Company Registration No. 6042621

Lionel Hitchen USA Limited

Annual Report and Financial Statements

30 September 2017

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Lionel Hitchen USA Limited

Report and financial statements 2017

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Lionel Hitchen USA Limited

Report and financial statements 2017

Officers and professional advisers

Directors

Mrs A M Barnes
A L Hitchen
P T Hitchen

Secretary

D J Thomson

Registered Office

Hill House
1 Little New Street
London
EC4A 3TR

Bankers

Wells Fargo
420 Montgomery Street
San Francisco,
California 94104

Auditor

Deloitte LLP
Statutory Auditor
London
EC4A 3PA
United Kingdom

Lionel Hitchen USA Limited

Directors' report
Year ended 30 September 2017

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 2017. 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 £104,694 (2016: £232,913). 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 (2016: £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
22nd February 2018

Statement of directors' responsibilities
Year ended 30 September 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lionel Hitchen USA Limited (the 'company') which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 12.

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

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

We are required by ISAs (UK) to report in respect of the following matters where:

the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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

Report on the audit of the financial statements

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 either intend 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.

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 our 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.

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

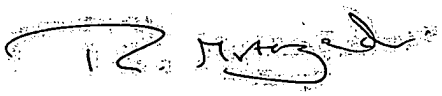
Report on the audit of the financial statements

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Reza Motazedi, Senior statutory auditor

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

27th February 2018

Lionel Hitchen USA Limited

Statement of income and retained earnings
Year ended 30 September 2017

	Notes	2017 £	2016 £
Turnover	1	1,737,045	1,538,980
Cost of sales	3	(1,410,741)	(1,315,710)
Gross profit		326,304	223,270
Administrative expenses		(104,827)	(98,780)
Exchange differences on translation from functional currency to presentation currency		(37,332)	128,824
Profit before taxation		184,145	253,314
Tax on profit	4	(79,451)	(20,401)
Profit for the financial year		104,694	232,913
Retained profits at 1 October 2016		857,920	625,007
Retained profits at 30 September 2017		962,614	857,920

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 9 to 14 form part of the financial statements.

Lionel Hitchen USA Limited

Balance sheet
30 September 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	5	416	522
Current assets			
Stocks	6	272,803	238,215
Debtors	7	243,046	180,053
Cash at bank and in hand		668,970	806,030
		1,184,819	1,224,298
Creditors: amounts falling due within one year	8	(137,621)	(281,900)
Net current assets		1,047,198	942,398
Total assets less current liabilities		1,047,614	942,920
Net assets		1,047,614	942,920
Capital and reserves			
Called up share capital	9	85,000	85,000
Profit and loss account		962,614	857,920
Shareholders' funds		1,047,614	942,920

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 22nd February 2018.

Signed on behalf of the Board of Directors

A M Barnes
Director

The notes on pages 9 to 14 form part of these financial statements.

Notes to the financial statements
Year ended 30 September 2017

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 private Company limited by shares incorporated in the United Kingdom under the Companies Act, and registered in England and Wales. 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, including section 1A.

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 2017

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 2017

2. Staff numbers and cost

The directors are executives of the parent company, Lionel Hitchen Limited (formerly 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 Laughland Limited (formerly 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 Limited without any right of reimbursement.

	2017 £	2016 £
Staff costs during the period:		
Wages and salaries	47,634	42,104
Social security costs	5,102	4,507
	52,736	46,611
	No.	**No.**
Average number of persons employed (including executive directors):		
Administration	1	1

3. Profit before tax

This is stated after charging:

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's annual accounts	1,300	1,300
Change in stocks of finished goods	34,588	(188,252)
Operating lease charges	9,570	10,264
Foreign exchange gains / (losses)	(37,332)	128,824
Depreciation	94	127

4. Tax on profit

The tax charge comprises:

	2017 £	2016 £
Current tax on profit		
Corporation tax charge for the year	36,880	50,672
Relief for overseas taxation	(36,880)	(50,672)
Total current tax	-	-
Overseas current tax for the year	71,546	33,872
Adjustments in respect of prior years	7,905	(13,471)
Total taxation charge on profit	79,451	20,401

Notes to the financial statements
Year ended 30 September 2017

4. Tax on profit (continued)

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:

	2017 £	2016 £
Profit before tax	184,145	253,314
Tax on profit at standard UK Corporation tax rate of 20%, (2016: 20%)	36,829	50,663
Effects of:		
Expenses not deductible for tax purposes	49	4
Capital allowances in excess of depreciation	2	5
Adjustment in respect of prior period years	7,905	(13,471)
Overseas taxation	71,546	33,872
Double tax relief	(36,880)	(50,672)
	79,451	20,401

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.

5. Tangible fixed assets

	Furniture and fixtures £
Cost:	
At 1 October 2016	1,785
Exchange loss	(57)
At 30 September 2017	1,728
Accumulated depreciation:	
At 1 October 2016	1,263
Charge for the year	94
Exchange loss	(45)
At 30 September 2017	1,312
Net book value:	
At 30 September 2017	416
At 31 September 2016	522

Notes to the financial statements
Year ended 30 September 2017

6. Stocks

	2017 £	2016 £
Finished goods	272,803	238,215

7. Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	242,454	180,053
Prepayments	592	-
	243,046	180,053

8. Creditors:

Amounts falling due within one year

	2017 £	2016 £
Trade creditors	8,398	8,813
Amounts due to group company	92,901	266,005
Federal tax creditor	36,322	7,082
	137,621	281,900

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

9. Share capital

	2017 £	2016 £
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

Notes to the financial statements
Year ended 30 September 2017

10. Guarantees and other commitments

Lease obligations

At 30 September 2017 the company had the following total future minimum lease commitments under non-cancellable operating leases:

	2017	2016
	£	£
Commitments expiring:		
- within one year	2,392	10,264

11. Related party disclosures

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

During the year to 30 September 2017, purchases from Lionel Hitchen Limited amounted to £609,365 (2016: £434,369).

At 30 September 2017 Lionel Hitchen USA Limited owed Lionel Hitchen Limited £92,901 (2016: £266,005).

12. Ultimate parent company and controlling entity

The company is a subsidiary of Lionel Hitchen Limited (formerly 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.