

Company Registration No 2269910

**FOREVER LIVING PRODUCTS (UK)
LIMITED**

Report and Financial Statements

31 December 2011



FOREVER LIVING PRODUCTS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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FOREVER LIVING PRODUCTS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the company is the marketing of health, nutritional and beauty products. There has been no change in the principal activity of the company during the year. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

The directors were happy with the company's results. 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 5, the company's sales have decreased by 1.2% over the prior year (2010 - increased by 3.1%). The sales change can be attributable to a different mix of products sold during 2011.

The company's key measurement 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 73.7% (2010 - 72.8%). The company has recorded an operating profit of £20,535 in the current year compared to an operating loss of £393,827 in 2010.

The balance sheet on page 6 shows that the company's net assets at the year-end have increased. The increase in net assets is due to the profit for the year.

The company's cash levels have increased by £129,164 from £2,275,994 at the end of 2010 to £2,405,158 at the end of the current financial year. This is mainly due to improved trading conditions.

Work continued on encouraging new distributors to move through the marketing plan. There were 4 new products launched in 2011, which the company is hoping will be popular and contribute to strong growth in 2012. The directors expect the general level of activity in the forthcoming year to continue to grow with the launch of the 4 new products.

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.

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.

FOREVER LIVING PRODUCTS (UK) LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS AND TRANSFERS TO RESERVES

The directors paid a dividend of £nil during the year (2010 - £nil) The results of the company are set out on page 5
The directors do not recommend the payment of a final dividend (2010 - £nil)

The profit for the year of £77,499 (2010 - £316,381 loss) has been transferred to reserves

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

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

- (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 2011 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 21. 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. 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Alistair Pritchard FCA

Alistair Pritchard (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

Date 27 April 2012

FOREVER LIVING PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	2	23,878,750	24,157,199
Cost of sales		<u>(6,289,448)</u>	<u>(6,568,872)</u>
Gross profit		<u>17,589,302</u>	<u>17,588,327</u>
Distribution costs		(12,824,591)	(13,307,301)
Administrative expenses		<u>(4,744,176)</u>	<u>(4,674,853)</u>
		<u>17,568,767</u>	<u>(17,982,154)</u>
OPERATING PROFIT/ (LOSS)	4	20,535	(393,827)
Interest receivable	5	4,592	8,626
Interest paid		<u>(13)</u>	<u>(1)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	25,114	(385,202)
Tax on profit/(loss) on ordinary activities	6	<u>52,385</u>	<u>68,821</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	15	<u><u>77,499</u></u>	<u><u>(316,381)</u></u>

All activities derive from continuing operations

There are no recognised gains and losses other than the loss 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 2011

	Note	2011		2010	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		113,118		134,482
Investments	8		<u>197,500</u>		<u>197,500</u>
			310,618		331,982
CURRENT ASSETS					
Stocks	9	1,050,097		1,194,708	
Debtors	10	672,587		663,207	
Cash at bank and in hand		<u>2,405,158</u>		<u>2,275,994</u>	
		4,127,842		4,133,909	
CREDITORS amounts falling due within one year	11	<u>(3,161,190)</u>		<u>(3,266,120)</u>	
NET CURRENT ASSETS			<u>966,652</u>		<u>867,789</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			<u>1,277,270</u>		<u>1,199,771</u>
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and loss account	15		<u>1,267,270</u>		<u>1,189,771</u>
SHAREHOLDERS' FUNDS	16		<u>1,277,270</u>		<u>1,199,771</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 27 April 2012

FOREVER LIVING PRODUCTS (UK) LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2011

	Note	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	17	164,817	(799,943)
Return on investment and servicing of finance	18	4,579	8,625
Capital expenditure and financial investment	18	(57,551)	(44,632)
Taxation		-	221,233
Cash inflow/(outflow) before financing and exchange movements		111,845	(614,717)
Foreign exchange arising on cash and cash equivalents		17,319	(100,034)
Cash inflow/(outflow) after financing being increase/(decrease) in cash in the year		<u>129,164</u>	<u>(714,751)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Year ended 31 December 2011

		2011 £	2010 £
Cash inflow/(outflow) before financing and exchange movements	19	111,845	(614,717)
Foreign exchange movements		17,319	(100,034)
Movement in net funds in the year		129,164	(714,751)
Net funds at 1 January		<u>2,275,994</u>	<u>2,990,745</u>
Net funds at 31 December		<u>2,405,158</u>	<u>2,275,994</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

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
Fixtures 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 2011

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

	2011	2010
	£	£
Directors' emoluments		
Emoluments	33,294	36,181
	<u> </u>	<u> </u>
	Number	Number
Average number of persons employed		
Administrative	41	40
Manual	36	38
	<u> </u>	<u> </u>
	77	78
	<u> </u>	<u> </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,521,610	1,535,049
Social security costs	135,276	143,998
Other pension costs	178,307	143,952
	<u> </u>	<u> </u>
	1,835,193	1,822,999
	<u> </u>	<u> </u>

4. OPERATING PROFIT/(LOSS)

	2011	2010
	£	£
Operating profit/(loss) is after charging/(crediting)		
Depreciation		
Owned assets	78,329	71,390
Rentals under operating leases		
Other operating leases	460,755	385,572
Hire of plant and machinery	21,959	20,969
Auditor's remuneration		
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	14,496	14,500
Non audit services – tax services	8,801	6,700
Foreign exchange (gain)/loss	(17,319)	100,034
	<u> </u>	<u> </u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

5 INTEREST RECEIVABLE

	2011	2010
	£	£
Bank interest	3,970	5,493
Interest on corporation tax refunds	38	3,133
Interest on business rates refunds	584	-
	4,592	8,626
	4,592	8,626

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2011	2010
	£	£
United Kingdom corporation tax charge at 26.5% (2010 - 28%) based on the profit/(loss) for the year	-	-
Adjustment in respect of prior years	-	(81,032)
	-	(81,032)
Current tax	-	(81,032)
Deferred taxation		
- Timing differences, origination and reversal	(35,119)	1,084
- Effect of rate change	3,107	839
- Adjustment in respect of prior years	(20,373)	10,288
	(52,385)	(68,821)
Total tax on loss on ordinary activities	(52,385)	(68,821)

Factors affecting the tax credit for the year

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

	2011	2010
	£	£
Loss on ordinary activities before tax	25,114	(385,202)
	25,114	(385,202)
Tax at 26.5% (2010 - 28%)	6,655	(107,857)
Expenses not deductible for tax purposes	26,991	12,965
Depreciation in excess of capital allowances	(2,519)	1,065
Other timing differences	-	93,827
Utilisation of tax losses	(31,127)	-
Adjustment in respect of prior years	-	(81,032)
	-	(81,032)
	-	(81,032)

The 2011 Budget introduced a reduction in the main rate of corporation tax from 26% to 25% effective 1 April 2012. This change was substantively enacted on 19 July 2011 and as such deferred tax at the balance sheet date has been recognised at the 25% rate on the basis that it will materially reverse after 1 April 2012.

In the 2012 Budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would be further reduced to 24% with effect from 1 April 2012, with further annual 1% rate reductions down to 22% by 1 April 2014. As these future rate reductions had not been enacted at the balance sheet date, they have not been reflected in these financial statements. The effect of these tax rate reductions will be accounted for in the period they are substantively enacted.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

7 TANGIBLE FIXED ASSETS

	Computers	Fittings and office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2011	285,331	440,392	53,965	779,688
Additions	6,989	51,060	-	58,049
Disposals	(54,243)	(498)	-	(54,741)
At 31 December 2011	<u>238,077</u>	<u>490,954</u>	<u>53,965</u>	<u>782,996</u>
Accumulated depreciation				
At 1 January 2011	240,688	359,149	45,369	645,206
Charge for the year	30,113	44,249	3,967	78,329
Disposals	(53,624)	(33)	-	(53,657)
At 31 December 2011	<u>217,177</u>	<u>403,365</u>	<u>49,336</u>	<u>669,878</u>
Net book value				
At 31 December 2011	<u>20,900</u>	<u>87,589</u>	<u>4,629</u>	<u>113,118</u>
At 31 December 2010	<u>44,643</u>	<u>81,243</u>	<u>8,596</u>	<u>134,482</u>

8 INVESTMENTS

The two investment accounts of £97,500 and £100,000 each are held with HSBC Trust Company (UK) Limited and are both set up in the same way. Each account is capital protected and held in a fund linked to the growth of the UK stock-market. Interest on the growth element will be paid out at the end of the term in May 2012 and will be calculated in line with how much the UK stock-market has grown during the term.

9 STOCKS

	2011	2010
	£	£
Goods for resale	<u>1,050,097</u>	<u>1,194,708</u>

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

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

10 DEBTORS

	2011	2010
Due within one year	£	£
Trade debtors	196,513	148,298
Amounts owed by related parties (note 12)	134,502	192,647
Deferred tax asset (note 13)	73,962	21,577
Prepayments and accrued income	267,610	300,685
	<u>672,587</u>	<u>663,207</u>

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade creditors	181,187	214,255
Amounts owed to related parties (note 12)	339,455	569,927
Other taxation and social security	702,307	584,989
Accruals and deferred income	1,938,241	1,896,949
	<u>3,161,190</u>	<u>3,266,120</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

12 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	
	2011	2010	2011	2010
	£	£	£	£
Forever Living Products Argentina	-	-	20,888	-
Forever Living Products Asia	-	-	28,740	-
Forever Living Products Austria	128,439	-	888,656	5,346
Forever Living Products Baltics	-	-	150	4,311
Forever Living Products Benelux	-	-	21,611	19,931
Forever Living Products Brazil	-	-	44,284	-
Forever Living Products Caribbean	-	-	2,953	-
Forever Living Products Czech Republic	-	-	3,555	200
Forever Living Products France	312	3,237	911	32,417
Forever Living Products Ghana	-	-	10,718	11,281
Forever Living Products Greece	-	-	12,548	21,283
Forever Living Products Hungary	87,307	652	54,965	80,320
Forever Living Products Iceland	-	-	55,958	55,010
Forever Living Products International	653,047	371,731	33,547	2,046
Forever Living Products Ireland	-	2,946	128,606	118,771
Forever Living Products Israel	-	-	111	6,598
Forever Living Products Italy	-	-	340	17,221
Forever Living Products Kenya	-	-	8,597	3,808
Forever Living Products Malaysia	-	-	67,723	19,211
Forever Living Products Mexico	-	-	39,375	-
Forever Living Products Nigeria	637	-	5,149	114,554
Forever Living Products Poland	-	-	187	20,639
Forever Living Products Portugal	-	-	-	4,511
Forever Living Products Romania	-	-	1,261	24,249
Forever Living Products Scandinavia	-	-	14,395	70,242
Forever Living Products Slovak Republic	-	-	5,794	6,787
Forever Living Products South Africa	-	-	100,768	22,006
Forever Living Products Switzerland	-	-	605	12,917
Forever Living Products Turkey	-	-	1,280	29,106
Forever Living Products Ukraine	-	-	-	22,921

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

12. 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	
	2011	2010	2011	2010
	£	£	£	£
Forever Living Products Argentina	-	20,481	-	-
Forever Living Products Asia	14,887	-	17,973	-
Forever Living Products Austria	-	-	16,420	-
Forever Living Products Baltics	-	-	12	-
Forever Living Products Bene lux	-	-	784	-
Forever Living Products Bulgaria	-	2,022	-	-
Forever Living Products Caribbean	2,136	-	-	-
Forever Living Products Germany	-	81,602	-	286,111
Forever Living Products Ghana	10,719	8,913	-	-
Forever Living Products Greece	8,439	-	-	-
Forever Living Products Hungary	22,890	1,448	184,223	-
Forever Living Products Iceland	2,198	16,589	-	-
Forever Living Products International	9,334	2,046	93,285	94,226
Forever Living Products Italy	-	282	-	-
Forever Living Products Kenya	7,233	3,808	-	-
Forever Living Products Malaysia	-	10,408	-	-
Forever Living Products Mexico	31,903	-	-	-
Forever Living Products Nigeria	5,041	7,053	-	-
Forever Living Products Poland	-	-	11	-
Forever Living Products Portugal	-	156	-	-
Forever Living Products Scandinavia	-	5,519	15,053	-
Forever Living Products Slovak Republic	-	-	8	-
Forever Living Products South Africa	19,722	30,661	-	-
Forever Living Products Spain	-	1,476	-	-
Forever Living Products Switzerland	-	-	-	15
Forever Living Products Ukraine	-	183	-	-
	<u>134,502</u>	<u>192,647</u>	<u>327,769</u>	<u>380,352</u>

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

	2011	2010
	£	£
Aloe Vera of America, Inc	-	151,877

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

	2011	2010
	£	£
Forever Living com, Inc	11,000	37,698

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

12 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year the company purchased goods and services to the value of £60,264 (2010 - £358,513) from Aloe Vera of America Inc

During the year the company purchased goods and services to the value of £120,093 (2010 - £221,635) 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 £4,364,953 (2010 - £4,607,517) Amounts owed by Forever Direct BV of £nil (2010 - £nil) all relate to trading balances Amounts owed to Forever Direct BV of £686 (2010 - £nil) all relate to trading balances

The company occupies premises owned by Mr R G Maughan, for which £115,000 (2010 - £115,000) rent was charged in the year

Forever Living Products Iceland was also charged £21,600 (2010 - £21,600) for administration services performed by the company on their behalf

13 DEFERRED TAXATION

	2011 £	2010 £
Balance at 1 January	(21,577)	(33,788)
(Credit)/charge to profit and loss account	(52,385)	12,211
	(73,962)	(21,577)

The amounts provided in the financial statements are as follows

	2011 £	2010 £
Depreciation in excess of capital allowances	(36,466)	(21,577)
Short term timing differences	(37,496)	-
	(73,962)	(21,577)

The unrecognised deferred tax asset in respect of losses, amounted to £nil (2010 - £92,586) at the end of the period

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

14 CALLED UP SHARE CAPITAL

	2011	2010
	£	£
Allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000

15 PROFIT AND LOSS ACCOUNT

	£	
At 1 January 2011	1,189,771	
Profit for the year	77,499	
At 31 December 2011	1,267,270	

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit/(loss) for the financial year	77,499	(316,381)
Opening shareholders' funds	1,199,771	1,516,152
Closing shareholders' funds	1,277,270	1,199,771

17 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS

	2011	2010
	£	£
Operating profit/(loss)	20,535	(393,827)
Depreciation	78,329	71,390
Loss on disposal of fixed assets	586	-
Decrease in stock	144,611	138,385
Decrease in debtors	43,005	758,130
Decrease in creditors	(104,930)	(1,474,055)
Exchange differences	(17,319)	100,034
Net cash inflow/(outflow) from operating activities	164,817	(799,943)

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
Return on investment and servicing of finance		
Interest receivable	4,592	8,626
Interest paid	(13)	(1)
	4,579	8,625
	4,579	8,625
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(58,049)	(44,632)
Proceeds on disposal of tangible fixed assets	498	-
	(57,551)	(44,632)
	(57,551)	(44,632)

19 ANALYSIS OF NET CASH

	At 1 Jan 2011 £	Cash flow £	Exchange differences £	At 31 Dec 2011 £
Cash in hand and at bank	2,275,994	111,845	17,319	2,405,158
	2,275,994	111,845	17,319	2,405,158
	2,275,994	111,845	17,319	2,405,158

20 FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2011 (2010 - £nil)

Operating lease commitments

At 31 December 2011, the company was committed to making the following payments during the next year in respect of non-cancellable operating leases

	Land and buildings	
	2011 £	2010 £
Leases which expire		
Within one year	40,000	-
Within two to five years	414,275	295,555
Over five years	-	158,720
	454,275	454,275
	454,275	454,275

21 CONTROLLING PARTY

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

FOREVER LIVING PRODUCTS (UK) LIMITED

ADDITIONAL INFORMATION

The additional information on page 19 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditor report thereon.

FOREVER LIVING PRODUCTS (UK) LIMITED

TRADING ACCOUNT
Year ended 31 December 2011

	2011	2010
	£	£
TURNOVER	23,878,750	24,157,199
Cost of sales		
Opening stock	1 194,708	1,333,093
Purchases, freight and duty	6 144,837	6,430 487
Closing stock	<u>(1,050,097)</u>	<u>(1,194,708)</u>
	6,289,448	6,568,872
GROSS PROFIT	17,589,302	17,588,327
Distribution costs		
Bonuses	11,013,114	11,201,096
Royalties	61,197	59,145
Motor, travel and entertaining	121,898	123,507
Events and trainings	1,418,751	1,722,974
Warehouse and delivery	<u>209,631</u>	<u>200,579</u>
	(12,824,591)	(13,307,301)
Administrative expenses		
Wages, salaries and employment costs	1,835,193	1,822,999
Repairs and maintenance	336,079	320,583
Telephones	82,537	102,058
Heat light and power	40,105	55,267
Rent, rates and insurances	625,038	635,460
Bank charges	402,646	352,963
Legal and professional fees	410,098	319,376
Audit and accountancy	23,297	21,504
Management expenses	852,736	811,060
Depreciation	78,329	71,390
Loss on disposal of fixed asset	586	-
(Gain)/Loss on exchange	(17,319)	100,034
Sundry expenses	<u>74,851</u>	<u>62,159</u>
	(4,744,176)	(4,674,853)
OPERATING PROFIT/(LOSS)	<u>20,535</u>	<u>(393,827)</u>