

I Hennig & Co Limited

Report and Consolidated Financial Statements

For the year ended

31 December 2018

Company Number 646001



I Hennig & Co Limited

Report and Consolidated Financial Statements for the year ended 31 December 2018

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I Hennig & Co Limited

Company information for the year ended 31 December 2018

Directors

D S Shein
A Sela
S L Stewart
J D Hambro
F J A Howard
G J F 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
1st Floor
440 Strand
London
WC2R 0QS

Barclays Bank Plc
147 Holborn
EC1N 2NU

I Hennig & Co Limited

Consolidated statement of financial position at 31 December 2018

<i>Company number 646001</i>	<i>Note</i>	<i>2018</i>	<i>2018</i>	<i>2017</i>	<i>2017</i>
		\$	\$	\$	\$
Fixed assets					
Tangible assets	5		334,620		385,706
Investments	6		2,511,765		2,511,765
			<u>2,846,385</u>		<u>2,897,471</u>
Current assets					
Debtors due in less than one year	7	1,046,022		1,501,057	
Debtors due in more than one year	7	465,492		864,173	
Cash at bank and in hand		10,688,020		9,142,126	
		<u>12,199,534</u>		<u>11,507,356</u>	
Creditors: amounts falling due within one year	8	1,510,349		696,120	
Net current assets			<u>10,689,185</u>		<u>10,811,236</u>
Net assets excluding pension scheme liabilities			<u>13,535,570</u>		<u>13,708,707</u>
Retirement benefits liabilities	9		2,403,511		2,845,687
Net assets			<u>11,132,059</u>		<u>10,863,020</u>
Capital and reserves					
Called up share capital	11		121,067		121,067
Profit and loss account			11,010,992		10,741,953
Shareholders' funds			<u>11,132,059</u>		<u>10,863,020</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 companies subject to the small companies regime.

The financial statements were approved by the Board and authorised for issue on 27 September 2019.



S L Stewart
Director

The notes on pages 6 to 23 form part of these financial statements

I Hennig & Co Limited

Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2018	121,067	10,741,953	10,863,020
Consolidated changes in equity for the year			
Profit for the year	-	777,833	777,833
Other comprehensive loss	-	(508,794)	(508,794)
At 31 December 2018	121,067	11,010,992	11,132,059

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2017	121,067	10,897,994	11,019,061
Consolidated changes in equity for the year			
Profit for the year	-	610,223	610,223
Other comprehensive loss	-	(766,264)	(766,264)
At 31 December 2017	121,067	10,741,953	10,863,020

The notes on pages 6 to 23 form part of these financial statements

I Hennig & Co Limited

Company statement of financial position at 31 December 2018

<i>Company number 646001</i>	<i>Note</i>	2018	2018	2017	2017
		\$	\$	\$	\$
Fixed assets					
Tangible assets	5		212,802		150,855
Investments	6		1,113,360		1,178,164
			<u>1,326,162</u>		<u>1,329,019</u>
Current assets					
Debtors due in less than one year	7	1,973,640		1,899,825	
Debtors due in more than one year	7	446,427		1,860,429	
Cash at bank and in hand		8,368,640		6,701,427	
		<u>10,788,707</u>		<u>10,461,681</u>	
Creditors: amounts falling due within one year	8	2,230,412		1,519,509	
Net current assets			<u>8,558,295</u>		<u>8,942,172</u>
Net assets excluding retirement benefit liabilities			<u>9,884,457</u>		<u>10,271,191</u>
Retirement benefits liabilities	9		2,117,064		2,503,708
Net assets			<u>7,767,393</u>		<u>7,767,483</u>
Capital and reserves					
Called up share capital	11		121,067		121,067
Profit and loss account			7,646,326		7,646,416
Shareholders' funds			<u>7,767,393</u>		<u>7,767,483</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 companies subject to the small companies 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 profit for the year was \$459,189 (2017: loss \$25,359).

The financial statements were approved by the Board and authorised for issue 27 September 2018.

S L Stewart
Director



The notes on pages 6 to 23 form part of these financial statements

I Hennig & Co Limited

Company statement of changes in equity for the year ended 31 December 2018

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2018	121,067	7,646,416	7,767,483
Consolidated changes in equity for the year			
Profit for the year	-	459,189	459,189
Other comprehensive loss	-	(459,279)	(459,279)
At 31 December 2018	121,067	7,646,326	7,767,393

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2017	121,067	8,396,255	8,517,322
Consolidated changes in equity for the year			
Loss for the year	-	(25,359)	(25,359)
Other comprehensive loss	-	(724,480)	(724,480)
At 31 December 2017	121,067	7,646,416	7,767,483

The notes on pages 6 to 23 form part of these financial statements

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

Company information

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

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

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with FRS 102, the financial reporting standard applicable in the United Kingdom and Ireland.

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 \$1.2736 to £1 (2017: \$1.3528 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 2018. These accounts have been prepared and delivered in accordance with the provisions applicable to companies 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.

Turnover

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

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

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:

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

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\$	
	2018	2017
Pounds Sterling	0.785	0.739
Euro	0.875	0.833
South African Rand	14.385	12.380
Botswana Pula	10.730	9.828
Indian Rupee	69.815	63.828
Israeli Shekel	3.737	3.472

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (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; and
- 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 2018 (*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 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.

I Hennig group holds an investment property rented to a third party. It is deemed that there is no reliable or economically obtainable fair valuation for this asset due to the low frequency of rental or property trading activity in the local market, therefore the asset has continued to be recognised at amortised cost.

Fixed asset investments (see note 6)

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

Retirement benefit liabilities (see note 9)

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.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

3 Employees

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

	Group 2018	Group 2017	Company 2018	Company 2017
Brokers	10	10	5	5
Tenders	5	7	0	0
Administrative staff	16	17	11	12
	<u>31</u>	<u>34</u>	<u>16</u>	<u>17</u>

4 Taxation

	2018	2017
	\$	\$
<i>Current tax:</i>		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	487
Foreign tax	48,290	(23,309)
	<u>48,290</u>	<u>(22,822)</u>
Total current tax <i>(next page)</i>	48,290	(22,822)
<i>Deferred tax:</i>		
Current year deferred tax	369,205	36,639
Prior year deferred tax	130,358	(45,947)
	<u>547,853</u>	<u>(32,130)</u>
Total tax charge / (credit) on the profit on ordinary activities	547,853	(32,130)

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(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:

	2018	2017
	\$	\$
Profit on ordinary activities before tax	1,325,686	578,093
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%):	251,880	111,283
<i>Effects of:</i>		
Expenses not deductible for tax purposes	71,966	3,082
Non-taxable gains	26,494	(108,092)
Short term timing differences	(176,662)	(226,203)
Tax rate difference	(24,690)	4,982
Prior year (over) provision	5,053	(65,017)
Accelerated capital allowances	(17,168)	(11,168)
Losses carried forward	294	274,503
Losses utilised	(105,960)	(6,192)
NTLR credits	17,083	-
Current year tax charge / (credit) <i>(see previous page)</i>	48,290	(22,822)
<i>Current year deferred tax:</i>		
Deferred tax movement on the pension liability	148,585	(274,503)
Current year movement in ACAs	50,414	29,770
Short term timing difference	170,206	281,372
Current year deferred tax (see previous page)	369,205	36,639
<i>Prior year deferred tax</i>		
Increase / (decrease) in accelerated capital allowance and short term timing differences liability	130,358	(6,793)
Decrease in the deferred tax and pension liability	-	(39,154)
Prior year deferred tax (see previous page)	130,358	(45,947)
Total tax charge / (credit) on the profit on ordinary activities	547,853	(32,130)

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

5 Tangible assets

Group	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2018	458,255	1,063,038	1,521,293
Exchange adjustment	(29,745)	(66,678)	(96,423)
Additions	4,832	115,700	120,532
Disposals	(17,517)	(207,673)	(225,190)
At 31 December 2018	415,825	904,387	1,320,212
<i>Depreciation</i>			
At 1 January 2018	364,694	770,893	1,135,587
Exchange adjustment	(21,883)	(42,166)	(64,049)
Charge for the year	37,228	101,393	138,621
Disposals	(17,517)	(207,050)	(224,567)
At 31 December 2018	362,522	623,070	985,592
<i>Net book value</i>			
At 31 December 2018	53,303	281,317	334,620
At 31 December 2017	93,561	292,145	385,706

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

5 Tangible assets (continued)

Company	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2018	216,846	345,376	562,222
Exchange adjustment	(24,132)	(27,313)	(51,445)
Additions	-	113,435	113,435
Disposals	(14,554)	-	(14,554)
At 31 December 2018	178,160	431,498	609,658
<i>Depreciation</i>			
At 1 January 2018	216,846	194,521	411,367
Exchange adjustment	(24,132)	(14,730)	(38,862)
Charge for the year	-	38,905	38,905
Disposals	(14,554)	-	(14,554)
At 31 December 2018	178,160	218,696	396,856
<i>Net book value</i>			
At 31 December 2018	-	212,802	212,802
At 31 December 2017	-	150,855	150,855

During the year the I Hennig group held an investment property rented to a third party. It has been deemed that there is no reliable or economically obtainable fair valuation for this asset due to the low frequency of rental or property trading activity in the local market, therefore the asset has continued to be recognised at amortised cost.

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

6 Fixed asset investments

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Subsidiary undertakings	-	-	1,113,360	1,178,164
Other investments	2,511,765	2,511,765	-	-
	<u>2,511,765</u>	<u>2,511,765</u>	<u>1,113,360</u>	<u>1,178,164</u>
Net book value	<u>2,511,765</u>	<u>2,511,765</u>	<u>1,113,360</u>	<u>1,178,164</u>
Subsidiary undertakings – company				\$
<i>Cost</i>				
At 1 January 2018				4,080,496
Disposals				(64,804)
				<u>4,015,692</u>
At 31 December 2018				<u>4,015,692</u>
<i>Provisions</i>				
As at 1 January 2018 and 31 December 2018				2,902,332
				<u>2,902,332</u>
<i>Net book value</i>				
At 31 December 2018				<u>1,113,360</u>
				<u>1,113,360</u>
At 1 January 2018				<u>1,178,164</u>
				<u>1,178,164</u>

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

6 Fixed asset investments *(continued)*

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

Name	Country of Incorporation	%*	Nature of business
I Hennig & Co (USA) Ltd	USA	100	Agency company
I Hennig & Co (Pty) Ltd	Botswana	100	Agency company
I Hennig & Co (Overseas) Ltd	Israel	100	Agency company
Diamond Realisations Ltd	England & Wales	100	Investment holding company
Clemente Business Ltd	British Virgin Islands	100	Investment holding company
I Hennig Belgium & Co (Belgium) NV (Previously known as Diamond Realisations (Belgium) NV)	Belgium	100	Diamond merchants
Diamond Realisations (Overseas) Ltd	Israel	100	Diamond merchants
Diamond Realisations (India) Pvt Ltd	India	100	Diamond merchants
Diamond Realisations (USA) Inc	USA	100	Diamond merchants
Diamond Realisations (South Africa) Pty Ltd	South Africa	100	Diamond merchants
Diamond Realisations (Botswana) Pty Ltd	Botswana	100	Diamond merchants

* *Proportion of voting rights and ordinary share capital held*

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

6 Fixed asset investments *(continued)*

Other investments

	Group Unlisted Investments \$	Company Unlisted Investments \$
<i>Cost</i>		
At 1 January 2018 & 31 December 2018	3,196,473	386,473
<i>Provisions</i>		
At 1 January 2018 & 31 December 2018	684,708	386,473
<i>Net book value</i>		
At 1 January 2018 & 31 December 2018	2,511,765	-

Clemente Business Limited (an I Hennig & Co Limited 100% subsidiary as listed above) owns 37% of the issued share capital of Constell Group 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 2018 (continued)

7 Debtors

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
<i>Amounts falling due within one year:</i>				
Trade debtors	321,336	315,661	278,124	308,163
Amounts owed by subsidiary undertakings	-	-	1,267,077	832,580
Deferred tax asset	160,428	193,270	162,537	162,537
Corporation tax	88,273	97,371	-	-
Other debtors	259,978	649,309	104,353	435,361
VAT	60,987	79,761	37,587	34,580
Prepayments	155,020	165,685	123,962	126,604
	<u>1,046,022</u>	<u>1,501,057</u>	<u>1,973,640</u>	<u>1,899,825</u>
<i>Amounts falling due after more than one year:</i>				
Amounts owed by subsidiary undertakings	-	-	-	1,007,550
Deferred tax asset (note 10)	465,492	864,173	446,427	852,879
	<u>465,492</u>	<u>864,173</u>	<u>446,427</u>	<u>1,860,429</u>
Total debtors	<u>1,511,514</u>	<u>2,365,230</u>	<u>2,420,067</u>	<u>3,760,254</u>

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

8 Creditors: amounts falling due within one year

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Trade creditors	629,676	84,365	65,726	37,245
Amounts owed to subsidiary undertakings	-	-	1,490,754	1,291,904
Other taxation and social security	102,114	146,516	87,983	90,492
Other creditors	25,168	75,736	2,612	7,421
Accruals and deferred income	753,391	389,503	583,337	92,447
	<u>1,510,349</u>	<u>696,120</u>	<u>2,230,412</u>	<u>1,519,509</u>

9 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 11 individuals (2017: 13). 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 2018 (continued)

9 Retirement benefits (continued)

	2018 \$	2017 \$
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	41,433,486	40,177,031
Interest cost	937,568	1,071,342
Actuarial (gains)	(612,651)	(418,154)
Benefits paid	(4,806,252)	(3,052,468)
Exchange (gains) / losses	(2,427,323)	3,655,735
	<u> </u>	<u> </u>
At the end of the year	34,524,828	41,433,486
	<u> </u>	<u> </u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	32,121,316	38,587,799
Schemes unfunded	2,403,512	2,845,687
	<u> </u>	<u> </u>
	34,524,828	41,433,486
	<u> </u>	<u> </u>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	41,861,316	39,221,118
Interest income on plan assets	901,709	1,091,721
Return on assets, excluding interest income	(1,397,139)	(247,565)
Contributions by group	984,763	1,246,742
Benefits paid	(4,806,252)	(3,052,468)
Exchange (losses) / gains	(2,419,162)	3,601,768
	<u> </u>	<u> </u>
At the end of the year	35,125,235	41,861,316
	<u> </u>	<u> </u>
Fair value of plan assets	35,125,235	41,861,316
Irrecoverable surplus	(3,003,918)	(3,273,517)
Present value of plan liabilities	(34,524,828)	(41,433,486)
	<u> </u>	<u> </u>
Net pension scheme liability	(2,403,511)	(2,845,687)
	<u> </u>	<u> </u>
<i>Reconciliation of liability</i>		
Net pension scheme liability	2,056,183	2,426,133
Gratuity liability	60,881	77,575
	<u> </u>	<u> </u>
Company retirement benefits liability	2,117,064	2,503,708
	<u> </u>	<u> </u>
Reserve for severance pay	82,090	77,292
Deferred compensation	204,357	264,687
	<u> </u>	<u> </u>
Group retirement benefits liability	2,403,511	2,845,687
	<u> </u>	<u> </u>

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

9 Retirement benefits (continued)	2018	2017
	\$	\$
<i>Amounts recognised in the profit and loss administration expenses are as follows:</i>		
Net interest on the net defined benefit liability	54,963	29,837
<i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Actuarial (gain) on the liabilities	(612,651)	(791,323)
Return on assets, excluding interest income	1,397,139	247,565
Change in the amount of surplus that is not recoverable, excluding interest income	(156,653)	1,378,780
	<u>627,835</u>	<u>835,022</u>
<i>Composition of plan assets</i>		
MA fund*	28,269,325	33,530,844
Bonds	2,836,357	2,743,506
Insured annuities	3,701,147	4,487,284
Cash	318,406	1,099,682
	<u>35,125,235</u>	<u>41,861,316</u>
<i>Actual loss on plan assets (excluding interest income)</i>	<u>1,397,139</u>	<u>247,565</u>
<i>* Multi Asset Fund</i>		
	2018	2017
	%	%
<i>Principal actuarial assumptions used at the year end date</i>		
Discount rates	2.80	2.40
Inflation assumption (RPI)	3.30	3.20
Inflation assumption (CPI)	2.30	2.20
LPI pension increases	3.20	3.10
Long-term healthcare inflation	5.80	5.70
Assumed life expectancies on retirement at age 60 are:		
- Retiring today – Males	28.6	28.6
- Retiring today – Females	29.7	29.6
- Retiring in 20 years time – Males	30.1	30.0
- Retiring in 20 years time – Females	31.2	31.2

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2016 and updated to 31 December 2018 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 2018 (continued)

10 Deferred tax

	Group 2018 \$	Company 2018 \$
The movements in deferred tax assets were as follows:		
Asset as at 1 January 2018	1,057,443	1,015,416
Amount debited to the income statement account	(538,255)	(513,184)
Amount credited to the statement of comprehensive income	106,732	106,732
	<hr/>	<hr/>
Asset as at 31 December 2018	625,920	608,964
	<hr/>	<hr/>
<i>Reported in these financial statements within:</i>		
Debtors falling due within one year	160,428	162,537
Debtors falling due after more than one year	465,492	446,427
	<hr/>	<hr/>
Total deferred tax balance	625,920	608,964
	<hr/>	<hr/>
	Group 2017 \$	Company 2017 \$
The movements in deferred tax assets were as follows:		
Asset as at 1 January 2017	852,635	788,253
Amount credited to the income statement account	20,221	42,576
Amount credited to the statement of comprehensive income	184,587	184,587
	<hr/>	<hr/>
Asset as at 31 December 2017	1,057,443	1,015,416
	<hr/>	<hr/>
<i>Reported in these financial statements within:</i>		
Debtors falling due within one year	193,270	162,537
Debtors falling due after more than one year	864,173	852,879
	<hr/>	<hr/>
Total deferred tax balance	1,057,443	1,015,416
	<hr/>	<hr/>

The elements of the deferred tax balance are as follows:

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Accelerated capital allowances	(4,713)	(14,642)	(21,669)	(25,938)
Other timing differences	630,633	1,072,085	630,633	1,041,354
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred tax asset	625,920	1,057,443	608,964	1,015,416
	<hr/>	<hr/>	<hr/>	<hr/>

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

11 Share capital

	2018 \$	2017 \$
<i>Allotted, called up and fully paid</i>		
68,000 ordinary shares of £1 each	121,067	121,067

12 Commitments under operating leases

As at 31 December 2018, the group had annual commitments under non-cancellable operating leases as set out below:

	2018 \$	2017 \$
Group		
Operating leases which expire:		
Within one year	218,938	320,524
After one year but less than five years	97,763	200,879
	316,701	521,403
Company		
Operating leases which expire:		
Within one year	44,199	32,092
After one year but less than five years	-	-
	44,199	32,092

13 Financial instruments

	2018 \$	2017 \$
Financial assets		
Financial assets measured at amortised cost	14,556,279	13,853,436
Financial liabilities		
Financial liabilities measured at amortised cost	1,408,235	549,604

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.

I Hennig & Co Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

14 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

At times the managing director is required to incur work expenditure personally to be later reimbursed, during the year transactions are summarised as follows:

	2018	2017
	\$	\$
Balance at 1 January owed (by) / to I Hennig & Co Ltd	(2,050)	2,156
Recharged expenditure by director	(2,284)	(6,018)
Reimbursement payments made to director	4,107	1,583
Foreign exchange on historic balances	(7)	229
	<hr/>	<hr/>
Balance at 31 December 2018 owed (by) I Hennig & Co Ltd	(234)	(2,050)
	<hr/>	<hr/>

15 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.

St Marks Associates 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.

16 Audit report

An unqualified audit report was issued by Dominic Stammers, senior statutory auditor, BDO LLP on 27 September 2019.

17 Post balance sheet event

After the year end on 22 September 2019, but prior to the signing of the accounts, I Hennig & Co Limited committed to a material investment of \$400,000 for 40% equity in a company called Lucy Platforms Ltd. A further \$400,000 was committed based on the achievement of key business targets.