

LIGHTHOUSE HOLDINGS LIMITED

Report and Financial Statements

31 December 2016



LIGHTHOUSE HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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LIGHTHOUSE HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2016.

Review of the business

The results of the company are set out on page 6.

On 4 May 2016 the entire share capital of the company was acquired by Portmeirion Group UK Limited. From that point forward the company has acted as an intermediate holding company within the wider Portmeirion Group.

The profit for the year added to reserves amounted to £2,800,000 (2015: £1,148,000). The directors expect the company to continue trading profitably in the current year.

The company will continue to operate as an intermediate holding company within the Portmeirion Group and therefore does not trade, nor is exposed to any significant risks other than impairment to the investment disclosed in note 8.

Approved by the board of directors and signed on its behalf by:



M MacDonald

Secretary

28 SEPTEMBER 2017

LIGHTHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

For the year ended 31 December 2016 the company has prepared its annual financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

PRINCIPAL ACTIVITY

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

The company's wholly owned subsidiary is Wax Lyrical Limited which has principal activities of the manufacture, wholesale and retail of home fragrance products including candles and reed diffusers.

There were no changes in activities during the year.

GOING CONCERN

The company's business activities are set out above.

The company acts as an intermediate holding company within the Portmeirion Group. At the year end the Group had net borrowings of £2.3 million and had unutilised bank facilities with available funding of £12 million. Operating cash generation was strong during the year at £6.9 million (2015: £10.7 million). Overall cash decreased by £13.5 million, largely due to the funding required for the Wax Lyrical acquisition of £16.7 million. This was funded partly by cash reserves and the remainder from a term loan repayable over five years.

The Group sells into over 60 countries worldwide, has a spread of customers within its major UK and US markets, with adequate credit insurance cover in export markets where required. The Group manufactures approximately 48% of its products and sources the remainder from a range of third party suppliers.

The company has a net current liability position but retains the support of the Portmeirion Group in order to continue trading for the foreseeable future.

After making enquiries and reviewing budgets and forecasts for the Group and the company, the directors have a reasonable expectation that the company and its parent 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 financial statements.

DIVIDEND

An interim dividend of £2,800,000 was paid in the year (2015: £800,000). The directors do not recommend the payment of a final dividend for 2016 (2015: £nil).

DIRECTORS

The directors, who served throughout the year except as noted, were as follows:

M B Armstead (resigned 4 May 2016)

J M Barber (appointed 4 May 2016)

D J Coombes (resigned 4 May 2016)

M J Knapper (appointed 5 May 2017)

B W J Phillips (appointed 4 May 2016 and resigned 5 May 2017)

M T Raybould (appointed 5 May 2017)

DIRECTORS' INDEMNITIES

The company has qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

LIGHTHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

Each of the persons who is a Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

STATEMENT FOR SMALL COMPANIES

In preparing this report, the directors have taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



M MacDonald

Secretary

28 SEPTEMBER 2017

LIGHTHOUSE HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

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 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity 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), including FRS 101 "Reduced Disclosure Framework".

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities 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 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 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matters prescribed by the Companies Act 2006

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

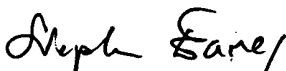
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 or the directors' report.

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.



Stephen Eames (Senior Statutory Auditor)
for and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

29 September 2017

LIGHTHOUSE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Turnover	3	208	367
Operating costs		(208)	(369)
		<hr/>	<hr/>
Operating profit/(loss)		-	(2)
Investment income – dividends received	6	2,800	1,150
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,800	1,148
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
Profit for the financial year		2,800	1,148
		<hr/> <hr/>	<hr/> <hr/>

All activities derive from continuing operations.

LIGHTHOUSE HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME **Year ended 31 December 2016**

	Note	2016	2015
		£'000	£'000
Profit for the financial year		2,800	1,148
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>2,800</u>	<u>1,148</u>

LIGHTHOUSE HOLDINGS LIMITED

BALANCE SHEET 31 December 2016

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
FIXED ASSETS					
Investments	8		583		583
			<u>583</u>		<u>583</u>
CURRENT ASSETS					
Debtors	9	1		1	
Cash at bank and in hand		5		11	
		<u>6</u>		<u>12</u>	
CREDITORS: amounts falling due within one year					
	10	(550)		(556)	
NET CURRENT LIABILITIES					
			(544)		(544)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			39		39
NET ASSETS					
			<u>39</u>		<u>39</u>
CAPITAL AND RESERVES					
Called up share capital	11		-		-
Profit and loss account			39		39
SHAREHOLDERS' FUNDS					
			<u>39</u>		<u>39</u>

The financial statements of Lighthouse Holdings Limited, company registration number 06006752, were approved and authorised for issue by the board of directors on **28 SEPTEMBER 2017**

Signed on behalf of the board of directors



M T Raybould

Director

LIGHTHOUSE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY 31 December 2016

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2015	-	41	41
Profit for the year	-	1,148	1,148
Total comprehensive income for the year	-	1,148	1,148
Dividends paid	-	(800)	(800)
Purchase of own shares	-	(350)	(350)
At 1 January 2016	-	39	39
Profit for the year	-	2,800	2,800
Total comprehensive income for the year	-	2,800	2,800
Dividends paid	-	(2,800)	(2,800)
At 31 December 2016	-	39	39

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

1. ACCOUNTING POLICIES

Lighthouse Holdings Limited is a private limited company incorporated in England and Wales.

The principal accounting policies are summarised below. They have all been applied consistently for all years presented.

The going concern basis has been considered in the directors' report on page 2.

The address of the registered office is Lindal-In-Furness, Ulverston, Cumbria, LA12 0LD. The nature of the company's operations and its principal activities are set out on page 2.

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable law. These accounts are presented in pounds sterling and shown in round thousands.

For the year ended 31 December 2016 the company has prepared its annual financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. In the prior year the financial statements were prepared under FRS 102. No adjustments were required to the opening balance sheet or comparatives for this transition. There are some presentational amendments and disclosure exemptions that have been applied in preparing these financial statements.

The company has applied the relevant disclosure exemptions available in FRS 101, in particular:

- IFRS 7 disclosures regarding financial instruments;
- IAS 1 requirement for full comparative information on property, plant and equipment and intangible assets;
- IAS 1 requirement to disclose the company's objectives, policies and processes for managing capital;
- IAS 7 production of a statement of cash flows; and
- IAS 24 disclosure of related party transactions

The ultimate parent company which produces true and fair consolidated accounts which includes the results of this company is Portmeirion Group PLC.

New and amended standards adopted by the company

The following standards have been adopted by the company for the first time for the financial year beginning on 1 January 2016. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

IAS 1 (amendment) Presentation of Financial Statements – Disclosure initiative

IAS 16 (amendment) Property, Plant and Equipment and IAS 38 (amendment) Intangible Assets – Clarification of acceptable methods of depreciation and amortisation

IAS 16 (amendment) Property, Plant and Equipment and IAS 41 (amendment) Agriculture – Agriculture: Bearer plants

IAS 19 (amendment) Employee Benefits – Defined benefit plans: Employee contributions

IAS 27 (amendment) Separate Financial Statements – Equity method in separate financial statements

IFRS 10 (amendment) Consolidated Financial Statements, IFRS 12 (amendment) Disclosure of Interests in Other Entities and IAS 28 (amendment) Investments in Associates and Joint Ventures – Investment entities: Applying the consolidation exception

Annual Improvements to IFRS (2010-2012)

Annual Improvements to IFRS (2012-2014)

Consolidated financial statements

The company has not prepared consolidated financial statements under the exemption permitted by s400 of the Companies Act 2006 as its ultimate parent company, Portmeirion Group PLC, which is registered in England and Wales, prepares consolidated financial statements. These accounts therefore show information about the company and not of its group.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Dividend income

Dividends are recognised when the rights to receive the distribution is established.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2016**

1. ACCOUNTING POLICIES (continued)

Investments

Investments held as fixed assets are stated at cost less any provision made for impairment.

Taxation

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

Deferred tax is provided in full on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on temporary differences on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Company pension scheme

The company operates a defined contribution scheme for its employees. For this scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Related party transactions

The company has taken advantage of the exemption allowed to subsidiary companies under FRS101 and therefore transactions with other Group companies are not disclosed separately.

Cash flow statement

The company has taken advantage of the exemption under FRS101 not to prepare a cash flow statement as the company is a wholly owned subsidiary undertaking of a parent company whose financial statements for the year ended 31 December 2016 include a consolidated cash flow statement.

2. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The following are the key judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fixed asset investment

The fixed asset investment disclosed in note 8 relates to the unlisted shareholding in Wax Lyrical Limited. In preparing the financial statements the directors have reviewed the investment for any indications that an impairment was required, with no evidence identified. The carrying value of the investment at the year end was £583,000 (2015: £583,000).

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2016

3. TURNOVER

	2016 £'000	2015 £'000
Management fees income	208	367

Management are of the opinion that there is only one operating segment. All turnover is generated in the UK.

4. OPERATING COSTS

	2016 £'000	2015 £'000
Other external charges	1	6
Staff costs (see note 5)	207	363
	<u>208</u>	<u>369</u>

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS' REMUNERATION

	2016 £'000	2015 £'000
Directors' emoluments		
Emoluments	126	156
Pension contributions	8	-
	<u>134</u>	<u>156</u>
	No.	No.
Number of directors who were members of a defined contribution pension scheme during the year	<u>1</u>	<u>-</u>
Average number of persons employed (including directors)		
Management and administration	<u>2</u>	<u>3</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	174	313
Social security costs	21	40
Other pension costs	12	10
	<u>207</u>	<u>363</u>

Auditors' remuneration for annual audit services, amounting to £500 in both years, has been borne by a fellow Group company. There are no non audit fees.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2016

6. INVESTMENT INCOME

	2016 £'000	2015 £'000
Income from fixed asset investments	2,800	1,150

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
United Kingdom corporation tax at 20% (2015: 20.25%)	-	-
Tax on profit on ordinary activities	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2015: 20.25%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	2,800	1,148
Tax on profit on ordinary activities at standard rate	560	233
Factors affecting tax charge:		
Income not taxable for tax purposes	(560)	(233)
Current tax charge for the year	-	-

8. INVESTMENTS

	2016 £'000	2015 £'000
Subsidiary undertakings – cost and net book value		
<i>Wax Lyrical Limited</i>		
4,020,071 ordinary shares of £1 each representing 100% of the issued share capital	583	583
Cost and net book value	583	583

The investment is unlisted. The results and net assets of the subsidiary undertakings are not included in the financial statements of this company as the company is itself a wholly owned subsidiary undertaking.

At 31 December 2016, the company had the following subsidiary and associated undertakings:

	Country of operation and incorporation	Nature of business
<i>Subsidiary undertakings</i>		
Wax Lyrical Limited	England and Wales	Manufacture, marketing and distribution of home fragrances
Colony Deutschland GmbH*	Germany	Marketing and distribution of home fragrances
Colony Gift Corporation Limited*	England and Wales	Dormant

The companies are incorporated in England and Wales and registered in England and Wales except where stated. The share capital of all subsidiary undertakings consists solely of ordinary shares.

* Wholly owned by Wax Lyrical Limited.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2016

9. DEBTORS: DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Other debtors	1	1
	<u>1</u>	<u>1</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts owed to group undertakings	544	544
Other creditors	6	12
	<u>550</u>	<u>556</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

11. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Allotted, called up and fully paid 7,500 ordinary shares of £0.01 each	-	-
	<u>-</u>	<u>-</u>

The company has one class of ordinary share which carries no right to fixed income.

12. RESERVES

Ordinary shares are classified as capital and reserves. The profit and loss account is the cumulative profits recognised by the company.

13. DIVIDENDS ON EQUITY SHARES

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year	2,800	800
	<u>2,800</u>	<u>800</u>

The directors do not recommend a payment of a final dividend for 2016 (2015: £nil).

14. 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 for the year was £12,000 (2015: £10,000). Included in this pension cost is an amount of £nil (2015: £nil) which had not been paid at the year end.

15. CONTINGENT LIABILITY

Following the acquisition of the company by Portmeirion Group UK Limited, the company became party to a £22 million borrowing facility by way of a cross guarantee and security over fixed asset investments.

LIGHTHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2016

16. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is Portmeirion Group PLC, a company incorporated in the UK and registered in England and Wales. Copies of the Group financial statements can be obtained from the Company Secretary at Portmeirion Group PLC, London Road, Stoke-on-Trent, Staffordshire, ST4 7QQ.

The intermediate parent company is Portmeirion Group UK Limited, a company incorporated in the UK and registered in England and Wales. The largest and smallest groups into which the results of the company are consolidated are that of Portmeirion Group PLC.