

I Hennig & Co Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 646001



I Hennig & Co Limited
Report and financial statements
for the year ended 31 December 2016

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I Hennig & Co Limited

**Company information
for the year ended 31 December 2016**

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

Consolidated statement of financial position at 31 December 2016

<i>Company number 646001</i>	<i>Note</i>	<i>2016</i>	<i>2016</i>	<i>2015</i>	<i>2015</i>
		\$	\$	\$	\$
Fixed assets					
Tangible assets	5		455,258		673,278
Investments	6		2,500,000		2,500,000
			<u>2,955,258</u>		<u>3,173,278</u>
Current assets					
Stocks	7	37,973		47,961	
Debtors due in less than one year	8	1,831,875		3,888,989	
Debtors due in more than one year	8	683,765		963,162	
Cash at bank and in hand		10,123,282		9,795,730	
		<u>12,676,895</u>		<u>14,695,842</u>	
Creditors: amounts falling due within one year	9	1,985,205		4,049,729	
Net current assets			<u>10,691,690</u>		<u>10,646,113</u>
Net assets excluding pension scheme liabilities			<u>13,646,948</u>		<u>13,819,391</u>
Retirement benefits liabilities	10		<u>2,627,887</u>		<u>2,592,091</u>
Net assets			<u>11,019,061</u>		<u>11,227,300</u>
Capital and reserves					
Called up share capital	12		121,067		121,067
Profit and loss account			10,897,994		11,106,233
Shareholders' funds			<u>11,019,061</u>		<u>11,227,300</u>

The consolidated and company income statement and directors report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to company's subject to the small company's regime.

The financial statements were approved by the Board and authorised for issue on 29 September 2017.

S L Stewart
Director



The notes on pages 6 to 21 form part of these financial statements

I Hennig & Co Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
Balance as at 01 January 2016	121,067	11,106,233	11,227,300
Consolidated changes in equity for the year			
Profit for the year	-	877,663	877,663
Other comprehensive loss	-	(1,085,902)	(1,085,902)
At 31 December 2016	121,067	10,897,994	11,019,061

The notes on pages 6 to 21 form part of these financial statements

I Hennig & Co Limited

Company statement of financial position at 31 December 2016

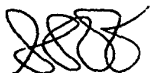
<i>Company number 646001</i>	<i>Note</i>	<i>2016</i>	<i>2016</i>	<i>2015</i>	<i>2015</i>
		\$	\$	\$	\$
Fixed assets					
Tangible assets	5		97,230		136,870
Investments	6		1,178,164		1,439,961
			<u>1,275,394</u>		<u>1,576,831</u>
Current assets					
Debtors due in less than one year	8	1,795,148		2,515,707	
Debtors due in more than one year	8	1,811,933		2,406,449	
Cash at bank and in hand		7,064,466		6,811,525	
		<u>10,671,547</u>		<u>11,733,681</u>	
Creditors: amounts falling due within one year	9	883,253		1,183,181	
Net current assets			<u>9,788,294</u>		<u>10,550,500</u>
Net assets excluding retirement benefit liabilities			<u>11,063,688</u>		<u>12,127,331</u>
Retirement benefits liabilities	10		2,546,366		2,505,980
Net assets			<u><u>8,517,322</u></u>		<u><u>9,621,351</u></u>
Capital and reserves					
Called up share capital	12		121,067		121,067
Profit and loss account			8,396,255		9,500,284
Shareholders' funds			<u><u>8,517,322</u></u>		<u><u>9,621,351</u></u>

The consolidated and company income statement and directors report has not been delivered to the Registrar of Companies in accordance with the special provisions applicable to company's subject to the small company's regime.

The group has taken the exemption from presenting the company profit and loss account under section 408 of the Companies Act 2006. The Company's loss for the year was \$21,369 (2015 - \$3,415,725)

The financial statements were approved by the Board and authorised for issue 29 September 2017.

S L Stewart
Director



The notes on pages 6 to 21 form part of these financial statements

I Hennig & Co Limited

Company statement of changes in equity for the year ended 31 December 2016

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
Balance as at 01 January 2016	121,067	9,500,284	9,621,351
Consolidated changes in equity for the year			
Loss for the year	-	(21,369)	(21,369)
Other comprehensive loss	-	(1,082,660)	(1,082,660)
At 31 December 2016	121,067	8,396,255	8,517,322

The notes on pages 6 to 21 form part of these financial statements

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2016

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.

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.

Disclosure exemptions:

In preparing the financial statements the company has taken advantage of the following exemptions conferred by FRS 102:

- Section 7 - Cash flow statements - presentation of a cash flow statement and related notes and disclosures
- Section 11 - Basic financial instruments
- Section 33 - Related party disclosures - section 33.1a

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 \$1.2356 to £1 (2015: \$1.4739 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 2016. These accounts have been prepared and delivered in accordance with the provisions applicable to company's subject to the small company regime.

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 relating to a business are included in the consolidated income statement account from the date of acquisition to the date of disposal.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (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:

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 cannot be reliably measured.

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\$	
	2016	2015
Pounds Sterling	0.809	0.679
Euro	0.948	0.921
South African Rand	13.675	15.496
Botswana Pula	10.684	11.247
Indian Rupee	67.870	66.156
Thai Baht	35.811	35.985
Israeli Shekel	3.849	3.891

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (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 2016 (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 5)

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 6)

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

Pension (see note 10)

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 Employees

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

	Group 2016	Group 2015	Company 2016	Company 2015
Brokers	11	14	6	8
Tenders	9	10	1	0
Administrative staff	18	17	12	12
	<u>38</u>	<u>41</u>	<u>19</u>	<u>20</u>

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

4 Taxation

	2016	2015
	\$	\$
<i>Current tax:</i>		
UK corporation tax	13,723	(201,680)
Adjustments in respect of previous periods	-	(188,366)
Foreign tax	102,918	172,912
	<hr/>	<hr/>
Total current tax (<i>next page</i>)	116,641	(217,134)
<i>Deferred tax:</i>		
Current year deferred tax	290,192	(432,057)
Prior year deferred tax	17,471	79,090
	<hr/>	<hr/>
Total tax on the loss on ordinary activities	<u>424,304</u>	<u>(570,101)</u>

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

4 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:

	2016	2015
	\$	\$
Profit / (loss) on ordinary activities before tax	1,301,967	(2,437,644)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%):	260,393	(493,622)
<i>Effects of:</i>		
UK tax on subsidiaries	13,723	5,496
Expenses not deductible for tax purposes	22,390	(79,331)
Non-taxable gains	(114,977)	(88,696)
Short term timing differences	(193,376)	73,146
Tax rate difference	26,584	(188,366)
Prior year under provision	30,201	-
Accelerated capital allowances	5,007	45,164
Losses carried forward	124,577	509,076
Capital gains indexation allowance	(938)	-
Deferred tax losses utilised in the year	(56,943)	-
Current year tax charge / (credit) (see previous page)	116,641	(217,134)
<i>Current year deferred tax:</i>		
Deferred tax movement on the pension liability	336,455	211,009
Current year movement in ACAs	(4,369)	(37,339)
Short term timing difference	(41,894)	(605,727)
Current year deferred tax (see previous page)	290,192	(432,057)
<i>Prior year deferred tax</i>		
Increase in accelerated capital allowance liability	38,226	79,090
Decrease in the deferred tax and pension the pension liability	(20,756)	-
Prior year deferred tax (see previous page)	17,471	79,090
Total tax charge / (credit) on the loss on ordinary activities	424,304	(570,101)

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

5 Tangible assets

Group	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2016	1,823,916	1,266,735	3,090,651
Exchange adjustment	7,957	2,981	10,938
Additions	-	79,294	79,294
Disposals	(1,349,181)	(421,518)	(1,770,699)
At 31 December 2016	482,692	927,492	1,410,184
<i>Depreciation</i>			
At 1 January 2016	1,566,159	851,214	2,417,373
Exchange adjustment	10,809	(15,568)	(4,759)
Charge for the year	78,890	125,827	204,717
Disposals	(1,297,996)	(364,409)	(1,662,405)
At 31 December 2016	357,862	597,065	954,926
<i>Net book value</i>			
At 31 December 2016	124,830	330,428	455,258
At 31 December 2015	257,757	415,521	673,278
Company			
<i>Cost</i>			
At 1 January 2016	1,517,956	447,933	1,965,889
Exchange adjustment	(3,155)	1,661	(1,494)
Additions	-	76,867	76,867
Disposals	(1,312,653)	(277,414)	(1,590,067)
At 31 December 2016	202,148	249,047	451,195
<i>Depreciation</i>			
At 1 January 2016	1,439,214	389,805	1,829,019
Exchange adjustment	(3,155)	(587)	(3,742)
Charge for the year	37,400	31,150	68,550
Disposals	(1,271,311)	(268,551)	(1,539,862)
At 31 December 2016	202,148	151,817	353,965
<i>Net book value</i>			
At 31 December 2016	-	97,230	97,230
At 31 December 2015	78,742	58,128	136,870

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

6 Fixed assets investments

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Subsidiary undertakings	-	-	1,178,164	1,439,961
Other investments	2,500,000	2,500,000	-	-
	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,178,164</u>	<u>1,439,961</u>
Net book value	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,178,164</u>	<u>1,439,961</u>
Subsidiary undertakings – company				\$
<i>Cost</i>				
At 1 January 2016				4,342,280
Dis-continuing investment				(261,786)
				<u>4,080,496</u>
At 31 December 2016				<u>4,080,496</u>
<i>Provisions</i>				
At 1 January 2016				2,902,319
Increase in provision				13
				<u>2,902,332</u>
At 31 December 2016				<u>2,902,332</u>
<i>Net book value</i>				
At 31 December 2016				<u>1,178,164</u>
				<u>1,439,961</u>
At 31 December 2015				<u>1,439,961</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 (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 2016 (*continued*)

6 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 (USA) Inc	USA	100	Diamond merchants
Diamond Realisations (South Africa) Pty Limited	South Africa	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 2016 & 31 December 2016	3,196,473	386,473
<i>Provisions</i>		
At 1 January 2016 & 31 December 2016	696,473	386,473
<i>Net book value</i>		
At 31 December 2016	2,500,000	-
At 31 December 2015	2,500,000	-

Clemente Business Limited (an I Hennig & Co Limited 100% subsidiary as listed above) owns 37% of the issued share capital of Constell Group Limited (previously MDS Group Holdings Limited). Constell Group 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 2016 (continued)

7 Stocks

	Group 2016 \$	Group 2015 \$
Goods for resale	37,973	47,961

8 Debtors

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
<i>Amounts falling due within one year:</i>				
Trade debtors	163,922	1,439,828	136,406	313,553
Amounts owed by subsidiary undertakings	-	-	724,413	902,752
Deferred tax asset	168,870	163,917	168,870	163,917
Corporation tax	195,237	940,651	356,852	756,718
Other debtors	744,452	421,732	218,822	123,795
VAT	271,699	588,244	9,141	30,296
Prepayments	287,695	334,617	180,644	224,676
	1,831,875	3,888,989	1,795,148	2,515,707

Amounts falling due after more than one year:

Amounts owed by subsidiary undertakings	-	-	1,192,550	1,562,576
Deferred tax asset (note 11)	683,765	963,162	619,383	843,873
	683,765	963,162	1,811,933	2,406,449
Total debtors	2,515,640	4,852,151	3,607,081	4,922,156

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

9 Creditors: amounts falling due within one year

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Trade creditors	619,432	1,404,442	45,672	316,384
Amounts owed to parent entity	51,097	47,503	51,097	47,503
Amounts owed to subsidiary undertakings	-	-	590,711	357,887
Corporation tax	166,884	296,015	-	-
Other taxation and social security	91,526	126,004	55,938	104,293
Other creditors	220,474	819,144	20,710	11,529
Accruals and deferred income	835,792	1,356,621	119,125	345,585
	<u>1,985,205</u>	<u>4,049,729</u>	<u>883,253</u>	<u>1,183,181</u>

10 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 funded defined benefit scheme is administered by trustees and its funds 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. The group meets 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 are paid to, BUPA.

The fourth class of benefit, the “other unfunded defined benefit pensions”, represents unfunded pension obligations to the group of twenty-four individuals. Certain non-UK jurisdictions require the accrual of severance pay and gratuity liabilities, these are calculated locally based on expertise within the jurisdiction.

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 2016 (*continued*)

10 Retirement benefits (*continued*)

	2016 \$	2015 \$
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	34,975,063	38,750,250
Interest cost	1,109,105	1,279,345
Actuarial losses / (gains)	5,872,681	(2,014,497)
Benefits paid	(1,032,330)	(1,110,850)
Exchange (gains)	(5,544,474)	(1,929,185)
	<u>35,380,044</u>	<u>34,975,063</u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	32,752,157	32,382,972
Schemes unfunded	2,627,887	2,592,091
	<u>35,380,044</u>	<u>34,975,063</u>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	36,358,165	38,096,818
Interest income on plan assets	1,173,915	1,277,871
Return on assets, excluding interest income	2,767,968	(930,031)
Contributions by group	1,032,330	1,110,850
Benefits paid	(1,032,330)	(1,110,850)
Exchange gains / (losses)	(5,875,917)	(2,086,493)
	<u>34,424,131</u>	<u>36,358,165</u>
At the end of the year	34,424,131	36,358,165
Fair value of plan assets	34,424,131	36,358,165
Irrecoverable surplus	(1,671,974)	(3,975,193)
Present value of plan liabilities	(35,380,044)	(34,975,063)
	<u>(2,627,887)</u>	<u>(2,592,091)</u>
Net pension scheme liability		
<i>Reconciliation of liability</i>		
Net pension scheme liability	2,342,960	2,400,641
Gratuity liability	203,406	105,339
	<u>2,546,366</u>	<u>2,505,980</u>
Company retirement benefits liability		
Reserve for severance pay	81,521	86,111
	<u>81,521</u>	<u>86,111</u>
Group retirement benefits liability	<u>2,627,887</u>	<u>2,592,091</u>

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

10 Retirement benefits (continued)	2016 \$	2015 \$
<i>Amounts recognised in the profit and loss administration expenses are as follows:</i>		
Net interest on the net defined benefit liability	58,078	75,169
<i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Actuarial losses / (gains) on the liabilities	5,872,681	(2,014,497)
Return on assets, excluding interest income	(2,767,968)	930,031
Change in the amount of surplus that is not recoverable, excluding interest income	(1,789,294)	1,836,479
	<u>1,315,419</u>	<u>752,013</u>
<i>Composition of plan assets</i>		
MA fund*	17,313,393	18,739,165
Bonds	4,541,198	4,896,296
Gilts	12,313,751	11,640,862
Cash	255,789	1,081,842
	<u>34,424,131</u>	<u>36,358,165</u>
<i>Actual (gain) / loss on plan assets (excluding interest income)</i>	<u>(2,767,968)</u>	<u>930,031</u>
<i>* Multi Asset Fund</i>		
	2016 %	2015 %
<i>Principal actuarial assumptions used at the year end date</i>		
Discount rates	2.60	3.85
Inflation assumption (RPI)	3.40	3.05
Inflation assumption (CPI)	2.40	2.05
LPI pension increases	3.30	3.00
Long-term healthcare inflation	5.90	5.50
Assumed life expectancies on retirement at age 60 are:		
- Retiring today – Males	28.9	28.8
- Retiring today – Females	30.4	30.3
- Retiring in 20 years time – Males	31.0	30.9
- Retiring in 20 years time – Females	31.5	31.4

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2013 and updated to 31 December 2014, 2015, 2016 and 2017 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

11 Deferred tax

	Group 2016 \$	Company 2016 \$
The movements in deferred tax assets were as follows:		
Asset as at 1 January 2016	1,127,079	1,007,790
Amount charged to the income statement account	(307,662)	(482,177)
Amount credited to the statement of comprehensive income	262,640	262,640
Adjustment for amount transferred to withholding tax debtor	(229,422)	-
Asset as at 31 December 2016	852,636	788,253
<i>Reported in these financial statements within:</i>		
Debtors falling due within one year	168,870	168,870
Debtors falling due after more than one year	683,765	619,383
Total deferred tax balance	852,635	788,253
	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
Asset as at 31 December 2015	1,127,079	1,007,790
<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
Total deferred tax balance	1,127,079	1,007,790

The elements of the deferred tax balance are as follows:

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Accelerated capital allowances	(648)	27,714	1,396	29,800
Other timing differences	853,283	1,099,365	786,857	977,990
Total deferred tax asset	852,635	1,127,079	788,253	1,007,790

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

12 Share capital

	2016 \$	2015 \$
<i>Allotted, called up and fully paid</i>		
68,000 ordinary shares of £1 each	121,067	121,067

13 Commitments under operating leases

As at 31 December 2016, the group had annual commitments under non-cancellable operating leases as set out below:

	2016 \$	2015 \$
Operating leases which expire:		
Within one year	13,651	72,807
After one year but less than five years	919,644	1,255,926
	933,295	1,328,733

14 Financial instruments

	2016 \$	2015 \$
Financial assets		
Financial assets measured at amortised cost	14,889,200	14,157,290
Financial liabilities		
Financial liabilities measured at amortised cost	1,893,679	6,219,801

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 2016 *(continued)*

15 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 2016	2,156
Repayment received	-
	<hr/>
Balance at 31 December 2016	2,156
	<hr/>

16 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 Isle of Man, is, in its capacity as trustee of the Elpis Trust, considered to be the ultimate controlling party of I Hennig & Co Limited.

17 Audit report

An unqualified audit report was issued by Dominic Stammers, senior statutory auditor, BDO LLP on 29 September 2017.