

Company Registration No. 02269910

Forever Living Products (UK) Limited

Annual report and Financial Statements

For the year ended 31 December 2016



Forever Living Products (UK) limited

Company information

Directors

Mr Gregg Elliott Maughan
Mr Rex Gene Maughan

Company secretary

Abogado Nominees Limited

Registered number

02269910

Registered office

Longbridge Manor, Longbridge
Warwick, Warwickshire, CV34 6RB

Auditor

Deloitte LLP
Statutory Auditor
Birmingham

Forever Living Products (UK) Limited

Annual report and financial statements

Contents	Page
Strategic Report	1
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11

Forever Living Products (UK) Limited

Strategic Report

BUSINESS REVIEW

2016 has been a less successful but profitable year for the company, with sales decreasing by 25% and new Business Owners decreasing by 52%. This decline has been driven by a reduction in sign-ups. Work continued on encouraging new Business Owners to move through the marketing plan. There were seven new products launched in 2016, which the company is hoping will be popular and contribute to growth in 2017. The directors expect the general level of activity in the forthcoming year to grow.

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

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

FINANCIAL 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 7, the company's sales have decreased by 25% over the prior year (2015 - increased by 80%). The sales change can be attributable to reduced sign-ups during 2016.

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 63% (2015 - 67%). The company has recorded an operating profit of £822,690 in the current year compared to an operating profit of £3,491,820 in 2015.

The balance sheet on page 8 shows that the company's net assets at the year-end have increased.

The company's cash levels have increased slightly by £294,852 from £5,350,039 at the end of 2015 to £5,644,891 at the end of the current financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Cash flow risk

The company purchases all its products from the Netherlands and therefore is exposed to movement in the Euro to Pound 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

Strategic Report (continued)

BUSINESS STRATEGY AND OBJECTIVES

Forever UK's strategy is to enhance sales, retain customers and Business Owners, improve operations and ensure Forever UK is performing at its optimum level. The core objectives to meet this strategy are:

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

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

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

This report was approved by the board on 29 September 2017 and signed on its behalf.

G Maughan
Director

29 September 2017

Forever Living Products (UK) Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

PRINCIPLE BUSINESS ACTIVITIES

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

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

DIVIDENDS AND TRANSFERS TO RESERVES

The directors did not pay a dividend during the year (2015 - £nil). The results of the company are set out on page 7. The directors do not recommend the payment of a final dividend (2015 - £nil).

The profit for the year of £634,170 (2015 - £2,769,271 profit) has been transferred to reserves.

GOING CONCERN

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

DIRECTORS

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

R.G Maughan
G 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.

The financial statements on pages 7 to 21 were approved by the Board of Directors on 29 September 2017 and signed on its behalf by:


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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Forever Living Products (UK) Limited

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

We have audited the financial statements of Forever Living Products (UK) Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Forever Living Products (UK) Limited

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

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
Statutory Auditor
Birmingham, United Kingdom

29 September 2017

Forever Living Products (UK) Limited

Profit and loss account Year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	3	80,066,133	106,489,238
Cost of sales		(29,880,963)	(34,793,582)
Gross profit		<u>50,185,170</u>	<u>71,695,656</u>
Distribution costs		(38,011,348)	(56,134,670)
Administrative expenses		(11,351,132)	(12,069,166)
		<u>(49,362,480)</u>	<u>(68,203,836)</u>
Operating profit	5	822,690	3,491,820
Interest receivable	6	1,643	11,299
Interest paid		(4,146)	-
Profit on ordinary activities before taxation		<u>820,187</u>	<u>3,503,119</u>
Tax on profit on ordinary activities	7	(186,017)	(733,848)
Profit on ordinary activities after taxation for the financial year		<u><u>634,170</u></u>	<u><u>2,769,271</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the year. The notes on pages 11 to 21 form part of the financial statements.

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

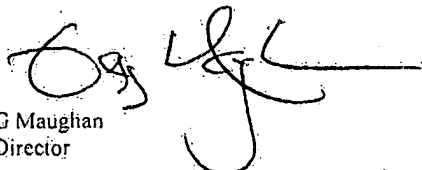
Forever Living Products (UK) Limited

Balance sheet As at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	8	131,542	325,154
Current assets			
Stocks	9	5,855,944	8,372,090
Debtors	10	2,309,075	4,904,911
Cash at bank and in hand		5,644,891	5,350,039
		<u>13,809,910</u>	<u>18,627,040</u>
Creditors: amounts falling due within one year	11	<u>(6,893,453)</u>	<u>(12,574,365)</u>
Net current assets		<u>6,916,457</u>	<u>6,052,675</u>
Total assets less current liabilities		<u>7,047,999</u>	<u>6,377,829</u>
Provisions for liabilities	12	<u>(276,000)</u>	<u>(240,000)</u>
Net assets		<u>6,771,999</u>	<u>6,137,829</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Profit and loss account		6,761,999	6,127,829
Shareholders' funds		<u>6,771,999</u>	<u>6,137,829</u>

The financial statements of Forever Living Products (UK) Limited, registered number 02269910, were approved by the Board of Directors on 29 September 2017.

Signed on behalf of the Board of Directors:


 G Maughan
 Director

Forever Living Products (UK) Limited

Statement of changes in equity As at 31 December 2016

	Called-up share capital £	Profit and loss account £	Total £
At 31 December 2014	10,000	3,358,558	3,368,558
Profit for the financial year	-	2,769,271	2,769,271
At 31 December 2015	10,000	6,127,829	6,137,829
Profit for the financial year	-	634,170	634,170
At 31 December 2016	10,000	6,761,999	6,771,999

Forever Living Products (UK) Limited

Cash flow statement Year ended 31 December 2016

	Note	2016 £	2015 £
Net cash flows from operating activities	17	1,063,073	376,737
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	666
Purchase of tangible fixed assets		(41,000)	(96,916)
Interest received		1,643	11,299
Net cash flows from investing activities		<u>(39,357)</u>	<u>(84,951)</u>
Cash flows from financing activities			
Interest paid		(4,146)	-
Net cash flows from financing activities		<u>(4,146)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>1,019,570</u>	<u>291,786</u>
Cash and cash equivalents at beginning of year		<u>5,350,039</u>	<u>5,626,998</u>
Net increase in cash and cash equivalents		1,019,570	291,786
Effect of foreign exchange rate changes		(724,718)	(568,745)
Cash and cash equivalents at end of year		<u>5,644,891</u>	<u>5,350,039</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		5,644,891	5,350,039
Cash equivalents		-	-
Cash and cash equivalents		<u>5,644,891</u>	<u>5,350,039</u>

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Forever Living Products (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the Company Information page. The nature of the group's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

Forever Living Products (UK) Limited

Notes to the financial statements Year ended 31 December 2016

1. Accounting policies (continued)

Turnover

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

Tangible fixed assets

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

Computers	3 years straight line
Fittings and office equipment	5 years straight line
Motor vehicles	4 years straight line
Assets under construction	No depreciation yet

Stocks

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

Taxation

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

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

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

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

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

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

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

1. Accounting policies (continued)

Leases

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

Pensions

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

Foreign Currency

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management have identified no critical accounting judgments and estimates during the review.

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

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

3. Analysis of turnover and profit on ordinary activities before taxation

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

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

	2016	2015
	£	£
Sale of goods	74,829,189	99,977,258
Delivery revenue	3,258,433	3,642,851
Event revenue	590,652	853,258
Literature revenue	1,303,730	1,954,099
Other	84,129	61,772
	<u>80,066,133</u>	<u>106,489,238</u>

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

4. Information regarding directors and employees

	2016 £	2015 £
Directors' emoluments		
Emoluments	50,840	56,859
	<u>Number</u>	<u>Number</u>
Average number of persons employed		
Administrative	72	66
Manual	94	100
	<u>166</u>	<u>166</u>
		£
Staff costs during the year (including directors)		
Wages and salaries	3,945,226	4,072,134
Social security costs	300,902	256,686
Other pension costs	300,692	249,063
	<u>4,546,820</u>	<u>4,577,883</u>

5. Operating profit

Operating profit is after charging:

	2016 £	2015 £
Depreciation:		
Owned assets	74,913	69,624
Rentals under operating leases		
Other operating leases	421,576	373,861
Hire of plant and machinery	36,997	29,859
Auditor's remuneration		
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	19,400	23,402
Non audit services – tax services	8,172	6,798
Foreign exchange loss	724,718	568,745

6. Interest receivable

	2016 £	2015 £
Bank interest	1,643	11,299

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

7. Tax on profit on ordinary activities

	2016 £	2015 £
United Kingdom corporation tax charge at 20% (2015 – 20.25%) based on the profit for the year	209,162	744,581
Adjustment in respect of previous years	820	(323)
	<u>209,982</u>	<u>744,258</u>
Deferred taxation		
- Timing differences, origination and reversal	(29,740)	(13,191)
- Adjustment in respect of previous years	4	-
- Effect of changes in tax rate	5,771	2,781
	<u>186,017</u>	<u>733,848</u>

Factors affecting the tax charge for the year:

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>820,187</u>	<u>3,503,119</u>
Tax at 20% (2015 – 20.25%)	164,037	709,382
Expenses not deductible for tax purposes	15,385	22,008
Adjustments to tax charge in respect of previous years	824	(323)
Tax rate change	5,771	2,781
	<u>186,017</u>	<u>733,848</u>

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

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

8. Tangible fixed assets

	Computers £	Fittings and office equipment £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2016	252,591	360,960	59,945	158,747	832,243
Additions	3,977	37,023	-	-	41,000
Disposals	(37,649)	(62,689)	-	(158,747)	(259,085)
At 31 December 2016	<u>218,919</u>	<u>335,294</u>	<u>59,945</u>	<u>-</u>	<u>614,158</u>
Accumulated depreciation					
At 1 January 2016	179,656	291,362	36,071	-	507,089
Charge for the year	35,674	28,221	11,018	-	74,913
Disposals	(37,649)	(61,737)	-	-	(99,386)
At 31 December 2016	<u>177,681</u>	<u>257,846</u>	<u>47,089</u>	<u>-</u>	<u>482,616</u>
Net book value					
At 31 December 2016	<u>41,238</u>	<u>77,448</u>	<u>12,856</u>	<u>-</u>	<u>131,542</u>
At 31 December 2015	<u>72,935</u>	<u>69,598</u>	<u>23,874</u>	<u>158,747</u>	<u>325,154</u>

9. Stocks

	2016 £	2015 £
Goods for resale	<u>5,855,944</u>	<u>8,372,090</u>

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

10. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	793,124	1,831,069
Amounts owed by related parties (note 14)	322,400	1,706,358
Deferred tax asset (note 15)	47,551	23,585
Prepayments and accrued income	1,146,000	1,343,899
	<u>2,309,075</u>	<u>4,904,911</u>

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

11. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	579,911	722,455
Amounts owed to related parties (note 14)	100,993	725,816
Other taxation and social security	867,536	2,383,248
Corporation tax	71,569	284,258
Accruals and deferred income	5,273,444	8,458,588
	<u>6,893,453</u>	<u>12,574,365</u>

12. Provision for liabilities

	Dilapidation Provision £
At 1 January 2016	240,000
Charged to profit and loss account	36,000
	<u>276,000</u>
At 31 December 2016	<u>276,000</u>

13. Financial commitments

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

	2016		2015	
	Land and buildings £	Other £	Land and buildings £	Other £
Company				
- within one year	-	-	258,720	-
- between one and five years	261,437	-	65,555	-
- over five years	196,606	-	-	-
	<u>458,043</u>	<u>-</u>	<u>324,275</u>	<u>-</u>

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

14. Related party transactions

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

	Purchases		Sales	
	2016	2015	2016	2015
	£	£	£	£
Forever Living Products Argentina	-	-	-	26,543
Forever Living Products Australia	-	-	-	3,781
Forever Living Products Austria	-	-	930	-
Forever Living Products Benelux	-	-	1,860	4,967
Forever Living Products Cyprus	-	-	551	145
Forever Living Products France	-	-	1,860	-
Forever Living Products Greece	-	-	1,561	563
Forever Living Products Iceland	-	-	40,123	33,248
Forever Living Products International	2,938,503	3,075,646	7,668	10,638
Forever Living Products Ireland	-	-	16,129	75,128
Forever Living Products Ivory Coast	-	-	65	-
Forever Living Products Kyrgyzstan	-	-	-	(435)
Forever Living Products Malta	-	-	950	1,054
Forever Living Products Nigeria	-	-	-	71
Forever Living Products Scandinavia	-	-	1,651	3,495
Forever Living Products Switzerland	-	-	930	-
Forever Living Products Turkey	-	-	50	194
Forever Living Products Venezuela	-	-	-	(8,452)
Global Incentive Services	(1,955,196)	(649,695)	-	-
	<u>983,307</u>	<u>2,425,951</u>	<u>74,328</u>	<u>150,940</u>

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

14 Related party transactions (continued)

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

	Amounts due from related party		Amounts due to related party	
	2016	2015	2016	2015
	£	£	£	£
Forever Living Products Angola	-	86,339	-	-
Forever Living Products Bolivia	2,157	3,486	-	-
Forever Living Products Brazil	71,342	71,342	-	-
Forever Living Products Germany	11,601	-	-	-
Forever Living Products Greece	-	44	-	-
Forever Living Products Iceland	126,352	137,796	-	-
Forever Living Products International	22,153	-	72,442	416,087
Forever Living Products Ireland	732	150	-	-
Forever Living Products Japan	-	89,573	-	-
Forever Living Products Malta	-	589	-	-
Forever Living Products Scandinavia	-	1,920	-	-
Forever Living Products Turkey	-	194	-	-
	<u>234,337</u>	<u>391,433</u>	<u>72,442</u>	<u>416,087</u>

During the year, the company purchased goods and services to the value of £356,218 (2015 - £1,004,553) from Aloe Vera of America, Inc. Amounts owed by Aloe Vera of America, Inc of £nil (2015 - £1,314,925) all relate to trading balances. Amounts owed to Aloe Vera of America, Inc of £nil (2015 - £100,041) all relate to trading balances.

During the year the company purchased goods in the ordinary course of business from Forever Direct BV, who purchased goods from Aloe Vera of America Inc and supply to all Forever Living Products companies in Europe, at a cost of £20,883,160 (2015 - £33,527,068). During the year, the company charged ForeverDirect BV goods and services to the value of £351 (2015 - £nil). Amounts owed by Forever Direct BV of £88,063 (2015 - £nil) all relate to trading balances. Amounts owed to Forever Direct BV of £28,551 (2015 - £209,688) all relate to trading balances.

The company occupies premises owned by UK Investments LLC., a company controlled by Mr R G Maughan, for which £100,000 (2015 - £100,003) rent was charged in the year.

Forever Living Products Iceland was also charged £21,600 (2015 - £21,600) for administration services performed by the company on their behalf.

Business owners 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 2016 under Creditors: amounts falling due within one year is £nil (2015 - £88).

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

15. Deferred taxation

	2016 £	2015 £
Balance at 1 January 2016	(23,585)	(13,174)
Credit to profit and loss account	(23,969)	(10,411)
Adjustment in respect of prior periods	4	-
Rounding	(1)	-
	<u>(47,551)</u>	<u>(23,585)</u>
Balance at 31 December 2016 (note 10)	<u>(47,551)</u>	<u>(23,585)</u>

The amounts provided in the financial statements are as follows:

	2016 £	2015 £
Fixed asset timing differences	2,746	25,375
Short term timing differences	(50,297)	(48,960)
	<u>(47,551)</u>	<u>(23,585)</u>

16. Called up share capital

	2016 £	2015 £
Allotted and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

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

Forever Living Products (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2016

17. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2016	2015
	£	£
Operating profit	822,690	3,491,820
Adjustment for:		
Depreciation and amortisation	74,913	69,624
Loss/(profit) on sale of tangible fixed assets	952	(667)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	898,555	3,560,777
Decrease/(increase) in stocks	2,516,146	(5,342,639)
Decrease/(increase) in debtors	2,619,802	(2,647,350)
(Decrease)/increase in creditors	(5,271,148)	4,757,564
Exchange differences	724,718	568,745
Taxation paid	(425,000)	(520,360)
	<hr/>	<hr/>
Cash generated by operations	1,063,073	376,737