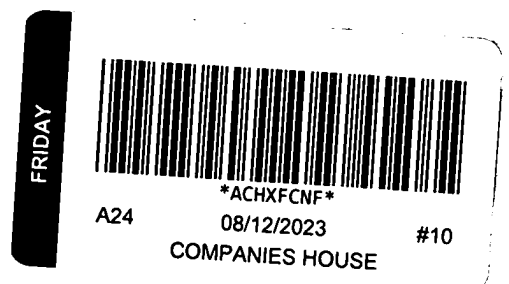


Hamilton & Inches Limited

Registered number: SC041917

Annual Report

For the period ended 25 March 2023



HAMILTON & INCHES LIMITED

COMPANY INFORMATION

Directors	Victoria Houghton Peter Julian Lederer
Company secretary	Jill Barrow
Registered number	SC041917
Registered office	16 Charlotte Square Edinburgh EH2 4DF
Trading Address	87 George Street Edinburgh EH2 3EY
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Capital Square 58 Morrison Street Edinburgh EH3 8BP

HAMILTON & INCHES LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11 - 12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 31

HAMILTON & INCHES LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 25 MARCH 2023

Introduction

The Directors present their Strategic Report for the year ended 25 March 2023.

Business review

The Directors are pleased to report continued strong growth in business levels and profitability in the year. The business continues to retail fine jewellery, luxury watches and hand-crafted silver, and maintain gold and silver workshops alongside the Showroom in the centre of Edinburgh.

The workshops and the talented craft team create hand-crafted collections and bespoke commissions across jewellery and silver. Notable recent pieces include the Queen's Cup, Cuttitta Cup (Six Nations trophy), Scottish Open replica and refurbishment of the Lord Lyon Crown & Baton for the Coronation ceremony.

The business is also one of just two jewellers in the world with access to Scottish Gold. Scottish Gold has been used in jewellery for hundreds of years and has played a significant part in Scotland's culture and we are delighted as a business to have exclusive access to the gold.

In addition, the business offers servicing of jewellery, silver, and watches, and is the only current accredited Rolex service centre in Edinburgh.

The business remains a proud Royal Warrant Holder. Hamilton & Inches Limited was first granted a Royal Warrant over 120 years ago. Our current warrant is "Silversmiths and Clock Specialists to Her Majesty the Queen Elizabeth II".

Over the course of the year investments have been made in all aspects of the business from the team to retail collections, marketing & branding, to systems and the website. These investments will support the business in progressing strategic objectives in the years to come.

Results

In the year under review, turnover was £13.1m (2022 - £11.3m) representing record sales for the business and a 16% increase from the previous year. Gross margin has remained stable in the year at 37% (2022 - 37%). Overheads have increased to £3.5m (2022 - £2.8m) and there is a pre-tax profit of £1.3m (2022 - £1.4m). At the year end, the Group had net assets of £10m (2022 - £8.9m).

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company include the following:

Economic and political stability risk

The overall economic and political environment within the UK has the potential to affect the Company's performance and ability to progress strategic plans. The current economic environment could impact consumer demand for luxury jewellery and watches and rising costs could put pressure on liquidity and reduce profitability. The Directors monitor and review relevant economic and market changes regularly and do not consider that these risks will have a material effect on the Company's performance due to its strength in the markets within which it operates.

Price and margin risk

Changes in underlying cost prices creates a price risk and can erode margins. The Company assesses and analyses underlying costs and make adjustments to prices as required.

HAMILTON & INCHES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 25 MARCH 2023

Principal risk and uncertainties (continued)

Supply chain risk

The Company has a long-standing reputation for stocking products and working with brands of the highest quality and provenance. The Company has appropriate processes in place to assess new suppliers before buying stock, to ensure suppliers foster the same ethical and operating standards. All products are quality assessed by our skilled team on receipt to ensure high standards are maintained.

With regard to the supply of luxury watches, this is controlled by each brand and therefore the Company has no guarantee of the volume of supply of watches. The Company continues to work closely to collaborate with brand partners and invest in the business aligned to brand requirements.

Seasonality risk

Seasonality has a large impact on the Company. A significant proportion of trading occurs during peak trading periods and any disruption during these periods could have an adverse effect on the Company's performance. Appropriate plans are in place to ensure trade continues as normal. Forecasts also reflect seasonality to permit robust monitoring.

Credit risk

The Company makes minimal sales to customers on credit; however, the Company continually monitors credit risk closely and ensure policies mitigate exposure to credit risk.

Fraud and Money Laundering risk

Appropriate policies and procedures are in place to safeguard against fraud and money laundering risks. Checks are undertaken where relevant and appropriate training and reporting frameworks are in place across the business.

The Directors continue to review principal risks and uncertainties for the business, especially in light of the current wider economic circumstances. Despite these challenges, looking ahead, the Directors remain committed to strategic objectives and ensuring the business remains as one of the finest Scottish luxury retail experiences.

Key performance indicators

The key performance indicators of the business are:

	2023	2022
	£	£
Turnover	13,094,655	11,258,109
Gross profit	4,813,345	4,130,045
Gross profit margin	37%	37%

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future and ensure liabilities can be met as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

HAMILTON & INCHES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2023**

This report was approved by the board and signed on its behalf.


Victoria Houghton
Director

Date: 28/11/23

HAMILTON & INCHES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 25 MARCH 2023

The Directors present their report and the financial statements for the period ended 25 March 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

Principal activity

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

Results and dividends

The profit for the period, after taxation, amounted to £1,169,555 (2022 - £889,772).

No dividends were declared or paid during the current or prior period.

Directors

The Directors who served during the period were:

Victoria Houghton
Peter Julian Lederer

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium Sized Companies (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Director's Report have been omitted as they are included in the Strategic Report. These matters include a fair review of the Company's business, a description of the Company's principal risks, uncertainties and financial key performance indicators.

HAMILTON & INCHES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2023**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, COVID-19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.


The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The Company continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Victoria Houghton
Director

Date: 28/11/23

HAMILTON & INCHES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMILTON & INCHES LIMITED

Opinion

We have audited the financial statements of Hamilton & Inches Limited (the 'Company') for the period ended 25 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

HAMILTON & INCHES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMILTON & INCHES LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMILTON & INCHES LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and the Bribery Act 2010.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

HAMILTON & INCHES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMILTON & INCHES LIMITED

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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 auditor's 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.



Craig Maxwell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Capital Square
58 Morrison Street
Edinburgh
EH3 8BP

Date: 28/11/23

HAMILTON & INCHES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 25 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	13,094,655	11,258,109
Cost of sales		(8,281,310)	(7,128,064)
Gross profit		4,813,345	4,130,045
Administrative expenses		(3,525,066)	(2,751,283)
Other operating income	5	33,619	47,403
Operating profit	6	1,321,898	1,426,165
Interest receivable and similar income	9	1,989	190
Profit before tax		1,323,887	1,426,355
Tax on profit	10	(154,332)	(536,583)
Profit for the financial period		1,169,555	889,772
Other comprehensive income for the period			
Movement of deferred tax relating to revaluation		-	(6,641)
Other comprehensive income for the period		-	(6,641)
Total comprehensive income for the period		1,169,555	883,131

The notes on pages 14 to 31 form part of these financial statements.

HAMILTON & INCHES LIMITED
REGISTERED NUMBER: SC041917

STATEMENT OF FINANCIAL POSITION
AS AT 25 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible fixed assets	11	7,699	6,844
Tangible fixed assets	12	3,534,019	3,664,207
Investments	13	15,000	15,000
		<u>3,556,718</u>	<u>3,686,051</u>
Current assets			
Stocks		5,085,161	4,954,413
Debtors: amounts falling due within one year	14	971,209	1,065,244
Cash and cash equivalents	15	3,251,455	2,253,112
		<u>9,307,825</u>	<u>8,272,769</u>
Creditors: amounts falling due within one year	16	(2,284,914)	(2,545,136)
Net current assets		<u>7,022,911</u>	<u>5,727,633</u>
Total assets less current liabilities		<u>10,579,629</u>	<u>9,413,684</u>
Provisions for liabilities			
Deferred tax	17	(479,081)	(482,691)
		<u>(479,081)</u>	<u>(482,691)</u>
Net assets		<u>10,100,548</u>	<u>8,930,993</u>
Capital and reserves			
Called up share capital	18	1,250,000	1,250,000
Revaluation reserve	19	80,569	80,569
Profit and loss account	19	8,769,979	7,600,424
		<u>10,100,548</u>	<u>8,930,993</u>

HAMILTON & INCHES LIMITED
REGISTERED NUMBER: SC041917

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 25 MARCH 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Victoria Houghton
Director

Date: 28/11/23

The notes on pages 14 to 31 form part of these financial statements.

HAMILTON & INCHES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 MARCH 2023**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 27 March 2021	1,250,000	87,210	6,710,652	8,047,862
Comprehensive income for the year				
Profit for the year	-	-	889,772	889,772
Deferred tax movement on revaluation	-	(6,641)	-	(6,641)
Total comprehensive income for the year	-	(6,641)	889,772	883,131
At 26 March 2022	1,250,000	80,569	7,600,424	8,930,993
Comprehensive income for the period				
Profit for the period	-	-	1,169,555	1,169,555
Total comprehensive income for the period	-	-	1,169,555	1,169,555
At 25 March 2023	1,250,000	80,569	8,769,979	10,100,548

The notes on pages 14 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

1. General information

Hamilton & Inches Limited is a private company limited by shares registered in Scotland. The registered office is 16 Charlotte Square, Edinburgh, EH2 4DF. The Company's registered number is SC041917.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is GBP and amounts are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hamilton & Inches Holdings Limited as at 25 March 2023 and these financial statements may be obtained from 16 Charlotte Square, Edinburgh, EH2 4DF.

2.3 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future and ensure liabilities can be met as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Intangible fixed assets

Intangible fixed assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible fixed assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Computer software is amortised on a straight line basis over 2 years. The amortisation charge is included in administration expenses in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

2. Accounting policies (continued)**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- over 20 years
Plant and machinery	- over 5 years
Fixtures and fittings	- over 5-12 years
Office equipment	- over 3 years
Permanent display item	- Nil

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Permanent display items include items of stock that have been purchased by the Company to offer a luxury customer experience. These are initially measured at cost, and subsequently measured at fair value. Movement in fair values are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in the Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimations 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 to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Impairment of investments

Management consider impairment of investments to be a key area of judgement in the financial statements. Management closely reviews the impairment of investments, also considering the discount rate used and growth plans.

Estimates

Accounting estimates are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

The recoverability of trade and other debtor balances are considered on a regular basis. When calculating the debtor provision, the Directors consider the age of the debts and the financial position of the counterparty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Sale of goods	12,409,065	10,709,787
Rendering of services	685,590	548,322
	<u>13,094,655</u>	<u>11,258,109</u>

All turnover arose within the United Kingdom.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

5. Other operating income

	2023	2022
	£	£
Government grants receivable	-	33,872
Sundry income	33,619	13,531
	<u>33,619</u>	<u>47,403</u>

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Auditors remuneration	14,500	10,000
Operating lease rentals	63,604	65,130
Depreciation of tangible fixed assets	266,660	178,244
Amortisation of intangible fixed assets	9,145	7,522
	<u>353,909</u>	<u>360,896</u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	1,704,414	1,180,521
Social security costs	169,329	125,896
Cost of defined contribution scheme	92,196	115,905
	<u>1,965,939</u>	<u>1,422,322</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2023	2022
	No.	No.
Management staff	17	15
Manufacturing staff	8	8
Retail staff	17	15
	<u>42</u>	<u>38</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

8. Directors' remuneration

	2023	As restated
	£	2022
		£
Directors' emoluments	290,161	194,250
Company contributions to defined contribution pension schemes	27,838	41,043
Compensation for loss of office	-	79,695
	<u>317,999</u>	<u>314,988</u>

During the period retirement benefits were accruing to 1 Director (2022 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £290,161 (2022 - £159,950).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £27,838 (2022 - £37,783).

9. Interest receivable and similar income

	2023	2022
	£	£
Other interest receivable	<u>1,989</u>	<u>190</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

10. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax for the period	264,851	258,377
Adjustments in respect of previous periods	(106,909)	143,738
Total current tax	<u>157,942</u>	<u>402,115</u>
Deferred tax		
Origination and reversal of timing differences	(3,368)	26,600
Effect of tax rate change on opening balance	-	107,868
Adjustments in respect of prior periods	(242)	-
Total deferred tax	<u>(3,610)</u>	<u>134,468</u>
Taxation on profit on ordinary activities	<u><u>154,332</u></u>	<u><u>536,583</u></u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	1,323,887	1,426,355
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	251,539	271,007
Effects of:		
Expenses not deductible for tax purposes	32,495	13,241
Capital allowances for period/year in excess of depreciation	(2,483)	(955)
Adjustment to tax charge in respect of prior periods	(106,909)	143,738
Adjustment to tax charge in respect of prior periods - deferred tax	(242)	-
Other permanent differences	-	347
Remeasurement of deferred tax for changes in tax rates	(808)	109,205
Other differences leading to a decrease in tax charge	(19,260)	-
Total tax charge for the period/year	154,332	536,583

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom would increase from 19% to 25%. Companies with profits of £50,000 or less would continue to be taxed at 19%, which was a new small profits rate. Where taxable profits were between £50,000 and £250,000, the higher 25% rate would apply but with a marginal relief applying as profits increased. Deferred tax is provided for at 25% as that was the substantively enacted rate at the reporting date.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

11. Intangible fixed assets

	Computer software £
Cost	
At 27 March 2022	108,488
Additions	10,000
Transfers from tangible fixed assets (note 12)	65,572
	<hr/>
At 25 March 2023	184,060
	<hr/>
Amortisation	
At 27 March 2022	101,644
Charge for the year	9,145
Transfers from tangible fixed assets (note 12)	65,572
	<hr/>
At 25 March 2023	176,361
	<hr/>
Net book value	
At 25 March 2023	7,699
	<hr/> <hr/>
At 26 March 2022	6,844
	<hr/> <hr/>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

12. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Permanent display item £	Total £
Cost or valuation						
At 27 March 2022	3,593,182	114,476	874,703	98,172	135,000	4,815,533
Additions	87,314	16,840	16,799	15,519	-	136,472
Disposals	-	-	-	(3,684)	-	(3,684)
Transfers to intangible fixed assets (note 11)	-	-	-	(65,572)	-	(65,572)
At 25 March 2023	3,680,496	131,316	891,502	44,435	135,000	4,882,749
Depreciation						
At 27 March 2022	413,547	80,416	579,624	77,739	-	1,151,326
Charge for the year	183,593	12,980	55,790	14,297	-	266,660
Disposals	-	-	-	(3,684)	-	(3,684)
Transfers to intangible fixed assets (note 11)	-	-	-	(65,572)	-	(65,572)
At 25 March 2023	597,140	93,396	635,414	22,780	-	1,348,730
Net book value						
At 25 March 2023	3,083,356	37,920	256,088	21,655	135,000	3,534,019
At 26 March 2022	3,179,635	34,060	295,079	20,433	135,000	3,664,207

The Directors consider the value of the permanent display item annually. The Directors consider this to be approximate to the fair value at the reporting date.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

13. Fixed asset investments

	Unlisted investments £
Cost	
At 27 March 2022	15,000
At 25 March 2023	<u>15,000</u>
Net book value	
At 25 March 2023	<u>15,000</u>
At 26 March 2022	<u>15,000</u>

14. Debtors

	2023 £	2022 £
Trade debtors	193,911	267,830
Amounts owed by group undertakings (note 22)	700,173	781,900
Other debtors	3,427	315
Prepayments and accrued income	73,698	15,199
	<u>971,209</u>	<u>1,065,244</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>3,251,455</u>	<u>2,253,112</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

16. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,438,325	1,389,428
Corporation tax	183,617	231,369
Other taxation and social security	54,783	80,216
Other creditors	365,636	687,904
Accruals and deferred income	242,553	156,219
	<u>2,284,914</u>	<u>2,545,136</u>

17. Deferred taxation

	2023 £
At beginning of year	(482,691)
Charged to Statement of Comprehensive Income	3,610
At end of year	<u>(479,081)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	(458,904)	(460,970)
Arising on gain on revaluation	(26,917)	(26,917)
Short term timing differences	6,740	5,196
	<u>(479,081)</u>	<u>(482,691)</u>

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

18. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
1,250,000 (2022 - 1,250,000) Ordinary shares shares of £1.00 each	1,250,000	1,250,000

Each ordinary share carries voting rights, but no right to fixed income.

19. Reserves**Revaluation reserve**

This reserve includes the impact of a revaluation of £107,666 less deferred tax of £26,917, relating to the permanent display item within tangible fixed assets.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

20. Pension commitments

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 and amounted to £92,196 (2022 - £115,905). Contributions totalling £13,013 (2022 - £20,783) were payable to the fund at the reporting date.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

21. Commitments under operating leases

At 25 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Land and buildings		
Not later than 1 year	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
	2023 £	2022 £
Other		
Not later than 1 year	14,790	2,740
Later than 1 year and not later than 5 years	26,207	5,135
	<u>40,997</u>	<u>7,875</u>

22. Related party transactions

As a wholly owned subsidiary of Hamilton & Inches Holdings Limited, advantage has been taken of the exemption granted by FRS 102 not to report details of the transactions with entities which are 100% controlled by a common parent undertaking.

At the reporting date, an amount of £16,490 (2022 - £Nil) was owed by a Director of Hamilton & Inches Holdings Limited. This amount is included in trade debtors, is unsecured, interest free and has no fixed repayment terms.

At the reporting date, an amount of £3,747 was owed to (2022 - £16,415 owed from) a Director of Hamilton & Inches Holdings Limited. This amount is included in other creditors (2022 - other debtors), is unsecured, interest free and has no fixed repayment terms.

At the reporting, an amount of £815 (2022 - £11,738) was owed by Directors of the entity. This amount is included in trade debtors, is unsecured, interest free and has no fixed repayment terms.

During the year, £18,905 (2022 - £22,455) of sales were made to Directors of Hamilton & Inches Holdings Limited.

During the year, £24,216 (2022 - £4,399) of sales were made to Directors of the entity.

HAMILTON & INCHES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2023**

23. Parent company and controlling party

The Company's parent undertaking is Hamilton & Inches Holdings Limited, a company registered in Scotland, which is the smallest and largest group of companies for which group financial statements are prepared. Copies of the financial statements of Hamilton & Inches Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the Directors' opinion, the Company's ultimate controlling party is Dr Walter Scott by virtue of his shareholding in Hamilton & Inches Holdings Limited.