

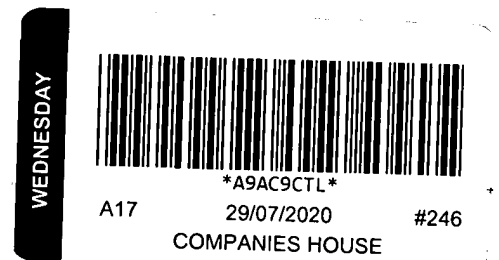
Company registration number: 08284862

**CG Wealth Planning Limited**  
(formerly Thomas Miller Wealth Management  
Limited)

**Reports and financial statements**

For the 15-month period ended

31 March 2020



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## Company Information

### The Board of Directors

D Esfandi  
S Massey  
J McAleenan  
M Philips

### Registered Office

41 Lothbury  
London  
EC2R 7AE

### Registered number

08284862

### Auditor

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

### Bankers

HSBC  
60 Queen Victoria Street  
London  
EC4N 4TR

## Strategic Report

The directors present their Strategic Report for CG Wealth Planning Limited (the "Company") for the period ended 31 March 2020.

### Principal Activities

The principal activity of the Company is the provision of financial planning services to individuals, trusts, partnerships and corporations. The Company has offices in London, Southampton and Worcester.

The Company is authorised and regulated by the Financial Conduct Authority.

### Review of the business

In May 2019 the Company was acquired from the Thomas Miller Group by Canaccord Genuity Wealth Group Holdings (Jersey) Limited a subsidiary undertaking of Canaccord Genuity Group Inc..

The Company acquired the wealth planning business of CG McCarthy Taylor Limited in October 2019. In December 2019 the Company distributed the investment management operations to its immediate parent undertaking, Canaccord Genuity Wealth Limited.

Following these transactions, the business of the Company now focuses exclusively on the provision of financial planning services. Revenue is generated from initial advice, which is charged at an hourly rate or at a fixed fee, ongoing advice fees and the commission received from the providers of products the Company recommends to clients.

Since February 2020 the Company's business and operational practices have been impacted by the unprecedented consequences of the coronavirus outbreak and this is discussed further below.

The Company's key performance indicators are set out in the table below.

	March 2020 £'000	December 2018 £'000
Revenue (from continuing operations, annualised)	3,618	3,426
Profit before tax (from continuing operations, annualised)	715	710
Regulatory capital	2,071	1,912
Cash and cash equivalents	1,389	2,486

Annualised revenues have shown a 5.6% uplift from the prior year. This has been aided by a modest contribution from the CG McCarthy Taylor Limited business and is considered a satisfactory out-turn given the potential for disruption arising from the change in ownership during the period.

Regulatory capital has increased marginally following the capital restructuring. Cash balances are below the prior period as a result of the settlement of intercompany balances and other trade creditors and the move from monthly to quarterly fee collection from clients.

### Change of name

The Company's name was changed from Thomas Miller Wealth Management Limited to CG Wealth Planning Limited following the acquisition of the Company by Canaccord Genuity Wealth Group Holdings (Jersey) Limited on 1 May 2019.

## Strategic Report *(continued)*

### Impact of COVID-19

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The Company has been able to continue to service its clients throughout the pandemic and moved seamlessly to position where more than 95% of staff were working from home. As restrictions have relaxed a growing number of staff are returning to their office.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the financial planning industry and the broader economy.

Falling asset prices and uncertainty have an adverse impact on both ongoing revenues and on new business revenues. The Company continues to expect to operate profitably in the current year but has scaled back its revenue and profit expectations.

There are signs that the economy is beginning to recover from the lows of the first few months of the pandemic however the level of uncertainty remains high and a second spike could result in asset prices and, as consequence, revenue levels falling significantly.

The Company has a strong balance sheet, significant cash resources and a financial model that allows it to reduce its cost base when revenues decline. Stress tests have been performed, as set out in the Directors' Report, which demonstrate the Company's ability to continue to meet its regulatory capital requirements and to remain solvent in the event of further significant falls in asset values.

### Principal risks and uncertainties

The Company maintains an effective and appropriate corporate governance and risk management infrastructure through a committee structure. The key risks facing the Company, in addition to those directly arising from COVID-19 detailed above, are reputational, regulatory, operational, credit, market, liquidity and political risk which are summarised below. In the case of risks related to financial instruments those are also detailed further in note 21 to the financial statements.

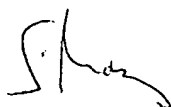
Risk	Description
<b>Reputational risk</b>	Reputational risk is the risk that an entity's ability to conduct business will be damaged as a result of its reputation being tarnished, including as a result of regulatory censure. The Company has policies and procedures in place to manage this risk to the extent possible which include, inter alia, procedures for employee hiring, the taking on of new business and conduct of business rules. It also has policies and procedures to counter fraud and corruption.
<b>Regulatory risk</b>	The Company's business is regulated by the FCA and a breach of regulations could lead to a fine or disciplinary action against the Company. The Company monitors actual and impending changes in regulation in order to assess the impact on its business and plans, to ensure any changes are implemented in a timely manner.
<b>Operational risk</b>	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The overall objective of the Company's operational risk management approach is not to attempt to avoid all potential risks, but proactively identify and assess risks in order to manage and mitigate them in an efficient and informed manner, whilst always being mindful of the associated costs relative to the benefits. This approach enables the Company to exploit existing opportunities and to increase business success in a controlled manner.

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Risk	Description
<b>Credit risk</b>	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from deposits with banks. An impairment analysis is performed at each reporting date on an individual basis for major clients and counterparties. In addition, many minor receivables are grouped into homogenous groups and assessed for impairment collectively. Credit risk exposure arising from the placement of deposits with banks is mitigated through the placement of funds with banks with high credit ratings. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk.
<b>Market risk</b>	The Company has no direct exposure to market risk on its balance sheet however a significant part of its revenue stream is based on the value of client investments under advice. The Company mitigates this risk by maintaining the ability to reduce costs in the event of revenue declines and by maintaining sufficient capital and liquidity buffers to absorb short term losses.
<b>Liquidity risk</b>	<p>Liquidity risk is the risk that the Company is unable to generate sufficient cash or other liquid assets in a timely and cost-effective manner to meet its commitments as they become due. The Company has several systems, policies and processes in place to monitor and manage regulatory capital requirements, working capital needs and cash flows to help provide a sufficient buffer against liquidity risk.</p> <p>Given the nature of the Company's business, the Company does not run liquidity mismatches. Financial liabilities are on the whole short term and the Company maintains sufficient cash resources to cover its immediate liabilities.</p>
<b>Political risk</b>	The Company continues to monitor political developments relating to Brexit closely through its Divisional Risk Committee, which reports to the Company's Board of Directors, to identify and mitigate any potential operational, regulatory and financial risks arising from all potential Brexit trade deal scenarios, including exiting the European Union without a deal. As such, the Company has been preparing to ensure that it can continue to provide existing services to all clients beyond the current deal deadline of 31 December 2020.

On behalf of the Board



S Massey  
Director  
24 July 2020

## Directors' Report

The directors present their Directors' Report for the Company for the period ended 31 March 2020.

### Directors and officers

The individuals who held office during the period, together with dates of appointment or resignation as applicable, are set out below:

D Esfandi (appointed 5 September 2019)  
J Goldthorpe (resigned 29 April 2019)  
A Herberts (resigned 5 September 2019)  
B Kesterton (resigned 1 May 2019)  
S Massey (appointed 5 September 2019)  
J McAleenan (appointed 5 December 2019)  
B O'Sullivan (resigned 1 May 2019)  
M Phillips  
T Richards (resigned 29 April 2019)  
H Titcomb (resigned 1 May 2019)

K Halpenny resigned as Company Secretary on 1 May 2019 and the Company Secretarial role is now performed by an employee.

### Dividends

The Company paid dividends in specie of £1,764,347 (2018 - £nil) to its immediate parent undertaking, Canaccord Genuity Wealth Limited.

### Future developments

The full implications of COVID-19 are still unknown. The Directors are confident that the Company is well placed to manage the business successfully through the existing challenges and for it to continue its growth in clients and revenues as markets and business practices evolve over the coming months and years.

### Going concern

As referred to in the Strategic Report, the COVID-19 pandemic has created a greater level of uncertainty as to future earnings. The Company financial model and capital position enable it to continue to be profitable, maintain capital requirements and have sufficient cash resources in the event of severe revenue decline scenarios.

The Company is strongly capitalised, as demonstrated by its pillar one own funds ratio of 22.5% (2018 - 11.7%), as at 31 March 2020, which compares favourably to the regulatory minimum ratio of 8%. Net cash and cash equivalent resources were £1.4m (2018 - £2.5m) as at 31 March 2020.

Stress test scenarios are undertaken as part of the Individual Capital Adequacy Assessment ("ICAAP") review and continue to be updated. These tests model the impact of a variety of external and internal events, identifying their impact on the Company's income, costs, cash flow and capital and enable the Directors to assess management's ability to implement effective actions that can be taken to mitigate the impact of the stress events. Reverse stress tests are performed to ascertain what severe scenarios would render the Company's business model unviable.

The Directors believe the Company is well placed to manage its business risk successfully. The Company's forecasts and projections, taking account of possible adverse changes in trading performance as a result of the COVID-19 pandemic related economic uncertainties show that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt a going concern basis for the preparation of the financial statements. In forming their view, the Directors have considered the Company's prospects for a period exceeding twelve months from the date the financial statements are approved.

## Directors' Report *(continued)*

### Financial instruments

The impact of financial instruments on the affairs of the Company is described in the Strategic Report on pages 2 to 4 and also in note 21 to the financial statements.

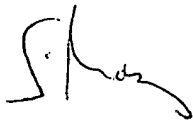
### Disclosure of information to Auditor

Each of the persons who is a Director, at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Company has elected to dispense with the obligation to appoint its auditor annually. Ernst & Young LLP have indicated their willingness to be reappointed and therefore are deemed to be reappointed for a further term.

On behalf of the Board



S Massey  
Director  
24 July 2020



## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the members of CG Wealth Planning Limited

### Opinion

We have audited the financial statements of CG Wealth Planning Limited for the period ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditor's Report to the members of CG Wealth Planning Limited *(continued)*

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

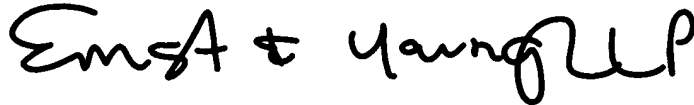
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Independent Auditor's Report to the members of CG Wealth Planning Limited *(continued)*

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the auditor.

Denise Davidson (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
24 July 2020

## Statement of Comprehensive Income

		15 months to March 2020 £'000	12 months to December 2018 £'000 (Restated)
	Note		
Revenue		4,522	3,426
Administrative expenses		(3,625)	(2,706)
Operating profit		897	720
Finance income	7	1	-
Finance expense	8	(4)	(10)
Profit before tax from continuing operations	4	894	710
Taxation on continuing operations	9	(24)	8
Profit after tax from continuing operations		870	718
Loss from discontinued operations	10	(884)	(305)
(Loss)/profit for the period		(14)	413
Total comprehensive income for the period		(14)	413
Total comprehensive income arising from continuing operations		870	718
Total comprehensive income arising from discontinued operations	10	(884)	(305)
Total comprehensive income attributable to owners of the Company		(14)	413

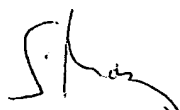
The notes on pages 15 to 31 form part of these financial statements.

**Statement of Financial Position**  
**as at 31 March 2020**

		31 March 2020 £'000	31 December 2018 £'000 (Restated)	1 January 2018 £'000 (Restated)
Note				
<b>Assets</b>				
<i>Non-current assets</i>				
	12	2,498	3,080	3,080
	13	163	245	228
		2,661	3,325	3,308
<i>Current assets</i>				
	14	1,226	1,173	1,350
		64	-	-
		1,389	2,486	1,483
		2,679	3,659	2,833
		5,340	6,984	6,141
<b>Liabilities</b>				
<i>Non-current liabilities</i>				
	16	-	(600)	(600)
		-	(600)	(600)
<i>Current liabilities</i>				
	15	(771)	(1,992)	(1,562)
		(771)	(1,992)	(1,562)
<b>Net assets</b>				
		4,569	4,392	3,979
<b>Equity</b>				
	18	2,750	3,094	3,094
		-	2,649	2,649
	19	1,819	(1,351)	(1,764)
		4,569	4,392	3,979

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:



S Massey  
Director  
24 July 2020  
Company number 08284862

**Statement of Changes in Equity**  
*for the 15-month period ended 31 March 2020*

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2018</b>		3,094	2,649	(1,764)	3,979
<i>Comprehensive income</i>					
Profit for the year (as restated see note 26)		-	-	413	413
Total comprehensive income		-	-	413	413
<b>Balance at 31 December 2018 and 1 January 2019</b>		3,094	2,649	(1,351)	4,392
<i>Comprehensive income</i>					
Loss for the period		-	-	(14)	(14)
Total comprehensive income		-	-	(14)	(14)
<i>Transactions with owners</i>					
Issue of share capital	18	1,956	-	-	1,956
Cancellation of shares	18	(2,300)	(2,649)	4,949	-
Dividends paid - in specie	20	-	-	(1,765)	(1,765)
Total transactions with owners		(344)	(2,649)	3,184	191
<b>Balance at 31 March 2020</b>		2,750	-	1,819	4,569

## Statement of Cash Flows

		15 months to March 2020 £'000	12 months to December 2018 £'000 (Restated)
	Note		
<b>Cash flows from operating activities</b>			
Profit after taxation from continuing operations		870	718
Loss after taxation from discontinued operations	10	(884)	(305)
(Loss)/profit after taxation for the period		(14)	413
Adjustments for:			
Income tax credit recognised in the income statement	9	(181)	(17)
Finance income	7	(1)	-
Finance expense	8	4	10
Amortisation of intangible assets	12	20	-
(Increase)/decrease in trade and other receivables		(258)	177
(Decrease)/Increase in trade and other payables		(1,259)	430
Cash (used in)/generated from operating activities		(1,689)	1,013
Taxation paid		-	-
Net cash (used in)/generated by operating activities		(1,689)	1,013
<b>Cash flows from investing activities</b>			
Interest received	7	1	-
Acquisition of business from fellow subsidiary undertaking	11	(761)	-
Net cash used in investing activities		(760)	-
<b>Cash flows from financing activities</b>			
Repayment of subordinated loan	16	(600)	-
Interest paid on subordinated loan	8	(4)	(10)
Issue of share capital	18	1,956	-
Net cash generated from/(used in) financing activities		1,352	(10)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,097)</b>	<b>1,003</b>
Cash and cash equivalents at the beginning of the period		2,486	1,483
<b>Cash and cash equivalents at the end of the period</b>		<b>1,389</b>	<b>2,486</b>



## Notes to the financial statements

### 1. Corporate information

CG Wealth Planning Limited (the "Company") is incorporated in England and Wales, with its registered office at 41 Lothbury, London, EC2R 7AE. The nature of the Company's operations and principal activities are set out in the Strategic Report.

On 1 May 2019 the Company was acquired by Canaccord Genuity Wealth Group Holdings (Jersey) Limited ("CGWGH") whose ultimate parent undertaking is Canaccord Genuity Group Inc. ("CGGI"). The Company's name was then changed from Thomas Miller Wealth Management Limited to CG Wealth Planning Limited.

The financial statements are presented in pounds sterling, rounded to the nearest thousand (expressed as thousands - £000's), except where otherwise indicated.

### 2. Principal accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations, as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities at fair value through the profit or loss.

The Company is preparing its financial statements in accordance with IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to IFRSs has affected the reported financial position and financial performance of the Company is provided in note 26.

IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The following exemption has been taken in these financial statements.

- Business combinations – business combinations that took place prior to 1 January 2018 have not been restated

Following the acquisition of the Company by CGWGH the accounting period end was changed from 31 December to 31 March to bring it in line with the CGGI Group. Accordingly, these financial statements cover the 15-month period ended 31 March 2020.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows, capital and liquidity position are set out in the Strategic report on pages 2 to 4. In addition, note 21 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the financial planning industry and the broader economy. Management has performed a COVID-19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to assess the potential impact that COVID-19 may have on the Company's operations, liquidity, solvency and regulatory capital position as well as a reverse stress test to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

## Notes to the financial statements *(continued)*

### 2. Principal accounting policies *(continued)*

#### **Going concern *(continued)***

The most likely expected financial impact is in respect of the Company's future ongoing advice income as this is calculated based on a percentage of the value of assets under advice. Asset values fell sharply in the last quarter of the financial period due to the impact of COVID-19 on listed global equity and debt markets and have remained volatile since. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that they are able to take to protect profitability and solvency.

Having performed this analysis management believes regulatory capital requirements will continue to be met and the Company will have sufficient liquidity to meet its liabilities for at least the next 12 months and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

#### **New accounting standards and interpretations**

The accounting policies applied in the preparation of these financial statements are consistent with those set out in note 2 to financial statements for the year ended 31 December 2018 except for the adoption of the following new accounting standards as of 1 January 2019.

#### **IFRS 16 Leases**

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The Company has no lease arrangements other than those identified as low-value (< USD \$5,000) or having a remaining lease term of less than 12 months from the date of initial application. Accordingly, the implementation of IFRS16 does not have a material impact on the Company's financial statements.

#### **IFRIC 23 Uncertainty over Income Tax Treatments**

On 7 June 2017, the IASB issued IFRIC 23 which became effective on 1 January 2019. The interpretation provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. IFRIC 23 does not have a material impact on the Company's financial statements.

The Company did not implement the requirements of any other Standards or Interpretations that were in issue but were not required to be adopted by the Company at the period-end date.

No other Standards or Interpretations have been issued that are expected to have a material impact on the Company's financial statements.

#### **Functional currency**

The Company's financial statements are presented in pounds sterling which is also the Company's functional currency.

#### **Translation of foreign currency transactions**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the exchange rate in effect at the reporting date. All differences upon translation are recognised in the Statement of Income. Non-monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling using historic rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates effective at the date when the fair value is determined.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

## Notes to the financial statements *(continued)*

### 2. Principal accounting policies *(continued)*

#### **Accrued Income**

Asset based fees such as ongoing advisory charges are calculated at the end of the calendar quarter and amounts receivable are unbilled revenues which are not dependent on future performance. Certain fees are calculated either semi-annually or annually and the financial statements include estimates of fees receivable where the actual amounts have not yet been determined.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

##### ***(i) Financial assets***

###### ***Initial recognition and measurement***

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the Company commits itself to either the purchase or sale of the asset. Upon initial recognition, the Company classifies financial assets as either fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost.

###### ***Classification and subsequent measurement***

###### ***(a) Financial assets classified as 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 realise the asset's value through a short-term sale. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognised in the Statement of Income. The net gain or loss recognised in the Statement of Income includes any dividend or interest earned on the financial asset. The Company did not designate any financial assets upon initial recognition as fair value through profit and loss.

###### ***(b) Financial assets classified as FVOCI***

The Company does not have any financial assets designated as FVOCI.

###### ***(c) Financial assets at amortised cost***

The Company measures financial assets at amortised cost when they are held within a business model with the objective of collecting contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost comprise the Company's cash and cash equivalents and trade and other receivables.

###### ***Impairment of financial assets***

For the categories of financial assets where impairment losses are applicable under IFRS9, the Company has adopted a forward-looking expected credit loss (ECL) approach in its assessment of the impairment of financial assets. The Company applies a simplified approach in calculating ECLs and does not track changes in credit risk but recognises a loss allowance based on lifetime ECLs at each reporting date. This utilises the Company's historic loss experience by age banding, adjusted for forward looking estimates and other considerations as applicable. Any losses are recognised in the Statement of Comprehensive Income.

##### ***(ii) Financial liabilities***

###### ***Initial recognition and measurement***

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

###### ***Classification and subsequent measurement***

###### ***(a) Financial liabilities classified as FVTPL***

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. The Company did not designate any financial assets upon initial recognition as FVTPL.

###### ***(b) Financial liabilities classified as other financial liabilities***

After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Income through the effective interest rate method of amortisation. Other financial liabilities include trade payables and accrued liabilities. The carrying value of other financial liabilities approximates their fair value.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### Financial instruments (continued)

##### *(iii) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### *(iv) Fair value of financial instruments*

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referencing quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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; and 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 valuation technique is not considered as reliable, then the financial instrument is measured at cost.

##### *(v) De-recognition of financial assets and liabilities*

The Company de-recognises financial assets when the contractual rights to cash flows arising from a financial asset have expired, or it transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset.

#### Revenue recognition

The Company's revenue is accounted for in accordance with the requirements of IFRS 15. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable and represents gross commission, investment management fees, other fees and income, excluding VAT, receivable in respect of the period. Commissions are accounted for on a trade date basis. Fees received are spread over the period over which the service has been provided. The revenue streams are considered in more detail below:

##### *Advisory fees*

Advisory fees are charges to clients using an hourly rate or by a fixed fee arrangement and are recognised over the period the service is provided. Commission receivable and payable are accounted for in the period in which they are earned.

##### *Management fees and ongoing advice*

Portfolio management fees, and ongoing advice fees are generally billed quarterly in arrears based on a percentage of assets under management at the end of the quarter or, in the case of certain clients, semi-annually in advance based on a percentage of opening assets under management. Both fees represent revenue earned over time under IFRS 15. Quarterly and semi-annual fee calculation dates correspond with the accounting reference date and accordingly income incorporated in the financial statements is not dependent upon future performance.

##### *Other miscellaneous transactional charges*

These include fees for making payments or transfers which are accounted for at the point the performance obligation is satisfied.

#### Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Dividends are recognised directly in equity. When the Company transfers assets by way of a dividend in specie then the book value of the assets transferred is recognised as a reduction in equity.

## Notes to the financial statements *(continued)*

### 2. Principal accounting policies *(continued)*

#### **Leased assets**

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **Business combinations**

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. Identifiable assets and liabilities assumed on acquisition are recognised in the Statement of Financial Position at their fair value at the date of acquisition. Goodwill is initially measured at cost, being the excess of the consideration transferred over the acquired business's net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognised as a gain on a bargain purchase in the Statement of Comprehensive Income.

Where a business is transferred to the Company by way of a dividend in specie from a subsidiary undertaking, identifiable intangible assets and goodwill are recorded in the Statement of Financial Condition at their carrying value, at the time of the business transfer, in the most immediate parent entity which prepares consolidated accounts, Canaccord Genuity Group Inc.. The investment in subsidiary is reduced to reflect the relative value of the remaining business compared to that value prior to the transfer. Any difference between the net assets and liabilities recognised in the Statement of Financial Condition and the reduction in carrying value of the subsidiary is transferred directly to reserves.

#### **Goodwill and other intangible assets**

Goodwill is subject to an impairment review where there is an indication that it is impaired and, in any case, not less than annually. Any impairment is charged to the Statement of Income in the period it is recognised.

Intangible assets comprise customer lists. These assets are stated at cost less amortisation and provision for impairment, if any, and are amortised on a straight-line basis over their useful lives of 11 years.

#### **Current taxation**

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

#### **Deferred taxation**

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 assets are recognised for all deductible temporary differences and carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. 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 utilised. Unrecognised deferred tax assets are assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised 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 Statement of Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognised directly against equity.

## Notes to the financial statements *(continued)*

### 2. Principal accounting policies *(continued)*

#### Deferred taxation *(continued)*

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.

#### Value Added Tax

Revenues, expenses, assets and liabilities are recognised 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 recognised 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 trade receivables or trade payables in the Statement of Financial Position.

#### Pension contributions

The Company operates a defined contribution scheme for all employees. The funds of the scheme are administered by trustees and are separate from the Company. The Company's liability is limited to the amount of the contributions. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

#### Impairment of non-financial assets

Impairment may exist when the carrying value of an asset exceeds its recoverable amount. The Company assesses at each reporting date whether there is any indication that an asset may be impaired. Such an assessment will involve identifying the higher of the asset's disposal value or its value in use. A value in use assessment involves identifying the discounted cash flows attributable to the non-financial asset which are then compared to its carrying value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss can be reversed up to the lower of its recoverable amount and the carrying amount that would have resulted had no impairment been recognised in prior periods. Any reversal of impairment is recognised in the Statement of Comprehensive Income. Impairment losses relating to goodwill cannot be reversed in future periods.

### 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those of estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out below. From time to time management applies judgement in legal matters that may require provision or disclosure as a contingent liability. During the period there were no legal matters that required disclosure.

#### Going concern

Management have concluded that it is appropriate to prepare the financial statement on a going concern basis after considering the uncertainties created by COVID-19. The basis for this conclusion is set out in note 2, Going concern.

#### Impairment of goodwill and other intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and to apply a suitable discount rate in order to calculate its present value. Further details of this process are set out in note 12.

## Notes to the financial statements *(continued)*

### 3. Critical accounting estimates and judgements *(continued)*

#### **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profit. Refer to note 13.

### 4. (Loss)/profit for the period

(Loss)/profit for the period has been arrived at after charging/(crediting):

	15 months to March 2020 £'000	12 months to December 2018 £'000
Amortisation of intangible assets (continuing operations)	20	-
Rentals under operating leases	66	67
Exceptional items (discontinued operations)	854	-
Auditors' remuneration		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	35	15
- Fees payable to the Company's auditor for audit related assurance services	10	5

Amounts have been apportioned between continued and discontinued operations unless stated otherwise.

### 5. Staff numbers and costs

The number of persons employed by the Company (including directors) at period end, analysed by category, was as below.

	2020 Number of employees	2018 Number of employees
Business staff	23	-
Functional staff	21	-
Total staff	44	-

Prior to May 2019 the personnel required for the conduct of the Company's business were provided by Thomas Miller & Co Limited and the cost of their provision was charged to the Company.

## Notes to the financial statements *(continued)*

### 5. Staff numbers and costs *(continued)*

The aggregate payroll costs of persons either employed or under subcontract arrangements were as follows:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Continuing operations	£'000	(Restated)
Wages and salaries	1,978	1,652
Social security costs	267	166
Other pension costs	286	176
Total staff costs	2,531	1,994
Discontinued operations		
Wages and salaries	1,188	1,271
Social security costs	136	127
Other pension costs	145	135
Total staff costs	1,469	1,533

### 6. Directors' remuneration

The directors of the Company include a number of directors who are also directors of fellow subsidiary undertakings. No costs for these directors are borne by the Company as the directors do not believe that it is practicable to apportion their time between their services as directors of the Company and their services as directors of other Group companies. One director was employed by the Company and while an employee they received from the Company salaries and bonuses and other short-term employee benefits of £160,613 (2018-£nil) and pension contributions of £13,284 (2018 - £nil)

### 7. Finance income

	15 months to March 2020 £'000	12 months to December 2018 £'000
Interest income on cash and bank balances	1	-
Total finance income	1	-

### 8. Finance expense

	15 months to March 2020 £'000	12 months to December 2018 £'000
Interest payable on subordinated loan	4	10
Total finance expense	4	10



## Notes to the financial statements *(continued)*

### 9. Taxation

The tax credit on the (loss)/profit for the period was as follows:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Current tax		
UK corporation tax - group relief at 19% (2018 - 19%)	(64)	-
Total current tax credit	(64)	-
Deferred tax		
Origination and reversal of temporary differences	(117)	(17)
Deferred tax credit	(117)	(17)
Income tax credit	(181)	(17)

Income tax credit is attributable to:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Profit from continuing operations	24	(8)
Loss from discontinued operations	(205)	(9)
Income tax credit	(181)	(17)

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the time apportioned tax rate applicable to profits as follows:

	15 months to March 2020 £'000	12 months to December 2018 £'000
(Loss)/profit before taxation	(195)	396
(Loss)/profit multiplied by the standard rate of tax in the UK of 19% (PY - 19%)	(37)	75
Tax effect of:		
- Expenses not deductible for tax purposes	6	7
- Losses recognised	(145)	(109)
- Changes in the UK tax rate	(5)	10
Tax credit for the year	(181)	(17)

### 10. Discontinued operations

On 3 December 2019 the Company distributed to its immediate parent undertaking its wealth management operations. This business was not a discontinued operation or classified as held for distribution to owners at 31 December 2018. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

## Notes to the financial statements (continued)

### 10. Discontinued operations (continued)

The results for the periods relating to discontinued operations are presented below:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Revenue	3,026	3,168
Administration costs	(3,261)	(3,482)
Operating loss	(235)	(314)
Exceptional costs	(854)	-
Loss before income tax	(1,089)	(314)
Income tax credit	205	9
Loss after tax	(884)	(305)

Costs of £854,024 (2018 - £nil) have been recognised as exceptional during the period in respect of non-recurring business costs. The amounts represent contract early termination costs (£750,000) and redundancy costs (£104,024).

Cashflows from discontinued operations were:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Net cash (used in)/generated from operating activities	(1,759)	13
Net cashflow from discontinued activities in the period	(1,759)	13

### 11. Business combinations

On 5 October 2019 the Company acquired the financial planning business of CG McCarthy Taylor Limited for cash consideration of £761,000.

	£'000
Consideration	
Cash	761
Total consideration	761

The fair value of the assets and liabilities acquired were:

	£'000
Identifiable intangible assets	449
Trade and other receivables	91
Trade and other payables	(56)
Deferred tax liability	(76)
Total identifiable net assets	408
Goodwill	353
Total consideration	761

## Notes to the financial statements (continued)

### 12. Intangible assets

	Goodwill £'000	Client contracts £'000	Total £'000
<b>Cost</b>			
At 1 January 2018 and 31 December 2018	4,290	-	4,290
Addition arising from acquisition of business	353	449	802
Transfer to parent undertaking	(2,089)	-	(2,089)
At 31 March 2020	2,554	449	3,003
<b>Accumulated amortisation</b>			
At 1 January 2018 and 31 December 2018	1,210	-	1,210
Transfer to parent undertaking	(725)	-	(725)
Charge for the period	-	20	20
At 31 March 2020	485	20	505
<b>Net book value</b>			
At 1 January 2018	3,080	-	3,080
At 31 December 2018	3,080	-	3,080
At 31 March 2020	2,069	429	2,498

#### Impairment testing

Goodwill and client lists are assessed for impairment at least annually and more frequently where an indication of impairment becomes evident. For the purpose of considering the value of goodwill the Company in its entirety is considered as the smallest cash generating unit (CGU). 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 which are considered to be appropriate for the purposes of such calculations. The assessment involves estimating future cash flows applicable to the CGU and applying an appropriate discount rate to the projected cashflows to determine FVLCS.

#### Goodwill

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 utilised for the purposes of these calculations was 12.5%. Cash flow estimates were based on management assumptions and utilise five-year compound annual revenue growth rates of 5.6% as well as estimates in respect of operating margins. The terminal growth rate used was 2.5%. Sensitivity testing was conducted as part of the annual impairment test of goodwill. This involves assessing the impact that reasonably possible declines in profit margin and increases in the discount rate would have on the recoverable amounts of goodwill with other assumptions being held constant. An increase in the discount rate to 36.5% or a decrease in profit margins by 73.5% would indicate to management that the carrying value of goodwill was potentially impaired.

### 13. Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	March 2020 £'000	December 2018 £'000
Deferred tax asset	245	245
Deferred tax liability	(82)	-
Net deferred tax asset	163	245

## Notes to the financial statements (continued)

### 13. Deferred tax assets and liabilities (continued)

#### Recognised deferred tax assets and liabilities (continued)

	March 2020 £'000	December 2018 £'000
Employment compensation	6	-
Tax losses	238	245
Intangible assets	(81)	-
Net deferred tax asset	163	245

#### Movements in deferred tax during the period

The main rate of UK corporation tax reduced to 19% from 1 April 2017 and was expected to reduce to 17% from 1 April 2020. This reduction has been reversed and corporation tax will remain at 19%. The closing deferred tax balance has been calculated at the rate specific deferred tax assets and liabilities are expected to be realised or settled.

	15 months to March 2020 £'000	12 months to December 2018 £'000
Balance at the beginning of the period	245	228
Transfer on distribution of business	(123)	-
Acquisitions	(76)	-
Credit to income for the year	117	17
Balance at the end of the period	163	245

Deferred tax assets of £333,534 (2018 - £856,738) in respect of earlier year trading losses have not been recognised due to uncertain utilisation in future periods.

### 14. Trade and other receivables

	March 2020 £'000	December 2018 £'000
Amounts due from fellow subsidiary undertakings	452	-
Trade debtors	162	611
Prepayments	22	43
Accrued income	583	517
Other debtors	7	2
Total current trade and other receivables	1,226	1,173

### 15. Trade and other payables

	March 2020 £'000	December 2018 £'000
Trade payables and accrued expenses	533	1,127
Other creditors	238	236
Amounts payable to parent undertakings	-	146
Amounts payable to fellow subsidiary undertakings	-	483
Total current trade and other payables	771	1,992

## Notes to the financial statements (continued)

### 16. Subordinated loan

	March 2020 £'000	December 2018 £'000
Subordinated loan	-	600
Total	-	600

The Company had a loan agreement with Thomas Miller Holdings Ltd. The full amount of the loan was subordinated to all other creditors of the Company and was repayable on demand but only to the extent that the capital resources of the Company exceeded the minimum capital resources requirement set by the Financial Conduct Authority. Interest was charged semi-annually in arrears on the outstanding balance at 1% plus LIBOR. The loan was considered payable after more than one year.

The loan was repaid in full through the issue of further share capital on 1 May 2019.

### 17. Defined contribution plans

The Company operates defined contribution pension plans.

The total expense relating to these plans in the current period was £430,671 (2018 - £311,034).

### 18. Equity

	Number of shares	£'000
<i>Called up, allotted and fully paid ordinary shares of £1</i>		
At 1 January 2018 and 31 December 2018	3,094,002	3,094
At 1 January 2019	3,094,002	3,094
Issued during the year	1,955,998	1,956
Cancelled	(2,300,000)	(2,300)
At 31 March 2020	2,750,000	2,750

All shares are owned by Canaccord Genuity Wealth Group Limited and rank *pari passu*. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 28 November 2019 the Company cancelled 2,300,000 shares and £2,649,462 of share premium to create distributable reserves.

### 19. Retained earnings

	15 months to March 2020 £'000	12 months to December 2018 £'000
At beginning of the period	(1,351)	(1,764)
Profit for the period from continued operations	870	718
Loss for the period from discontinued operations	(884)	(305)
Additional reserves created from the cancellation of share capital	2,300	-
Additional reserves created from the cancellation of share premium	2,649	-
Dividend in specie	(1,765)	-
At end of the period	1,819	(1,351)

## Notes to the financial statements *(continued)*

### 20. Dividends

	15 months to March 2020 £'000	12 months to December 2018 £'000
Cash dividend	-	-
Dividend in specie	1,765	-
Total dividends in the period	1,765	-

On 3 December 2019 the Company transferred its wealth management business to its immediate parent undertaking, Canaccord Genuity Wealth Limited, by way of a dividend in specie. The assets and liabilities transferred were as follows:

	15 months to March 2020 £'000	12 months to December 2018 £'000
Goodwill	1,364	-
Deferred tax	123	-
Trade and other receivables	296	-
Trade and other payables	(18)	-
Dividend in specie	1,765	-

### 21. Financial risk management

In conducting its business activities, the Company is exposed to a number of types of risk.

The Board of Directors has overall responsibility for the establishment and maintenance of an appropriate control framework around these risks. The Board has defined, documented and annually reviews its risk appetite. A Committee structure, reporting to the Board, is in place to ensure that procedures, controls and limits are consistent with the stated risk appetite.

The Company must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements of the Financial Conduct Authority ("FCA"). The Company has put in place processes and controls to monitor and manage its capital requirements and no breaches were reported to the FCA during the period.

The Company has no direct exposure to market risk on its balance sheet however a significant part of its revenue stream is based on the value of client investments under advice. The Company mitigates this risk by maintaining the ability to reduce costs in the event of revenue declines and by maintaining sufficient capital and liquidity buffers to absorb short term losses.

Credit risk exposure arises from the placement of deposits with banks. Exposure is mitigated through the placement of funds with banks with high credit ratings. Other short-term credit risk arises from fees and commissions receivable.

The Company faces liquidity risk to the extent it is unable to pay creditors as they fall due. It maintains at all times sufficient liquid bank balances to settle all liabilities.

The Company does not face any material market or interest rate risk. The carrying value of all financial assets and liabilities equates to fair value as carrying value is considered to be the best estimate of fair value.

## Notes to the financial statements (continued)

### 22. Related parties

The Company enters into transactions with fellow subsidiary undertakings and other related parties. During the period to 1 May 2019 the Company's ultimate parent undertaking was Thomas Miller Holdings Limited ("TMHL").

During the period the principal relationships with TMHL and its subsidiary undertakings were:

The Company had a subordinated loan from TMHL of £nil (2018 - £600,000) on which interest of £3,969 (2018 - £10,150) was charged. At 31 March 2020 an amount of £nil (2018 - £16,053) was payable to TMHL. The Company received certain management services from Thomas Miller Investment Holdings Limited ("TMIHL"). The amount charged during the period was £8,604 (2018 - £22,151). As at 31 March 2020 an amount of £nil (2018- £130,317) was due to TMIHL.

Thomas Miller Investments (IOM) Limited ("TMIOM") provided custody and settlement support services to the Company. The amount charged to the Company in the period whilst a related party was £61,901 (2018 - £183,000). As at 31 March 2020 an amount of £nil (2018- £141,054) was due to TMIOM.

The Company was charged by Thomas Miller & Co Limited ("TMCL") £1,777,996 (2018- £5,419,858) to cover staff, accommodation and other costs it incurred or settled in connection with the business of the Company. As at 31 March 2020 an amount of £nil (2018- £342,044) was due to TMCL.

From 1 May 2019 the Company's ultimate parent undertaking was Canaccord Genuity Group Inc. ("CGGI"). During the period the principal relationships with CGGI and its subsidiary undertakings were:

Canaccord Genuity Wealth Limited ("CGWL") were provided services by staff of the Company and total costs of £586,280 were charged to CGWL. Fees for ongoing advice to clients of £296,116 were collected on behalf of the Company. The net amount due to the Company from CGWL as at 31 March 2020 was £388,177. The Company paid a dividend in specie of £1,764,347 (see note 20) to CGWL during the period.

The Company acquired the financial planning business of CG McCarthy Taylor Limited ("CGMCT") during the period (see note 11). Amounts due from CGMCT as 31 March 2020 were £58,246.

An amount of £5,901 was due from Canaccord Genuity Financial Planning Limited at 31 March 2020.

### 23. Ultimate parent company and parent company of larger group

The immediate parent undertaking is Canaccord Genuity Wealth Group Limited a company registered in England and Wales.

The ultimate parent of the Company is Canaccord Genuity Group Inc. a public corporation incorporated under the laws of Province of British Columbia, Canada with its registered office at Suite 1000-840 Howe Street, Vancouver, British Columbia, Canada V6Z 2M1.

### 24. Pillar three disclosures

These can be found on the Company's website: [www.canaccordgenuity.com](http://www.canaccordgenuity.com).

### 25. Post balance sheet events

The Company transitioned seamlessly to an operating model where staff were based at home immediately prior to the UK Government's advice on 23 March 2020. The operating model enables business continuity, operational resilience, and its sustainability for the foreseeable future. The balance sheet and income statement at 31 March 2020 include the impact of the COVID-19 environment at that date. For details of potential impacts and the consideration of the impact on these financial statements see note 2 (Going concern). The Company is reviewing steps for the eventual return of the Company's employees to its offices as the COVID-19 lockdown is eased by the UK Government.

The post reporting impact of COVID-19 is deemed to be a non-adjusting event.

## Notes to the financial statements (continued)

### 26. Explanation of transition to IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 March 2020, the comparative information presented in these financial statements for the year ended 31 December 2018 and in the preparation of an opening IFRS balance sheet at 1 January 2018 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

#### Reconciliation of equity

31 December 2018				1 January 2018			
			Effect of transition to			Effect of transition to	
	Note	FRS 102 £'000	IFRSs £'000	IFRS £'000	FRS 102 £'000	IFRSs £'000	IFRS £'000
<b>Assets</b>							
<i>Non-current assets</i>							
Intangible assets	a	2,785	295	3,080	3,080	-	3,080
Deferred tax assets	b	-	245	245	-	228	228
Total non-current assets		2,785	540	3,325	3,080	228	3,308
<i>Current assets</i>							
Trade and other receivables		1,418	(245)	1,173	1,578	(228)	1,350
Cash and cash equivalents		2,486	-	2,486	1,483	-	1,483
Total current assets		3,904	(245)	3,659	3,061	(228)	2,833
Total assets		6,689	295	6,984	6,141	-	6,141
<b>Liabilities</b>							
<i>Non-current liabilities</i>							
Subordinated debt		(600)	-	(600)	(600)	-	(600)
Total non-current liabilities		(600)	-	(600)	(600)	-	(600)
<i>Current liabilities</i>							
Trade and other payables		(1,992)	-	(1,992)	(1,562)	-	(1,562)
Total current liabilities		(1,992)	-	(1,992)	(1,562)	-	(1,562)
Net assets		4,097	295	4,392	3,979	-	3,979
<b>Equity</b>							
Share capital		3,094	-	3,094	3,094	-	3,094
Share premium account		2,649	-	2,649	2,649	-	2,649
Retained earnings		(1,646)	295	(1,351)	(1,764)	-	(1,764)
Total equity		4,097	295	4,392	3,979	-	3,979



## Notes to the financial statements *(continued)*

### 26. Explanation of transition to IFRSs

#### *Reconciliation of profit for the year ended 31 December 2018*

	Note	FRS income statement £'000	Effect of transition to IFRSs £'000	IFRS £'000	IFRS unadjusted income statement £'000	Effect of transition to IFRSs £'000	IFRS continued operations £'000
Revenue		6,594	-	6,594	6,594	3168	3,426
Administrative costs	a	(6,483)	295	(6,188)	(6,188)	(3,482)	(2,706)
Operating profit		111	295	406	406	(314)	720
Finance expense		(10)	-	(10)	(10)	-	(10)
Profit before tax from continuing operations		101	295	396	396	(314)	710
Taxation on continuing operations		17	-	17	17	9	8
Profit after tax from continuing operations		118	295	413	413	(305)	718
Profit from discontinued operations		-	-	-	-	305	(305)
Profit for the year		118	295	413	413	-	413

- a. Under IFRS 3 'Business combinations' goodwill is not amortised but is carried at cost and subject to annual impairment testing. FRS 102 goodwill was amortised over its useful economic life. The Company has applied the change from the date of transition as opposed to full application to all business combinations prior to that date in accordance with IFRS 1 'First time adoption of IFRS'.
- b. Deferred tax has been reclassified as non-current asset in accordance with IAS 12.