Companies House

I Hennig & Co Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 646001

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I Hennig & Co Limited

Report and financial statements
for the year ended 31 December 2014

Contents:

I Hennig & Co Limited

Company information
for the year ended 31 December 2014

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 4th Floor 27-29 Cursitor Street London EC4A 1LT
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 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year. The profit for the year after taxation amounted to $4,159,798 (2013: profit of $2,012,480).

No dividend was paid during the year (2013: $nil). The directors do not recommend a the payment of a final dividend (2013: $nil). A divided was declared by the directors in 2015, further details can be found in Note 26.

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 (appointed 20th August 2014)

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.

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 of the 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

25 November 2015

I Hennig & Co Limited

Strategic report
for the year ended 31 December 2014

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 dependent on the performance of De Beers.

De Beers' total sales rose 11% in 2014 with rough diamond sales being the major contributing factor to the increase as a result of increased sales volumes and a 5% higher average rough price index compared to 2013. The annual increase reported by Hennig for commissions received in respect of rough diamond purchases was 13%. Despite the positive variation difficult market conditions developed during the year that lead to commission in the fourth quarter being lower than 2013.

Key performance indicators

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

	2014	2013	Change
Operating profit	$5,171,885	$3,053,131	$2,118,754
Operating profit margin	28.8%	19.4%	9.4%

The above margin has been computed using the continuing operations amounts only.

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.

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 that the supplier has met its contractual obligations.

Charitable and political donations

During the year, the group contributed $65,000 (2013: $132,639) to charities. There were no political donations during the year.

On behalf of the Board

S L Stewart
Director

25 November 2015

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 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidation reconciliation of movement in shareholders' funds 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit 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 and directors' reports 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: 4 December 2015

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

I Hennig & Co Limited

Consolidated profit and loss account
for the year ended 31 December 2014

	Note	2014 $	2013 $
Turnover			
Continuing operations		**17,958,905**	15,741,449
Discontinued operations		**-**	2,993,125
		17,958,905	18,734,574
Administrative expenses		**(12,918,090)**	(15,005,097)
Other operating income	3	**131,070**	3,767
Operating profit			
Continuing operations	4	**5,171,885**	3,053,131
Discontinued operations	4	**-**	680,113
	2	**5,171,885**	3,733,244
Income from other fixed asset investments		**185,000**	185,000
Loss on sale of fixed assets		**(49,656)**	(10,377)
Loss on sale of subsidiary	23	**-**	(629,356)
Profit on ordinary activities before interest		**5,307,229**	3,278,511
Interest receivable and similar income	5	**42,499**	29,133
Interest payable and similar charges		**(7,715)**	(2,072)
Other finance costs	16	**(41,163)**	(40,721)
Profit on ordinary activities before taxation		**5,300,850**	3,264,851
Tax on profit on ordinary activities	8	**(1,141,052)**	(966,952)
Profit on ordinary activities after taxation		**4,159,798**	2,297,899
Minority interest share of profit	20	**-**	(285,419)
Profit for the financial year		**4,159,798**	2,012,480

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated statement of total recognised gains and losses and consolidated reconciliation of movement in shareholders' funds for the year ended 31 December 2014

	Note	2014	2013
		$	$
Consolidated statement of total recognised gains and losses			
Profit for the financial year		**4,159,798**	2,012,480
Actuarial loss on defined benefit scheme	16	**(1,332,956)**	(1,096,060)
Deferred tax effect of actuarial loss	17	**304,754**	251,206
Exchange translation differences on consolidation		**(55,864)**	(40,150)
Total recognised gains for the financial year		**3,075,732**	1,127,476

Consolidated reconciliation of movement in shareholders' funds

	2014	2013
Profit for the financial year	**4,159,798**	2,012,480
Other net recognised losses relating to the year	**(1,084,066)**	(885,004)
Net movement in shareholders' funds	**3,075,732**	1,127,476
Opening shareholders' funds	**13,056,547**	11,929,071
Closing shareholders' funds	**16,132,279**	13,056,547

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated balance sheet
at 31 December 2014

Company number 646001	Note	2014	2014	2013	2013
		$	$	$	$
Fixed assets					
Tangible assets	11		**778,788**		629,474
Investments	12		**2,500,000**		2,500,000
			3,278,788		3,129,474
Current assets					
Stocks	13	**80,495**		141,436	
Debtors due in less than one year	14	**2,241,876**		6,093,768	
Debtors due in more than one year	14	**27,721**		88,798	
Cash at bank and in hand	22	**19,349,091**		13,575,729	
		21,699,183		19,899,731	
Creditors: amounts falling due within one year	15	**6,604,895**		7,615,894	
Net current assets			**15,094,288**		12,283,837
Net assets excluding pension scheme liabilities			**18,373,076**		15,413,311
Retirement benefits liabilities	16		**2,240,797**		2,356,764
Net assets			**16,132,279**		13,056,547
Capital and reserves					
Called up share capital	18		**121,067**		121,067
Profit and loss account	19		**16,011,212**		12,935,480
Shareholders' funds			**16,132,279**		13,056,547
Minority interest	20		-		-
			16,132,279		13,056,547

The financial statements were approved by the Board and authorised for issue on 25 November 2015.

S L Stewart
Director

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Company balance sheet
at 31 December 2014

Company number 646001	Note	2014	2014	2013	2013
		$	$	$	$
Fixed assets					
Tangible assets	11		**404,688**		152,321
Investments	12		**3,206,199**		3,206,199
			3,610,887		3,358,520
Current assets					
Debtors due in less than one year	14	**3,293,640**		3,294,943	
Debtors due in more than one year	14	**1,776,980**		2,016,623	
Cash at bank and in hand		**13,997,910**		10,432,541	
		19,068,530		15,744,107	
Creditors: amounts falling due within one year	15	**4,307,517**		2,830,320	
Net current assets			**14,761,013**		12,913,787
Net assets excluding retirement benefit liabilities			**18,371,900**		16,272,307
Retirement benefits liabilities	16		**2,240,797**		2,356,764
Net assets			**16,131,103**		13,915,543
Capital and reserves					
Called up share capital	18		**121,067**		121,067
Profit and loss account	19		**16,010,036**		13,794,476
Shareholders' funds			**16,131,103**		13,915,543

The financial statements were approved by the Board and authorised for issue 25 November 2015.

S L Stewart
Director

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated cash flow statement
for the year ended 31 December 2014

	Note	2014 $	2014 $	2013 $	2013 $
Net cash inflow from operating activities before employer retirement benefit contributions		**7,823,051**		4,568,649	
Retirement benefit contributions		**(1,259,993)**		(1,231,687)	
Net cash inflow from operating activities	21		**6,563,058**		3,336,962
Returns on investments and servicing of finance					
Dividends from other investments		**185,000**		185,000	
Interest received		**42,499**		29,133	
Interest paid		**(7,715)**		(2,071)	
Net cash inflow from returns on investment and servicing of finance			**219,784**		212,062
Taxation					
Corporation tax paid		**(470,574)**		(831,396)	
Payment for group relief		**-**		(141,967)	
Net cash outflow on taxation			**(470,574)**		(973,363)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(535,926)**		(354,737)	
Sale of tangible fixed asset		**9,644**		32,921	
Loans advanced	25	**-**		(3,433)	
Loans payments received	25	**14,096**		18,276	
Net cash outflow from capital expenditure and financial investment			**(512,186)**		(306,973)
Acquisitions and disposals					
Proceeds from sale of subsidiary undertaking	23	**-**		450,000	
Cash disposed with subsidiary	23	**-**		(1,275,455)	
Net cash outflow from acquisitions and disposals			**-**		(825,455)
Increase in cash in the year	22		**5,800,082**		1,443,233

The notes on pages 13 to 32 form part of these financial statements.

1 Accounting policies

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.

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 \$1.5593 to £1 (2013: \$1.6563 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 2014.

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 balance sheet. Goodwill is then amortised through the profit and loss account over the directors' estimate of its useful economic life. Prior to the implementation of FRS 10, "Accounting for goodwill and intangible assets" purchased goodwill was written off directly to reserves and has not been reinstated.

The group provides for the minority's share of net liabilities only to the extent there is a commercial or legal obligation (formal or implied) to make good the minority's share of liabilities through the provision of additional finance that may not be recoverable. Any provision made with respect to minority debit balances is set directly against the minority interest in the profit and loss account and the balance sheet.

The results and cash flows relating to a business are included in the consolidated profit and loss 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.

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

1 **Accounting policies** *(continued)*

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. Investments held as fixed assets are stated at costs less any provision for impairment.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet 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 balance sheet date are translated at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

The financial statements of overseas subsidiaries are translated at the rates of exchange ruling at the balance sheet 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:

	Rate to 1 US$	
Closing exchange rates	**2014**	**2013**
Pounds Sterling	**0.641**	0.604
Euro	**0.826**	0.726
South African Rand	**11.569**	10.474
Botswana Pula	**9.510**	8.776
Indian Rupee	**63.123**	61.855
Thai Baht	**32.900**	32.860
Israeli Shekel	**3.892**	3.471

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 profit and loss account as interest and the capital element, which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the profit and loss account in equal annual amounts over the period of the leases.

1 Accounting policies *(continued)*

Pension costs and other post-retirement benefits

Contributions to the group's defined contribution scheme are charged to the profit and loss account in the year in which they become payable.

Under FRS 17, 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, net of deferred tax and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating and financing items in the profit and loss account and the statement of total recognised gains and losses. 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 profit and loss 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.

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.

2 Operating profit

	2014	2013
	$	$
This is arrived at after charging/(crediting):		
Depreciation of fixed assets	**287,541**	279,094
Auditors' remuneration		
- audit services	**74,564**	87,543
- services related to taxation	**33,687**	19,171
Operating lease rentals		
- land and buildings	**785,074**	866,612
Exchange losses/(gains)	**279,666**	(66,892)
Defined contribution pension scheme cost	**496,176**	737,866

3 Other operating income

	2014	2013
	$	$
Other operating income consists of:		
Rent	**131,070**	3,767

4 Discontinued operations

The analysis between continuing and discontinued operations for the year ended 31 December 2014 and 31 December 2013 are shown below. Further details on discontinued operations are given in note 23.

Year ended 31 December 2014	**Continuing**	**Discontinued**	**2014 Total**
	$	**$**	**$**
Turnover	**17,958,905**	**-**	**17,958,905**
Administrative expenses	**(12,918,090)**	**-**	**(12,918,090)**
Other operating income	**131,070**	**-**	**131,070**
Operating profit	**5,171,885**	**-**	**5,171,885**

Year ended 31 December 2013	**Continuing**	**Discontinued**	**2013 Total**
	$	**$**	**$**
Turnover	15,741,449	2,993,125	18,734,574
Administrative expenses	(12,692,085)	(2,313,012)	(15,005,097)
Other operating income	3,767	-	3,767
Operating profit	3,053,131	680,113	3,733,244

5 Interest

	2014	2013
	$	$
Interest receivable and similar income:		
From banks	**31,560**	12,973
Other interest receivable	**10,939**	16,160
	42,499	29,133

6 Employees

	Group 2014	Group 2013	Company 2014	Company 2013
	$	$	$	$
Staff costs consist of:				
Wages and salaries	**7,395,830**	8,512,299	**5,797,816**	4,573,311
Social security costs	**428,866**	643,405	**312,822**	445,072
Pension costs - defined contribution scheme	**496,176**	737,866	**319,179**	386,101
	8,320,872	9,893,570	**6,429,817**	5,404,484

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

	Group 2014	Group 2013	Company 2014	Company 2013
Brokers	**15**	15	**6**	6
Administrative staff	**40**	31	**9**	9
	55	46	**15**	15

7 Directors

	2014	2013
	$	$
Directors' remuneration consists of:		
Emoluments	**3,519,883**	2,446,582
Pension contributions	**67,666**	127,830
	3,587,549	2,574,412

During the year 1 director was a member of the group's defined benefit pension scheme (2013 - 1) and 2 directors were members of the group's defined contribution scheme (2013 - 2).

Highest paid director	2014	2013
	$	$
Emoluments	**1,704,785**	1,140,305

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

8 Taxation

	2014	2013
	$	$
Current tax:		
UK corporation tax	**573,696**	390,855
Adjustments in respect of previous periods	**(12,591)**	(35,587)
Foreign tax	**236,795**	322,374
Total current tax *(next page)*	**797,900**	677,642
Deferred tax:		
Current year deferred tax	**342,477**	286,219
Prior year deferred tax	**675**	3,091
Tax on profit on ordinary activities	**1,141,052**	966,952

8 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:

	2014	2013
	$	$
Profit on ordinary activities before tax	**5,300,850**	3,264,851
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.50% (2014: 23.25%):	**1,139,683**	759,077
Effects of:		
Expenses not deductible for tax purposes	**18,529**	50,459
Non-taxable gains	**(80,848)**	157,254
Short term timing differences	**(325,118)**	(258,000)
Tax rate difference	**42,652**	(21,160)
Under provision in prior year	**(20,602)**	(29,059)
Accelerated capital allowances	**22,044**	14,938
Losses carried forward	**1,560**	4,133
Current year tax charge *(see previous page)*	**797,900**	677,642

9 Profit 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 profit and loss account in these financial statements. The group profit for the year includes the parent company profit after tax of $3,254,126 (2013: profit after tax of $1,946,071).

10 Dividends

There were no dividends paid during the year (2013: $nil).

11 Tangible assets

Group	Long leasehold property $	Short leasehold improvements $	Motor vehicles and equipment $	Total $
Cost				
At 1 January 2014	**70,099**	**1,310,069**	**1,708,074**	**3,088,242**
Exchange adjustment	-	(9,470)	(102,096)	(111,566)
Additions	-	378,654	157,272	535,926
Disposals	-	-	(502,263)	(502,263)
At 31 December 2014	**70,099**	**1,679,253**	**1,260,987**	**3,010,339**
Depreciation				
At 1 January 2014	**18,021**	**1,211,681**	**1,229,066**	**2,458,768**
Exchange adjustment	-	(5,801)	(65,994)	(71,795)
Charge for the year	779	145,138	141,624	287,541
Disposals	-	-	(442,963)	(442,963)
At 31 December 2014	**18,800**	**1,351,018**	**861,733**	**2,231,551**
Net book value				
At 31 December 2014	**51,299**	**328,235**	**399,254**	**778,788**
At 31 December 2013	52,078	98,388	479,008	629,474

Company	Long leasehold property $	Short leasehold improvements $	Motor vehicles and equipment $	Total $
Cost				
At 1 January 2014	**70,099**	**1,183,099**	**530,062**	**1,783,260**
Exchange adjustment	-	(1,674)	(3,847)	(5,521)
Additions	-	344,293	77,689	421,982
Disposals	-	-	(159,250)	(159,250)
At 31 December 2014	**70,099**	**1,525,718**	**444,654**	**2,040,471**
Depreciation				
At 1 January 2014	**18,021**	**1,127,368**	**485,550**	**1,630,939**
Exchange adjustment	-	(1,674)	(3,116)	(4,790)
Charge for the year	779	133,891	24,540	159,210
Disposals	-	-	(149,576)	(149,576)
At 31 December 2014	**18,800**	**1,259,585**	**357,398**	**1,635,783**
Net book value				
At 31 December 2014	**51,299**	**266,133**	**87,256**	**404,688**
At 31 December 2013	52,078	55,731	44,512	152,321

12 Fixed assets investments

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Subsidiary undertakings	**-**	-	**3,206,199**	3,206,199
Other investments	**2,500,000**	2,500,000	**-**	-
Net book value	**2,500,000**	2,500,000	**3,206,199**	3,206,199

Subsidiary undertakings – company	**$**
Cost	
At 1 January 2014 and 31 December 2014	**4,342,280**
Provisions	
At 1 January 2014	1,136,081
Increase in provision	-
At 31 December 2014	**1,136,081**
Net book value	
At 31 December 2014	**3,206,199**
At 31 December 2013	3,206,199

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

12 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 & exceptional items

	Group Unlisted Investments $	Company Unlisted Investments $
Cost		
At 1 January 2014 & 31 December 2014	**3,196,473**	**386,473**
Provisions		
At 1 January 2014 & 31 December 2014	**696,473**	**386,473**
Net book value		
At 31 December 2014	**2,500,000**	**-**
At 31 December 2013	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 balance sheet at its cost of investment, as in the opinion of the directors, the group does not exercise significant influence over the management and operations of the company.

13 Stocks

	Group 2014 $	Group 2013 $
Goods for resale	**80,495**	141,436

14 Debtors

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Amounts falling due within one year:				
Trade debtors	**1,211,460**	4,701,871	**423,059**	464,802
Amounts owed by subsidiary undertakings	-	-	**2,201,804**	1,994,893
Corporation tax	**61,965**	549,942	**154,201**	385,834
Other debtors	**503,365**	539,650	**184,899**	247,480
Prepayments	**465,086**	302,305	**329,677**	201,934
	2,241,876	6,093,768	**3,293,640**	3,294,943
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	**1,747,190**	1,923,265
Deferred tax asset (note 17)	**27,721**	88,798	**29,790**	93,358
	27,721	88,798	**1,776,980**	2,016,623
Total debtors	**2,269,597**	6,182,566	**5,070,620**	5,311,566

15 Creditors: amounts falling due within one year

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Trade creditors	**2,727,284**	4,666,342	**264,872**	156,581
Amounts owed to subsidiary undertakings	**-**	-	**264,952**	207,040
Corporation tax	**-**	157,666	**-**	-
Other taxation and social security	**156,376**	207,044	**112,411**	168,659
Other creditors	**84,445**	474,773	**282,899**	389,470
Accruals and deferred income	**3,636,790**	2,110,069	**3,382,383**	1,908,570
	6,604,895	7,615,894	**4,307,517**	2,830,320

16 Retirement benefits

The company 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

The first class of benefit, the "defined contribution pension scheme", has been accounted for in accordance with Financial Reporting Standard 17 (FRS 17) and contributions are therefore charged to the profit and loss account in the year in which they become payable.

The second class of benefit, the "funded defined benefit pension scheme", operates through the company 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 company'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 2014 the company will meet 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 company to two individuals.

These last three types of retirement benefit have been accounted for as defined benefit schemes in accordance with FRS 17. 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.

16 Retirement benefits *(continued)*

Financial and actuarial assumptions

Based on actuarial advice updated as at 31 December 2014, the financial assumptions used in calculating retirement benefits liabilities were:

	2014	2013	2012	2011	2010
Price inflation	**3.0%**	3.5%	3.1%	2.9%	3.4%
Discount rate	**3.6%**	4.5%	4.4%	4.7%	5.5%
Pension increases	**3.0%**	3.4%	3.1%	2.9%	3.3%
Salary growth	**n/a**	n/a	n/a	n/a	n/a
Medical advance inflation over retail price inflation	**2.6%**	2.5%	2.5%	2.6%	2.5%
Life expectancy of male aged 60 at accounting date	**28.7 yrs**	28.7 yrs	28.4 yrs	28.3 yrs	28.2 yrs
Life expectancy of male aged 60 at 20 years after accounting date	**30.8 yrs**	30.7 yrs	30.6 yrs	30.5 yrs	30.4 yrs

The long-term rates of return expected (ER) on the main classes of the Hattron Group pension scheme assets, fair valued (FV) as at 31 December 2014, were as follows:

	2014		2013		2012		2011		2010	
	ER	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**
Equities	**5.45%**	**-**	6.60%	-	6.00%	-	6.00%	7,839	7.20%	8,461
MA fund*	**5.45%**	**19,423**	6.60%	20,160	6.00%	18,751	6.00%	7,710	7.20%	7,625
Bonds	**3.55%**	**5,161**	4.45%	4,891	4.40%	4,769	4.65%	4,030	5.45%	3,631
Gilts	**2.45%**	**12,356**	3.60%	10,261	3.00%	9,794	3.00%	9,626	4.20%	7,808
Cash	**0.50%**	**1,157**	0.50%	845	0.50%	270	0.50%	1,812	0.50%	(487)
Total		**38,097**		**36,157**		**33,584**		**31,017**		**27,038**

* *Multi Asset Fund*

16 Retirement benefits *(continued)*

Assets and liabilities of group pension schemes

	Funded and unfunded pensions benefits 2014 $	Unfunded pensioners health insurance 2014 $	Total 2014 $	Total 2013 $
Fair value of pension scheme assets	(38,096,818)	-	**(38,096,818)**	(36,157,178)
Irrecoverable surplus on scheme assets	2,183,021	-	**2,183,021**	1,424,419
Present value of liabilities	37,837,974	912,276	**38,750,250**	37,662,500
Deficit as at 31 December	1,924,177	912,276	**2,836,453**	2,929,741
Related deferred tax asset (note 17)			**(595,656)**	(572,977)
Net pension liability			**2,240,797**	2,356,764

Analysis of the amount charged to other finance costs

Expected return on pension scheme assets	(1,593,812)	-	**(1,593,812)**	(1,461,265)
Interest cost on pension scheme liabilities	1,593,812	41,163	**1,634,975**	1,501,986
Net finance cost	-	41,163	**41,163**	40,721

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses ("STRGL")

Actual return less expected return on pension scheme assets	(2,370,960)	-	**(2,370,960)**	(261,555)
Experience gains and losses arising on scheme liabilities	3,177,745	(16,465)	**3,161,280**	527,809
Expected return less interest	(299,386)	-	**(299,386)**	(115,941)
Irrecoverable surplus	842,022	-	**842,022**	945,747
Actuarial losses recognised in the STRGL	1,349,421	(16,465)	**1,332,956**	1,096,060

16 Retirement benefits *(continued)*

	2014 $	2014 $	2013 $
Movement in defined benefit obligation			
Opening defined benefit obligation		**37,662,500**	36,071,470
Interest cost		**1,634,975**	1,501,986
Actuarial losses		**2,861,890**	411,868
Benefits and fund expenses paid		**(1,322,580)**	(1,176,784)
Exchange (gains)/losses		**(2,086,535)**	853,960
Closing defined benefit obligation		**38,750,250**	37,662,500
Movement in fair value of plan assets			
Opening fair value of plan assets	**36,157,178**		33,584,553
Expected return on plan assets	**1,593,812**		1,461,265
Actuarial gain	**2,370,960**		261,555
Contributions by the employer	**1,259,993**		1,231,687
Benefits and fund expenses paid	**(1,322,580)**		(1,176,784)
Exchange (losses)/gains	**(1,962,545)**		794,902
Closing fair value of plan assets	**38,096,818**		36,157,178
Less irrecoverable surplus on plan assets	**(2,183,021)**		(1,424,419)
Carrying value of plan assets		**35,913,797**	34,732,759
Scheme deficit as at 31 December		**2,836,453**	2,929,741

16 Retirement benefits *(continued)*

History of plan position, assets, liabilities and experience gains and losses:

	2014	2013	2012	2011	2010
	$000's	$000's	$000's	$000's	$000's
Gross deficit	**2,836**	2,930	2,957	2,758	2,730
Carrying value of pension scheme assets	**35,914**	34,733	33,115	30,092	27,038
Present value of pension scheme liabilities	**38,750**	37,663	36,071	32,851	29,768
Actual less expected return on scheme assets	**2,371**	262	(416)	488	1,559
Percentage of scheme assets	**6.60%**	0.75%	-1.26%	1.57%	5.77%
Experience gains/(losses) on scheme liabilities	**3,161**	528	1,308	(1,504)	130
Percentage of scheme liabilities	**8.16%**	1.40%	3.63%	4.58%	0.44%
Total amount recognised in the STRGL*	**1,333**	1,096	1,226	(3,358)	(2,661)
Percentage of scheme liabilities	**3.44%**	2.91%	3.40%	10.22%	8.94%

**Statement of Total Recognised Gains and Losses*

17 Deferred tax

The movements in deferred tax assets were as follows:

	Group 2014	Company 2014
	$	$
Asset as at 1 January 2014	**661,775**	**666,335**
Amount charged to the profit and loss account	**(343,152)**	**(345,643)**
Amount credited to the statement of total recognised gains and losses	**304,754**	**304,754**
Asset as at 31 December 2014	**623,377**	**625,446**
Reported in these financial statements within:		
Debtors (note 14)	**27,721**	**29,790**
Retirement benefits liability (note 16)	**595,656**	**595,656**
Total deferred tax balance	**623,377**	**625,446**

17 Deferred tax *(continued)*

The elements of the deferred tax balance are as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
	$	$	$	$
Accelerated capital allowances	**27,721**	23,364	**29,790**	27,923
Other timing differences	**595,656**	638,411	**595,656**	638,412
Total deferred tax asset	**623,377**	661,775	**625,446**	666,335

18 Share capital

	2014 $	2013 $
Allotted, called up and fully paid		
68,000 ordinary shares of £1 each	**121,067**	121,067

19 Reserves

	Group Profit and loss account $	Company Profit and loss account $
At 1 January 2014	**12,935,480**	**13,794,476**
Profit for the year	**4,159,798**	**3,254,126**
Other recognised losses	**(1,084,066)**	**(1,038,566)**
At 31 December 2014	**16,011,212**	**16,010,036**

20 Minority interest

	2014	2013
	$	$
Minority interests' share of net assets and liabilities in subsidiary undertakings brought forward	-	(295,772)
Minority interest movement in the period	-	(285,419)
Elimination of minority interest upon disposal	-	581,191
Total minority interest	-	-

21 Reconciliation of operating profit to net cash flow from operating activities

	2014 $	2013 $
Operating profit	**5,171,885**	3,733,244
Depreciation	**287,541**	279,094
Decrease in stocks	**60,941**	138,743
Decrease in debtors	**3,343,870**	425,317
Decrease in creditors	**(832,390)**	(37,041)
(Decrease)/Increase in provisions	**(207,418)**	67,964
Exchange and translation adjustments	**(1,378)**	(38,672)
Net cash inflow from operating activities before employer retirement benefit contributions	**7,823,051**	4,568,649
Retirement benefit contribution	**(1,259,993)**	(1,231,687)
Net cash inflow from operating activities	**6,563,058**	3,336,962

22 Analysis of changes in net funds

	At 1 January 2014 $	Cash flows $	Exchange movements $	At 31 December 2014 $
Cash	13,575,729	5,800,082	(26,720)	**19,349,091**

23 Disposal of subsidiary

In 2013, the group disposed of IHBS Inc., a company incorporated in USA. The loss on disposal of IHBS Inc. was calculated as follows:

	$	$
Proceeds from disposal		450,000
Net assets disposed of:		
Tangible fixed assets	23,846	
Debtors	910,594	
Cash	1,275,455	
Creditors	(549,347)	
		(1,660,548)
Less minority interest of net assets		581,192
Loss on disposal		**629,356**

23 Disposal of subsidiary *(continued)*

The net cash outflow in respect of the sale of IHBS Inc. was as follows:

	$
Cash consideration	450,000
Cash transferred on disposal	(1,275,455)
Net outflow of cash	**(825,455)**

24 Commitments under operating leases

As at 31 December 2014, the group had annual commitments under non-cancellable operating leases as set out below:

	2014 $	2013 $
Operating leases which expire:		
Within one year	**220,674**	-
After one year but less than five years	**698,502**	954,107
	919,176	954,107

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.

25 Related party transactions

The company has taken advantage of the exemption within the Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose any transactions with entities that are included in the consolidated financial statements of I Hennig & Co Limited where 100% of the voting rights are owned by the 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 2014	38,174
Exchange movement	(2,345)
Repayment received	(14,096)
Balance at 31 December 2014	**21,733**

26 Events after the reporting period

A dividend of $2,500,000 ($36.765 per share) was declared by the company on 9 February 2015 and paid later in 2015.

27 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 Westridge Fund, considered to be the ultimate controlling party of I Hennig & Co Limited.