

Company Registration No. SC041917 (Scotland)

HAMILTON & INCHES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 APRIL 2010

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HAMILTON & INCHES LIMITED

COMPANY INFORMATION

Directors	P D Gregory (Appointed 20 April 2010) P J Lederer (Appointed 20 April 2010) S R Paterson
Secretary	D M Patrick
Company number	SC041917
Registered office	16 Charlotte Square Edinburgh EH2 4DF
Auditors	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Business address	87 George Street Edinburgh EH2 3EY
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	Dickson Minto WS 16 Charlotte Square Edinburgh EH2 4DF

HAMILTON & INCHES LIMITED

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HAMILTON & INCHES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 3 APRIL 2010

The directors present their report and financial statements for the year ended 3 April 2010.

Principal activities and review of the business

The principal activities of the company continued to be those of jewellers and silversmiths.

Hamilton & Inches Limited operates a flagship store in Edinburgh, a boutique in London and a silver workshop that supplies retail businesses throughout the UK and Europe. The company is differentiated through its silver workshops, investment in the finest gemstones, a focussed collection of the finest watch brands and the experience of its staff. Hamilton and Inches proudly represents Scottish luxury.

Results and dividends

The results for the year are set out on page 5.

Future developments

The directors are confident in the potential of the Company to grow through further differentiation within its domestic market, subject to an improving economic and investment climate.

Directors

The following directors have held office since 29 March 2009:

A J Fraser	(Resigned 12 February 2010)
P D Gregory	(Appointed 20 April 2010)
P J Lederer	(Appointed 20 April 2010)
S R Paterson	
D G O Skinner	(Resigned 12 February 2010)

Charitable donations	2010	2009
	£	£
During the year the company made the following payments:		
Charitable donations	1,270	6,863

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

HAMILTON & INCHES LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



.....
S R Paterson

Director
2 June 2010
.....

HAMILTON & INCHES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMILTON & INCHES LIMITED

We have audited the financial statements of Hamilton & Inches Limited for the year ended 3 April 2010 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 April 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HAMILTON & INCHES LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF HAMILTON & INCHES LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



2 June 2010 .

**Maxwell Floyd (Senior Statutory Auditor)
for and on behalf of Saffery Champness**

.....

**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

HAMILTON & INCHES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 APRIL 2010**

		2010	2009
	Notes	£	£
Turnover		6,835,272	9,576,975
Cost of sales		(4,163,226)	(6,440,513)
Gross profit		2,672,046	3,136,462
Administrative expenses		(2,184,933)	(2,307,845)
Other operating income		66,970	23,735
Operating profit	2	554,083	852,352
Interest receivable and similar income	3	168	1,724
Interest payable and similar charges	4	(22,091)	(58,001)
Profit on ordinary activities before taxation		532,160	796,075
Tax on profit on ordinary activities	5	(153,429)	(236,960)
Profit on ordinary activities after taxation	15	<u>378,731</u>	<u>559,115</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 17 form part of these financial statements.

HAMILTON & INCHES LIMITED

**BALANCE SHEET
AS AT 3 APRIL 2010**

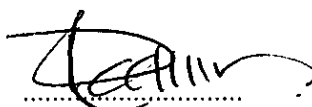
	Notes	2010		2009	
		£	£	£	£
Fixed assets					
Intangible assets	6		52,152		57,367
Tangible assets	7		374,150		432,946
Investments	8		15,100		15,100
			<u>441,402</u>		<u>505,413</u>
Current assets					
Stocks and work in progress	9	3,967,615		4,121,702	
Debtors	10	2,255,604		2,103,907	
Cash at bank and in hand		1,500		1,700	
			<u>6,224,719</u>	<u>6,227,309</u>	
Creditors: amounts falling due within one year	11	<u>(1,136,288)</u>		<u>(1,572,515)</u>	
Net current assets			<u>5,088,431</u>		<u>4,654,794</u>
Total assets less current liabilities			<u>5,529,833</u>		<u>5,160,207</u>
Provisions for liabilities and charges	12		<u>(55,558)</u>		<u>(64,663)</u>
			<u>5,474,275</u>		<u>5,095,544</u>
Capital and reserves					
Called up share capital	14		1,250,000		1,250,000
Profit and loss account	15		4,224,275		3,845,544
Shareholders' funds - equity interests	16		<u>5,474,275</u>		<u>5,095,544</u>

The notes on pages 7 to 17 form part of these financial statements.

The financial statements were approved by the Board on 2 June 2010.



S R Paterson
Director



P J Lederer
Director

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 APRIL 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company adopts a normal retail reporting basis to the Saturday nearest 31 March each year.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of Hamilton & Inches Holdings Limited whose consolidated financial statements are available to the public.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings	over 12 years
Office machinery	over 5 years
Computer equipment	over 2-3 years

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 3 APRIL 2010

1 Accounting policies

(continued)

1.10 Deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Hamilton & Inches Holdings Limited, a company incorporated in Scotland, and is included in the consolidated financial statements of that company.

2 Operating profit

	2010	2009
	£	£
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	5,215	5,215
Depreciation of tangible assets - owned assets	70,108	71,006
Profit on foreign exchange transactions	(4,946)	(4,181)
Audit services	5,500	5,250
Non-audit services		
- tax services	1,600	1,575
- services relating to remuneration	-	4,250
- all other services	19,600	11,500
	<u>19,600</u>	<u>11,500</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

3	Investment income	2010	2009
		£	£
	Bank interest	168	1,724
		<u>168</u>	<u>1,724</u>
		<u><u>168</u></u>	<u><u>1,724</u></u>
4	Interest payable	2010	2009
		£	£
	On bank loans and overdrafts	22,091	58,001
		<u>22,091</u>	<u>58,001</u>
		<u><u>22,091</u></u>	<u><u>58,001</u></u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

5 Taxation	2010	2009
	£	£
Domestic current year tax		
U.K. corporation tax	162,841	227,766
Adjustment for prior years	(307)	502
	<u>162,534</u>	<u>228,268</u>
Current tax charge		
Deferred tax		
Deferred tax charge	(9,105)	8,692
	<u>153,429</u>	<u>236,960</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>532,160</u>	<u>796,075</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>149,005</u>	<u>222,901</u>
Effects of:		
Non deductible expenses	10,700	12,660
Depreciation add back	21,090	21,342
Capital allowances	(14,621)	(27,994)
Adjustments to previous periods	(307)	502
Other tax adjustments	(3,333)	(1,143)
	<u>13,529</u>	<u>5,367</u>
Current tax charge	<u>162,534</u>	<u>228,268</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

6 Intangible fixed assets

	Goodwill
	£
Cost	
At 29 March 2009 & at 3 April 2010	104,302
Amortisation	
At 29 March 2009	46,935
Charge for the year	5,215
At 3 April 2010	52,150
Net book value	
At 3 April 2010	52,152
At 28 March 2009	57,367

7 Tangible fixed assets

	Fixtures and fittings	Office machinery	Computer equipment	Total
	£	£	£	£
Cost				
At 29 March 2009	1,287,998	66,513	93,295	1,447,806
Additions	2,877	3,966	4,469	11,312
At 3 April 2010	1,290,875	70,479	97,764	1,459,118
Depreciation				
At 29 March 2009	869,787	54,790	90,283	1,014,860
Charge for the year	64,184	3,494	2,430	70,108
At 3 April 2010	933,971	58,284	92,713	1,084,968
Net book value				
At 3 April 2010	356,904	12,195	5,051	374,150
At 28 March 2009	418,211	11,723	3,012	432,946

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

8 Fixed asset investments

	Unlisted investments	Shares in subsidiary undertakings	Total
	£	£	£
Cost			
At 29 March 2009 & at 3 April 2010	<u>15,000</u>	<u>100</u>	<u>15,100</u>

In the opinion of the directors, the aggregate value of the company's fixed asset investments is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
Subsidiary undertakings				
T K Ebbutt Limited	Scotland	Dormant	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2010 £	Profit for the year 2010 £
T K Ebbutt Limited	<u>100</u>	<u>-</u>

Investments where the holding is less than 20% have not been disclosed in accordance with FRS 9 - Associates and Joint Ventures.

9 Stocks and work in progress

	2010 £	2009 £
Raw materials and consumables	193,103	180,629
Work in progress	47,821	73,755
Finished goods and goods for resale	3,726,691	3,867,318
	<u>3,967,615</u>	<u>4,121,702</u>

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 3 APRIL 2010

10 Debtors	2010	2009
	£	£
Trade debtors	265,111	204,362
Amounts owed by parent and fellow subsidiary undertakings	1,946,634	1,887,971
Other debtors	11,158	451
Prepayments and accrued income	32,701	11,123
	<u>2,255,604</u>	<u>2,103,907</u>

11 Creditors: amounts falling due within one year	2010	2009
	£	£
Bank loans and overdrafts	278,335	747,038
Trade creditors	287,198	325,037
Corporation tax	162,841	227,766
Other taxes and social security costs	134,884	178,524
Accruals and deferred income	273,030	94,150
	<u>1,136,288</u>	<u>1,572,515</u>

The company has a cross corporate guarantee in place between it and its parent company. In addition to this, the company has granted a bond and floating charge over the whole assets of the company in favour of the Bank of Scotland.

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 3 APRIL 2010

12 Provisions for liabilities

	Deferred tax liability £
Balance at 29 March 2009	64,663
Profit and loss account	(9,105)
Balance at 3 April 2010	<u>55,558</u>

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	<u>55,558</u>	<u>64,663</u>

13 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2010 £	2009 £
Contributions payable by the company for the year	<u>89,312</u>	<u>95,808</u>

14 Share capital

	2010 £	2009 £
Authorised		
1,250,000 Ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>
Allotted, called up and fully paid		
1,250,000 Ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 29 March 2009	3,845,544
Retained profit for the year	<u>378,731</u>
Balance at 3 April 2010	<u><u>4,224,275</u></u>

16 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	378,731	559,115
Opening shareholders' funds	<u>5,095,544</u>	<u>4,536,429</u>
Closing shareholders' funds	<u><u>5,474,275</u></u>	<u><u>5,095,544</u></u>

17 Financial commitments

At 3 April 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010 £	2009 £
Expiry date: In over five years	<u>80,850</u>	<u>80,850</u>

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 3 APRIL 2010

18 Directors' emoluments	2010	2009
	£	£
Emoluments for qualifying services	246,607	289,721
Company pension contributions to money purchase schemes	27,687	31,196
Compensation for loss of office	105,000	-
	<u>379,294</u>	<u>320,917</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2009 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	104,853	103,467
Company pension contributions to money purchase schemes	10,143	10,909
	<u>114,996</u>	<u>114,376</u>

19 Employees

Number of employees

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

	2010	2009
	Number	Number
Management and administration	8	8
Manufacturing	9	10
Retail	17	18
	<u>34</u>	<u>36</u>

Employment costs

	£	£
Wages and salaries	1,172,672	1,148,336
Social security costs	110,914	122,679
Other pension costs	89,312	95,808
	<u>1,372,898</u>	<u>1,366,823</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 3 APRIL 2010**

20 Control

The directors consider Hamilton & Inches Holdings Limited to be both the immediate and ultimate controlling party.

21 Related party transactions

The company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.