

TD WATERHOUSE INVESTOR SERVICES (UK) LIMITED

Group Accounts

31 October 2003



# TD Waterhouse Investor Services (UK) Limited

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Registered No. 3242334

## **DIRECTORS**

C J Bradley

P A Ireland

L Arnett      Resigned      5<sup>th</sup> January 2004

T Pinnington

D Livingston   Appointed      18<sup>th</sup> December 2002

B Masrani      Resigned      18<sup>th</sup> December 2002

## **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

# TD Waterhouse Investor Services (UK) Limited

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## DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31<sup>st</sup> October 2003.

### RESULTS AND DIVIDENDS

The group made a loss for the year, after taxation, of £88,344,000 (2002 – £24,865,000). Included in the loss for the year was goodwill written off amounting to £79,187,293 (2002 – £nil), further commentary is provided in note 7. The directors do not recommend the payment of a final dividend.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is discount brokerage. As part of the expansion of the group, TD Waterhouse Holdings UK Ltd. was acquired on 18<sup>th</sup> June 2003, its principal activity being market making and order book trading in UK equities and new issues. Full disclosure of this acquisition is included in note 9.

### FUTURE DEVELOPMENTS

The group will continue to invest in technology and look for strategic business opportunities to enhance growth during the forthcoming year.

### DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### EMPLOYEE INVOLVEMENT

Employees are provided with information about the group by means of the group's intranet site. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the group through bonuses, which are related to the group's results.

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were listed on page 1.

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

# TD Waterhouse Investor Services (UK) Limited

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## DIRECTORS' REPORT

### AUDITORS

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

Jan 27 /04

Date

## TD Waterhouse Investor Services (UK) Limited

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### 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 group and of the profit or loss of the group 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TD WATERHOUSE INVESTOR SERVICES (UK) LIMITED**

We have audited the group's financial statements for the year ended 31<sup>st</sup> October 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Statement of Total Recognised Gains and Losses and Reconciliation of Consolidated Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 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 group 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 group'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 and of the group as at 31<sup>st</sup> October 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

Date *27 January 2004*

# TD Waterhouse Investor Services (UK) Limited

## GROUP PROFIT AND LOSS ACCOUNT

For the year ending 31<sup>st</sup> October 2003

	Notes	2003 £000	2002 £000
<b>TURNOVER</b>			
Continuing operations	2	26,633	22,883
Acquisitions		2,888	1,119
		<u>29,521</u>	<u>24,002</u>
Administrative expenses		(42,038)	(50,937)
Write off of goodwill	7	(79,187)	-
Other charges		(235)	(2,297)
		<u>(121,460)</u>	<u>(53,234)</u>
<b>GROUP OPERATING LOSS</b>			
Continuing operations	3	(91,182)	(22,528)
Acquisitions		(757)	(6,704)
		<u>(91,939)</u>	<u>(29,232)</u>
Profit on disposal of fixed asset investments		-	430
		<u>(91,939)</u>	<u>(28,802)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>			
Interest receivable		6,838	7,501
Interest payable and similar charges	5	(2,943)	(3,256)
		<u>(88,044)</u>	<u>(24,557)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
<b>TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES</b>	6	(300)	(308)
		<u>(88,344)</u>	<u>(24,865)</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	16		
		<u>(88,344)</u>	<u>(24,865)</u>

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31<sup>st</sup> October 2003

	2003 £000	2002 £000
Loss for the financial year	(88,344)	(24,865)
Unrealised surplus / (deficit) on the revaluation of investments	265	(87)
	<u>(88,079)</u>	<u>(24,952)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		
	<u>(88,079)</u>	<u>(24,952)</u>



# TD Waterhouse Investor Services (UK) Limited

## GROUP BALANCE SHEET

For the year ending 31<sup>st</sup> October 2003

	Notes	2003 £000	2002 £000
<b>FIXED ASSETS</b>			
Intangible assets	7	-	84,717
Tangible assets	8	5,055	6,164
Investments	9	3,469	3,377
		<u>8,524</u>	<u>94,258</u>
<b>CURRENT ASSETS</b>			
Debtors	10	179,590	118,020
Long positions in securities		1,066	-
Cash at bank and in hand	11	172,050	191,473
		<u>352,706</u>	<u>309,493</u>
<b>CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due within one year</b>	12	(333,178)	(290,008)
Short positions in securities		(888)	-
		<u>18,460</u>	<u>19,485</u>
<b>NET CURRENT ASSETS</b>			
		<u>27,164</u>	<u>113,743</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>	13	1,500	-
		<u>25,664</u>	<u>113,743</u>
		<u><u>25,664</u></u>	<u><u>113,743</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	170,460	170,460
Profit and loss account	16	(146,417)	(58,073)
Revaluation Reserve	16	1,621	1,356
		<u>25,664</u>	<u>113,743</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16	<u><u>25,664</u></u>	<u><u>113,743</u></u>

Director



Date

Jan 27/04

# TD Waterhouse Investor Services (UK) Limited

## BALANCE SHEET

As at 31<sup>st</sup> October 2003

	<i>Notes</i>	<i>2003 £000</i>	<i>2002 £000</i>
<b>FIXED ASSETS</b>			
Investments	9	34,654	171,634
<b>CREDITORS: amounts falling due within one year</b>	12	(230)	(230)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>34,424</u>	<u>171,404</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	170,460	170,460
Profit and loss account	16	(136,036)	944
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16	<u>34,424</u>	<u>171,404</u>

Director



Date

Jan 27/04

# TD Waterhouse Investor Services (UK) Limited

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## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 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.

#### *Basis of consolidation*

The group accounts consolidate the accounts of TD Waterhouse Investor Services (UK) Limited and all its subsidiary undertakings drawn up to 31<sup>st</sup> October each year. No profit and loss account is presented for TD Waterhouse Investor Services (UK) Limited as permitted by section 230 of the Companies Act 1985.

The results of new subsidiary undertakings are included from the dates of their acquisition.

#### *Goodwill*

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

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:

Leasehold improvements	-	over 7 years
Motor vehicles	-	over 5 years
Fixtures, fittings and office equipment	-	over 5 years
Computer equipment	-	over 3 years
Computer software	-	over 3 years

#### *Operating leases*

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

#### *Pensions*

A subsidiary undertaking (TD Waterhouse Investor Services (Europe) Limited) operates a defined contribution pension scheme, which is externally funded and covers all eligible staff employees. The scheme funds are administered by trustees and are independent of the subsidiary's finances. Contributions are charged against profits in the year in which contributions are made.

# TD Waterhouse Investor Services (UK) Limited

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## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 1. ACCOUNTING POLICIES (continued)

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Group relief*

Tax credits are recognised in respect of taxable losses where sufficient taxable profits are available for offset within other undertakings in the same group.

#### *Investments*

Fixed asset investments comprising London Stock Exchange plc (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. Investments in subsidiaries are stated at cost less provision for any impairment in value.

#### *Cash flow 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.

#### *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.

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 2. TURNOVER

Turnover represents fees and commissions receivable for execution only discount stock broking activities, market making and management fees received from group undertakings.

The group's turnover and operating profit relate solely to activities carried out in the United Kingdom.

### 3. OPERATING LOSS

The operating loss is arrived at after charging:

	Group	
	2003	2002
	£000	£000
Auditors' remuneration - audit services	122	92
Auditors' remuneration - non audit services	89	121
Other charges from parent	726	2,297
Depreciation of owned assets	3,694	4,847
Amortisation of goodwill (note 7)	-	4,206
Operating lease rentals		
- land and buildings	1,378	1,341
- other	297	720

### 4. DIRECTORS' AND EMPLOYEES' COSTS

	Group	Group
	2003	2002
	£000	£000
Salaries	14,612	19,251
Social security costs	1,311	1,606
Other pension costs	293	400
	16,216	21,257

All staff costs were incurred by the subsidiaries. There were no outstanding pension contributions at the balance sheet date.

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

	Group	Group
	2003	2002
	No.	No.
Staff	570	578

#### *Directors' Emoluments*

	Group	Group
	2003	2002
	£000	£000
Directors' emoluments including pension contributions	1,309	1,810
Emoluments of the highest paid director (including pension contributions)	501	891

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS at 31<sup>st</sup> October 2003

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Group</i> <i>2003</i> <i>£000</i>	<i>Group</i> <i>2002</i> <i>£000</i>
Interest payable to customers	2,497	3,256
Interest payable to group companies	324	-
Interest payable to banks	122	-
	<u>2,943</u>	<u>3,256</u>

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

#### *a) Tax on loss on ordinary activities*

	<i>Year ended</i> <i>31 October</i> <i>2003</i> <i>£000</i>	<i>Year ended</i> <i>31 October</i> <i>2002</i> <i>£000</i>
Current year Corporation Tax	-	-
Prior year Corporation Tax	(300)	(308)
Deferred Tax (note 14)	-	-
Corporation Tax credit	<u>(300)</u>	<u>(308)</u>

#### *b) Factors affecting current tax charge for the year:*

The actual tax credit differs from the expected tax credit computed by applying the standard UK Corporation Tax rate of 30% as follows:

Net profit/(loss) before taxation	<u>(88,044)</u>	<u>(24,557)</u>
Corporation tax at 30%	(26,413)	(7,367)
Effects of:		
Goodwill amortisation / written off	23,756	1,262
Depreciation over capital allowances	1,108	1,183
Non deductible items	98	-
Losses unutilised	1,451	4,922
Corporation Tax credit	<u>-</u>	<u>-</u>

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS at 31<sup>st</sup> October 2003

### 7. INTANGIBLE FIXED ASSETS

	2003 £000
At 1 November 2002	96,072
Arising on acquisition	(5,530)
Intangible fixed assets written off	(90,542)
At 31 October 2003	-
Amortisation:	
At 1 November 2002	11,355
Amortisation written off	(11,355)
At 31 October 2003	-
Net book value:	
At 31 October 2003	-
At 1 November 2002	84,717

Goodwill written off during the year amounted to £79,187,000 following a review of the carrying value and its recoverability.

### 8. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures fittings and office equipment £000</i>	<i>Computer software and equipment £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 November 2002	2,460	20	2,883	17,783	23,146
Group transfers in	-	-	468	2,563	3,031
Additions	412	-	542	1,817	2,771
Disposals	(2,504)	(20)	(435)	(346)	(3,305)
At 31 October 2003	368	-	3,458	21,817	25,643
Depreciation:					
At 1 November 2002	917	11	1,824	14,230	16,982
Group transfers in	-	-	220	1,082	1,302
Charge for the year	255	1	492	2,946	3,694
Disposals	(932)	(12)	(220)	(226)	(1,390)
At 31 October 2003	240	-	2,316	18,032	20,588
Net book value					
At 31 October 2003	128	-	1,142	3,785	5,055
At 1 November 2002	1,543	9	1,059	3,553	6,164

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 9. INVESTMENTS

<i>Group</i>	<i>£000</i>
Cost or valuation:	
At 1 November 2002	3,377
Disposal – investment property	(471)
Additions – investment in shares	298
Revaluations	265
At 31 October 2003	3,469
Investment Property	329
Listed Investments at market value	2,089
Listed Investments at cost	1,051
At 31 October 2003	3,469

The listed investments have been valued using market value as at 31 October 2003.

### TD Waterhouse Holdings UK Limited - Acquisition

On 18<sup>th</sup> July 2003 TD Waterhouse Investor Services (UK) Ltd acquired TD Waterhouse Holdings UK Limited and its group companies for a consideration of \$1. The investment has been included in the company's balance sheet at its fair value at the date of acquisition.

### Analysis of the acquisition of TD Waterhouse Holdings UK Limited

	Book Value £000	Fair value Adjustments £000	2003 Fair value to group £000
Fixed assets	1,650		1,650
Investments	298		298
Debtors	46,723		46,723
Cash	1		1
Creditors	(43,142)		(43,142)
Net Assets	5,530		5,530
Goodwill arising on acquisition			(5,530)
Cash consideration			-

There were no fair value adjustments.



## TD Waterhouse Investor Services (UK) Limited

### NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

#### 9. INVESTMENTS (CONTINUED)

TD Waterhouse Holdings UK Limited and its subsidiary companies losses after tax for 10 month period ended 31 October 2003 amounted to £1,946,000 (Year ending 31 December 2002 - £27,872,000) of which £1,176,000 arose in the period from 1 January 2003 to 31 October 2003.

The summarised profit and loss account for TD Waterhouse Holdings UK Limited and its subsidiary companies for the period from 1 January 2003 to the effective date of acquisition, 18 June 2003, was as follows:-

	2003 £000
Turnover	2,833
Operating loss	1,176
Taxation	-
Loss for the period ending 18 <sup>th</sup> June 2003	1,176

There were no recognised gains and losses in the period ending 18 June 2003 other than the loss of £1,176,000 above.

Company	2003 £000	2002 £000
Cost at 1 November 2002	171,634	145,782
Additions	-	25,852
Goodwill written off	(8,358)	-
Write down of carrying value of investments	(128,622)	-
Cost at 31 October 2003	34,654	171,634

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 9. INVESTMENTS (CONTINUED)

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
TD Waterhouse Investor Services (Europe) Limited <sup>1</sup>	Ordinary shares	100%	Brokerage
Sharemarket Limited <sup>2</sup>	Ordinary shares	100%	Dormant
TD Waterhouse Nominees (Europe) Limited <sup>2</sup>	Ordinary shares	100%	Dormant
TD Waterhouse Properties (UK) Limited <sup>2</sup>	Ordinary shares	100%	Dormant
YorkSHARE Limited <sup>1</sup>	Ordinary shares	100%	Dormant
YorkSHARE Nominees Limited <sup>3</sup>	Ordinary shares	100%	Dormant
Dealwise Limited <sup>2</sup>	Ordinary shares	100%	Dormant
Wellington Street Nominees Limited <sup>4</sup>	Ordinary shares	100%	Dormant
DLJdirect Limited <sup>2</sup>	Ordinary shares	100%	Dormant
TDWSCH Holding Company Limited <sup>5</sup>	Ordinary shares	100%	Dormant
TD Waterhouse Holdings UK Limited	Ordinary shares	100%	Dormant
AC Nominees Limited <sup>6</sup>	Ordinary shares	100%	Dormant
Aitken Campbell and Co Limited <sup>7</sup>	Ordinary shares	100%	Market maker

<sup>1</sup>6% of the share capital of TD Waterhouse Investor Services (Europe) Limited is owned by YorkSHARE Limited (a fellow subsidiary undertaking).

<sup>2</sup>100% owned by TD Waterhouse Investor Services (Europe) Limited

<sup>3</sup>100% owned by YorkSHARE Limited

<sup>4</sup>100% owned by Dealwise Limited

<sup>5</sup>100% owned by TD Waterhouse Holdings UK Limited

<sup>6</sup>100% owned by Aitken Campbell and Co Limited

<sup>7</sup>100% owned by TDWSCH Holding Company Limited

### 10. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	172,290	112,400	-	-
Other debtors	1,926	1,046	-	-
Corporation tax	2,507	1,404	-	-
Prepayments and accrued income	2,867	3,170	-	-
	<u>179,590</u>	<u>118,020</u>		

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 11. CASH AT BANK AND IN HAND

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Company balances	12,850	9,115	-	-
Client settlement balances	159,200	182,358	-	-
	<u>172,050</u>	<u>191,473</u>	<u>-</u>	<u>-</u>

### 12. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	289,945	281,965	-	-
Amounts owing to parent company	601	938	-	-
Amounts owing to group undertakings	33,500	-	-	-
Accruals	5,848	4,460	-	-
Other creditors including taxation and social security	3,284	2,645	230	230
	<u>333,178</u>	<u>290,008</u>	<u>230</u>	<u>230</u>

Amounts owed to other group companies represent a £33,500,000 loan received from TD Waterhouse Bank NV, which was subject to interest at the Bank of England rates plus 40bps.

### 13. CREDITORS: amounts falling due after more than one year

	<i>Group</i>	<i>Group</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Short term subordinated loan, repayable 11 July 2005	1,500	-
	<u>1,500</u>	<u>-</u>

The subordinated loan is due to other group undertakings outside the UK group.

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 14. DEFERRED TAX

<i>Group</i>	<i>2003</i> <i>£000</i>	<i>2002</i> <i>£000</i>
Deferred tax asset at 1 November 2002	-	-
Charged to profit and loss in the year	-	-
Acquired on acquisition	841	-
	<u>841</u>	<u>-</u>

As at 31 October 2003, there are tax losses brought forward of £25,884,000 and a potential deferred tax asset of £7,765,000. The directors have not recognised the benefit of the loss because they do not believe that the full amount will be recoverable in the foreseeable future.

### 15. CALLED UP SHARE CAPITAL

	<i>2003</i> <i>No.</i> <i>000</i>	<i>2002</i> <i>No.</i> <i>000</i>
Authorised:		
Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>170,460</u>	<u>170,460</u>

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

#### Group

	<i>Share capital £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Share- holders' funds £000</i>
At 1 November 2001	144,608	3,297	(35,062)	112,843
Shares issued in the year	25,852	-	-	25,852
Realised on disposal	-	(1,854)	1,854	-
Revaluation deficit	-	(87)	-	(87)
Retained loss for the year	-	-	(24,865)	(24,865)
At 1 November 2002	170,460	1,356	(58,073)	113,743
Revaluation surplus	-	265	-	265
Retained loss for the year	-	-	(88,344)	(88,344)
At 31 October 2003	170,460	1,621	(146,417)	25,664

#### Company

	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Share- holders funds £000</i>
At 1 November 2001	144,608	944	145,552
Shares issued in the year	25,852	-	25,852
At 1 November 2002	170,460	944	171,404
Retained loss for the year	-	(136,980)	(136,980)
At 31 October 2003	170,460	(136,036)	34,424

# TD Waterhouse Investor Services (UK) Limited

## NOTES TO THE ACCOUNTS

at 31<sup>st</sup> October 2003

### 17. OTHER FINANCIAL COMMITMENTS

At 31<sup>st</sup> October 2003 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	-	-	-	-
In one to two years	-	-	-	560
In two to five years	286	142	-	-
In over five years	1,315	1,329	-	-
	<u>1,601</u>	<u>1,471</u>	<u>-</u>	<u>560</u>

### 18. RELATED PARTY TRANSACTIONS

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

### 19. PARENT UNDERTAKING AND CONTROLLING PARTY

The group's immediate parent company is The Toronto-Dominion Bank, which is incorporated in Canada. It has included the company in its group accounts, copies of which are available 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