

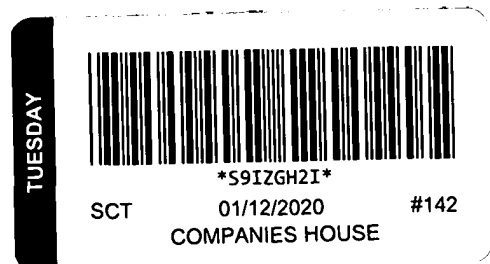
# **I Hennig & Co Limited**

Report and Consolidated Financial Statements

For the year ended

31 December 2019

Company Number 646001



# **I Hennig & Co Limited**

## **Report and Consolidated Financial Statements for the year ended 31 December 2019**

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# **I Hennig & Co Limited**

**Company information  
for the year ended 31 December 2019**

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**Directors**

A Sela  
S L Stewart  
J D Hambro  
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  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

**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  
Leicester  
LE87 2BB

# I Hennig & Co Limited

## Consolidated statement of financial position at 31 December 2019

<i>Company number 646001</i>	<i>Note</i>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>	<b>As restated</b>	<b>As restated</b>
				<b>\$</b>	<b>\$</b>
<b>Fixed assets</b>					
Intangible assets	6		262,712		112,175
Tangible assets	7		261,317		222,445
Investments	8		2,869,101		2,511,765
			<u>3,393,130</u>		<u>2,846,385</u>
<b>Current assets</b>					
Debtors due in less than one year	9	1,680,769		1,046,022	
Debtors due in more than one year	9	22,031		465,492	
Cash at bank and in hand		8,044,786		10,688,020	
		<u>9,747,586</u>		<u>12,199,534</u>	
<b>Creditors: amounts falling due within one year</b>	10	1,355,476		1,510,349	
<b>Net current assets</b>			<u>8,392,110</u>		<u>10,689,185</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>11,785,240</u>		<u>13,535,570</u>
<b>Retirement benefits liabilities</b>	11		2,613,381		2,403,511
<b>Net assets</b>			<u>9,171,859</u>		<u>11,132,059</u>
<b>Capital and reserves</b>					
Called up share capital	13		121,067		121,067
Profit and loss account			9,050,792		11,010,992
<b>Shareholders' funds</b>			<u>9,171,859</u>		<u>11,132,059</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities. The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 20<sup>th</sup> November 2020.



**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 2019

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2019	121,067	11,010,992	11,132,059
<b>Consolidated changes in equity for the year</b>			
Loss for the year	-	(966,776)	(966,776)
Other comprehensive loss	-	(993,424)	(993,424)
<b>At 31 December 2019</b>	<b>121,067</b>	<b>9,050,792</b>	<b>9,171,859</b>

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

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 2019

<i>Company number 646001</i>	<i>Note</i>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		\$	\$	As restated \$	As restated \$
<b>Fixed assets</b>					
Intangible assets	6		262,712		112,175
Tangible assets	7		79,093		100,627
Investments	8		613,360		1,113,360
			<hr/>		<hr/>
			955,165		1,326,162
<b>Current assets</b>					
Debtors due in less than one year	9	2,268,931		1,973,640	
Debtors due in more than one year	9	-		446,427	
Cash at bank and in hand		6,559,854		8,368,640	
		<hr/>		<hr/>	
		8,828,785		10,788,707	
<b>Creditors: amounts falling due within one year</b>	10	1,965,760		2,230,412	
		<hr/>		<hr/>	
<b>Net current assets</b>			6,863,025		8,558,295
			<hr/>		<hr/>
<b>Net assets excluding retirement benefit liabilities</b>			7,818,190		9,884,457
			<hr/>		<hr/>
<b>Retirement benefits liabilities</b>	11		2,321,977		2,117,064
			<hr/>		<hr/>
<b>Net assets</b>			5,496,213		7,767,393
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		121,067		121,067
Profit and loss account			5,375,146		7,646,326
			<hr/>		<hr/>
<b>Shareholders' funds</b>			5,496,213		7,767,393
			<hr/>		<hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities. The financial statements have been delivered in accordance with the 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 loss for the year was \$1,238,021 (2018: profit \$459,189)

The financial statements were approved by the Board and authorised for issue 20<sup>th</sup> November 2020.



**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 2019

	Share capital	Profit and loss reserves	Total equity
	\$	\$	\$
At 01 January 2019	121,067	7,646,326	7,767,393
<b>Consolidated changes in equity for the year</b>			
Loss for the year	-	(1,238,021)	(1,238,021)
Other comprehensive loss	-	(1,033,159)	(1,033,159)
<b>At 31 December 2019</b>	<b>121,067</b>	<b>5,375,146</b>	<b>5,496,213</b>

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

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 2019

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### 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.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and are in accordance with FRS 102, Section 1A, the financial reporting standard applicable in the United Kingdom and Ireland.

The preparation of these financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 2).

Rounding to the nearest dollar has been applied in the preparation of these financial statements.

#### *Going concern*

As disclosed in Note 18, the COVID-19 pandemic has had a significant impact on the Group during 2020 and will mean revenues for the year will be significantly lower than they would have been.

Management have considered the impact this will have on the ability of the Group to continue as a going concern. The Group does not have any external borrowings and so is not required to meet any covenants or to make any scheduled repayments.

Management therefore consider the most significant risk to the business to be running out of available cash. A reverse stress test scenario was prepared to assess whether the Group would have sufficient cash to meet all expenses assuming \$Nil revenue (an extreme outcome) for the 12 months from the date of signing. The Group does have sufficient cash in such a scenario. Despite this scenario, trade is proving to be better than expected.

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, which is the functional currency of the Group. 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 \$1.3254 to £1 (2018: \$1.2736 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 2019. 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.



# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

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### 1 Accounting policies (continued)

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 commissions receivable by the group for services provided as brokers and consultants. This revenue is recognised as the service is provided.

#### *Dividends*

Equity dividends are recognised when they become legally payable.

#### *Intangible assets and amortisation*

Intangible assets are comprised of IT development costs and are recognised from the development phase of a project if and only if certain specific criteria are met to demonstrate the asset will generate probable future economic benefits and that the cost can be reliably measured.

Once capitalised, IT developments costs are amortised over a period of three years on a straight-line basis, recognised within 'administrative expenses'. Amortisation begins when the intangible asset is available for use in the manner intended by management.

#### *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	-	6% - 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.

#### *Investments in associates*

An entity is treated as an associate where the group exercises significant influence over the operating and financial policy decisions of the entity.

In the consolidated accounts, investments in associated entities are accounted for using the equity method of accounting. Under this method the investment is initially measured at transaction price and subsequently adjusted to reflect the Group's share of any profit or loss, other comprehensive income and equity of the associate. The consolidated income statement includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. Any share of losses are only recognised to the extent that they do not reduce the investment balance below zero as the group has no obligations to make payments on behalf of the associate.

On the company individual balance sheet, investments in associate are held at amortised cost.

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### *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>	<b>Rate to 1 US\$</b>	
	<b>2019</b>	<b>2018</b>
Pounds Sterling	<b>0.755</b>	0.785
Euro	<b>0.892</b>	0.875
South African Rand	<b>14.006</b>	14.385
Botswana Pula	<b>10.667</b>	10.730
Indian Rupee	<b>71.340</b>	69.815
Israeli Shekel	<b>3.456</b>	3.737

#### *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.

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### *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.

### 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:

#### *Intangible assets (see note 6)*

Intangible fixed assets, are amortised 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.

#### *Tangible assets (see note 7)*

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 8)*

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 11)*

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 2019 (continued)

### 3 Prior period adjustment

In the prior period, the Group and the Company incorrectly classified additions to intangible assets as additions to tangible assets.

The impact on the 31 December 2018 figures is to increase intangible assets by \$112,175 and decrease tangible assets by the same. Of this, \$112,995 relates to the cost bought forward and \$820 relates to bought forward depreciation, which was reclassified as amortisation.

There is no impact on the equity or profit of 2018.

### 4 Employees

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

	Group 2019	Group 2018	Company 2019	Company 2018
Brokers	10	10	5	5
Tenders	1	5	-	0
Administrative staff	17	16	9	11
	<u>28</u>	<u>31</u>	<u>14</u>	<u>16</u>

### 5 Taxation

	2019	2018
	\$	\$
<i>Current tax:</i>		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	-
Foreign tax	44,973	48,290
	<u>44,973</u>	<u>48,290</u>
Total current tax ( <i>next page</i> )	44,973	48,290
Deferred tax	379,023	499,563
	<u>423,996</u>	<u>547,853</u>
Total tax charge on the profit on ordinary activities	423,996	547,853

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 5 Taxation (continued)

The tax assessed for the period is higher (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019	2018
	\$	\$
(Loss) / profit on ordinary activities before tax	(542,780)	1,325,686
(Loss) / Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%):	(103,128)	251,880
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(8,310)	71,966
Non-taxable (losses) / gains	(22,588)	26,494
Short term timing differences	11,577	(176,662)
Tax rate difference	6,551	(24,690)
Prior year under provision	3,973	5,053
Accelerated capital allowances	(28,065)	(17,168)
Losses carried forward	170,509	294
Losses utilised	147	(105,960)
NTLR credits	14,307	17,083
Current year tax charge (see previous page)	44,973	48,290
<i>Deferred tax:</i>		
Deferred tax movement on the pension liability	135,035	148,585
Current year movement in ACAs	22,045	50,414
Short term timing difference	221,943	300,564
Deferred tax (see previous page)	379,023	499,563
Total tax charge on the profit on ordinary activities	423,996	547,853

The Group and Company has an unrecognised deferred tax asset on accumulated tax losses of \$3,269,763.

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 6 Intangible assets

<b>Group &amp; Company</b>	<b>IT Development \$</b>
<i>Cost</i>	
At 1 January 2019 (as restated)	112,995
Additions	168,662
	<hr/>
<b>At 31 December 2019</b>	<b>281,657</b>
<i>Amortisation</i>	
At 1 January 2019 (as restated)	820
Charge for the year	18,125
	<hr/>
<b>At 31 December 2019</b>	<b>18,945</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 December 2019</b>	<b>262,712</b>
	<hr/>
At 31 December 2018 (as restated)	112,175
	<hr/>

All development costs relate to the development of an online platform for diamonds and a mobile app.

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 7 Tangible assets

Group	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2019 (as restated)	415,825	791,392	1,207,217
Exchange adjustment	18,217	21,762	39,979
Additions	122,856	19,524	142,380
Disposals	(67,867)	(165,211)	(233,078)
<b>At 31 December 2019</b>	<b>489,031</b>	<b>667,467</b>	<b>1,156,498</b>
<i>Depreciation</i>			
At 1 January 2019 (as restated)	362,522	622,250	984,772
Exchange adjustment	17,817	18,837	36,654
Charge for the year	48,253	55,165	103,418
Disposals	(67,867)	(161,796)	(229,663)
<b>At 31 December 2019</b>	<b>360,725</b>	<b>534,456</b>	<b>895,181</b>
<i>Net book value</i>			
<b>At 31 December 2019</b>	<b>128,306</b>	<b>133,011</b>	<b>261,317</b>
At 31 December 2018 (as restated)	53,303	169,142	222,445
<i>Company</i>			
	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2019 (as restated)	178,160	318,503	496,663
Exchange adjustment	(3,808)	(5,412)	(9,220)
Additions	-	4,988	4,988
Disposals	-	(112,072)	(112,072)
<b>At 31 December 2019</b>	<b>174,352</b>	<b>206,007</b>	<b>380,359</b>
<i>Depreciation</i>			
At 1 January 2019 (as restated)	178,160	217,876	396,036
Exchange adjustment	(3,808)	(4,887)	(8,695)
Charge for the year	-	24,612	24,612
Disposals	-	(110,687)	(110,687)
<b>At 31 December 2019</b>	<b>174,352</b>	<b>126,914</b>	<b>301,266</b>
<i>Net book value</i>			
<b>At 31 December 2019</b>	<b>-</b>	<b>79,093</b>	<b>79,093</b>
At 31 December 2018 (as restated)	-	100,627	100,627

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 (which therefore makes it impossible to determine a reliable yield), therefore the asset has continued to be recognised at amortised cost.

The property had an original cost of £142,745 in the year ended 31 December 1979 and has a net book value of \$Nil.

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 *(continued)*

## 8 Fixed asset investments

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Subsidiary undertakings	-	-	213,360	1,113,360
Investments in associates	369,101	-	400,000	-
Other investments	2,500,000	2,511,765	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	2,869,101	2,511,765	613,360	1,113,360
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Subsidiary undertakings – company</b>				\$
<i>Cost</i>				
At 1 January 2019				4,015,692
Disposal				(901,680)
				<hr/>
At 31 December 2019				3,114,012
				<hr/>
<i>Provisions</i>				
As at 1 January 2019				2,902,332
Reduction in provision				(1,680)
				<hr/>
At 31 December 2019				2,900,652
				<hr/>
<i>Net book value</i>				
At 31 December 2019				213,360
				<hr/>
At 31 December 2018				1,113,360
				<hr/>



# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 *(continued)*

## 8 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	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	Dissolved
Diamond Realisations (South Africa) Pty Ltd	South Africa	100	Diamond merchants
Diamond Realisations (Botswana) Pty Ltd	Botswana	100	Dissolved
Lucy Platforms Limited	Israel	40	Technology

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

During the period, the share capital of Diamond Realisations Limited was reduced by \$900,000 which is one of the disposals. The other was I Hennig & Co (Hong Kong) Limited. This had been provided for in prior periods but in the current period was finally dissolved.

Diamond Realisations USA Inc was dissolved on 8th January 2019. Diamond Realisations (Botswana) Pty Ltd was dissolved on 6th February 2020.

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 8 Fixed asset investments (continued)

### Investments in associates

	Group	Company
	\$	\$
<i>Cost</i>		
At 1 January 2019	-	-
Additions	400,000	400,000
	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>400,000</b>	<b>400,000</b>
	<hr/>	<hr/>
<i>Share of retained losses</i>		
At 1 January 2019	-	-
Loss for the year	(30,899)	-
	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>(30,899)</b>	<b>-</b>
	<hr/>	<hr/>
<i>Net book value</i>		
<b>At 31 December 2019</b>	<b>369,101</b>	<b>400,000</b>
	<hr/>	<hr/>
At 31 December 2018	-	-
	<hr/>	<hr/>

### Other investments

	Group Unlisted Investments \$	Company Unlisted Investments \$
<i>Cost</i>		
At 1 January 2019	3,196,473	386,473
Disposals	(11,765)	-
	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>3,184,708</b>	<b>386,473</b>
	<hr/>	<hr/>
<i>Provisions</i>		
<b>At 1 January 2019 &amp; 31 December 2019</b>	<b>684,708</b>	<b>386,473</b>
	<hr/>	<hr/>
<i>Net book value</i>		
<b>At 1 January 2019 &amp; 31 December 2019</b>	<b>2,500,000</b>	<b>-</b>
	<hr/>	<hr/>

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.

The disposal in the year relates to an investment in a LLC in the USA which was closed.

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 9 Debtors

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
<i>Amounts falling due within one year:</i>				
Trade debtors	685,616	321,336	353,204	278,124
Amounts owed by subsidiary undertakings	-	-	1,643,502	1,267,077
Deferred tax asset	-	160,428	-	162,537
Corporation tax	33,819	88,273	-	-
Other debtors	727,797	259,978	79,283	104,353
VAT	56,165	60,987	36,638	37,587
Prepayments	177,372	155,020	156,304	123,962
	<u>1,680,769</u>	<u>1,046,022</u>	<u>2,268,931</u>	<u>1,973,640</u>
<i>Amounts falling due after more than one year:</i>				
Deferred tax asset (12)	22,031	465,492	-	446,427
	<u>22,031</u>	<u>465,492</u>	<u>-</u>	<u>446,427</u>
<b>Total debtors</b>	<u><b>1,702,800</b></u>	<u><b>1,511,514</b></u>	<u><b>2,268,931</b></u>	<u><b>2,420,067</b></u>

## 10 Creditors: amounts falling due within one year

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Trade creditors	572,912	629,676	156,191	65,726
Amounts owed to subsidiary undertakings	-	-	1,605,396	1,490,754
Other taxation and social security	104,583	102,114	63,973	87,983
Other creditors	80,699	25,168	3,161	2,612
Accruals and deferred income	597,282	753,391	137,039	583,337
	<u>1,355,476</u>	<u>1,510,349</u>	<u>1,965,760</u>	<u>2,230,412</u>

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 *(continued)*

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## 11 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. Any excess payments due on claims are reimbursed by the Company. The premiums paid in 2018 were approximately \$45,000. The premiums due for 2019 are approximately \$40,000. A refund of premiums of approximately \$5,000 was received in 2018. The scheme is closed to new members and no current employees have been promised post retirement healthcare benefits. The benefits are not funded in advance of premium payments being required. The net liability in relation to this scheme is \$387,000 (2018: \$440,000). The actuarial assumptions were in line with those disclosed.

The fourth class of benefit, the “other unfunded defined benefit pensions”, represents unfunded pension obligations to the group of 14 individuals (2018: 11). Certain non-UK jurisdictions require the accrual of severance pay and gratuity liabilities, these are calculated locally based on expertise within the jurisdiction. The total liability in respect of the two schemes is \$291,404 (2018: \$286,447).

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 2019 (continued)

## 11 Retirement benefits (continued)

	2019 \$	2018 \$
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	34,524,828	41,433,486
Interest cost	944,961	937,568
Actuarial losses / (gains)	115,587	(612,651)
Benefits paid	(4,341,160)	(4,806,252)
Exchange losses / (gains)	1,297,016	(2,427,323)
	<u>                    </u>	<u>                    </u>
At the end of the year	32,541,232	34,524,828
	<u>                    </u>	<u>                    </u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	29,927,851	32,121,316
Schemes unfunded	2,613,381	2,403,512
	<u>                    </u>	<u>                    </u>
	32,541,232	34,524,828
	<u>                    </u>	<u>                    </u>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	35,125,235	41,861,316
Interest income on plan assets	971,504	901,709
Return on assets, excluding interest income	(576,541)	(1,397,139)
Contributions by group	751,761	984,763
Benefits paid	(4,341,160)	(4,806,252)
Exchange gains / (losses)	1,320,883	(2,419,162)
	<u>                    </u>	<u>                    </u>
At the end of the year	33,251,682	35,125,235
	<u>                    </u>	<u>                    </u>
Fair value of plan assets	33,251,682	35,125,235
Irrecoverable surplus	(3,323,831)	(3,003,918)
Present value of plan liabilities	(32,541,232)	(34,524,828)
	<u>                    </u>	<u>                    </u>
Net pension scheme liability	(2,613,381)	(2,403,511)
	<u>                    </u>	<u>                    </u>
<i>Reconciliation of liability</i>		
Unfunded pension scheme liability	2,252,875	2,056,183
Gratuity liability	69,102	60,881
	<u>                    </u>	<u>                    </u>
Company retirement benefits liability	2,321,977	2,117,064
	<u>                    </u>	<u>                    </u>
Reserve for severance pay	111,088	82,090
Deferred compensation	180,316	204,357
	<u>                    </u>	<u>                    </u>
Group retirement benefits liability	2,613,381	2,403,511
	<u>                    </u>	<u>                    </u>

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

<b>11 Retirement benefits (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts recognised in the profit and loss administration expenses are as follows:</i>		
Net interest on the net defined benefit liability	<b>60,932</b>	54,963
<i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Actuarial loss / (gain) on the liabilities	<b>576,541</b>	(612,651)
Return on assets, excluding interest income	<b>115,587</b>	1,397,139
Change in the amount of surplus that is not recoverable, excluding interest income	<b>110,007</b>	(156,653)
	<b>802,135</b>	627,835
<i>Composition of plan assets</i>		
MA fund*	<b>24,712,459</b>	28,269,325
Bonds	<b>6,418,665</b>	2,836,357
Insured annuities	<b>2,043,688</b>	3,701,147
Cash	<b>76,870</b>	318,406
Total plan assets	<b>33,251,682</b>	35,125,235
<i>Actual loss on plan assets (excluding interest income)</i>	<b>115,587</b>	1,397,139
<i>* Multi Asset Fund</i>		
	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
<i>Principal actuarial assumptions used at the year end date</i>		
Discount rates	<b>2.00</b>	2.80
Inflation assumption (RPI)	<b>3.00</b>	3.30
Inflation assumption (CPI)	<b>2.10</b>	2.30
LPI pension increases	<b>3.00</b>	3.20
Long-term healthcare inflation	<b>5.50</b>	5.80
Assumed life expectancies on retirement at age 60 are:		
- Retiring today – Males	<b>28.7</b>	28.6
- Retiring today – Females	<b>29.8</b>	29.7
- Retiring in 20 years time – Males	<b>30.1</b>	30.1
- Retiring in 20 years time – Females	<b>31.3</b>	31.2

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2016 and updated to 31 December in 2019 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 2019 (continued)

## 12 Deferred tax

	Group 2019 \$	Company 2019 \$
The movements in deferred tax assets were as follows:		
Asset as at 1 January 2019	625,920	608,964
Amount debited to the income statement account	(344,282)	(349,357)
Amount credited to the statement of comprehensive income	(259,607)	(259,607)
	<hr/>	<hr/>
<b>Asset as at 31 December 2019</b>	<b>22,031</b>	<b>-</b>
	<hr/>	<hr/>
<i>Reported in these financial statements within:</i>		
Debtors falling due within one year	-	-
Debtors falling due after more than one year	22,031	-
	<hr/>	<hr/>
<b>Total deferred tax balance</b>	<b>22,031</b>	<b>-</b>
	<hr/>	<hr/>
	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 credited to the income statement account	(538,255)	(513,184)
Amount credited to the statement of comprehensive income	106,732	106,732
	<hr/>	<hr/>
<b>Asset as at 31 December 2018</b>	<b>625,920</b>	<b>608,964</b>
	<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/>
<b>Total deferred tax balance</b>	<b>625,920</b>	<b>608,964</b>
	<hr/>	<hr/>

The elements of the deferred tax balance are as follows:

	Group 2019 \$	Group 2018 \$	Company 2019 \$	Company 2018 \$
Accelerated capital allowances	(26,768)	(4,713)	(48,789)	(21,669)
Other timing differences	48,799	630,633	48,789	630,633
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total deferred tax asset</b>	<b>22,031</b>	<b>625,920</b>	<b>-</b>	<b>608,964</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 13 Share capital

	2019 \$	2018 \$
<i>Allotted, called up and fully paid</i>		
68,000 ordinary shares of £1 each	121,067	121,067

### 14 Commitments under operating leases

As at 31 December 2019, the group had annual commitments under non-cancellable operating leases as set out below:

Group	2019 \$	2018 \$
Operating leases which expire:		
Within one year	138,762	218,938
After one year but less than five years	39,651	97,763
	<u>178,413</u>	<u>316,701</u>
 Company	 2019 \$	 2018 \$
Operating leases which expire:		
Within one year	31,809	44,199
After one year but less than five years	-	-
	<u>31,809</u>	<u>44,199</u>

### 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

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

	2019 \$	2018 \$
Balance at 1 January owed (by) / to I Hennig & Co Ltd	(234)	(2,050)
Recharged expenditure by director	(227)	(2,284)
Reimbursement payments made to director	486	4,107
Foreign exchange on historic balances	(25)	(7)
	<u>-</u>	<u>(234)</u>
 Balance at 31 December 2019 owed (by) I Hennig & Co Ltd	 -	 (234)



# **I Hennig & Co Limited**

## **Notes forming part of the financial statements for the year ended 31 December 2019 (continued)**

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### **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.

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.

### **17 Audit report**

An unqualified audit report was issued by Mark McCluskey, senior statutory auditor, BDO LLP on 25<sup>th</sup> November 2020.

### **18 Subsequent events**

On 11<sup>th</sup> March 2020, the World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic. This subsequently led to local lockdowns and international travel bans that significantly impacted the key diamond hubs around the world (notably India, USA, Israel and Botswana). This is considered to be a non-adjusting subsequent event for the year ended 31 December 2019.

This inability to travel brought the diamond industry to a virtual standstill for the second quarter of 2020 (including the cancellation of Sight 3). This significantly impacted the revenues of I Hennig & Co Limited and final revenues for the year ended 31 December 2020 are now expected to be significantly lower as a direct result of COVID-19.

The Directors have considered the impact this will have on the ability of the Group to continue as a going concern in Note 1 to the financial statements and in the Directors report.

After the year end on 3rd November 2020, but prior to signing the accounts, I Hennig & Co Limited invested a further \$400,000 into Lucy Platforms Limited (an associate).

On 27th March 2020 the defined benefit pension plan entered a buy in agreement. The plan is expected to enter buy out in 2021. The financial impact is currently uncertain.