

Company Registration No. SC041917 (Scotland)

HAMILTON & INCHES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 APRIL 2011



Saffery Champness
CHARTERED ACCOUNTANTS

HAMILTON & INCHES LIMITED

COMPANY INFORMATION

Directors	P D Gregory R Haston P J Lederer S R Paterson	(Appointed 20 April 2010) (Appointed 1 October 2010) (Appointed 20 April 2010)
Secretary	R Haston	
Company number	SC041917	
Registered office	16 Charlotte Square Edinburgh EH2 4DF	
Independent 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 PERIOD ENDED 2 APRIL 2011

The directors present their report and financial statements for the period ended 2 April 2011.

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 group 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 & Inches proudly represents Scottish luxury.

The financial period just ended saw the business successfully transition through significant change in composition of the management team. The board is confident that the new team in place has fully settled in and is able to take the business forward and develop a number of opportunities open to it. While turnover was down some 3% on 2010 levels, the directors believe a profit before tax as a percentage of sales performance of 6.0% (2010 - 7.8%) was reasonable, whilst also taking into account difficult retail market conditions and soaring commodity prices. The new management team has worked hard at improving the company's cash performance whilst continuing to invest in the systems and infrastructure of the business in order to help reinforce a luxury experience for our customers.

Main business risks

The directors view the main business risks as outlined below and have implemented the following review processes and action plans to mitigate them:

- Liquidity - the company actively reviews and controls the working capital position, paying close attention to cash management as necessary, primarily through operational controls over expenditure, and securing suitable lines of funding through the company's bankers at all times
- Supply - the company has carefully considered the supplier brands it retails, both in terms of the quality of products and the state of business continuity preparedness, particularly with a view to continuity of supply. Together with its own manufacture/supply capability in silverware and jewellery, the board believes the supply chain is both robust and flexible, from both independent and large conglomerate suppliers.
- Input prices - commodity prices have increased substantially in the past 12-months and the business is actively monitoring its margins and investigating margin protection/improvement initiatives.
- Business continuity - the board of directors takes business continuity extremely seriously and the matter is consistently under review at meetings. A detailed business continuity risk report is in the process of being created whereby risks are identified, priorities established and the necessary action plans carried out to mitigate identified business risks.
- Consumer spending patterns - the retail economic environment remains difficult, so the board has prioritised sales and marketing resources towards maximising existing customer opportunities, targeted acquisition of new customers, promotion of unique world-class silver workshops and in-house jewellery design and manufacture as the best way of developing the business, whilst adopting a London-specific business plan for the Beauchamp Place boutique. A strategic marketing plan has been created and implemented to achieve these specific objectives.

HAMILTON & INCHES LIMITED

DIRECTORS' REPORT (continued) FOR THE PERIOD ENDED 2 APRIL 2011

The board continues to operate, and closely monitor, a series of key performance indicators including company cash flows, levels and mix of inventories, margins, new customers, business continuity readiness, corporate social responsibility and compliance with regulations (health and safety, environmental and legal) as integral in its overall management of the business.

	2011	2010	Movement £	%
Turnover (£)	6,635,501	6,835,272	(199,771)	(2.9%)
Gross Margin (£)	2,562,656	2,672,046	(109,390)	(4.1%)
Gross Margin (%)	38.6%	39.1%	-	(0.5%)
Stock turnover	1.04	1.05	(0.01)	(0.9%)

The key performance indicators highlight that turnover and margins are down on 2010. This is due to several significant value sales transactions in 2010 which assisted that year's performance but which were not experienced to the same degree in 2011. The company will be pursuing more of these high value sales by sourcing superb quality stock pieces and further enhancing our luxury customer experience. The board feels that the ideal stock turn should be greater than 1.00, and has commenced analysis work to seek further improvements in this indicator.

Results and dividends

The results for the period are set out on page 7.

A final ordinary dividend was paid amounting to £184,333.

Future developments

The Directors are confident in the potential of the Group to grow, particularly as the economic and investment climate improves, through training and developing its talented people, creating a luxury customer experience, providing unique design and manufacture services from its own world-class craftsmen and investing in exclusive luxury brands to retail in a majestic showroom environment.

Directors

The following directors have held office since 4 April 2010:

P D Gregory	(Appointed 20 April 2010)
R Haston	(Appointed 1 October 2010)
P J Lederer	(Appointed 20 April 2010)
S R Paterson	

HAMILTON & INCHES LIMITED

**DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

Charitable donations	2011	2010
	£	£
During the period the company made the following payments:		
Charitable donations	3,102	1,270

The recipients, amounts and purpose of the charitable donations are as follows:

- Barnardos (£341) - charitable donation
- British Heart Foundation (£1,692) - charitable donation
- 2011 Craftsmanship & Design Awards (£500) - sponsorship
- Various small value donations (£569) - charitable donations

Auditors

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

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.

HAMILTON & INCHES LIMITED

**DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

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

11/8/11
.....

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 period ended 2 April 2011 set out on pages 7 to 20. 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 page 3, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

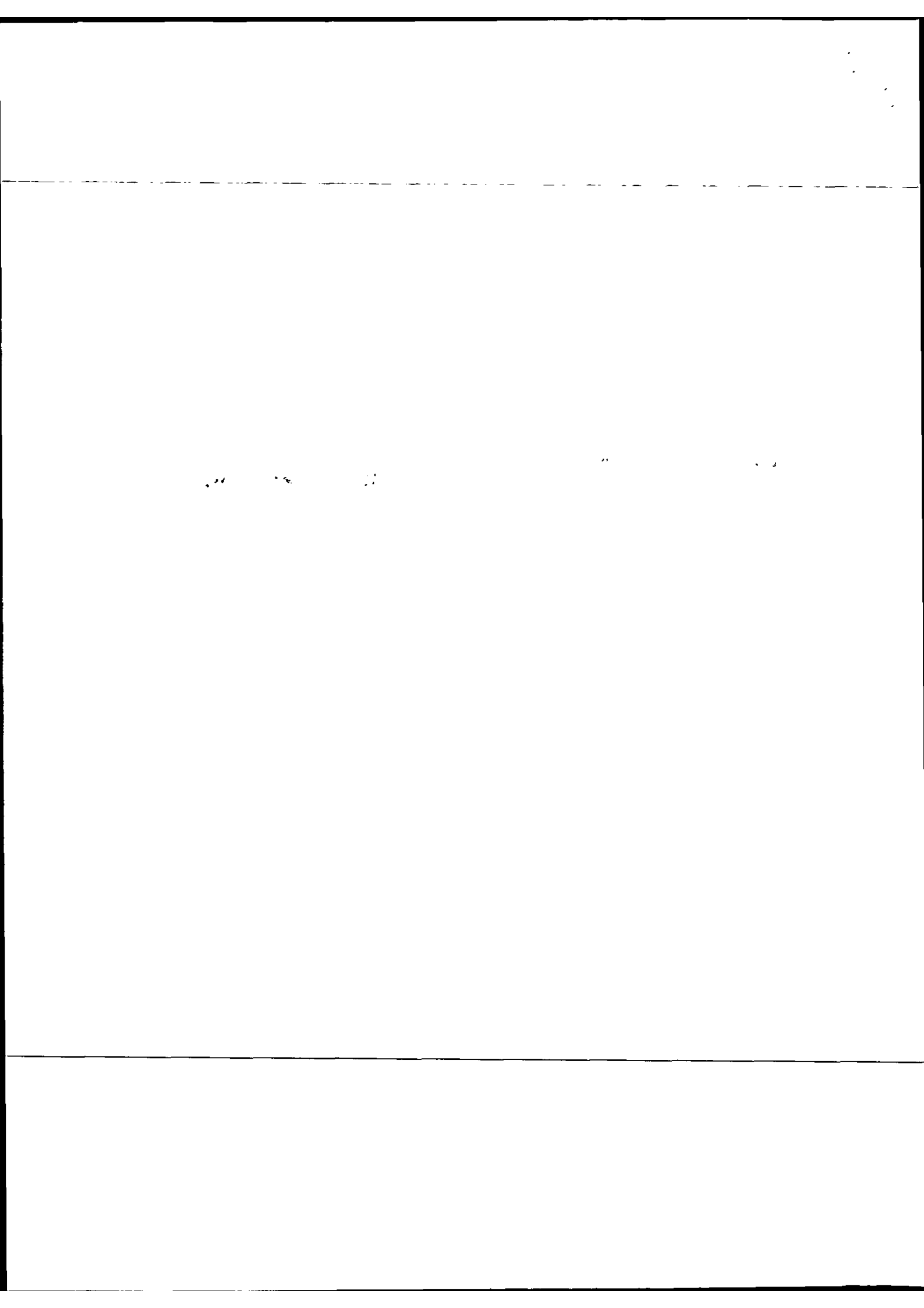
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 April 2011 and of its profit for the period 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 period 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.

M. Floyd

11 August 2011.

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

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**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

HAMILTON & INCHES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 2 APRIL 2011

	Notes	2011 £	2010 £
Turnover	2	6,635,501	6,835,272
Cost of sales		<u>(4,072,845)</u>	<u>(4,163,226)</u>
Gross profit		2,562,656	2,672,046
Administrative expenses		(2,202,610)	(2,184,933)
Other operating income		<u>49,905</u>	<u>66,970</u>
Operating profit	3	409,951	554,083
Other interest receivable and similar income	4	-	168
Interest payable and similar charges	5	<u>(12,804)</u>	<u>(22,091)</u>
Profit on ordinary activities before taxation		397,147	532,160
Tax on profit on ordinary activities	6	<u>(110,620)</u>	<u>(153,429)</u>
Profit for the period	17	<u><u>286,527</u></u>	<u><u>378,731</u></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 10 to 20 form part of these financial statements.

HAMILTON & INCHES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 2 APRIL 2011**

	Notes	2011 £	2010 £
Profit for the financial period	17	<u>286,527</u>	<u>378,731</u>
Reconciliation of movement in shareholder's funds			
Profit for the financial period	17	286,527	378,731
Dividends declared	7	(184,333)	-
Net addition to shareholders' funds		<u>102,194</u>	<u>378,731</u>
Opening shareholders' funds		<u>5,474,275</u>	<u>5,095,544</u>
Closing shareholders' funds		<u>5,576,469</u>	<u>5,474,275</u>

HAMILTON & INCHES LIMITED

**BALANCE SHEET
AS AT 2 APRIL 2011**

	Notes	2011		2010	
		£	£	£	£
Fixed assets					
Intangible assets	8		46,937		52,152
Tangible assets	9		360,856		374,150
Investments	10		15,100		15,100
			<u>422,893</u>		<u>441,402</u>
Current assets					
Stocks and work in progress	11	3,918,626		3,967,615	
Debtors	12	2,089,112		2,255,604	
Cash at bank and in hand		1,500		1,500	
		<u>6,009,238</u>		<u>6,224,719</u>	
Creditors: amounts falling due within one year	13		<u>(799,181)</u>		<u>(1,136,288)</u>
Net current assets			<u>5,210,057</u>		<u>5,088,431</u>
Total assets less current liabilities			5,632,950		5,529,833
Provisions for liabilities and charges	14		<u>(56,481)</u>		<u>(55,558)</u>
			<u>5,576,469</u>		<u>5,474,275</u>
Capital and reserves					
Called up share capital	16		1,250,000		1,250,000
Profit and loss account	17		4,326,469		4,224,275
Shareholders' funds - equity interests			<u>5,576,469</u>		<u>5,474,275</u>

The notes on pages 10 to 20 form part of these financial statements.

The financial statements were approved by the Board on*11/2/11*.....

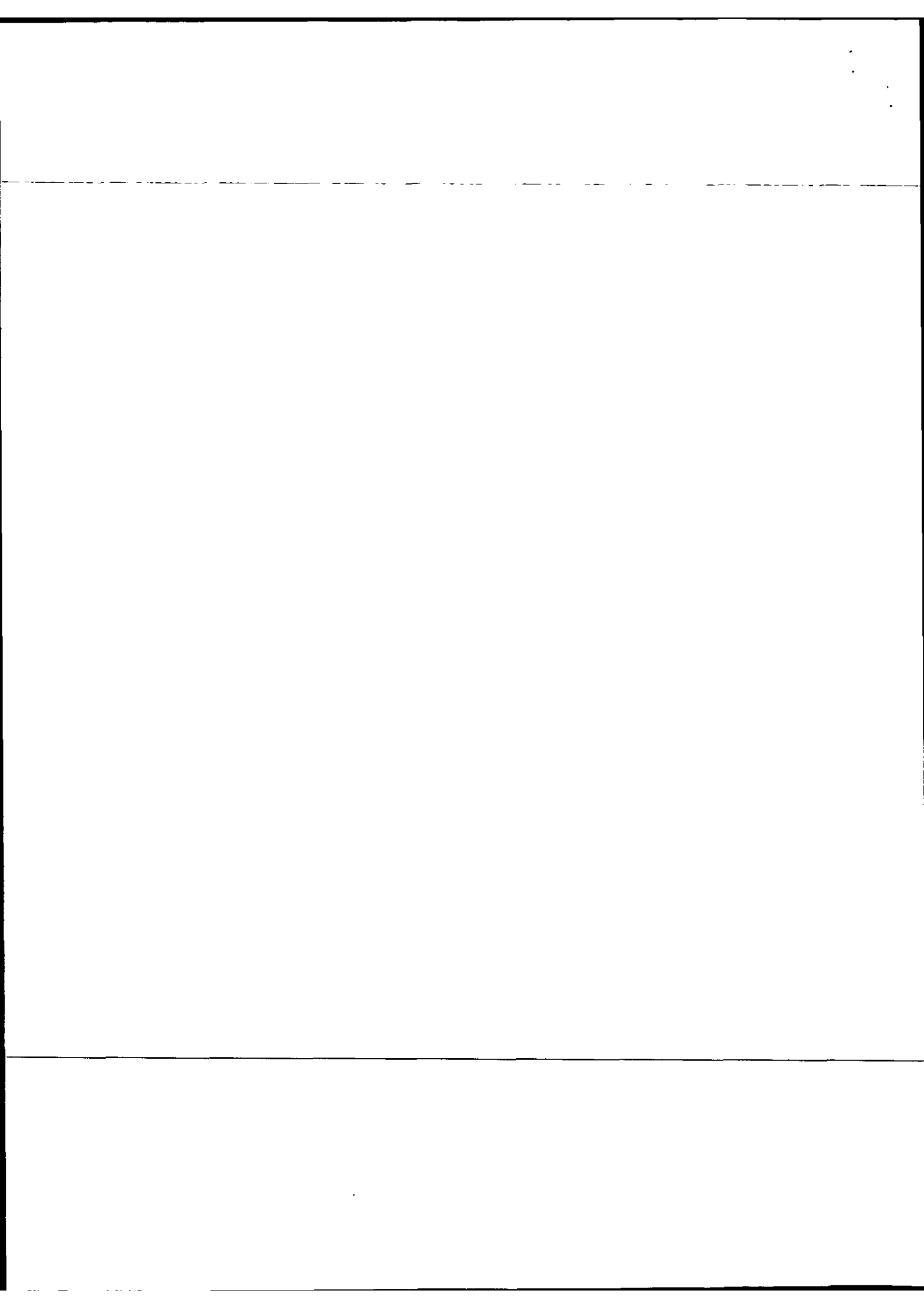


P J Lederer
Chairman



S R Paterson
Managing director

Company Registration No. SC041917



HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 APRIL 2011

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 and services as supplied, excluding value added tax, and is stated net of 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 period they are payable.

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 2 APRIL 2011

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

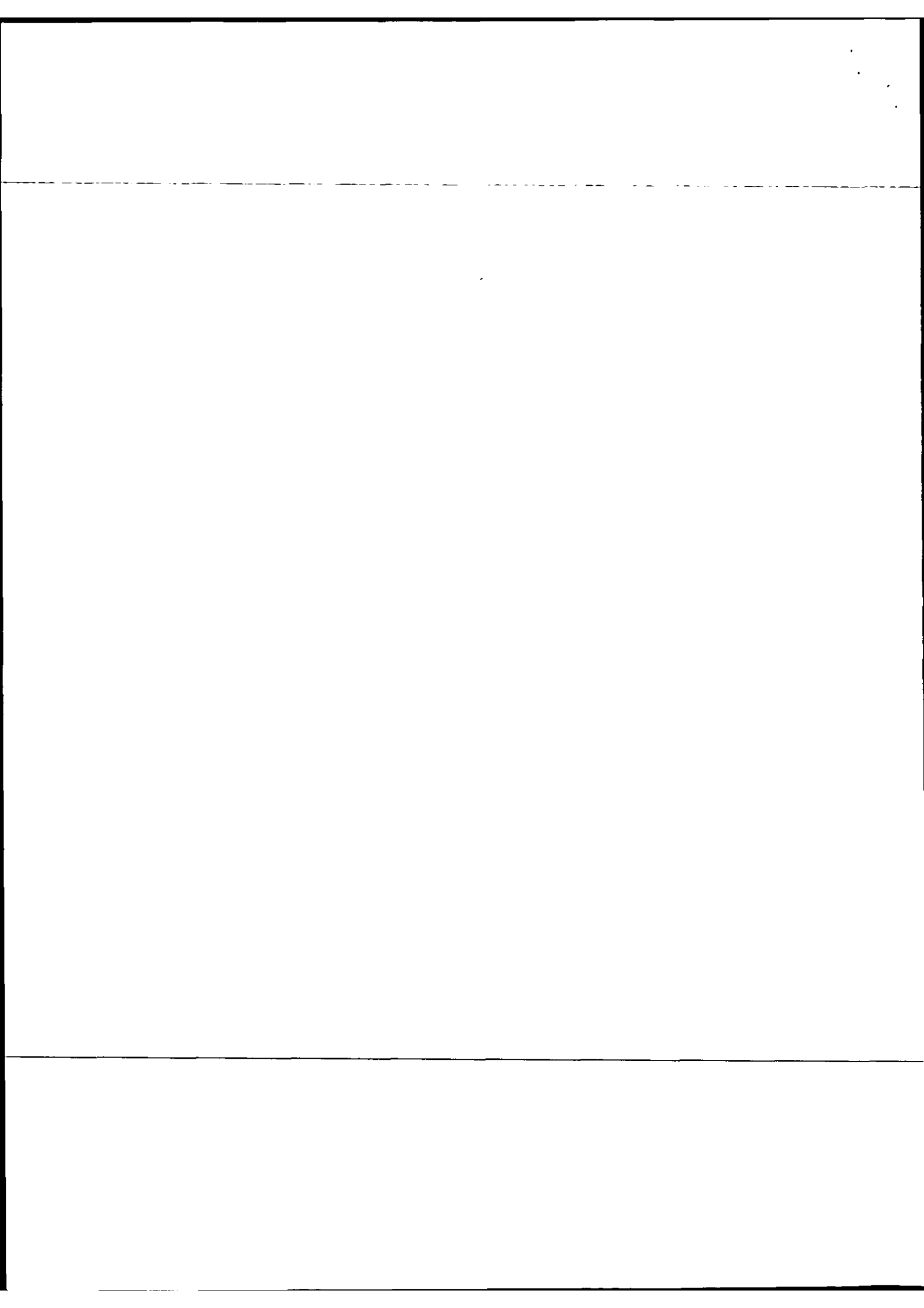
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

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 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.



HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 2 APRIL 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging/(crediting):		
	Amortisation of intangible assets	5,215	5,215
	Depreciation of tangible assets - owned assets	71,881	70,108
	Loss on disposal of tangible assets	434	-
	Profit on foreign exchange transactions	-	(4,946)
	Operating lease rentals	140,850	140,850
	Audit services	5,750	5,500
	Non-audit services		
	- tax services	1,700	1,600
	- all other services	10,250	19,600
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Bank interest	-	168
		<u> </u>	<u> </u>
		-	168
		<u> </u>	<u> </u>
5	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	12,804	22,091
		<u> </u>	<u> </u>

HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U.K. corporation tax	109,786	162,841
	Adjustment for prior years	(89)	(307)
	Total current tax	<u>109,697</u>	<u>162,534</u>
	Deferred tax		
	Deferred tax charge/(credit)	923	(9,105)
		<u>110,620</u>	<u>153,429</u>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	<u>397,147</u>	<u>532,160</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27.99% (2010 - 28.00%)	<u>111,161</u>	<u>149,005</u>
	Effects of:		
	Non deductible expenses	13,389	10,700
	Depreciation add back	21,579	21,090
	Capital allowances	(28,414)	(14,621)
	Adjustments to previous periods	(89)	(307)
	Other tax adjustments	(7,929)	(3,333)
		<u>(1,464)</u>	<u>13,529</u>
	Current tax charge for the period	<u>109,697</u>	<u>162,534</u>
7	Dividends	2011 £	2010 £
	Ordinary final paid	<u>184,333</u>	<u>-</u>

HAMILTON & INCHES LIMITED

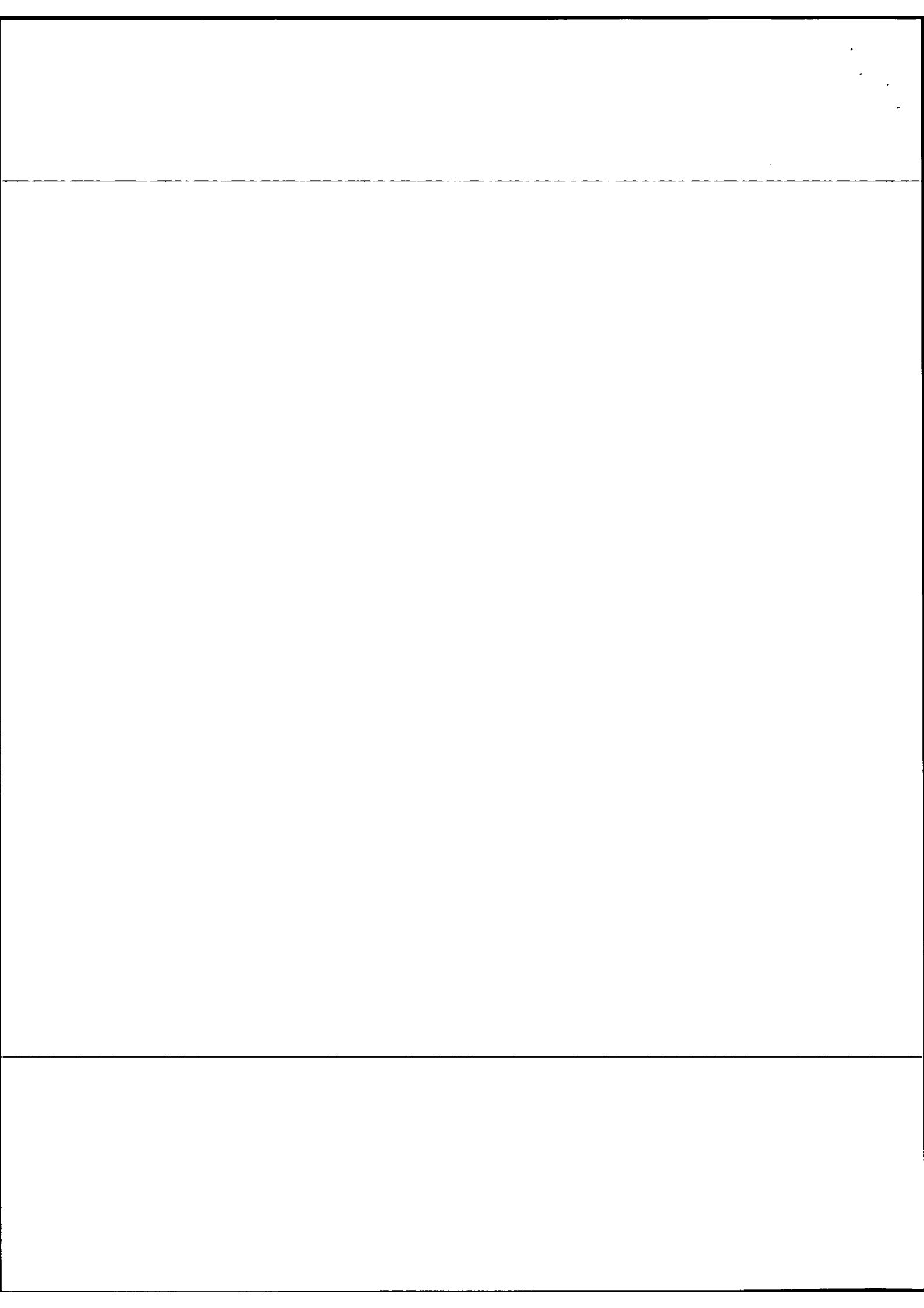
**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

8 Intangible fixed assets

	Goodwill
	£
Cost	
At 4 April 2010 & at 2 April 2011	104,302
Amortisation	
At 4 April 2010	52,150
Charge for the period	5,215
At 2 April 2011	57,365
Net book value	
At 2 April 2011	46,937
At 3 April 2010	52,152

9 Tangible fixed assets

	Fixtures and fittings	Office machinery	Computer equipment	Total
	£	£	£	£
Cost				
At 4 April 2010	1,290,875	70,479	97,764	1,459,118
Additions	40,460	9,996	8,565	59,021
Disposals	(3,585)	(3,352)	(17,137)	(24,074)
At 2 April 2011	1,327,750	77,123	89,192	1,494,065
Depreciation				
At 4 April 2010	933,971	58,284	92,713	1,084,968
On disposals	(3,585)	(2,918)	(17,137)	(23,640)
Charge for the period	63,961	4,121	3,799	71,881
At 2 April 2011	994,347	59,487	79,375	1,133,209
Net book value				
At 2 April 2011	333,403	17,636	9,817	360,856
At 3 April 2010	356,904	12,195	5,051	374,150



HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

10 Fixed asset investments

	Unlisted investments	Shares in subsidiary undertakings	Total
	£	£	£
Cost			
At 4 April 2010 & at 2 April 2011	<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 2011 £	Profit for the year 2011 £
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.

11 Stocks and work in progress

	2011 £	2010 £
Raw materials and consumables	221,444	193,103
Work in progress	31,084	47,821
Finished goods and goods for resale	3,666,098	3,726,691
	<u>3,918,626</u>	<u>3,967,615</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

12 Debtors	2011	2010
	£	£
Trade debtors	287,766	265,111
Amounts owed by parent and fellow subsidiary undertakings	1,752,052	1,946,634
Other debtors	3,740	11,158
Prepayments and accrued income	45,554	32,701
	<u>2,089,112</u>	<u>2,255,604</u>

13 Creditors: amounts falling due within one year	2011	2010
	£	£
Bank loans and overdrafts	570	278,335
Trade creditors	496,683	287,198
Corporation tax	109,786	162,841
Other taxes and social security costs	72,399	134,884
Accruals and deferred income	119,743	273,030
	<u>799,181</u>	<u>1,136,288</u>

The company has granted a floating charge over the whole assets of the company in favour of the Bank of Scotland. In addition to this, the company also has a letter of offset in place whereby any credit balances held by the company can be offset against any sums that may become due by T K Ebbutt Limited.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

14 Provisions for liabilities

	Deferred tax liability £
Balance at 4 April 2010	55,558
Profit and loss account	923
	<hr/>
Balance at 2 April 2011	<u>56,481</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>56,481</u>	<u>55,558</u>

15 Pension and other post-retirement benefit commitments

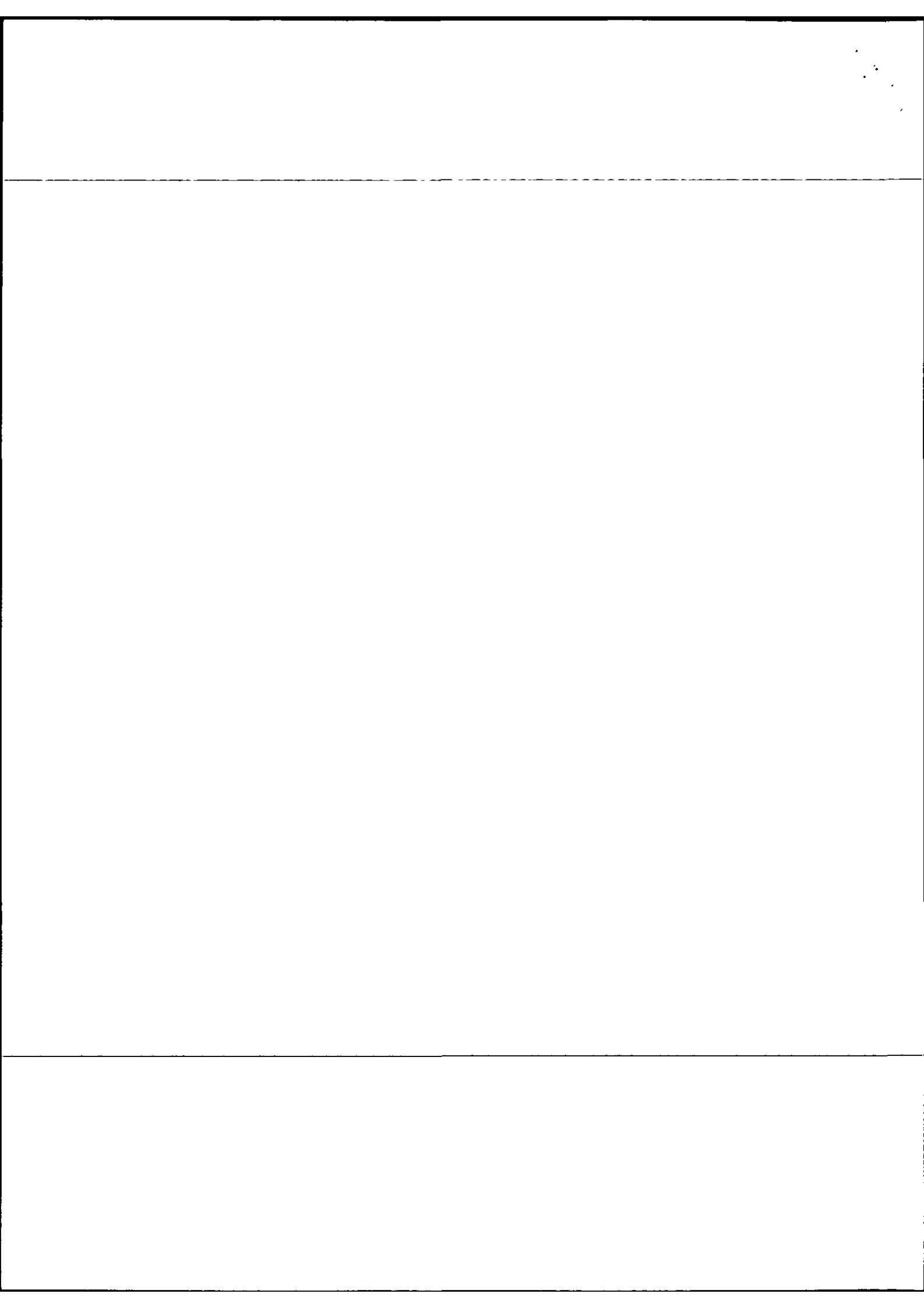
Defined contribution

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.

	2011 £	2010 £
Contributions payable by the company for the period	<u>78,790</u>	<u>89,312</u>

16 Share capital

	2011 £	2010 £
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 PERIOD ENDED 2 APRIL 2011

17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 4 April 2010	4,224,275
Profit for the period	286,527
Dividend paid	(184,333)
	<hr/>
Balance at 2 April 2011	<u>4,326,469</u>

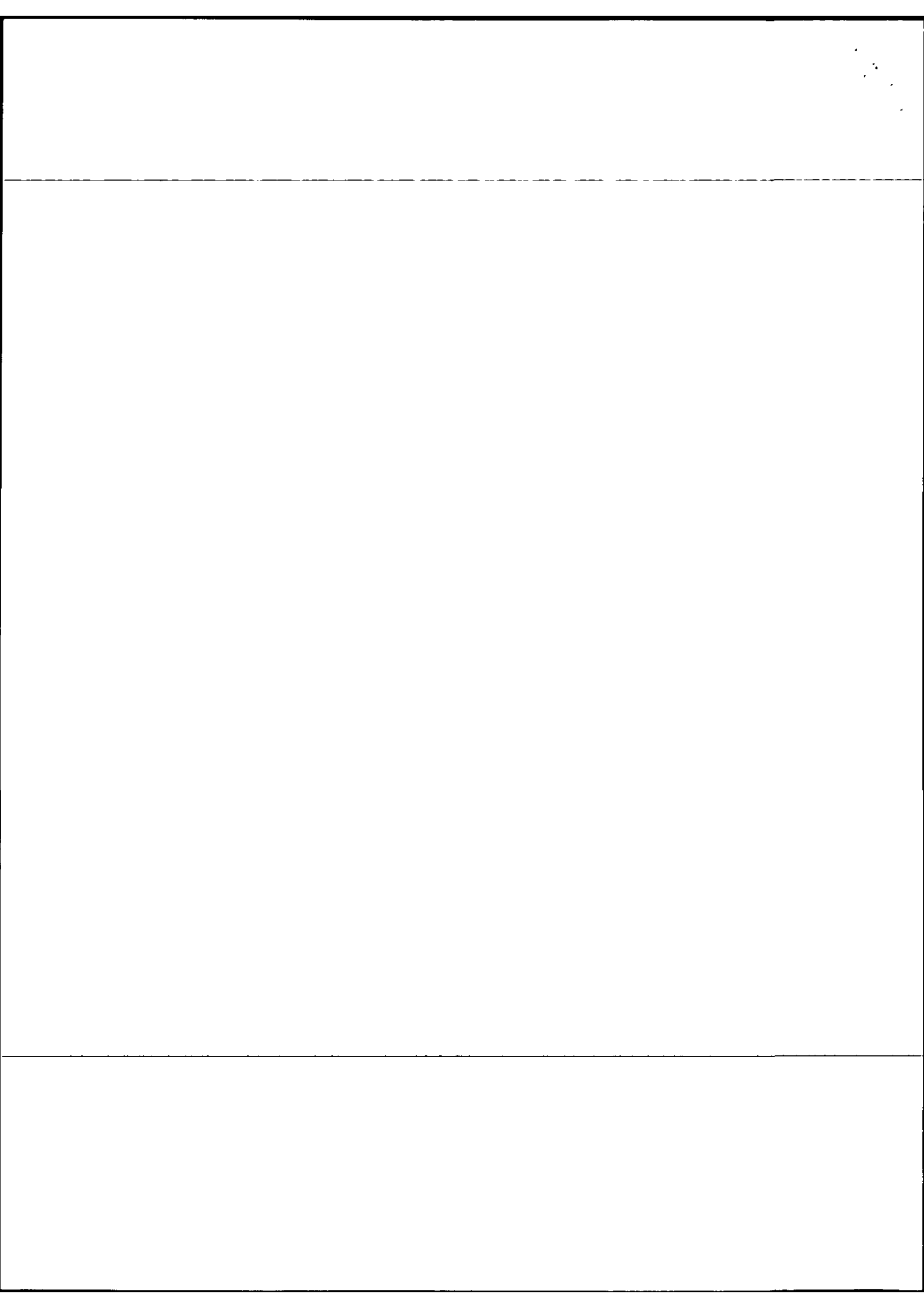
18 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial period	286,527	378,731
Dividend	(184,333)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	102,194	378,731
Opening shareholders' funds	5,474,275	5,095,544
	<hr/>	<hr/>
Closing shareholders' funds	<u>5,576,469</u>	<u>5,474,275</u>

19 Financial commitments

At 2 April 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2012:

	Land and buildings	
	2011 £	2010 £
Operating leases which expire: In over five years	<u>140,850</u>	<u>140,850</u>



HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 2 APRIL 2011

20 Directors' emoluments	2011 £	2010 £
Emoluments for qualifying services	137,500	246,607
Company pension contributions to money purchase schemes	16,033	27,687
Compensation for loss of office	-	105,000
	<u>153,533</u>	<u>379,294</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2010 - 1).

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

Emoluments for qualifying services	107,350	104,853
Company pension contributions to money purchase schemes	12,350	10,143
	<u>119,700</u>	<u>114,996</u>

21 Employees

Number of employees

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

	2011 Number	2010 Number
Management and administration	7	8
Manufacturing	9	9
Retail	19	17
	<u>35</u>	<u>34</u>

Employment costs

	£	£
Wages and salaries	1,048,786	1,172,672
Social security costs	106,916	110,914
Other pension costs	78,790	89,312
	<u>1,234,492</u>	<u>1,372,898</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 2 APRIL 2011**

22 Control

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

23 Related party relationships and 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.