	72,029
Profit for the financial year	765	-	-	765
At 31 October 2013	9,794	1,000	62,000	72794

Year ended 31 October 2012

	Profit and loss account £'000	*Ordinary share capital £'000*	*Preference shares (equity) £'000*	*Shareholder's funds £'000*
At 1 November 2011	7,881	1,000	62,000	70,881
Realisation of gain on securities	(396)			(396)
Profit for the financial year	1,544	-	-	1,544
At 31 October 2012	9,029	1,000	62,000	72,029

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 Toronto Stock Exchange ("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 range of 80% to 120% at maturity based on the Bank's total shareholder return 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

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 in the profit and loss account

For the year ended 31 October 2013, the Bank recognised compensation expense for these plans of £195,998 (2012 £328,883)

Notes to the financial statements

at 31 October 2013

13. Share-based payments (continued)

	2013 *No of* *Units*	*2012* *No of* *Units*
Outstanding at 1 November	21,260	22,546
Granted during the year	6,130	8,012
Released during the year	(12,084)	(9,298)
Outstanding at 31 October	15,306	21,260

TDBG share price at 31 October 2013 was C$95 64 (2012 C$81 23) The CAD GBP exchange rate at 31 October 2013 was 1 6718 (2012 1 6121)

14. 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 three months, 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

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

At 31 October 2013	*Within 1 year* *£'000*	*1 to 5 years* *£'000*	*More than 5 years* *£'000*	*Total* *£'000*
Fixed rate				
Cash at bank	69,467	-	-	69,467
Deposits with ultimate parent undertaking	4,913	-	-	4,913
Bank loans from ultimate parent undertaking	(71)	-	-	(71)
Interest rate sensitivity gap	74,309	-	-	74,309

At 31 October 2012	*Within 1 year* *£'000*	*1 to 5 years* *£'000*	*More than 5 years* *£'000*	*Total* *£'000*
Fixed rate				
Cash at bank	69,241	-	-	69,241
Deposits with ultimate parent undertaking	4,550	-	-	4,550
Bank loans from ultimate parent undertaking	(110)	-	-	(110)
Interest rate sensitivity gap	73,681	-	-	73,681

Notes to the financial statements

at 31 October 2013

14. Risk management (continued)

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 In addition to cash at bank recorded on the face of the balance sheet, 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

Credit risk is defined as the potential for financial loss if a bank, borrower or counterparty in a transaction fails to meet its obligations in accordance with agreed terms 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

Foreign currency risk

Foreign currency risk refers to losses that could result from changes in foreign currency exchange rates The Company's exposure to foreign currency risk occurs where assets and liabilities are denominated in currencies other than Sterling The Group Treasury and Balance Sheet Management function is responsible for managing non-trading foreign exchange risk, with oversight from the ultimate parent, namely the Toronto-Dominion Bank's Board of Directors

The following table demonstrates the sensitivity to a reasonably possible change, set at 10%, in the Sterling exchange rate against the Canadian Dollar, Swiss Francs, Euro and US Dollar exchange rates, with all other variables held constant, to the Company's profit before tax This table discloses absolute values for the potential exchange rate movements at 31 October

		2013	*2012*
	Increase/ Decrease	*£000*	*£000*
Canadian Dollars	+/-10%	79	125
Swiss Francs	+/-10%	-	-
Euro	+/-10%	-	108
US Dollars	+/-10%	17	-

Notes to the financial statements

at 31 October 2013

15. 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

	2013		*2012*	
	Book value £'000	*Fair value £'000*	*Book value £'000*	*Fair value £'000*
Financial assets				
Tangible fixed assets	7	7	10	10
Debtors	5,705	5,705	5,685	5,685
Cash at bank	69,467	69,467	69,241	69,241
Financial liabilities				
Bank loans and amounts owed to group undertakings	(71)	(71)	(110)	(110)
Accruals and deferred income	(1,884)	(1,884)	(2,570)	(2,570)
Amounts owed to ultimate parent undertaking	(238)	(238)	(227)	(227)
Amounts payable to other group companies	(192)	(192)	-	-
	72,794	72,794	72,029	72,029

16. Ultimate parent undertaking and controlling party

The immediate parent company and the parent undertaking of the smallest group of which the Company forms part of is 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