

**FOREVER LIVING PRODUCTS (UK)
LIMITED**

Report and Financial Statements

31 December 2013



REPORT AND FINANCIAL STATEMENTS 2013

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STRATEGIC REPORT

Principal business activities

Forever (“the Group”) is in the market of health, beauty and nutritional products. It operates within a network marketing structure. Our Distributors distribute our products via direct selling.

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

Forever is seeing consistent growth, with 4% internationally, 11% across Europe and 27% 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:

- become third largest country in Europe in terms of case credits - the growth plan is to reach average monthly case credits of 29,700 by the end of 2014
- effectively channel products into the sports and weight management markets – weight management sales have increased by 127% in 2013, so a demand has been identified
- recruit Distributors to reach Manager position within four to six months – there has been a 169% increase in the number of Distributors reaching the position of Manager in 2013
- streamline operations and improve internal processes

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
- Engage with ‘wholesale’ customers (those buying for personal use) effectively
- Incentivise business builders (active Distributors) effectively
- Review, modify and improve the customer experience (before, during and after the transaction)

Business review

2013 has been a successful and profitable year for the company, with sales growing by 27% and new Distributors growing by 66%. This growth far exceeds the company’s expectations. Work continued on encouraging new distributors to move through the marketing plan. There were 15 new products launched in 2013, which the company is hoping will be popular and contribute to strong growth in 2014. The directors expect the general level of activity in the forthcoming year to continue to grow with the launch of the 15 new products.

Legislation continues to be of some risk to the company, in particular the Nutrition and Health Claims Regulations. The company’s Compliance Department 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.

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 27.8% over the prior year (2012 - increased by 13.8%). The sales change can be attributable to better trading conditions during 2013 and a significant growth in the weight management area.

STRATEGIC REPORT (Continued)

Key performance indicators (continued)

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 71.9% (2012 – 75.2%). The company has recorded an operating profit of £139,191 in the current year compared to an operating profit of £1,147,392 in 2012.

The balance sheet on page 7 shows that the company's net assets at the year-end have decreased. The decrease in net assets is due to the dividend paid in the year, net of the profit for the year.

The company's cash levels have decreased by £953,648 from £3,652,461 at the end of 2012 to £2,698,813 at the end of the current financial year. This is mainly due to an increase in purchase price from 1 December 2012 and the upcoming Global Rally in London.

Principal risks and uncertainties

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Dividends and transfers to reserves

The directors paid a dividend of £352,941 during the year (2012 - £nil). The results of the company are set out on page 6. The directors do not recommend the payment of a final dividend (2012 - £nil).

The profit for the year of £82,619 (2012 - £839,833 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 below. 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

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:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and accounting estimates that are reasonable and prudent;
- (c) state whether applicable UK accounting standards have been followed; and
- (d) 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 2013 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 2013 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

25 September 2014

FOREVER LIVING PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	34,726,349	27,167,812
Cost of sales		<u>(9,766,743)</u>	<u>(6,734,357)</u>
Gross profit		<u>24,959,606</u>	<u>20,433,455</u>
Distribution costs		(19,192,044)	(14,278,851)
Administrative expenses		<u>(5,628,371)</u>	<u>(5,007,212)</u>
		<u>(24,820,415)</u>	<u>(19,286,063)</u>
OPERATING PROFIT	4	139,191	1,147,392
Interest receivable	5	4,120	4,904
Interest paid		<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	143,311	1,152,296
Tax on profit on ordinary activities	6	<u>(60,692)</u>	<u>(312,463)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	14,15	<u><u>82,619</u></u>	<u><u>839,833</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the current year and the prior year. Accordingly, no statement of total recognised gains and losses is given.

FOREVER LIVING PRODUCTS (UK) LIMITED

BALANCE SHEET 31 December 2013

	Note	2013		2012	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		276,224		202,103
CURRENT ASSETS					
Stocks	8	1,972,487		1,238,836	
Debtors	9	1,943,624		752,194	
Cash at bank and in hand		2,698,813		3,652,461	
			<u>6,614,924</u>		<u>5,643,491</u>
CREDITORS: amounts falling due within one year	10	<u>(5,044,367)</u>		<u>(3,728,491)</u>	
NET CURRENT ASSETS			<u>1,570,557</u>		<u>1,915,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			<u><u>1,846,781</u></u>		<u><u>2,117,103</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		10,000		10,000
Profit and loss account	14		1,836,781		2,107,103
SHAREHOLDERS' FUNDS	15		<u><u>1,846,781</u></u>		<u><u>2,117,103</u></u>

The financial statements of Forever Living Products (UK) Limited, registered number 2269910, were approved and authorised for issue by the Board of Directors on

Signed on behalf of the Board of Directors



G MAUGHAN

Director

Date 25 September 2014

FOREVER LIVING PRODUCTS (UK) LIMITED

CASH FLOW STATEMENT Year ended 31 December 2013

	Note	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	16	(212,016)	1,335,619
Maturity of investment		-	197,500
Return on investment and servicing of finance	17	4,120	4,904
Capital expenditure and financial investment	17	(122,758)	(150,856)
Dividend paid	15	(352,941)	-
Taxation paid		(255,826)	(145,765)
Cash (outflow)/inflow before financing and exchange movements		<u>(939,421)</u>	<u>1,241,402</u>
Foreign exchange arising on cash and cash equivalents		(14,227)	5,901
Cash (outflow)/inflow after financing being (decrease)/increase in cash in the year		<u><u>(953,648)</u></u>	<u><u>1,247,303</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Year ended 31 December 2013

		2013 £	2012 £
Cash (outflow)/inflow before financing and exchange movements	18	(939,421)	1,241,402
Foreign exchange movements		(14,227)	5,901
Movement in net funds in the year		<u>(953,648)</u>	<u>1,247,303</u>
Net funds at 1 January		<u>3,652,461</u>	<u>2,405,158</u>
Net funds at 31 December		<u><u>2,698,813</u></u>	<u><u>3,652,461</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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

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 (continued) Year ended 31 December 2013

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

	2013	2012
	£	£
Directors' emoluments		
Emoluments	37,945	33,379
	<u> </u>	<u> </u>
	Number	Number
Average number of persons employed		
Administrative	44	43
Manual	41	40
	<u> </u>	<u> </u>
	85	83
	<u> </u>	<u> </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,987,884	1,711,165
Social security costs	162,280	142,619
Other pension costs	124,089	138,392
	<u> </u>	<u> </u>
	2,274,253	1,992,176
	<u> </u>	<u> </u>

4. OPERATING PROFIT

	2013	2012
	£	£
Operating profit is after charging:		
Depreciation		
Owned assets	48,637	61,504
Rentals under operating leases		
Other operating leases	478,337	512,011
Hire of plant and machinery	19,928	18,322
Auditor's remuneration		
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	15,250	14,250
Non audit services – tax services	54,380	14,752
Foreign exchange loss/(gain)	14,227	(5,901)
	<u> </u>	<u> </u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

5. INTEREST RECEIVABLE

	2013	2012
	£	£
Bank interest	4,120	4,904
	<u>4,120</u>	<u>4,904</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013	2012
	£	£
United Kingdom corporation tax charge at 23.25% (2012 – 24.5%) based on the profit for the year	54,273	268,174
Adjustment in respect of previous periods	(1,514)	-
	<u>52,759</u>	<u>268,174</u>
Deferred taxation		
- Timing differences, origination and reversal	3,286	38,470
- Effect of rate change	3,226	5,925
- Adjustment in respect of prior years	1,421	(106)
	<u>60,692</u>	<u>312,463</u>

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:

	2013	2012
	£	£
Profit on ordinary activities before tax	143,311	1,152,296
	<u>143,311</u>	<u>1,152,296</u>
Tax at 23.25% (2012 – 24.5%)	33,315	282,312
Expenses not deductible for tax purposes	24,245	26,810
Depreciation in excess of capital allowances	(8,240)	(1,028)
Movement in short term timing differences	4,953	-
Adjustments to tax charge in respect of previous periods	(1,514)	-
Utilisation of tax losses	-	(39,920)
	<u>52,759</u>	<u>268,174</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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

7. TANGIBLE FIXED ASSETS

	Computers £	Fittings and office equipment £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2013	220,918	428,022	53,965	98,220	801,125
Additions	23,969	38,262	-	60,527	122,758
At 31 December 2013	<u>244,887</u>	<u>466,284</u>	<u>53,965</u>	<u>158,747</u>	<u>923,883</u>
Accumulated depreciation					
At 1 January 2013	205,807	339,912	53,303	-	599,022
Charge for the year	11,067	36,908	662	-	48,637
At 31 December 2013	<u>216,874</u>	<u>376,820</u>	<u>53,965</u>	<u>-</u>	<u>647,659</u>
Net book value					
At 31 December 2013	<u>28,013</u>	<u>89,464</u>	<u>-</u>	<u>158,747</u>	<u>276,224</u>
At 31 December 2012	<u>15,111</u>	<u>88,110</u>	<u>662</u>	<u>98,220</u>	<u>202,103</u>

8. STOCKS

	2013 £	2012 £
Goods for resale	<u>1,972,487</u>	<u>1,238,836</u>

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

9. DEBTORS

	2013 £	2012 £
Due within one year		
Trade debtors	356,378	170,296
Amounts owed by related parties (note 12)	772,234	198,818
Corporation tax	80,658	-
Deferred tax asset (note 13)	21,740	29,673
Prepayments and accrued income	712,614	353,407
	<u>1,943,624</u>	<u>752,194</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	545,414	369,829
Amounts owed to related parties (note 12)	35,259	74,377
Other taxation and social security	1,109,692	911,320
Corporation tax	-	122,409
Accruals and deferred income	3,354,002	2,250,556
	<u>5,044,367</u>	<u>3,728,491</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

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	
	2013	2012	2013	2012
	£	£	£	£
Forever Living Products Algeria	-	-	881	-
Forever Living Products Angola	-	-	14,536	-
Forever Living Products Argentina	-	-	6,167	-
Forever Living Products Asia	-	10,836	5,286	54,149
Forever Living Products Australia	-	-	1,762	-
Forever Living Products Austria	2,025	-	11,452	(6,395)
Forever Living Products Azerbaijan	-	-	1,762	-
Forever Living Products Baltics	-	-	3,524	141
Forever Living Products Benelux	-	-	19,822	23,900
Forever Living Products Benin	-	-	5,286	-
Forever Living Products Bolivia	-	-	881	-
Forever Living Products Brazil	-	-	109,679	-
Forever Living Products Bulgaria	-	-	1,762	-
Forever Living Products Burkino Faso	-	-	881	-
Forever Living Products Cameroon	-	-	8,810	-
Forever Living Products Caribbean	-	-	881	-
Forever Living Products Colombia	-	-	2,643	-
Forever Living Products Caribbean	-	-	-	-
Forever Living Products Congo	-	-	3,524	4,010
Forever Living Products Croatia	-	-	881	-
Forever Living Products Czech Republic	-	-	881	-
Forever Living Products Ecuador	-	-	7,929	-
Forever Living Products El Salvador	-	-	881	-
Forever Living Products France	-	-	48,517	1,930
Forever Living Products Gabon	-	-	881	-
Forever Living Products Germany	2,515	-	20,857	9,511
Forever Living Products Ghana	-	-	4,405	8,250
Forever Living Products Greece	-	-	5,286	3,761
Forever Living Products Hungary	-	58,122	33,477	95,129
Forever Living Products Iceland	-	-	37,755	40,774
Forever Living Products India	-	-	52,417	-
Forever Living Products International	694,035	922,051	269,257	124,793
Forever Living Products Iraq	-	-	1,297	673
Forever Living Products Ireland	219	-	128,055	127,963
Forever Living Products Israel	-	-	2,643	-
Forever Living Products Italy	96,126	-	35,919	3,348
Forever Living Products Ivory Coast	-	-	22,464	-
Forever Living Products Japan	-	-	157,250	-
Forever Living Products Kazakhstan	-	-	40,524	-
Forever Living Products Kenya	-	-	19,381	9,058
Forever Living Products Kyrgyzstan	-	-	881	-
Forever Living Products Malaysia	-	-	20,262	180
Forever Living Products Mauritius	-	-	881	-
Forever Living Products Mexico	-	-	22,024	54,398

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

11. RELATED PARTY TRANSACTIONS (CONTINUED)

	Purchases		Sales	
	2013	2012	2013	2012
	£	£	£	£
Forever Living Products Mongolia	-	-	881	-
Forever Living Products Morocco	-	-	6,167	-
Forever Living Products New Zealand	-	-	881	-
Forever Living Products Nigeria	-	-	71,798	9,047
Forever Living Products Panama	-	-	881	-
Forever Living Products Paraguay	-	-	3,524	-
Forever Living Products Peru	-	-	2,643	-
Forever Living Products Philippines	-	-	6,167	-
Forever Living Products Poland	-	-	9,691	-
Forever Living Products Romania	-	-	10,313	-
Forever Living Products Russia	-	-	5,214	-
Forever Living Products Scandinavia	5,218	3,215	54,620	27,819
Forever Living Products Senegal	-	-	6,167	-
Forever Living Products Singapore	-	-	6,167	-
Forever Living Products Slovak Republic	-	-	1,762	5,515
Forever Living Products South Africa	-	-	67,226	52,378
Forever Living Products Spain	81	-	1,738	-
Forever Living Products Switzerland	-	-	8,810	3,330
Forever Living Products Taiwan	-	-	8,369	-
Forever Living Products Thailand	-	-	3,083	-
Forever Living Products Tunisia	-	-	2,643	-
Forever Living Products Turkey	-	-	31,724	431
Forever Living Products Uganda	-	-	3,964	-
Forever Living Products Ukraine	-	-	8,810	-
Forever Living Products United Arab Emirates	-	-	12,333	-
Forever Living Products Uruguay	-	-	881	-
Forever Living Products Venezuela	-	-	11,893	-
Forever Living Products Vietnam	-	-	3,524	-
Global Incentive Services	(55,535)	-	-	-

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

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	
	2013	2012	2013	2012
	£	£	£	£
Forever Living Products Algeria	881	-	-	-
Forever Living Products Angola	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	1,762	-	-	-
Forever Living Products Baltics	-	-	-	-
Forever Living Products Benelux	19,822	4,132	-	-
Forever Living Products Benin	5,286	-	-	-
Forever Living Products Bolivia	881	-	-	-
Forever Living Products Brazil	109,679	-	-	-
Forever Living Products Bulgaria	2	-	-	-
Forever Living Products Burkino Faso	881	-	-	-
Forever Living Products Caribbean	881	-	13,736	-
Forever Living Products Columbia	-	-	-	3,500
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	881	-	-	-
Forever Living Products Ghana	4,405	8,250	-	-
Forever Living Products Greece	-	1,019	-	-
Forever Living Products Hungary	4,405	-	-	-
Forever Living Products Iceland	97,744	43,111	-	-
Forever Living Products India	52,417	-	-	-
Forever Living Products International	577	38,819	5,094	44,019
Forever Living Products Iraq	881	-	-	-
Forever Living Products Ireland	19,795	823	263	-
Forever Living Products Italy	-	1,112	-	-
Forever Living Products Ivory Coast	21,583	-	-	-
Forever Living Products Kazakhstan	40,524	-	-	-
Forever Living Products Kenya	19,381	6,890	-	-
Forever Living Products Kyrgyzstan	881	-	-	-
Forever Living Products Mauritius	881	-	-	-
Forever Living Products Mexico	22,024	66,242	-	-
Forever Living Products Morocco	6,167	-	-	-
Forever Living Products New Zealand	881	-	-	-
Forever Living Products Nigeria	71,798	9,047	-	-
Forever Living Products Panama	881	-	-	-
Forever Living Products Paraguay	3,524	-	-	-
Forever Living Products Peru	2,643	-	-	-
Forever Living Products Poland	-	-	-	-
Forever Living Products Romania	10,131	-	-	-
Forever Living Products Russia	5,286	-	-	-
Forever Living Products Scandinavia	-	15,215	-	265
Forever Living Products Senegal	6,167	-	-	-
Forever Living Products Slovak Republic	-	-	-	-
Forever Living Products South Africa	65,191	1,581	-	-
Forever Living Products Spain	1,762	-	-	-
Forever Living Products Switzerland	8,810	-	-	-

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

11. RELATED PARTY TRANSACTIONS (CONTINUED)

	Amounts due from related party		Amounts due to related party	
	2013	2012	2013	2012
	£	£	£	£
Forever Living Products Thailand	3,083	-	-	-
Forever Living Products Tunisia	2,643	-	-	-
Forever Living Products Turkey	32,155	431	-	-
Forever Living Products Uganda	3,964	-	-	-
Forever Living Products Ukraine	8,810	-	-	-
Forever Living Products United Arab Emirates	12,333	-	-	-
Forever Living Products Uruguay	881	-	-	-
Forever Living Products Venezuela	11,893	-	-	-
Forever Living Products Vietnam	3,525	-	-	-
	<u>772,234</u>	<u>196,672</u>	<u>19,093</u>	<u>47,784</u>

The company has the following amounts owed to Aloe Vera of America, Inc. a company controlled by Mr R G Maughan.

	2013	2012
	£	£
Aloe Vera of America, Inc.	-	4,790

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

	2013	2012
	£	£
Forever Living.com, Inc.	16,166	21,732

During the year the company purchased goods and services to the value of £423,506 (2012 - £103,064) from Aloe Vera of America, Inc.

During the year the company purchased goods and services to the value of £171,606 (2012 - £127,376) from ForeverLiving.com, Inc.

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 £7,547,265 (2012 - £4,740,847). Amounts owed by Forever Direct BV of £nil (2012 - £2,146) all relate to trading balances. Amounts owed to Forever Direct BV of £nil (2012 - £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 £101,830 (2012 - £115,000) rent was charged in the year.

Forever Living Products Iceland was also charged £21,600 (2012 - £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 £154.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

12. DEFERRED TAXATION

	2013	2012
	£	£
Balance at 1 January	(29,673)	(73,962)
Charge to profit and loss account	6,512	44,395
Adjustment in respect of prior periods	1,421	(106)
	(21,740)	(29,673)
	(21,740)	(29,673)

The amounts provided in the financial statements are as follows:

	2013	2012
	£	£
Depreciation in excess of capital allowances	(17,478)	(29,673)
Short term timing differences	(4,262)	-
	(21,740)	(29,673)
	(21,740)	(29,673)

The unrecognised deferred tax asset in respect of losses, amounted to £nil (2012 - £nil) at the end of the period.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

13. CALLED UP SHARE CAPITAL

	2013	2012
	£	£
Allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000

14. PROFIT AND LOSS ACCOUNT

		£
At 1 January 2013		2,107,103
Dividend		(352,941)
Profit for the year		82,619
At 31 December 2013		1,836,781

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the financial year	82,619	839,833
Dividend	(352,941)	-
Opening shareholders' funds	2,117,103	1,277,270
Closing shareholders' funds	1,846,781	2,117,103

16. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2013	2012
	£	£
Operating profit	139,191	1,147,392
Depreciation	48,637	61,504
(Profit)/loss on disposal of fixed assets	-	(30)
Fixed asset adjustment	-	397
Increase in stock	(733,651)	(188,739)
Increase in debtors	(1,118,705)	(123,896)
Increase in creditors	1,438,285	444,892
Exchange differences	14,227	(5,901)
Net cash (outflow)/inflow from operating activities	(212,016)	1,335,619

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013	2012
	£	£
Return on investment and servicing of finance		
Interest receivable	4,120	4,904
	<u>4,120</u>	<u>4,904</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(122,758)	(150,946)
Proceeds on disposal of tangible fixed assets	-	90
	<u>(122,758)</u>	<u>(150,856)</u>

18. ANALYSIS OF NET CASH

	At 1 Jan 2013 £	Cash flow £	Exchange differences £	At 31 Dec 2013 £
Cash in hand and at bank	3,652,461	(939,421)	(14,227)	2,698,813
	<u>3,652,461</u>	<u>(939,421)</u>	<u>(14,227)</u>	<u>2,698,813</u>

19. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2013 (2012 - £nil).

Operating lease commitments

At 31 December 2013, the company was committed to making the following payments during the next year in respect of non-cancellable operating leases.

	Land and buildings	
	2013	2012
	£	£
Leases which expire:		
Within one year	54,629	13,863
Within two to five years	363,720	299,275
	<u>418,349</u>	<u>313,138</u>

20. CONTROLLING PARTY

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