

I Hennig & Co Limited

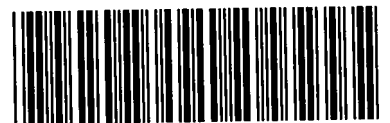
Report and Financial Statements

Year Ended

31 December 2015

Company Number 646001

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I Hennig & Co Limited

Report and financial statements for the year ended 31 December 2015

Contents:

Page:

| | |
|----|--|
| 1 | Company information |
| 2 | Report of the directors |
| 4 | Strategic report |
| 6 | Report of the independent auditor |
| 8 | Consolidated income statement |
| 9 | Consolidated and company statement of comprehensive income |
| 10 | Consolidated statement of financial position |
| 11 | Consolidated statement of changes in equity |
| 12 | Company statement of financial position |
| 13 | Company statement of changes in equity |
| 14 | Consolidated cash flow statement |
| 15 | Notes forming part of the financial statements |

I Hennig & Co Limited

Company information
for the year ended 31 December 2015

| | |
|--|--|
| Directors | D S Shein A Sela S L Stewart J D Hambro F J A Howard G J Stubbs |
| Secretary and registered office | S L Stewart 9 Pine Grove Bricket Wood St Albans AL2 3ST |
| Company number | 646001 |
| Auditor | BDO LLP 55 Baker Street London W1U 7EU |
| Bankers | BNP Paribas SA (London branch) 10 Harewood Avenue London NW1 6AA National Westminster Bank Plc Holborn Circus Branch 1 Hatton Garden London EC1P 1DU Barclays Bank Plc 147 Holborn EC1N 2NU |
| Solicitor | Jones Day 21 Tudor Street London EC4Y 0DJ |

I Hennig & Co Limited

Report of the directors for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The income statement is set out on page 8 and shows the loss for the year. The loss for the year after taxation amounted to \$1,867,543 (2014: profit of \$4,159,798).

A dividend of \$2,500,000 was paid during the year (2014: \$nil) based on previous performance. The directors do not recommend the payment of a final dividend (2014: \$nil). No dividend was declared by the directors in 2016, further details can be found in Note 11.

Strategic report

The following details are disclosed within the strategic report:

- The group's principal activity and review of the business;
- The group's future developments;
- The group's principal risks and uncertainties; and
- The group's financial risk management objectives and policies.

Directors

The directors of the company during the year and post period were as follows:

D S Shein
A Sela
S L Stewart
J D Hambro
F J A Howard
G J Stubbs

Directors' responsibilities

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

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

I Hennig & Co Limited

Report of the directors for the year ended 31 December 2015 (continued)

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.

Auditors

All current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

On behalf of the Board



S L Stewart
Director

20 December 2016

I Hennig & Co Limited

Strategic report for the year ended 31 December 2015

Introduction

This Strategic report has been prepared solely to provide additional information to shareholders to assess the group's strategies and the potential for those strategies to succeed.

The Strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The company and group's principal activities continue to be diamond broking.

Review of the business

The Hennig group operates in the diamond industry. Hennig's main source of income is commission from clients who purchase rough diamonds from the De Beers SA group of companies ("De Beers"). Consequently Hennig's performance is somewhat dependant on the performance of De Beers.

De Beers' rough diamond sales declined materially in 2015 caused by decreased sales volumes and a decline in the average rough price index compared to 2014. Consequently commission reported by Hennig in respect of rough diamond purchases materially decreased. Market conditions declined significantly in 2015 but have subsequently improved post period end.

Key performance indicators

The directors deem the following margin to be the key performance indicator for the group:

| | 2015 | 2014 | Change |
|---------------------------|---------------|-------------|---------------|
| Operating (loss) / profit | (\$2,645,612) | \$5,171,885 | (\$7,817,497) |
| Operating margin | (32.0%) | 28.8% | (60.8%) |

Principal risks and uncertainties

We are exposed to the performance of the rough diamond market and trading conditions remain challenging.

The group's policy in respect of financial instruments is set out within Accounting policies in the notes to the accounts.

Financial risk management

The group's operations expose it to a variety of financial risks that include interest rate risk, credit risk and currency risk. These risks are managed by the directors of the company in accordance with the overall group policies.

I Hennig & Co Limited

**Strategic report
for the year ended 31 December 2015 (continued)**

Interest rate risk

The group has interest bearing assets in the form of cash balances. The assets earn interest at a variable rate of interest and are reviewed regularly by the directors.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Currency risk

The group is exposed to currency risk on administrative expenses and on balances denominated in currencies other than US\$, the largest balance being the defined benefit pension liability.

Future developments

There have been no significant changes in the activities of the company or group and no significant changes are anticipated by the directors in the foreseeable future.

Payments of creditors

The company does not adopt a specific code or standard payment policy. However, it is the company's policy to pay its suppliers in accordance with the terms agreed with them, provided the supplier has met its contractual obligations.

Charitable and political donations

During the year, the group contributed \$44,225 (2014: \$65,000) to charities. There were no political donations during the year.

On behalf of the Board



S L Stewart
Director

20 December 2016

I Hennig & Co Limited

Report of the independent auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I HENNIG & CO LIMITED

We have audited the financial statements of I Hennig & Co Limited for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Qualified 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 December 2015 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

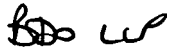
I Hennig & Co Limited

Report of the independent auditor (continued)

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.



*Dominic Stammers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London*

Date 20 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

I Hennig & Co Limited

Consolidated income statement for the year ended 31 December 2015

| | Note | 2015 \$ | 2014 \$ |
|---|--------------|--------------------|------------------|
| Turnover | 3 | 8,257,921 | 17,958,905 |
| Administrative expenses | 4 | (11,205,107) | (12,918,090) |
| Other operating income | 5 | 301,574 | 131,070 |
| Operating (loss) / profit | 4 – 5 | (2,645,612) | 5,171,885 |
| Income from other fixed asset investments | | 185,000 | 185,000 |
| Profit / (loss) on sale of fixed assets | | 35,457 | (49,656) |
| (Loss) / profit on ordinary activities before interest | | (2,425,155) | 5,307,229 |
| Interest receivable and similar income | 6 | 61,080 | 42,499 |
| Interest payable and similar charges | | - | (7,715) |
| Other finance costs | | (73,569) | (41,163) |
| (Loss) / profit on ordinary activities before taxation | | (2,437,644) | 5,300,850 |
| Tax credit / (charge) on the (loss) / profit | 9 | 570,101 | (1,141,052) |
| (Loss) / profit on ordinary activities after taxation | | (1,867,543) | 4,159,798 |

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Consolidated and company statement of comprehensive income for the year ended 31 December 2015

| | Note | 2015 | 2014 |
|--|------|---------------------------|-------------------------|
| | | \$ | \$ |
| Consolidated statement of comprehensive income | | | |
| (Loss) / profit for the financial year | | (1,867,543) | 4,159,798 |
| Actuarial loss on defined benefit scheme | 17 | (752,013) | (1,332,956) |
| Deferred tax effect of actuarial loss | 18 | 150,402 | 304,754 |
| Exchange translation differences on consolidation | | 64,176 | (55,864) |
| | | <u>(537,435)</u> | <u>(1,084,066)</u> |
| Total other comprehensive loss | | | |
| | | <u>(537,435)</u> | <u>(1,084,066)</u> |
| Total comprehensive income for the financial year | | <u><u>(2,404,978)</u></u> | <u><u>3,075,732</u></u> |

| | Note | 2015 | 2014 |
|--|------|---------------------------|-------------------------|
| | | \$ | \$ |
| Company statement of comprehensive income | | | |
| (Loss) / profit for the financial year | | (3,415,725) | 3,254,126 |
| Actuarial loss on defined benefit scheme | 17 | (752,013) | (1,332,956) |
| Deferred tax effect of actuarial loss | 18 | 150,402 | 304,754 |
| Exchange translation differences on consolidation | | 7,584 | (10,364) |
| | | <u>(594,027)</u> | <u>(1,038,566)</u> |
| Total other comprehensive loss | | | |
| | | <u>(594,027)</u> | <u>(1,038,566)</u> |
| Total company comprehensive income for the financial year | | <u><u>(4,009,752)</u></u> | <u><u>2,215,560</u></u> |

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Consolidated statement of financial position at 31 December 2015

| <i>Company number 646001</i> | <i>Note</i> | <i>2015</i> | <i>2015</i> | <i>2014</i> | <i>2014</i> |
|--|-------------|-------------------|-------------------|-------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 673,278 | | 778,788 |
| Investments | 13 | | 2,500,000 | | 2,500,000 |
| | | | <u>3,173,278</u> | | <u>3,278,788</u> |
| Current assets | | | | | |
| Stocks | 14 | 47,961 | | 80,495 | |
| Debtors due in less than one year | 15 | 3,888,989 | | 2,302,492 | |
| Debtors due in more than one year | 15 | 963,162 | | 562,761 | |
| Cash at bank and in hand | | 9,795,730 | | 19,349,091 | |
| | | <u>14,695,842</u> | | <u>22,294,839</u> | |
| Creditors: amounts falling due within one year | 16 | 4,049,729 | | 6,520,809 | |
| Net current assets | | | <u>10,646,113</u> | | <u>15,774,030</u> |
| Net assets excluding pension scheme liabilities | | | <u>13,819,391</u> | | <u>19,052,818</u> |
| Retirement benefits liabilities | 17 | | <u>2,592,091</u> | | <u>2,920,539</u> |
| Net assets | | | <u>11,227,300</u> | | <u>16,132,279</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 121,067 | | 121,067 |
| Profit and loss account | | | <u>11,106,233</u> | | <u>16,011,212</u> |
| Shareholders' funds | | | <u>11,227,300</u> | | <u>16,132,279</u> |

The financial statements were approved by the Board and authorised for issue on 20 December 2016.



S L Stewart
Director

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

| | Share capital | Profit and loss reserves | Total equity |
|--|------------------|--------------------------------|-------------------|
| | \$ | \$ | \$ |
| Balance as at 01 January 2015 | 121,067 | 16,011,212 | 16,132,279 |
| Consolidated changes in equity for the year | | | |
| Loss for the year | - | (1,867,543) | (1,867,543) |
| Dividend in the year (note 11) | - | (2,500,000) | (2,500,000) |
| Other comprehensive income | - | (537,435) | (537,435) |
| At 31 December 2015 | 121,067 | 11,106,233 | 11,227,300 |

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Company statement of financial position at 31 December 2015

| <i>Company number 646001</i> | <i>Note</i> | <i>2015</i> | <i>2015</i> | <i>2014</i> | <i>2014</i> |
|--|-------------|-------------------|-------------------|-------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 136,870 | | 404,688 |
| Investments | 13 | | 1,439,961 | | 3,206,199 |
| | | | <u>1,576,831</u> | | <u>3,610,887</u> |
| Current assets | | | | | |
| Debtors due in less than one year | 15 | 2,515,707 | | 3,354,256 | |
| Debtors due in more than one year | 15 | 2,406,449 | | 2,312,020 | |
| Cash at bank and in hand | | 6,811,525 | | 13,997,910 | |
| | | <u>11,733,681</u> | | <u>19,664,186</u> | |
| Creditors: amounts falling due within one year | 16 | 1,183,181 | | 4,307,517 | |
| Net current assets | | | <u>10,550,500</u> | | <u>15,356,669</u> |
| Net assets excluding retirement benefit liabilities | | | 12,127,331 | | 18,967,556 |
| Retirement benefits liabilities | 17 | | 2,505,980 | | 2,836,453 |
| Net assets | | | <u>9,621,351</u> | | <u>16,131,103</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 121,067 | | 121,067 |
| Profit and loss account | | | 9,500,284 | | 16,010,036 |
| Shareholders' funds | | | <u>9,621,351</u> | | <u>16,131,103</u> |

The financial statements were approved by the Board and authorised for issue 20 December 2016.



S L Stewart
Director

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Company statement of changes in equity for the year ended 31 December 2015

| | Share capital | Profit and loss reserves | Total equity |
|--|------------------|--------------------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 01 January 2015 | 121,067 | 16,010,036 | 16,131,103 |
| Consolidated changes in equity for the year | | | |
| Loss for the year | - | (3,415,725) | (3,415,725) |
| Dividend in the year (note 11) | - | (2,500,000) | (2,500,000) |
| Other comprehensive income | - | (594,027) | (594,027) |
| At 31 December 2015 | 121,067 | 9,500,284 | 9,621,351 |

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Consolidated cash flow statement for the year ended 31 December 2015

| | 2015 | 2015 | 2014 | 2014 |
|--|-------------|-------------|-------------|------------|
| | \$ | \$ | \$ | \$ |
| Cash flow from operating activities | | | | |
| Group (loss) / profit | (1,867,543) | | 4,159,798 | |
| Depreciation | 395,318 | | 287,541 | |
| Decrease in stocks | 32,520 | | 60,941 | |
| (Increase) / decrease in debtors | (625,721) | | 3,343,870 | |
| Decrease in creditors | (2,765,947) | | (832,390) | |
| (Decrease) / increase in provisions | 107,364 | | (207,418) | |
| Interest paid | 73,569 | | 41,163 | |
| Exchange and translation adjustments | (39,179) | | (1,378) | |
| Retirement benefit contributions | (1,110,850) | | (1,259,993) | |
| Corporation tax | (570,101) | | 1,141,052 | |
| Profit on disposal of fixed assets | (35,457) | | 49,656 | |
| Dividends received | (185,000) | | (185,000) | |
| | | | | |
| Cash from operations | (6,591,027) | | 6,597,842 | |
| Income taxes paid | (365,555) | | (470,574) | |
| | | | | |
| Net cash inflow from operating activities | | (6,956,582) | | 6,127,268 |
| | | | | |
| Cash flow from investing activities | | | | |
| Purchase of tangible fixed assets | (407,727) | | (535,926) | |
| Sale of tangible fixed asset | 110,362 | | 9,644 | |
| Loans payments received | 19,577 | | 14,096 | |
| Dividends received | 185,000 | | 185,000 | |
| | | | | |
| Net cash flow from investing activities | | (92,788) | | (327,186) |
| | | | | |
| Cash flow from financing activities | | | | |
| Equity dividends paid | (2,500,000) | | - | |
| | | | | |
| Net cash flow from financing activities | | (2,500,000) | | - |
| | | | | |
| Net (Decrease) / increase in cash in the year | | (9,549,370) | | 5,800,082 |
| | | | | |
| Cash and cash equivalents at beginning of year | | 19,349,091 | | 13,575,729 |
| Foreign exchange gains and losses | | (3,991) | | (26,720) |
| | | | | |
| Cash and cash equivalents at end of year | | 9,795,730 | | 19,349,091 |

The notes on pages 15 to 32 form part of these financial statements

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

Company information

I Hennig & Co Limited is a limited company incorporated in England and Wales. The company registered number is 646001, the registered office 9 Pine Grove, Bricket Wood, St.Albans, AL2 3ST.

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the period ended 31 December 2014. The date of transition was 1 January 2014.

The directors have given consideration to the cash flow forecasts and budgeted profitability of the company and the I Hennig group for a period of not less than 12 months from the date of approval of these financial statements. Based on this the directors are of the opinion that both the group and company are going concerns and therefore that it is appropriate to prepare on a going concern basis.

Reporting currency

The financial statements have been prepared in US Dollars. As a matter of industry convention, diamonds have for many years been priced in US Dollars. As substantially all the group's income is charged and received in US Dollars the directors feel that US Dollars represent the most appropriate reporting currency. The year-end exchange rate is \$1.4739 to £1 (2014: \$1.5593 to £1).

Basis of consolidation and goodwill

The financial statements consolidate the accounts of the company and all of its subsidiaries up to 31 December 2015.

On acquisition of a business, fair values are attributed to the group's share of the identifiable assets and liabilities of the business existing at the date of acquisition and reflecting the condition as at that date. Where the cost of acquisition exceeds the fair value attributable to such net assets the difference is treated as purchased goodwill and capitalised in the statement of financial position. Goodwill is then amortised through the income statement account over the directors' estimate of its useful economic life. Prior to this purchased goodwill was written off directly to reserves and has not been reinstated.

The results and cash flows relating to a business are included in the consolidated income statement account and the consolidated cash flow statement from the date of acquisition to the date of disposal.

Turnover

Turnover represents amounts receivable, less value added tax, by the group for services provided as brokers and consultants.

Dividends

Equity dividends are recognised when they become legally payable.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all assets evenly over their useful lives. It is calculated as follows:

| | | |
|------------------------------|---|------------------------------|
| Long leasehold property | - | over the length of the lease |
| Motor vehicles and equipment | - | 20%-33% straight line |
| Short leasehold improvements | - | over the length of the lease |

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Investments

Where the group has an investment in another company but does not have significant influence over that company, the group's equity stake is accounted for as an investment. The group's equity stake is accounted for an investment at amortised cost as the fair value of the company is not readily available

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the year end date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

Foreign currency translation

Transactions in currencies other than the group's functional currency are recorded at the spot rate ruling at the beginning of the month in which the transaction occurred, which is not materially different from the rate on the date on which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated at the rates of exchange prevailing at that date. All exchange differences are included in the income statement account.

The financial statements of overseas subsidiaries are translated at the rates of exchange ruling at the year end date. Exchange differences arising from the re-translation of opening net assets are taken directly to reserves.

The principal US Dollar exchange rates used were as follows:

| <i>Closing exchange rates</i> | Rate to 1 US\$ | |
|-------------------------------|-----------------------|-------------|
| | 2015 | 2014 |
| Pounds Sterling | 0.679 | 0.641 |
| Euro | 0.921 | 0.826 |
| South African Rand | 15.496 | 11.569 |
| Botswana Pula | 11.247 | 9.510 |
| Indian Rupee | 66.156 | 63.123 |
| Thai Baht | 35.985 | 32.900 |
| Israeli Shekel | 3.891 | 3.892 |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

1 Accounting policies (*continued*)

Finance and operating leases

Where the group has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges, are included in creditors with the corresponding asset values recorded in tangible fixed assets and depreciated over the shorter of their estimated useful lives or their lease terms. Payments are apportioned between the finance element, which is charged to the income statement account as interest and the capital element, which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the income statement account in equal annual amounts over the period of the leases.

Pension costs and other post-retirement benefits

Contributions to the group's defined contribution scheme are charged to the income statement account in the year in which they become payable.

Pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full as a pension asset or liability as appropriate. The movement in the scheme surplus/deficit is split between operating and financing items in the income statement account and the statement of comprehensive income. The full service cost of the pension provision is charged to operating profit. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return on the scheme assets is charged/credited to other finance costs.

I Hennig & Co Ltd have long paid the professional fees incurred in running the Hattron Group Staff Benefit Plan. These costs were expensed through the income statement account as they were incurred. However, the Hattron Group Staff Benefit Plan is now closed to future accrual and the full expected future cost of these professional fees have been discounted and included in the liability.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Financial instruments

The group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through robust credit control procedures. The nature of its financial instruments means that the price risk to which they are subjected is minimal. The group carries out cash flow and working capital monitoring which together with regular cash flow forecasting ensures that it has adequate cash to manage the liquidity risk to which it is exposed. The group does not use derivative financial instruments for speculative purposes.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. Those material judgements are the following:

Tangible fixed assets (see note 12)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investments (see note 13)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at amortised cost.

Pension (see note 17)

The pension liability consists of numerous estimates made by the actuary and reviewed by the directors. The directors rely on this expert opinion for both advice and periodic review of the actuarial assumptions, however due to the estimations involved material variances can occur over time.

3 Turnover

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Analysis of turnover by country of destination: | | |
| United Kingdom | 5,880,996 | 15,751,153 |
| Rest of Europe | 2,015,620 | 2,086,006 |
| Rest of the world | 361,305 | 121,746 |
| | <u> </u> | <u> </u> |

4 Operating loss

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | \$ | \$ |
| This is arrived at after charging / (crediting): | | |
| Depreciation of fixed assets | 395,318 | 287,541 |
| Auditors' remuneration | | |
| - audit services | 64,867 | 74,564 |
| - services related to taxation | 18,220 | 33,687 |
| Operating lease rentals | | |
| - land and buildings | 1,144,505 | 785,074 |
| Exchange losses / (gains) | 177,420 | 279,666 |
| Defined contribution pension scheme cost | 418,646 | 496,176 |
| Exceptional item – provision for onerous lease | (666,482) | - |
| | <u> </u> | <u> </u> |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| 5 Other operating income | | | 2015 | 2014 |
| | | | \$ | \$ |
| Other operating income consists of: | | | | |
| Rent | | | 301,574 | 131,070 |
| | | | <u> </u> | <u> </u> |
| 6 Interest | | | 2015 | 2014 |
| | | | \$ | \$ |
| Interest receivable and similar income: | | | | |
| From banks | | | 56,846 | 31,560 |
| Other interest receivable | | | 4,234 | 10,939 |
| | | | <u> </u> | <u> </u> |
| | | | 61,080 | 42,499 |
| | | | <u> </u> | <u> </u> |
| 7 Employees | | | | |
| | Group | Group | Company | Company |
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Staff costs consist of: | | | | |
| Wages and salaries | 4,892,529 | 7,395,830 | 2,776,264 | 5,797,816 |
| Social security costs | 290,710 | 428,866 | 181,865 | 312,822 |
| Pension costs - defined contribution scheme | 418,646 | 496,176 | 227,918 | 319,179 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 5,601,885 | 8,320,872 | 6,429,817 | 6,429,817 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The average monthly number of employees (including directors) during the year was as follows:

| | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | Group | Group | Company | Company |
| | 2015 | 2014 | 2015 | 2014 |
| Brokers | 14 | 15 | 8 | 9 |
| Tenders | 10 | 12 | 0 | 0 |
| Administrative staff | 17 | 18 | 12 | 13 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 41 | 45 | 20 | 22 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

8 Directors

| | 2015 | 2014 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Directors' remuneration consists of: | | |
| Emoluments | 1,776,192 | 3,519,883 |
| Pension contributions | 60,277 | 67,666 |
| | <u>1,836,469</u> | <u>3,587,549</u> |

During the year 1 director was a member of the group's defined benefit pension scheme (2014 - 1) and 1 directors were members of the group's defined contribution scheme (2014 - 2). There are considered no additional key management beyond the directors included above.

| <i>Highest paid director</i> | 2015 | 2014 |
|------------------------------|----------------|------------------|
| | \$ | \$ |
| Emoluments | <u>738,026</u> | <u>1,704,785</u> |

The highest paid director is not a member of the defined benefit scheme.

9 Taxation

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| <i>Current tax:</i> | | |
| UK corporation tax | (201,680) | 573,696 |
| Adjustments in respect of previous periods | (188,366) | (12,591) |
| Foreign tax | 172,912 | 236,795 |
| | <u>(217,134)</u> | <u>797,900</u> |
| Total current tax (<i>next page</i>) | (217,134) | 797,900 |
| <i>Deferred tax:</i> | | |
| Current year deferred tax | (432,057) | 342,477 |
| Prior year deferred tax | 79,090 | 675 |
| | <u>(570,101)</u> | <u>1,141,052</u> |
| Total tax on the loss on ordinary activities | (570,101) | 1,141,052 |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

9 Taxation (*continued*)

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

| | 2015 | 2014 |
|---|-------------|-----------|
| | \$ | \$ |
| (Loss) / profit on ordinary activities before tax | (2,437,644) | 5,300,850 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%): | (493,622) | 1,139,683 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 5,496 | 18,529 |
| Non-taxable gains | (79,331) | (80,848) |
| Short term timing differences | (88,696) | (325,118) |
| Tax rate difference | 73,146 | 42,652 |
| Under provision in prior year | (188,366) | (20,602) |
| Accelerated capital allowances | 45,164 | 22,044 |
| Losses carried forward | 509,076 | 1,560 |
| Current year tax (credit) / charge (<i>see previous page</i>) | (217,134) | 797,900 |
| <i>Current year deferred tax:</i> | | |
| Deferred tax movement on the pension liability | 221,009 | 282,075 |
| Current year movement in ACAs | (37,339) | (5,050) |
| Short term timing difference | (605,727) | 65,452 |
| Current year deferred tax (<i>see previous page</i>) | (432,057) | 342,477 |
| <i>Prior year deferred tax</i> | | |
| Increase in accelerated capital allowance liability | 79,090 | 675 |
| Prior year deferred tax (<i>see previous page</i>) | 79,090 | 675 |
| Total tax (credit) / charge on the loss on ordinary activities | (570,101) | 1,141,052 |

I Hennig & Co Limited

**Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)**

10 Loss for the financial year

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement account in these financial statements. The group loss for the year includes the parent company loss after tax of \$3,415,725 (2014: profit after tax of \$3,254,126).

11 Dividends

Dividends were paid during the year of \$2,500,000 (2014: \$nil) based on previous performance.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

12 Tangible assets

| Group | Long leasehold property \$ | Short leasehold improvements \$ | Motor vehicles and equipment \$ | Total \$ |
|----------------------------|-------------------------------------|--|--|------------------|
| <i>Cost</i> | | | | |
| At 1 January 2015 | 70,099 | 1,679,253 | 1,260,987 | 3,010,339 |
| Exchange adjustment | - | (20,604) | (64,286) | (84,890) |
| Additions | - | 183,472 | 224,255 | 407,727 |
| Disposals | (70,099) | (18,205) | (154,221) | (242,525) |
| At 31 December 2015 | - | 1,823,916 | 1,266,735 | 3,090,651 |
| <i>Depreciation</i> | | | | |
| At 1 January 2015 | 18,800 | 1,351,018 | 861,733 | 2,231,553 |
| Exchange adjustment | - | (23,471) | (18,405) | (41,876) |
| Charge for the year | 584 | 248,489 | 146,245 | 395,318 |
| Disposals | (19,384) | (9,877) | (138,359) | (167,620) |
| At 31 December 2015 | - | 1,566,159 | 851,214 | 2,417,373 |
| <i>Net book value</i> | | | | |
| At 31 December 2015 | - | 257,757 | 415,521 | 673,278 |
| At 31 December 2014 | 51,299 | 328,235 | 399,254 | 778,788 |
| Company | | | | |
| <i>Cost</i> | | | | |
| At 1 January 2015 | 70,099 | 1,525,718 | 444,654 | 2,040,471 |
| Exchange adjustment | - | (7,762) | (7,026) | (14,788) |
| Additions | - | - | 11,777 | 11,777 |
| Disposals | (70,099) | - | (1,473) | (71,572) |
| At 31 December 2015 | - | 1,517,956 | 447,932 | 1,965,889 |
| <i>Depreciation</i> | | | | |
| At 1 January 2015 | 18,800 | 1,259,585 | 357,398 | 1,636,993 |
| Exchange adjustment | - | (5,650) | (4,431) | (10,081) |
| Charge for the year | 584 | 185,280 | 36,838 | 222,702 |
| Disposals | (19,384) | - | - | (19,384) |
| At 31 December 2015 | - | 1,439,214 | 389,805 | 1,829,019 |
| <i>Net book value</i> | | | | |
| At 31 December 2015 | - | 78,742 | 58,128 | 136,870 |
| At 31 December 2014 | 51,299 | 266,133 | 87,256 | 404,688 |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

13 Fixed assets investments

| | Group 2015 \$ | Group 2014 \$ | Company 2015 \$ | Company 2014 \$ |
|--|---------------------|---------------------|-----------------------|-------------------------|
| Subsidiary undertakings | - | - | 1,439,961 | 3,206,199 |
| Other investments | 2,500,000 | 2,500,000 | - | - |
| | <u>2,500,000</u> | <u>2,500,000</u> | <u>1,439,961</u> | <u>3,206,199</u> |
| Net book value | <u>2,500,000</u> | <u>2,500,000</u> | <u>1,439,961</u> | <u>3,206,199</u> |
| Subsidiary undertakings – company | | | | \$ |
| <i>Cost</i> | | | | |
| At 1 January 2015 and 31 December 2015 | | | | <u>4,342,280</u> |
| <i>Provisions</i> | | | | |
| At 1 January 2015 | | | | 1,136,081 |
| Increase in provision | | | | <u>1,766,238</u> |
| At 31 December 2015 | | | | <u>2,902,319</u> |
| <i>Net book value</i> | | | | |
| At 31 December 2015 | | | | <u>1,439,961</u> |
| | | | | <u>3,206,199</u> |

I Hennig & Co Limited has investments in the following companies:

| Name | Country of Incorporation | %* | Nature of business |
|-----------------------------------|-----------------------------|-----|----------------------------|
| I Hennig & Co (USA) Limited | USA | 100 | Agency company |
| I Hennig & Co (Belgium) NV | Belgium | 100 | Agency company |
| I Hennig & Co (Pty) Limited | Botswana | 100 | Agency company |
| I Hennig & Co (Thailand) Limited | Thailand | 100 | Agency company |
| I Hennig & Co (Hong Kong) Limited | Hong Kong | 100 | Dormant company |
| I Hennig & Co (Overseas) Limited | Israel | 100 | Agency company |
| Diamond Realisations Limited | England & Wales | 100 | Investment holding company |
| Clemente Business Limited | British Virgin Islands | 100 | Investment holding company |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

13 Fixed asset investments (continued)

Diamond Realisations Limited has the following subsidiaries:

| Name | Country of Incorporation | %* | Nature of business |
|---|--------------------------|-----|--------------------|
| Diamond Realisations (Belgium) NV | Belgium | 100 | Diamond merchants |
| Diamond Realisations (Overseas) Limited | Israel | 100 | Diamond merchants |
| Diamond Realisations (India) Pvt. Limited | India | 100 | Diamond merchants |
| Diamond Realisations (Hong Kong) Ltd | Hong Kong | 100 | Diamond merchants |
| Diamond Realisations (USA) Inc | USA | 100 | Diamond merchants |
| Diamond Realisations (South Africa) Pty Limited | South Africa | 100 | Diamond merchants |
| Diamond Realisations DMCC | Dubai | 100 | Diamond merchants |
| Diamond Realisations (Botswana) Pty Ltd | Botswana | 100 | Diamond merchants |

* Proportion of voting rights and ordinary share capital held

Other investments

| | Group Unlisted Investments \$ | Company Unlisted Investments \$ |
|--------------------------------------|--|--|
| <i>Cost</i> | | |
| At 1 January 2015 & 31 December 2015 | 3,196,473 | 386,473 |
| <i>Provisions</i> | | |
| At 1 January 2015 & 31 December 2015 | 696,473 | 386,473 |
| <i>Net book value</i> | | |
| At 31 December 2015 | 2,500,000 | - |
| At 31 December 2014 | 2,500,000 | - |

Clemente Business Limited (an I Hennig & Co Limited 100% subsidiary as listed above) owns 37% of the issued share capital of MDS Group Holdings Limited. MDS Group Holdings Limited has been accounted for as an investment and is included in the consolidated statement of financial position at its cost of investment.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

14 Stocks

| | Group 2015 \$ | Group 2014 \$ |
|------------------|---------------------|---------------------|
| Goods for resale | 47,961 | 80,495 |

15 Debtors

| | Group 2015 \$ | Group 2014 - Restated* \$ | Company 2015 \$ | Company 2014 - Restated* \$ |
|--|-------------------------|---------------------------------|-------------------------|-----------------------------------|
| <i>Amounts falling due within one year:</i> | | | | |
| Trade debtors | 1,439,828 | 1,211,460 | 313,553 | 423,059 |
| Amounts owed by subsidiary undertakings | - | - | 902,752 | 2,201,804 |
| Deferred tax asset * | 163,917 | 60,616 | 163,917 | 60,616 |
| Corporation tax | 940,651 | 61,965 | 756,718 | 154,201 |
| Other debtors | 421,732 | 456,025 | 123,795 | 163,279 |
| VAT | 588,244 | 47,340 | 30,296 | 21,620 |
| Prepayments | 334,617 | 465,086 | 224,676 | 329,677 |
| | <u>3,888,989</u> | <u>2,302,492</u> | <u>2,515,707</u> | <u>3,354,256</u> |
| <i>Amounts falling due after more than one year:</i> | | | | |
| Amounts owed by subsidiary undertakings | - | - | 1,562,576 | 1,747,190 |
| Deferred tax asset (note 18) * | 963,162 | 562,761 | 843,873 | 564,830 |
| | <u>963,162</u> | <u>562,761</u> | <u>2,406,449</u> | <u>2,312,020</u> |
| Total debtors | <u>4,852,151</u> | <u>2,865,253</u> | <u>4,922,156</u> | <u>5,666,276</u> |

* The comparative year has been restated in line with the current year's adoption of FRS 102. The updated accounting policy requires the deferred tax asset on the pension liability to be shown separately of the pension liability.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

16 Creditors: amounts falling due within one year

| | Group 2015 \$ | Group 2014 \$ | Company 2015 \$ | Company 2014 \$ |
|---|---------------------|---------------------|-----------------------|-----------------------|
| Trade creditors | 1,404,442 | 2,727,284 | 316,384 | 264,872 |
| Amounts owed to parent entity | 47,503 | - | 47,503 | - |
| Amounts owed to subsidiary undertakings | - | - | 357,887 | 264,952 |
| Corporation tax | 296,015 | - | - | - |
| Other taxation and social security | 126,004 | 156,376 | 104,293 | 112,411 |
| Other creditors | 819,144 | 84,445 | 11,529 | 282,899 |
| Accruals and deferred income | 1,356,621 | 3,552,704 | 345,585 | 3,382,383 |
| | <u>4,049,729</u> | <u>6,520,809</u> | <u>1,183,181</u> | <u>4,307,517</u> |

17 Retirement benefits

The group has four different classes of retirement benefits:

- A defined contribution pension scheme
- A funded defined benefit pension scheme
- Unfunded post-retirement health insurance
- Other unfunded defined benefit pensions

In the first class of benefit, the "defined contribution pension scheme", contributions are charged to the income statement account in the year in which they become payable.

The second class of benefit, the "funded defined benefit pension scheme", operates through the group making contributions to The Hattron Group Staff Benefits Plan. However, the scheme closed to new members in 2003 and from 1 April 2009 ceased accruing further benefits for active members of the scheme.

The defined benefit scheme funds are administered by trustees and are independent of the group's finances. Deficit contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser and the plan agreed with the trustees. In 2015 the group met the administration costs of running the scheme.

The third class of benefit, "post-retirement health insurance", pays for the costs of healthcare for life for some retirees and their spouses. Currently the arrangement is insured through and premiums paid to BUPA.

The fourth class of benefit, the "other unfunded defined benefit pensions", represents unfunded pension obligations of the group to nine individuals.

These last three types of retirement benefit have been accounted for as defined benefit schemes. Accordingly, liabilities have been calculated using the projected unit valuation method and scheme assets are valued at fair value. The rest of this note gives further information about these three schemes.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

17 Retirement benefits (continued)

| | 2015 \$ | 2014 \$ |
|--|-----------------------------|-----------------------------|
| <i>Reconciliation of present value of plan liabilities</i> | | |
| At the beginning of the year | 38,750,250 | 37,662,500 |
| Interest cost | 1,279,345 | 1,634,975 |
| Actuarial (gains) / losses | (2,014,497) | 2,861,890 |
| Benefits paid | (1,110,850) | (1,322,580) |
| Exchange (gains) / losses | (2,119,076) | (2,086,535) |
| | <u> </u> | <u> </u> |
| At the end of the year | 34,785,172 | 38,750,250 |
| | <u> </u> | <u> </u> |
| <i>Composition of plan liabilities</i> | | |
| Schemes wholly or partly funded | 32,413,884 | 35,921,072 |
| | <u> </u> | <u> </u> |
| <i>Reconciliation of fair value of plan assets</i> | | |
| At the beginning of the year | 38,096,818 | 36,157,178 |
| Interest income on plan assets | 1,277,871 | 1,514,080 |
| Return on assets, excluding interest income | (930,031) | 2,540,100 |
| Contributions by group | 1,110,850 | 1,259,993 |
| Benefits paid | (1,110,850) | (1,322,580) |
| Exchange gains / (losses) | (2,086,493) | (2,051,953) |
| | <u> </u> | <u> </u> |
| At the end of the year | 36,358,165 | 38,096,818 |
| | <u> </u> | <u> </u> |
| Fair value of plan assets | 36,358,165 | 38,096,818 |
| Irrecoverable surplus | (3,973,634) | (2,183,020) |
| Present value of plan liabilities | (34,785,172) | (38,750,250) |
| | <u> </u> | <u> </u> |
| Net pension scheme liability | (2,400,641) | (2,836,453) |
| | <u> </u> | <u> </u> |
| <i>Reconciliation of liability</i> | | |
| Net pension scheme liability | 2,400,641 | 2,836,453 |
| Gratuity liability | 105,339 | - |
| | <u> </u> | <u> </u> |
| Company retirement benefits liability | 2,505,980 | 2,836,453 |
| | <u> </u> | <u> </u> |
| Reserve for severance pay | 86,111 | 84,086 |
| | <u> </u> | <u> </u> |
| Group retirement benefits liability | 2,592,091 | 2,920,539 |
| | <u> </u> | <u> </u> |
| <i>Amounts recognised in the profit and loss administration expenses are as follows:</i> | | |
| Net interest on the net defined benefit liability | 75,169 | 93,558 |

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

| | | |
|--|-------------------|--------------------|
| 17 Retirement benefits (continued) | 2015 | 2014 |
| | \$ | \$ |
| <i>Analysis of actuarial loss recognised in other comprehensive income</i> | | |
| Actuarial (gains)/losses on the liabilities | (2,014,497) | 2,861,890 |
| Return on assets, excluding interest income | 930,031 | (2,540,100) |
| Change in the amount of surplus that is not recoverable, excluding interest income | 1,836,479 | 1,001,166 |
| | <u>752,013</u> | <u>1,322,956</u> |
| <i>Composition of plan assets</i> | | |
| MA fund* | 18,739,165 | 19,422,641 |
| Bonds | 4,896,296 | 5,161,283 |
| Gilts | 11,640,862 | 12,355,893 |
| Cash | 1,081,843 | 1,157,001 |
| | <u>36,358,165</u> | <u>38,096,818</u> |
| <i>Actual return on plan assets (excluding interest income)</i> | <u>930,031</u> | <u>(2,540,100)</u> |
| <i>* Multi Asset Fund</i> | | |
| | 2015 | 2014 |
| | % | % |
| <i>Principal actuarial assumptions used at the year end date</i> | | |
| Discount rates | 3.85 | 3.55 |
| Inflation assumption (RPI) | 3.05 | 3.00 |
| Inflation assumption (CPI) | 2.05 | 2.00 |
| LPI pension increases | 3.00 | 2.95 |
| Long-term healthcare inflation | 5.50 | 5.55 |
| Assumed life expectancies on retirement at age 60 are: | | |
| - Retiring today – Males | 28.8 | 28.7 |
| - Retiring in 20 years time – Males | 30.9 | 30.8 |

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2013 and updated to 31 December 2014 and 2015 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

18 Deferred tax (continued)

| | Group 2015 \$ | Company 2015 \$ |
|--|---------------------|-----------------------|
| The movements in deferred tax assets were as follows: | | |
| Asset as at 1 January 2015 | 623,378 | 625,447 |
| Amount charged to the income statement account | 353,299 | 231,940 |
| Amount credited to the statement of comprehensive income | 150,402 | 150,402 |
| | <hr/> | <hr/> |
| Asset as at 31 December 2015 | 1,127,079 | 1,007,790 |
| | <hr/> | <hr/> |
| <i>Reported in these financial statements within:</i> | | |
| Debtors falling due within one year | 163,917 | 163,917 |
| Debtors falling due after more than one year | 963,162 | 843,873 |
| | <hr/> | <hr/> |
| Total deferred tax balance | 1,127,079 | 1,007,790 |
| | <hr/> | <hr/> |

The elements of the deferred tax balance are as follows:

| | Group 2015 \$ | Group 2014 \$ | Company 2015 \$ | Company 2014 \$ |
|--------------------------------|---------------------|---------------------|-----------------------|-----------------------|
| Accelerated capital allowances | 27,714 | 27,721 | 29,800 | 29,790 |
| Other timing differences | 1,099,352 | 595,656 | 977,990 | 595,656 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total deferred tax asset | 1,127,066 | 623,377 | 1,007,790 | 625,446 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

19 Share capital

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| <i>Allotted, called up and fully paid</i> | | |
| 68,000 ordinary shares of £1 each | 121,067 | 121,067 |
| | <hr/> | <hr/> |

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

20 Commitments under operating leases

As at 31 December 2015, the group had annual commitments under non-cancellable operating leases as set out below:

| | 2015 \$ | 2014 - restated \$ |
|---|------------------|-----------------------|
| Operating leases which expire: | | |
| Within one year | 72,807 | 129,179 |
| After one year but less than five years | 1,255,926 | 1,771,317 |
| | <u>1,328,733</u> | <u>1,900,496</u> |

Effective from July 2014, one of the rental properties in the group was sublet to a third party, therefore passing on an annual commitment of \$266,958.

The transition effect of FRS 102 has been implemented to show the total commitment of the operating leases over the lease term, rather than the annual commitment until a set duration as per previous UK GAAP.

21 Financial instruments

| | 2015 \$ | 2014 \$ |
|--|------------|------------|
| Financial assets | | |
| Financial assets measured at amortised cost | 14,157,290 | 23,516,846 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 6,219,801 | 9,284,972 |

Financial assets measured at amortised cost comprise of cash, debtors, and investments held at amortised costs.

Financial liabilities measured at amortised cost comprise amounts creditors and accruals.

Information regarding the group's exposure to and management of risk is included in the Directors' report.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

22 Related party transactions

The company has taken advantage of the exemption under paragraph 33.1a of FRS 102 not to disclose any transactions entered into between two or more members of a group where any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Transactions with directors

The managing director was advanced a loan which is non-interest bearing and the transactions that occurred during the year are as follows:

| | \$ |
|-----------------------------|----------|
| Balance at 1 January 2015 | 21,733 |
| Exchange movement | (670) |
| Repayment received | (18,907) |
| | <hr/> |
| Balance at 31 December 2015 | 2,156 |
| | <hr/> |

23 Ultimate parent undertaking

The directors regard Hattron Limited, a company registered in England and Wales, as the company's immediate parent undertaking.

Copies of that company's financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The First Anchorage Company (PTC) Limited, a company incorporated in the British Virgin Islands, is, in its capacity as trustee of the Elpis Trust, considered to be the ultimate controlling party of I Hennig & Co Limited.

24 First time adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the period ended 31 December 2014. The date of transition was 1 January 2014.

Where FRS 102 has caused a material adjustment to accounting policy the 2014 comparative figures have been adjusted to show the effect of FRS 102 on the prior year, this has been noted clearly as 'restated' wherever applicable with explanatory notes.

The comparative year statement of financial position has been restated in line with the current year's adoption of FRS 102. The updated accounting policy requires the deferred tax asset on the pension liability to be shown separately of the pension liability. This is purely reclassification and has no impact on the income statement.