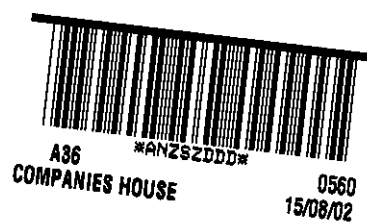


3220934

DEALWISE LIMITED

Report and Accounts

31 October 2001



Dealwise Limited

Registered No. 3220934

DIRECTORS

B Masrani
C J Bradley
K L Dowd
M L N Arnett
P A Ireland

SECRETARY

C J Bradley

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

REGISTERED OFFICE

Triton Court
14 – 18 Finsbury Square
London
EC2A 1DB

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 October 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was the provision of discount brokerage services and acting as customers' dealer for the purposes of securities trading. On 30 November 2000 the trade and assets were transferred to TD Waterhouse Investor Services (Europe) Ltd (TDWE). The transfer of business was made under an asset transfer agreement.

RESULTS AND DIVIDENDS

The company made a profit for the year after taxation, of £68,425,000 (period ended 31 October 2000 - £2,853,000 loss). An interim dividend of £67,478,000 was paid, the directors do not recommend the payment of a final dividend (2000 - £8,000,000)

The preference shares have been redeemed in the year and therefore no preference dividend has been paid (2000 - £106,524).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows

B Masrani	
C Bradley	Appointed 2.7.2001
K Dowd	
M L Arnett	
P Ireland	
J Duvar	Resigned 3.4.2001
J Plowman	Resigned 8.5.2001


None of the directors held any disclosable interest in the shares of the company.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

Director



BHARAT B. MASRANI

22 JAN 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF DEALWISE LIMITED

We have audited the company's financial statements for the year ended 31 October 2001 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and Reconciliation of Shareholders' Funds and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

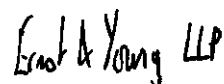
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor

London
Date **22 JAN 2002**

Dealwise Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 October 2001

		<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
	<i>Notes</i>		
TURNOVER	2	1,866	23,432
Administrative expenses		(2,022)	(28,935)
OPERATING LOSS	3	(156)	(5,503)
Profit on disposal of business to other group undertaking		68,386	-
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		68,230	(5,503)
Interest receivable		222	2,662
Interest payable to group undertakings		(27)	(791)
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		68,425	(3,632)
Taxation credit on loss on ordinary activities	5	-	779
PROFIT /(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		68,425	(2,853)
Dividends paid and proposed (including non-equity interests)	6	(67,478)	(8,107)
RETAINED PROFIT /(LOSS) FOR THE FINANCIAL PERIOD	15	947	(10,960)

Dealwise Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 October 2001

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Profit/(Loss) for the financial period	947	(10,960)
Unrealised surplus on revaluation of investments	-	2,400
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	947	(8,560)

Dealwise Limited

BALANCE SHEET

at 31 October 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Intangible assets	7	-	1,509
Tangible assets	8	-	3,531
Investments	9	-	2,400
		-	7,440
CURRENT ASSETS			
Debtors	10	12,616	141,075
Cash at bank and in hand	11	20	89,364
		12,636	230,439
CREDITORS: amounts falling due within one year	12	(14)	(221,204)
NET CURRENT ASSETS		12,622	9,235
TOTAL ASSETS LESS CURRENT LIABILITIES		12,622	16,675
CREDITORS: amounts falling due after more than one year			
Loans	13	-	(5,000)
NET ASSETS		12,622	11,675
CAPITAL AND RESERVES			
Called up share capital	14	10,731	10,731
Share premium account	15	1,891	1,891
Profit and loss account	15	-	(3,347)
Revaluation Reserve		-	2,400
TOTAL SHAREHOLDERS' FUNDS	15	12,622	11,675

An analysis of shareholders' funds between equity and non-equity interests is as follows:

Equity		12,622	1,175
Non-equity		-	1,050
	'A' preference shares	-	1,450
	'B' preference shares	-	8,000
	'C' preference shares	-	
		12,622	11,675

A reconciliation of the movement in shareholders' funds is given in note 15.

Name

Director

Date

Bharat B. Masrani
BITARAT B. MASRANI
 20th 22, 2002

NOTES TO THE ACCOUNTS

at 31 October 2001

1. ACCOUNTING POLICIES

Accounting convention

These accounts have been prepared in accordance with applicable accounting standards and the historical cost convention, as modified by the revaluation of certain investments.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows.

Equipment, fixtures and fittings	- 5 years
Motor vehicles	- 5 years

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Operating leases

The rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

TD Waterhouse Investor Services (Europe) Limited, which at 31 October 2001 was a fellow subsidiary undertaking, operates a defined contribution pension scheme for the group. Contributions from Dealwise Limited are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Related party transactions

In accordance with FRS 8, the company has not presented details of related party transactions with fellow group undertakings, as the company is a subsidiary of a group where greater than 90% of the voting rights are controlled within the group and the group's parent financial statements are publicly available.

Group accounts

The company has not produced group accounts as it is a wholly owned subsidiary undertaking and its immediate parent undertaking produces group accounts. Accordingly these accounts present information about the company as an individual undertaking and not about its group.

NOTES TO THE ACCOUNTS

at 31 October 2001

1. ACCOUNTING POLICIES (continued)

Cashflow Statement

The company has not produced a cash flow statement. In accordance with Financial Reporting Standard 1 (revised), the company is claiming exemption as a cash flow statement is included within the financial statements of its ultimate parent undertaking, for which accounts are publicly available.

Investments

Fixed asset investments comprising London Stock Exchange (LSE) shares are stated at market value and the difference between cost and market value is taken to the revaluation reserve to reflect the investment return. Other fixed asset investments are stated at the lower of cost and net realisable value.

2. TURNOVER

Turnover represents stockbroking commissions and fees for execution only discount brokerage, stated net of VAT, and is derived from the continuing operation of the business within the UK. The directors consider that the company operates in a single business and geographical segment.

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging the following:

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Depreciation of tangible fixed assets	57	728
Loss on disposal of tangible fixed assets	-	215
Auditors' remuneration		
- audit services	10	55
- non-audit services	-	4
Operating leases - land and buildings	68	293
- other	-	25
	<u> </u>	<u> </u>

4. DIRECTORS' AND EMPLOYEES' COSTS

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Salaries	848	9,566
Social security costs	76	1,023
Other pension costs	13	60
	<u>937</u>	<u>10,749</u>

Dealwise Limited

NOTES TO THE ACCOUNTS

at 31 October 2001

4. DIRECTORS' AND EMPLOYEES' COSTS (continued)

The average number of employees during the period, was as follows:

	<i>12 months ended 31 October 2001 No.</i>	<i>10 months ended 31 October 2000 No.</i>
Staff	58	579

On 30th November 2000 the employees of Dealwise Limited transferred to TD Waterhouse Investor Services (Europe) Ltd.

Directors' emoluments

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Directors' emoluments including pension contributions	-	484
Emoluments of the highest paid director	-	144

5. TAXATION

The taxation credit for the period comprises:

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Corporation tax on loss on ordinary activities at 30%	-	(779)
Under provided in previous years	-	-
Deferred taxation credit	-	-
	-	(779)

NOTES TO THE ACCOUNTS
at 31 October 2001

6. **DIVIDENDS PAID AND PROPOSED**

Dividends comprise:

	<i>12 months ended 31 October 2001 £000</i>	<i>10 months ended 31 October 2000 £000</i>
Half yearly payments of dividends on 8% preference shares (non-equity)	-	107
Ordinary dividend paid (equity)	67,478	8,000
	<u>67,478</u>	<u>8,107</u>

7. **INTANGIBLE FIXED ASSETS**

	Goodwill
	<i>£000</i>
Cost:	
At 1 November 2000	1,905
Transferred to other group undertaking	(1,905)
At 31 October 2001	-
Amortisation:	
At 1 November 2000	396
Transferred to other group undertaking	(396)
At 31 October 2001	-
Net book value:	
At 31 October 2001	-
At 1 November 2000	<u>1,509</u>

Dealwise Limited

NOTES TO THE ACCOUNTS at 31 October 2001

8. TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i>	<i>Equipment, fixtures and fittings</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 November 2000	353	4,868	5,221
Disposals	-	8	8
Intercompany transfers	(353)	(4,860)	(5,213)
At 31 October 2001	-	-	-
Depreciation:			
At 1 November 2000	97	1,593	1,690
Charge for the period	3	54	57
Intercompany transfers	(100)	(1,647)	(1,747)
At 31 October 2001	-	-	-
Net book value:			
At 31 October 2001	-	-	-
At 1 November 2000	256	3,275	3,531

9. INVESTMENTS

Cost or Valuation	£000
At 1 November 2000	2,400
Transferred to other group undertaking	(2,400)
At 31 October 2001	-

In addition, at 31 October 2001 the company held an investment of £2 (31 December 2000: £2) consisting of shares in the subsidiary undertaking, Wellington Street Nominees Limited, the ordinary shares of which are wholly owned by the company. The subsidiary acts as nominee shareholder to hold shares on behalf of customers of Dealwise Limited.

Dealwise Limited

NOTES TO THE ACCOUNTS

at 31 October 2001

10. DEBTORS

Amounts falling due within one year:

	2001 £000	2000 £000
Amounts due from counterparties	-	139,548
Amounts due from other group undertakings	12,616	-
Other debtors	-	168
Prepayments and accrued income	-	580
Corporation tax debtor	-	779
	<u>12,616</u>	<u>141,075</u>

11. CASH AT BANK AND IN HAND

	2001 £000	2000 £000
Client settlement balances	15	86,426
Other bank balances	5	2,938
	<u>20</u>	<u>89,364</u>

12. CREDITORS: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	14	42
Amounts due to counterparties	-	215,854
Amounts owed to group undertakings	-	-
Other creditors including taxation and social security	-	2,271
Accruals and deferred income	-	3,037
	<u>14</u>	<u>221,204</u>

13. LOANS

	Date of agreement	2001 £000	2000 £000
Short term subordinated loan	18 July 2000	-	5,000

NOTES TO THE ACCOUNTS
at 31 October 2001

14. CALLED UP SHARE CAPITAL

Share capital comprises the following:

	31 October 2001		31 October 2000	
	<i>Authorised</i>		<i>Authorised</i>	
	<i>No.</i>	<i>000s</i>	<i>No.</i>	<i>000s</i>
<i>Equity Shares</i>				
Ordinary £1 shares	12,731,000	12,731	-	-
'A' Ordinary 35p shares	-	-	630,300	221
'C' Ordinary 35p shares	-	-	29,700	10
		<u>12,731</u>		<u>231</u>

Non Equity Shares

	31 October 2001		31 October 2000	
	<i>Authorised</i>		<i>Authorised</i>	
	<i>No.</i>	<i>000s</i>	<i>No.</i>	<i>000s</i>
Fixed term non-cumulative 8% 'A' preference shares of £1 each repayable 6 September 2001	-	-	1,050,000	1,050
Fixed term non-cumulative 8% 'B' preference shares of £1 each repayable 1 April 2004	-	-	1,450,000	1,450
Fixed term non-cumulative 'C' preference shares of £1 each repayable 20 April 2005	-	-	10,000,000	10,000
		<u>-</u>		<u>10,500</u>

	31 October 2001		31 October 2000	
	<i>Issued and fully paid</i>		<i>Issued and fully paid</i>	
	<i>No.</i>	<i>000s</i>	<i>No.</i>	<i>000s</i>
<i>Equity</i>				
Ordinary £1 shares	10,731,000	10,731	-	-
'A' Ordinary 35p shares	-	-	630,300	221
'C' Ordinary 35p shares	-	-	29,700	10
		<u>10,731</u>		<u>231</u>

Non Equity Shares

	31 October 2001		31 October 2000	
	<i>Issued and fully paid</i>		<i>Issued and fully paid</i>	
	<i>No.</i>	<i>000s</i>	<i>No.</i>	<i>000s</i>
Fixed term non-cumulative 8% 'A' preference shares of £1 each repayable 6 September 2001	-	-	1,050,000	1,050
Fixed term non-cumulative 8% 'B' preference shares of £1 each repayable 1 April 2004	-	-	1,450,000	1,450
Fixed term non-cumulative 'C' preference shares of £1 each repayable 20 April 2005	-	-	10,000,000	10,000
		<u>-</u>		<u>10,500</u>

NOTES TO THE ACCOUNTS

at 31 October 2001

During the year the share capital of the company was restructured. The ordinary and preference shares in issue in the previous year were redesignated as £1 Ordinary shares. For comparative purposes the details of the shares in issue in the prior year are set out below.

The 'A' and 'C' ordinary shares ranked equally in relation to dividends and amounts receivable on winding up. The 'A' ordinary shares carried one vote per share whereas the 'C' ordinary shares did not carry any voting rights.

The preference shares received dividends but carried no voting rights. On winding up the preference shares rank before ordinary shares and are paid out in order of issue. The fixed term non-cumulative 'C' preference shares carry an interest rate of LIBOR plus 1.7%.

15. RECONCILIATION AND ANALYSIS OF SHAREHOLDERS' FUNDS

	Share capital £000	Revaluation reserve £000	Share premium £000	Profit and loss account £000	Total share holders' funds £000
At 1 January 2000	2,731	-	1,891	7,613	12,235
Shares issued in the period	8,000	-	-	-	8,000
Revaluation reserve	-	2,400	-	-	2,400
Loss for the period after taxation	-	-	-	(2,463)	(2,463)
Dividends	-	-	-	(8,497)	(8,497)
At 31 October 2000	10,731	2,400	1,891	(3,347)	11,675
At 1 November 2000	-	-	-	-	-
Revaluation reserve	-	(2,400)	-	2,400	-
Profit for the period after taxation	-	-	-	68,425	68,425
Dividends	-	-	-	(67,478)	(67,478)
At 31 October 2001	10,731	-	1,891	-	12,622

NOTES TO THE ACCOUNTS

at 31 October 2001

16. PENSION COMMITMENTS

The majority of employees of the company were members of the TD Waterhouse Investor Services (Europe) Limited defined contribution pension scheme. During the year they transferred to TD Waterhouse Investor Services (Europe) Ltd and the disclosure of pension arrangements is given in the accounts of that company.

17. RELATED PARTY TRANSACTIONS

There were no related party transactions which require disclosure under Financial Reporting Standard No. 8.

18. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate UK parent undertaking in the period was TD Waterhouse Investor Services (UK) Limited, a company incorporated in England.

Dealwise Limited is included within the UK consolidated accounts of TD Waterhouse Investor Services (UK) Ltd.

The company's ultimate parent company and controlling party is The Toronto-Dominion Bank, which is incorporated in Canada. Copies of the group financial statements may be obtained from:

Finance and Control Division
The Toronto-Dominion Bank
PO Box 1
Toronto Dominion Centre
King St. W and Bay St
Toronto
Ontario M5K 1A2
Canada