Independent Auditors' Report

To the Shareholders of
Canaccord Genuity Group Inc.

We have audited the accompanying consolidated financial statements of Canaccord Genuity Group Inc., which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canaccord Genuity Group Inc. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered accountants
Vancouver, Canada
June 2, 2015

Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2015	March 31, 2014
ASSETS			
Current			
Cash and cash equivalents		$ 322,324	$ 364,296
Securities owned	6	848,128	1,143,201
Accounts receivable	9	2,491,488	2,785,898
Income taxes receivable		5,295	3,983
Total current assets		3,667,235	4,297,378
Deferred tax assets	14	10,148	9,735
Investments	10	8,693	9,977
Equipment and leasehold improvements	11	43,373	50,975
Intangible assets	13	134,877	131,650
Goodwill	13	505,579	514,907
		$ 4,369,905	$ 5,014,622
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	7	$ 20,264	$ —
Securities sold short	6	654,639	913,913
Accounts payable and accrued liabilities	9, 20	2,527,636	2,877,933
Provisions	24	14,320	10,334
Income taxes payable		8,172	10,822
Subordinated debt	15	15,000	15,000
Total current liabilities		3,240,031	3,828,002
Deferred tax liabilities	14	2,057	3,028
		3,242,088	3,831,030
Equity			
Preferred shares	16	205,641	205,641
Common shares	17	620,858	653,189
Contributed surplus		85,597	74,037
Retained earnings		92,815	144,799
Accumulated other comprehensive income		112,631	91,014
Total shareholders' equity		1,117,542	1,168,680
Non-controlling interests		10,275	14,912
Total equity		1,127,817	1,183,592
		$ 4,369,905	$ 5,014,622

See accompanying notes

On behalf of the Board:

"David Kassie"

DAVID KASSIE
Director

"Terrence A. Lyons"

TERRENCE A. LYONS
Director

Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2015	March 31, 2014
REVENUE			
Commissions and fees		$ 374,058	$ 361,647
Investment banking		238,517	221,410
Advisory fees		151,336	139,142
Principal trading		75,217	91,313
Interest		22,212	24,549
Other		19,423	17,183
		880,763	855,244
EXPENSES			
Incentive compensation		455,480	413,289
Salaries and benefits		85,770	91,135
Trading costs		52,795	47,872
Premises and equipment		40,281	38,461
Communication and technology		51,758	46,065
Interest		13,424	16,359
General and administrative		94,688	83,834
Amortization	11, 13	28,428	26,786
Development costs		24,448	21,369
Restructuring costs	24	24,813	5,486
Impairment of goodwill	13	14,535	—
		886,420	790,656
(Loss) income before income taxes		(5,657)	64,588
Income tax expense (recovery)	14		
Current		7,261	8,270
Deferred		(1,600)	4,261
		5,661	12,531
Net (loss) income for the year		$ (11,318)	$ 52,057
Net (loss) income attributable to:			
CGGI shareholders		$ (13,184)	$ 51,413
Non-controlling interests		$ 1,866	$ 644
Weighted average number of common shares outstanding (thousands)			
Basic	17	91,693	94,125
Diluted	17	n/a	101,993
Net (loss) income per common share			
Basic	17	$ (0.27)	$ 0.42
Diluted	17	$ (0.27)	$ 0.39
Dividend per Series A Preferred Share	18	$ 1.375	$ 1.375
Dividend per Series C Preferred Share	18	$ 1.4375	$ 1.4375
Dividend per common share	18	$ 0.25	$ 0.20

See accompanying notes

Consolidated Statements of Comprehensive (Loss) Income

For the years ended (in thousands of Canadian dollars)	March 31, 2015	March 31, 2014
Net (loss) income for the year	$ (11,318)	$ 52,057
Other comprehensive income (loss) (OCI) to be reclassified to net income (loss) in future periods		
Net change in valuation of available for sale investments, net of tax	(314)	(149)
Net change in unrealized gains on translation of foreign operations, net of tax	22,945	97,791
Comprehensive income for the year	$ 11,313	$ 149,699
Comprehensive income attributable to:		
CGGI shareholders	$ 8,433	$ 149,545
Non-controlling interests	$ 2,880	$ 154

See accompanying notes

Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2015	March 31, 2014
Preferred shares, opening and closing	16	$ 205,641	$ 205,641
Common shares, opening		653,189	638,456
Shares issued in connection with share-based payments		21,321	21,375
Acquisition of common shares for long-term incentive plan (LTIP)		(58,240)	(11,046)
Release of vested common shares from employee benefit trust		20,867	18,059
Shares cancelled		(11,702)	(26,393)
Net unvested share purchase loans		(4,577)	12,738
Common shares, closing	17	620,858	653,189
Contributed surplus, opening		74,037	85,981
Replacement stock plan awards related to the acquisition of Collins Stewart Hawkpoint plc (CSHP)		(2,420)	(4,612)
Share-based payments		8,015	559
Shares cancelled		656	3,891
Purchase of non-controlling interests		(3,092)	—
Unvested share purchase loans		8,401	(11,782)
Contributed surplus, closing		85,597	74,037
Retained earnings, opening		144,799	126,203
Net (loss) income attributable to CGGI shareholders		(13,184)	51,413
Common shares dividends	18	(26,806)	(21,055)
Preferred shares dividends	18	(11,994)	(11,762)
Retained earnings, closing		92,815	144,799
Accumulated other comprehensive income (loss), opening		91,014	(7,118)
Other comprehensive income attributable to CGGI shareholders		21,617	98,132
Accumulated other comprehensive income, closing		112,631	91,014
Total shareholders' equity		1,117,542	1,168,680
Non-controlling interests, opening		14,912	16,169
Foreign exchange on non-controlling interests		(1,171)	(751)
Comprehensive income attributable to non-controlling interests		2,880	154
Dividends paid to non-controlling interests		(1,723)	(660)
Purchase of non-controlling interests		(4,623)	—
Non-controlling interests, closing		10,275	14,912
Total equity		$ 1,127,817	$ 1,183,592

See accompanying notes

Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2015	March 31, 2014
OPERATING ACTIVITIES			
Net (loss) income for the year		$ (11,318)	$ 52,057
Items not affecting cash			
Amortization	11, 13	28,428	26,786
Deferred income tax (recovery) expense		(1,600)	4,261
Share-based compensation expense	19	61,305	52,363
Impairment of goodwill	13	14,535	—
Impairment of investment in Canadian First Financial Holdings Limited (Canadian First)	10	1,000	—
Changes in non-cash working capital			
Decrease (increase) in securities owned		305,250	(193,629)
Decrease (increase) in accounts receivable		341,381	(221,777)
(Decrease) increase in income taxes payable, net		(1,153)	2,268
(Decrease) increase in securities sold short		(266,619)	213,725
(Decrease) increase in accounts payable, accrued liabilities and provisions		(399,788)	80,951
Cash provided by operating activities		71,421	17,005
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness		20,264	(66,138)
Redemption of share capital		(9,936)	(21,117)
Acquisition of common shares for long-term incentive plan		(58,240)	(11,046)
Cash dividends paid on common shares		(26,806)	(21,055)
Cash dividends paid on preferred shares		(11,994)	(11,762)
Cash paid related to CSH Inducement Plan		(1,295)	—
Proceeds from exercise of stock options		2,222	—
Cash used in financing activities		(85,785)	(131,118)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(5,232)	(15,475)
Purchase of intangible assets		(16,636)	(7,002)
Purchase of non-controlling interests		(7,715)	—
Investment in Canaccord Genuity (Hong Kong) Limited		—	(699)
Investment in Canadian First		—	(5,730)
Contingent consideration paid on the acquisition of Eden Financial Ltd. (Eden Financial)		—	(9,129)
Cash used in investing activities		(29,583)	(38,035)
Effect of foreign exchange on cash balances		1,975	25,432
Decrease in cash position		(41,972)	(126,716)
Cash position, beginning of year		364,296	491,012
Cash position, end of year		$ 322,324	$ 364,296
Supplemental cash flow information			
Interest received		$ 22,187	$ 22,788
Interest paid		$ 12,836	$ 14,877
Income taxes paid		$ 16,020	$ 8,359

See accompanying notes

Notes to Consolidated Financial Statements

As at March 31, 2015 and March 31, 2014
and for the years ended March 31, 2015 and 2014
(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) is a leading independent, full-service investment dealer in Canada with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China, Singapore and Barbados. The Company also has wealth management operations in Canada, the UK & Europe, and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients. The Company changed its name to Canaccord Genuity Group Inc. from Canaccord Financial Inc. on October 1, 2013.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX) and the symbol CF. on the London Stock Exchange. The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

The Company's business experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets.

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned and securities sold short, which have been measured at fair value as set out in the relevant accounting policies.

The consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 2, 2015.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company, its subsidiaries and controlled special purpose entities (SPEs).

The financial results of a subsidiary or controlled SPE should be consolidated if the Company acquires control. Control is achieved when an entity has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the statements of operations from the effective date of the acquisition or up to the effective date of the disposal, as appropriate.

All inter-company transactions and balances have been eliminated. In cases where an accounting policy of a subsidiary differs from the Company's accounting policies, the Company has made the appropriate adjustments to ensure conformity for purposes of the preparation of these consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions.

Consolidation

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2015. The Company also completed an evaluation of its contractual arrangement with the other shareholders and the power it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "*Consolidated Financial Statements*" (IFRS 10), as at March 31, 2015 and 2014. Therefore, the financial position, financial performance, and cash flows of CGAL have been consolidated. Although the Company owns 50% of the issued shares of CGAL as at March 31, 2015, for accounting purposes, the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has recognized a 40% non-controlling interest as at March 31, 2015 (March 31, 2014 – 50%), which represents the portion of CGAL's net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income (loss) and each component of other comprehensive income (loss) are attributed to the non-controlling interest and to the owners of the parent.

The Company has employee benefit trusts, which are considered SPEs [Note 19], to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Judgment may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the underlying investment banking or advisory transactions.

Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 19.

Income taxes and valuation of deferred taxes

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax jurisdictions and is subject to individual assessments by these jurisdictions. Tax filings can involve complex issues, which may require an extended period of time to resolve in the event of a dispute or re-assessment by tax authorities. Deferred taxes are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profit.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The Company establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Company's experience of previous tax audits.

Impairment of goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually, or whenever an event or change in circumstance may indicate potential impairment, to ensure that the recoverable amount of the cash-generating unit (CGU) to which goodwill and indefinite life intangible assets are attributed is greater than or equal to their carrying values.

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples, relief of royalties related to brand names and discount rates. Management must apply judgment in the selection of the approach to determining the recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 13.

Impairment of other long-lived assets

The Company assesses its amortizable long-lived assets at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the asset or the CGU containing the asset using management's best estimates and available information.

Allowance for credit losses

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables. The Company establishes an allowance for credit losses based on management's estimate of probable unrecoverable amounts. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

Fair value of financial instruments

The Company measures its financial instruments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible, but where observable data is not available, judgment is required to select or determine inputs to a fair value model.

There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect the reported fair values.

Provisions

The Company records provisions related to pending or outstanding legal matters and regulatory investigations. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated. The Company also records provisions related to restructuring costs when the recognition criteria for provisions as they apply to restructuring costs are fulfilled.

NOTE 03 Adoption of New and Revised Standards

The Company adopted certain standards and amendments, discussed below, which were effective as of April 1, 2014 and have been applied retrospectively.

The nature and the impact of each new standard and amendment are described below:

IAS 32 – "*Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*"

These amendments clarify the meaning of "currently has a legally enforceable right to set off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

International Financial Reporting Interpretations Committee (IFRIC) 21 – "*Levies*"

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation has no impact on the Company as the Company has applied the recognition principles under IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets",* consistent with the requirements of IFRIC 21 in prior years.

Annual improvements – 2010–2012 cycle

In the 2010–2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13, "*Fair Value Measurement*". The amendment to IFRS 13 clarifies in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no significant impact on the Company.

NOTE 04 Future Changes in Accounting Policies

The Company monitors the potential changes in standards proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations. Potential changes are as follows:

IFRS 9 – "*Financial Instruments*"

In July 2014, the IASB issued the final version of IFRS 9, "*Financial Instruments",* which reflects all phases of the financial instruments project and replaces IAS 39, "*Financial Instruments: Recognition and Measurement",* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is still in the process of assessing the impact of the adoption of IFRS 9.

IFRS 15 – "*Revenue from Contracts with Customers*"

In May 2014, the IASB issued IFRS 15, "*Revenue from Contracts with Customers*". IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The standard supersedes all current revenue recognition requirements under IFRS. Application of the standard is mandatory for all entities and it applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the adoption of IFRS 15 on the Company's financial statements.

NOTE 05 Summary of Significant Accounting Policies

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the fair value of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "*Business Combinations*", are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "*Non-current Assets Held for Sale and Discontinued Operations*", which are recognized and measured at FVLCS.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date at the best estimate of such amount. Subsequent changes in the fair value of the contingent consideration that are deemed to be a liability are recognized in the statements of operations.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the difference is recognized in the statements of operations.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in each of the business combinations is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the corresponding combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries at their respective functional currencies using exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at the exchange rate in effect at the reporting date. All differences upon translation are recognized in the consolidated statements of operations.

Non-monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates in effect at the date when the fair value is determined.

Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars at rates prevailing at the reporting date, and income and expenses are translated at average exchange rates prevailing during the period. Unrealized gains or losses arising as a result of the translation of the foreign subsidiaries are recorded in accumulated other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of operations.

The Company also has monetary assets and liabilities that are receivable or payable from a foreign operation. If settlement of the receivable or payable is neither planned nor likely to occur in the foreseeable future, the differences upon translation are recognized in accumulated other comprehensive income (loss) as these receivables and payables form part of the net investment in the foreign operation.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization of intangible assets is recognized in the consolidated statements of operations as part of amortization expense.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end.

Identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP) and Eden Financial are brand names, customer relationships, non-competition agreements, trading licences and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. In addition, a software under development became available for use during fiscal 2015, and the Company began amortizing the asset over its estimated useful life. The estimated amortization periods of these amortizable intangible assets are as follows:

	Acquired in business combinations				Internally developed
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Software
Brand names	indefinite	n/a	n/a	n/a	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a
Trading licences	n/a	indefinite	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	10 years

Trading licences acquired through the acquisition of the 50% interest in Canaccord Genuity Australia are considered to have an indefinite life as they are expected to provide benefit to the Company over a continuous period. Branding acquired through the acquisition of Genuity is also considered to have an indefinite life, as it will provide benefit to the Company over a continuous period.

Internally developed software

Expenditures towards the development of an individual project are recognized as an intangible asset when the Company can demonstrate that the technical feasibility of the asset for use has been established. The asset is carried at cost less any accumulated amortization and accumulated impairment losses. Capitalized costs are expenditures directly attributable to the software development, such as employment, consulting or professional fees. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over the period of expected future benefit.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the FVLCS and the value-in-use of a particular asset or CGU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and recognized in the consolidated statements of operations.

In assessing FVLCS, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. A long term growth rate is then calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statements of operations.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of operations.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, commercial paper and bankers' acceptances with a term to maturity of less than three months from the date of purchase, which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[i] Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets, as applicable.

Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the Company commits itself to either the purchase or sale of the asset.

All financial assets are initially measured at fair value. Transaction costs related to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of operations when incurred. Transaction costs for all financial instruments other than those classified as fair value through profit or loss are included in the costs of the assets.

Classification and subsequent measurement
Financial assets classified as fair value through profit or loss
Financial assets classified as fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets purchased for trading activities are classified as held for trading and are measured at fair value, with unrealized gains (losses) recognized in the consolidated statements of operations. In addition, provided that the fair value can be reliably determined, IAS 39 permits an entity to designate any financial instrument as fair value through profit or loss on initial recognition or adoption of this standard even if that instrument would not otherwise meet the definition of fair value through profit or loss as specified in IAS 39. The Company did not designate any financial assets upon initial recognition as fair value through profit or loss. The Company's financial assets classified as held for trading include cash and cash equivalents, and securities owned, including derivative financial instruments.

The Company periodically evaluates the classification of its financial assets as held for trading based on whether the intent to sell the financial assets in the near term is still appropriate. If the Company is unable to trade these financial assets due to inactive markets or if management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

Financial assets classified as available for sale
Available for sale assets are measured at fair value, with subsequent changes in fair value recorded in other comprehensive income, net of tax, until the assets are sold or impaired, at which time the difference is recognized in net income for the year. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at fair value unless fair value is not reliably measurable. The Company's investments in Euroclear and Canadian First Financial Holdings Limited are classified as available for sale and measured at their estimated fair value.

Financial assets classified as loans and receivables and held to maturity
Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of operations. The Company classifies accounts receivable as loans and receivables. The Company did not have any held to maturity investments during the years ended March 31, 2015 and 2014.

Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset and those events have had a significant or prolonged impact on the estimated future cash flows of the asset that can be reliably estimated. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of operations.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of operations and is measured as the difference between the carrying value and the fair value.

Derecognition
A financial asset is derecognized primarily when the rights to receive cash flows from the asset have expired, or the Company has transferred its right to receive cash flows from the asset.

[ii] Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings. All financial liabilities are recognized initially at fair value less, in the case of other financial liabilities, directly attributable transaction costs.

Classification and subsequent measurement
Financial liabilities classified as fair value through profit or loss
Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statements of operations. The Company has not designated any financial liabilities as fair value through profit or loss that would not otherwise meet the definition of fair value through profit or loss upon initial recognition. Bank indebtedness, contingent consideration and securities sold short, including derivative financial instruments, are classified as held for trading and recognized at fair value.

Financial liabilities classified as loans and borrowings
After initial recognition, financial liabilities classified as loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of operations through the EIR method of amortization. Loans and borrowings include accounts payable and accrued liabilities, and subordinated debt. The carrying value of loans and borrowings approximates their fair value.

[iii] Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

[iv] Derivative financial instruments

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates.

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in the consolidated statements of operations during the reporting period.

The Company trades in futures contracts, which are agreements to buy or sell standardized amounts of a financial instrument at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and subject to daily cash margining. The Company trades in futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk.

The Company also trades in forward contracts, which are non-standardized contracts to buy or sell a financial instrument at a specified price on a future date. The Company trades in forward contracts in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies.

FAIR VALUE MEASUREMENT

The Company measures financial instruments at fair value at each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

When available, quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs, are used to determine fair value. For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm’s length market transactions; reference to the current fair value of another instrument that is substantially the same;

discounted cash flow analysis; or other valuation models. Valuation techniques may require the use of estimates or management assumptions if observable market data is not available. When the fair value cannot be reliably measured using a valuation technique, then the financial instrument is measured at cost.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measured based on the lowest level input significant to the fair value measurement in its entirety [Note 7]. For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

SECURITIES OWNED AND SOLD SHORT

Securities owned and sold short are recorded at fair value based on quoted market prices in an active market or a valuation model if no market prices are available. Unrealized gains and losses are reflected in income. Certain securities owned have been pledged as collateral for securities borrowing transactions. Securities owned and sold short are classified as held for trading financial instruments.

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing activities primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. Securities borrowed and securities loaned are carried at the amounts of cash collateral delivered and received in connection with the transactions. Securities borrowed transactions require the Company to deposit cash, letters of credit or other collateral with the lender. For securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of the securities loaned and borrowed against the cash collateral on a daily basis and, when appropriate, the Company may require counterparties to deposit additional collateral or it may return collateral pledged to ensure such transactions are adequately collateralized.

Securities purchased under agreements to resell and securities sold under agreements to repurchase represent collateralized financing transactions. The Company receives securities purchased under agreements to resell, makes delivery of securities sold under agreements to repurchase, monitors the market value of these securities on a daily basis and delivers or obtains additional collateral as appropriate.

The Company manages its credit exposure by establishing and monitoring aggregate limits by customer for these transactions. Interest earned on cash collateral is based on a floating rate.

SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND OBLIGATIONS RELATED TO SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Company recognizes these transactions on the settlement date at amortized cost using the effective interest rate method. Securities sold and purchased under repurchase agreements remain on the consolidated statement of financial position. Reverse repurchase agreements and repurchase agreements are treated as collateralized lending and borrowing transactions.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues. Facilitation losses for the year ended March 31, 2015 were $13.8 million [March 31, 2014 – $14.8 million].

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of revenue earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

Other revenue includes foreign exchange gains or losses, revenue earned from our correspondent brokerage services and administrative fees revenues.

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Computer equipment, furniture and equipment, and leasehold improvements are recorded at cost less accumulated amortization. Amortization is being recorded as follows:

Computer equipment	33% declining balance basis
Furniture and equipment	10% to 20% declining balance basis
Leasehold improvements	Straight-line over the shorter of useful life and respective term of the leases

An item of property, plant and equipment, and any specific part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

The assets' residual values, useful lives and method of amortization are reviewed at each financial year end, and are adjusted prospectively where appropriate.

INCOME TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of operations.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

No deferred tax liability has been recognized for taxable temporary differences associated with investments in subsidiaries from undistributed profits and foreign exchange translation differences as the Company is able to control the timing of the reversal of these temporary differences. The Company has no plans or intention to perform any actions that will cause the temporary differences to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the consolidated statements of financial position.

TREASURY SHARES

The Company's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. This includes shares held in the long-term incentive plan (LTIP) and unvested share purchase loans and preferred shares. No gain or loss is recognized in the statements of operations in the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in contributed surplus. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per common share is computed by dividing the net income attributable to common shareholders for the period by the weighted average number of common shares outstanding. Diluted earnings per common share reflects the dilutive effect in connection with the LTIP and other share-based payment plans based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees has been issued.

SHARE-BASED PAYMENTS

Employees (including senior executives and directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings (loss) per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in contributed surplus. The cost is recognized on a graded basis.

The Company estimates the number of equity instruments that will ultimately vest when calculating the expense attributable to equity-settled transactions. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs are expensed upon grant, as there are no vesting conditions [Note 19]. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Legal provisions

Legal provisions are recognized when it is probable that the Company will be liable for the future obligation as a result of a past event related to legal matters and when they can be reasonably estimated.

Restructuring provisions

Restructuring provisions are only recognized when the recognition criteria for provisions are fulfilled. In order for the recognition criteria to be met, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of associated costs and an appropriate timeline. In addition, either the personnel affected must have a valid expectation that the restructuring is being carried out or the implementation must have been initiated. The restructuring provision recognized includes staff restructuring costs, reorganization expenses, onerous lease provisions and impairment of equipment and leasehold improvements.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. The Company has assessed its lease arrangements and concluded that the Company only has leases that have the characteristics of an operating lease. An operating lease is a lease that does not transfer substantially all of the risks and benefits and ownership of an asset to the lessee. Operating lease payments are recognized as an expense in the statements of operations on a straight-line basis over the lease term.

CLIENT MONEY

The Company's UK & Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 23.

SEGMENT REPORTING

The Company's segment reporting is based on the following operating segments: Canaccord Genuity, Canaccord Genuity Wealth Management, and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, the UK & Europe, Other Foreign Locations, and the US.

NOTE 06 Securities Owned and Securities Sold Short

	March 31, 2015		March 31, 2014	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 638,551	$ 555,792	$ 924,149	$ 823,148
Equities and convertible debentures	209,577	98,847	219,052	90,765
	$ 848,128	$ 654,639	$ 1,143,201	$ 913,913

As at March 31, 2015, corporate and government debt maturities range from 2015 to 2097 [March 31, 2014 – 2014 to 2097] and bear interest ranging from 0.00% to 15.00% [March 31, 2014 – 0.00% to 15.00%].

NOTE 07 Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at March 31, 2015 are as follows:

	Held for trading		Available for sale		Loans and receivables		Loans and borrowings		Total	
	March 31, 2015	March 31, 2014	**March 31, 2015**	March 31, 2014	**March 31, 2015**	March 31, 2014	**March 31, 2015**	March 31, 2014	**March 31, 2015**	March 31, 2014
Financial assets										
Securities owned	**$ 848,128**	$1,143,201	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 848,128**	$1,143,201
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,503,666**	2,006,183	**—**	—	**1,503,666**	2,006,183
Accounts receivable from clients	**—**	—	**—**	—	**601,486**	418,799	**—**	—	**601,486**	418,799
RRSP cash balances held in trust	**—**	—	**—**	—	**276,159**	259,614	**—**	—	**276,159**	259,614
Other accounts receivable	**—**	—	**—**	—	**110,177**	101,302	**—**	—	**110,177**	101,302
Investments	**—**	—	**8,693**	9,977	**—**	—	**—**	—	**8,693**	9,977
Total financial assets	**$ 848,128**	$1,143,201	**$ 8,693**	$ 9,977	**$ 2,491,488**	$2,785,898	**$ —**	$ —	**$ 3,348,309**	$3,939,076
Financial liabilities										
Securities sold short	**$ 654,639**	$ 913,913	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 654,639**	$ 913,913
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**—**	—	**1,172,198**	1,659,617	**1,172,198**	1,659,617
Accounts payable to clients	**—**	—	**—**	—	**—**	—	**1,130,893**	965,229	**1,130,893**	965,229
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**—**	—	**224,545**	253,087	**224,545**	253,087
Subordinated debt	**—**	—	**—**	—	**—**	—	**15,000**	15,000	**15,000**	15,000
Total financial liabilities	**$ 654,639**	$ 913,913	**$ —**	$ —	**$ —**	$ —	**$ 2,542,636**	$2,892,933	**$ 3,197,275**	$3,806,846

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at March 31, 2015, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
			March 31, 2015	
	March 31, 2015	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 18,369	$ —	$ 18,369	$ —
Government debt	620,182	128,049	492,133	—
Corporate and government debt	638,551	128,049	510,502	—
Equities	208,678	186,950	21,505	223
Convertible debentures	899	—	27	872
Equities and convertible debentures	209,577	186,950	21,532	1,095
	848,128	314,999	532,034	1,095
Securities sold short				
Corporate debt	(18,032)	—	(18,032)	—
Government debt	(537,760)	(137,924)	(399,836)	—
Corporate and government debt	(555,792)	(137,924)	(417,868)	—
Equities	(98,847)	(95,715)	(3,132)	—
	(654,639)	(233,639)	(421,000)	—
Available for sale investments	8,693	—	3,963	4,730

		Estimated fair value		
			March 31, 2014	
	March 31, 2014	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 41,181	$ —	$ 41,181	$ —
Government debt	882,968	357,917	525,051	—
Corporate and government debt	924,149	357,917	566,232	—
Equities	201,666	175,228	26,125	313
Convertible debentures	5,501	—	2,801	2,700
Private investments	11,885	—	—	11,885
Equities and convertible debentures	219,052	175,228	28,926	14,898
	1,143,201	533,145	595,158	14,898
Securities sold short				
Corporate debt	(31,017)	—	(31,017)	—
Government debt	(792,131)	(366,894)	(425,237)	—
Corporate and government debt	(823,148)	(366,894)	(456,254)	—
Equities	(90,765)	(83,166)	(7,599)	—
	(913,913)	(450,060)	(463,853)	—
Available for sale investments	9,977	—	4,247	5,730

Movement in net Level 3 financial assets

Balance, March 31, 2013	$	4,737
Purchases of Level 3 assets during the year		14,943
Transfer to Level 1 assets		(8,339)
Transfer to Level 2 assets		(3,695)
Transfer from Level 2 to Level 3 assets		2,700
Net unrealized loss during the year		(4,026)
Reversal of contingent consideration		6,000
Payment of contingent consideration		8,218
Other		251
Realized loss in settlement of contingent consideration		(126)
Net disposals during the year		(35)
Balance, March 31, 2014	$	20,628
Transfer to Level 1 assets		(11,608)
Net unrealized loss during the year		(2,865)
Other		(330)
Balance, March 31, 2015	**$**	**5,825**

During the fiscal year ended March 31, 2015, there was $11.6 million of Level 3 assets that were transferred to Level 1 as a result of a private company stock that became publicly traded in the UK. There were no transfers between Level 1 and Level 2 fair value measurements. The fair value net unrealized loss related to convertible debentures of $1.9 million recognized during the year was recognized through investment banking revenue. The unrealized loss related to available for sale investments of $1.0 million was recognized through general and administrative expense.

Fair value estimation

i. Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, convertible debt, and over-the-counter equities. The fair values of corporate and government debt, and convertible debt classified as Level 2 are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

Level 2 financial instruments also include the Company's equity investment in Euroclear, which has an estimated fair value of $4.0 million as at March 31, 2015 [March 31, 2014 – $4.2 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions.

ii. Level 3 financial instruments

a. Available for sale investments

Available for sale investments include the Company's equity and debenture investment in Canadian First Financial Holdings Limited (Canadian First), which has an estimated fair value of $4.7 million as at March 31, 2015 [March 31, 2014 – $5.7 million] [Note 10]. The fair value for Canadian First is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. During the year ended March 31, 2015, the Company recorded an impairment charge of $1.0 million as a result of changes in market indicators.

b. Held for trading

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at March 31, 2015 was $1.1 million [March 31, 2014 – $14.9 million].

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

RISK MANAGEMENT

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the consolidated financial statements as at March 31, 2015 and 2014.

The primary source of credit risk to the Company is in connection with trading activity by private clients and private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectibility of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of $12.0 million as at March 31, 2015 [March 31, 2014 – $13.2 million] [Note 9].

The Company is also exposed to the risk that counterparties to transactions will not fulfill their obligations. Counterparties primarily include investment dealers, clearing agencies, banks and other financial institutions. The Company does not rely entirely on ratings assigned by credit rating agencies in evaluating counterparty risk. The Company mitigates credit risk by performing its own due diligence assessments on the counterparties, obtaining and analyzing information regarding the structure of the financial instruments, and keeping current with new innovations in the market. The Company also manages this risk by conducting regular credit reviews to assess creditworthiness, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations with performance guarantees.

As at March 31, 2015 and 2014, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized by readily marketable securities and are reviewed daily for impairment in value and collectibility. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 22.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2015:

Financial liability	Carrying amount		Contractual term to maturity
	March 31, 2015	March 31, 2014	
Bank indebtedness	**$ 20,264**	$ —	Due on demand
Accounts payable and accrued liabilities	**2,527,636**	2,877,933	Due within one year
Securities sold short	**654,639**	913,913	Due within one year
Subordinated debt	**15,000**	15,000	Due on demand[1]

(1) Subject to Investment Industry Regulatory Organization of Canada's approval.

The fair values for cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values and will be paid within 12 months.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Company separates market risk into three categories: fair value risk, interest rate risk and foreign exchange risk.

Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2015. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

			March 31, 2015			March 31, 2014
Financial instrument	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	$ 209,577	$ 7,229	$ (7,229)	$ 219,052	$ 8,593	$ (8,593)
Equities and convertible debentures sold short	(98,847)	(3,409)	3,409	(90,765)	(3,560)	3,560

The following table summarizes the effect on OCI as a result of a fair value change in the financial instruments classified as available for sale. This analysis assumes all other variables remain constant and there is no permanent impairment. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

			March 31, 2015			March 31, 2014
Financial instrument	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI
Investments	$ 8,693	$ 545	$ (545)	$ 9,977	$ 712	$ (712)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its cash and cash equivalent balances, bank indebtedness, fixed income portion of securities owned and securities sold short, net clients' balances, RRSP cash balances held in trust, and net brokers' and investment dealers' balances, as well as its subordinated debt. The Company attempts to minimize and monitor its exposure to interest rate risk through quantitative analysis of its net positions of fixed income securities, clients' balances, securities lending and borrowing activities, and short term borrowings. The Company also trades in futures in an attempt to mitigate interest rate risk. Futures are included in marketable securities owned, net of marketable securities sold short, for the purpose of calculating interest rate sensitivity.

All cash and cash equivalents mature within three months. Net clients' receivable (payable) balances charge (incur) interest based on floating interest rates. Subordinated debt bears interest at a rate of prime plus 4%, payable monthly. The bank indebtedness bears interest at 0.90% per annum.

The following table provides the effect on net income for the years ended March 31, 2015 and 2014 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2015 and 2014. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

	March 31, 2015			March 31, 2014		
	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates(1)	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates(1)
Cash and cash equivalents, net of bank indebtedness	$ 302,060	$ 1,894	$ (1,907)	$ 364,296	$ 2,470	$ (2,470)
Marketable securities owned, net of marketable securities sold short	193,489	(276)	264	229,288	(872)	959
Clients' payable, net	(529,407)	(3,462)	(2,138)	(546,430)	(3,888)	(2,082)
RRSP cash balances held in trust	276,159	1,732	(1,732)	259,614	1,852	(1,852)
Brokers' and investment dealers' balance, net	331,468	(37)	2	346,566	(47)	2
Subordinated debt	15,000	(95)	94	(15,000)	(107)	107

(1) Subject to a floor of zero.

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in foreign currency exchange rates will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia, and UK & Europe subsidiaries. These subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling, or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

All of the subsidiaries may also hold financial instruments in currencies other than their functional currency; therefore, any fluctuations in foreign exchange rates will impact foreign exchange gains or losses in the statement of operations.

The following table summarizes the estimated effects on net income (loss) and OCI as a result of a 10% change in the value of the foreign currencies where there is significant exposure. The analysis assumes all other variables remain constant. The methodology used to calculate the foreign exchange rate sensitivity is consistent with the prior year.

As at March 31, 2015:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	$ (973)	$ 973	$ 8,304	$ (8,304)
Pound sterling	(1,780)	1,780	50,107	(50,107)
Australian dollar	nil	nil	2,489	(2,489)

As at March 31, 2014:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	$ (913)	$ 913	$ 5,485	$ (5,485)
Pound sterling	(2,891)	2,891	50,093	(50,093)
Australian dollar	nil	nil	2,754	(2,754)

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates. All derivative financial instruments are expected to be settled within six months subsequent to fiscal year end.

Foreign exchange forward contracts

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in the consolidated statements of operations during the reporting period.

Forward contracts outstanding at March 31, 2015:

		Notional amount (millions)	Average price	Maturity		Fair value
To sell US dollars	USD $	7.5	$1.27 (CAD/USD)	April 6, 2015	$	11
To buy US dollars	USD $	12.0	$1.27 (CAD/USD)	April 6, 2015	$	(20)
To buy pounds sterling (GBP)	GBP £	2.5	$1.88 (CAD/GBP)	April 30, 2015	$	(6)
To buy euro (EUR)	EUR €	1.1	$1.38 (CAD/EUR)	July 31, 2015	$	(24)

Forward contracts outstanding at March 31, 2014:

		Notional amount (millions)	Average price	Maturity		Fair value
To sell US dollars	USD $	13.8	$1.11 (CAD/USD)	April 3, 2014	$	11
To buy US dollars	USD $	5.5	$1.10 (CAD/USD)	April 1, 2014	$	13
To buy pounds sterling (GBP)	GBP £	2.5	$1.84 (CAD/GBP)	April 30, 2014	$	7

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the euro. The weighted average term to maturity is 103 days as at March 31, 2015 [March 31, 2014 – 115 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2015. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2015						March 31, 2014					
		Assets		Liabilities		Notional amount		Assets		Liabilities		Notional amount
Foreign exchange forward contracts	$	7,858	$	(7,635)	$	326,058	$	1,359	$	(1,365)	$	327,386

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2015, the notional amount of the bond futures contracts outstanding was long $1.6 million [March 31, 2014 – $nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in the statement of operations during the reporting period.

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2015, the floating rates ranged from 0.00% to 0.42% [March 31, 2014 – 0.00% to 0.66%].

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
March 31, 2015	**$ 155,031**	**$ 43,393**	**$ 42,734**	**$ 172,615**
March 31, 2014	158,430	41,290	41,253	190,689

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As at March 31, 2015, the Company had $20.3 million of bank indebtedness balance outstanding [March 31, 2014 – $nil].

OTHER CREDIT FACILITIES

Subsidiaries of the Company also have other credit facilities with banks in Canada and the UK for an aggregate amount of $770.0 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2015 and 2014, there were no balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling $1.1 million (US$0.9 million) as rent guarantees for its leased premises in New York. As of March 31, 2015 and 2014, there were no outstanding balances under these standby letters of credit.

NOTE 08 Interest in Other Entities

The Company has a 60% controlling interest for accounting purposes in Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited as of March 31, 2015 [March 31, 2014 – 50%]. Together, these entities operate as Canaccord Genuity Australia and the operation's principal place of business is in Australia. As discussed in Note 22, Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission.

During the year ended March 31, 2015, the Company purchased $4.6 million of non-controlling interests, which increased its ownership interest from 50% as of March 31, 2014 to 60% as of March 31, 2015. As a result of the purchase, the Company recorded a reduction in its contributed surplus of $3.4 million.

Canaccord Genuity Australia reported total net income of $4.6 million in fiscal 2015 [2014 – $1.3 million]. As at March 31, 2015, accumulated non-controlling interest was $10.3 million [March 31, 2014 – $14.9 million]. Summarized financial information including goodwill on acquisition and consolidation adjustments but before inter-company eliminations is presented on the next page.

Summarized statement of profit or loss for the years ended March 31, 2015 and 2014:

	Canaccord Genuity Australia	
For the years ended	March 31, 2015	March 31, 2014
Revenue	$ 41,608	$ 28,138
Expenses	34,640	26,160
Net income before taxes	6,968	1,978
Income tax expense	2,396	690
Net income	4,572	1,288
Attributable to:		
CGGI shareholders	2,706	644
Non-controlling interests	1,866	644
Total comprehensive income	6,813	308
Attributable to:		
CGGI shareholders	3,933	154
Non-controlling interests	2,880	154
Dividends paid to non-controlling interests	1,723	660

Summarized statement of financial position as at March 31, 2015 and 2014:

	Canaccord Genuity Australia	
For the years ended	March 31, 2015	March 31, 2014
Current assets	$ 34,280	$ 31,897
Non-current assets	28,263	32,008
Current liabilities	11,440	(10,067)
Non-current liabilities	—	(155)

Summarized cash flow information for the years ended March 31, 2015 and 2014:

	Canaccord Genuity Australia	
For the years ended	March 31, 2015	March 31, 2014
Cash provided by operating activities	$ 9,768	$ 7,427
Cash used by financing activities	(3,545)	(1,217)
Cash used by investing activities	(8,108)	(1,550)
Foreign exchange impact on cash balance	(1,204)	(125)
Net (decrease) increase in cash and cash equivalents	$ (3,089)	$ 4,535

NOTE 09 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	March 31, 2015	March 31, 2014
Brokers and investment dealers	$ 1,503,666	$ 2,006,183
Clients	601,486	418,799
RRSP cash balances held in trust	276,159	259,614
Other	110,177	101,302
	$ 2,491,488	$ 2,785,898

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015	March 31, 2014
Brokers and investment dealers	$ 1,172,198	$ 1,659,617
Clients	1,130,893	965,229
Other	224,545	253,087
	$ 2,527,636	$ 2,877,933

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the Investment Industry Regulatory Organization of Canada (IIROC) and other regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2015 – 5.85% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2014 – 6.00% to 6.25% and 0.00% to 0.05%, respectively].

As at March 31, 2015, the allowance for doubtful accounts was $12.0 million [March 31, 2014 – $13.2 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2013	$ 13,986
Charge for the year	6,208
Recoveries	(6,022)
Write-offs	(1,860)
Foreign exchange	844
Balance, March 31, 2014	$ 13,156
Charge for the year	7,510
Recoveries	(8,818)
Write-offs	288
Foreign exchange	(151)
Balance, March 31, 2015	**$ 11,985**

NOTE 10 Investments

	March 31, 2015	March 31, 2014
Available for sale	$ 8,693	$ 9,977

The Company holds an investment in Euroclear, one of the principal clearing houses for securities traded in the Euromarket.

During the year ended March 31, 2014, the Company invested $5.0 million in common shares and $0.7 million in debenture and warrant certificates of Canadian First, a private company that has been established as a Canadian retail financial services organization. As a result of changes in market indicators, the Company recorded an impairment charge of $1.0 million during the year ended March 31, 2015.

These investments are carried at fair value, as described in Note 7.

NOTE 11 Equipment and Leasehold Improvements

		Cost		Accumulated amortization		Net book value
March 31, 2015						
Computer equipment	$	10,320	$	3,694	$	6,626
Furniture and equipment		21,080		15,499		5,581
Leasehold improvements		87,883		56,717		31,166
	$	119,283	$	75,910	$	43,373
March 31, 2014						
Computer equipment	$	10,628	$	3,941	$	6,687
Furniture and equipment		21,494		14,913		6,581
Leasehold improvements		78,833		41,126		37,707
	$	110,955	$	59,980	$	50,975

		Computer equipment		Furniture and equipment		Leasehold improvements		Total
Cost								
Balance, March 31, 2013	$	10,231	$	21,073	$	75,685	$	106,989
Additions		2,550		2,688		10,237		15,475
Disposals		(6,109)		(2,771)		(12,706)		(21,586)
Foreign exchange		3,956		504		5,617		10,077
Balance, March 31, 2014	$	10,628	$	21,494	$	78,833	$	110,955
Additions		2,913		660		1,659		5,232
Disposals		(2,256)		(1,464)		(3,155)		(6,875)
Foreign exchange		(965)		390		8,516		7,941
Other		—		—		2,030		2,030
Balance, March 31, 2015	**$**	**10,320**	**$**	**21,080**	**$**	**87,883**	**$**	**119,283**

		Computer equipment		Furniture and equipment		Leasehold improvements		Total
Accumulated amortization								
Balance, March 31, 2013	$	3,821	$	15,478	$	44,711	$	64,010
Amortization		3,425		1,674		7,104		12,203
Disposals		(6,037)		(2,604)		(11,773)		(20,414)
Foreign exchange		2,732		365		1,084		4,181
Balance, March 31, 2014	$	3,941	$	14,913	$	41,126	$	59,980
Amortization		3,104		1,728		9,181		14,013
Disposals		(2,243)		(1,370)		(2,840)		(6,453)
Foreign exchange		(1,108)		228		7,491		6,611
Other		—		—		1,759		1,759
Balance, March 31, 2015	**$**	**3,694**	**$**	**15,499**	**$**	**56,717**	**$**	**75,910**

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2015 and March 31, 2014.

NOTE 12 Business Combination

ACQUISITION FOR THE YEAR ENDED MARCH 31, 2014

On July 25, 2013, the Company acquired the remaining 50% ownership of Canaccord Genuity (Hong Kong) Limited (CGHKL) for cash consideration of $0.7 million to now own 100% of CGHKL. The fair value of the net assets acquired approximates the cash consideration. The Company previously already held a 50% beneficial interest in CGHKL through its ownership of Canaccord Financial Group (Australia) Pty Ltd. CGHKL is licensed with the Securities and Futures Commission in Hong Kong.

NOTE 13 Goodwill and Other Intangible Assets

		Identifiable intangible assets						
	Goodwill	Brand names	Customer relationships	Technology	Software under development	Non-competition	Trading licences	Total
Gross amount								
Balance, March 31, 2013	$ 484,686	$ 46,627	$ 86,516	$ 5,771	$ —	$ 14,609	$ 202	$ 153,725
Additions	—	—	—	—	7,002	—	—	7,002
Foreign exchange	36,471	168	10,096	1,128	—	(251)	(7)	11,134
Balance, March 31, 2014	521,157	46,795	96,612	6,899	7,002	14,358	195	171,861
Additions	—	—	—	—	16,884	—	—	16,884
Transfer between categories	—	—	—	19,395	(19,395)	—	—	—
Other	—	(1,865)	—	—	—	—	—	(1,865)
Foreign exchange	5,207	—	966	301	—	(413)	(11)	843
Balance, March 31, 2015	**526,364**	**44,930**	**97,578**	**26,595**	**4,491**	**13,945**	**184**	**187,723**
Accumulated amortization and impairment								
Balance, March 31, 2013	—	(1,697)	(13,256)	(1,923)	—	(6,566)	—	(23,442)
Amortization	—	—	(9,023)	(2,469)	—	(3,091)	—	(14,583)
Impairment	(6,250)	—	—	—	—	—	—	—
Foreign exchange	—	(168)	(1,568)	(555)	—	105	—	(2,186)
Balance, March 31, 2014	(6,250)	(1,865)	(23,847)	(4,947)	—	(9,552)	—	(40,211)
Amortization	—	—	(9,427)	(2,259)	—	(3,038)	—	(14,724)
Impairment	(14,535)	—	—	—	—	—	—	—
Other	—	1,865	—	—	—	—	—	1,865
Foreign exchange	—	—	77	(146)	—	293	—	224
Balance, March 31, 2015	**(20,785)**	**—**	**(33,197)**	**(7,352)**	**—**	**(12,297)**	**—**	**(52,846)**
Net book value								
March 31, 2014	514,907	44,930	72,765	1,952	7,002	4,806	195	131,650
March 31, 2015	**505,579**	**44,930**	**64,381**	**19,243**	**4,491**	**1,648**	**184**	**134,877**

During the year ended March 31, 2015, there were $19.4 million of intangible assets transferred from software under development to technology. These intangible assets relate to a back-office software developed for use in the UK & Europe wealth management operations. The carrying amount of the software at March 31, 2015 was $19.2 million. The software became available for use during the current fiscal year and is being amortized over the estimated useful life of 10 years.

The additions to software under development intangible assets prior to being put into use during the year ended March 31, 2015 relate to any costs directly attributable to the development of the software, including employment, consulting and other professional fees.

During the year ended March 31, 2014, the Company recorded an impairment charge of $6.3 million related to the goodwill acquired in connection with the acquisition of certain assets and liabilities of Kenosis Capital Partners. This goodwill was allocated to the Other Foreign Locations CGU.

During the year ended March 31, 2015, as a result of operating losses in China and reduced revenue forecasts arising from changes in economic and market conditions in Other Foreign Locations – China and Singapore, the Company determined that the carrying amounts of these CGUs exceeded our estimates of their recoverable amounts and that there had been impairment in the goodwill in respect of these CGUs. As a result, the Company recorded impairment charges in respect of the goodwill allocated to these CGUs in the amounts of $4.5 million and $10.0 million, respectively. In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amount of the Other Foreign Locations CGU's net assets is determined using the FVLCS calculations, which are based on cash flow assumptions approved by senior management. This valuation is categorized as Level 3 in the fair value hierarchy.

IMPAIRMENT TESTING OF GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS WITH INDEFINITE LIVES

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the CGUs as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2015	March 31, 2014	**March 31, 2015**	March 31, 2014	**March 31, 2015**	March 31, 2014
Canaccord Genuity						
Canada	**$ 44,930**	$ 44,930	**$ 242,074**	$ 242,074	**$ 287,004**	$ 287,004
UK & Europe	**—**	—	**97,676**	95,789	**97,676**	95,789
US	**—**	—	**9,103**	7,942	**9,103**	7,942
Other Foreign Locations (China)	**—**	—	**—**	4,764	**—**	4,764
Other Foreign Locations (Australia)	**188**	195	**21,265**	22,537	**21,453**	22,732
Other Foreign Locations (Singapore)	**—**	—	**22,971**	31,539	**22,971**	31,539
Canaccord Genuity Wealth Management						
UK & Europe (Channel Islands)	**—**	—	**101,335**	99,322	**101,335**	99,322
UK & Europe (Eden Financial)	**—**	—	**11,155**	10,940	**11,155**	10,940
	$ 45,118	$ 45,125	**$ 505,579**	$ 514,907	**$ 550,697**	$ 560,032

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill impairment testing was carried out for all applicable CGUs at June 30, September 30 and December 31, 2014.

In accordance with IAS 36, the recoverable amounts of the CGUs' net assets have been determined using FVLCS calculations, which are based on cash flow assumptions approved by senior management. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each CGU for the purposes of these calculations was 12.5% in respect of Canada and the UK & Europe [March 31, 2014 – 12.5%] and 14.0% in respect of Australia, Singapore and the US [March 31, 2014 – 14.0%]. Cash flow estimates for each CGU are based on management assumptions as described above and utilize five-year compound annual revenue growth rates ranging from 5.0% to 10.0% [March 31, 2014 – 9.0% to 15.0%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 5.0%, (ii) UK & Europe – 7.5%, (iii) US – 10.0%, (iv) Other Foreign Locations – 5.0% to 10.0%; and (b) Canaccord Genuity Wealth Management, UK & Europe – 5.0%. The terminal growth rate used for CGUs located in Canada and the UK & Europe was 2.5% [March 31, 2014, Canada – 3.0%] and for CGUs located in all other locations was 3.0% [March 31, 2014 – 5.0%].

At March 31, 2015, there is $44.9 million of intangible assets with indefinite lives allocated to the Canaccord Genuity Canada CGU, which relates to the Genuity brand name. For the March 31, 2015 annual goodwill impairment testing, an estimate of the annual royalty income is included in the five-year discounted cash flows of the Canaccord Genuity Canada CGU using the relief of royalty method, with the corresponding expense allocated to each of the other CGUs in the Canaccord Genuity segment over the same forecast period. The royalty rates used were in the range of 0.75% to 2.0%.

During the year ended March 31, 2015, as a result of operating losses in China and reduced revenue forecasts arising from changes in economic and market conditions in Other Foreign Locations – China and Singapore, the Company determined that the carrying amounts of these CGUs exceeded our estimates of their recoverable amounts and that there had been impairment in the goodwill in respect of these CGUs. As a result, the Company recorded impairment charges in respect of the goodwill allocated to these CGUs in the amounts of $4.5 million and $10.0 million, respectively.

Sensitivity testing was conducted as part of the annual impairment test of goodwill and indefinite life intangible assets. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on March 31, 2016 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant.

The Company's annual impairment testing has determined that any reasonably possible adverse change in the key assumptions in respect of the CGUs listed below may cause a further impairment loss to be recognized. Reasonably possible declines in the compounded annual growth rates utilized for the five-year period beginning on April 1, 2015, decreases in the revenue estimates for the 12-month period ending on March 31, 2016, decreases in the estimated annual improvement in operating margins, or increases in the discount rates would cause the estimated recoverable amount to equal the carrying value and consequently a further impairment loss to be recognized. These sensitivities are indicative only and should be considered with caution, as the effect of the variation in each assumption on the estimated recoverable amount is calculated in isolation without changing any other assumptions. The extent of any such impairment loss would be determined after incorporating any consequential effects of that change on estimated operating income and on other factors.

		Change required for carrying value to equal the estimated recoverable amount			
CGU	Excess of the estimated recoverable amount over carrying value	Increase in discount rate (p.p.)	Decrease in five-year CAGR (p.p.)	Decrease in estimated revenue for the 12-month period ending on March 31, 2016	Decrease in estimated annual improvement in operating margins (p.p.)
Canaccord Genuity – Canada	$ 127,000	3.1	10.4	$ 32,000	1.4
Canaccord Genuity – UK & Europe	$ 24,000	1.0	2.9	$ 7,000	0.3
Canaccord Genuity – US	$ 13,000	1.1	4.2	$ 7,000	0.2
Canaccord Genuity Other Foreign Locations – Australia	$ 15,000	2.7	6.3	$ 5,000	1.1
Canaccord Genuity Other Foreign Locations – Singapore*	$ —	1.9	4.6	$ 1,000	1.4

* Remaining goodwill allocated to Other Foreign Locations – Singapore after the impairment loss described above is $22,971 as of March 31, 2015. Accordingly, sensitivity testing was also performed in respect of this CGU.
p.p.: percentage points

NOTE 14 Income Taxes

The major components of income tax expense are:

	March 31, 2015	March 31, 2014
Consolidated statements of operations		
Current income tax expense		
Current income tax expense	$ 8,510	$ 6,518
Adjustments in respect of prior years	(1,249)	1,752
	7,261	8,270
Deferred income tax (recovery) expense		
Origination and reversal of temporary differences	(1,589)	4,632
Impact of change in tax rates	(11)	(309)
Benefit arising from a previously unrecognized tax loss	—	(62)
	(1,600)	4,261
Income tax expense reported in the statements of operations	$ 5,661	$ 12,531

The Company's income tax expense differs from the amount that would be computed by applying the combined federal and provincial income tax rates as a result of the following:

	March 31, 2015	March 31, 2014
(Loss) income before income taxes	$ (5,657)	$ 64,588
Income taxes at the statutory rate of 26.0% (2014: 26.0%)	(1,471)	16,793
Difference in tax rates in foreign jurisdictions	(785)	1,679
Non-deductible items affecting the determination of taxable income	4,786	2,957
Change in accounting and tax base estimate	760	2,328
Change in deferred tax asset – reversal period of temporary difference and other	1,180	(2,882)
Tax losses and other temporary differences not recognized (utilization of tax losses previously not recognized)	1,191	(8,344)
Income tax expense reported in the statements of operations	$ 5,661	$ 12,531

The following were the deferred tax assets and liabilities recognized by the Company and movements thereon during the year:

	Consolidated statements of financial position		Consolidated statements of operations	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Unrealized gain on securities owned	$ (1,585)	$ (1,936)	$ (370)	$ 73
Legal provisions	602	1,675	1,073	372
Unpaid remunerations	2,179	1,936	109	(1,615)
Unamortized capital cost of equipment and leasehold improvements over their net book value	2,786	2,170	(598)	(68)
Unamortized common share purchase loans	3,448	3,792	344	2,217
Loss carryforwards	7,612	4,531	(3,049)	7,024
Common and preferred shares issuance costs	741	1,253	512	444
Long-term incentive plan	11,898	15,431	3,520	(1,244)
Other intangible assets	(21,762)	(24,086)	(2,706)	(2,720)
Other	2,172	1,941	(435)	(222)
	$ 8,091	$ 6,707	$ (1,600)	$ 4,261

Deferred tax assets and liabilities as reflected in the consolidated statements of financial position are as follows:

	March 31, 2015	March 31, 2014
Deferred tax assets	$ 10,148	$ 9,735
Deferred tax liabilities	(2,057)	(3,028)
	$ 8,091	$ 6,707

The movement for the year in the net deferred tax position was as follows:

	March 31, 2015	March 31, 2014
Opening balance as of April 1	$ 6,707	$ 9,976
Tax recovery (expense) recognized in the consolidated statements of operations	1,600	(4,261)
Foreign exchange on deferred tax position	—	621
Amounts recognized through other comprehensive income (loss)	—	47
Other	(216)	324
	$ 8,091	$ 6,707

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Tax loss carryforwards of $19.3 million [2014 – $14.6 million] in the UK & Europe have been recognized as a deferred tax asset. The losses in the UK & Europe can be carried forward indefinitely. Tax loss carryforwards of $11.2 million [2014 – $3.1 million] in Canada have been recognized as a deferred tax asset and can be carried forward for 20 years.

At the balance sheet date, the Company has tax loss carryforwards of approximately $30.6 million [2014 – $29.1 million] for which a deferred tax asset has not been recognized. These losses relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to $26.7 million at March 31, 2015 [2014 – $17.3 million]. Since the subsidiaries outside of Canada have a history of losses and the deductible temporary differences may not be used to offset taxable income elsewhere in the consolidated group of companies, no asset has been recognized as the likelihood of future economic benefit is not sufficiently assured.

NOTE 15 Subordinated Debt

	March 31, 2015	March 31, 2014
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	$ 15,000	$ 15,000

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at March 31, 2015 and 2014, the interest rates for the subordinated debt were 6.85% and 7.0%, respectively. The carrying value of subordinated debt approximates its fair value due to the short term nature of this liability.

NOTE 16 Preferred Shares

	March 31, 2015		March 31, 2014	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	$ 205,641	8,433,206	$ 205,641	8,433,206

[i] SERIES A PREFERRED SHARES

The Company issued 4,540,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $113.5 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $110.8 million.

Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on September 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company has the option to redeem the Series A Preferred Shares on September 30, 2016 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series B Preferred Shares are redeemable at the Company's option on September 30, 2021 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

[ii] SERIES C PREFERRED SHARES

The Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $100.0 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $97.5 million.

Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on June 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and on June 30 every five years thereafter. Holders of the Series D Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company has the option to redeem the Series C Preferred Shares on June 30, 2017 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series D Preferred Shares are redeemable at the Company's option on June 30, 2022 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

NOTE 17 Common Shares

	March 31, 2015		March 31, 2014	
	Amount	**Number of shares**	Amount	Number of shares
Issued and fully paid	**$ 722,509**	**102,607,705**	$ 713,140	101,471,456
Unvested share purchase loans	**(25,852)**	**(3,424,549)**	(21,275)	(3,576,051)
Shares repurchased through NCIB for cancellation	**—**	**—**	(250)	(45,600)
Held for the LTIP	**(75,799)**	**(7,388,489)**	(38,426)	(4,734,446)
	$ 620,858	**91,794,667**	$ 653,189	93,115,359

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2013	102,896,172	$ 717,908
Shares issued in connection with the LTIP [note 19]	1,629,285	14,511
Shares issued in connection with retention plan [note 19]	160,656	2,048
Shares issued in connection with replacement plans [note 19]	526,483	4,816
Shares cancelled	(3,741,140)	(26,143)
Balance, March 31, 2014	101,471,456	$ 713,140
Shares issued in connection with share-based payment plans [note 19]	2,565,653	18,901
Shares issued in connection with replacement plans [note 19]	270,528	2,420
Shares cancelled	(1,699,932)	(11,952)
Balance, March 31, 2015	**102,607,705**	**$ 722,509**

On August 5, 2014, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 1,197,649 shares purchased through the NCIB between April 1, 2014 and March 31, 2015 and cancelled.

[iii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to employees in order to purchase common shares. The unvested balance of forgivable common share purchase loans is presented as a deduction from share capital. The forgivable common share purchase loans are amortized over the vesting period. The difference between the unvested and unamortized values is included in contributed surplus.

[iv] (LOSS) EARNINGS PER COMMON SHARE

For the years ended	March 31, 2015	March 31, 2014
Basic (loss) earnings per common share		
Net (loss) earnings attributable to CGGI shareholders	$ (13,184)	$ 51,413
Preferred shares dividends	(11,877)	(11,762)
Net (loss) earnings attributable to common shareholders	(25,061)	39,651
Weighted average number of common shares (number)	91,693,485	94,124,672
Basic (loss) earnings per share	$ (0.27)	$ 0.42
Diluted (loss) earnings per common share		
Net (loss) earnings attributable to common shareholders	(25,061)	39,651
Weighted average number of common shares (number)	n/a	94,124,672
Dilutive effect in connection with LTIP (number)	n/a	5,260,323
Dilutive effect in connection with other share-based payment plans (number)	n/a	2,607,684
Adjusted weighted average number of common shares (number)	n/a	101,992,679
Diluted (loss) earnings per common share	$ (0.27)	$ 0.39

For the year ended March 31, 2015, the instruments involving potential common shares were excluded from the calculation of diluted (loss) earnings per share as they were anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of authorization of these financial statements which would have a significant impact on earnings per share.

NOTE 18 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the year ended March 31, 2015:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 20, 2014	July 2, 2014	$ 0.05	$ 5,093
August 29, 2014	September 10, 2014	$ 0.05	$ 5,106
November 21, 2014	December 10, 2014	$ 0.10	$ 10,252
February 27, 2015	March 10, 2015	$ 0.05	$ 5,101

On June 2, 2015, the Board of Directors approved a cash dividend of $0.05 per common share payable on July 2, 2015 to common shareholders of record as at June 19, 2015 [Note 26].

PREFERRED SHARES DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 13, 2014	June 30, 2014	$ 0.34375	$ 0.359375	$ 2,998
September 19, 2014	September 30, 2014	$ 0.34375	$ 0.359375	$ 2,998
December 19, 2014	December 31, 2014	$ 0.34375	$ 0.359375	$ 2,998
March 20, 2015	March 31, 2015	$ 0.34375	$ 0.359375	$ 2,998

On June 2, 2015, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on June 30, 2015 to Series A Preferred shareholders of record as at June 19, 2015 [Note 26].

On June 2, 2015, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on June 30, 2015 to Series C Preferred shareholders of record as at June 19, 2015 [Note 26].

NOTE 19 Share-Based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, an employee benefit trust has been established. Prior to June 30, 2014, for employees in the United States and the United Kingdom, at the time of each RSU award, the Company allotted common shares and these shares were issued from treasury to plan participants following vesting of the RSUs.

Effective from June 2014, employee benefit trusts have also been established in the United States and the United Kingdom. The Company or certain of its subsidiaries, as the case may be, fund the employee benefit trusts (the Trusts) with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. The Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

There were 5,562,539 RSUs [year ended March 31, 2014 – 5,870,844 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2015. The Trusts purchased 5,112,934 common shares [year ended March 31, 2014 – 1,797,069 common shares] for the year ended March 31, 2015.

The vested and forfeited numbers include the LTIP portion of the CSH Inducement Plan [Note 19 [iv]].

The fair value of the RSUs at the measurement date is based on the purchase price of the shares by the Trusts on the open market and is amortized on a graded basis over the vesting period of generally three years. The weighted average fair value of RSUs granted during the year ended March 31, 2015 was $10.58 [March 31, 2014 – $6.18].

	Number
Awards outstanding, March 31, 2013	9,128,169
Grants	5,870,844
Vested	(3,666,660)
Forfeited	(749,110)
Awards outstanding, March 31, 2014	10,583,243
Grants	5,562,539
Vested	(4,776,985)
Forfeited	(622,579)
Awards outstanding, March 31, 2015	**10,746,218**

	Number
Common shares held by the Trusts, March 31, 2013	4,961,829
Acquired	1,797,069
Released on vesting	(2,024,452)
Common shares held by the Trusts, March 31, 2014	4,734,446
Acquired	5,112,934
Released on vesting	(2,458,891)
Common shares held by the Trusts, March 31, 2015	**7,388,489**

[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. These loans are equity-settled transactions that are generally forgiven over a three- to five-year period from the initial advance of the loan or at the end of that three- to five-year period [Note 17 [iii]].

[iii] REPLACEMENT PLANS

As a result of the acquisition of CSHP, the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted options to purchase common shares of the Company under the Replacement ABED Plan. The exercise price of these options was $nil. The options, which are now vested, vested between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, "*Business Combinations*" (IFRS 3), a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards have now been fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2013	466,645
Exercised	(349,200)
Forfeited	(18,214)
Balance, March 31, 2014	99,231
Exercised	(66,338)
Forfeited	—
Balance, March 31, 2015	**32,893**

The following table summarizes the share options outstanding as at March 31, 2015:

	Options outstanding			Options exercisable	
Range of exercise price	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$nil	32,893	5.01	$ nil	32,983	$ nil

Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Long-Term Incentive Plan Award

On March 21, 2012, the Company introduced the Replacement LTIP, which replaced the existing LTIPs at CSHP on the acquisition date. Eligible employees who participated in the CSHP LTIPs were granted options to purchase shares of the Company awards under the Replacement LTIP. The exercise price of these options was $nil. The options, which are now vested, vested annually on a graded basis over a three-year period. In accordance with IFRS 3, a portion of awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards have now been fully amortized as of March 31, 2015.

	Number
Awards outstanding, March 31, 2013	711,700
Exercised	(177,283)
Forfeited	(37,421)
Balance, March 31, 2014	496,996
Exercised	(204,190)
Forfeited	(10,832)
Balance, March 31, 2015	**281,974**

The following table summarizes the share options outstanding as at March 31, 2015:

	Options outstanding			Options exercisable	
Range of exercise price	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$nil	281,974	5.01	$ nil	281,974	$ nil

[iv] CSH INDUCEMENT PLAN

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. During the year ended March 31, 2013, the Company awarded 2,418,861 RSUs, which vest over a five-year period. In accordance with the plan, one-third of the total RSUs (806,302 RSUs) vested on the third anniversary of the date of the grant under the terms of the existing LTIP. The remaining two-thirds of the total RSUs (1,612,559 RSUs) will vest under the terms of the new CSH Inducement Plan, with one-half of the 1,612,559 RSUs vesting on the fourth anniversary and the remaining half on the fifth anniversary.

	LTIP (Number)	Non-LTIP (Number)	Total RSUs awarded (Number)
Balance, March 31, 2013	774,635	1,549,224	2,323,859
Forfeited	(49,378)	(98,744)	(148,122)
Balance, March 31, 2014	725,257	1,450,480	2,175,737
Vested	(666,551)	—	(666,551)
Forfeited	(58,706)	(117,413)	(176,119)
Balance, March 31, 2015	**—**	**1,333,067**	**1,333,067**

On each vesting date, the RSUs entitle the awardee to receive cash or common shares of the Company. If at the vesting date the share price is less than $8.50 per share, then the Company, at its election, will either (a) pay cash to the employee equal to $8.50 multiplied by the number of RSUs vesting on such date, or (b) pay cash to the employee equal to the difference between $8.50 and the vesting date share price, multiplied by the number of RSUs vesting on that date plus that number of shares equal to the number of RSUs vesting on such date. If the share price is greater than $8.50, then the Company will settle the RSUs in common shares.

The awards under this plan require either full or partial cash settlement if the share price at vesting is less than $8.50 per share. To the extent that it is considered probable that cash settlement will be required, a portion of these awards is treated as cash settled, and recorded on the statements of financial position as a liability. The carrying amount of the liability at March 31, 2015 was $1.7 million [March 31, 2014 – $0.3 million].

The fair value of the RSUs at the grant date was $8.50, for a total plan value of $20.2 million, which is being amortized on a graded basis.

[v] SHARE OPTIONS

The Company has previously granted share options to purchase common shares of the Company to directors and senior management. Share options to independent directors vest over a four-year period and expire seven years after the grant date or 30 days after the participant ceases to be a director. Share options to senior management vest over a five-year period and expire on the earliest of: (a) seven years from the grant date; (b) three years after death or any other event of termination of employment; (c) after any unvested optioned shares held by the optionee are cancelled for any reason (other than early retirement but including resignation without entering into a formal exit agreement and termination for cause); and (d) in the case of early retirement, after a determination that the optionee has competed with the Company or violated any non-competition, non-solicitation or non-disclosure obligations. The exercise price is based on the fair market value of the common shares at grant date.

The following is a summary of the Company's share options as at March 31, 2015 and changes during the period then ended:

	Number of options	Weighted average exercise price
Balance, March 31, 2013	2,384,910	$ 9.84
Expired	(115,642)	$ 23.13
Forfeited	(309,636)	$ 9.47
Balance, March 31, 2014	1,959,632	$ 9.23
Exercised	(234,636)	$ 9.47
Expired	(115,642)	$ 9.47
Balance, March 31, 2015	**1,609,354**	**$ 9.25**

The following table summarizes the share options outstanding as at March 31, 2015:

	Options outstanding			Options exercisable	
Range of exercise price	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$7.21–$9.48	1,609,354	1.44	$ 9.25	1,609,354	$ 9.25

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

[vi] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a DSU plan for its independent directors. Independent directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

During the year ended March 31, 2015, the Company granted 53,307 DSUs [2014 – 54,332 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2015 was $1.2 million [2014 – $1.1 million].

[vii] SHARE-BASED COMPENSATION EXPENSE

For the years ended	March 31, 2015	March 31, 2014
Long-term incentive plan	$ 36,496	$ 28,806
Forgivable common share purchase loans	15,824	10,249
Replacement plans	90	3,483
CSH Inducement Plan	4,062	5,719
Share options	242	750
Deferred share units (cash-settled)	(320)	187
Other	1,151	1,712
Accelerated share-based payment expense included as restructuring expense	3,760	1,457
Total share-based compensation expense	$ 61,305	$ 52,363

NOTE 20 Related Party Transactions

[i] CONSOLIDATED SUBSIDIARIES

The financial statements include the financial statements of the Company and the Company's principal operating subsidiaries and principal intermediate holding companies listed in the following table:

		% equity interest	
	Country of incorporation	March 31, 2015	March 31, 2014
Canaccord Genuity Corp.	Canada	100%	100%
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Inc.	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Adams Financial Group ULC	Canada	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity Singapore Pte Ltd.	Singapore	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd.*	Australia	50%	50%
Canaccord Genuity (Australia) Limited*	Australia	50%	50%
加通贝祥（北京）投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited)	China	100%	100%
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Barbados) Ltd.	Barbados	100%	100%

* The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2015, the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2014 – 50%] [Note 8].

[ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2015 and 2014:

	March 31, 2015	March 31, 2014
Short term employee benefits	$ 8,063	$ 16,790
Share-based payments	9,412	2,001
Total compensation paid to key management personnel	$ 17,475	$ 18,791

[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Accounts payable and accrued liabilities include the following balances with key management personnel:

	March 31, 2015	March 31, 2014
Accounts payable and accrued liabilities	$ 1,041	$ 4,769

[iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Security trades executed by the Company for officers and directors are transacted in accordance with the terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

NOTE 21 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK & Europe, and the US. Operations located in Other Foreign Locations under Canaccord Genuity (Barbados) Ltd., Canaccord Genuity Asia and the 60% controlling interest [March 31, 2014 – 50%] in Canaccord Genuity Australia are also included in Canaccord Genuity.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, and the UK & Europe.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity and the controlling interest in Canaccord Genuity Australia. Amortization of identifiable intangible assets acquired through the purchase of CSHP is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK & Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (Eden Financial Ltd.). Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and income (loss) before taxes and intersegment allocations is derived from external customers. The Company also does not allocate cash flows by reportable segments.

For the years ended	March 31, 2015				March 31, 2014			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 606,497	$ 240,178	$ 11,876	$ 858,551	$ 606,150	$ 214,143	$ 10,402	$ 830,695
Interest revenue	6,608	10,712	4,892	22,212	9,640	9,893	5,016	24,549
Expenses, excluding undernoted	527,380	202,480	50,912	780,772	488,670	185,978	46,008	720,656
Amortization	15,417	11,091	1,920	28,428	14,858	10,146	1,782	26,786
Development costs	9,467	8,217	6,764	24,448	9,682	10,080	1,607	21,369
Interest expense	11,467	539	1,418	13,424	14,166	502	1,691	16,359
Restructuring costs	20,997	783	3,033	24,813	5,486	—	—	5,486
Impairment of goodwill	14,535	—	—	14,535	—	—	—	—
Income (loss) before income taxes and intersegment allocations	13,842	27,780	(47,279)	(5,657)	82,928	17,330	(35,670)	64,588
Less: Intersegment allocations	11,910	21,683	(33,593)	—	8,537	24,719	(33,256)	—
Income (loss) before income taxes	$ 1,932	$ 6,097	$ (13,686)	$ (5,657)	$ 74,391	$ (7,389)	$ (2,414)	$ 64,588

For geographic reporting purposes, the Company's business operations are grouped into Canada, the UK & Europe, the United States, and Other Foreign Locations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of the location of the underlying corporate operating results):

For the years ended	March 31, 2015	March 31, 2014
Canada	$ 345,325	$ 273,276
United Kingdom & Europe	281,493	325,353
United States	204,339	218,131
Other Foreign Locations	49,606	38,484
	$ 880,763	$ 855,244

The following table presents selected figures pertaining to the financial position of each geographic location:

	Canada	UK & Europe	United States	Other Foreign Locations	Total
As at March 31, 2015					
Equipment and leasehold improvements	$ 15,607	$ 14,300	$ 11,128	$ 2,338	$ 43,373
Goodwill	242,074	210,146	9,103	44,256	505,579
Intangible assets	60,819	68,371	90	5,597	134,877
Non-current assets	318,500	292,817	20,321	52,191	683,829
As at March 31, 2014					
Equipment and leasehold improvements	20,435	18,240	9,500	2,800	50,975
Goodwill	242,074	206,051	7,942	58,840	514,907
Intangible assets	62,763	60,165	78	8,644	131,650
Non-current assets	325,272	284,456	17,520	70,284	697,532

NOTE 22 Capital Management

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt. The following table summarizes our capital as at March 31, 2015 and 2014:

Type of capital	March 31, 2015	March 31, 2014
Preferred shares	$ 205,641	$ 205,641
Common shares	620,858	653,189
Contributed surplus	85,597	74,037
Retained earnings	92,815	144,799
Accumulated other comprehensive income	112,631	91,014
Shareholders' equity	1,117,542	1,168,680
Subordinated debt	15,000	15,000
	$ 1,132,542	$ 1,183,680

The Company's capital management framework is designed to maintain the level of capital that will:

- Meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators
- Fund current and future operations
- Ensure that the Company is able to meet its financial obligations as they become due
- Support the creation of shareholder value

The following subsidiaries are subject to regulatory capital requirements in the respective jurisdictions by the listed regulators:

- Canaccord Genuity Corp. is subject to regulation in Canada primarily by IIROC
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, and Canaccord Genuity Financial Planning Limited are regulated in the UK by the Financial Conduct Authority
- Canaccord Genuity Wealth (International) Limited is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission
- Canaccord Genuity Singapore Pte Ltd. is subject to regulation by the Monetary Authority of Singapore
- Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission
- Canaccord Genuity (Hong Kong) Limited is regulated in Hong Kong by the Securities and Futures Commission
- Canaccord Genuity Inc. is registered as a broker dealer in the US and is subject to regulation primarily by the Financial Industry Regulatory Authority, Inc. (FINRA)
- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by FINRA
- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2015.

NOTE 23 Client Money

At March 31, 2015, the UK & Europe operations held client money in segregated accounts of $1,880.4 million (£1,000 million) [2014 – $1,707.5 million; £926.7 million]. This is comprised of $18.4 million (£9.8 million) [2014 – $10.1 million; £5.5 million] of balances held on behalf of clients to settle outstanding trades and $1,862 million (£991.2 million) [2014 – $1,697.4 million; £921.2 million] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

NOTE 24 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2015 and 2014:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2013	$ 10,179	$ 9,876	$ 20,055
Additions	3,314	5,486	8,800
Utilized	(5,891)	(12,440)	(18,331)
Recoveries	(190)	—	(190)
Balance, March 31, 2014	$ 7,412	$ 2,922	$ 10,334
Additions	4,428	24,813	29,241
Utilized	(7,068)	(16,261)	(23,329)
Recoveries	(1,926)	—	(1,926)
Balance, March 31, 2015	**$ 2,846**	**$ 11,474**	**$ 14,320**

During the year ended March 31, 2015, the Company incurred $24.8 million in restructuring costs in connection with the reorganization of the capital markets operations in Canada, the US and the UK & Europe. The restructuring provisions at March 31, 2015 relate primarily to termination benefits and onerous leases incurred as part of the Company's reorganization. It is expected that the restructuring provisions at March 31, 2015 will be mostly utilized during the year ending March 31, 2016.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2015, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company. The amounts claimed in respect of two actions are material and, accordingly, these actions are described below.

In 2002, two actions were commenced in the Superior Court of Québec against Canaccord Genuity Corp. and other defendants including another investment dealer. Both were class action proceedings in which the plaintiffs made allegations of certain wrongful trading and disclosure practices by the Company and another defendant and that the Company was negligent in respect of a private placement in 2000. These actions were set for trial starting in September 2014, but they have been settled comprehensively by way of court approval (granted on October 27, 2014) of a settlement agreement. The 30-day appeal period expired without any appeal, and the Company has now paid its share of the settlement.

Certain claims have been asserted against the Company in respect of the sale of certain conventional wealth management tax advantaged film partnership products in the UK by a predecessor which could be material if such claims are advanced, additional claims are made, and the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods. In that event, the Company may be required to record a provision for an adverse outcome, which could have a material adverse effect on the Company's financial position. The aggregate investment by the Company's clients in respect of these products is estimated to be $11.0 million. The aggregate initial tax deferral realized by the Company's clients in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be $15.0 million. Litigation underway in the UK in respect of the taxation of other similar products sold by other financial advisors (the Litigation) and enforcement in accordance with recent announcements from the UK taxation authority could result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. The potential tax liability for the Company's clients that is in excess of the initial tax deferral amount is estimated to be $15.6 million. The probable outcome of the Litigation and the resulting impact on taxation in respect of this matter and the likelihood of a loss to the Company in connection with any claims asserted against the Company, or which may be asserted against the Company, are not determinable at the date of these consolidated financial statements.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2015, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

NOTE 25 Commitments

Subsidiaries of the Company are committed to approximate minimum lease payments for premises and equipment over the next five years and thereafter as follows:

2016	$	34,621
2017		30,039
2018		26,280
2019		21,242
2020		17,084
Thereafter		53,951
	$	183,217

Some leases include extension options and provide for stepped rents, which mainly relate to lease of office space.

Certain subsidiaries of the Company have agreed to sublease agreements and the approximate minimum lease receipts for premises and equipment over the next five years and thereafter as follows:

2016	$	3,332
2017		478
2018		478
2019		199
2020		—
Thereafter		—
	$	4,487

NOTE 26 Subsequent Event

DIVIDENDS

On June 2, 2015, the Board of Directors approved the following cash dividends: $0.05 per common share payable on July 2, 2015 to common shareholders with a record date of June 19, 2015; $0.34375 per Series A Preferred Share payable on June 30, 2015 with a record date of June 19, 2015; and $0.359375 per Series C Preferred Share payable on June 30, 2015 with a record date of June 19, 2015.