

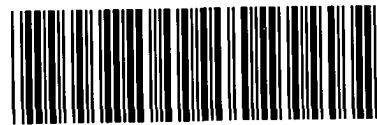
**Company Registration No. 02269910**

**Forever Living Products (UK) Limited**

**Annual report and Financial Statements**

**For the year ended 31 December 2017**

WEDNESDAY



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COMPANIES HOUSE

# **Forever Living Products (UK) limited**

## **Company information**

### **Directors**

Mr Gregg Elliott Maughan  
Mr Rex Gene Maughan

### **Company secretary**

Abogado Nominees Limited

### **Registered number**

02269910, registered in England and Wales

### **Registered office**

Longbridge Manor; Longbridge  
Warwick, CV34 6RB

### **Auditor**

Deloitte LLP  
Statutory Auditor  
Birmingham

# **Forever Living Products (UK) Limited**

## **Annual report and financial statements**

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# Forever Living Products (UK) Limited

## Strategic Report

### BUSINESS REVIEW

2017 has been a less successful but still profitable year for the company, with sales decreasing by 47% and new Business Owners decreasing by 64%. Work continued on encouraging new business owners to move through the marketing plan.

Legislation continues to be of some risk to the company, in particular the Nutrition and Health Claims Regulations. The company's Compliance & Regulatory Team continues to work with business owners on what is compliant and what they can say in adverts and social media posts.

Forever has a strong sustainability policy and has reduced waste by 50% and increased recycling from 26% to 61% since 2006.

As shown in the company's profit and loss account on page 8, the company's sales have decreased by 47% over the prior year (2016 - decreased by 25%).

One of the company's key measurements of effectiveness of its operations is calculating gross profit margin. The company's gross profit margin for the year is up on previous years at 65% (2016 - 63%). The company has recorded an operating profit of £1,110,000 in the current year compared to an operating profit of £822,690 in 2016.

The balance sheet on page 9 shows that the company's net assets at the year-end have decreased.

The company's cash levels have increased by £1,765,022 from £5,644,891 at the end of 2016 to £7,409,913 at the end of the current financial year. This is mainly due to reduced stockholding in preparation for the migration of the pick and pack facility to Forever Direct.

### KEY PERFORMANCE INDICATORS

The following are the key performance indicators that the directors use to monitor the performance of the business.

#### Case credits

Case credits are a key measure of performance for the company. This is because all products have a case credit value in addition to a monetary value. Case credit total for 2017 was 310,313, 47% below 2016.

#### Sign-ups

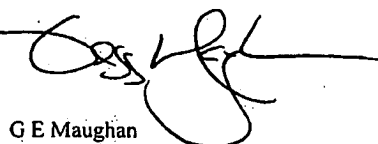
Sign-ups is another key measure of performance for the company as this indicates the level of new business being brought in by existing business owners. The total for 2017 was 12,145, 64% below 2016.

### FUTURE DEVELOPMENTS

The Directors expect the general level of activity to remain consistent with 2017 in the forthcoming year. This is as a result of continuing work on encouraging recruitment by business owners and ten new products launched in 2017.

The Company will transfer completely its pick and pack facility to Forever Direct in February 2018. Forever Direct is a bulk replenishment and order fulfilment facility for the European and African markets of Forever Living Products International.

This report was approved by the board on 20 September 2018 and signed on its behalf.



G E Maughan  
Director

# Forever Living Products (UK) Limited

## Directors' Report

The directors present their annual report on the affairs of Forever Living Products (UK) Limited ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2017.

### FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 1.

### PRINCIPLE BUSINESS ACTIVITIES

Forever Living Products (UK) Limited is in the market of health, beauty and nutritional products. It operates within a network marketing structure. Its business owners distribute the products via direct selling.

Forever UK's head office is in Warwick and it has Product Centre facilities in London, Milton Keynes and Warwick.

An indication of future developments can be found in the Strategic Report.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to a number of financial risks including credit risk and cash flow risk.

#### Cash flow risk

The company purchases all its products from the Netherlands and therefore is exposed to movement in the Euro to Pound Sterling exchange rate. The company minimises the risk of exchange rate fluctuations by operating a currency bank account. The company monitors the Euro exchange rate and purchases when the rate is favourable.

#### Credit risk

The company's principal financial assets include bank balances and cash and trade receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors did not pay a dividend during the year (2016 - £nil). The results of the company are set out on page 8. The directors do not recommend the payment of a final dividend (2016 - £nil).

The profit for the year of £893,115 (2016 - £634,170 profit) has been transferred to reserves.

### GOING CONCERN

The company's business activities together with the factors likely to affect its future development are set out above. The principal risks and uncertainties of the company are set out in the strategic report. The directors have considered the financial and cash flow forecasts for a period more than 12 months from the date of signing these financial statements and concluded that income and future cash flows will continue to be derived from the company's principal activity and that the company has sufficient financial resources available for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks and meet its liabilities as they fall due despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### DIRECTORS

The directors who served throughout the year and subsequently were as follows:

R G Maughan  
G E Maughan

### AUDITOR

In the case of the directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and

## Forever Living Products (UK) Limited

### Directors' Report

- the directors have taken all steps that they ought to have taken as directors 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The financial statements on pages 8 to 22 were approved by the Board of Directors on 20 September 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G E Maughan', with a long horizontal flourish extending to the right.

G E Maughan  
Director

## **Forever Living Products (UK) Limited**

### **Directors' Responsibilities Statement**

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 the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 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.

## **Forever Living Products (UK) Limited**

### **Independent Auditor's report to the members of Forever Living Products (UK) 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 31<sup>st</sup> December 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 Forever Living Products (UK) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 17.

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) (ISA's(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 ISA's (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.



## **Forever Living Products (UK) Limited**

### **Independent Auditor's report to the members of Forever Living Products (UK) Limited**

#### **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.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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:

## **Forever Living Products (UK) Limited**

### **Independent Auditor's report to the members of Forever Living Products (UK) Limited**

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

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 strategic report or] the directors' report.

#### **Matters on which we are required to report by exception**

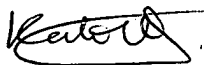
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **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.



Kate Hadley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

21 September 2018

## Forever Living Products (UK) Limited

### Profit and loss account Year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	3	42,553,600	80,066,133
Cost of sales		(13,644,517)	(29,880,963)
Gross profit		<u>28,909,083</u>	<u>50,185,170</u>
Distribution costs		(19,700,332)	(38,011,348)
Administrative expenses		(8,098,751)	(11,351,132)
		<u>(27,799,083)</u>	<u>(49,362,480)</u>
Operating profit	5	1,110,000	822,690
Interest receivable	6	2,877	1,643
Interest paid		-	(4,146)
Profit before taxation		<u>1,112,877</u>	<u>820,187</u>
Tax on profit	7	(219,762)	(186,017)
Profit after taxation for the financial year		<u>893,115</u>	<u>634,170</u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the year. The notes on pages 12 to 22 form part of the financial statements.

The company has no other comprehensive income other than the profit above and therefore no separate Statement of Comprehensive Income is prepared.

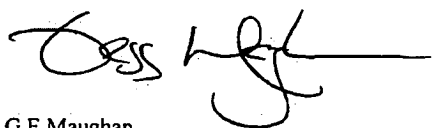
## Forever Living Products (UK) Limited

### Balance sheet As at 31 December 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	8	118,426	131,542
<b>Current assets</b>			
Stocks	9	1,326,862	5,855,944
Debtors	10	3,287,884	2,309,075
Cash at bank and in hand		7,409,913	5,644,891
		<u>12,024,659</u>	<u>13,809,910</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,201,971)</u>	<u>(6,893,453)</u>
<b>Net current assets</b>		<u>7,822,688</u>	<u>6,916,457</u>
<b>Total assets less current liabilities</b>		<u>7,941,114</u>	<u>7,047,999</u>
<b>Provisions for liabilities</b>	12	<u>(276,000)</u>	<u>(276,000)</u>
<b>Net assets</b>		<u>7,665,114</u>	<u>6,771,999</u>
<b>Capital and reserves</b>			
Called up share capital	16	10,000	10,000
Profit and loss account		<u>7,655,114</u>	<u>6,761,999</u>
<b>Shareholders' funds</b>		<u>7,665,114</u>	<u>6,771,999</u>

The financial statements of Forever Living Products (UK) Limited, registered number 02269910 were approved by the Board of Directors on 20 September 2018.

Signed on behalf of the Board of Directors



G E Maughan  
Director

## Forever Living Products (UK) Limited

### Statement of changes in equity For the year ended 31 December 2017

	Called-up share capital £	Profit and loss account £	Total £
At 31 December 2015	10,000	6,127,829	6,137,829
Profit for the financial year	-	634,170	634,170
At 31 December 2016	10,000	6,761,999	6,771,999
Profit for the financial year	-	893,115	893,115
At 31 December 2017	10,000	7,655,114	7,665,114

## Forever Living Products (UK) Limited

### Cash flow statement Year ended 31 December 2017

	Note	2017 £	2016 £
<b>Net cash flows from operating activities</b>	17	1,844,057	1,063,073
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(61,049)	(41,000)
Interest received		2,877	1,643
Interest paid		-	(4,146)
<b>Net cash flows from investing activities</b>		<u>(58,172)</u>	<u>(43,503)</u>
<b>Net increase in cash and cash equivalents</b>		<u>1,785,885</u>	<u>1,019,570</u>
<b>Cash and cash equivalents at beginning of year</b>		5,644,891	5,350,039
Net increase in cash and cash equivalents		1,785,885	1,019,570
Effect of foreign exchange rate changes		(20,863)	(724,718)
<b>Cash and cash equivalents at end of year</b>		<u>7,409,913</u>	<u>5,644,891</u>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		7,409,913	5,644,891
Cash equivalents		-	-
<b>Cash and cash equivalents</b>		<u>7,409,913</u>	<u>5,644,891</u>

## **Forever Living Products (UK) Limited**

### **Notes to the financial statements (continued) Year ended 31 December 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**

Forever Living Products (UK) Limited is a private company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the group's operations and its principal activities are set out in the Directors Report on pages 2 and 3.

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 functional currency of Forever Living Products (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

##### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an 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 assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Cash**

Cash balances are held in the main Company bank account unless felt to be surplus to daily operations, where upon they are transferred to the Company's deposit bank account. As and when required, cash balances are transferred back to the main bank account.

##### **Going concern**

The Directors have considered the financial and cash flow forecast for a period of more than 12 months from the date of signing these financial statements and concluded that income and future cash flows will continue to be derived from the Company's principal activity and that the Company has sufficient financial resources available for the foreseeable future. As a consequence, the Directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **Provisions for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued)

Year ended 31 December 2017

#### 1. Accounting policies (continued)

##### Turnover

Turnover represents the aggregate of amounts receivable for services and goods supplied in the ordinary course of business, excluding value added tax. Turnover from the sale of goods is recognised when the goods have been ordered and despatched to the distributor.

##### Interest received

Interest is received into the Company's deposit bank account monthly in arrears. An accrual is made for unpaid amounts at the year end.

##### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided for all fixed assets to write off their cost over the following periods:

Computers	3 years straight line
Fittings and office equipment	5 years straight line
Motor vehicles	4 years straight line

##### Stocks

Stocks are stated at the lower of cost and net realisable value.

##### Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to, or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 1. Accounting policies (continued)

##### Leases

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

##### Pensions

The company operates a money purchase scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company. The company's contributions to this scheme are shown in note 4.

##### Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### 2. Critical accounting judgements and key 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 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. Management have identified no critical accounting judgments and estimates during the review.

##### *Critical judgements and estimates in applying the Company's accounting policies*

There are no critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies.

#### 3. Analysis of turnover and profit before taxation

The turnover and profit before taxation is entirely attributable to the principal activity and arises in the United Kingdom.

An analysis of the Company's turnover is as follows:

	2017	2016
	£	£
Sale of goods	39,800,343	74,829,189
Delivery revenue	1,825,404	3,258,433
Event revenue	330,993	590,652
Literature revenue	550,547	1,303,730
Other (administration recharges, room hires, drink machines)	46,313	84,129
	<u>42,553,600</u>	<u>80,066,133</u>

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 4. Information regarding directors and employees

	2017 £	2016 £
<b>Directors' emoluments</b>		
Emoluments (this relates to R G Maughan)	45,112	50,840
	<u>Number</u>	<u>Number</u>
<b>Monthly average number of persons employed</b>		
Administrative	62	72
Manual	59	94
	<u>121</u>	<u>166</u>
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	3,014,958	3,945,226
Social security costs	264,259	300,902
Other pension costs	288,941	300,692
	<u>3,568,158</u>	<u>4,546,820</u>

#### 5. Operating profit

Operating profit is after charging:

	2017 £	2016 £
<b>Depreciation:</b>		
Owned assets	74,019	74,913
Rentals under operating leases		
Other operating leases	443,729	421,576
Hire of plant and machinery	48,717	57,511
Hire of drinks machines	16,747	18,510
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	20,155	19,400
Non audit services – tax compliance services	6,650	8,172
Foreign exchange loss	20,863	724,718

#### 6. Interest receivable

	2017 £	2016 £
Bank interest	<u>2,877</u>	<u>1,643</u>

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 7. Tax on profit

	2017 £	2016 £
United Kingdom corporation tax charge based on the profit for the year	223,669	209,162
Adjustment in respect of previous years	(3,585)	820
	<u>220,084</u>	<u>209,982</u>
Deferred taxation		
- Timing differences, origination and reversal	(435)	(29,740)
- Adjustment in respect of previous years	63	4
- Effect of changes in tax rate	50	5,771
	<u>219,762</u>	<u>186,017</u>

#### Factors affecting the tax charge for the year:

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 £
<b>Profit before tax</b>	<u>1,112,877</u>	<u>820,187</u>
Tax on profit at standard UK tax rate at 19.25% (2016 – 20%)	214,191	164,037
Expenses not deductible for tax purposes	9,042	15,385
Adjustments to tax charge in respect of previous years	(3,522)	824
Tax rate change	51	5,771
	<u>219,762</u>	<u>186,017</u>

The Budget 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. A further reduction in the future UK corporation tax rates from 19% to 18% was substantively enacted in July 2015 and will take effect in April 2020. Deferred tax has been recognised at 18%. A reduction to 17% from April 2020 has been announced but was not substantively enacted at the balance sheet date.

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 8. Tangible fixed assets

	Computers £	Fittings and office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2017	218,919	335,294	59,945	614,158
Additions	11,735	49,314	-	61,049
Disposals	(10,716)	(15,865)	-	(26,581)
At 31 December 2017	<u>219,938</u>	<u>368,743</u>	<u>59,945</u>	<u>648,626</u>
<b>Accumulated depreciation</b>				
At 1 January 2017	177,681	257,846	47,089	482,616
Charge for the year	28,579	34,420	11,020	74,019
Disposals	(10,716)	(15,719)	-	(26,435)
At 31 December 2017	<u>195,544</u>	<u>276,547</u>	<u>58,109</u>	<u>530,200</u>
<b>Net book value</b>				
At 31 December 2017	<u>24,394</u>	<u>92,196</u>	<u>1,836</u>	<u>118,426</u>
At 31 December 2016	<u>41,238</u>	<u>77,448</u>	<u>12,856</u>	<u>131,542</u>

#### 9. Stocks

	2017 £	2016 £
Goods for resale	<u>1,326,862</u>	<u>5,855,944</u>

There is no material difference between the balance sheet value of stocks and their replacement cost. The value of stock recognised as an expense in the year was £14,920,317.

#### 10. Debtors

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	432,691	793,124
Amounts owed by related parties (note 14)	2,280,537	322,400
Deferred tax asset (note 15)	47,872	47,550
Prepayments and accrued income	526,784	1,146,001
	<u>3,287,884</u>	<u>2,309,075</u>

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 11. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	474,422	579,911
Amounts owed to related parties (note 14)	280	100,993
Other taxation and social security	497,482	867,536
Corporation tax	220,084	71,569
Accruals and deferred income	3,009,703	5,273,444
	<u>4,201,971</u>	<u>6,893,453</u>

#### 12. Provision for liabilities

	Dilapidation Provision £
At 1 January 2017	276,000
Charged to profit and loss account	
At 31 December 2017	<u>276,000</u>

The nature of this obligation is dilapidations in respect of rented premises at Unit 3 Titan Business Centre, Spartan Close, Tachbrook Park Drive, Warwick.

#### 13. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
<b>Company</b>				
- within one year	458,043	37,414	458,043	37,414
- between one and five years	1,073,454	54,227	1,334,891	91,641
- over five years	688,122	-	884,728	-
	<u>2,219,619</u>	<u>91,641</u>	<u>2,677,662</u>	<u>129,055</u>

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 14. Related party transactions

The ultimate controlling party is Mr R G Maughan, the director and principal shareholder. The trading transactions with related parties are summarised as follows:

	Purchases		Sales	
	2017	2016	2017	2016
	£	£	£	£
Forever Living Products Austria	-	-	-	930
Forever Living Products Baltics	-	-	1,457	-
Forever Living Products Benelux	-	-	4,857	1,860
Forever Living Products Bulgaria	-	-	1,457	-
Forever Living Products Cyprus	-	-	245	551
Forever Living Products France	-	-	7,286	1,860
Forever Living Products Germany	-	-	13,139	-
Forever Living Products Greece	-	-	2,213	1,561
Forever Living Products Hungary	-	-	4,857	-
Forever Living Products Iceland	-	-	6,734	40,123
Forever Living Products International	1,956,996	2,938,503	121,424	7,668
Forever Living Products Ireland	-	-	23,148	16,129
Forever Living Products Israel	-	-	3,010	-
Forever Living Products Italy	-	-	9,715	-
Forever Living Products Ivory Coast	-	-	-	65
Forever Living Products Malta	-	-	4,576	950
Forever Living Products Poland	-	-	2,914	-
Forever Living Products Romania	-	-	2,914	-
Forever Living Products Scandinavia	-	-	9,715	1,651
Forever Living Products Slovak Republic	-	-	1,457	-
Forever Living Products South Africa	-	-	197	-
Forever Living Products Spain	-	-	2,082	-
Forever Living Products Switzerland	-	-	-	930
Forever Living Products Turkey	-	-	-	50
Global Incentive Services	(581,903)	(1,955,196)	-	-
	<u>1,375,093</u>	<u>983,307</u>	<u>223,397</u>	<u>74,328</u>

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 14 Related party transactions (continued)

The year end balances with related parties are summarised as follows:

	Amounts due from related party		Amounts due to related party	
	2017	2016	2017	2016
	£	£	£	£
Forever Living Products Benelux	677	-	-	-
Forever Living Products Bolivia	2,157	2,157	-	-
Forever Living Products Brazil	71,342	71,342	-	-
Forever Living Products Germany	-	11,601	-	-
Forever Living Products Iceland	182	126,352	-	-
Forever Living Products International	674,892	22,153	-	72,442
Forever Living Products Ireland	225	732	-	-
Forever Living Products Israel	-	-	280	-
Forever Living Products Romania	406	-	-	-
Forever Living Products Scandinavia	1,353	-	-	-
Forever Living Products Slovak Republic	203	-	-	-
	<u>751,437</u>	<u>234,337</u>	<u>280</u>	<u>72,442</u>

During the year, the company purchased goods and services to the value of £169,362 (2016 - £356,218) from Aloe Vera of America, Inc. Amounts owed both to and from Aloe Vera of America, Inc of £nil (2016 - £nil) all relate to trading balances.

During the year the company purchased goods in the ordinary course of business from Forever Direct BV, who purchased goods from Aloe Vera of America Inc and supply to all Forever Living Products companies in Europe, at a cost of £7,826,848 (2016 - £20,883,160). During the year, the company charged Forever Direct BV goods and services to the value of £962 (2016 - £351). Amounts owed by Forever Direct BV of £1,529,100 (2016 - £88,063) all relate to trading balances. Amounts owed to Forever Direct BV of £nil (2016 - £28,551) all relate to trading balances.

The company occupies premises owned by UK Investments LLC., a company controlled by Mr R G Maughan, for which £100,000 (2016 - £100,000) rent was charged in the year.

Forever Living Products Iceland ehf was also charged £21,600 (2016 - £21,600) for administration services performed by the company on their behalf.

## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 15. Deferred taxation

	2017 £	2016 £
Balance at 1 January 2017	(47,550)	(23,585)
Credit to profit and loss account	(384)	(23,969)
Adjustment in respect of prior periods	62	4
	<u>(47,872)</u>	<u>(47,550)</u>

The amounts provided in the financial statements are as follows:

	2017 £	2016 £
Fixed asset timing differences	1,889	2,747
Short term timing differences	(49,761)	(50,297)
	<u>(47,872)</u>	<u>(47,550)</u>

#### 16. Called up share capital

	2017 £	2016 £
Allotted and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

The profit and loss account includes all current and prior year retained profits and losses.



## Forever Living Products (UK) Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### 17. Cash flow statement

##### *Reconciliation of operating profit to cash generated by operations:*

	2017	2016
	£	£
Operating profit	1,110,000	822,690
Adjustment for:		
Depreciation and amortisation	74,019	74,913
Loss on sale of tangible fixed assets	146	952
Operating cash flow before movement in working capital	1,184,165	898,555
Decrease in stocks	4,529,082	2,516,146
(Increase)/decrease in debtors	(978,487)	2,619,802
(Decrease) in creditors	(2,839,997)	(5,271,148)
Exchange differences	20,863	724,718
Taxation paid	(71,569)	(425,000)
<b>Cash generated by operations</b>	<b>1,844,057</b>	<b>1,063,073</b>

#### 18. Controlling party

Mr R G Maughan, a director of the Company, and members of his close family, control the Company as a result of controlling, directly or indirectly, 100% of the issued share capital of the Company.