

Company Registration No. SC041917 (Scotland)

**HAMILTON & INCHES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2012**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

**HAMILTON & INCHES LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	P D Gregory R Haston P J Lederer S R Paterson
<b>Secretary</b>	R Haston
<b>Company number</b>	SC041917
<b>Registered office</b>	16 Charlotte Square Edinburgh EH2 4DF
<b>Independent Auditors</b>	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
<b>Business address</b>	87 George Street Edinburgh EH2 3EY
<b>Bankers</b>	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
<b>Solicitors</b>	Dickson Minto WS 16 Charlotte Square Edinburgh EH2 4DF

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**HAMILTON & INCHES LIMITED**

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## HAMILTON & INCHES LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2012

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The directors present their report and financial statements for the period ended 31 March 2012.

#### **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 year just ended saw the business successfully trade in otherwise difficult retail conditions. The current year saw turnover reach £7,064,893 which is an increase of 6.5% from 2011 levels, and the directors believe that a profit before tax as a percentage of sales performance of 6.7% (2011: 6.0%) was reasonable, particularly given the difficult retail market conditions and soaring commodity and precious stone prices. The management team has worked hard at improving the company's cash performance whilst continuing to invest substantially in the systems and infrastructure of the business in order to help reinforce a luxury experience for its 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. Detailed Business Continuity Risk reporting ensures risks are identified and priorities established with necessary action plans carried out to mitigate the identified risk. The Risk Register is regularly reviewed at board meetings.
- 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 31 MARCH 2012

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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.

	2012	2011	Movement £	%
Turnover (£)	7,064,893	6,635,501	429,392	6.5%
Gross Profit (£)	2,769,258	2,562,656	206,602	8.1%
Gross Profit (%)	39.2%	38.6%	-	-
Stock turnover	1.03	1.04	(0.01)	(1.0%)

The key performance indicators highlight that turnover and margins are up on 2011. This is due to several significant value sales transactions in 2012 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 also seeks improvement in the stock turnover ratio.

#### Results and dividends

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

#### Future developments

The directors are confident in the potential of the group to grow, particularly as the economic and investment climate improves, through innovation, 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 to create clear blue water between the company and its competitors.

#### Directors

The following directors have held office since 3 April 2011:

P D Gregory  
R Haston  
P J Lederer  
S R Paterson

**HAMILTON & INCHES LIMITED**

**DIRECTORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

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<b>Charitable donations</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
During the period the company made the following payments:		
Charitable donations	<u>7,727</u>	<u>3,102</u>

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

- Royal Wedding Charity Fund (£500) - charitable donation
- Muir Maxwell Trust (£2,553) - charitable donation
- Maggie's (£1,900) - charitable donation
- 2012 Craftsmanship & Design Awards (£500) - sponsorship
- Various small value donations (£2,274) - 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 31 MARCH 2012**

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**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**

.....29.3.12

## **HAMILTON & INCHES LIMITED**

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

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We have audited the financial statements of Hamilton & Inches Limited for the period ended 31 March 2012 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 31 March 2012 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**

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**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*

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

*31 October 2012.*

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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 31 MARCH 2012**

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		2012	2011
	Notes	£	£
<b>Turnover</b>	<b>2</b>	7,064,893	6,635,501
Cost of sales		(4,295,635)	(4,072,845)
<b>Gross profit</b>		2,769,258	2,562,656
Administrative expenses		(2,331,988)	(2,202,610)
Other operating income		45,548	49,905
<b>Operating profit</b>	<b>3</b>	482,818	409,951
Other interest receivable and similar income	<b>4</b>	6	-
Interest payable and similar charges	<b>5</b>	(10,723)	(12,804)
<b>Profit on ordinary activities before taxation</b>		472,101	397,147
Tax on profit on ordinary activities	<b>6</b>	(125,878)	(110,620)
<b>Profit for the period</b>	<b>17</b>	<u>346,223</u>	<u>286,527</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 31 MARCH 2012**

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	Notes	2012 £	2011 £
<b>Profit for the financial period</b>	17	<u>346,223</u>	<u>286,527</u>
<b>Reconciliation of movement in shareholders' funds</b>			
Profit for the financial period	17	346,223	286,527
Dividends declared	7	-	(184,333)
		<hr/>	<hr/>
Net addition to shareholders' funds		346,223	102,194
Opening shareholders' funds		<u>5,576,469</u>	<u>5,474,275</u>
		<hr/>	<hr/>
Closing shareholders' funds		<u>5,922,692</u>	<u>5,576,469</u>

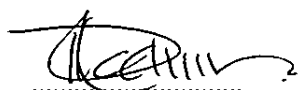
**HAMILTON & INCHES LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2012**

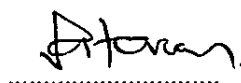
	Notes	2012		2011	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		41,717		46,937
Tangible assets	9		338,850		360,856
Investments	10		15,100		15,100
			<u>395,667</u>		<u>422,893</u>
<b>Current assets</b>					
Stocks and work in progress	11	4,185,585		3,918,626	
Debtors	12	2,392,114		2,089,112	
Cash at bank and in hand		29,786		1,500	
		<u>6,607,485</u>		<u>6,009,238</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,029,066)</u>		<u>(799,181)</u>	
<b>Net current assets</b>			<u>5,578,419</u>		<u>5,210,057</u>
<b>Total assets less current liabilities</b>			5,974,086		5,632,950
<b>Provisions for liabilities and charges</b>	14		<u>(51,394)</u>		<u>(56,481)</u>
			<u>5,922,692</u>		<u>5,576,469</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,250,000		1,250,000
Profit and loss account	17		4,672,692		4,326,469
<b>Shareholders' funds - equity interests</b>			<u>5,922,692</u>		<u>5,576,469</u>

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

The financial statements were approved by the Board on 20<sup>th</sup> August 2012



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 31 MARCH 2012

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#### **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.

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## HAMILTON & INCHES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2012

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#### 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 31 MARCH 2012**

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<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Amortisation of intangible assets	5,220	5,215
	Depreciation of tangible assets - owned assets	80,215	71,881
	Loss on disposal of tangible assets	-	434
	Loss on foreign exchange transactions	917	-
	Operating lease rentals	140,850	140,850
	Audit services	5,980	5,750
	Non-audit services		
	- tax services	1,800	1,700
	- all other services	10,695	10,250
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Other interest	6	-
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	10,723	12,805
		<u>          </u>	<u>          </u>

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HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012

6	Taxation	2012 £	2011 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	130,937	109,786
	Adjustment for prior years	28	(89)
	<b>Total current tax</b>	<u>130,965</u>	<u>109,697</u>
	<b>Deferred tax</b>		
	Deferred tax (credit)/charge	(4,313)	923
	Deferred tax adjust re previous year	(774)	-
		<u>(5,087)</u>	<u>923</u>
		<u>125,878</u>	<u>110,620</u>
	<b>Factors affecting the tax charge for the period</b>		
	Profit on ordinary activities before taxation	<u>472,101</u>	<u>397,147</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 - 27.99%)	<u>122,746</u>	<u>111,161</u>
	Effects of:		
	Non deductible expenses	11,269	13,389
	Depreciation add back	388	21,579
	Capital allowances	-	(28,414)
	Adjustments to previous periods	28	(89)
	Other tax adjustments	(3,466)	(7,929)
		<u>8,219</u>	<u>(1,464)</u>
	<b>Current tax charge for the period</b>	<u>130,965</u>	<u>109,697</u>
7	<b>Dividends</b>	2012 £	2011 £
	Ordinary final paid	<u>-</u>	<u>184,333</u>



HAMILTON & INCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012

8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 3 April 2011 & at 31 March 2012	104,302
<b>Amortisation</b>	
At 3 April 2011	57,365
Charge for the period	5,220
At 31 March 2012	62,585
<b>Net book value</b>	
At 31 March 2012	41,717
At 2 April 2011	46,937

9 Tangible fixed assets

	Fixtures and fittings £	Office machinery £	Computer equipment £	Total £
<b>Cost</b>				
At 3 April 2011	1,327,749	77,123	89,192	1,494,064
Additions	47,696	-	10,516	58,212
Disposals	-	-	(5,236)	(5,236)
At 31 March 2012	1,375,445	77,123	94,472	1,547,040
<b>Depreciation</b>				
At 3 April 2011	994,348	59,487	79,376	1,133,211
On disposals	-	-	(5,236)	(5,236)
Charge for the period	69,586	3,908	6,721	80,215
At 31 March 2012	1,063,934	63,395	80,861	1,208,190
<b>Net book value</b>				
At 31 March 2012	311,511	13,728	13,611	338,850
At 2 April 2011	333,403	17,636	9,817	360,856

**HAMILTON & INCHES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

**10 Fixed asset investments**

	Unlisted investments	Shares in subsidiary undertakings	Total
	£	£	£
<b>Cost</b>			
At 3 April 2011 & at 31 March 2012	<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	%
<b>Subsidiary undertakings</b>				
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 2012 £	Profit for the year 2012 £
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**

	2012 £	2011 £
Raw materials and consumables	274,838	221,444
Work in progress	31,077	31,084
Finished goods and goods for resale	<u>3,879,670</u>	<u>3,666,098</u>
	<u>4,185,585</u>	<u>3,918,626</u>

**HAMILTON & INCHES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

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<b>12 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade debtors	610,206	287,766
Amounts owed by parent and fellow subsidiary undertakings	1,729,017	1,752,052
Other debtors	561	3,740
Prepayments and accrued income	52,330	45,554
	<u>2,392,114</u>	<u>2,089,112</u>

<b>13 Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	570
Trade creditors	527,863	496,683
Corporation tax	130,937	109,786
Other taxes and social security costs	222,395	72,399
Accruals and deferred income	147,871	119,743
	<u>1,029,066</u>	<u>799,181</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 31 MARCH 2012

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14 Provisions for liabilities

	Deferred tax liability £
Balance at 3 April 2011	56,481
Profit and loss account	(5,087)
	<hr/>
Balance at 31 March 2012	51,394
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	51,394	56,481
	<hr/> <hr/>	<hr/> <hr/>

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.

	2012 £	2011 £
Contributions payable by the company for the period	92,655	78,790
	<hr/> <hr/>	<hr/> <hr/>

16 Share capital

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
1,250,000 Ordinary shares of £1 each	1,250,000	1,250,000
	<hr/> <hr/>	<hr/> <hr/>

**HAMILTON & INCHES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

**17 Statement of movements on profit and loss account**

	<b>Profit and loss account £</b>
Balance at 3 April 2011	4,326,469
Profit for the period	346,223
Balance at 31 March 2012	<u>4,672,692</u>

**18 Reconciliation of movements in shareholders' funds**

	<b>2012 £</b>	<b>2011 £</b>
Profit for the financial period	346,223	286,527
Dividend	-	(184,333)
Net addition to shareholders' funds	346,223	102,194
Opening shareholders' funds	<u>5,576,469</u>	<u>5,474,275</u>
Closing shareholders' funds	<u>5,922,692</u>	<u>5,576,469</u>

**19 Financial commitments**

At 31 March 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2013:

	<b>Land and buildings</b>	
	<b>2012 £</b>	<b>2011 £</b>
Operating leases which expire:		
Between two and five years	<u>140,850</u>	<u>140,850</u>

**20 Capital commitments**

	<b>2012 £</b>	<b>2011 £</b>
At 31 March 2012 the company had capital commitments as follows:		
Authorised but not contracted for	<u>350,000</u>	-
	<u>350,000</u>	-

**HAMILTON & INCHES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

<b>21 Directors' emoluments</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	206,900	137,500
Company pension contributions to money purchase schemes	23,647	16,033
	<u>230,547</u>	<u>153,533</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2011 - 2).

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

Emoluments for qualifying services	109,497	107,350
Company pension contributions to money purchase schemes	12,597	12,350
	<u>122,094</u>	<u>119,700</u>

**22 Employees**

**Number of employees**

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

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Management and administration	9	7
Manufacturing	9	9
Retail	19	19
	<u>37</u>	<u>35</u>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	1,199,427	1,048,786
Social security costs	124,518	106,916
Other pension costs	92,655	78,790
	<u>1,416,600</u>	<u>1,234,492</u>

**23 Control**

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

**HAMILTON & INCHES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2012**

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**24 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.