

Company No. 03875826

Canaccord Genuity Hawkpoint Holdings Limited

Report and Financial Statements for the
Year ended 31 March 2014

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Directors' Report

The Directors present their report and financial statement for Canaccord Genuity Hawkpoint Holdings Limited ("the Company") for the year ended 31 March 2014. The Company has taken advantage of the exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 not to prepare a strategic report.

Principal activity

Until the transfer of the business of the Company's subsidiary, Canaccord Genuity Hawkpoint Limited ("CGHL") to Canaccord Genuity Limited ("CGL"), on 28 February 2013 the Company's principal activity was that of a holding company. From that date, the Company's principal activity was limited to holding, via the Damascus II Offshore Trust, cash and shares in respect of awards made to former employees of CGHL.

Ultimate parent company

The Company is a wholly-owned subsidiary of CGL and its ultimate parent undertaking and controlling party is Canaccord Genuity Group Inc. ("CGGI").

Results and dividends

The results for the year are set out in the profit and loss account on page 8. There were no dividends paid during the year (2013: £6.8m).

Review of business

The Company's sole activity during the year was to hold the unvested cash and shares in respect of awards made to former employees of CGHL who are now employed by CGL.

Going concern

The Directors have not identified any material uncertainties which create significant doubt about the ability of the Company to continue as a going concern for the next 12 months. They therefore believe that it is reasonable to conclude that the Company will remain a going concern and, accordingly, have adopted a going concern basis in the preparation of these financial statements

Key risks affecting the business

Following the dividend in specie paid to CGL on 26 March 2013, the Company has minimal residual risk, as its net assets comprise solely of cash and shares in its ultimate parent company, CGGI, which will be used to satisfy employee options awards.

Share capital

There have been no movements in the Company's share capital during the year. In the prior period, the Company reduced its share capital by £706,004 to £2 on 22 March 2013.

Directors' Report

Officers

The Directors who held office during the year were as follows:

- ♦ B Kotush
- ♦ P Reynolds

The Company does not have a company secretary.

There have been no changes since the 31 March 2014 and the date of the signing of this report.

Suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment. The Company had no outstanding supplier liabilities at the end of either the current year or prior period.

Political and charitable donations

During the period, no political or charitable donations were made by the Company (2013: £nil).

Events since the balance sheet date

There have been no material events since the balance sheet date.

Resolutions

The Company has passed elective resolutions to dispense with the holding of an Annual General Meeting and laying of the report and accounts before the members.

Directors' Report

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 ought to have taken as a director in order to make himself 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



B Kotush
Director

29 July 2014

Directors' Responsibilities Statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Standards (UK GAAP). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 Canaccord Genuity Hawkpoint Holdings Limited

We have audited the financial statements of Canaccord Genuity Hawkpoint Holdings Limited for the year ended 31 March 2014 which comprise the Profit and Loss, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the members of Canaccord Genuity Hawkpoint Holdings Limited (continued)

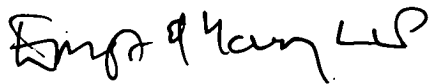
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

7 August 2014

Profit and Loss

For the year ended 31 March 2014

		12 months to 31 March 2014 £000	15 months to 31 March 2013 £000
	note		
Income from group undertaking		-	4,135
Administrative expenses		(75)	(130)
Write down of investments	6	-	(8,527)
Loss before interest and tax		(75)	(4,522)
Interest receivable and similar income		2	13
Loss on ordinary activities before taxation		(73)	(4,509)
Taxation on ordinary activities	4	-	-
Loss for the year/period		(73)	(4,509)

All losses were from continuing operations in both the current year and prior period. There were no other recognised gains or losses in either the current year or prior period.

Balance Sheet

As at 31 March 2014

	note	31 March 2014 £000	31 March 2013 £000
Current assets			
Investments	7	14	62
Cash at bank and in hand		337	483
		<u>351</u>	<u>545</u>
Creditors: Amounts falling due within one year	8	(264)	(5)
Net current assets		<u>87</u>	<u>540</u>
Total assets less current liabilities		<u>87</u>	<u>540</u>
Creditors: amounts falling due after more than one year	9	-	(308)
Net assets		<u>87</u>	<u>232</u>
Capital and Reserves			
Called up share capital	10,12	-	-
Other reserves	12	12,310	12,382
Profit and loss account	12	(12,223)	(12,150)
Total shareholders' funds	12	<u>87</u>	<u>232</u>

These financial statements of Canaccord Genuity Hawkpoint Holdings Limited (registered number: 03875826) were approved by the Board of Directors and authorised for issue on 29 July 2014 and are signed on its behalf by:



B Kotush
Director

Notes to the financial statements

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and on a going concern basis. The financial statements contain information about Canaccord Genuity Hawkpoint Holdings Limited as an individual Company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its former subsidiary undertakings, are included in the consolidated financial statements of its ultimate parent Canaccord Genuity Group Inc. ("CGGI").

In accordance with UITF 38, the Company has aggregated the results of the Damascus II Offshore Trust, an employee benefit trust ("EBT") into its entity financial statements as the EBT's sponsor. The net assets of the EBT, which principally comprise cash and shares in CGGI are included in the balance sheet of the Company, with a corresponding credit recognised directly in equity.

Going concern

As set out in the Directors' Report on page 2, the Directors believe that it is reasonable to conclude that the Company will remain a going concern for the next twelve months and, accordingly, have adopted a going concern basis in the preparation of these financial statements.

Cash flow statement

The Company is a wholly-owned subsidiary of CGGI which prepares consolidated financial statements including a consolidated cash flow statement. It is therefore exempt under the FRS 1 (revised) from preparing its own cash flow statement.

Investments

Investments in subsidiary undertakings were stated at cost less provision for any impairment in value. Current asset investments are included at historical cost.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period-end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to the financial statements

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

Share-based payment

The Company has made share awards to various employees of its former subsidiary. The awards were over shares in its ultimate parent company, CGGI and are accounted for under FRS 20 'Share-based payment'. As required by FRS 20, the profit and loss charge is recognised as an expense in the employing entity over the vesting period of the awards and, accordingly, the Company incurs no share-based payment charge in its own financial statements.

As the awards are not satisfied by delivery of the Company's own equity, but rather by that of its ultimate parent, the awards are treated as cash-settled in the Company's own financial statements. This requires the Company to re-measure its liability at each balance sheet date.

2. Operating loss

Audit fees in relation to the audit of the Company's financial statements amounted to £6,467 (2013: £6,467) and has been borne by the Company's immediate parent, Canaccord Genuity Limited ("CGL"), without right to reimbursement.

3. Directors' emoluments

The Company had no employees during the year under review or the preceding financial period.

No emoluments were payable to the Directors of the Company for their services to the Company either during the year under review or in the preceding financial period.

Notes to the financial statements

4. Taxation charge

	12 months to 31 March 2014 £000	15 months to 31 March 2013 £000
Tax Reconciliation		
Loss on ordinary activities before tax	(73)	(4,509)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 23.0% (2013: 24.4%)	(17)	(1,100)
Effects of:		
Expenses not deductible for tax purposes	17	32
Non-taxable UK dividend income	-	(1,009)
Non-taxable write down	-	2,080
Non-taxable foreign income	-	(3)
Tax charge for year/period	-	-

Notes to the financial statements

5. Dividends

There were no dividends paid during the year. In the prior period, on 26 March 2013 the Company made a £6.8m distribution, by way of a dividend in specie, to its parent company, CGL. This comprised its £0.4m investment in its subsidiary, CGHL, and a £6.4m receivable owing from CGL. The distribution amounted to £3,396,645.17 each for the two £1 shares in issue.

6. Fixed asset investments

	31 March 2014 £000	31 March 2013 £000
<hr/>		
Investment in subsidiary		
Opening balance	-	8,586
Additions	-	370
Dividend in specie to CGL	-	(429)
Write down	-	(8,527)
Closing balance	-	-

The addition during the prior period represents a payment made by the EBT for the employees of CGHL in relation to the option scheme and cash awards. Following the transfer of CGHL's business to CGL on 28 February 2013, the Company's investment in CGHL was written down to £0.4m and the resulting £8.5m charge taken to profit and loss.

7. Current asset investments

The investment comprises of 2,421 (2013: 11,073) ordinary shares in CGGI. These are held by the EBT in order to satisfy awards granted by the Company. The shares are recorded at cost, which represents the value on the date the EBT became entitled to the shares.

Notes to the financial statements

8. Creditors – amounts falling due within one year

	31 March 2014 £000	31 March 2013 £000
Other creditors	-	5
Liability under share-based payment	264	-
	<u>264</u>	<u>5</u>

9. Creditors – amounts falling due after one year

	31 March 2014 £000	31 March 2013 £000
Liability under share-based payment	-	308
	<u>-</u>	<u>308</u>

The remaining cash and share awards vest in June 2014 and have been transferred to creditor amounts falling due within one year.

10. Share capital

	As at 31 March 2014 Number	As at 31 March 2014 £000	As at 31 March 2013 Number	As at 31 March 2013 £000
Authorised				
Ordinary shares of £1 each	941,999	<u>942</u>	941,999	<u>942</u>
Called up and fully paid				
Ordinary shares of £1 each	2	<u>-</u>	2	<u>-</u>

Notes to the financial statements

11. Share-based payments

The Company has a share incentive plan for granting of non-transferable options to employees. Options granted under the plans vest on the first day on which they become exercisable, which is typically over three years from the grant date.

The following table summarises the share option schemes that existed at 31 March 2014 and 31 March 2013:

	As at 31 March 2014	As at 31 March 2013
Options over CGGI shares	-	8,652
Cash options	-	£68,640
	As at 31 March 2014	As at 31 March 2013
Opening CGGI shares awards	8,652	16,699
Forfeited during the year/period	-	(2,421)
Exercised during the year/period	(8,652)	(5,626)
Closing CGGI share awards	-	8,652
	£	£
Opening cash awards	68,640	132,480
Forfeited during the year/period	-	(19,200)
Exercised during the year/period	(68,640)	(44,640)
Closing cash awards	-	68,640

Notes to the financial statements

12. Movements in shareholders' funds

	Called up share capital	Other reserves	Profit and loss account	Total reserves
	£000	£000	£000	£000
As at 31 March 2013	-	12,382	(12,150)	232
Loss for the year	-	-	(73)	(73)
Vesting of option awards	-	(72)	-	(72)
As at 31 March 2014	-	12,310	(12,223)	87

13. Financial commitments and contingencies

As at 31 March 2014 the Company had no annual commitments under non-cancellable operating leases (2013: £nil).

The Company is registered with HM Revenue & Customs as a member of a group for VAT purposes and, as a result, is jointly and severally liable on a continuing basis for amounts owed by other members of the Group in respect of unpaid VAT.

14. Related party transactions

The Company has taken advantage of the exemption under FRS 8, Related Party Disclosures, not to disclose related party transactions between companies within the CGGI. group.

15. Ultimate parent company and controlling party

The Company's ultimate parent and controlling party is CGGI. Copies of CGGI's consolidated financial statements are available at its head office at 609 Granville Street, Vancouver, V7Y 1H2, Canada, and on its website at www.canaccordgenuitygroup.com.

16. Post balance sheet event

As disclosed on the page 3 of the Directors' Report there have been no material post balance sheet events.