

Registered number. 3242334

TD WATERHOUSE INVESTOR SERVICES (UK) LIMITED

Group Accounts

31 October 2008



TD Waterhouse Investor Services (UK) Limited

Registered No. 3242334

DIRECTORS

C J Bradley
P A Ireland
W Hatanaka
A M Rigby

SECRETARY

J Lader

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

Exchange Court
Duncombe Street
Leeds
LS1 4AX

TD Waterhouse Investor Services (UK) Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31st October 2008

RESULTS AND DIVIDENDS

The group made a profit for the year, after taxation, of £5,789,000 (2007 profit £8,334,000). The directors do not recommend the payment of a final dividend. (2007: £Nil).

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The group's principal activity is discount brokerage in the UK. There have not been any significant changes to the group's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the group's activities in the next year.

As shown in the group's profit and loss account on page 8, the group's revenue has decreased by 7.5% over the prior year and profit after tax has declined from £8,334,000 to £5,789,000.

The group's balance sheet on page 9 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year.

Key Performance Indicators

| | 2008 | 2007 |
|--------------------------------|--------|-------|
| Revenue growth | (7.5%) | 7.6% |
| Income diversity | | |
| Commission as % total income | 63.2% | 62.2% |
| Net interest as % total income | 20.0% | 18.4% |
| Other income as % total income | 16.8% | 19.4% |
| Treasury return | 5.4% | 5.1% |

The group has been seeking to diversify income streams to minimise the overall impact that any fall in one particular stream would have on the group as a whole.

The treasury return is managed by careful and prudent management of cash balances, which is impacted by underlying market rates.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing commission to its key competitors. The company manages this risk by remaining competitive through offering an excellent standard of service to its customers and a diverse range of products.

Credit risk remains a principal risk area for the company due to trading activity by clients. This is managed through offering individual trading limits which incorporate concentration limits on certain stocks and sectors.

The company has no exposure to liquidity risk as the treasury and cash management function is outsourced to a related party. The company, however retains close oversight of the related party's treasury policies and maturity profile.

Whilst the company is exposed to interest rate risk it is felt that this is managed through careful management of its cash portfolio and interest payable on its product range. Term deposits are placed out for up to twelve months therefore giving increased certainty to returns. Interest payable is fixed at a low level of 0.1% on all products with the exception of the SIPP product where interest is directly linked to the

DIRECTORS' REPORT

Bank of England base rate. The company has a diversified revenue stream and is not solely reliant on net interest as an income source. Management considers, therefore, that interest rate risk is adequately managed.

The company deals with stock in a number of currencies and therefore has a small exposure to movements in the currency exchange rates. The treasury function manages this risk through the appropriate purchase and sale of currencies to match client's trading requirements.

FUTURE DEVELOPMENTS

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

SUPPLIERS STATEMENT

The company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the company to pay suppliers within 30 days following receipt of a correctly prepared invoice submitted in accordance with the terms of the contract. At 31 October 2008, the company had an average of 20 days (2007:10days) purchases outstanding in trade creditors.

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

The directors of the company during the year and up to the date of signing this report and accounts are listed below

C J Bradley
P A Ireland
W Hatanaka
A M Rigby

DIRECTORS' REPORT

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

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

Date: 22 January 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 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.

TD Waterhouse Investor Services (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TD WATERHOUSE INVESTOR SERVICES (UK) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of TD Waterhouse Investor Services (UK) Limited for the year ended 31 October 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, and the related notes 1 to 20. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

TD Waterhouse Investor Services (UK) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 October 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date 29.01.09

TD Waterhouse Investor Services (UK) Limited

GROUP PROFIT AND LOSS ACCOUNT

For the year ending 31st October 2008

| | <i>Notes</i> | <i>Total Year ended 31 Oct 2008 £000</i> | <i>Total Year ended 31 Oct 2007 £000</i> |
|--|--------------|--|--|
| TURNOVER | 2 | 35,460 | 38,325 |
| Administrative expenses | | (39,569) | (40,083) |
| Operating Loss before interest | 3 | (4,109) | (1,758) |
| Interest receivable | | 11,263 | 10,062 |
| Interest payable and similar charges | 5 | (2,391) | (1,440) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 4,763 | 6,864 |
| Taxation | 6 | 1,026 | 1,470 |
| RETAINED PROFIT FOR THE PERIOD | 16 | 5,789 | 8,334 |

The group has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

TD Waterhouse Investor Services (UK) Limited

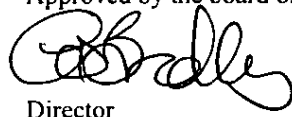
GROUP BALANCE SHEET

As at 31st October 2008

| | Notes | 2008 £000 | 2007 £000 |
|--|-------|----------------|----------------|
| FIXED ASSETS | | | |
| Intangible assets | 7 | 3,736 | 4,245 |
| Tangible assets | 8 | 4,212 | 3,908 |
| Investments | 9 | 1,051 | 1,051 |
| | | <u>8,999</u> | <u>9,204</u> |
| CURRENT ASSETS | | | |
| Debtors | 10 | 164,973 | 250,055 |
| Cash at bank and in hand | 11 | 9,693 | 9,283 |
| | | <u>174,666</u> | <u>259,338</u> |
| CURRENT LIABILITIES | | | |
| Creditors falling due within one year | 12 | (141,433) | (231,840) |
| Provision for cessation of business | 13 | (100) | (359) |
| | | <u>33,133</u> | <u>27,139</u> |
| NET CURRENT ASSETS | | | |
| | | <u>42,132</u> | <u>36,343</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>42,132</u> | <u>36,343</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 170,460 | 170,460 |
| Profit and loss account | 16 | (128,328) | (134,117) |
| | | <u>42,132</u> | <u>36,343</u> |
| TOTAL SHAREHOLDERS' FUNDS | 16 | <u>42,132</u> | <u>36,343</u> |

The notes 1 to 20 form an integral part of the financial statements.

Approved by the board on 22 January 2009.


Director

Date: 22 January 2009

TD Waterhouse Investor Services (UK) Limited

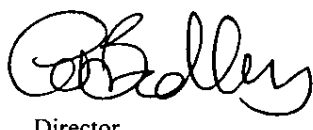
COMPANY BALANCE SHEET

As at 31st October 2008

| | Notes | 2008 £000 | 2007 £000 |
|---|-------|---------------|---------------|
| FIXED ASSETS | | | |
| Investments | 9 | 30,826 | 30,826 |
| CREDITORS: amounts falling due within one year | 12 | (553) | (553) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>30,273</u> | <u>30,273</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 170,460 | 170,460 |
| Profit and loss account | 16 | (140,187) | (140,187) |
| TOTAL SHAREHOLDERS' FUNDS | 16 | <u>30,273</u> | <u>30,273</u> |

The notes 1 to 20 form an integral part of the financial statements.

Approved by the board on 22 January 2009.



Director

Date: 22 January 2009

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS

at 31st October 2008

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group accounts consolidate the accounts of TD Waterhouse Investor Services (UK) Limited and all its subsidiary undertakings drawn up to 31st 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.

Client Money

The Company holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. This client money is not shown on the face of the Balance Sheet as the company is not beneficially entitled there to. This balance is netted against client creditors in the Balance Sheet. Disclosure of the amounts held is made in note 11.

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 |

Development costs

The group capitalises development costs incurred in improving the brokerage platform. It is assumed that these enhancements provide benefit over a period of time and as such these costs are amortised over a period of three years.

Intangible assets

The costs associated with the acquisition of a new client base are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over ten years. The Directors of the company anticipate that the client base acquired will remain active for at least this length of time.

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

Two subsidiary undertakings (TD Waterhouse Investor Services (Europe) Limited and Aitken Campbell & Company Limited) operate 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

NOTES TO THE ACCOUNTS

at 31st October 2008

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 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.

Bad debt provision

Specific provisions are made when it is considered that recovery is doubtful. The specific provisions are netted against trade debtors. Provisions made during the period, less amounts released and recoveries of amounts written off in previous years, are taken to the profit and loss account.

Cash flow statement

The company has not produced a cash flow statement. In accordance with FRS 1, 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 Financial Reporting Standard 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 31st October 2008

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 2008 £000 | Group 2007 £000 |
|---|-----------------------|-----------------------|
| Auditors' remuneration - audit services | 176 | 86 |
| Depreciation of owned assets | 2,320 | 2,378 |
| Amortisation of intangible fixed assets | 509 | 509 |
| Operating lease rentals | | |
| - Land and buildings | 1,382 | 1,532 |
| - Hire of plant and machinery | 10 | 290 |
| | <u> </u> | <u> </u> |

4. DIRECTORS' AND EMPLOYEES' COSTS

| | Group 2008 £000 | Group 2007 £000 |
|-----------------------|-----------------------|-----------------------|
| Salaries | 15,136 | 15,145 |
| Social security costs | 1,363 | 1,336 |
| Other pension costs | 965 | 452 |
| | <u> </u> | <u> </u> |
| | 17,464 | 16,933 |
| | <u> </u> | <u> </u> |

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 2008 No. | Group 2007 No. |
|-------|----------------------|----------------------|
| Staff | 543 | 547 |
| | <u> </u> | <u> </u> |

Directors' Emoluments

| | Group 2008 £000 | Group 2007 £000 |
|---|-----------------------|-----------------------|
| Directors' emoluments excluding pension contributions | 1,779 | 1,770 |
| Pensions contributions | 146 | 61 |
| | <u> </u> | <u> </u> |

| | | |
|--|-------------------|-------------------|
| Emoluments of the highest paid director | 446 | 401 |
| Pension contributions of the highest paid director | 28 | 12 |
| | <u> </u> | <u> </u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| Group | Group |
|-------|-------|
|-------|-------|

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS

at 31st October 2008

| | <i>2008</i> | <i>2007</i> |
|--|-------------|-------------|
| | <i>£000</i> | <i>£000</i> |
| Interest payable to customers | 2,333 | 1,379 |
| Interest payable to banks and other institutions | 58 | 61 |
| | <hr/> | <hr/> |
| | 2,391 | 1,440 |
| | <hr/> | <hr/> |

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS at 31st October 2008

6. TAXATION

a) Tax on loss on ordinary activities

| | <i>Year ended 31 October 2008 £000</i> | <i>Year ended 31 October 2007 £000</i> |
|--------------------------|--|--|
| Current Year | (24) | - |
| Deferred Tax (note 14) | (1,002) | (1,470) |
| Corporation Tax (Credit) | <u>(1,026)</u> | <u>(1,470)</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 28% (2007: 30%) as follows:

| | | |
|---|-------------|----------|
| Net profit before taxation | 4,763 | 6,864 |
| Corporation tax at 28% (2007: 30%) | 1,333 | 2,059 |
| Effects of: | | |
| Net reduction in provisions | (11) | (33) |
| Depreciation for the period in excess/(deficit) of capital allowances | (373) | (476) |
| Non deductible items | (67) | (53) |
| Losses (utilised) | (882) | (1,497) |
| Tax overpaid | (24) | - |
| Current year corporation tax | <u>(24)</u> | <u>-</u> |

In March 2007 the UK government announced their intention to lower the corporate income tax rate from 30% to 28% effective from 1 April 2008. This was substantively enacted through UK parliament on 26 June 2007. The main item to be affected here is in respect of the potential deferred tax asset arising on tax trading losses brought forward. Please see account notes 10 and 14 for further details.

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS at 31st October 2008

7. INTANGIBLE FIXED ASSETS

| | £000 |
|------------------------------|-------|
| <i>Group and Company</i> | |
| Cost: | |
| At 1 November 2007 | 5,094 |
| Additions | - |
| At 31 October 2008 | 5,094 |
| Amortisation: | |
| At 1 November 2007 | 849 |
| Charge for the year | 509 |
| At 31 October 2008 | 1,358 |
| Net Value at 31 October 2007 | 4,245 |
| Net Value at 31 October 2008 | 3,736 |

8. TANGIBLE FIXED ASSETS

Group

| | <i>Leasehold improvements</i> £000 | <i>Fixtures fittings and office equipment</i> £000 | <i>Computer software and equipment</i> £000 | <i>Total</i> £000 |
|---------------------|---|---|--|----------------------|
| Cost: | | | | |
| At 1 November 2007 | 186 | 158 | 10,541 | 10,885 |
| Additions | 40 | - | 2,637 | 2,677 |
| Disposals | - | - | (53) | (53) |
| At 31 October 2008 | 226 | 158 | 13,125 | 13,509 |
| Depreciation: | | | | |
| At 1 November 2007 | 66 | 131 | 6,780 | 6,977 |
| Charge for the year | 24 | 11 | 2,285 | 2,320 |
| At 31 October 2008 | 90 | 142 | 9,065 | 9,297 |
| Net book value: | | | | |
| At 31 October 2008 | 136 | 16 | 4,060 | 4,212 |
| At 31 October 2007 | 120 | 27 | 3,761 | 3,908 |

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS

at 31st October 2008

9. INVESTMENTS

| | |
|--------------------------------------|-------|
| <i>Group</i> | £000 |
| <i>Fixed Asset Investments</i> | |
| Unlisted investments at cost | |
| At 1 November 2007 & 31 October 2008 | 1,051 |

| | |
|-------------------------|--------|
| <i>Company</i> | £000 |
| Cost at 1 November 2007 | 30,826 |
| Cost at 31 October 2008 | 30,826 |

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:

| <i>Name of company</i> | <i>Holding</i> | <i>Proportion of voting rights and shares held</i> | <i>Nature of business</i> | <i>Share capital and reserves £'000</i> |
|---|-----------------|--|---------------------------|---|
| TD Waterhouse Investor Services (Europe) Limited ¹ | Ordinary shares | 100% | Brokerage | 34,061 |
| Aitken Campbell and Co Limited ⁷ | Ordinary shares | 100% | Market maker | 2,851 |
| Sharemarket Limited ² | Ordinary shares | 100% | Dormant | nil |
| TD Waterhouse Nominees (Europe) Limited ² | Ordinary shares | 100% | Dormant | nil |
| TD Waterhouse Properties (UK) Limited ² | Ordinary shares | 100% | Dormant | nil |
| YorkSHARE Limited ¹ | Ordinary shares | 100% | Dormant | 3,000 |
| YorkSHARE Nominees Limited ³ | Ordinary shares | 100% | Dormant | nil |
| Dealwise Limited ² | Ordinary shares | 100% | Dormant | 54 |
| Wellington Street Nominees Limited ⁴ | Ordinary shares | 100% | Dormant | nil |
| DLJdirect Limited ² | Ordinary shares | 100% | Dormant | nil |
| TDWSCH Holding Company Limited ⁵ | Ordinary shares | 100% | Dormant | 954 |
| TD Waterhouse Holdings UK Limited | Ordinary shares | 100% | Dormant | 1,034 |
| AC Nominees Limited ⁶ | Ordinary shares | 100% | Dormant | nil |

¹6% of the share capital of TD Waterhouse Investor Services (Europe) Limited is owned by YorkSHARE Limited.

²100% owned by TD Waterhouse Investor Services (Europe) Limited

³100% owned by YorkSHARE Limited

⁴100% owned by Dealwise Limited

⁵100% owned by TD Waterhouse Holdings UK Limited

⁶100% owned by Aitken Campbell and Co Limited

⁷100% owned by TDWSCH Holding Company Limited

All of the above companies are incorporated in the UK.

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS

at 31st October 2008

10. DEBTORS

| | <i>Group</i> | <i>Group</i> | <i>Company</i> | <i>Company</i> |
|--|----------------|----------------|----------------|----------------|
| | <i>2008</i> | <i>2007</i> | <i>2008</i> | <i>2007</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Amount due from counterparties & clients | 153,643 | 242,742 | - | - |
| Other debtors | 4,072 | 1,085 | - | - |
| Deferred tax | 2,472 | 1,470 | - | - |
| Prepayments and accrued income | 4,786 | 4,758 | - | - |
| | <u>164,973</u> | <u>250,055</u> | <u>-</u> | <u>-</u> |

Amounts due from counterparties and clients include £20,395,000 due from group undertakings, of which £16,711,000 relate to trades pending settlement (2007: £1,281,000).

11. CASH AT BANK AND IN HAND

| | <i>Group</i> | <i>Group</i> | <i>Company</i> | <i>Company</i> |
|------------------|--------------|--------------|----------------|----------------|
| | <i>2008</i> | <i>2007</i> | <i>2008</i> | <i>2007</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Company balances | 9,693 | 9,283 | - | - |
| | <u>9,693</u> | <u>9,283</u> | <u>-</u> | <u>-</u> |

As at 31 October 2008 the firm held bank deposits totalling £177,670,000 (2007: £164,641,000) on behalf of clients that are excluded from the balance sheet.

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS at 31st October 2008

12. CREDITORS: amounts falling due within one year

| | <i>Group</i> <i>2008</i> <i>£000</i> | <i>Group</i> <i>2007</i> <i>£000</i> | <i>Company</i> <i>2008</i> <i>£000</i> | <i>Company</i> <i>2007</i> <i>£000</i> |
|--|--|--|--|--|
| Trade creditors | 305,262 | 387,395 | - | - |
| Less: funds held on behalf of clients | (177,670) | (164,641) | - | - |
| Amounts owing to parent company | 99 | 90 | - | - |
| Amounts owing to group undertakings | - | - | 553 | 553 |
| Accruals | 7,139 | 6,820 | - | - |
| Other creditors including taxation and social security | 6,603 | 2,176 | - | - |
| | <u>141,433</u> | <u>231,840</u> | <u>553</u> | <u>553</u> |

Amounts due to counterparties and clients include £2,004,000 due to group undertakings that relate to trades pending settlement (2007: £15,543,000).

13. PROVISION FOR LIABILITIES AND CHARGES

A provision of £100,000 remains in Aitken Campbell & Company Limited with regard to their cessation of trade. The company ceased to trade on 14 July 2005.

14. DEFERRED TAX

| <i>Group</i> | <i>2008</i> <i>£000</i> | <i>2007</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| Charged to profit and loss in the year (note 6) | 1,002 | 1,470 |
| | <u>1,002</u> | <u>1,470</u> |

During the current year the deferred tax asset recognition policy has been changed. In the past the company has recognised deferred tax assets based on taxable profits forecasts for the next one year to determine the level of deferred tax which could be recognised on forecasted taxable profits. The recognition policy is now based on taxable profits forecasts for the next three years.

15. CALLED UP SHARE CAPITAL

| | <i>2008</i> <i>No.</i> <i>'000s</i> | <i>2007</i> <i>No.</i> <i>'000s</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 31st October 2008

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group

| | <i>Share capital £000</i> | <i>Profit and loss account £000</i> | <i>Share- holders funds £000</i> |
|------------------------------|-----------------------------------|---|--|
| At 1 November 2006 | 170,460 | (142,451) | 28,009 |
| Retained profit for the year | - | 8,334 | 8,334 |
| | <hr/> | <hr/> | <hr/> |
| At 31 October 2007 | 170,460 | (134,117) | 36,343 |
| Retained profit for the year | - | 5,789 | 5,789 |
| | <hr/> | <hr/> | <hr/> |
| At 31 October 2008 | 170,460 | (128,328) | 42,132 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Company

| | <i>Share Capital £000</i> | <i>Profit and loss account £000</i> | <i>Share- holders funds £000</i> |
|------------------------------|-----------------------------------|---|--|
| At 1 November 2006 | 170,460 | (140,187) | 30,273 |
| Retained profit for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 October 2007 | 170,460 | (140,187) | 30,273 |
| Retained profit for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 October 2008 | 170,460 | (140,187) | 30,273 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

TD Waterhouse Investor Services (UK) Limited

NOTES TO THE ACCOUNTS

at 31st October 2008

17. OTHER FINANCIAL COMMITMENTS

At 31st October 2008 the group had annual commitments under non-cancellable operating leases as set out below:

| | <i>Land and buildings</i> | | <i>Other</i> | |
|--------------------------------|---------------------------|--------------|--------------|-------------|
| | <i>2008</i> | <i>2007</i> | <i>2008</i> | <i>2007</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Operating leases which expire: | | | | |
| Within one year | - | - | 10 | 261 |
| In one to two years | - | - | - | - |
| In two to five years | - | - | - | - |
| In over five years | 1,382 | 1,532 | - | - |
| | <u>1,382</u> | <u>1,532</u> | <u>10</u> | <u>261</u> |

18. PENSION COMMITMENTS

The group operates a defined contribution pension scheme, which is externally funded and covers all eligible staff employees. The assets of the scheme are held separately from those of the company in an independent administered fund. There were no unpaid contributions outstanding at the year-end (2007: £nil). £965,000 (2007: £452,000) has been recognised in the profit and loss account in relation to pension contributions for the year. Pension contributions have increased due to the implementation of a flexible benefits program where employees opt for a salary sacrifice in lieu of increased pension contributions from the employer.

19. RELATED PARTY TRANSACTIONS

TD Waterhouse Investor Services (Europe) Limited act as an outsourced service provider to NatWest Stockbrokers Limited and process all broking transactions on their behalf. The company received income from Natwest Stockbrokers Limited in respect of these services to the value of £11,304,238 (2007: £11,261,165) in the current year. At 31 October 2008 TD Waterhouse Investor Services (Europe) Limited were due £20,395,000 from this related party on account. (2007: owed £13,118,141).

TD Waterhouse Investor Services (Europe) Limited outsources its treasury function to TD Waterhouse Bank NV (UK Branch). The company received income from TD Waterhouse Bank NV (UK Branch) in respect of these services to the value of £8,964,725 (2007: £7,694,061). At 31 October 2008 TD Waterhouse Investor Services (Europe) Limited were due £140,803,856 from this related party on account. (2007: were due £150,059,471)

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The group's immediate and ultimate 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