

TD Securities Limited

Report and Audited Financial Statements

31 October 2015

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COMPANIES HOUSE

TD Securities Limited

Registered No: 2650118

Directors

P McDonald Pryer (Irish)
B Smith (American)
M Huppke (Canadian)
P Dixon (British)

Company Secretary

Fola Osuntokun (Canadian)

Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

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 2015.

Results and dividends

TD Securities Limited's ("the Company") results for the year are shown in the statement of comprehensive income on page 9. The total comprehensive income for the year was a loss of £114,633 (2014 *restated*: a gain of £722,919).

No redeemable preference dividends were declared or paid during the year (2014: £Nil). No dividend on ordinary shares was declared and none is proposed (2014: £Nil).

Information on the principal activity, risks, uncertainties and future developments of the business are provided in the strategic report on page 4.

Going concern

The Company's management has made a forward-looking assessment (of a reasonably foreseeable period) 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:

P McDonald Pryer (Irish)	-	Chairman and Non-Executive Director (appointed 4 June 2015)
P Masterson (Canadian)	-	Chairman and Director (resigned 29 May 2015)
P Dixon (British)	-	Director (appointed 26 October 2015)
D Cerovic (Canadian)	-	Director (resigned 26 October 2015)
M Huppke (Canadian)	-	Director
S Nash (British)	-	Director (resigned 9 December 2015)
B Smith (American)	-	Director
J Stewart (British)	-	Director (resigned 4 June 2015)

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:

	<i>At 1 November 2014</i>	<i>Additions/Disposals during the year</i>	<i>At 31 October 2015</i>
B Smith	3,540	-	3,540
M Huppke	9	11	20
P Dixon	561	134	695
P Pryer	-	-	-
	<u>4,110</u>	<u>145</u>	<u>4,255</u>

Directors' report

Pillar 3

Under the Capital Requirements Regulation Pillar 3 disclosure requirements are not applied to the extent that the ultimate parent undertaking produces equivalent consolidated Pillar 3 disclosures. For further information on the Pillar 3 disclosures, please see TD Bank Group's ("TDBG") 2015 Annual Report (AR) and Supplemental Financial Information (SFI) which can be found online at the TDBG website <https://www.td.com/annual-report/ar2015/index.jsp>

Remuneration disclosures can be found online at the TD Securities website:
<https://www.td.com/investor-relations/ir-homepage/annual-reports/2015/index.jsp>
http://www.tdsecurities.com/tds/resource/2015_TDSL_Disclosure.pdf?language=en_CA

Country By Country Reporting (CBCR)

The Capital Requirements Directive IV (CRD IV) Country by Country Reporting (CBCR) framework is now in force for regulated financial institutions. The following table complies with this regulation for the 2015 financial year.

Name of entity	<i>TD Securities Limited</i>
Geographical location	<i>United Kingdom</i>
Turnover	<i>£3,154,429 (2014:£3,816,572)</i>
Number of Employees	<i>8 (2014:8)</i>
Loss/Profit before tax	<i>£122,626 loss(2014:£954,237 gain)</i>
Public subsidies received	<i>-</i>

The company paid corporation tax of £Nil in 2015 (2014: £102,906), and received a refund of £21,153 (2014: £Nil).

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 auditors to prepare their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, 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 auditors are 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

P Dixon



Director
5 February 2016

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 other group companies.

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 FCA.

During the year the Company has early adopted to the new UK reporting framework, FRS 101 – Reduced Disclosure Framework and has taken advantage of disclosure exemptions allowed under this standard.

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

	2015	2014	Change
		<i>restated</i>	
	£'000	£'000	
Turnover	3,154	3,817	(17)%
Operating (loss)/profit	(123)	954	(113)%
(Loss)/Profit after tax	(115)	723	(116)%
Shareholder's funds	73,748	73,863	0%

Turnover decreased in 2015 by 17% primarily due to the deepening of the downturn in commodities markets and the weakness of the Canadian dollar. This reduction in revenues, combined with a rise in Salaries and Benefits has caused operating profit to drop by 113%.

Principal risks and uncertainties

The financial risk management objectives and policies of the Company are shown in Note 11 of the financial statements.

Future developments

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

Strategic report

On behalf of the board.

P Dixon



Director
5 February 2016

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 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 13. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 6, 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 2015 and of its loss 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

Simon Ludlam (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 9th February 2016

Statement of comprehensive income

for the year ended 31 October 2015

		2015	2014
	Note	£'000	restated £'000
Turnover	3	3,154	3,817
Operating charges		(27)	(80)
Foreign exchange loss		(130)	(18)
		<u>2,997</u>	<u>3,719</u>
Administrative expenses	4	(3,120)	(2,765)
(Loss)/Profit on ordinary activities before taxation		<u>(123)</u>	<u>954</u>
Tax on (loss)/profit on ordinary activities	6	8	(231)
(Loss)/Profit for the financial year		<u>(115)</u>	<u>723</u>

Details of the prior year restatement are disclosed in note 2.

The notes on pages 12 to 22 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 October 2015

	<i>Called up share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total equity £'000</i>
Balance as at 31 October 2014	63,000	10,863	73,863
Loss for the financial year	-	(115)	(115)
At 31 October 2015	<u>63,000</u>	<u>10,748</u>	<u>73,748</u>

	<i>Called up share capital £'000</i>	<i>Profit and loss account restated £'000</i>	<i>Total equity restated £'000</i>
Balance as at 31 October 2013	63,000	10,140	73,140
Profit for the financial year	-	723	723
At 31 October 2014	<u>63,000</u>	<u>10,863</u>	<u>73,863</u>

Details of the prior year restatement are disclosed in note 2.

The notes on pages 12 to 22 form an integral part of the financial statements.

Balance sheet

at 31 October 2015

		2015	2014	2013
	Note	£'000	restated £'000	restated £'000
Non-current assets				
Tangible fixed assets	7	5	5	7
		<u>5</u>	<u>5</u>	<u>7</u>
Current assets				
Debtors	8	79,870	62,801	5,705
Cash at bank		-	13,536	69,467
		<u>79,870</u>	<u>76,337</u>	<u>75,172</u>
Current liabilities				
Creditors: amounts falling due within one year	9	(6,217)	(2,479)	(2,039)
Net assets		<u>73,748</u>	<u>73,863</u>	<u>73,140</u>
Capital and reserves				
Called up share capital	10	63,000	63,000	63,000
Profit and loss account		<u>10,748</u>	<u>10,863</u>	<u>10,140</u>
Total shareholder's funds		<u>73,748</u>	<u>73,863</u>	<u>73,140</u>

Details of the prior year restatement are disclosed in note 2.

The financial statements were approved by the Board of Directors on 5 February 2016 and signed on their behalf by:



P Dixon
Director

The notes on pages 12 to 22 form an integral part of these financial statements.

Notes to the financial statements

at 31 October 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

TD Securities Limited ("the Company") is domiciled in the United Kingdom. The registered office is located at 60 Threadneedle Street, London EC2R 8AP.

The Company, an authorised institution under The Financial Services and Markets Act 2000, is regulated by the Financial Conduct Authority (FCA).

The Company is a wholly-owned subsidiary whose ultimate parent company is TD Bank Group, a Canadian financial institution.

These financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and in accordance with applicable accounting standards.

The financial statements of TD Securities Limited were approved by the Board of Directors on 5 February 2016.

2. Accounting policies

Basis of preparation

The Company transitioned from UK GAAP (United Kingdom Generally Accepted Accounting Practice) to FRS 101 Reduced Disclosure Framework for all periods presented. There were no material amendments on the adoption of FRS 101.

Comparative figures have been restated to reflect the amendment of prior period accruals for payroll costs. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 October 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) Paragraph 8 (k) of FRS 101, exempts a qualifying entity for the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

(b) The Company has not produced a cash flow statement. In accordance with FRS 101 Reduced Disclosure Framework, the Company is claiming an exemption as the financial statements of its ultimate parent, which include a cash flow statement, are publicly available.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), unless otherwise indicated.

Prior year restatement

During the current fiscal year it was discovered that payroll taxes had been over accrued and therefore prior year balances have been restated. Previously, 2014 administrative expenses were overstated by £123,134, tax expense was understated by £26,880 and opening reserves were understated by £345,193 and accrued income was overstated by £573,837. Additionally, previously 2013 accrued income was overstated by £345,193 and the profit and loss reserve was understated by the same amount.

Going concern

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis.

Significant accounting policies

The preparation of financial statements in conformity with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) requires that management make estimates, assumptions and judgements that affect the application of accounting policies regarding the reported amount of assets, liabilities, revenue and expenses.

The following summary of accounting policies have been applied to all periods presented in the financial statements and in the opening Statement of Financial Position as at 1 November 2014.

Notes to the financial statements

at 31 October 2015

2. Accounting policies (continued)

Cash and due from banks

Cash and due from banks consists of cash due from banks or investment grade financial institutions. These amounts are due on demand or have an original maturity of three months or less.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue associated with the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

Investment and securities services income include administration and commission fees, and investment banking fees. Administration and commission fees include income from investment management and related services, custody and institutional trust services and brokerage services, which are recognized as income over the period in which the related service is rendered. Investment banking fees including advisory fees, are recognized as income when earned, and underwriting fees, are recognized as income when the Company has rendered all services to the issuer and is entitled to collect the fee.

Credit fees include commissions, liquidity fees, restructuring fees, and loan syndication fees and are recognized as earned.

Interest from interest-bearing assets and liabilities is recognized as interest income using the Effective Interest Rate (EIR). EIR is the rate that discounts expected future cash flows for the expected life of the financial instrument to its carrying value. The calculation takes into account the contractual interest rate, along with any fees or incremental costs that are directly attributable to the instrument and all other premiums or discounts.

Revenue recognition policies related to financial instruments are described in the accounting policies below.

Financial instruments

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Deposits

Deposits, other than deposits included in a trading portfolio, are accounted for at amortized cost. Accrued interest on deposits, calculated using the effective interest rate method, is included in other liabilities on the Statement of Financial Position.

Foreign currencies

The Company's financial statements are presented in sterling, which is the functional and presentation currency of the Company. Monetary assets and liabilities denominated in a currency that differs from an entity's functional currency are translated into the functional currency of the entity at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated into an entity's functional currency at average exchange rates prevailing throughout the year.

Translation gains and losses are included in non-interest income except for available-for-sale equity securities where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Offsetting of financial instruments

Financial assets and liabilities are offset, with the net amount presented in the Statement of Financial Position only if the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations assets and liabilities are presented on a gross basis.

Notes to the financial statements

at 31 October 2015

2. Accounting policies (continued)

Derecognition of financial instruments

Financial Assets

The Company derecognizes a financial asset when the contractual rights to that asset have expired. Derecognition may also be appropriate where the contractual right to receive future cash flows from the asset have been transferred, or where the Company retains the rights to future cash flows from the asset, but assumes an obligation to pay those cash flows to a third party subject to certain criteria.

When the Company transfers a financial asset, it is necessary to assess the extent to which the Company has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards of ownership of the financial asset have been retained, the Company continues to recognize the financial asset and also recognizes a financial liability for the consideration received. If substantially all the risks and rewards of ownership of the financial asset have been transferred, the Company will derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer. The Company determines whether substantially all the risk and rewards have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows does not change significantly as a result of the transfer, the Company has retained substantially all of the risks and rewards of ownership.

Financial Liabilities

The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or where the terms of the existing liability are substantially modified, the original liability is derecognized and a new liability is recognized with the difference in the respective carrying amounts recognized in the Statement of Financial Position.

Tangible fixed assets

Depreciation of property and equipment is provided over estimated useful lives as follows:

Computer hardware	Straight line over applicable useful life
Furniture and fittings	15 years straight line

Depreciation is charged from the relevant month in the year use commences. The Company assesses its depreciable assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs to sell and its value-in-use, is determined. If the carrying value of the asset is higher than its recoverable amount, the asset is written down to its recoverable amount.

Share-based compensation

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 TD Bank Group's common shares. The obligation related to share units is included in other liabilities.

Compensation expense is recognized based on the fair value of the share units at the grant date adjusted for changes in fair value between the grant date and the vesting date, net of the effects of hedges, over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period, in addition to a period prior to the grant date. For the Company's share units, this period is generally equal to four years.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a

Notes to the financial statements

at 31 October 2015

2. Accounting policies (continued)

Provisions (continued)

discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognized as interest expense.

Income taxes

Income tax is comprised of current and deferred tax. Income tax is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related taxes are also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the tax rates that are expected to apply when the assets or liabilities are reported for tax purposes. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. Deferred tax liabilities are not recognized on temporary differences arising on investments in subsidiaries, branches and associates, and interests in joint ventures if the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company records a provision for uncertain tax positions if it is probable that the Company will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management determines they are no longer required or as determined by statute.

Pension costs

An external pension provider operates a defined contribution scheme on behalf of the Company and payments made by the Company are charged directly to the statement of comprehensive income in the period to which they relate.

Segmental information

The sole class of business of the Company during the year was corporate banking. The geographical segment from which the Company's corporate banking income is predominantly generated is Europe.

3. Turnover

	2015 £'000	2014 £'000
Commission income from other group companies on sale of institutional equities	2,998	3,072
Commission income from third parties on sale of institutional equities	647	463
Interest receivable on cash at bank	12	171
Interest receivable on deposits with ultimate parent undertaking	28	35
Interest receivable on deposits with other group companies	301	76
Fees payable to other group companies	(832)	-
	<u>3,154</u>	<u>3,817</u>

Notes to the financial statements

at 31 October 2015

4. Administrative expenses

	2015	2014
	£'000	restated £'000
Personnel expenses		
Wages and salaries	2,277	1,859
Social security costs	25	57
Pension costs	88	62
Severance costs	-	93
	<u>2,390</u>	<u>2,071</u>
Other expenses		
Other administrative expenses	665	644
Auditor's remuneration - audit services	57	47
Auditor's remuneration - non audit services	7	-
Depreciation	1	3
	<u>730</u>	<u>694</u>
	2015	2014
	No.	No.
The average monthly number of employees during the year is as follows:		
Front office	6	6
Support staff	2	2
	<u>8</u>	<u>8</u>

The executive directors receive no remuneration in respect of their services to the Company. Although none of the Company's directors is a director of the ultimate parent company, they receive remuneration in respect of their services to the group as a whole. No recharges have been made to the Company relating to the remuneration of directors during the year (2014: £Nil).

No pension contributions under either a defined contribution or defined benefit scheme were accrued for any director in 2015 (2014: £Nil) in respect of their role with the Company.

During the year, no director was advanced a loan (2014: £Nil) in respect of their role with the Company.

5. 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 TDBG's common shares that generally vest over three 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.

The Human Resources Committee ("HRC") of the Board of TDBG has the discretion to adjust the number of units within a range of +/-20% at maturity based on considerations of risk outcomes during 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 three year retrospective period for non-Code Staff and a seven year retrospective period for those identified as Code Staff. 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 2015

5. 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 and an additional period prior to the grant date. 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 2015, the Company recognised compensation expense for these plans of £248,046 (2014: £208,312).

	2015 <i>No. of units</i>	2014 <i>No. of units</i>
Outstanding at 1 November	17,546	30,612
Granted during the year	14,766	7,957
Released during the year	(12,150)	(21,023)
Outstanding at 31 October	<u>20,162</u>	<u>17,546</u>

TDBG share price at 31 October 2015 was C\$53.68 (2014: C\$55.47). The CAD/GBP exchange rate at 31 October 2015 was 2.0187 (2014: 1.8030).

6. Tax expense

Tax charged in the income statement:	2015	2014 <i>restated</i>
	£'000	£'000
Current income tax:		
UK corporation tax	(48)	313
Amounts underprovided in previous years	(27)	(21)
Total current income tax	<u>(75)</u>	<u>292</u>
The deferred tax included in the company balance sheet is as follows:	2015	2014 <i>restated</i>
	£'000	£'000
Deferred tax:		
Origination and reversal of temporary differences	30	(93)
Adjustments in respect of prior periods	24	24
Impact of change in tax laws and rates	13	8
Total deferred tax	<u>67</u>	<u>(61)</u>
Tax expense in the income statement	<u>(8)</u>	<u>231</u>
	2015	2014
	£'000	£'000
Deferred tax asset		
Share based payment	102	166
Capital allowances	24	25
	<u>126</u>	<u>191</u>

Notes to the financial statements

at 31 October 2015

6. Tax expense (continued)

Reconciliation of the total tax charged:

The total tax assessed for the year is lower than the hybrid rate applicable in the UK 20.41% (2014 21.83%).
The differences are explained below:

	2015	2014 <i>restated</i>
	£'000	£'000
(Loss)/Profit before taxation	(123)	954
Tax calculated using hybrid rate of corporation tax in the UK of 20.41% (2014: 21.83%)	(25)	209
Expenses not deductible for tax purposes	6	12
Effects of corporation tax rate change	13	8
Adjustments to tax charge in respect of prior years	(2)	2
Total tax expense reported in the income statement	(8)	231

Change in Corporation Tax rate

The headline rate of UK corporation tax reduced from 21% to 20% from April 2015 and will further reduce to 19% from April 2017 and to 18% from April 2020. The above deferred tax items are expected to reverse at 18%, being the rate substantively enacted at 31 October 2015.

Recognised deferred tax

As at 31 October 2015, the Company had P&L timing differences of £699,367 (2014: £963,823), giving a deferred tax asset of £125,886 (2014: £191,037).

Unrecognised deferred tax

The company has not provided for deferred tax on capital losses carried forward of £1,262,971 (2014: £1,262,971) at the balance sheet date. If an asset were provided it would equate to £227,335 (2014: £252,591).

7. Tangible fixed assets

	Computer Hardware £'000	Furniture and fittings £'000	Total £'000
Cost			
As at 1 November 2014	14	5	19
Additions during the year	1	-	1
As At 31 October 2015	<u>15</u>	<u>5</u>	<u>20</u>
Amortisation			
As at 1 November 2014	(12)	(2)	(14)
Charge for the year	(1)	-	(1)
As At 31 October 2015	<u>(13)</u>	<u>(2)</u>	<u>(15)</u>
Net book value as at 31 October 2015	<u>2</u>	<u>3</u>	<u>5</u>
Net book value as at 31 October 2014	<u>2</u>	<u>3</u>	<u>5</u>

Notes to the financial statements

at 31 October 2015

8. Debtors

	2015 £'000	2014 £'000
Deposits with ultimate parent undertaking	494	4,393
Amounts owed by ultimate parent undertaking	2,522	541
Amounts owed by other group companies	524	1,485
Deferred tax asset (Note 6)	126	191
Deposits with group companies	76,204	56,191
	<u>79,870</u>	<u>62,801</u>

Deposits with ultimate parent undertaking and with group companies are held on overnight deposit and are interest bearing. Amounts owed by ultimate parent undertaking and group companies are repayable on demand and are non-interest bearing. Prepayments and accrued income are repayable in less than one month, and are non-interest bearing.

9. Creditors: amounts falling due within one year

	2015 £'000	2014 <i>restated</i> £'000
Bank loans from ultimate parent undertaking	673	74
Accruals and deferred income	1,278	1,930
Amounts owed to ultimate parent undertaking	3,213	-
Amounts payable to other group companies	878	77
Taxation payable	85	398
	<u>6,217</u>	<u>2,479</u>

Bank loans from ultimate parent undertaking are held on overnight deposit and 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.

The Company paid corporation tax of £Nil in 2015 (2014: £102,906).

10. Share capital

	2015 £'000	2014 £'000
Allotted, called-up and fully paid:		
63,000,000 (2014: 1,000,000) Ordinary shares of £1 each	63,000	1,000
Nil (2014: 62,000,000) Redeemable preference shares of £1 each	-	62,000
	<u>63,000</u>	<u>63,000</u>

On 9 March 2015 the Board approved the conversion of all the redeemable preference shares into ordinary shares. This was done in order to comply with UK capital requirements. This was a paper conversion only and there was no change in the total investment and no cash flows from the transaction.

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. During the year ended 31

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at 31 October 2015

10. Share capital (continued)

Capital management (continued)

October 2014 the Capital Requirements Regulation and the Capital Requirements Directive IV were implemented, these regulations have led to changes in the Company's policies and processes, but not the Company's objectives. No changes were made to the objectives, policies or processes during the year ended October 2015.

Regulatory capital

	2015	2014
	£'000	restated £'000
Tier 1 capital	73,833	19,049
Tier 2 capital	-	54,896
	<u>73,833</u>	<u>73,945</u>
Capital Risk	880	880
Market Risk – Foreign Exchange	322	241
Operational Risk	<u>546</u>	<u>601</u>
Total Pillar 1	1,748	1,722
Pillar 2	<u>1,560</u>	<u>1,555</u>
Total Capital required	<u>3,308</u>	<u>3,277</u>

Regulatory capital consists of Tier 1 capital, which comprises share capital and retained earnings including current year profit. A proportion of the redeemable preference share capital is eligible for inclusion in Tier 1 capital. The other component of regulatory capital is Tier 2 capital, which includes preference shares, being the excess over the limits for Tier 1.

11. Risk management

Objectives, policies and strategies

The principal financial risks faced by the Company are interest rate risk, liquidity risk, credit risk and foreign currency 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.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; there are, however, separate independent bodies responsible for managing and monitoring risks.

Risk committee

The Risk Committee of the ultimate parent undertaking has the overall responsibility for the development of group risk strategy and implementation principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

Risk management

The Company reports to the Group Risk Management Department of the ultimate parent undertaking, which is responsible for implementing and maintaining risk-related procedures to ensure an independent control process and for monitoring compliance with risk principles, policies and limits across the Company. This unit also ensures the complete capture of the risks in risk measurement and reporting systems.

Notes to the financial statements

at 31 October 2015

11. Risk management (continued)

Risk management structure (continued)

Treasury

The Finance Department of the Company is responsible for managing the Company's assets and liabilities and the overall financial structure. It is also primarily responsible for funding and managing the liquidity risks of the Company.

Internal audit

Using a risk-based approach, risk management processes throughout the Company are audited on a periodic basis by the Internal Audit Department of the ultimate parent undertaking, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board.

Risk measurement and reporting systems

Monitoring and controlling risk is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment in which the Company operates as well as the level of risk that the Company is willing to accept. In addition, the Company monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from daily operations is examined and processed in order to analyse, control and identify risks. This information is presented and shared among the Board of Directors and the Company's senior management. The reporting includes aggregate credit exposure, hold-limits exceptions and risk profile changes.

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, which earn applicable money market rates of interest. For both 2015 and 2014, all interest rate sensitive instruments have maturity dates within one month. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

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 8 and 9.

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. The majority of the Company's credit risk is with other group companies.

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.

Notes to the financial statements

at 31 October 2015

11. Risk management (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change, set at 10%, in the Sterling exchange rate against the Canadian Dollar, 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:

		2015	2014
	Increase/ Decrease	£000	£000
Canadian Dollars	+/-10%	703	10
Euro	+/-10%	-	58
US Dollars	+/-10%	1	5

12. 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.

	2015		2014 <i>restated</i>	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
<i>Financial assets</i>				
Debtors	79,870	79,870	62,801	62,801
Cash at bank	-	-	13,536	13,536
<i>Financial liabilities</i>				
Bank loans and amounts owed to group undertakings	(673)	(673)	(74)	(74)
Accruals and deferred income	(1,278)	(1,278)	(1,930)	(1,930)
Amounts owed to ultimate parent undertaking	(3,213)	(3,213)	-	-
Amounts payable to other group companies	(878)	(878)	(77)	(77)
Taxation payable	(85)	(85)	(398)	(398)
	<u>73,743</u>	<u>73,743</u>	<u>73,858</u>	<u>73,858</u>

13. 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) Limited, which is incorporated in the United Kingdom. Copies of its financial statements may be obtained from Toronto Dominion Holdings (UK) Limited, 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.