

# **I Hennig & Co Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 646001

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# **I Hennig & Co Limited**

## **Report and financial statements for the year ended 31 December 2017**

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# **I Hennig & Co Limited**

**Company information  
for the year ended 31 December 2017**

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**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 2017

<i>Company number 646001</i>	<i>Note</i>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
		\$	\$	\$	\$
<b>Fixed assets</b>					
Tangible assets	5		385,706		455,258
Investments	6		2,511,765		2,500,000
			<u>2,897,471</u>		<u>2,955,258</u>
<b>Current assets</b>					
Stocks	7	-		37,973	
Debtors due in less than one year	8	1,501,057		1,831,875	
Debtors due in more than one year	8	864,173		683,765	
Cash at bank and in hand		9,142,126		10,123,282	
		<u>11,507,356</u>		<u>12,676,895</u>	
<b>Creditors: amounts falling due within one year</b>	9	696,120		1,985,205	
<b>Net current assets</b>			<u>10,811,236</u>		<u>10,691,690</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>13,708,707</u>		<u>13,646,948</u>
<b>Retirement benefits liabilities</b>	10		<u>2,845,687</u>		<u>2,627,887</u>
<b>Net assets</b>			<u><u>10,863,020</u></u>		<u><u>11,019,061</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		121,067		121,067
Profit and loss account			10,741,953		10,897,994
<b>Shareholders' funds</b>			<u><u>10,863,020</u></u>		<u><u>11,019,061</u></u>

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

The financial statements were approved by the Board and authorised for issue on 28 September 2018.

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 2017

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

<i>Company number 646001</i>	<i>Note</i>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
		\$	\$	\$	\$
<b>Fixed assets</b>					
Tangible assets	5	150,855		97,230	
Investments	6	1,178,164		1,178,164	
			<u>1,329,019</u>		<u>1,275,394</u>
<b>Current assets</b>					
Debtors due in less than one year	8	1,899,825		1,795,148	
Debtors due in more than one year	8	1,860,429		1,811,933	
Cash at bank and in hand		6,701,427		7,064,466	
		<u>10,461,681</u>		<u>10,671,547</u>	
<b>Creditors: amounts falling due within one year</b>	9	1,519,509		883,253	
<b>Net current assets</b>			<u>8,942,172</u>		<u>9,788,294</u>
<b>Net assets excluding retirement benefit liabilities</b>			<u>10,271,191</u>		<u>11,063,688</u>
<b>Retirement benefits liabilities</b>	10		2,503,708		2,546,366
<b>Net assets</b>			<u>7,767,483</u>		<u>8,517,322</u>
<b>Capital and reserves</b>					
Called up share capital	12	121,067		121,067	
Profit and loss account		7,646,416		8,396,255	
<b>Shareholders' funds</b>			<u>7,767,483</u>		<u>8,517,322</u>

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

The group has taken the exemption from presenting the company profit and loss account under section 408 of the Companies Act 2006. The Company's loss for the year was \$25,359 (2016: loss \$21,369)

The financial statements were approved by the Board and authorised for issue 28 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 2017

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

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### 1 Accounting policies

#### *Company information*

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

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

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

#### *Disclosure exemptions:*

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

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

#### *Reporting currency*

The financial statements have been prepared in US Dollars. As a matter of industry convention, diamonds have for many years been priced in US Dollars. As substantially all the group's income is charged and received in US Dollars the directors feel that US Dollars represent the most appropriate reporting currency. The year-end exchange rate is \$1.3528 to £1 (2016: \$1.2356 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 2017. These accounts have been prepared and delivered in accordance with the provisions applicable to company's subject to the small company regime.

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

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

#### *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 2017 (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

#### *Stocks*

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

#### *Investments*

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

#### *Deferred taxation*

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

#### *Foreign currency translation*

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

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

The principal US Dollar exchange rates used were as follows:

<i>Closing exchange rates</i>	<b>Rate to 1 US\$</b>	
	<b>2017</b>	<b>2016</b>
Pounds Sterling	<b>0.739</b>	0.809
Euro	<b>0.833</b>	0.948
South African Rand	<b>12.380</b>	13.675
Botswana Pula	<b>9.828</b>	10.684
Indian Rupee	<b>63.828</b>	67.870
Thai Baht	<b>32.590</b>	35.811
Israeli Shekel	<b>3.472</b>	3.849

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

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### 1 Accounting policies (continued)

#### *Finance and operating leases*

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

#### *Pension costs and other post-retirement benefits*

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

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

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

#### *Reserves*

The Group and Company's reserves are as follows:

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

#### *Financial instruments*

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

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

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

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

#### *Tangible fixed assets (see note 5)*

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

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.

#### *Investments (see note 6)*

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

#### *Pension (see note 10)*

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

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

### 3 Employees

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

	Group 2017	Group 2016	Company 2017	Company 2016
Brokers	10	11	5	6
Tenders	7	9	0	1
Administrative staff	17	18	12	12
	<u>34</u>	<u>38</u>	<u>17</u>	<u>19</u>

### 4 Taxation

	2017	2016
	\$	\$
<i>Current tax:</i>		
UK corporation tax	-	13,723
Adjustments in respect of previous periods	487	-
Foreign tax	(23,309)	102,918
	<u>(22,822)</u>	<u>116,641</u>
Total current tax ( <i>next page</i> )	(22,822)	116,641
<i>Deferred tax:</i>		
Current year deferred tax	36,639	290,192
Prior year deferred tax	(45,947)	17,471
	<u>(9,308)</u>	<u>307,663</u>
Total tax on the loss on ordinary activities	<u>(32,130)</u>	<u>424,304</u>

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (*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:

	2017	2016
	\$	\$
Profit on ordinary activities before tax	578,093	1,301,967
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%):	111,283	260,393
<i>Effects of:</i>		
UK tax on subsidiaries	-	13,723
Expenses not deductible for tax purposes	3,082	22,390
Non-taxable gains	(108,092)	(114,977)
Short term timing differences	(226,203)	(193,376)
Tax rate difference	4,982	26,584
Prior year (over) / under provision	(65,017)	30,201
Accelerated capital allowances	(11,168)	5,007
Losses carried forward	274,503	124,577
Losses utilised	(6,192)	-
Capital gains indexation allowance	-	(938)
Deferred tax losses utilised in the year	-	(56,943)
Current year tax (credit) / charge ( <i>see previous page</i> )	(22,822)	116,641
<i>Current year deferred tax:</i>		
Deferred tax movement on the pension liability	(274,503)	336,455
Current year movement in ACAs	29,770	(4,369)
Short term timing difference	281,372	(41,894)
Current year deferred tax ( <i>see previous page</i> )	36,639	290,192
<i>Prior year deferred tax</i>		
Increase in accelerated capital allowance liability	(6,793)	38,226
Increase / (decrease) in the deferred tax and pension liability	(39,154)	(20,756)
Prior year deferred tax ( <i>see previous page</i> )	(45,947)	17,471
Total tax (credit) / charge on the profit on ordinary activities	(32,130)	424,304

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 5 Tangible assets

Group	Short leasehold improvements \$	Motor vehicles and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2017	482,692	927,493	1,410,185
Exchange adjustment	21,275	83,510	104,785
Additions	-	132,749	132,749
Disposals	(45,712)	(80,714)	(126,426)
<b>At 31 December 2017</b>	<b>458,255</b>	<b>1,063,038</b>	<b>1,521,293</b>
<i>Depreciation</i>			
At 1 January 2017	357,862	597,065	954,927
Exchange adjustment	10,356	38,522	48,878
Charge for the year	42,187	155,232	197,419
Disposals	(45,711)	(19,926)	(65,637)
<b>At 31 December 2017</b>	<b>364,694</b>	<b>770,893</b>	<b>1,135,587</b>
<i>Net book value</i>			
<b>At 31 December 2017</b>	<b>93,561</b>	<b>292,145</b>	<b>385,706</b>
At 31 December 2016	124,830	330,428	455,258

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 5 Tangible assets (continued)

#### Company

##### Cost

At 1 January 2017	202,148	249,047	451,195
Exchange adjustment	14,698	10,795	25,493
Additions	-	85,534	85,534
Disposals	-	-	-

At 31 December 2017	216,846	345,376	562,222
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##### Depreciation

At 1 January 2017	202,148	151,817	353,965
Exchange adjustment	14,698	8,245	22,943
Charge for the year	-	34,459	34,459
Disposals	-	-	-

At 31 December 2017	216,846	194,521	411,367
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##### Net book value

At 31 December 2017	-	150,855	150,855
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At 31 December 2016	-	97,230	97,230
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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 2017 (*continued*)

## 6 Fixed asset investments

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Subsidiary undertakings	-	-	1,178,164	1,178,164
Other investments	2,511,765	2,500,000	-	-
	<u>2,511,765</u>	<u>2,500,000</u>	<u>1,178,164</u>	<u>1,178,164</u>
Net book value	<u>2,511,765</u>	<u>2,500,000</u>	<u>1,178,164</u>	<u>1,178,164</u>
<b>Subsidiary undertakings – company</b>				<b>\$</b>
<i>Cost</i>				
At 1 January 2017 and 31 December 2017				4,080,496
<i>Provisions</i>				
At 1 January 2017 and 31 December 2017				2,902,332
<i>Net book value</i>				
At 1 January 2017 and 31 December 2017				<u>1,178,164</u>

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 (Belgium) NV	Belgium	100	Agency company
I Hennig & Co (Pty) Ltd	Botswana	100	Agency company
I Hennig & Co (Hong Kong) Ltd	Hong Kong	100	Dormant 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
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 2017 (*continued*)

## 6 Fixed asset investments (*continued*)

### Other investments

	Group Unlisted Investments \$	Company Unlisted Investments \$
<i>Cost</i>		
At 1 January 2017 & 31 December 2017	3,196,473	386,473
<i>Provisions</i>		
At 1 January 2017 &	696,473	386,473
Release of provision	11,765	-
31 December 2017	684,708	386,473
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2017	2,511,765	-
	<hr/>	<hr/>
At 31 December 2016	2,500,000	-
	<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 (previously MDS Group Holdings Limited). Constell Group Limited has been accounted for as an investment and is included in the consolidated statement of financial position at its cost of investment.

The release of provision follows the return to profitability of an investment made through a subsidiary of the group.

## 7 Stocks

	Group 2017 \$	Group 2016 \$
Goods for resale	-	37,973
	<hr/>	<hr/>

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

## 8 Debtors

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
<i>Amounts falling due within one year:</i>				
Trade debtors	315,661	163,922	308,163	136,406
Amounts owed by subsidiary undertakings	-	-	832,580	724,413
Deferred tax asset	193,268	168,870	162,537	168,870
Corporation tax	97,371	195,237	-	93,406
Other debtors	649,311	744,452	435,361	482,268
VAT	79,761	271,699	34,580	9,141
Prepayments	165,685	287,695	126,604	180,644
	<u>1,501,057</u>	<u>1,831,875</u>	<u>1,899,825</u>	<u>1,795,148</u>
<i>Amounts falling due after more than one year:</i>				
Amounts owed by subsidiary undertakings	-	-	1,007,550	1,192,550
Deferred tax asset (note 11)	864,173	683,765	842,470	619,383
	<u>864,173</u>	<u>683,765</u>	<u>1,850,020</u>	<u>1,811,933</u>
<b>Total debtors</b>	<u><b>2,365,230</b></u>	<u><b>2,515,640</b></u>	<u><b>3,749,845</b></u>	<u><b>3,607,081</b></u>

# I Hennig & Co Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 9 Creditors: amounts falling due within one year

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Trade creditors	84,365	619,432	37,245	45,672
Amounts owed to parent entity	-	51,097	-	51,097
Amounts owed to subsidiary undertakings	-	-	1,291,904	590,711
Corporation tax	-	166,884	-	-
Other taxation and social security	146,516	91,526	90,492	55,938
Other creditors	75,736	220,474	7,421	20,710
Accruals and deferred income	389,503	835,792	92,447	119,125
	<u>696,120</u>	<u>1,985,205</u>	<u>1,519,509</u>	<u>883,253</u>

### 10 Retirement benefits

The group has four different classes of retirement benefits:

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

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

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

The funded defined benefit scheme is administered by trustees and its funds are independent of the group’s finances. Deficit contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser and the plan agreed with the trustees. The group meets the administration costs of running the scheme.

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

The fourth class of benefit, the “other unfunded defined benefit pensions”, represents unfunded pension obligations to the group of thirteen individuals (2016: 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 2017 (continued)

## 10 Retirement benefits (continued)

	2017 \$	2016 \$
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	40,177,031	39,772,050
Interest cost	1,071,342	1,109,105
Actuarial (gains) / losses	(418,154)	5,872,681
Benefits paid	(3,052,468)	(1,032,330)
Exchange losses / (gains)	3,655,735	(5,544,474)
	<u>          </u>	<u>          </u>
At the end of the year	41,433,486	40,177,031
	<u>          </u>	<u>          </u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	38,587,799	37,549,144
Schemes unfunded	2,845,687	2,627,887
	<u>          </u>	<u>          </u>
	41,433,486	40,177,031
	<u>          </u>	<u>          </u>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	39,221,118	41,155,152
Interest income on plan assets	1,091,721	1,173,915
Return on assets, excluding interest income	(247,565)	2,767,968
Contributions by group	1,246,742	1,032,330
Benefits paid	(3,092,581)	(1,032,330)
Exchange (losses)	3,641,881	(5,875,917)
	<u>          </u>	<u>          </u>
At the end of the year	41,861,316	39,221,118
	<u>          </u>	<u>          </u>
Fair value of plan assets	41,861,316	39,221,118
Irrecoverable surplus	(3,273,517)	(1,671,974)
Present value of plan liabilities	(41,433,486)	(40,177,031)
	<u>          </u>	<u>          </u>
Net pension scheme liability	(2,845,687)	(2,627,887)
	<u>          </u>	<u>          </u>
<i>Reconciliation of liability</i>		
Net pension scheme liability	2,426,133	2,342,960
Gratuity liability	77,575	203,406
	<u>          </u>	<u>          </u>
Company retirement benefits liability	2,503,708	2,546,366
	<u>          </u>	<u>          </u>
Reserve for severance pay	77,292	81,521
Deferred compensation	264,687	-
	<u>          </u>	<u>          </u>
Group retirement benefits liability	2,845,687	2,627,887
	<u>          </u>	<u>          </u>

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

<b>10 Retirement benefits (<i>continued</i>)</b>	<b>2017</b>	<b>2016</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	29,837	58,078
<i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Actuarial losses on the liabilities	(791,323)	5,872,681
Return on assets, excluding interest income	247,565	(2,767,968)
Change in the amount of surplus that is not recoverable, excluding interest income	1,378,780	(1,789,294)
	<u>835,022</u>	<u>1,315,419</u>
<i>Composition of plan assets</i>		
MA fund*	33,530,844	17,313,393
Bonds	2,743,506	4,541,198
Gilts	-	12,313,751
Insured annuities	4,487,284	4,796,987
Cash	1,099,682	255,789
	<u>41,861,316</u>	<u>39,221,118</u>
<i>Actual loss / (gain) on plan assets (excluding interest income)</i>	<u>247,565</u>	<u>(2,767,968)</u>
<i>* Multi Asset Fund</i>		
	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
<i>Principal actuarial assumptions used at the year end date</i>		
Discount rates	2.40	2.60
Inflation assumption (RPI)	3.20	3.40
Inflation assumption (CPI)	2.20	2.40
LPI pension increases	3.10	3.30
Long-term healthcare inflation	1.95	2.10
Assumed life expectancies on retirement at age 60 are:		
- Retiring today – Males	28.6	28.9
- Retiring today – Females	29.6	30.4
- Retiring in 20 years time – Males	30.0	31.0
- Retiring in 20 years time – Females	31.2	31.5

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

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

## 11 Deferred tax

	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
<b>Asset as at 31 December 2017</b>	<b>1,057,443</b>	<b>1,015,416</b>
<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
<b>Total deferred tax balance</b>	<b>1,057,443</b>	<b>1,015,416</b>
	Group 2016 \$	Company 2016 \$
The movements in deferred tax assets were as follows:		
Asset as at 1 January 2016	1,127,079	1,007,790
Amount charged to the income statement account	(307,662)	(482,177)
Amount credited to the statement of comprehensive income	262,640	262,640
Adjustment for amount transferred to withholding tax debtor	(229,422)	-
<b>Asset as at 31 December 2016</b>	<b>852,635</b>	<b>788,253</b>
<i>Reported in these financial statements within:</i>		
Debtors falling due within one year	168,870	168,870
Debtors falling due after more than one year	683,765	619,383
<b>Total deferred tax balance</b>	<b>852,635</b>	<b>788,253</b>

The elements of the deferred tax balance are as follows:

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Accelerated capital allowances	(14,642)	(648)	(25,938)	1,396
Other timing differences	1,072,970	853,283	1,041,354	786,857
<b>Total deferred tax asset</b>	<b>1,057,443</b>	<b>852,635</b>	<b>1,015,416</b>	<b>788,253</b>

# I Hennig & Co Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 12 Share capital

	2017	2016
	\$	\$
<i>Allotted, called up and fully paid</i>		
68,000 ordinary shares of £1 each	121,067	121,067

## 13 Commitments under operating leases

As at 31 December 2017, the group had annual commitments under non-cancellable operating leases as set out below:

	2017	2016
	\$	\$
Operating leases which expire:		
Within one year	12,580	13,651
After one year but less than five years	928,791	919,644
	941,371	933,295

## 14 Financial instruments

	2017	2016
	\$	\$
<b>Financial assets</b>		
Financial assets measured at amortised cost	13,853,436	14,889,200
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	549,604	1,893,679

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 2017 (*continued*)

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## 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 as follows:

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

## 16 Ultimate parent undertaking

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

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

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

## 17 Audit report

An unqualified audit report was issued by Dominic Stammers, senior statutory auditor, BDO LLP on 28 September 2018.