

TDWSCH Holding Company Limited

Report and Financial Statements

31 October 2003

Company Registration No. 4129061



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**TDWSCH HOLDING COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

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# **TDWSCH HOLDING COMPANY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T Pinnington  
J Barra  
A Rigby (appointed 30 January 2003)

#### **SECRETARY**

J Lader (appointed 31 July 2003)

#### **REGISTERED OFFICE**

Exchange Court  
Duncombe Street  
Leeds  
West Yorkshire  
LS1 4AX

#### **BANKERS**

The Royal Bank of Scotland plc  
Corporate Banking  
Waterhouse Square  
138-142 Holborn  
London EC1N 2TH

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

# TDWSCH HOLDING COMPANY LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 10 month period ended 31 October 2003. During the period the company became a wholly owned subsidiary of The Toronto-Dominion Bank group and has elected not to prepare consolidated financial statements.

## PRINCIPAL ACTIVITIES AND REVIEW OF THE PERIOD

The Company was incorporated on 21 December 2000 and became active on 29 January 2001 to act as a holding company from which to allow the principals to conduct market making, order book trading in UK equities and new issues. Operating activities are conducted through the company's 100% owned subsidiary, Aitken Campbell & Company Limited. The directors expect the present activity to be sustained for the foreseeable future.

## RESULTS AND DIVIDENDS

During the period, the Company made a loss after taxation of £36,343,000 (2002: loss of £25,974,000).

The directors do not recommend the payment of a final dividend in respect of the period to 31 October 2003 (2002: £nil).

## DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

	<u>Appointed</u>	<u>Resigned</u>
B Masrani (Co Chairman)	-	30 January 2003
L Gorman (Co Chairman)	-	18 June 2003
J Leonard	-	18 June 2003
J Barra	-	-
T Pinnington	-	-
C Walling	-	18 June 2003
A Rigby	30 January 2003	-

In accordance with the Articles of Association, the directors are not subject to retirement by rotation.

None of the directors had a beneficial interest in the shares of the Company at the period end. There were no share options of the Company outstanding at the period end.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Report set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 5 to 11

- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- That all accounting standards which they consider to be applicable have been followed; and
- That the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# TDWSCH HOLDING COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### AUDITORS

On 16 May 2002 an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By order of the Board of Directors and signed on behalf of the Board



Director  
14 January 2004

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7/11

# TDWSCH HOLDING COMPANY LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TDWSCH HOLDING COMPANY LIMITED

We have audited the financial statements which comprise profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### **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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

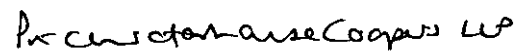
### **Basis of audit opinion**

We conducted our audit in accordance with 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 at 31 October 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY  
14 January 2004  
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# TDWSCH HOLDING COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

10 month period ended 31 October 2003

	Note	10 month period to 31 Oct 2003 £000	12 month period to 31 Dec 2002 £000
Operating expenses: ordinary items		9	(3)
exceptional item	2	(36,351)	(25,972)
<b>OPERATING LOSS</b>		<b>(36,342)</b>	<b>(25,975)</b>
Interest payable		-	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>(36,342)</b>	<b>(25,975)</b>
Tax payable / (recoverable) on loss on ordinary activities	6	1	(1)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD</b>	11	<b>(36,343)</b>	<b>(25,974)</b>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<b>(36,343)</b>	<b>(25,974)</b>

There is no difference between the results as stated above and the results on a historic cost basis and therefore no note on the historic cost profit and loss for the period is shown.

All of the above amounts relate to continuing operations.

The notes on pages 7 to 11 form an integral part of these financial statements.

**TDWSCH HOLDING COMPANY LIMITED**

**BALANCE SHEET**  
**31 October 2003**

	Note	2003 £000	2002 £000
<b>FIXED ASSETS</b>			
Investment in subsidiaries	7	-	36,351
<b>CURRENT ASSETS</b>			
Debtors	8	-	1
Cash at bank		-	11
		<hr/>	<hr/>
		-	12
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	9	(46)	(66)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(46)	(54)
		<hr/>	<hr/>
<b>TOTAL NET (LIABILITIES) / ASSETS</b>		(46)	36,297
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	64,000	64,000
Profit and loss account	11	(64,046)	(27,703)
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' (DEFICIT) / FUNDS</b>	12	(46)	36,297
		<hr/>	<hr/>

The notes on pages 7 to 11 form an integral part of these financial statements.

The financial statements on pages 5 to 11 were approved by the Board of Directors on 14 January 2004.

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Signed on behalf of the Board of Directors



Director



# TDWSCH HOLDING COMPANY LIMITED

## NOTES TO THE ACCOUNTS

10 month period ended 31 October 2003

### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force. During the period the company became a wholly owned subsidiary of The Toronto-Dominion Bank group and has elected not to prepare consolidated financial statements.

#### Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis of accounting.

#### Fixed Asset Investments

Fixed Assets Investments are recognised at cost less any provision for impairment.

#### Impairment of fixed assets

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the basis for impairment write down is by reference to the higher of post tax net realisable value and value in use.

#### Deferred taxation

Under the rules of FRS 19, deferred taxation has been recognised as an asset or liability if transactions have occurred at the balance sheet date that give rise to a right to pay less taxation in the future, or an obligation to pay more taxation in the future. An asset is not recognised to the extent that the transfers of economic benefits in the future is uncertain. Deferred tax assets and liabilities have not been discounted.

### 2. EXCEPTIONAL ITEM

During the 10 month period to 31 October 2003, an exceptional operating cost of £36,351,000 was charged to the profit and loss account. This charge provided for the permanent impairment of the investment and goodwill held in relation to the company's subsidiary, Aitken Campbell and Company Limited. The investment in subsidiary companies is disclosed in note 7.

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging the following amounts:

	10 month period to 31 Oct 2003 £000	12 month period to 31 Dec 2002 £000
<b>Auditors' remuneration</b>		
For audit services	3	4
For non audit services	-	-
<b>Provision for impairment of fixed assets</b>	36,351	25,972

# TDWSCH HOLDING COMPANY LIMITED

## NOTES TO THE ACCOUNTS

10 month period ended 31 October 2003

### 4. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the period.

The directors are employees of The Toronto-Dominion Bank group companies. The company does not have a basis for allocating their remuneration between group companies.

### 5. EMPLOYEE INFORMATION

The company did not employ any staff during the period.

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of tax charge in the period

	Company 10 month period to 31 Oct 2003 £000	Company 12 month period to 31 Dec 2002 £000
Current tax:		
UK corporation tax on profits	-	-
Total current tax	-	-
Deferred tax:		
Current period charge	1	(1)
Tax on profit on ordinary activities	1	(1)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

# TDWSCH HOLDING COMPANY LIMITED

## NOTES TO THE ACCOUNTS

10 month period ended 31 October 2003

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

b) Factors affecting tax charge for the period

	10 month period to 31 Oct 2003 £000	12 month period to 31 Dec 2002 £000
Loss on ordinary activities before tax	(36,342)	(25,975)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%)	(10,903)	(7,793)
Effects of: Expenses not deductible for tax purposes	10,903	7,793
Total current tax	-	-

### 7. INVESTMENTS IN SUBSIDIARIES

	£000
<b>Cost</b>	
At 1 January 2003 and 31 October 2003	64,067
<b>Provision</b>	
At 1 January 2003	27,716
Provision for impairment	36,351
At 31 October 2003	64,067
<b>Net book value</b>	
At 31 October 2003	-
<b>Net book value</b>	
At 31 December 2002	36,351

Under Section 228 of the Companies Act 1985 group accounts are not required as the Company is a wholly owned subsidiary undertaking of another body corporate.

During the period, the Company's investments in subsidiaries consisted of the following wholly owned subsidiary undertakings which are incorporated in Great Britain and registered in Scotland:

- Aitken Campbell & Company Limited
- A.C. (Nominees) Limited (a nominee company).

All shareholdings represent ordinary (equity) shares. The principal country of operation for each subsidiary is the country of incorporation.

# TDWSCH HOLDING COMPANY LIMITED

## NOTES TO THE ACCOUNTS

10 month period ended 31 October 2003

### 8. DEBTORS

	2003 £000	2002 £000
<b>Amounts falling due within one year</b>		
Deferred tax asset	-	1
	<u>-</u>	<u>1</u>
Analysis of movement in deferred tax provision:		
Opening balance	1	-
Profit and loss account charge	(1)	1
	<u>-</u>	<u>1</u>
Closing balance	-	1
	<u>-</u>	<u>1</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000	2002 £000
Amounts owed to group companies	-	58
Due to parent company	46	-
Accruals	-	8
	<u>46</u>	<u>66</u>

### 10. SHARE CAPITAL

	2003 £000	2002 £000
<b>Authorised, allotted, called up and fully paid</b>		
64,000,000 ordinary shares of 100p each	64,000	64,000
	<u>64,000</u>	<u>64,000</u>

# TDWSCH HOLDING COMPANY LIMITED

## NOTES TO THE ACCOUNTS

10 month period ended 31 October 2003

### 11. PROFIT AND LOSS ACCOUNT

	£000
1 January 2003 as previously reported	(27,703)
Loss for the financial period	(36,343)
	<hr/>
31 October 2003	(64,046)
	<hr/>

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£000
Loss for the financial period	(36,343)
	<hr/>
Net reduction to shareholders' funds	(36,343)
Opening shareholders' funds	36,297
	<hr/>
Closing shareholders' funds	(46)
	<hr/>

### 13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 (FRS 8) Related Party Disclosures, not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of the Toronto Dominion Bank, the consolidated financial statements of which are publicly available.

### 14. CASH FLOW STATEMENT

The Company has taken advantage of the exemption under Financial Reporting Standard No 1 (Revised) not to include a cash flow statement in the financial statements because the Company is a wholly owned subsidiary of The Toronto-Dominion Bank, whose consolidated financial statements are publicly available.

### 15. ULTIMATE PARENT AND CONTROLLING PARTY

At 31 October 2003, TDWSCH Holding Company Limited was owned by TD Waterhouse Holdings (UK) Limited. The Company is ultimately owned by The Toronto-Dominion Bank, a company incorporated in Canada. The Toronto-Dominion Bank consolidated financial results can 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.