

**FOREVER LIVING PRODUCTS (UK)
LIMITED**

Report and Financial Statements

31 December 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

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 increased by 3.2% over the prior year (2008 - increased by 3%). The sales growth can be directly attributable to better trading.

Work continued on encouraging new distributors to move through the marketing plan. There were 4 new products launched in April 2010, which the company is hoping will be popular and contribute to strong growth in 2010.

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 slightly down on previous years at 73.2% (2008 - 76.0%) mainly due to the weaker pound in 2009 compared to 2008 with an estimated reduction in gross profit of £1.2m (approximately 5% reduction in gross profit margin).

The company has recorded an operating loss of £585,589 in the current year compared to an operating profit of £737,934 in 2008. This is mainly due to the impact from the change in accounting treatment on global rally costs in the current year. Global rally costs are now accrued for in accordance with the qualification period rather than in the year the rally events are held. The directors consider the new treatment to be more appropriate and as such additional rally costs of £414,000 have been accrued for in 2009.

The balance sheet on page 6 shows that the company's net assets at the year-end have reduced. The reduction in net assets is mainly due to the loss for the year and the dividend payment of £574,064.

The company's cash levels have increased by £688,393 from £2,302,352 at the end of 2008 to £2,990,745 at the end of the current financial year. The cash position has improved due to overall improvement in working capital management.

The pound versus dollar exchange rate has continued to be favourable during the year, giving an overall net gain on foreign exchange transactions of £10,172 (2008 - £47,025).

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 forecast 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 activities and that the company has sufficient financial resources 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.

The company has considerable financial resources with no external borrowing, therefore, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The company purchases all its products from the United States of America and therefore is exposed to movement in the US Dollar to Pound exchange rate. The company minimises the risk of exchange rate fluctuations by operating a currency bank account. The company monitors the US Dollar 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.

DIRECTORS' REPORT (continued)

DIVIDENDS AND TRANSFERS TO RESERVES

The directors paid a dividend of £574,064 during the year (2008 - £1,435,314) The results of the company are set out on page 5

The loss for the year of £476,657 (2008 - £433,965 profit) has been transferred from reserves

DIRECTORS

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

R G Maughan

G Maughan (appointed 19 May 2009)

R Lloyd (resigned 19 May 2009)

AUDITORS

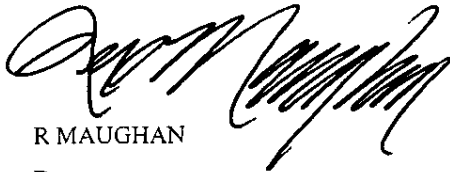
In the case of the directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are 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 auditors are 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 auditors 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



R 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 AUDITORS' 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 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net funds and the related notes 1 to 22. 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 auditors' 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 auditors

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 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 (APB'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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs at 31 December 2009 and of its loss 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 FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, UK

4 August 2010

FOREVER LIVING PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	2	23,412,358	22,682,489
Cost of sales		<u>(6,265,323)</u>	<u>(5,438,919)</u>
Gross profit		<u>17,147,035</u>	<u>17,243,570</u>
Distribution costs		(13,412,687)	(12,726,733)
Administrative expenses		<u>(4,319,937)</u>	<u>(3,778,903)</u>
		<u>(17,732,624)</u>	<u>(16,505,636)</u>
OPERATING (LOSS)/ PROFIT	4	(585,589)	737,934
Interest receivable	5	6,903	95,442
Interest paid		<u>(17,382)</u>	<u>-</u>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(596,068)	833,376
Tax on profit on ordinary activities	6	<u>119,411</u>	<u>(399,411)</u>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	15	<u>(476,657)</u>	<u>433,965</u>

All activities derive from continuing operations

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

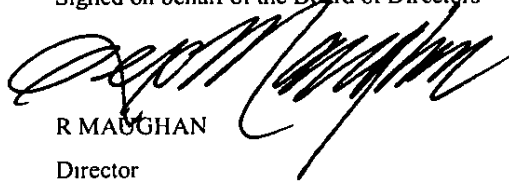
FOREVER LIVING PRODUCTS (UK) LIMITED

BALANCE SHEET
31 December 2009

	Note	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		161,240		114,398
Investments	8		197,500		197,500
CURRENT ASSETS					
Stocks	9	1,333,093		1,791,603	
Debtors	10	1,573,750		1,281,409	
Cash at bank and in hand		<u>2,990,745</u>		<u>2,302,352</u>	
		5,897,588		5,375,364	
CREDITORS: amounts falling due within one year	11	<u>(4,740,176)</u>		<u>(3,120,389)</u>	
NET CURRENT ASSETS			<u>1,157,412</u>		<u>2,254,975</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			<u>1,516,152</u>		<u>2,566,873</u>
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and loss account	15		<u>1,506,152</u>		<u>2,556,873</u>
SHAREHOLDERS' FUNDS	16		<u>1,516,152</u>		<u>2,566,873</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 [date 4th August 2010]

Signed on behalf of the Board of Directors


R MAUGHAN
Director

FOREVER LIVING PRODUCTS (UK) LIMITED

CASH FLOW STATEMENT Year ended 31 December 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	17	1,635,344	174,611
Return on investment and servicing of finance	18	6,903	95,442
Taxation		(282,613)	(332,479)
Dividends paid		(574,064)	(1,435,314)
Capital expenditure and financial investment	18	<u>(107,349)</u>	<u>(55,628)</u>
Cash inflow/(outflow) before financing being increase/ (decrease) in cash in the year		<u>678,221</u>	<u>(1,553,368)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Year ended 31 December 2009

		2009 £	2008 £
Increase/(Decrease) in cash in the year	19	678,221	(1,553,368)
Exchange movements		<u>10,172</u>	<u>47,025</u>
Movement in net funds in the year		688,393	(1,506,343)
Net funds at 1 January		<u>2,302,352</u>	<u>3,808,695</u>
Net funds at 31 December		<u>2,990,745</u>	<u>2,302,352</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

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 activities and that the company has sufficient financial resources 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.

The company has considerable financial resources with no external borrowing, therefore, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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.

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

Deferred tax is recognised in respect of 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

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 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 2009

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 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009	2008
	£	£
Directors' emoluments		
Emoluments	35,348	37,492
	<u> </u>	<u> </u>
	Number	Number
Average number of persons employed		
Administrative	41	39
Manual	37	31
	<u> </u>	<u> </u>
	78	70
	<u> </u>	<u> </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,555,809	1,364,434
Social security costs	146,069	128,959
Other pension costs	82,095	73,686
	<u> </u>	<u> </u>
	1,783,973	1,567,079
	<u> </u>	<u> </u>

4. OPERATING (LOSS)/ PROFIT

	2009	2008
	£	£
Operating (loss)/ profit is after charging/(crediting)		
Depreciation		
Owned assets	60,681	48,792
Rentals under operating leases		
Other operating leases	448,220	543,220
Hire of plant and machinery	21,152	18,455
Auditors' remuneration		
Audit services – fees payable to the company's auditors for the audit of the company's annual financial statements	16,000	15,500
Non audit services – tax services	19,827	12,132
Foreign exchange gains	(10,172)	(47,025)
	<u> </u>	<u> </u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

5. INTEREST RECEIVABLE

	2009	2008
	£	£
Bank interest	6,903	95,442
	<u>6,903</u>	<u>95,442</u>

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£	£
United Kingdom corporation tax charge at 28% (2008 – 28.5%) based on the (loss)/profit for the year	-	310,756
Adjustment in respect of prior years	(171,794)	147,538
	<u>(171,794)</u>	<u>458,294</u>
Deferred taxation		
- Timing differences, origination and reversal	(9,362)	(58,883)
- Adjustment in respect of prior years	61,745	-
	<u>(119,411)</u>	<u>399,411</u>

Factors affecting the tax (credit)/charge for the year:

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

	2009	2008
	£	£
(Loss)/ profit on ordinary activities before tax	(596,068)	833,376
Tax at 28% (2008 – 28.5%)	(166,899)	237,512
Expenses not deductible for tax purposes	20,420	13,311
(Capital allowances in excess of depreciation)/Depreciation in excess of capital allowances	(1,647)	83
Other timing differences	11,009	58,800
Changes in tax rate	-	1,050
Utilisation of tax losses	137,117	-
Prior period adjustments	(171,794)	147,538
	<u>(171,794)</u>	<u>458,294</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2009

7. TANGIBLE FIXED ASSETS

	Computers	Fittings and office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2009	206,512	382,926	42,370	631,808
Additions	66,920	24,733	15,870	107,523
Disposals	-	-	(4,275)	(4,275)
	<u>273,432</u>	<u>407,659</u>	<u>53,965</u>	<u>735,056</u>
At 31 December 2009				
Accumulated depreciation				
At 1 January 2009	180,458	294,582	42,370	517,410
Charge for the year	26,831	30,544	3,306	60,681
Disposals	-	-	(4,275)	(4,275)
	<u>207,289</u>	<u>325,126</u>	<u>41,401</u>	<u>573,816</u>
At 31 December 2009				
Net book value				
At 31 December 2009	<u>66,143</u>	<u>82,533</u>	<u>12,564</u>	<u>161,240</u>
At 31 December 2008	<u>26,054</u>	<u>88,344</u>	<u>-</u>	<u>114,398</u>

8. INVESTMENTS

The two investment accounts of £195,000 and £200,000 each are held with HSBC Trust Company (UK) Limited and are both set up in the same way. Each account is 50% instant access, earning monthly interest, and the other 50% (capital protected) is 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

	2009	2008
	£	£
Goods for resale	<u>1,333,093</u>	<u>1,791,603</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 2009

10. DEBTORS

	2009	2008
Due within one year	£	£
Trade debtors	504,409	45,866
Amounts owed by related parties (note 12)	540,339	788,138
Deferred tax asset (note 13)	33,788	86,171
Corporation tax	140,202	-
Other debtors	355,012	361,234
	<u>1,572,733</u>	<u>1,281,409</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	366,489	226,533
Amounts owed to related parties (note 12)	101,422	437,779
Corporation tax	-	296,823
Other taxation and social security	544,917	384,247
Other creditors	3,727,348	1,775,007
	<u>4,740,176</u>	<u>3,120,389</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

12. RELATED PARTY TRANSACTIONS

The ultimate controlling party is Mr R Maughan, the director and principal shareholder

The trading transactions with related parties are summarised as follows

	Purchases		Sales	
	2009	2008	2009	2008
	£	£	£	£
Forever Living Products Austria	-	-	215	-
Forever Living Products Baltics	-	-	15,815	130
Forever Living Products Benelux	-	-	44,447	3,777
Forever Living Products Bulgaria	-	-	33,580	-
Forever Living Products Cyprus	-	-	1,386	-
Forever Living Products Czech Republic	-	-	8,812	-
Forever Living Products France	-	-	77,365	-
Forever Living Products Germany	-	-	127,276	1,501
Forever Living Products Ghana	-	-	8,233	9,090
Forever Living Products Greece	-	-	28,191	-
Forever Living Products Hungary	4,783	156,735	319,934	-
Forever Living Products Iceland	-	-	81,324	265,766
Forever Living Products India	-	-	-	1,344
Forever Living Products International	-	-	3,012	-
Forever Living Products Ireland	1,011	-	77,405	50,138
Forever Living Products Israel	-	-	28,342	-
Forever Living Products Italy	-	-	33,625	2,390
Forever Living Products Kenya	-	-	-	6,655
Forever Living Products Nigeria	-	-	88,156	30,040
Forever Living Products Poland	135	-	69,720	91
Forever Living Products Portugal	-	-	14,608	266
Forever Living Products Romania	-	-	165,044	-
Forever Living Products Russia	-	-	20,735	-
Forever Living Products Scandinavia	-	-	134,681	12,419
Forever Living Products Slovak Republic	-	-	48,488	492
Forever Living Products South Africa	-	-	37,909	107
Forever Living Products Spain	247,655	88,075	81,894	1,627
Forever Living Products Switzerland	-	-	44,057	-
Forever Living Products Turkey	-	-	80,219	378
Forever Living Products Uganda	-	-	375	-
Forever Living Products Ukraine	-	-	68,013	-

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2009

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	
	2009	2008	2009	2008
	£	£	£	£
Forever Living Products Baltics	3,111	-	-	-
Forever Living Products Benelux	13,259	1,413	-	-
Forever Living Products Bulgaria	6,968	-	-	-
Forever Living Products Czech Republic	945	-	20	-
Forever Living Products France	24,570	719	-	-
Forever Living Products Germany	32,250	-	-	-
Forever Living Products Ghana	8,233	6,389	-	-
Forever Living Products Greece	9,032	-	-	-
Forever Living Products Hungary	63,580	-	-	-
Forever Living Products Iceland	17,415	574,064	-	-
Forever Living Products Ireland	12,129	181	-	600
Forever Living Products Israel	6,898	-	-	-
Forever Living Products Italy	6,145	203	12,373	-
Forever Living Products Kenya	-	5,702	-	-
Forever Living Products Nigeria	41,001	3,558	-	-
Forever Living Products Poland	14,182	-	-	-
Forever Living Products Portugal	8,404	-	-	-
Forever Living Products Romania	41,620	-	-	-
Forever Living Products Russia	20,206	-	-	-
Forever Living Products Scandinavia	35,886	2,534	-	-
Forever Living Products Slovak Republic	11,987	-	-	-
Forever Living Products South Africa	-	-	-	63
Forever Living Products Spain	1,540	88,075	-	-
Forever Living Products Switzerland	8,272	-	-	-
Forever Living Products Turkey	18,951	-	-	-
Forever Living Products Uganda	375	-	-	-
Forever Living Products Ukraine	68,013	-	-	-
	<u>474,972</u>	<u>682,838</u>	<u>12,393</u>	<u>663</u>

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

	2009	2008
	£	£
Aloe Vera of America Inc	<u>15,518</u>	<u>355,014</u>

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

	2009	2008
	£	£
Forever Living com Inc	<u>73,511</u>	<u>82,102</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

12. RELATED PARTY TRANSACTIONS (CONTINUED)

The company has the following amounts due from UK Investments LLC, a company controlled by Mr R Maughan

	2009	2008
	£	£
UK Investments LLC	64,350	105,300
	<u>64,350</u>	<u>105,300</u>

During the year the company purchased goods and services to the value of £1,408,129 (2008 - £4,524,276) from Aloe Vera of America 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 £3,006,889 (2008 - £Nil) Amounts owed by Forever Direct BV of £1,017 (2008 - £Nil) all relate to trading balances

The company occupies premises owned by Mr R Maughan, for which £115,000 (2008 - £115,000) rent was charged in the year

Forever Living Products Iceland was also charged £21,600 (2008 - £21,600) for administration services performed by the company on their behalf

13. DEFERRED TAXATION

	2009	2008
	£	£
Balance at 1 January	(86,171)	(27,288)
Current year charge/(credit) to profit and loss account	52,383	(58,883)
Balance at 31 December (Note 10)	<u>(33,788)</u>	<u>(86,171)</u>

The amounts provided in the financial statements are as follows

	Provided		Unprovided	
	2009	2008	2009	2008
	£	£	£	£
Capital allowances in excess of depreciation	(22,779)	(27,371)	-	-
Short term timing differences	(11,009)	(58,800)	-	-
	<u>(33,788)</u>	<u>(86,171)</u>	<u>-</u>	<u>-</u>

The deferred tax asset has been recognised on the basis that there will be sufficient future profits to support the recoverability of the balance

14. CALLED UP SHARE CAPITAL

	2009	2008
	£	£
Allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2009

15. PROFIT AND LOSS ACCOUNT

		£
At 1 January 2009		2,556,873
Retained loss for the year		(476,657)
Dividends paid		(574,064)
		<u>1,506,152</u>
At 31 December 2009		<u>1,506,152</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
(Loss)/Profit for the financial year	(476,657)	433,965
Dividends paid	(574,064)	(1,435,314)
Opening shareholders' funds	<u>2,566,873</u>	<u>3,568,222</u>
Closing shareholders' funds	<u>1,516,152</u>	<u>2,566,873</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2009

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

	2009	2008
	£	£
Operating (loss)/profit	(585,589)	737,934
Depreciation	60,681	48,792
(Profit)/loss on disposal of fixed assets	(174)	689
Decrease/(increase) in stock	458,510	(631,136)
(Increase) in debtors	(203,505)	(434,815)
Increase in creditors	1,915,593	500,172
Exchange differences	(10,172)	(47,025)
Net cash inflow from operating activities	<u><u>1,635,344</u></u>	<u><u>174,611</u></u>

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

	2009	2008
	£	£
Return on investment and servicing of finance		
Interest receivable	<u>6,903</u>	<u>95,442</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(107,523)	(55,628)
Proceeds on disposal of tangible fixed assets	<u>174</u>	<u>-</u>
	<u><u>(107,349)</u></u>	<u><u>(55,628)</u></u>

19. ANALYSIS OF NET CASH

	At 1 Jan 2008 £	Cash flow £	Exchange differences £	At 31 Dec 2009 £
Cash in hand and at bank	<u>2,302,352</u>	<u>678,221</u>	<u>10,172</u>	<u>2,990,745</u>

20. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2009 (2008 - £Nil)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2009

20. FINANCIAL COMMITMENTS (CONTINUED)

Operating lease commitments

At 31 December 2009, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings	
	2009	2008
	£	£
Leases which expire		
Within one year	180,000	57,775
Within two to five years	105,555	315,000
Over five years	158,720	158,720
	444,275	531,495
	444,275	531,495

21. CONTROLLING PARTY

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

22. DIVIDENDS

	2009	2008
	£	£
Final dividend for the year ended 31 December 2008 of £nil (2008 - £76 15) per ordinary share	-	761,460
Interim dividend for the year ended 31 December 2009 of £57 41 (2008 - £67 39) per ordinary share	574,064	673,854
	574,064	1,435,314
	574,064	1,435,314
Proposed final dividend for the year ended 31 December 2009 of £nil (2008 - £nil) per ordinary share	-	-
	-	-