Company Registration No. 6042621

Lionel Hitchen USA Limited

Report and Financial Statements
30 September 2016

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Lionel Hitchen USA Limited

Report and financial statements 2016

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Lionel Hitchen USA Limited

Report and financial statements 2016

Officers and professional advisers

Directors

Mrs A M Barnes
A L Hitchen
P T Hitchen

Secretary

Mrs A M Barnes (Resigned 1st Feb 2016)
D J Thomson (Appointed 1st Feb 2016)

Registered Office

Hill House
1 Little New Street
London
EC4A 3TR

Bankers

Wells Fargo
420 Montgomery Street
San Francisco,
California 94104

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
EC4A 3PA
United Kingdom

Lionel Hitchen USA Limited

Directors' report
Year ended 30 September 2016

The directors present their annual report on the affaires of the company, together with the financial statements and auditor's report, for the year ended 30 September 2016. The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006, and exemption has been taken from preparing a strategic report.

Principal Activities

The company's principal activity is to act as a merchant of essential oils and flavouring materials in the United States of America.

Review of developments and future prospects

The directors intend that the company will continue with this trade on this basis for the foreseeable future, and therefore consider Lionel Hitchen USA Limited to be a going concern. The company made a profit of £232,913 (2015:£94,740). As stated in note 1 to the financial statements, the financial statements have been presented on a going concern basis.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006, and exemption has been taken from preparing a strategic report.

There have been no significant events since the balance sheet date.

Dividends

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

Directors

The present directors are shown on page 1. All directors served throughout the year and up to the date of signing.

Audit information

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

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditor

The company has elected to dispense with the obligation to appoint an auditor annually. Deloitte LLP shall be deemed to be re-appointed as auditor for a further term.

Approved by the Board of Directors
and signed on behalf of the Board

Mr D Thomson
Secretary
24TH APRIL 2017

The directors are responsible for preparing the Annual 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 FRS102 "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 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.

Independent auditor's report to the members of Lionel Hitchen USA Limited

We have audited the financial statements of Lionel Hitchen USA Limited for the year ended 30 September 2016 which comprise the statement of income and retained earnings, the balance sheet and the related notes 1 to 13. 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 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.

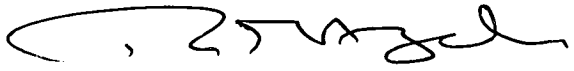
Opinion on other matter prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report or from the requirement to prepare the Strategic Report.



Reza Motazedi, Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
24/41 2017

Lionel Hitchen USA Limited

Statement of income and retained earnings
Year ended 30 September 2016

	Notes	2016 £	2015 £
Turnover	1	1,538,980	1,453,431
Cost of sales	3	(1,315,710)	(1,284,666)
Gross profit		223,270	168,765
Administrative expenses		(98,780)	(90,634)
Exchange differences on translation from functional currency to presentation currency		128,824	33,601
Profit on ordinary activities before taxation		253,314	111,732
Tax on profit on ordinary activities	4	(20,401)	(16,992)
Profit for the financial year		232,913	94,740
Retained profits at 1 October 2015		625,007	530,267
Retained profits at 30 September 2016		857,920	625,007

All activities derive from continuing operations.

The Company has no other gains and losses other than the results for the financial year as set out above, and therefore no separate Statement of comprehensive income have been presented.

The notes on page 7 to 13 form part of the financial statements.

Lionel Hitchen USA Limited

Balance sheet
30 September 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	5	522	39
Current assets			
Stocks	6	238,215	426,467
Debtors	7	180,053	210,913
Cash at bank and in hand		806,030	359,680
		1,224,298	997,060
Creditors: amounts falling due within one year	8	(281,900)	(287,092)
Net current assets		942,398	709,968
Net assets		942,920	710,007
Capital and reserves			
Called up share capital	9	85,000	85,000
Profit and loss account		857,920	625,007
Shareholders' funds		942,920	710,007

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Lionel Hitchen USA Limited (registered number 6042621) were approved by the board of directors and authorised for issue on 24TH APRIL 2017.

Signed on behalf of the Board of Directors

P T Hitchen
Director

The notes on pages 7 to 13 form part of these financial statements.

Notes to the financial statements
Year ended 30 September 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General Information and basis of accounting

Lionel Hitchen USA Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities is to act as a merchant of essential oils and flavouring materials in the United States of America.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year.

The functional currency of Lionel Hitchen USA Limited is considered to be US dollars because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

Lionel Hitchen USA Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement and presentation of key management personnel disclosures.

Going concern

The directors have a reasonable expection that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on the straight line basis over its expected useful life as follows:

Furniture and fixtures	15%

Taxation

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

There is no deferred tax provided in these financial statements.

Turnover

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to be transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

A geographical analysis and class of business analysis is not presented as, in the opinion of the directors, this would be prejudicial to the interests of the company.

Stocks

Stocks are stated at the lower of cost and estimated selling price to sell, which is equivalent to the net realisable value.

Notes to the financial statements
Year ended 30 September 2016

1. **Accounting policies (continued)**

Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates ruling at the beginning of the month in which the transaction took place.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date.

Exchange differences are recognised in the statement of income and retained earnings in the period in which they arise.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances. These are valued at amortised cost and assessed for impairment at the end of each reporting period.

Financial assets are derecognised when and only when (a) the contractual right to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in this note, 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 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgements or key sources of estimation uncertainty at the reporting date.

Notes to the financial statements
Year ended 30 September 2016

2. Staff numbers and cost

The directors are executives of the parent company, Lionel Hitchen (Essential Oils) Limited, and the ultimate parent company LHEO Holding Co. Limited, and are also directors of Kingsgate Limited, Allos Enterprises Limited and Lionel Hitchen Limited.

No director received any emoluments in the current or preceding financial year in respect of their services to the company. Wages and salary costs were borne by Lionel Hitchen (Essential Oils) Limited without any right of reimbursement.

	2016 £	2015 £
Staff costs during the period:		
Wages and salaries	42,104	36,959
Social security costs	4,507	3,984
	46,611	40,943
	No.	**No.**
Average number of persons employed (including executive directors):		
Administration	1	1

3. Profit on ordinary activities before tax

	2016 £	2015 £
This is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	1,300	1,300
Operating lease charges	10,264	8,061
Depreciation	127	137

Notes to the financial statements
Year ended 30 September 2016

4. Tax on profit on ordinary activities

The tax charge comprises:	2016 £	2015 £
Current tax on profit on ordinary activities		
Corporation tax charge for the year	50,672	22,665
Relief for overseas taxation	(50,672)	(22,665)
Total current tax	-	-
Overseas current tax for the year	33,872	25,748
Adjustments in respect of prior years	(13,471)	(8,756)
Total taxation charge on profit on ordinary activities	20,401	16,992

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Profit on ordinary activities before tax	253,314	111,732
Tax on profit on ordinary activities at standard UK Corporation tax rate of 20 %, (2015: 20.50%)	50,663	22,905
Effects of:		
Expenses not deductible for tax purposes	4	3
Capital allowances in excess of depreciation	5	(7)
Adjustment in respect of prior period years	(13,471)	(8,756)
Overseas taxation	33,872	25,748
Double tax relief	(50,672)	(22,665)
Marginal relief	-	(236)
	20,401	16,992

The Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015, has set the corporation tax rate at 19% from 1 April 2017 and 18% effective from 1 April 2020. Finance Bill 2016 has reduced the rate further from 1 April 2020 to 17%, but this has not been substantively enacted at the balance sheet date.

Notes to the financial statements
Year ended 30 September 2016

5. Tangible fixed assets

	Furniture and fixtures £
Cost:	
At 1 October 2015	4,192
Disposals in the year	(3,729)
Additions in the year	565
Exchange loss	757
At 30 September 2016	1,785
Accumulated depreciation:	
At 1 October 2015	4,153
Disposals in the year	(3,729)
Charge for the year	127
Exchange loss	712
At 30 September 2016	1,263
Net book value:	
At 30 September 2016	522
At 30 September 2015	39

6. Stocks

	2016 £	2015 £
Finished goods	238,215	426,467

7. Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	180,053	210,418
State tax refund	-	495
	180,053	210,913

Notes to the financial statements
Year ended 30 September 2016

8. Creditors:

Amounts falling due within one year

	2016 £	2015 £
Trade creditors	8,813	7,479
Amounts due to group company	266,005	266,810
Federal tax creditor	7,082	12,803
	281,900	287,092

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

9. Share capital

	2016 £	2015 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid:		
85,000 ordinary shares of £1 each	85,000	85,000

10. Guarantees and other commitments

Lease obligations

At 30 June 2016 the company had the following total future minimum lease commitments under non-cancellable operating leases:

	2016 £	2015 £
Commitments expiring:		
- within one year	10,264	8,061

11. Related party disclosures

The group conducts business with Lionel Hitchen (Essential Oils) Limited on an arm's length basis. Some of the directors of Lionel Hitchen (Essential Oils) Limited are directors of Lionel Hitchen USA Limited and collectively hold a 100% beneficial interest in Lionel Hitchen (Essential Oils) Limited.

During the year to 30 September 2016, purchases from Lionel Hitchen (Essential Oils) Limited amounted to £434,369 (2015: £942,425).

At 30 September 2016 Lionel Hitchen USA Limited owed Lionel Hitchen (Essential Oils) Limited £266,005 (2015: £266,810).

Notes to the financial statements
Year ended 30 September 2016

12. Ultimate parent company and controlling entity

The company is a subsidiary of Lionel Hitchen (Essential Oils) Limited. The parent company of the largest and smallest group in which the results are consolidated is LHEO Holding Co. Limited. The ultimate parent company and controlling entity is LHEO Holding Co. Limited, which is incorporated in the United Kingdom.

Copies of the group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

13. Explanation of transitions to FRS 102

This is the first year that the company has presented its Financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 30th September 2015 and the date of transition to FRS 102 was therefore 1st October 2014. As a consequence of adopting FRS 102, no accounting policies were required to be changed to comply with the standard.