I Hennig & Co Limited

Report and Financial Statements

For the year ended

31 December 2022

Company Number 646001

I Hennig & Co Limited

Report and Financial Statements
for the year ended 31 December 2022

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I Hennig & Co Limited

Company information
for the year ended 31 December 2022

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 2 Atlantic Square 31 York Street Glasgow G2 8NJ
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
Statement of financial position
at 31 December 2022

Company number 646001	Note	2022	2022	2021	2021
		$	$	$	$
Fixed assets					
Intangible assets	4		**17,225**		41,892
Tangible assets	5		**7,465**		10,029
Investments	6		**213,360**		213,360
			238,050		265,281
Current assets					
Debtors due in less than one year	7	**964,296**		1,514,129	
Debtors due in more than one year	7	**1,288,277**		179,319	
Cash at bank and in hand		**5,311,309**		7,112,506	
		7,563,882		8,805,954	
Creditors: amounts falling due within one year	8	**(1,930,858)**		(931,319)	
Net current assets			**5,633,024**		7,874,635
Net assets excluding retirement benefit liabilities			**5,871,074**		8,139,916
Retirement benefits liabilities	9		**(1,361,661)**		(2,226,225)
Net assets			**4,509,413**		5,913,691
Capital and reserves					
Called up share capital	11		**121,067**		121,067
Profit and loss account			**4,388,346**		5,792,624
Shareholders' funds			**4,509,413**		5,913,691

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 company has taken the exemption from presenting the profit and loss account under section 408 of the Companies Act 2006. The company's profit for the year was $1,280,903 (2021: $1,006,999).

The financial statements were approved by the Board and authorised for issue on 26/09/23.

S L Stewart
Director

The notes on pages 4 to 18 form part of these financial statements

I Hennig & Co Limited

Statement of changes in equity
for the year ended 31 December 2022

	Share capital	Profit and loss reserves	Total equity
	$	$	$
At 1 January 2022	121,067	5,792,624	5,913,691
Company changes in equity for the year			
Profit for the year	-	1,280,903	1,280,903
Other comprehensive income	-	814,819	814,819
Dividends paid	-	(3,500,000)	(3,500,000)
At 31 December 2022	**121,067**	**4,388,346**	**4,509,413**

	Share capital	Profit and loss reserves	Total equity
	$	$	$
At 1 January 2021	121,067	4,252,299	4,373,366
Company changes in equity for the year			
Profit for the year	-	1,006,999	1,006,999
Other comprehensive income	-	533,326	533,326
At 31 December 2021	121,067	5,792,624	5,913,691

The notes on pages 4 to 18 form part of these financial statements

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'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 Company's accounting policies (see note 2).

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

Going concern

The Company does not have any external borrowings and so is not required to meet any covenants or to make any scheduled repayments.

Management continues to consider the most significant risk to the business to be running out of cash. A cash flow forecast was prepared to the end of 2024, which indicated sufficient cash generation. A reverse stress test was also prepared to consider the level of revenue required to break even (and so maintain current cash levels). Under this scenario, the level of revenue was considered achievable.

Based on this the directors are of the opinion that the Company is a going concern 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 Company. As a matter of industry convention, diamonds have for many years been priced in US Dollars. As substantially all the company'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 $1.1920 to £1 (2021: $1.3527 to £1).

Turnover

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

Other income

Other income includes Wimbledon ticket sales and recharge of costs to the pension scheme. Income from the sale of tickets is recognised when the following conditions have been met: the tickets have been sold and control over them has been transferred to the customer, the amount of income can be reliably measured, and it is probable that economic benefits associated with the ticket sales will flow to the entity.

Dividends

Equity dividends are recognised when they become legally payable.

1 Accounting policies *(continued)*

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 company has an investment in another company but does not have significant influence over that company, the company's equity stake is accounted for as an investment. The company'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 & joint ventures

An entity is treated as an associate where the company exercises significant influence over the operating and financial policy decisions of the entity. An entity is treated as a joint venture where the Company exercises joint control over the entity.

On the Company individual balance sheet, investments in associate and joint venture are held at amortised cost.

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 company'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.

1 Accounting policies *(continued)*

Foreign currency translation

The principal US Dollar exchange rates used were as follows:

	Rate to 1 US$	
Closing exchange rates	**2022**	**2021**
Pounds Sterling	**0.838**	0.739
Euro	**0.948**	0.880
South African Rand	**17.061**	15.960
Botswana Pula	**12.769**	11.734
Indian Rupee	**82.870**	74.509
Israeli Shekel	**3.519**	3.110

Operating leases

Any situation where the company doesn't substantially have all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as an operating lease. 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 Company'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.

Reserves

The 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 company 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 company 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 company 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 4)

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.

The directors have also considered whether there are any indicators of impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Tangible assets (see note 5)

I Hennig 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 cost less depreciation.

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, rather than using the equity method.

The directors have also considered whether there are any indicators of impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment.

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.

Deferred tax assets (see note 10)

The recognition of deferred tax assets in the financial statements requires significant judgement by management. The Company has recognised a deferred tax asset based on the expectation of future taxable profits against which these assets can be utilised. These judgements involve inherent uncertainties and are subject to future changes in circumstances and events, which may impact the realisation of the asset.

If, in the future, it is determined that the realisation of the deferred tax asset is no longer probable, the asset will be written down, resulting in a corresponding change to the statement of comprehensive income.

3 Employees

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

	2022	2021
Brokers	**5**	7
Administrative staff	**8**	8
	13	15

4 Intangible assets

	IT Development
	$
Cost	
At 1 January 2022 and at 31 December 2022	**531,369**
Amortisation	
At 1 January 2022	250,944
Charge for the year	24,667
At 31 December 2022	**275,611**
Impairment	
At 1 January 2022 and at 31 December 2022	**238,533**
Net book value	
At 31 December 2022	**17,225**
At 31 December 2021	41,892

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

5 Tangible assets

	Short term leasehold improvements $	Motor vehicles and equipment $	Total $
Cost			
At 1 January 2022	**162,821**	**147,207**	**310,028**
Exchange adjustment	(16,844)	(11,499)	(28,343)
Additions	-	1,987	1,987
Disposals	-	(916)	(916)
At 31 December 2022	**145,977**	**136,779**	**282,756**
Depreciation			
At 1 January 2022	**162,821**	**137,178**	**299,999**
Exchange adjustment	(16,844)	(11,241)	(28,085)
Charge for the year	-	4,293	4,293
Disposals	-	(916)	(916)
At 31 December 2022	**145,977**	**129,314**	**275,291**
Net book value			
At 31 December 2022	-	**7,465**	**7,465**
At 31 December 2021	-	10,029	10,029

During the year, the Company 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.

6 Fixed asset investments

	2022 $	2021 $
Subsidiary undertakings	**213,360**	213,360
Net book value	**213,360**	213,360

Subsidiary undertakings

	$
Cost	
At 1 January 2022 & 31 December 2022	**3,114,012**
Provisions	
At 1 January 2022 & 31 December 2022	**2,900,652**
Net book value	
At 31 December and 31 December 2022	**213,360**

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 (South Africa) Pty Ltd	South Africa	100	Diamond merchants
Lucy Platforms Limited	Israel	56	Technology

** Proportion of voting rights and ordinary share capital held, except for Lucy Platforms Limited (where voting rights are equally split)*

6 Fixed asset investments *(continued)*

Investments in joint ventures

	$
Cost	
At 1 January 2022	**2,001,140**
Additions	**-**
At 31 December 2022	**2,001,140**
Provisions	
At 1 January 2022	**(2,001,140)**
Provision for the year	**-**
At 31 December 2022	**(2,001,140)**
Net book value	
At 31 December 2022	**-**
At 31 December 2021	**-**

Other investments

	Unlisted Investments $
Cost	
At 1 January 2022 & 31 December 2022	**386,473**
Provisions	
At 1 January 2022 & 31 December 2022	**386,473**
Net book value	
At 1 January 2022 & 31 December 2022	**-**

I Hennig & Co Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

7 Debtors

	2022 $	2021 $
Amounts falling due within one year:		
Trade debtors	**75,999**	133,583
Amounts owed by subsidiary undertakings	**246,582**	540,084
Corporation tax	**-**	54,828
Other debtors	**423,587**	132,142
VAT	**10,556**	8,873
Prepayments	**207,572**	197,586
Pension surplus (note 9)	**-**	447,033
	964,296	1,514,129
Amounts falling due after more than one year:		
Deferred tax asset (note 10)	**1,288,277**	179,319
	1,288,277	179,319
Total debtors	**2,252,573**	1,693,448

8 Creditors: amounts falling due within one year

	2022 $	2021 $
Trade creditors	**47,089**	91,076
Amounts owed to subsidiary undertakings	**734,811**	683,312
Other taxation and social security	**78,536**	62,966
Other creditors	**159,309**	3,051
Accruals and deferred income	**911,113**	90,914
	1,930,858	931,319

9 Retirement benefits

The Company has three different classes of retirement benefits:

- A defined contribution 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.

These last two 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 schemes.

The second 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 2022 were approximately $7,882 (2021: $17,500). 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 $98,936 (2021: $239,000). The actuarial assumptions were in line with those disclosed.

The third class of benefit, the "other unfunded defined benefit pensions", represents unfunded pension obligations to the group of 10 individuals (2021: 10). 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 $1,262,725 (2021: $2,294,793).

In addition, there was a funded defined benefit pension plan. On 17th Dec 2021 the plan made a final premium payment in respect of the buy-out. On 29 June 2022 the plan repaid a net surplus of £330,476 ($400,600) at the rate on the date of the transaction being 1.212 back to the Company. This amount was net of tax related to the surplus and the funded scheme was wound up on 20 October 2022. The scheme was administered by a corporate trustee and its funds were independent of the company finances.

9 Retirement benefits *(continued)*

	2022	2021
	$	$
Reconciliation of present value of plan liabilities		
At the beginning of the year	**2,157,657**	31,305,250
Interest cost	**32,185**	386,871
Actuarial gain	**(499,458)**	(877,899)
Benefits paid	**(82,651)**	(515,850)
Settlements	**-**	(27,048,487)
Exchange gain	**(310,810)**	(1,092,228)
At the end of the year	**1,296,923**	2,157,657
Composition of plan liabilities		
Schemes unfunded	**1,296,923**	2,157,657
	1,296,923	2,157,657
Reconciliation of fair value of plan assets		
At the beginning of the year	**954,698**	29,791,605
Interest income on plan assets	**-**	371,991
Return on assets, excluding interest income	**-**	(630,356)
Contributions by Company	**82,651**	92,062
Benefits paid	**(82,651)**	(515,850)
Settlements	**(954,698)**	(27,048,487)
Exchange loss	**-**	(1,106,267)
At the end of the year	**-**	954,698
Fair value of plan assets	**-**	954,698
Irrecoverable surplus	**-**	(507,665)
Present value of plan liabilities	**1,296,923**	(2,157,657)
Net pension scheme liability	**1,296,923**	(1,710,624)
Reconciliation of liability		
Unfunded pension scheme liability	**1,296,923**	2,157,657
Gratuity liability	**64,738**	68,568
Retirement benefits liability	**1,361,661**	2,226,225

		2022	2021
		$	**$**
9	**Retirement benefits** *(continued)*		
	Amounts recognised in the profit and loss administration expenses are as follows:		
	Net interest on the net defined benefit liability	**(41,251)**	(32,236)
	Analysis of actuarial (gain) / loss recognised in other comprehensive income		
	Actuarial (gain) on the liabilities	**(505,301)**	(888,629)
	Return on assets, excluding interest income	**-**	630,356
	Change in the amount of surplus that is not recoverable, excluding interest income	**-**	(282,309)
		(505,301)	(540,582)
	Composition of plan assets		
	Cash	**-**	930,477
	Total plan assets	**-**	930,477
	Actual loss on plan assets (excluding interest income)	**-**	630,356

* *Multi Asset Fund*

	2022	2021
	%	%
Principal actuarial assumptions used at the year end date		
Discount rates	**4.85**	1.80
Inflation assumption (RPI)	**3.10**	3.40
Long-term healthcare inflation	**5.60**	5.90
Assumed life expectancies on retirement at age 65 are:		
- Retiring today – Males	**23.9**	28.6
- Retiring in 20 years time – Males	**25.1**	30.0

10 Deferred tax

	2022
	$
The movements in deferred tax assets were as follows:	
Asset as at 1 January 2022	**179,319**
Amount credited to the income statement account	768,543
Amount credited to the statement of comprehensive income	340,415
Asset as at 31 December 2022	**1,288,277**
Reported in these financial statements within:	
Debtors falling due within one year	-
Debtors falling due after more than one year	1,288,277
Total deferred tax balance	**1,288,277**

	2021
	$
The movements in deferred tax assets were as follows:	
Asset as at 1 January 2021	88,784
Amount credited to the income statement account	90,535
Amount credited to the statement of comprehensive income	-
Asset as at 31 December 2021	179,319
Reported in these financial statements within:	
Debtors falling due within one year	-
Debtors falling due after more than one year	179,319
Total deferred tax balance	179,319

The elements of the deferred tax balance are as follows:

	2022	2021
	$	$
Accelerated capital allowances	**6,890**	4,815
Other timing differences	**1,281,387**	174,504
Total deferred tax asset	**1,288,277**	179,319

11 Share capital

	2022	2021
	$	$
Allotted, called up and fully paid		
68,000 ordinary shares of £1 each	**121,067**	121,067

12 Commitments under operating leases

As at 31 December 2022, the Company had annual commitments under non-cancellable operating leases as below:

	2022	2021
Company	$	$
Operating leases which expire:		
Within one year	**62,714**	9,800
After one year but less than five years	**5,326**	-
	68,040	9,800

13 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 & balances with joint ventures

During the period the company loaned Lucy Platforms Ltd $2,210,000 (2021: $640,000). The interest charged on these loans were $221,857 (2021: $12,337). The balance was fully provided for at the year end. There is a provision for $125,000 related to future Lucy expenses.

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:

	2022	2021
	$	$
Balance at 1 January owed by I Hennig & Co Ltd	**(5)**	-
Recharged expenditure by director	**1,625**	(2,172)
Reimbursement payments made to director	**(1,518)**	2,166
Foreign exchange on historic balances	**(113)**	-
Balance at 31 December owed by I Hennig & Co Ltd	**(11)**	(5)

14 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.

15 Audit report

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor, who reported to the company's members on 27th September 2023.

The auditor's report for the year ended 31 December 2022 was signed by Mark McCluskey as senior statutory auditor and was qualified.

The following qualification was noted, "Basis for qualified opinion - The Company undertook a buy-in and buy-out of the Hattron Pension Scheme which was completed in the year ended 31 December 2021. As stated in our audit report on the financial statements for that year, an appropriately detailed actuarial report quantifying the financial entries related to this event was not obtained. Therefore, it was not possible to establish the completeness of the accounting entries between profit and loss and other comprehensive income and related disclosure for that year. We were unable to satisfy ourselves by alternative means concerning the split or whether some of the entries should have been made in the prior year, by using other audit procedures. Consequently, we were unable to determine whether any adjustment was necessary. This matter had no impact on the balance sheet as at 31 December 2021. For this reason, the corresponding figures in the profit and loss account and other comprehensive income for the year ended 31 December 2022 may not be comparable."