

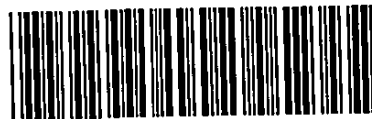
Lighthouse Holdings Limited

Registered number 06006752

Directors' report and financial statements

For the year ended 31 December 2010

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LIGHTHOUSE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M B Armstead D J Coombes
Company number	06006752
Registered office	Lindal Business Park Lindal-in-Furness Ulverston Cumbria LA12 0LD
Auditors	Mazars LLP Chartered Accountants & Registered Auditors The Lexicon 10/12 Mount Street Manchester M2 5NT
Bankers	NatWest Haw Bank House High Street Cheadle Cheshire SK8 1AL
Solicitors	Pinsent Masons LLP 3 Hardman Street Manchester M2 3HZ

LIGHTHOUSE HOLDINGS LIMITED

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LIGHTHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activities

The company's principal activity is that of a holding company

Business review

There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. As shown in the consolidated profit & loss account on page 7, the group sales were £11.5 million (2009: £11.7m), with an operating profit of £0.4 million (2009: profit of £0.4m) and a profit after taxation of £0.5 million (2009: profit of £0.4m). The company's main investment is in Wax Lyrical Limited, formerly known as Colony Gift Corporation Limited. The name change on 30th April 2010 is for marketing purposes as Wax Lyrical is a much stronger brand proposition.

Wax Lyrical's principal activities are the manufacture, wholesaling and retailing of home fragrance products including candles and reed diffusers. It has been operating at a loss for a number of years and as a result of our acquisition, the management team of Wax Lyrical has been realigned and a detailed plan produced to return the business to profitability. This has involved a substantial increase in UK manufacturing. Today 81% of sales are manufactured in the UK.

The purpose of this Annual Report is to provide information to the Members of the company. The report contains certain forward looking statements with respect to performance and the financial condition of the company. By their nature these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those envisaged. It follows that nothing in this Annual Report should be constituted as a profit forecast.

No dividend was paid during the period (2009: £nil)

Results

The profit for the year, after taxation, amounted to £452 thousand (2009: £359 thousand)

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

LIGHTHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest costs and as such, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Principal risks and uncertainties

Competitive risk

Competitive pressure in the UK and Europe is a continuing risk for the group, along with the threat of cheap imports into these territories from the Far East. These threats could result in the group losing sales to its key competitors. The group is managing this risk by endeavouring to produce and source products for its customers at the lowest possible cost and ensuring that the unique nature of its design and the quality of the products add value to our customers.

Foreign exchange exposure

The group's activities expose it to financial risks of changes in foreign exchange rates. The group has not entered into foreign exchange forward contracts but looks to manage the risk through natural hedging and the timings of payments and receipts.

Liquidity risk

The group meets its day to day working capital requirements through an invoice discounting facility and a seasonal overdraft facility. The group has transferred its facilities to NatWest Bank on 6th May 2010. The new facilities are ongoing, do not require periodic renewal and reduce the uncertainty over the availability of bank finance in the future.

FUTURE PROSPECTS

The company will continue to manage its investment in Wax Lyrical and assist in the implementation of the turnaround programme.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The group has designed procedures to minimise the impact on the environment which include safe disposal of manufacturing waste, recycling and reducing energy consumption.

LIGHTHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

The directors who served during the year were

M B Armstead
D J Coombes

EMPLOYEE CONSULTATION

The group's policy is to involve employees by way of appropriate consultation and discussion with staff on matters likely to affect employees' interests

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities. Details of employees and related costs can be found in note 5 to the financial statements on page 15

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

Auditors

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

This report was approved by the board on 18th May 2011 and signed on its behalf



M B Armstead
Director

LIGHTHOUSE HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LIGHTHOUSE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTHOUSE HOLDINGS LIMITED

We have audited the financial statements of Lighthouse Holdings Limited for the year ended 31 December 2010, which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Consolidated Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. 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).

Respective responsibilities of directors and auditors

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.

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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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

LIGHTHOUSE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTHOUSE HOLDINGS 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Kevin Simmons (Senior Statutory Auditor)

for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

The Lexicon
10/12 Mount Street
Manchester
M2 5NT

Date 18 May 2011

LIGHTHOUSE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
TURNOVER	1,2	11,450	11,740
Cost of sales		(7,930)	(8,220)
GROSS PROFIT		3,520	3,520
Distribution costs		(2,000)	(1,963)
Administrative expenses		(1,383)	(1,503)
Release of negative goodwill		225	329
Total administrative expenses		(1,158)	(1,174)
OPERATING PROFIT	3	362	383
Interest payable and similar charges	7	(13)	(23)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		349	360
Tax on profit on ordinary activities	8	103	(1)
PROFIT FOR THE FINANCIAL YEAR	17	452	359

All amounts relate to continuing operations

The notes on pages 12 to 23 form part of these financial statements

LIGHTHOUSE HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
PROFIT FOR THE FINANCIAL YEAR	452	359
Currency revaluation gain on foreign currency net investments	7	17
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	459	376
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The notes on pages 12 to 23 form part of these financial statements

LIGHTHOUSE HOLDINGS LIMITED

Registered number 06006752

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	£000	2010 £000	2009 £000
FIXED ASSETS				
Intangible assets	9		(1,181)	(1,406)
Tangible assets	10		2,120	2,128
			<u>939</u>	<u>722</u>
CURRENT ASSETS				
Stocks	12	2,878		2,613
Debtors	13	1,549		1,698
Cash at bank and in hand		716		249
		<u>5,143</u>		<u>4,560</u>
CREDITORS: amounts falling due within one year	14	(1,296)		(1,057)
NET CURRENT ASSETS			<u>3,847</u>	<u>3,503</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,786</u>	<u>4,225</u>
CREDITORS: amounts falling due after more than one year	15		(102)	-
NET ASSETS			<u>4,684</u>	<u>4,225</u>
CAPITAL AND RESERVES				
Called up share capital	16		-	-
Foreign exchange reserve	17		154	147
Profit and loss account	17		4,530	4,078
SHAREHOLDERS' FUNDS	18		<u>4,684</u>	<u>4,225</u>

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

18th May 2011

M B Armstead
Director

The notes on pages 12 to 23 form part of these financial statements

LIGHTHOUSE HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	£000	2010 £000	£000	2009 £000
FIXED ASSETS					
Investments	11		583		583
CURRENT ASSETS					
Cash at bank		14		2	
CREDITORS , amounts falling due within one year	14	(55)		(43)	
NET CURRENT LIABILITIES			(41)		(41)
TOTAL ASSETS LESS CURRENT LIABILITIES			542		542
CREDITORS : amounts falling due after more than one year	15		(500)		(500)
NET ASSETS			42		42
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Profit and loss account	17		42		42
SHAREHOLDERS' FUNDS	18		42		42

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

18th May 2011



M B Armstead
Director

The notes on pages 12 to 23 form part of these financial statements

LIGHTHOUSE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
Net cash flow from operating activities	19	814	(143)
Returns on investments and servicing of finance	20	(13)	(23)
Taxation	20	104	(1)
Capital expenditure and financial investment	20	(509)	442
CASH INFLOW BEFORE FINANCING		396	275
Financing	20	130	-
INCREASE IN CASH IN THE YEAR		526	275

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
Increase in cash in the year	526	275
Cash inflow from increase in debt and lease financing	(130)	-
MOVEMENT IN NET DEBT IN THE YEAR	396	275
Net funds/(debt) at 1 January 2010	190	(85)
NET FUNDS AT 31 DECEMBER 2010	586	190

The notes on pages 12 to 23 form part of these financial statements

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 2006 and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are described below and have been applied consistently throughout the current year and the proceeding year.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The group meets its day to day working capital requirements through an invoice discounting facility and a seasonal overdraft facility. The company has transferred its facilities to NatWest Bank on 6th May 2010. The new facilities are ongoing, do not require periodic renewal and reduce the uncertainty over the availability of bank finance in the future.

The group's forecasts and projections, taking account of reasonable changes in trading performance, show that the group will be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Lighthouse Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

Where statutory accounts are not available at the time of preparing the consolidated accounts management information is consolidated into the financial statements.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Turnover is recognised in line with contractual performance.

1.4 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss Account.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss Account over the period in which the non-monetary assets are recovered.

1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	Over the life of the short leasehold, straight-line
S/Term Leasehold Property	-	Over the life of the lease, straight-line
Plant & machinery	-	10% reducing balance or 4%-10% straight-line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	10%-15% reducing balance or 10%-25% straight-line
Office equipment	-	33 3% straight line

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Operating leases

Rentals under operating leases are charged to the Profit and loss Account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1 11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The assets of the scheme are held separately from those of the company in an independently administered fund

1 12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss Account as the related expenditure is incurred

2 TURNOVER

Analyses of turnover and operating loss by geographical market have not been provided in these financial statements as the directors believe that such disclosure would be seriously prejudicial to the group's interests

This is in accordance with the Companies Act 2006, Statutory Instrument 2008/410

3 OPERATING PROFIT

The operating profit is stated after charging

	2010 £000	2009 £000
Amortisation - intangible fixed assets	(225)	(329)
Depreciation of tangible fixed assets		
- owned by the group	494	502
Operating lease rentals		
- plant and machinery	87	110
- other operating leases	296	296
Profit on sale of tangible assets	21	8

4. AUDITORS' REMUNERATION

	2010 £000	2009 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	3	3
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of subsidiaries of the company pursuant to legislation	12	10
Other services relating to taxation	2	2

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £000	2009 £000
Wages and salaries	3,061	2,926
Social security costs	231	224
Other pension costs	31	39
	<u>3,323</u>	<u>3,189</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No	2009 No.
Office and Management	44	46
Sales and distribution	47	47
Manufacturing	68	45
	<u>159</u>	<u>138</u>

6. DIRECTORS' REMUNERATION

	2010 £000	2009 £000
Emoluments	<u>122</u>	<u>136</u>
Company pension contributions to defined contribution pension schemes	<u>9</u>	<u>11</u>

1 director (2009 2) participated in the defined contribution pension scheme

7 INTEREST PAYABLE

	2010 £000	2009 £000
Bank interest	<u>13</u>	<u>23</u>

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8 TAXATION

	2010 £000	2009 £000
UK corporation tax (credit)/charge on profit for the year	(103)	1

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	349	360
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	98	101
Effects of		
Release of negative goodwill	(63)	(92)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	54	53
Capital allowances for year in excess of depreciation	(84)	(91)
(Utilisation) / creation of tax losses	(7)	50
Short term timing differences	2	(21)
Prior year (over) / under provision	(103)	1
Current tax (credit)/charge for the year (see note above)	(103)	1

Factors that may affect future tax charges

No deferred tax assets have been recognised

There are additional deferred tax assets disclosed below, which have not been recognised in these financial accounts. The asset has not been recognised owing to uncertainty as to whether there will be suitable future profits against which they could be utilised

	2010 £000	2009 £000
Fixed assets timing differences	173	273
Short term timing differences	2	-
Trading losses	1,445	1,627
Total	1,620	1,900

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

9. INTANGIBLE FIXED ASSETS

Group	Goodwill £000
Cost	
At 1 January 2010 and 31 December 2010	(7,584)
Amortisation	
At 1 January 2010	(6,178)
Charge for the year	(225)
At 31 December 2010	(6,403)
Net book value	
At 31 December 2010	(1,181)
At 31 December 2009	(1,406)

Negative goodwill arising on the acquisition of Wax Lyrical is released to the profit and loss account over the period in which the non-monetary assets are recovered

10. TANGIBLE FIXED ASSETS

Group	S/Term Leasehold Property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Display equipment £000	Total £000
Cost						
At 1 January 2010	2,695	130	9	4,421	534	7,789
Additions	-	-	-	348	160	508
Disposals	-	-	-	(1)	(207)	(208)
At 31 December 2010	2,695	130	9	4,768	487	8,089
Depreciation						
At 1 January 2010	1,840	94	5	3,464	258	5,661
Charge for the year	195	3	2	115	179	494
On disposals	-	-	-	-	(187)	(187)
Foreign exchange movement	-	-	-	-	1	1
At 31 December 2010	2,035	97	7	3,579	251	5,969
Net book value						
At 31 December 2010	660	33	2	1,189	236	2,120
At 31 December 2009	855	36	4	957	276	2,128

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

10. TANGIBLE FIXED ASSETS (continued)

The company does not hold any fixed assets

11. FIXED ASSET INVESTMENTS

Company Cost or valuation	Investments in subsidiary companies £000
At 1 January 2010 and 31 December 2010	583
Net book value	
At 31 December 2010	583
At 31 December 2009	583

Details of the principal subsidiaries can be found under note number 26

12. STOCKS

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Raw materials	778	694	-	-
Work in progress	53	33	-	-
Finished goods and goods for resale	2,047	1,886	-	-
	<u>2,878</u>	<u>2,613</u>	<u>-</u>	<u>-</u>

13. DEBTORS

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade debtors	1,266	1,476	-	-
Other debtors	-	56	-	-
Prepayments and accrued income	283	166	-	-
	<u>1,549</u>	<u>1,698</u>	<u>-</u>	<u>-</u>

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14 CREDITORS

Amounts falling due within one year

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans and overdrafts	-	59	-	-
Directors loan	28	-	-	-
Trade creditors	769	660	-	-
Amounts owed to group undertakings	-	-	43	32
Social security and other taxes	192	122	-	-
Accruals and deferred income	307	216	12	11
	<u>1,296</u>	<u>1,057</u>	<u>55</u>	<u>43</u>

The invoice discounting facility is secured against trade debtors. The amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

The directors loan is secured by a floating charge no 17, registered at Companies House. Interest on the loan is calculated on the Bank of England base rate plus 5%.

15. CREDITORS

Amounts falling due after more than one year

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Directors loan	102	-	-	-
Amounts owed to group undertakings	-	-	500	500
	<u>102</u>	<u>-</u>	<u>500</u>	<u>500</u>

The directors loan is secured by a floating charge no 17, registered at Companies House. Interest on the loan is calculated on the Bank of England base rate plus 5%.

16. SHARE CAPITAL

	2010 £000	2009 £000
Allotted, called up and fully paid		
10,000 Ordinary Shares shares of £0.01 each	<u>-</u>	<u>-</u>

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

17 RESERVES

	Foreign exchange reserve £000	Profit and loss account £000
Group		
At 1 January 2010	147	4,078
Profit for the year	-	452
Movement on foreign exchange	7	-
	<u>154</u>	<u>4,530</u>
At 31 December 2010		
Company		Profit and loss account £000
At 1 January 2010 and 31 December 2010		<u>42</u>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £000	2009 £000
Group		
Opening shareholders' funds	4,225	3,849
Profit for the year	452	359
Other recognised gains and losses during the year	7	17
	<u>4,684</u>	<u>4,225</u>
Closing shareholders' funds		
Company	2010 £000	2009 £000
Shareholders' funds at 1 January 2010 and 31 December 2010	<u>42</u>	<u>42</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £NIL (2009 - £NIL)

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

19 NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £000	2009 £000
Operating profit	362	383
Amortisation of intangible fixed assets	(225)	(329)
Depreciation of tangible fixed assets	494	502
Profit on disposal of tangible fixed assets	21	8
(Increase)/decrease in stocks	(264)	445
Decrease in debtors	149	95
Increase/(decrease) in creditors	270	(1,264)
Currency gain on translation of foreign subsidiary	7	17
Net cash inflow/(outflow) from operating activities	814	(143)

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £000	2009 £000
Returns on investments and servicing of finance		
Interest received	-	2
Interest paid	(13)	(25)
Net cash outflow from returns on investments and servicing of finance	(13)	(23)
	2010 £000	2009 £000
Taxation		
Corporation tax repaid/(paid)	104	(1)
	2010 £000	2009 £000
Capital expenditure and financial investment		
Sale of intangible fixed assets	-	29
Purchase of tangible fixed assets	(508)	(202)
Sale of tangible fixed assets	(1)	-
Sale of unlisted and other investments	-	615
Net cash (outflow)/inflow from capital expenditure	(509)	442
	2010 £000	2009 £000
Financing		
Directors loan > 1 year	102	-
Directors loan < 1 year	28	-
Net cash inflow from financing	130	-

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

21. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2010 £000	Cash flow £000	Other non-cash changes £000	31 December 2010 £000
Cash at bank and in hand	249	467	-	716
Invoice discounting facility	(59)	59	-	-
	<u>190</u>	<u>526</u>	<u>-</u>	<u>716</u>
Debt:				
Debts due within one year	-	(130)	102	(28)
Debts falling due after more than one year	-	-	(102)	(102)
	<u>190</u>	<u>396</u>	<u>-</u>	<u>586</u>

22. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost for the year was £15,285 (2009 £15,367).

23. OPERATING LEASE COMMITMENTS

At 31 December 2010 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £000	2009 £000	2010 £000	Other 2009 £000
Group				
Expiry date				
Within 1 year	23	-	16	14
Between 2 and 5 years	272	291	81	110
After more than 5 years	-	5	-	-

The company did not have any financial commitments. The aggregate commitments under non-cancellable operating leases are £1,186,373 relating to land and buildings (2009 £1,482,654) and £132,654 relating to other equipment (2009 £212,660).

24. RELATED PARTY TRANSACTIONS

A director of the company, M B Armstead, agreed to loan the company £150,000 on 24th December 2009 to enable the company to invest in machinery to enhance future profitability. The loan is secured by a floating charge no 17, registered at Companies House. The loan was drawn on 31st March 2010 and the balance outstanding on 31st December 2010 was £130,000. Interest on the loan is calculated on the Bank of England base rate plus 5%.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

25 CONTROLLING PARTY

The company is under control of M B Armstead by virtue of his majority shareholding

26 PRINCIPAL SUBSIDIARIES

Company name	Country	Nature of business	Percentage Shareholding
Wax Lyrical Limited	England	Giftware	100% of ordinary share capital
Colony Deutschland GmbH	Germany	Giftware	100% of ordinary share capital
Carolina Designs Limited	England	Dormant	100% of ordinary share capital
Colony Gift Corporation Limited*	England	Dormant	100% of ordinary share capital
Fragrant Memories Limited	England	Dormant	100% of ordinary share capital and 100% of preference share capital
Nature's Scents Limited	England	Dormant	100% of ordinary share capital held by Fragrant Memories Limited

All of the above subsidiary undertakings are consolidated within these financial statements. As the statutory accounts for Colony Deutschland GmbH are not available at the time of preparing these consolidated accounts, management information is used for consolidation purposes.

*Colony Gift Corporation Limited, company 235913, was formerly known as Colony Private Label Limited. The company name was changed to Wax Lyrical Limited on 7 January 2010 and to Colony Gift Corporation Limited on 30 April 2010.