

Company Registration No. 2269910

Forever Living Products (UK) Limited

Report and Financial Statements

For the year ended 31 December 2014

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Forever Living Products (UK) Limited

Report and financial statements 2014

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Forever Living Products (UK) Limited

Strategic report

Principal 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 Distributors distribute the products via direct selling.

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

Forever is seeing more than consistent growth, with 4% internationally, 11% across Europe and 70% in the UK.

Business strategy and objectives

Forever UK's strategy is to enhance sales, retain customers and Distributors, improve operations and ensure Forever UK is performing at its optimum level.

The core objectives to meet this strategy are:

- Restructure departments;
- Establish the company as a brand leader in weight management;
- Incentivise business builders effectively; and
- Create a disaster recovery system

To meet these core objectives, Forever is to embark on the following activity areas:

- Review and modify internal processes;
- Review and modify staff training/staff induction programme;
- Review, modify and improve the new Distributor experience;
- Engage with customers and consumers effectively; and
- Review, modify and improve the customer experience (before, during and after the sales transaction)

Business review

2014 has been a very successful and profitable year for the company, with sales growing by 70% and new Distributors growing by 70%. This growth far exceeds the company's expectations and has been driven by the weight management products. Work continued on encouraging new Distributors to move through the marketing plan. There were nine new products launched in 2014, which the company is hoping will be popular and contribute to strong growth in 2015. The directors expect the general level of activity in the forthcoming year to continue to grow with the launch of the nine new products.

Legislation continues to be of some risk to the company, in particular the Nutrition and Health Claims Regulations. The company's Complaints & Compliance Team continues to work with Distributors 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.

Forever Living Products (UK) Limited

Strategic report (continued)

Key performance indicators

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

As shown in the company's profit and loss account on page 6, the company's sales have increased by 70% over the prior year (2013 - increased by 27.8%). The sales change can be attributable to better trading conditions during 2014 and a significant growth in the weight management area.

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 down on previous years at 70.3% (2013 - 71.9%). The company has recorded an operating profit of £1,963,774 in the current year compared to an operating profit of £139,191 in 2013.

The balance sheet on page 7 shows that the company's net assets at the year-end have increased.

The company's cash levels have increased by £2,928,185 from £2,698,813 at the end of 2014 to £5,626,998 at the end of the current financial year. This is mainly due to a significant increase in volumes throughout 2014.

Principal risks and uncertainties

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


Cash flow risk

The company purchases all its products from the Netherlands and therefore is exposed to movement in the Euro to Pound 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 compared with the average rate used each month. The average rate used is that of HM Revenue & Customs.

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.

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


G Maughan
Director
24 August 2015

Forever Living Products (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Dividends and transfers to reserves

The directors did not pay a dividend during the year (2013 - £352,941). The results of the company are set out on page 6. The directors do not recommend the payment of a final dividend (2013 - £nil).

The profit for the year of £1,521,777 (2013 - £82,619 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 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 Maughan

Auditor

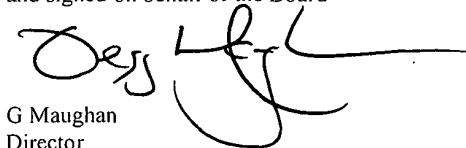
In the case of the directors of the company at the date when this report is approved:

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

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



G Maughan
Director

24 August 2015

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). 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.

Independent auditor's report to the members of Forever Living Products (UK) Limited

We have audited the financial statements of Forever Living Products (UK) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movements in net funds and the related notes 1 to 20. 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).

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 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. 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 31 December 2014 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 Strategic Report and 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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

26 August 2015

Forever Living Products (UK) Limited

Profit and loss account Year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	58,993,590	34,726,349
Cost of sales		<u>(17,497,522)</u>	<u>(9,766,743)</u>
Gross profit		<u>41,496,068</u>	<u>24,959,606</u>
Distribution costs		(31,899,629)	(19,192,044)
Administrative expenses		<u>(7,632,665)</u>	<u>(5,628,371)</u>
		<u>(39,532,294)</u>	<u>(24,820,415)</u>
Operating profit	4	1,963,774	139,191
Interest receivable	5	3,887	4,120
Interest paid		<u>(30)</u>	<u>-</u>
Profit on ordinary activities before taxation	2	1,967,631	143,311
Tax on profit on ordinary activities	6	<u>(445,854)</u>	<u>(60,692)</u>
Profit on ordinary activities after taxation for the financial year	14,15	<u>1,521,777</u>	<u>82,619</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 9 to 21 form part of the financial statements.


Forever Living Products (UK) Limited

Balance sheet 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	297,862	276,224
Current assets			
Stocks	8	3,029,451	1,972,487
Debtors	9	2,247,150	1,943,624
Cash at bank and in hand		<u>5,626,998</u>	<u>2,698,813</u>
		10,903,599	6,614,924
Creditors: amounts falling due within one year	10	<u>(7,832,903)</u>	<u>(5,044,367)</u>
Net current assets		<u>3,070,696</u>	<u>1,570,557</u>
Total assets less current liabilities, being net assets		<u><u>3,368,558</u></u>	<u><u>1,846,781</u></u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account	14	<u>3,358,558</u>	<u>1,836,781</u>
Shareholders' funds	15	<u><u>3,368,558</u></u>	<u><u>1,846,781</u></u>

The financial statements of Forever Living Products (UK) Limited, registered number 2269910 were approved by the Board of Directors on *24 August* 2015.

Signed on behalf of the Board of Directors


G Maughan
Director

Forever Living Products (UK) Limited

Cash flow statement Year ended 31 December 2014

		2014 £	2013 £
Net cash inflow/(outflow) from operating activities	16	3,278,523	(212,016)
Return on investment and servicing of finance	17	3,857	4,120
Capital expenditure and financial investment	17	(80,753)	(122,758)
Dividend paid	15	-	(352,941)
Taxation paid		(296,290)	(255,826)
Cash inflow/(outflow) before financing and exchange movements		2,905,337	(939,421)
Foreign exchange arising on cash and cash equivalents		22,848	(14,227)
Cash inflow/(outflow) after financing being increase/(decrease) in cash in the year		<u>2,928,185</u>	<u>(953,648)</u>

Reconciliation of net cash flow to movement in net funds Year ended 31 December 2014

	Note	2014 £	2013 £
Cash (outflow)/inflow before financing and exchange movements	18	2,905,337	(939,421)
Foreign exchange movements		22,848	(14,227)
Movement in net funds in the year		2,928,185	(953,648)
Net funds at 1 January		<u>2,698,813</u>	<u>3,652,461</u>
Net funds at 31 December		<u>5,626,998</u>	<u>2,698,813</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

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.

Accounting convention

The financial statements are prepared under the historical cost convention.

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.

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
Assets Under Construction	No depreciation yet

Stocks

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

Taxation

Current 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 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

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 3.

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies (continued)

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. Analysis of turnover and profit on ordinary activities before taxation

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

3. Information regarding directors and employees

	2014	2013
	£	£
Directors' emoluments		
Emoluments	49,666	37,945
	<u>Number</u>	<u>Number</u>
Average number of persons employed		
Administrative	56	44
Manual	55	41
	<u>111</u>	<u>85</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	2,748,122	1,987,884
Social security costs	203,737	162,280
Other pension costs	205,153	124,089
	<u>3,157,012</u>	<u>2,274,253</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

4. Operating profit

Operating profit is after charging:

	2014	2013
	£	£
Depreciation:		
Owned assets	58,978	48,637
Rentals under operating leases		
Other operating leases	514,410	478,337
Hire of plant and machinery	21,375	19,928
Auditor's remuneration		
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	19,000	15,250
Non audit services – tax services	5,752	54,380
Foreign exchange (gain)/loss	<u>(22,848)</u>	<u>14,227</u>

5. Interest receivable

	2014	2013
	£	£
Bank interest	<u>3,887</u>	<u>4,120</u>

6. Tax on profit on ordinary activities

	2014	2013
	£	£
United Kingdom corporation tax charge at 21.49% (2013 – 23.25%) based on the profit for the year	464,148	54,273
Adjustment in respect of previous periods	<u>(26,866)</u>	<u>(1,514)</u>
	437,282	52,759
Deferred taxation		
- Timing differences, origination and reversal	(11,660)	3,286
- Adjustment in respect of prior years	19,415	1,421
- Effect of changes in tax rate	810	3,226
- Rounding	7	-
Total tax on profit on ordinary activities	<u>445,854</u>	<u>60,692</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

6. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

The current tax charge varies from the standard rate of UK corporation tax due to the following factors:

	2014 £	2013 £
Profit on ordinary activities before tax	1,967,631	143,311
Tax at 21.49% (2013 – 23.25%)	422,906	33,315
Expenses not deductible for tax purposes	29,632	24,245
Income not taxable for tax purposes	(49)	-
Capital allowances in excess of depreciation	(14,907)	(8,240)
Movement in short term timing differences	26,566	4,953
Adjustments to tax charge in respect of previous periods	(26,866)	(1,514)
	<u>437,282</u>	<u>52,759</u>

The Budget 2013 introduced a reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and a further reduction from 21% to 20% with effect from 1 April 2015. This legislation was substantively enacted on 2 July 2013 and as such, in accordance with UK GAAP, the rate of 20% is used for the calculation of the deferred tax position at 31 December 2013 on the basis that it will materially reverse after 1 April 2015.

7. Tangible fixed assets

	Computers £	Fittings and office equipment £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2014	244,887	466,284	53,965	158,747	923,883
Additions	15,335	21,718	44,075	-	81,128
Disposals	-	(42,833)	(7,500)	-	(50,333)
At 31 December 2014	<u>260,222</u>	<u>445,169</u>	<u>90,540</u>	<u>158,747</u>	<u>954,678</u>
Accumulated depreciation					
At 1 January 2014	216,874	376,820	53,965	-	647,659
Charge for the year	16,255	33,541	9,182	-	58,978
Disposals	-	(42,321)	(7,500)	-	(49,821)
At 31 December 2014	<u>233,129</u>	<u>368,040</u>	<u>55,647</u>	<u>-</u>	<u>656,816</u>
Net book value					
At 31 December 2014	<u>27,093</u>	<u>77,129</u>	<u>34,893</u>	<u>158,747</u>	<u>297,862</u>
At 31 December 2013	<u>28,013</u>	<u>89,464</u>	<u>-</u>	<u>158,747</u>	<u>276,224</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

8. Stocks

	2014	2013
	£	£
Goods for resale	<u>3,029,451</u>	<u>1,972,487</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

9. Debtors

	2014	2013
	£	£
Due within one year		
Trade debtors	992,876	356,378
Amounts owed by related parties (note 11)	668,377	772,234
Corporation tax	-	80,658
Deferred tax asset (note 12)	13,174	21,740
Prepayments and accrued income	<u>572,723</u>	<u>712,614</u>
	<u>2,247,150</u>	<u>1,943,624</u>

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	692,232	545,414
Amounts owed to related parties (note 11)	48,613	35,259
Other taxation and social security	1,729,485	1,109,692
Corporation tax	60,360	-
Accruals and deferred income	<u>5,302,213</u>	<u>3,354,002</u>
	<u>7,832,903</u>	<u>5,044,367</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

11. 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	
	2014	2013	2014	2013
	£	£	£	£
Forever Living Products Algeria	-	-	(881)	881
Forever Living Products Angola	-	-	86,339	14,536
Forever Living Products Argentina	-	-	20,376	6,167
Forever Living Products Asia	-	-	56,261	5,286
Forever Living Products Australia	6,894	-	10,911	1,762
Forever Living Products Austria	-	2,025	2,963	11,452
Forever Living Products Azerbaijan	-	-	6,975	1,762
Forever Living Products Baltics	-	-	19,257	3,524
Forever Living Products Benelux	-	-	141,123	19,822
Forever Living Products Benin	-	-	13,460	5,286
Forever Living Products Bolivia	-	-	3,486	881
Forever Living Products Brazil	-	-	120,868	109,679
Forever Living Products Bulgaria	-	-	22,845	1,762
Forever Living Products Burkina Faso	-	-	(881)	881
Forever Living Products Cameroon	-	-	21,116	8,810
Forever Living Products Canada	-	-	18,736	-
Forever Living Products Caribbean	-	-	(881)	881
Forever Living Products Colombia	-	-	10,929	2,643
Forever Living Products Congo	-	-	28,446	3,524
Forever Living Products Croatia	-	-	(881)	881
Forever Living Products Cyprus	-	-	555	-
Forever Living Products Czech Republic	-	-	5,397	881
Forever Living Products Ecuador	-	-	41,088	7,929
Forever Living Products El Salvador	-	-	(881)	881
Forever Living Products France	-	-	385,606	48,517
Forever Living Products Gabon	-	-	27,888	881
Forever Living Products Germany	-	2,515	209,051	20,857
Forever Living Products Ghana	-	-	(209)	4,405
Forever Living Products Greece	-	-	58,467	5,286
Forever Living Products Hungary	-	-	183,695	33,477
Forever Living Products Iceland	-	-	35,044	37,755
Forever Living Products India	-	-	196,339	52,417
Forever Living Products International	1,849,508	694,035	1,561	269,257
Forever Living Products Iraq	-	-	1,550	1,297
Forever Living Products Ireland	-	219	214,580	128,055
Forever Living Products Israel	-	-	14,452	2,643
Forever Living Products Italy	-	96,126	215,530	35,919
Forever Living Products Ivory Coast	-	-	124,868	22,464
Forever Living Products Japan	-	-	268,432	157,250
Forever Living Products Kazakhstan	-	-	132,514	40,524
Forever Living Products Kenya	-	-	101,572	19,381
Forever Living Products Korea	-	-	3,923	-
Forever Living Products Kyrgyzstan	-	-	12,141	881
Forever Living Products Malaysia	-	-	181,484	20,262

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

11. Related Party Transactions (continued)

	Purchases		Sales	
	2014	2013	2014	2013
	£	£	£	£
Forever Living Products Malta	-	-	1,193	-
Forever Living Products Mauritius	-	-	(881)	881
Forever Living Products Mexico	-	-	96,196	22,024
Forever Living Products Mongolia	-	-	67,479	881
Forever Living Products Morocco	-	-	(6,167)	6,167
Forever Living Products New Zealand	-	-	(881)	881
Forever Living Products Nigeria	-	-	413,829	71,798
Forever Living Products Panama	-	-	3,359	881
Forever Living Products Paraguay	-	-	10,474	3,524
Forever Living Products Peru	-	-	1,894	2,643
Forever Living Products Philippines	-	-	37,099	6,167
Forever Living Products Poland	-	-	75,207	9,691
Forever Living Products Romania	-	-	59,815	10,313
Forever Living Products Russia	-	-	55,222	5,214
Forever Living Products Scandinavia	140	5,218	295,702	54,620
Forever Living Products Senegal	-	-	38,451	6,167
Forever Living Products Singapore	-	-	10,281	6,167
Forever Living Products Slovak Republic	-	-	22,873	1,762
Forever Living Products South Africa	-	-	254,396	67,226
Forever Living Products Spain	-	81	16,274	1,738
Forever Living Products Switzerland	-	-	76,201	8,810
Forever Living Products Taiwan	33,269	-	44,982	8,369
Forever Living Products Thailand	-	-	(3,083)	3,083
Forever Living Products Tunisia	-	-	(2,643)	2,643
Forever Living Products Turkey	-	-	184,761	31,724
Forever Living Products Uganda	-	-	14,277	3,964
Forever Living Products Ukraine	-	-	35,844	8,810
Forever Living Products United Arab Emirates	-	-	34,507	12,333
Forever Living Products Uruguay	-	-	(881)	881
Forever Living Products Venezuela	-	-	(3,441)	11,893
Forever Living Products Vietnam	-	-	3,905	3,524
Global Incentive Services	(197,574)	(55,535)	-	-

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

11. 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	
	2014	2013	2014	2013
	£	£	£	£
Forever Living Products Algeria	-	881	-	-
Forever Living Products Angola	86,339	14,536	-	-
Forever Living Products Argentina	-	6,167	-	-
Forever Living Products Asia	-	-	-	-
Forever Living Products Australia	-	1,762	-	-
Forever Living Products Austria	-	-	-	-
Forever Living Products Azerbaijan	1,081	1,762	-	-
Forever Living Products Baltics	-	-	-	-
Forever Living Products Benelux	-	19,822	-	-
Forever Living Products Benin	-	5,286	7,378	-
Forever Living Products Bolivia	3,486	881	-	-
Forever Living Products Brazil	71,342	109,679	-	-
Forever Living Products Bulgaria	-	2	-	-
Forever Living Products Burkina Faso	-	881	-	-
Forever Living Products Caribbean	-	881	-	13,736
Forever Living Products Columbia	-	-	-	-
Forever Living Products Congo	-	3,524	-	-
Forever Living Products Ecuador	-	7,929	-	-
Forever Living Products El Salvador	-	881	-	-
Forever Living Products France	-	48,453	-	-
Forever Living Products Gabon	27,888	881	-	-
Forever Living Products Ghana	-	4,405	-	-
Forever Living Products Greece	568	-	-	-
Forever Living Products Hungary	-	4,405	-	-
Forever Living Products Iceland	99,827	97,744	-	-
Forever Living Products India	-	52,417	-	-
Forever Living Products International	-	577	-	5,094
Forever Living Products Iraq	-	881	-	-
Forever Living Products Ireland	165	19,795	-	263
Forever Living Products Israel	5,637	-	-	-
Forever Living Products Italy	-	-	-	-
Forever Living Products Ivory Coast	-	21,583	-	-
Forever Living Products Japan	268,432	-	-	-
Forever Living Products Kazakhstan	-	40,524	-	-
Forever Living Products Kenya	-	19,381	-	-
Forever Living Products Kyrgyzstan	-	881	8,876	-
Forever Living Products Mauritius	-	881	-	-
Forever Living Products Mexico	9,297	22,024	-	-
Forever Living Products Morocco	-	6,167	-	-
Forever Living Products New Zealand	-	881	-	-
Forever Living Products Nigeria	53,471	71,798	-	-
Forever Living Products Panama	4,240	881	-	-
Forever Living Products Paraguay	-	3,524	-	-
Forever Living Products Peru	4,537	2,643	-	-

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

11. Related party transactions (continued)

	Amounts due from related party		Amounts due to related party	
	2014 £	2013 £	2014 £	2013 £
Forever Living Products Poland	-	-	-	-
Forever Living Products Romania	-	10,131	-	-
Forever Living Products Russia	20,177	5,286	-	-
Forever Living Products Scandinavia	-	-	-	-
Forever Living Products Senegal	949	6,167	-	-
Forever Living Products Slovak Republic	-	-	-	-
Forever Living Products South Africa	870	65,191	-	-
Forever Living Products Spain	-	1,762	-	-
Forever Living Products Switzerland	-	8,810	-	-
Forever Living Products Thailand	-	3,083	-	-
Forever Living Products Tunisia	-	2,643	-	-
Forever Living Products Turkey	-	32,155	-	-
Forever Living Products Uganda	-	3,964	-	-
Forever Living Products Ukraine	-	8,810	21,551	-
Forever Living Products United Arab Emirates	-	12,333	10,733	-
Forever Living Products Uruguay	-	881	-	-
Forever Living Products Venezuela	-	11,893	-	-
Forever Living Products Vietnam	3,935	3,525	-	-
	<u>662,241</u>	<u>772,234</u>	<u>48,538</u>	<u>19,093</u>

The company has the following amounts owed to Forever Living.com, Inc. a company controlled by Mr R G Maughan.

	2014 £	2013 £
Forever Living.com, Inc.	<u>75</u>	<u>16,166</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

11. Related party transactions (continued)

During the year the company purchased goods and services to the value of £862,977 (2013 - £423,506) from Aloe Vera of America, Inc.

During the year the company purchased goods and services to the value of £179,672 (2013 - £171,606) from ForeverLiving.com, Inc. During the year the company charged ForeverLiving.com, Inc goods and services to the value of £285,487 (2013 - £nil).

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 £13,466,781 (2013 - £7,547,265). During the year the company charged ForeverDirect BV goods and services to the value of £104,749 (2013 - £nil). Amounts owed by Forever Direct BV of £6,136 (2013 - £nil) all relate to trading balances. Amounts owed to Forever Direct BV of £nil (2013 - £nil) all relate to trading balances.

The company occupies premises owned by UK Investments LLC., a company controlled by Mr R G Maughan, for which £99,997 (2013 - £101,830) rent was charged in the year.

Forever Living Products Iceland was also charged £21,600 (2013 - £21,600) for administration services performed by the company on their behalf.

Distributors can have a deduction made from their monthly bonuses and paid over to Forever Giving, a charity controlled by Forever Living Products International. The amount held on the Balance Sheet of Forever Living Products (UK) Limited at 31 December 2013 under Creditors: amounts falling due within one year is £31.

12. Deferred taxation

	2014 £	2013 £
Balance at 1 January	(21,740)	(29,673)
(Credit)/charge to profit and loss account	(10,849)	6,512
Adjustment in respect of prior periods	19,415	1,421
	<u>(13,174)</u>	<u>(21,740)</u>

The amounts provided in the financial statements are as follows:

	2014 £	2013 £
Capital allowances in excess of depreciation/(depreciation in excess of capital allowances)	15,808	(17,478)
Short term timing differences	(28,982)	(4,262)
	<u>(13,174)</u>	<u>(21,740)</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

13. Called up share capital		
	2014	2013
	£	£
Allotted and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
14. Profit and loss account		£
At 1 January 2014		1,836,781
Profit for the year		<u>1,521,777</u>
At 31 December 2014		<u>3,358,558</u>
15. Reconciliation of movements in shareholders' funds		
	2014	2013
	£	£
Profit for the financial year	1,521,777	82,619
Dividend	-	(352,941)
Opening shareholders' funds	<u>1,846,781</u>	<u>2,117,103</u>
Closing shareholders' funds	<u>3,368,558</u>	<u>1,846,781</u>
16. Reconciliation of operating profit to operating cash flows		
	2014	2013
	£	£
Operating profit	1,963,774	139,191
Depreciation	58,978	48,637
Loss on disposal of fixed assets	157	-
Increase in stock	(1,056,964)	(733,651)
Increase in debtors	(392,750)	(1,118,705)
Increase in creditors	2,728,176	1,438,285
Exchange differences	<u>(22,848)</u>	<u>14,227</u>
Net cash inflow/(outflow) from operating activities	<u>3,278,523</u>	<u>(212,016)</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

17. Analysis of cash flows for headings netted in the cash flow statement

	2014 £	2013 £
Return on investment and servicing of finance		
Interest receivable	3,887	4,120
Interest paid	(30)	-
	<u>3,857</u>	<u>4,120</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(81,128)	(122,758)
Proceeds on disposal of tangible fixed assets	375	-
	<u>(80,753)</u>	<u>(122,758)</u>

18. Analysis of net cash

	At 1 January 2014 £	Cash flow £	Exchange differences £	At 31 December 2014 £
Cash in hand and at bank	<u>2,698,813</u>	<u>2,905,337</u>	<u>22,848</u>	<u>5,626,998</u>

19. Financial commitments

Operating lease commitments

At 31 December 2014, the company was committed to making the following payments during the next year in respect of non-cancellable operating leases.

	Land and buildings 2014 £	2013 £
Leases which expire:		
Within one year	75,000	54,629
Within two to five years	324,275	363,720
	<u>399,275</u>	<u>418,349</u>

20. Controlling party

Mr R G Maughan controls 100% of the share capital of the company.

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2014

	2014	2013
	£	£
TURNOVER	58,993,590	34,726,349
Cost of sales		
Opening stock	1,972,487	1,238,836
Purchases, freight and duty	18,554,486	10,500,394
Closing stock	<u>(3,029,451)</u>	<u>(1,972,487)</u>
	<u>17,497,522</u>	<u>9,766,743</u>
GROSS PROFIT	41,496,068	24,959,606
Distribution costs		
Bonuses	27,755,218	16,192,828
Royalties	720,375	392,286
Motor, travel and entertaining	200,266	151,974
Events and trainings	2,556,885	2,124,729
Packaging	<u>666,885</u>	<u>330,227</u>
	(31,899,629)	(19,192,044)
Administrative expenses		
Wages, salaries and employment costs	3,157,012	2,274,253
Repairs and maintenance	500,133	375,483
Telephones	74,947	61,465
Heat, light and power	48,564	46,676
Rent, rates and insurances	720,510	669,133
Bank charges	1,112,435	588,507
Legal and professional fees	565,283	521,705
Audit and accountancy	20,248	21,600
Management expenses	1,278,649	899,848
Depreciation	58,978	48,637
Loss on disposal of fixed asset	157	-
(Gain)/loss on exchange	(22,848)	14,227
Sundry expenses	<u>118,597</u>	<u>106,837</u>
	<u>(7,632,665)</u>	<u>(5,628,371)</u>
OPERATING PROFIT	<u>1,963,774</u>	<u>139,191</u>