Independent Auditors' Report

To the Shareholders of
Canaccord Genuity Group Inc.

Opinion

We have audited the consolidated financial statements of **Canaccord Genuity Group Inc.** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2019 and 2018, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canaccord Genuity Group Inc.** as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Andre de Haan.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 5, 2019

Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
ASSETS			
Current			
Cash and cash equivalents		$ 820,739	$ 862,838
Securities owned	6, 7	690,499	469,217
Accounts receivable	9, 22	2,656,664	2,215,837
Income taxes receivable		2,502	1,170
Total current assets		4,170,404	3,549,062
Deferred tax assets	14	22,117	19,941
Investments	10	6,224	2,035
Equipment and leasehold improvements	11	25,792	30,967
Intangible assets	13	154,521	160,757
Goodwill	13	370,236	257,974
Total assets		$ 4,749,294	$ 4,020,736
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	7	$ 9,639	$ —
Securities sold short	6, 7	373,419	301,006
Accounts payable and accrued liabilities	9, 22	3,123,765	2,638,954
Provisions	26	18,212	8,428
Income taxes payable		5,415	7,851
Subordinated debt	15	7,500	7,500
Current portion of bank loan	16	9,294	9,679
Total current liabilities		3,547,244	2,973,418
Deferred tax liabilities	14	7,978	13,715
Convertible debentures	17	127,225	57,081
Deferred consideration	7, 12	22,225	9,997
Contingent consideration	7, 12	108,319	49,844
Promissory note	7, 8	5,832	—
Other long-term liability	21	1,741	—
Bank loan	16	50,370	61,758
Total liabilities		3,870,934	3,165,813
Equity			
Preferred shares	18	205,641	205,641
Common shares	19	672,896	649,846
Equity portion of convertible debentures	17	5,156	2,604
Warrants	19	1,975	1,975
Contributed surplus		124,710	145,426
Retained deficit		(237,770)	(277,472)
Accumulated other comprehensive income		103,755	113,332
Total shareholders' equity		876,363	841,352
Non-controlling interests	8	1,997	13,571
Total equity		878,360	854,923
Total liabilities and shareholders' equity		$ 4,749,294	$ 4,020,736

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

DANIEL DAVIAU
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, 2019	March 31, 2018
REVENUE			
Commissions and fees		$ 556,475	$ 461,937
Investment banking		294,241	282,195
Advisory fees		142,228	122,372
Principal trading		125,830	113,921
Interest		51,008	27,875
Other		20,785	14,577
		1,190,567	1,022,877
EXPENSES			
Incentive compensation		599,867	574,969
Salaries and benefits		116,758	99,239
Trading costs		83,577	68,209
Premises and equipment		41,719	39,605
Communication and technology		64,930	56,346
Interest		25,453	18,437
General and administrative		100,768	83,982
Amortization	11, 13	24,280	24,007
Development costs		15,513	7,664
Restructuring costs	26	13,070	7,643
Acquisition-related costs		3,064	6,732
Loss on extinguishment of convertible debentures	17	8,608	—
Share of loss of an associate		304	298
		$ 1,097,911	$ 987,131
Income before income taxes		92,656	35,746
Income tax expense (recovery)	14		
Current		31,611	20,620
Deferred		(10,537)	(1,951)
		21,074	18,669
Net income for the year		$ 71,582	$ 17,077
Net income attributable to:			
CGGI shareholders		$ 70,530	$ 13,024
Non-controlling interests	8	$ 1,052	$ 4,053
Weighted average number of common shares outstanding (thousands)			
Basic	19	96,260	92,587
Diluted	19	130,944	110,862
Income per common share			
Basic	19	$ 0.58	$ 0.04
Diluted	19	$ 0.48	$ 0.03
Dividend per Series A Preferred Share	20	$ 0.97	$ 0.97
Dividend per Series C Preferred Share	20	$ 1.25	$ 1.25
Dividend per common share	20	$ 0.20	$ 0.15

See accompanying notes

Consolidated Statements of Comprehensive Income

For the years ended (in thousands of Canadian dollars)		March 31, 2019		March 31, 2018
Net income for the year	$	**71,582**	$	17,077
Other comprehensive income				
Net change in valuation of available for sale investments, net of tax		**443**		2,993
Net change in unrealized (losses) gains on translation of foreign operations, net of tax		**(9,448)**		15,671
Comprehensive income for the year	$	**62,577**	$	35,741
Comprehensive income attributable to:				
CGGI shareholders	$	**60,953**	$	31,086
Non-controlling interests	$	**1,624**	$	4,655

See accompanying notes

Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
Preferred shares, opening and closing	18	$ 205,641	$ 205,641
Common shares, opening		649,846	641,449
Shares issued in connection with share-based payments		331	101
Acquisition of common shares for long-term incentive plan (LTIP)		(32,073)	(28,093)
Release of vested common shares from employee benefit trusts		39,322	32,121
Shares issued in connection with purchase of non-controlling interests	8	16,807	—
Shares issued in connection with acquisition of Petsky Prunier	12	6,631	—
Shares cancelled		(9,419)	—
Net unvested share purchase loans		1,451	4,268
Common shares, closing	19	672,896	649,846
Warrants, opening and closing		1,975	1,975
Convertible debentures – equity, opening		2,604	2,604
Equity portion of convertible debentures issued during the period, net of tax		2,552	—
Convertible debentures – equity, closing		5,156	2,604
Contributed surplus, opening		145,426	85,405
Share-based payments, net		7,306	60,460
Shares cancelled		827	—
Purchase of non-controlling interests		(27,315)	—
Unvested share purchase loans		(1,058)	(1,427)
Change in deferred tax asset relating to share-based payments		(476)	988
Contributed surplus, closing		124,710	145,426
Retained deficit, opening		(277,472)	(267,559)
Net income attributable to CGGI shareholders		70,530	13,024
Common share dividends	20	(16,534)	(13,344)
Preferred share dividends	20	(9,402)	(9,593)
Equity portion of loss on extinguishment of convertible debentures	17	(4,892)	—
Retained deficit, closing		(237,770)	(277,472)
Accumulated other comprehensive income, opening		113,332	95,270
Other comprehensive (loss) income attributable to CGGI shareholders		(9,577)	18,062
Accumulated other comprehensive income, closing		103,755	113,332
Total shareholders' equity		876,363	841,352
Non-controlling interests, opening		13,571	11,858
Foreign exchange on non-controlling interests		(777)	503
Comprehensive income attributable to non-controlling interests		1,624	4,655
Purchase of non-controlling interests		(9,697)	—
Dividends paid to non-controlling interests		(2,724)	(3,445)
Non-controlling interests, closing		1,997	13,571
Total equity		$ 878,360	$ 854,923

See accompanying notes

Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
OPERATING ACTIVITIES			
Net income for the year		$ 71,582	$ 17,077
Items not affecting cash			
Amortization	11, 13	24,280	24,007
Deferred income tax recovery		10,537	(1,951)
Share-based compensation expense	21	49,500	95,357
Loss on extinguishment of convertible debentures	17	8,608	—
Share of loss of associate		304	298
Changes in non-cash working capital			
(Increase) decrease in securities owned		(221,282)	314,871
(Increase) decrease in accounts receivable		(446,453)	1,185,922
(Increase) decrease in income taxes receivable, net		(10,227)	8,582
Increase (decrease) in securities sold short		72,413	(344,736)
Increase (decrease) in accounts payable, accrued liabilities and provisions		482,886	(1,055,366)
Cash provided by operating activities		42,148	244,061
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness		9,639	(25,280)
Purchase of shares for cancellation		(8,592)	—
Acquisition of common shares for long-term incentive plan		(32,073)	(28,093)
Proceeds from convertible debentures		56,699	—
Proceeds from bank loan		—	66,016
Cash dividends paid on common shares		(16,534)	(13,345)
Cash dividends paid on preferred shares		(9,402)	(9,592)
Cash used in financing activities		(263)	(10,294)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(4,382)	(6,311)
Acquisition of Hargreave Hale Limited, net of cash acquired		—	(54,051)
Investment in associate		(2,500)	(2,500)
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		(7,545)	—
Purchase of non-controlling interests		(14,431)	—
Purchase of investments		(4,063)	—
Acquisition of McCarthy Taylor Limited, net of cash acquired		(3,611)	—
Acquisition of Petsky Prunier LLC, net of cash acquired		(39,783)	—
Purchase of intangible assets		—	(795)
Cash used in investing activities		(76,315)	(63,657)
Effect of foreign exchange on cash balances		(7,669)	14,959
(Decrease) increase in cash position		(42,099)	185,069
Cash position, beginning of year		862,838	677,769
Cash position, end of year		820,739	862,838
Supplemental cash flow information			
Interest received		$ 51,429	$ 27,900
Interest paid		$ 23,396	$ 17,470
Income taxes paid		$ 38,464	$ 24,023

See accompanying notes

Notes to Consolidated Financial Statements

As at March 31, 2019 and March 31, 2018
and for the years ended March 31, 2019 and 2018
(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company or CGGI) is a leading independent, full-service investment dealer with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China and Dubai. 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.

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 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). 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 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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).

These audited consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned, securities sold short, deferred and contingent consideration, and certain impaired non-current assets, which have been measured at fair value as set out in the relevant accounting policies.

These audited 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 5, 2019.

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 are 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 these 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. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Jitneytrade Inc. and Finlogik Inc., McCarthy Taylor Ltd. (McCarthy Taylor) and Petsky Prunier LLC (Petsky Prunier) (Note 12).

Consolidation

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2019. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control 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, 2019 and 2018. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2019, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest (prior to closing date of August 10, 2018 and year ended March 31, 2018 – 42%) since the closing date of August 10, 2018 of the Company's acquisition of an additional 30% interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income 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 21), 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 Company has an enforceable right to payment for performance completed to date and that a transaction price can be reliably measured. Estimation may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the performance obligations 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 21.

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 based on a forward-looking, expected credit loss approach (ECL). The Company establishes an allowance for credit losses in accordance with management's valuation policy based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. 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 a number of its financial instruments at fair value as discussed in Note 7. Fair value is determined based on 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

IFRS 9, "Financial Instruments"

On April 1, 2018, the Company adopted IFRS 9, "Financial Instruments" (IFRS 9), which replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). The Company adopted the standard using the modified retrospective approach. The adoption of IFRS 9 did not have a significant effect on the Company's measurement of financial assets and liabilities.

The following summarizes the impact of IFRS 9 on the consolidated financial statements for the year ended March 31, 2019:

Classification – financial assets and liabilities

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

- Amortized costs – A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

- FVOCI – A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that are SPPI. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.
- All other financial assets are measured at FVTPL and consist of marketable securities owned and sold short.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment – financial assets

The adoption of IFRS 9 changed the Company's accounting for impairment loss for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Under the ECL model, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12 month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition, reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit-impaired financial instruments.

IFRS 9 also provides a simplified approach to ECLs for trade receivables that is based on the adoption of a valuation policy which utilizes an entity's historic loss experience by age banding, adjusted for forward-looking estimates and other considerations as applicable.

The Company's accounts receivables are classified as financial assets measured at amortized costs and are subject to the new ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. The impact of the provision is not considered to have a significant impact to our consolidated financial statements for the year ended March 31, 2019.

Hedge accounting

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. As the Company currently does not have any material position that qualifies for hedge accounting under IAS 39 and IFRS 9, the adoption of IFRS 9 does not have any material impact on our consolidated financial statements for the year ended March 31, 2019.

IFRS 15, "Revenue from Contracts with Customers"

On April 1, 2018, the Company adopted IFRS 15, "Revenue from Contracts with Customers" (IFRS 15), using the modified retrospective approach. IFRS 15 replaces IAS 18, "Revenue" (IAS 18), and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied, which is when control of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The impact on adoption of IFRS 15 on the Company's standard revenue contracts are as follows:

- Commissions and fees – Commission and fees revenue consists of revenue generated through commission-based brokerage services and the sale of fee-based products and services. As discussed above, IFRS 15 requires entities to recognize revenue when control of goods or services transfers to the customers whereas IAS 18 required entities to recognize revenue when the risk and rewards of the goods or services are transferred to the customers. The performance obligation for the recognition of commission and fees revenue is satisfied through the settlement of trades for clients. There is no material change in the amount or timing of revenue recognized under IFRS 15 compared to IAS 18 as the point of transfer of risk and reward for services and transfer of control occur at the same time. Also included within commission and fees is revenue earned in relation to the supply of the Company's research, which is recognized over time in line with the satisfaction of the performance obligation.
- Investment banking – Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. There is no material impact on the recognition of investment banking revenue under IFRS 15 compared to IAS 18. Under IAS 18, revenue was recognized upon closing of the underwriting mandate, which also represents completion of the performance obligation under IFRS 15.
- Advisory fees – Advisory fees consist of management and advisory fees, including fees from mergers and acquisition activities. The performance obligation for the recognition of advisory fees revenue is met when the underlying transaction is

substantially completed under the engagement terms and the related revenue is reasonably determinable. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred or recognized on an amortized basis until the performance obligation is satisfied. The impact of this change on the opening retained earnings as of April 1, 2018 and for the year ended March 31, 2019 is insignificant.

- The following revenue types are excluded from the scope of IFRS 15: Principal trading revenue which consists of revenue earned in connection with principal trading operations, interest revenue, as well as other revenue consisting of foreign exchange gains or losses and revenue earned from our correspondent brokerage services.

NOTE 04 Future Changes in Accounting Policies

Standards issued but not yet effective

Standards issued, which may be reasonably expected to impact upon the Company's financial statements, but which are not yet effective are listed below.

IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases" (IFRS 16), which replaces IAS 17, "Leases" (IAS 17), with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17. The new standard requires lessees to recognize assets and liabilities for most leases, other than leases eligible for low-value (less than USD $5,000) or short-term (12 months or less) exemption.

Where an arrangement meets the IFRS 16 definition of a lease, at the commencement a loan obligation for future lease payables will be recognized together with an equal value non-current asset representing the right to use the underlying asset during the lease term. In place of the lease rental expense in the consolidated statement of operations, lease costs will be recognized in the form of depreciation of the right-of-use asset and interest on the lease liability. IFRS 16 also has the effect of skewing expenses towards the earlier years of a lease (when the outstanding lease liability, and thus interest expense, is higher), although both the total expense and cash flows during the life of a lease are identical under IFRS 16 and IAS 17.

The Company will implement IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. Upon adoption of IFRS 16 on April 1, 2019, the Company is required to recognize both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities will initially be calculated at the present value of expected lease payments and a transition option allows for the recognition of a ROU asset at the same value. The Company is in the process of finalizing its calculation of the right of use asset and corresponding lease liabilities to be recognized in the consolidated statement of financial position upon adoption of IFRS 16.

NOTE 05 Summary of Significant Accounting Policies

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 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial, Hargreave Hale, McCarthy Taylor and Petsky Prunier are customer relationships, non-competition agreements, trading licenses, fund management contract and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. The estimated amortization periods of the amortizable intangible assets are as follows:

	Acquired in business combinations							Internally developed or acquired
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Hargreave Hale	McCarthy Taylor	Petsky Prunier	Software
Brand names	indefinite	n/a	n/a	n/a	n/a	n/a	3 years	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	11.5 to 12.5 years	12.8 years	n/a	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	n/a	n/a	n/a	10 years
Fund management contract	n/a	n/a	n/a	n/a	10.5 years	n/a	n/a	n/a
Contract book	n/a	n/a	n/a	n/a	n/a	n/a	0.9 years	n/a
Favourable lease	n/a	n/a	n/a	n/a	n/a	n/a	2.5 years	n/a

Internally developed or acquired software

Expenditures towards the development or acquisition of projects are recognized as intangible assets when the Company can demonstrate that the technical feasibility of the assets for use has been established. The assets are carried at cost less any accumulated amortization and accumulated impairment losses in accordance with IAS 38, “Intangible Assets”. Capitalized costs are expenditures directly attributable to the software development, such as employment, consulting or professional fees. Amortization of the assets begins when development is complete, and the assets are available for use. The assets are 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 the impairment is 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 an 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

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion).

The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

Classification and subsequent measurement

Financial assets classified as fair value through profit and loss (FVTPL)

Financial assets are classified as FVTPL when they either fail the contractual cash flow test or are held in a business model in which the aim is to realize the asset's value through a short-term sale. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in the statement of operations. The net gain or loss recognized in the statement of operations includes any dividend or interest earned on the financial asset. Financial assets measured at FVTPL consist of marketable securities owned and sold short.

The Company periodically evaluates the classification of its financial assets classified as FVTPL 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 fair value through other comprehensive income (FVOCI)

A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.

Financial assets classified as amortized costs

A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

Under IAS 39, the Company classified its financial instruments as fair value through profit or loss, available for sale, held to maturity and loans and receivables. Financial assets classified as fair value through profit or loss included financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss with unrealized gains (losses) recognized in the consolidated statements of operations. Available for sale assets were 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. Financial assets classified as loans and receivables and held to maturity were measured at amortized cost using the effective interest rate (EIR) method, less impairment. The Company did not have any held to maturity investments during the year ended March 31, 2018.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment of financial assets

The Company's accounts receivables are classified as financial assets measured at amortized cost and are subject to the ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. The impact of the provision is not considered to have a significant impact to our audited consolidated financial statements for the year ended March 31, 2019. Under IAS 39, Company assessed at each reporting date whether there is objective evidence that financial assets classified as available for sale or as loans and receivables were impaired. A financial asset or group of financial assets was deemed to be impaired if there was objective evidence of impairment as a result of one or more events that occurred since the initial recognition of the asset.

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

All financial liabilities are recognized initially at fair value and classified as either FVTPL or other financial liabilities.

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, securities sold short, including derivative financial instruments, contingent and deferred considerations are classified as held for trading and recognized at fair value.

Financial liabilities classified as amortized costs

After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of operations. Financial liabilities classified as amortized costs include accounts payable and accrued liabilities, bank loan and subordinated debt. The carrying value of other financial liabilities 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.

The convertible unsecured senior subordinated debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability was calculated based on the present value of future cash flows under the instruments, discounted at 7%, [March 31, 2018 – 8%] being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

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. The value of collaterals for 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 trade 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 either at a point in time when a single performance obligation is satisfied at once or over the period of time when a performance obligation is received and utilized by the customer over that period. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent. The main types of revenue contracts are as follows:

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 net of commission revenue. Facilitation losses for the year ended March 31, 2019 were $6.4 million [2018 – $8.4 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. The act of underwriting the securities is the sole performance obligation and revenue is recognized at the point in time when the underwriting transaction is complete.

Advisory fees consist of ongoing management and advisory fees that are recognized over the period of time that this performance obligation is delivered. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized at the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

Principal trading revenue consists of income earned in connection with principal trading operations and is outside the scope of IFRS 15.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest and dividend revenue is outside the scope of IFRS 15.

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

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	Straight-line over useful life
Furniture and equipment	Straight-line over useful life
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 methods 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 Company's 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 employee benefits trusts and unvested share purchase loans and preferred shares held in treasury. No gain or loss is recognized in the statements of operations on 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 (loss) 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, warrants, other share-based payment plans as well as the convertible debentures 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) 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). The participating employees are eligible to receive shares that generally vest over three years (the “RSUs”). This program is referred to as the Long-Term Incentive Plan (the “LTIP” or the “Plan”).

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). Certain executives may also receive performance stock options (PSOs) as part of their remuneration. Beginning for the year ended March 31, 2018, certain senior executives receive performance share units (PSUs) 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 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.

Effective as of March 31, 2018, the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will continue to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost of such awards as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus.

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 and PSUs are expensed upon grant, as there are no vesting conditions (Note 21). 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 25.

SEGMENT REPORTING

The Company's segment reporting is based on the following operating segments: Canaccord Genuity Capital Markets, Canaccord Genuity Wealth Management and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, UK, Europe and Dubai, Australia, the US, and Other Foreign Locations which is comprised of our Asian operations.

NOTE 06 Securities Owned and Securities Sold Short

	March 31, 2019		March 31, 2018	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**$ 364,546**	**$ 262,720**	$ 254,671	$ 220,792
Equities and convertible debentures	**325,953**	**110,699**	214,546	80,214
	$ 690,499	**$ 373,419**	$ 469,217	$ 301,006

As at March 31, 2019, corporate and government debt maturities range from 2019 to 2098 [March 31, 2018 – 2018 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2018 – 0.00% to 14.00%].

NOTE 07 Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investment accounted for under the equity method, held by the Company at March 31, 2019 and 2018 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized costs		Total	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Financial assets								
Securities owned	**$ 683,920**	$ 462,774	**$ 6,579**	$ 6,443	**$ —**	$ —	**$ 690,499**	$ 469,217
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,498,516**	1,405,380	**1,498,516**	1,405,380
Accounts receivable from clients	**—**	—	**—**	—	**530,933**	333,434	**530,933**	333,434
RRSP cash balances held in trust	**—**	—	**—**	—	**328,528**	330,369	**328,528**	330,369
Other accounts receivable	**—**	—	**—**	—	**298,687**	146,654	**298,687**	146,654
Investments	**3,993**	—	**—**	—	—	—	**3,993**	—
Total financial assets	**$ 687,913**	$ 462,774	**$ 6,579**	$ 6,443	**$ 2,656,664**	$2,215,837	**$ 3,351,156**	$ 2,685,054
Financial liabilities								
Securities sold short	**$ 373,419**	$ 301,006	**$ —**	$ —	**$ —**	$ —	**$ 373,419**	$ 301,006
Accounts payable to brokers and investment dealers	—	—	**—**	—	**1,166,550**	1,051,546	**1,166,550**	1,051,546
Accounts payable to clients	—	—	**—**	—	**1,499,390**	1,228,201	**1,499,390**	1,228,201
Other accounts payable and accrued liabilities	—	—	**—**	—	**457,825**	359,207	**457,825**	359,207
Subordinated debt	—	—	**—**	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	—	—	**—**	—	**127,225**	57,081	**127,225**	57,081
Deferred consideration	**22,225**	9,997	**—**	—	**—**	—	**22,225**	9,997
Contingent consideration	**108,319**	49,844	**—**	—	**—**	—	**108,319**	49,844
Promissory note	—	—	**—**	—	**5,832**	—	**5,832**	—
Other long-term liability	—	—	**—**	—	**1,741**	—	**1,741**	—
Bank loan	—	—	**—**	—	**59,664**	71,437	**59,664**	71,437
Total financial liabilities	**$ 503,963**	$ 360,847	**$ —**	$ —	**$ 3,325,727**	$2,774,972	**$ 3,829,690**	$ 3,135,819

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

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, 2019 and 2018, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value March 31, 2019		
	March 31, 2019	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 79,642	$ —	$ 79,642	$ —
Government debt	284,904	49,946	234,958	—
Corporate and government debt	364,546	49,946	314,600	—
Equities	325,683	262,641	62,991	51
Convertible debentures	270	—	270	—
Equities and convertible debentures	325,953	262,641	63,261	51
	690,499	312,587	377,861	51
Investments	3,993	—	—	3,993
	694,492	312,587	377,861	4,044
Securities sold short				
Corporate debt	(6,613)	—	(6,613)	—
Government debt	(256,107)	(54,852)	(201,255)	—
Corporate and government debt	(262,720)	(54,852)	(207,868)	—
Equities	(110,699)	(94,797)	(15,902)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(110,699)	(94,797)	(15,902)	—
	(373,419)	(149,649)	(223,770)	—
Deferred considerations	(22,225)	—	—	(22,225)
Contingent consideration	(108,319)	—	—	(108,319)
	(503,963)	(149,649)	(223,770)	(130,544)

		Estimated fair value March 31, 2018		
	March 31, 2018	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 13,794	$ —	$ 13,794	$ —
Government debt	240,877	30,593	210,284	—
Corporate and government debt	254,671	30,593	224,078	—
Equities	214,086	165,546	48,404	136
Convertible debentures	460	—	460	—
Equities and convertible debentures	214,546	165,546	48,864	136
	469,217	196,139	272,942	136
Securities sold short				
Corporate debt	(4,836)	—	(4,836)	—
Government debt	(215,956)	(34,388)	(181,568)	—
Corporate and government debt	(220,792)	(34,388)	(186,404)	—
Equities	(79,011)	(66,714)	(12,297)	—
Convertible debentures	(1,203)	—	(1,203)	—
Equities and convertible debentures	(80,214)	(66,714)	(13,500)	—
	(301,006)	(101,102)	(199,904)	—
Deferred considerations	(9,997)	—	—	(9,997)
Contingent consideration	(49,844)	—	—	(49,844)
	(360,847)	(101,102)	(199,904)	(59,841)

Movement in net Level 3 financial liabilities

Balance, March 31, 2017	$	142
Other		(6)
Addition of deferred consideration in connection with acquisition of Hargreave Hale Limited		(9,997)
Addition of contingent consideration in connection with acquisition of Hargreave Hale Limited		(49,844)
Balance, March 31, 2018	$	(59,705)
Addition of contingent consideration in connection with acquisition of Jitneytrade Inc. and Finlogik Inc. [Note 12]		(4,000)
Addition of deferred consideration in connection with acquisition of Jitneytrade Inc and Finlogik Inc. [Note 12]		(744)
Addition of contingent consideration in connection with acquisition of McCarthy Taylor [Note 12]		(3,052)
Addition of contingent consideration in connection with acquisition of Petsky Prunier [Note 12]		(53,044)
Addition of deferred consideration in connection with acquisition of Petsky Prunier [Note 12]		(13,261)
Partial settlement of deferred consideration in connection with acquisition of Hargreave Hale Limited		1,470
Purchase of investments [Note 10]		4,063
Foreign exchange revaluation		1,773
Balance, March 31, 2019	**$**	**(126,500)**

In addition to the deferred and contingent consideration in connection with the acquisition of Hargreave Hale Limited during the year ended March 31, 2018 included as Level 3 financial liabilities, there was $4.7 million of contingent and deferred considerations included as part of the total purchase consideration for the acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as “Jitneytrade”). As part of the purchase consideration for the acquisition of McCarthy Taylor Ltd., contingent consideration of $3.1 million was recorded during the year ended March 31, 2019. The deferred and contingent consideration in connection with the acquisition of Petsky Prunier were $13.3 million and $53.0 million, respectively. The contingent and deferred considerations will be settled in cash. Any subsequent gains or losses are recognized in earnings.

During the year ended March 31, 2019, the Company also invested $4.1 million in Family Office Networks Inc. (FON) and Capital Markets Gateway Inc. (CMG) which have been included as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. (Note 10).

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 investment in Euroclear, which has an estimated fair value of $6.6 million (€4.4 million) as at March 31, 2019 [March 31, 2018 – $6.4 million (€4.1 million)]. The current fair value is determined using a market-based approach based on recent share buyback transactions. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments

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, 2019 was $0.1 million [March 31, 2018 – $0.1 million].

During the year ended March 31, 2019, the Company invested $4.1 million in FON and CMG which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators [Note 10].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor and Petsky Prunier [Note 12]. The fair value for these financial liabilities approximate their carrying value as of March 31, 2019.

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 Company's audited consolidated financial statements as at March 31, 2019 and 2018.

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 collectability 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 $4.2 million as at March 31, 2019 [March 31, 2018 – $3.4 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, 2019 and 2018, 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 collectability. 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 24.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2019 and March 31, 2018, respectively:

Financial liability	Carrying amount		Contractual term to maturity
	March 31, 2019	March 31, 2018	
Bank indebtedness	**$ 9,639**	$ —	Due on demand
Securities sold short	**373,419**	301,006	Due on demand
Accounts payable and accrued liabilities	**3,123,765**	2,638,954	Due within one year
Subordinated debt	**7,500**	7,500	Due on demand(1)
Convertible debentures	**127,225**	57,081	Due in December 2023
Current portion of bank loan	**9,294**	9,679	Due within one year
Bank loan	**50,370**	61,758	2020 to 2021
Contingent consideration	**108,319**	49,844	2020 to 2023
Deferred consideration	**22,225**	9,997	2020 to 2022
Promissory note	**5,832**	—	February 2020
Other long-term liability	**1,741**	—	March 2023

(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, 2019 and March 31, 2018, respectively. 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, 2019			March 31, 2018
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	**319,374**	**11,338**	**(11,338)**	208,103	8,584	(8,584)
Equities and convertible debentures sold short	**(110,699)**	**(3,930)**	**3,930**	(80,214)	(3,308)	3,308

The following table summarizes the effect on other comprehensive income (OCI) as a result of a fair value change in the financial instruments classified as fair value through other comprehensive income. 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, 2019			March 31, 2018
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
Equities held within securities owned	**$ 6,579**	**$ 0.7**	**$ (0.7)**	$ 6,443	$ 0.6	$ (0.6)

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 and bank loan. 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 4.0%, payable monthly.

The following table provides the effect on net income for the years ended March 31, 2019 and 2018 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2019 and March 31, 2018, respectively.

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, 2019			March 31, 2018
	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decreases 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 decreases in interest rates(1)
Cash and cash equivalents, net of bank indebtedness	$ 811,100	$ 5,759	$ (5,759)	$ 862,838	$ 6,471	$ (6,471)
Marketable securities owned, net of marketable securities sold short	317,080	2,251	(2,251)	168,211	1,262	(1,262)
Clients' payable, net	(968,457)	(6,876)	6,876	(894,767)	(6,711)	6,711
RRSP cash balances held in trust	328,528	2,333	(2,333)	330,369	2,478	(2,478)
Brokers' and investment dealers' balance, net	331,966	2,357	(2,357)	353,834	1,343	(3,560)
Subordinated debt	(7,500)	(53)	53	(7,500)	(56)	56
Promissory note	(5,832)	(41)	41	—	—	—
Bank loan	(59,664)	(424)	424	(71,437)	(536)	536

(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 5% 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, 2019:

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	$ (1,101)	$ 1,101	$ 11,709	$ (11,709)
Pound sterling	(1,221)	1,221	27,155	(27,155)
Australian dollar	nil	nil	1,767	(1,767)

As at March 31, 2018:

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	$ (1,074)	$ 1,074	$ 7,363	$ (7,363)
Pound sterling	(1,560)	1,560	34,708	(34,708)
Australian dollar	nil	nil	1,852	(1,852)

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, 2019:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD $	0.2	$1.34 (CAD/USD)	April 1, 2019	$ 0
To buy US dollars	USD $	5.7	$1.34 (CAD/USD)	April 1, 2019	$ (9)

Forward contracts outstanding at March 31, 2018:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD $	17.7	$1.28 (CAD/USD)	April 2, 2018	$ (240)
To buy US dollars	USD $	2.1	$1.29 (CAD/USD)	April 2, 2018	$ 3

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 77 days as at March 31, 2019 [March 31, 2018 – 85 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, 2019 and March 31, 2018, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2019			March 31, 2018		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 1,124	$ 1,011	$ 102,052	$ 847	$ 747	$ 141,662

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, 2019, the notional amount of the bond futures contracts outstanding was long $0.1 million [March 31, 2018 – $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2019 and March 31, 2018.

The fair value of all of the above futures contracts is nominal due to their short term to maturity and are included in accounts receivable and accounts payable and accrued liabilities. 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, 2019, the floating rates ranged from 1.25% to 1.61% [March 31, 2018 – 0.50% to 0.75%].

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
March 31, 2019	**$ 314,448**	**$ 45,328**	**$ 66,239**	**$ 407,561**
March 31, 2018	185,042	36,359	52,685	227,677

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, 2019 the Company had a balance of $9.6 million (£5.5 million) outstanding [March 31, 2018 – $nil].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million (C$69.6 million as of March 31, 2019) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited. During the year ended March 31, 2019, the Company made a repayment of £5.3 million ($9.3 million). The balance outstanding as of March 31, 2019 net of unamortized financing fees was £34.3 million ($59.7 million) [March 31, 2018 – £39.4 million ($71.4 million)]. The loan is repayable in instalments of principal and interest over a period of four years. The interest rate on this loan is LIBOR plus 2.125% per annum as at March 31, 2019 [March 31, 2018 – LIBOR plus 3.375% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan of £40.0 million in connection with the acquisition of Hargreave Hale, subsidiaries of the Company have credit facilities with banks in Canada and the UK for an aggregate amount of $743.6 million [March 31, 2018 – $669.2 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, 2019 and 2018, 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 $2.8 million (US$2.1 million) [March 31, 2018 – $2.7 million (US$2.0 million)] as rent guarantees for its leased premises in New York. As of March 31, 2019 and 2018, there were no outstanding balances under these standby letters of credit.

NOTE 08 Interest in Other Entities

On August 10, 2018, the Company completed its acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited (the “Purchase”). This transaction increases the Company’s ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. An additional 5% [March 31, 2018 – 8%] of the issued shares of Canaccord Genuity (Australia) Limited are held by CGA Employee Share Trust which is considered controlled by the Company under IFRS 10. As a result, the Company has an 85% controlling interest in Canaccord Genuity (Australia) Limited [March 31, 2018 – 58%]. As discussed in Note 24, Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission.

The consideration for the Purchase as of August 10, 2018 was $37.0 million (AUD$38.5 million) comprised of $14.4 million (AUD$15.0 million) cash, a promissory note of $5.8 million (AUD$6.0 million), and an issuance of 2,331,132 common shares with a value of $16.8 million (AUD$17.5 million). The shares are subject to a three-year escrow arrangement with annual releases. The promissory note may be settled in cash or shares at the Company’s option, bears interest at 4.0% per annum and is payable by February 9, 2020.

As a result of the purchase of non-controlling interests, the Company recorded a reduction in its non-controlling interest of $9.7 million and in its contributed surplus of $27.3 million during the year ended March 31, 2019.

Canaccord Genuity Australia reported total net income of $1.6 million in fiscal 2019 [March 31, 2018 – net income of $9.6 million]. As at March 31, 2019, accumulated non-controlling interest was $2.0 million [March 31, 2018 – $13.6 million]. Summarized financial information including goodwill on acquisition and consolidation adjustments before inter-company eliminations is presented.

Summarized statement of profit or loss for the years ended March 31, 2019 and 2018:

	Canaccord Genuity Australia	
For the years ended	March 31, 2019	March 31, 2018
Revenue	$ 31,366	$ 57,022
Expenses	29,674	42,113
Net income before taxes	1,692	14,909
Income tax expense	117	5,261
Net income	1,575	9,648
Attributable to:		
CGGI shareholders	523	5,595
Non-controlling interests	1,052	4,053
Total comprehensive income	5,254	11,084
Attributable to:		
CGGI shareholders	3,630	6,429
Non-controlling interests	1,624	4,655
Dividends paid to non-controlling interests	2,724	3,445

Summarized statement of financial position as at March 31, 2019 and 2018:

	Canaccord Genuity Australia	
	March 31, 2019	March 31, 2018
Current assets	$ 48,047	$ 55,486
Non-current assets	980	1,302
Current liabilities	16,922	21,974
Non-current liabilities	1,670	3,525

Summarized cash flow information for the years ended March 31, 2019 and 2018:

	Canaccord Genuity Australia	
	March 31, 2019	March 31, 2018
Cash provided by operating activities	$ 9,520	$ 2,069
Cash used by financing activities	(2,359)	(6,890)
Cash used by investing activities	(144)	(120)
Foreign exchange impact on cash balance	(38)	10
Net increase (decrease) in cash and cash equivalents	$ 6,979	$ (4,931)

NOTE 09 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	March 31, 2019	March 31, 2018
Brokers and investment dealers	$ 1,498,516	$ 1,405,380
Clients	530,933	333,434
RRSP cash balances held in trust	328,528	330,369
Other	298,687	146,654
	$ 2,656,664	$ 2,215,837

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	March 31, 2018
Brokers and investment dealers	$ 1,166,550	$ 1,051,546
Clients	1,499,390	1,228,201
Other	457,825	359,207
	$ 3,123,765	$ 2,638,954

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, 2019 – 6.95% to 8.50% and 0.00% to 0.95%, respectively; March 31, 2018 – 6.45% to 7.50% and 0.00% to 0.45%, respectively].

As at March 31, 2019, the allowance for doubtful accounts was $4.2 million [March 31, 2018 – $3.4 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2017	$ 4,942
Charge for the year	4,831
Recoveries	(4,168)
Write-offs	(2,235)
Foreign exchange	(7)
Balance, March 31, 2018	$ 3,363
Charge for the year	5,378
Recoveries	(4,264)
Write-offs	(149)
Foreign exchange	(170)
Balance, March 31, 2019	**$ 4,158**

NOTE 10 Investments

	March 31, 2019	March 31, 2018
Investment accounted for under the equity method	2,231	2,035
Investments held as fair value through profit and loss	$ 3,993	$ —
	6,224	2,035

During the year ended March 31, 2018, the Company, through a wholly owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Acquisition Corp. (CGAC). CGAC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On August 13, 2018, CGAC announced that it has completed its qualifying transaction (the Closing), pursuant to which it has merged with Spark Power Corp. In conjunction with the Closing, CGAC has been renamed Spark Power Group Inc. (Spark Power). Following the Closing, the Company is no longer considered to exert significant influence over the operations of Spark Power. Accordingly, the investment in Spark Power is accounted for as financial assets measured at FVTPL and included as securities owned on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth Corp. (CGGC). CGGC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGC and is considered to exert significant influence over the operations of CGGC. Accordingly, the investment in CGGC is accounted for using the equity method. The Company's equity portion of the net loss of CGGC for the year ended March 31, 2019 was $0.4 million.

Subsequent to the year ended March 31, 2019, CGGC completed its qualifying transaction with Columbia Care LLC and CGGC was renamed “Columbia Care Inc.” The Company is no longer considered to exert significant influence over the operations of Columbia Care. Accordingly, the investment in Columbia Care will be accounted for as financial assets measured at FVTPL and included as securities owned on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested US$1.0 million ($1.3 million as at March 31, 2019) for 8,889 Series A Preferred Shares, at $112.50 per unit, in Family Office Networks Inc. (FON). FON offers a diverse list of financial management services to its clients. The Company is not considered to exert significant influence over the operations of FON. Accordingly, the investment in FON is accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested U$2.0 million ($2.7 million as at March 31, 2019) for 579,206 Series A Preferred Shares, at $3.453 per unit, in Capital Markets Gateway Inc. (CMG). CMG offers its clients a comprehensive suite of financial services. The Company is not considered to exert significant influence over the operations of CMG. Accordingly, the investment in CMG is accounted for as financial assets measured at FVTPL and included as investments on the statement of financial position as at March 31, 2019.

NOTE 11 Equipment and Leasehold Improvements

	Cost	Accumulated amortization	Net book value
March 31, 2019			
Computer equipment	$ **19,068**	$ **15,789**	$ **3,279**
Furniture and equipment	**26,918**	**21,407**	**5,511**
Leasehold improvements	**86,492**	**69,490**	**17,002**
	132,478	**106,686**	**25,792**
March 31, 2018			
Computer equipment	19,929	13,350	6,579
Furniture and equipment	26,265	20,237	6,028
Leasehold improvements	86,533	68,173	18,360
	132,727	101,760	30,967

	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost				
Balance, March 31, 2017	$ 9,999	$ 21,953	$ 83,513	$ 115,465
Acquired upon acquisition	6,523	3,933	—	10,456
Additions	2,656	1,390	2,265	6,311
Disposals	(501)	(1,567)	(239)	(2,307)
Foreign exchange	1,252	556	994	2,802
Balance, March 31, 2018	$ 19,929	$ 26,265	$ 86,533	$ 132,727
Acquired upon acquisition	—	—	**329**	**329**
Additions	**1,608**	**804**	**1,970**	**4,382**
Disposals	**(1,855)**	—	**(1,695)**	**(3,550)**
Foreign exchange	**(614)**	**(151)**	**(645)**	**(1,410)**
Balance, March 31, 2019	**$ 19,068**	**$ 26,918**	**$ 86,492**	**$ 132,478**

	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Accumulated amortization and impairment				
Balance, March 31, 2017	$ 4,476	$ 17,764	$ 61,746	$ 83,986
Acquired upon acquisition	5,083	2,608	—	7,691
Amortization	3,347	934	5,964	10,245
Disposals	(501)	(1,474)	(238)	(2,213)
Foreign exchange	945	405	701	2,051
Balance, March 31, 2018	$ 13,350	$ 20,237	$ 68,173	$ 101,760
Amortization	**3,523**	**1,297**	**2,683**	**7,503**
Disposals	**(699)**	—	**(1,676)**	**(2,375)**
Foreign exchange	**(385)**	**(127)**	**310**	**(202)**
Balance, March 31, 2019	**$ 15,789**	**$ 21,407**	**$ 69,490**	**$ 106,686**

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2019 and March 31, 2018.

NOTE 12 Business Combinations

i. Jitneytrade Inc. and Finlogik Inc.

On June 6, 2018 the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc., directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as "Jitneytrade"). Jitneytrade Inc. is a direct access broker and an active trader in futures and equity options in Canada. Finlogik Inc. is in the business of delivering value-added fintech solutions in the Canadian market. This acquisition serves to support the Company's mid-market growth strategy by enhancing its market share of equities trading and providing access to new areas of growth through accelerating its development of an enhanced fintech product offering. Total purchase consideration was $14.8 million, of which $10.1 million was paid on closing with an additional $0.7 million of deferred consideration payable on June 8, 2020. There is also an estimated $4.0 million of contingent consideration payable over a period of up to five years, based on certain performance measures. Of the total cash consideration, $1.3 million is being held in escrow to be released over a period of up to June 8, 2020.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid		
Cash	$	10,058
Deferred consideration		744
Contingent consideration		4,000
	$	14,802
Net assets acquired		
Cash	$	2,513
Accounts receivable		4,894
Other tangible assets		3,114
Liabilities		(6,790)
Identifiable intangible assets		1,922
Deferred tax liability related to identifiable intangible assets		(509)
Goodwill		9,658
	$	14,802

Identifiable intangible assets of $1.9 million were recognized and relate to customer relationships. The goodwill of $9.7 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $4.0 million as of the acquisition date and will be payable over a period of up to five years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts including the fair value of the net assets acquired from Jitneytrade are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Jitneytrade are $1.2 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Jitneytrade, including acquisition-related costs, were $16.6 million and $1.9 million, respectively, since the acquisition date.

Had Jitneytrade been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $1.19 billion and $71.9 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

ii. McCarthy Taylor Ltd.

On January 29, 2019, the Company, through its UK & Europe wealth management business, completed the acquisition of McCarthy Taylor Ltd. ("McCarthy Taylor"), an independent UK-based financial advisory firm. This development advances the Company's objective of expanding its national footprint and broadening its offering of fully integrated investment and wealth planning services. Total purchase consideration was $7.1 million (£4.1 million), of which $4.0 million (£2.3 million) was paid on closing. There is also an estimated $3.1 million (£1.8 million) of contingent consideration payable over a period of up to two years, based on certain performance measures.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid		
Cash	$	4,034
Contingent consideration		3,052
	$	7,086
Net assets acquired		
Cash	$	423
Accounts receivable		511
Other tangible assets		64
Liabilities		(433)
Identifiable intangible assets		3,725
Deferred tax liability related to identifiable intangible assets		(723)
Goodwill		3,519
	$	7,086

Identifiable intangible assets of $3.7 million were recognized and relate to customer relationships. The goodwill of $3.5 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $3.1 million (£1.8 million) as of the acquisition date and will be payable over a period of up to two years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation are preliminary pending finalization of the valuation of the intangibles acquired. The purchase price and the fair value of the net assets acquired from McCarthy Taylor are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of McCarthy Taylor were $0.2 million. These expenses are mainly comprised of professional fees.

Revenue and net loss generated by McCarthy Taylor, including acquisition-related costs, were $0.6 million and $0.1 million, respectively, since the acquisition date.

Had McCarthy Taylor been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $1.19 billion and $72.0 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

iii. Petsky Prunier LLC

On February 13, 2019, the Company completed its acquisition of 100% of the business of a pre-eminent New York-based boutique M&A Advisory firm, Petsky Prunier LLC (Petsky Prunier), in an asset purchase for initial consideration of $39.8 million (US$30 million) in cash and $6.6 million (US$5.0 million) in common shares of the Company. There is also deferred consideration of $13.3 million (US$10.0 million) of common shares of the Company to be issued over a three-year period. Additional contingent consideration of up to $53.0 million (US$40 million) will be paid in cash over a four-year period, subject to meeting certain revenue targets over that period. This development supports the Company's objective of adding scale to its fixed cost base in the region and diversifying its revenue streams, while enhancing its client offering to capture greater market share in its core areas of strength.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid		
Cash	$	39,783
Shares issuance		6,631
Deferred consideration		13,261
Contingent consideration		53,044
	$	112,719
Net assets acquired		
Accounts receivable	$	263
Other tangible assets		522
Liabilities		(519)
Identifiable intangible assets		7,339
Goodwill		105,114
	$	112,719

Identifiable intangible assets of $7.3 million were recognized and relate to brand name, contract book and favourable lease. The goodwill of $105.1 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $53.0 million as of the acquisition date and will be payable over a four-year period. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation are preliminary pending finalization of the valuation of the acquired intangibles. The purchase price and the fair value of the net assets acquired from Petsky Prunier are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Petsky Prunier are $0.8 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Petsky Prunier, including acquisition-related costs, were $2.1 million and $1.4 million, respectively, since the acquisition date.

Had Petsky Prunier been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $1.24 billion and $80.8 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

NOTE 13 Goodwill and Other Intangible Assets

		Identifiable intangible assets									
	Goodwill $	Brand names $	Customer relationships $	Technology $	Software under development $	Non-competition $	Trading licenses $	Fund management $	Contract book	Favourable lease	Total $
Gross amount											
Balance, March 31, 2017	514,898	44,930	91,123	29,202	3,045	14,153	196	—	—	—	182,649
Additions	52,254	—	24,921	795	—	—	—	36,639	—	—	62,355
Transfer between categories	—	—	—	3,045	(3,045)	—	—	—	—	—	—
Foreign exchange	13,454	—	7,130	2,359	—	—	—	3,599	—	—	13,088
Balance, March 31, 2018	580,606	44,930	123,174	35,401	—	14,153	196	40,238	—	—	258,092
Additions	118,291	574	5,647	1,150	—	—	—	—	6,209	556	14,136
Foreign exchange	(6,029)	4	(3,518)	(1,253)	—	—	—	(1,253)	43	5	(5,972)
Balance, March 31, 2019	**692,868**	**45,508**	**125,303**	**35,298**	**—**	**14,153**	**196**	**38,985**	**6,252**	**561**	**266,256**
Accumulated amortization and impairment											
Balance, March 31, 2017	(322,632)	—	(50,532)	(12,619)	(2,350)	(14,153)	(196)	—	—	—	(79,850)
Transfer between categories	—	—	—	(2,350)	2,350	—	—	—	—	—	—
Amortization	—	—	(8,700)	(3,339)	—	—	—	(1,723)	—	—	(13,762)
Foreign exchange	—	—	(2,546)	(1,065)	—	—	—	(112)	—	—	(3,723)
Balance, March 31, 2018	(322,632)	—	(61,778)	(19,373)	—	(14,153)	(196)	(1,835)	—	—	(97,335)
Amortization	—	—	(12,076)	(2,378)	—	—	—	(2,323)	—	—	(16,777)
Foreign exchange	—	—	1,267	1,063	—	—	—	47	—	—	2,377
Balance, March 31, 2019	**(322,632)**	**—**	**(72,587)**	**(20,688)**	**—**	**(14,153)**	**(196)**	**(4,111)**	**—**	**—**	**(111,735)**
Net book value											
March 31, 2018	257,974	44,930	61,396	16,028	—	—	—	38,403	—	—	160,757
March 31, 2019	**370,236**	**45,508**	**52,716**	**14,610**	**—**	**—**	**—**	**34,874**	**6,252**	**561**	**154,521**

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations are as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Canaccord Genuity Capital Markets CGUs						
Canada (Genuity)	**$ 44,930**	$ 44,930	**$ 92,074**	$ 92,074	**$ 137,004**	$ 137,004
Canada (Jitneytrade)	**—**	—	**9,658**	—	**9,658**	—
US (Petsky Prunier)	**578**	—	**105,682**	—	**106,260**	—
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	**—**	—	**93,870**	97,754	**93,870**	97,754
UK & Europe (Eden Financial Ltd [Eden])	**—**	—	**10,333**	10,761	**10,333**	10,761
UK & Europe (Hargreave Hale)	**—**	—	**55,106**	57,385	**55,106**	57,385
UK & Europe (McCarthy Taylor)	**—**	—	**3,513**	—	**3,513**	—
	$ 45,808	$ 44,930	**$ 370,236**	$ 257,974	**$ 415,744**	$ 302,904

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 and other assets impairment testing was carried out for all applicable CGUs at June 30, September 30 and December 31, 2018.

In accordance with IAS 36, "Impairment of Assets" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on future cash flow assumptions considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13 fair value represents an estimate of the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). 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 CGUs which recorded goodwill in their carrying value as of March 31, 2019 were Canaccord Genuity Canada (Genuity) and Canada (Jitneytrade), Canaccord Genuity US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden), UK (Hargreave Hale) and UK (McCarthy Taylor). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2018 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilize a five-year compound annual revenue growth rate of 5.0% [March 31, 2018 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada (Genuity) and Canada (Jitneytrade), Canaccord Genuity US (Petsky Prunier) and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden), UK (Hargreave Hale) and UK (McCarthy Taylor) was 2.5% [March 31, 2018 – 2.5%].

NOTE 14 Income Taxes

The major components of income tax expense are:

	March 31, 2019	March 31, 2018
Consolidated statements of operations		
Current income tax expense		
Current income tax expense	$ 34,897	$ 23,630
Adjustments in respect of prior years	(3,286)	(3,010)
	31,611	20,620
Deferred income tax recovery		
Origination and reversal of temporary differences	(10,543)	(1,807)
Impact of change in tax rates	6	(144)
	(10,537)	(1,951)
Income tax expense reported in the statements of operations	$ 21,074	$ 18,669

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, 2019	March 31, 2018
Net income before income taxes	$ 92,656	$ 35,746
Income tax expense at the statutory rate of 27.0% (2018 – 26.25%)	25,018	9,381
Difference in tax rates in foreign jurisdictions	(599)	(1,631)
Non-deductible items affecting the determination of taxable income	5,450	2,555
Change in accounting and tax base estimate	(5,140)	3,248
Other	(952)	558
Utilization of tax losses and other temporary differences not recognized	(1,106)	(5,409)
Impact of change in tax rates in temporary differences	(1,300)	6,201
Share-based payments	(297)	3,766
Income tax expense reported in the statements of operations	$ 21,074	$ 18,669

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unrealized gain on securities owned	$ (7,116)	$ (10,053)	$ (3,385)	$ 9,939
Legal provisions	917	774	(143)	421
Unpaid remunerations	4,375	6,359	(445)	(1,388)
Unamortized capital cost of equipment and leasehold improvements over their net book value	3,434	2,984	(449)	(10)
Unamortized common share purchase loans	2,949	2,434	(515)	(641)
Loss carryforwards	7,186	5,224	(1,962)	1,267
Long-term incentive plan	26,008	25,365	(643)	(10,967)
Other intangible assets	(26,053)	(28,066)	(2,734)	(1,318)
Other	2,439	1,205	(261)	746
	$ 14,139	$ 6,226	$ (10,537)	$ (1,951)

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

	March 31, 2019	March 31, 2018
Deferred tax assets	$ 22,117	$ 19,941
Deferred tax liabilities	(7,978)	(13,715)
	$ 14,139	$ 6,226

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

	2019	2018
Opening balance	$ 6,226	$ 15,183
Tax recovery recognized in the consolidated statements of operations	10,537	1,951
Foreign exchange on deferred tax position	197	1,111
Deferred tax liability on convertible debentures	(944)	—
Deferred taxes acquired in business combination	(1,168)	(11,308)
Other	(709)	(711)
Ending balance as of March 31	$ 14,139	$ 6,226

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.

At the balance sheet date, the Company has tax loss carryforwards of approximately $33.9 million [2018 – $35.5 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 2019.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to $35.0 million at March 31, 2019 [2018 – $38.8 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, 2019	March 31, 2018
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**$ 7,500**	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at March 31, 2019 and 2018, the interest rates for the subordinated debt were 7.95% and 7.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 16 Bank Loan

	March 31, 2019	March 31, 2018
Loan	**$ 60,326**	$ 72,500
Less: Unamortized financing fees	**(662)**	(1,063)
	59,664	71,437
Current portion	**9,294**	9,679
Long term portion	**50,370**	61,758

In connection with the acquisition of Hargreave Hale Limited, a subsidiary of the Company entered into a senior credit facility in the amount of £40.0 million to finance a portion of the cash consideration. During the year ended March 31, 2019, the Company made a repayment of £5.3 million ($9.3 million).

The balance outstanding as of March 31, 2019 net of unamortized financing fees was £34.3 million (C$59.7 million) [2018 – £39.4 million (C$71.4 million) as of March 31, 2018]. The loan is repayable in instalments of principal and interest over the period ending in September 2021. The interest rate on this loan is LIBOR plus 2.125% per annum at March 31, 2019 [March 31, 2018 – LIBOR plus 3.375% per annum].

NOTE 17 Convertible Debentures

	March 31, 2019		March 31, 2018	
	Liability	Equity	Liability	Equity
Convertible debentures	**$ 127,225**	**$ 5,156**	$ 57,081	$ 2,604

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the “Offered Debentures”). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of $73,500,000, which, together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the “Convertible Debentures”). The Company used the proceeds from the Convertible Debentures to redeem the $60.0 million convertible unsecured subordinated debentures issued in 2016. The net amount recognized after deducting issue costs net of deferred tax liability was $129.2 million.

The $60.0 million convertible unsecured subordinated debentures issued in October 2016 were considered extinguished for accounting purposes under IFRS 9, “Financial Instruments” (IFRS 9). As a result, the liability associated with the extinguished debentures was derecognized on the statement of financial position as at March 31, 2019 and the Company recorded a loss of $13.5 million on the extinguishment during the year ended March 31, 2019, with $8.6 million recorded through the consolidated statement of operations and $4.9 million recorded directly against shareholders’ equity.

The Convertible Debentures bear interest at a rate of 6.25% per annum payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder’s option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.

The Debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability is calculated based on the present value of future cash flows under the instruments, discounted at 7%, being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

NOTE 18 Preferred Shares

	March 31, 2019		March 31, 2018	
	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, as declared, were paid at an annual rate of 5.5% for the initial five-year period ended on September 30, 2016. Commencing October 1, 2016 and ending on and including September 30, 2021, quarterly cumulative dividends, if declared, will be paid at an annual rate of 3.885%. 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 had the 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 have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 15, 2016 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof 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 had the option to redeem the Series A Preferred Shares on September 30, 2016, and has the option to redeem 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, as declared, were paid at an annual rate of 5.75% for the initial five-year period ending on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. 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 had the 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 have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 30, 2017 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof 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 had the option to redeem the Series C Preferred Shares on June 30, 2017, and has the option to redeem 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 19 Common shares and warrants

	March 31, 2019		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 787,096	115,616,744	$ 772,746	113,522,629
Unvested share purchase loans	(3,647)	(346)	(5,098)	(654,322)
Held for the LTIP	(110,553)	(18,036,064)	(117,802)	(19,814,432)
	$ 672,896	97,580,334	$ 649,846	93,053,875

Warrants	March 31, 2019		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Warrants issued in connection with private placement	$ 1,975	3,438,412	$ 1,975	3,438,412

[i] AUTHORIZED

Unlimited common shares without par value.

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2017	113,511,468	$ 772,645
Shares issued in connection with replacement plans [Note 21]	11,161	101
Balance, March 31, 2018	113,522,629	772,746
Shares issued in connection with share-based payment plans [Note 21]	36,708	331
Shares issued in connection with purchase of non-controlling interest [Note 8]	2,331,132	16,807
Shares issued in connection with acquisition of Petsky Prunier [Note 12]	1,105,275	6,631
Shares cancelled	(1,379,000)	(9,419)
Balance, March 31, 2019	**115,616,744**	**$ 787,096**

On August 10, 2018, 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 5,677,589 of its common shares during the period from August 15, 2018 to August 14, 2019 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. During the year ended March 31, 2019, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018. There were also 1,226,800 common shares that were purchased and cancelled under the current NCIB during the year ended March 31, 2019.

During the year ended March 31, 2019, the Company issued 2,331,132 shares with a value of $16.8 million (AUD$17.5 million) as part of the purchase consideration for the acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited [Note 8]. In addition, during the year ended March 31, 2019, as part of the purchase consideration for the acquisition of Petsky Prunier [Note 12], the Company issued 1,105,275 common shares for total value of $6.6 million (US$5.0 million).

[iii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares of the Company. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. 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] EARNINGS PER COMMON SHARE

	For the years ended March 31, 2019	March 31, 2018
Earnings per common share		
Net income attributable to CGGI shareholders	$ 70,530	$ 13,024
Preferred shares dividends	(9,402)	(9,593)
Equity portion of loss on extinguishment of convertible debentures	(4,892)	—
Net income attributable to common shareholders	56,236	3,431
Weighted average number of common shares (number)	96,259,582	92,587,216
Basic earnings per share	$ 0.58	$ 0.04
Diluted earnings per common share		
Net income attributable to common shareholders	56,236	3,431
Interest on convertible debentures, net of tax	7,216	n/a
Adjusted net earnings available to common shareholders	63,452	3,431
Weighted average number of common shares (number)	96,259,582	92,587,216
Dilutive effect in connection with LTIP (number)	17,568,822	17,089,575
Dilutive effect in connection with warrants (number)	819,097	206,487
Dilutive effect in connection with a promissory note (number)	661,728	n/a
Dilutive effect in connection with other share-based payment plans (number)	151,464	978,809
Dilutive effect in connection with convertible debentures (number)	13,272,500	n/a
Dilutive effect in connection with acquisition of Petsky Prunier (number)	2,210,550	n/a
Adjusted weighted average number of common shares (number)	130,943,743	110,862,087
Diluted earnings per common share	$ 0.48	$ 0.03

The promissory note issued as part of the purchase consideration for the purchase of non-controlling interests can be partially or completely settled in shares at the Company's option [Note 8]. As such, as per IAS 33, the weighted average number of common shares for the purpose of the diluted EPS calculation is increased by the weighted average number of additional common shares that would have been outstanding, assuming the promissory note is settled in shares.

In addition, in connection with the acquisition of Petsky Prunier [Note 12], the Company has a commitment to issue 2,210,550 shares as part of the deferred purchase consideration. As a result, the weighted average number of common shares for the purpose of the diluted EPS calculation is increased accordingly.

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

NOTE 20 Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividends during the year ended March 31, 2019:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
March 1, 2019	March 15, 2019	$ 0.01	$ 1,145
November 30, 2018	December 10, 2018	$ 0.01	$ 1,157
August 31, 2018	September 10, 2018	$ 0.01	$ 1,157
June 22, 2018	July 3, 2018	$ 0.12	$ 13,626

On June 5, 2019, the Board of Directors approved a dividend of $0.17 per common share, payable on July 2, 2019, with a record date of June 21, 2019. This dividend is comprised of a $0.01 base quarterly dividend and a $0.16 variable supplemental dividend [Note 28].

PREFERRED SHARE DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
March 15, 2019	April 1, 2019	$ 0.24281	$ 0.312060	$ 2,351
December 14, 2018	December 31, 2018	$ 0.24281	$ 0.312060	$ 2,351
September 14, 2018	October 1, 2018	$ 0.24281	$ 0.312060	$ 2,351
June 22, 2018	July 3, 2018	$ 0.24281	$ 0.312060	$ 2,351

On June 5, 2019, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on July 2, 2019 to Series A Preferred shareholders of record as at June 21, 2019 [Note 28].

On June 5, 2019, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on July 2, 2019 to Series C Preferred shareholders of record as at June 21, 2019 [Note 28].

NOTE 21 Share-Based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP or the Plan), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. All awards under the LTIP plan are settled by transfer of shares from employee benefit trusts (Trusts) which are funded by the Company, or certain of its subsidiaries, as the case may be, 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. No further shares may be issued from treasury under the LTIP.

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will continue to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2, "Share-based payments" (IFRS 2). Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost of such awards as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus.

There were 4,661,519 RSUs [year ended March 31, 2018 – 7,292,403 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2019. The Trusts purchased 4,554,070 common shares [year ended March 31, 2018 – 5,681,240 common shares] during the year ended March 31, 2019.

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the year ended March 31, 2019 was $7.06 [March 31, 2018 – $5.00].

	Number
Awards outstanding, March 31, 2017	18,179,745
Grants	7,292,403
Vested	(4,906,479)
Forfeited	(435,281)
Awards outstanding, March 31, 2018	20,130,388
Grants	**4,661,519**
Vested	**(6,311,853)**
Forfeited	**(115,120)**
Awards outstanding, March 31, 2019	**18,364,934**

	Number
Common shares held by the Trusts, March 31, 2017	19,141,505
Acquired	5,681,240
Released on vesting	(5,008,313)
Common shares held by the Trusts, March 31, 2018	19,814,432
Acquired	**4,554,070**
Released on vesting	**(6,332,438)**
Common shares held by the Trusts, March 31, 2019	**18,036,064**

[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. 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 19 [iii]].

[iii] REPLACEMENT PLANS

As a result of the acquisition of Collins Stewart Hawkpoint plc (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 were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2017	18,482
Exercised	—
Balance, March 31, 2018	18,482
Exercised	(3,226)
Balance, March 31, 2019	**15,256**

The following table summarizes the share options outstanding under the Replacement ABED Plan as at March 31, 2019:

	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
$nil	**15,256**	**1.0**	**$ nil**	**15,256**	**$ 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 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 were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2017	132,619
Exercised	(11,161)
Balance, March 31, 2018	121,458
Exercised	(33,482)
Balance, March 31, 2019	**87,976**

The following table summarizes the share options outstanding under the Replacement LTIP as at March 31, 2019:

	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
$nil	**87,976**	**1.0**	**$nil**	**87,976**	**$ nil**

[iv] CSH Inducement Plan

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. The awards were fully vested and fully amortized as of March 31, 2017. As of March 31, 2019, there was no award outstanding [2018 – 9,257].

[v] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share units (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, 2019, the Company granted 62,916 DSUs [2018 – 77,720 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2019 was $2.7 million [2018 – $2.2 million].

[vi] PERFORMANCE SHARE UNITS

The Company adopted a performance share unit (PSU) plan for certain senior executives during the year ended March 31, 2018. On June 12, 2018 the Company granted 877,485 units under the PSU plan. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a three-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on the grant date. 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. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at March 31, 2019 was $5.7 million [March 31, 2018 – $6.1 million].

[vii] PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. For accounting purposes under IFRS 2, the grant date of the PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

The following is a summary of the Company's PSOs as at March 31, 2019:

	Number of PSOs	Weighted average exercise price
Balance, March 31, 2018	—	$ —
Granted	**6,220,000**	**6.76**
Exercised	**—**	**—**
Balance, March 31, 2019	**6,220,000**	**$ 6.76**

Under IFRS 2, "Share-Based Payments", the impact of market conditions, such as a target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modelling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the year ended March 31, 2019:

Dividend yield	2.16%
Expected volatility	40.92%
Risk-free interest rate	2.24%
Expected life	4 years

The weighted average fair value of the PSOs awarded is $1.93 per option. Compensation expense of $3.5 million was recognized for the year ended March 31, 2019.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. 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 PSOs.

[viii] OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021, or at the holder's option, can be extended to March 31, 2022. Compensation expense of $0.1 million was recorded for the year ended March 31, 2019.

[IX] SHARE-BASED COMPENSATION EXPENSE

	For the years ended	
	March 31, 2019	March 31, 2018
Long-term incentive plan	**$ 45,184**	$ 93,673
Forgivable common share purchase loans	**335**	199
Deferred share units (cash-settled)	**128**	661
PSO	**3,483**	—
PSU (cash-settled)	**(488)**	—
Other	—	67
Share-based incentive compensation expense	**48,642**	94,600
Accelerated share-based payment expense included as restructuring expense	**858**	757
Total share-based compensation expense	**$ 49,500**	$ 95,357

NOTE 22 Related Party Transactions

[i] CONSOLIDATED SUBSIDIARIES

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

		% equity interest	
	Country of incorporation	**March 31, 2019**	March 31, 2018
Canaccord Genuity Corp.	Canada	**100%**	100%
CG Investments Inc.	Canada	**100%**	100%
CG Investments Inc. III	Canada	**100%**	n/a
Jitneytrade Inc.	Canada	**100%**	n/a
Finlogik Inc.	Canada	**100%**	n/a
Finlogik Inc. Tunisia	Tunisia	**75%**	n/a
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 Wealth (International) Holdings Limited	Guernsey	**100%**	100%
Hargreave Hale Limited	United Kingdom	**100%**	100%
McCarthy Taylor Ltd.	United Kingdom	**100%**	100%
Canaccord Genuity Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	**100%**	100%
Canaccord Genuity LLC	United States	**100%**	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	**100%**	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	**100%**	100%
Canaccord Genuity Petsky Prunier LLC	United States	**100%**	n/a
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 BC ULC	Canada	**100%**	100%
Canaccord Genuity Finance Corp.	Canada	**100%**	n/a
Canaccord Adams Finance Company ULC	Canada	**100%**	n/a
Canaccord Adams Finance Company LLC	United States	**100%**	n/a
Canaccord Adams (Delaware) Inc.	United States	**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 (Hong Kong) Limited	China (Hong Kong SAR)	**100%**	100%
Canaccord Financial Group (Australia) Pty Ltd*	Australia	**80%**	50%
Canaccord Genuity (Australia) Limited*	Australia	**80%**	50%
Canaccord Genuity Asia (Beijing) Limited 加通亚洲（北京）投资顾问有限公司	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 (Dubai) Ltd.	United Arab Emirates	**100%**	100%
Canaccord Genuity SG Pte. Ltd.	Singapore	**100%**	n/a
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	**100%**	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	**100%**	100%
Canaccord Genuity Management Company Limited	Ireland	**100%**	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2019 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2018 – 58%] [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, 2019 and 2018:

	March 31, 2019	March 31, 2018
Short term employee benefits	$ 10,167	$ 10,515
Share-based payments	2,656	4,933
Total compensation paid to key management personnel	$ 12,823	$ 15,448

[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	March 31, 2019	March 31, 2018
Accounts receivable	$ 837	$ 969
Accounts payable and accrued liabilities	942	1,527

[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 23 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – 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 Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity Capital Markets.

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 Capital Markets 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 Capital Markets segment, as it relates to the acquisitions of Genuity, Jitneytrade, the initial 50% interest in Canaccord Genuity Australia and Petsky Prunier. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity Capital Markets 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.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (Hargreave Hale). Amortization of identifiable intangible assets acquired through the acquisition of McCarthy Taylor is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (McCarthy Taylor). Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity US segment. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the years ended							
	March 31, 2019				March 31, 2018			
	Canaccord Genuity Capital Markets	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Commissions and fees	**$ 175,511**	**$ 380,964**	**$ —**	**$ 556,475**	$ 155,126	$ 306,816	$ (5)	$ 461,937
Investment banking	**243,715**	**50,526**	**—**	**294,241**	234,820	47,375	—	282,195
Advisory fees	**140,744**	**1,484**	**—**	**142,228**	122,372	—	—	122,372
Principal trading	**125,753**	**100**	**(23)**	**125,830**	113,715	201	5	113,921
Interest	**13,882**	**24,136**	**12,990**	**51,008**	9,735	12,072	6,068	27,875
Other	**4,721**	**4,601**	**11,463**	**20,785**	1,788	3,801	8,988	14,577
Expenses, excluding undernoted	**590,253**	**351,929**	**65,437**	**1,007,619**	583,577	288,400	50,373	922,350
Amortization	**7,199**	**16,225**	**856**	**24,280**	9,464	13,152	1,391	24,007
Development costs	**452**	**14,906**	**155**	**15,513**	690	6,773	201	7,664
Interest expense	**9,810**	**4,593**	**11,050**	**25,453**	9,471	2,741	6,225	18,437
Restructuring costs	**13,070**	**—**	**—**	**13,070**	4,704	2,939	—	7,643
Acquisition-related costs	**1,976**	**1,088**	**—**	**3,064**	—	6,732	—	6,732
Loss on extinguishment of convertible debentures	**—**	**—**	**8,608**	**8,608**	—	—	—	—
Share of loss of an associate	**—**	**—**	**304**	**304**	—	—	298	298
Income (loss) before intersegment allocations and income taxes	**81,566**	**73,070**	**(61,980)**	**92,656**	29,650	49,528	(43,432)	35,746
Intersegment allocations	**18,689**	**14,467**	**(33,156)**	**—**	16,524	15,529	(32,053)	—
Income (loss) before income taxes	**$ 62,877**	**$ 58,603**	**$ (28,824)**	**$ 92,656**	$ 13,126	$ 33,999	$ (11,379)	$ 35,746

For geographic reporting purposes, the Company's business operations are grouped into Canada, the UK & Europe (including Dubai), the United States, Australia, and Other Foreign Locations, which is comprised of our Asian operations. 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, 2019	March 31, 2018
Canada	**$ 489,515**	$ 397,053
UK & Europe	**363,774**	329,841
United States	**305,993**	238,933
Australia	**31,366**	57,022
Other Foreign Locations	**(81)**	28
	$ 1,190,567	$ 1,022,877

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

	Canada	UK & Europe	United States	Other Foreign Locations	Australia	Total
As at March 31, 2019						
Equipment and leasehold improvements	**$ 7,919**	**$ 11,376**	**$ 5,463**	**$ 54**	**$ 980**	**$ 25,792**
Goodwill	**101,732**	**162,822**	**105,682**	**—**	**—**	**370,236**
Intangible assets	**52,484**	**94,553**	**7,484**	**—**	**—**	**154,521**
Non-current assets	**162,135**	**268,751**	**118,629**	**54**	**980**	**550,549**
As at March 31, 2018						
Equipment and leasehold improvements	9,483	13,156	6,960	66	1,302	30,967
Goodwill	92,074	165,900	—	—	—	257,974
Intangible assets	53,201	107,464	92	—	—	160,757
Non-current assets	$ 154,758	$ 286,520	$ 7,052	$ 66	$ 1,302	$ 449,698

NOTE 24 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, warrants, retained deficit and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt, bank loans and convertible debentures. The following table summarizes our capital as at March 31, 2019 and 2018:

Type of capital	March 31, 2019	March 31, 2018
Preferred shares	**$ 205,641**	$ 205,641
Common shares	**672,896**	649,846
Convertible debentures – equity portion	**5,156**	2,604
Warrants	**1,975**	1,975
Contributed surplus	**124,710**	145,426
Retained deficit	**(237,770)**	(277,472)
Accumulated other comprehensive income	**103,755**	113,332
Shareholders' equity	**876,363**	841,352
Convertible debentures	**127,225**	57,081
Subordinated debt	**7,500**	7,500
Bank loan	**59,664**	71,437
	$ 1,070,752	$ 977,370

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. and Jitneytrade Inc. are subject to regulation in Canada primarily by the Investment Industry Regulatory Organization of Canada (IIROC)
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, Canaccord Genuity Financial Planning Limited, McCarthy Taylor Ltd. and Hargreave Hale Limited are regulated in the UK by the Financial Conduct Authority (FCA)
- 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 (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 LLC 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
- Canaccord Genuity (Dubai) Ltd is subject to regulation in the United Arab Emirates by the Dubai Financial Services Authority (DFSA)

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, 2019.

NOTE 25 Client Money

At March 31, 2019, the UK & Europe operations held client money in segregated accounts of $3.042 billion (£1.748 billion) [2018 – $2.978 billion (£1.643 billion)]. This is comprised of $6.9 million (£4.0 million) [2018 – $11.1 million (£6.1 million)] of balances held on behalf of clients to settle outstanding trades and $3.035 billion (£1.744 billion) [2018 – $2.967 billion (£1.637 billion)] 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 26 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, 2019 and 2018:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2017	$ 6,940	$ 4,853	$ 11,793
Additions	2,704	7,643	10,347
Utilized	(5,991)	(7,321)	(13,312)
Recoveries	(400)	—	(400)
Balance, March 31, 2018	$ 3,253	$ 5,175	$ 8,428
Additions	**4,078**	**13,070**	**17,148**
Utilized	**(1,660)**	**(5,704)**	**(7,364)**
Balance, March 31, 2019	**$ 5,671**	**$ 12,541**	**$ 18,212**

The restructuring provision recorded during the period ended March 31, 2019 related to termination benefits and certain real estate costs incurred as a result of the restructuring in our UK & Europe capital markets operations.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2019, 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 Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2019, 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.

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. Although the Company intends to vigorously defend itself in the event that claims are advanced, and believes that such claims would be without merit, 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 who have standstill agreements in place in respect of these products, and for whom such information is available, is estimated to be $10.4 million (£6.0 million). The aggregate initial tax deferral amount realized by the Company's clients, who have standstill agreements, in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be $15.5 million (£8.9 million). Enforcement in accordance with announcements from HMRC, the outcome of certain litigation proceedings in respect of the taxation of other similar products sold by other financial advisors and certain settlements reached with HMRC by some investors may result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. As at the date of these audited consolidated financial statements two pre-action protocols have been issued by certain clients, which have been rebutted by the Company. The potential tax liability for those clients engaged in such pre-action protocols which is in excess of the initial tax deferral amount, is estimated to be in the region of $18.6 million (£10.7 million) plus other potential costs (for example interest). For those clients not currently engaged in pre-action protocols where we believe that the limitation period for bringing a claim has been preserved, the potential tax liability which is in excess of the initial tax deferral amount is estimated to be a further $5.2 million (£3.0 million). The probable outcome of the enforcement actions by the HMRC in respect of this matter and the likelihood of a loss or the amount of any such loss to the Company in connection with any such claims asserted against the Company, or which may be asserted against the Company, are not determinable at the date of these audited consolidated financial statements.

An action has been commenced in Alberta by a former client and others claiming the return of losses in certain accounts, return of administration fees, interest and costs. The claim alleges breach of contract and negligence in the administration of the accounts. The damages claimed in this action are in excess of $14 million. Although the Company has denied the allegations and intends to vigorously defend itself, the probable outcome of this action and a reliable estimate of the amount of damages in the event of an adverse outcome are not determinable at the date of these audited consolidated financial statements.

An action has been commenced in the Dubai International Financial Centre (DIFC) against the Company and one other claiming US$10 million in damages against the defendants in connection with a takeover bid made by a third party in the United States and the use of the plaintiff's name by that third party. Although the Company has denied the allegations and intends to vigorously defend itself, the outcome of this action cannot be predicted with certainty and an estimate of the amount of damages in the event of an adverse outcome is not determinable at the date of these audited consolidated financial statements.

The Company provides financial advisory, underwriting and other services to, and trades the securities of issuers that are involved with new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the Bank Secrecy Act) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance). While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

NOTE 27 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:

2020	$	33,399
2021		31,978
2022		29,462
2023		21,930
2024		18,670
Thereafter		23,411
	$	158,850

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:

2020	$	2,285
2021		2,619
2022		2,624
2023		797
2024		—
Thereafter		—
	$	8,325

The Company is committed to principal and interest payments under the convertible debentures as follows:

2020	$	8,295
2021		8,295
2022		8,295
2023		8,295
2024		141,020
Thereafter		—
	$	174,200

The Company is committed to principal and interest payments under the bank loan as follows:

2020	$	10,945
2021		15,230
2022		37,658
2023		—
2024		—
	$	63,833

NOTE 28 Subsequent Events

(i) ACQUISITION

On May 1, 2019, the Company, through its UK & Europe wealth management business, has completed the acquisition of Thomas Miller Wealth Management Limited (TMWML) and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited. TMWML provides financial planning and investment management services to private clients, trusts, charities and corporations in the UK. There was initial cash consideration of £18.5 million (C$31.8 million), with additional contingent consideration of up to £9.5 million (C$16.8 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. In connection with the acquisition, an additional £17.0 million (C$30.0 million) has been added to the Company's existing bank loan facility.

(ii) DIVIDENDS

On June 5, 2019, the Board of Directors approved a dividend of $0.17 per common share, payable on July 2, 2019, with a record date of June 21, 2019. This dividend is comprised of a $0.01 base quarterly dividend and a $0.16 variable supplemental dividend [Note 20].

On June 5, 2019, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on July 2, 2019 to Series A Preferred shareholders of record as at June 21, 2019 [Note 20].

On June 5, 2019, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on July 2, 2019 to Series C Preferred shareholders of record as at June 21, 2019 [Note 20].