

**FOREVER LIVING PRODUCTS (UK)  
LIMITED**

**Report and Financial Statements**

**31 December 2012**

FRIDAY



\*A2EUZN5K\*

A17

16/08/2013

#184

COMPANIES HOUSE

---

**FOREVER LIVING PRODUCTS (UK) LIMITED**

1

**REPORT AND FINANCIAL STATEMENTS 2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Cash flow statement</b>	<b>7</b>
<b>Reconciliation of net cash flow to movement in net funds</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

---

---

## FOREVER LIVING PRODUCTS (UK) LIMITED

### DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

#### 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 are 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 13.8% over the prior year (2011 - decreased by 1.2%). The sales change can be attributable to better trading conditions during 2012 and a significant growth in the weight management area.

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 75.2% (2011 - 73.7%). The company has recorded an operating profit of £1,147,391 in the current year compared to an operating profit of £20,535 in 2011.

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 £1,247,303 from £2,405,158 at the end of 2011 to £3,652,461 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 3 new products launched in 2012 which the company is hoping will be popular and contribute to strong growth in 2013. The directors expect the general level of activity in the forthcoming year to continue to grow with the launch of the 3 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 (2011 - £nil) The results of the company are set out on page 5  
The directors do not recommend the payment of a final dividend (2011 - £nil)

The profit for the year of £839,833 (2011 - £77,499 profit) has been transferred to reserves

#### DIRECTORS

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

R G Maughan

G Maughan

#### AUDITOR

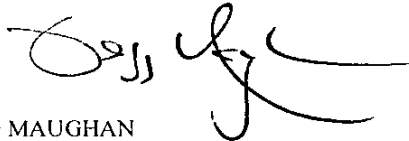
In the case of the directors of the company at the date when this report is approved

- 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 2012 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 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 2012 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 FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom

*13 August 2013*

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	2	27 167 812	23,878 750
Cost of sales		(6,734,357)	(6,289,448)
Gross profit		<u>20,433,455</u>	<u>17,589 302</u>
Distribution costs		(14,278,851)	(12,824,591)
Administrative expenses		(5 007,212)	(4,744 176)
		<u>(19,286,063)</u>	<u>(17,568,767)</u>
<b>OPERATING PROFIT</b>	4	1,147,392	20,535
Interest receivable	5	4,904	4,592
Interest paid		-	(13)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	1,152,296	25,114
Tax on profit on ordinary activities	6	(312,463)	52 385
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	15,16	<u>839,833</u>	<u>77,499</u>

All activities derive from continuing operations

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

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**BALANCE SHEET**  
**31 December 2012**

	Note	2012	2011
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	202,103	113,118
Investments	8	-	197,500
		<u>202,103</u>	<u>310,618</u>
<b>CURRENT ASSETS</b>			
Stocks	9	1 238 836	1 050,097
Debtors	10	752 194	672,587
Cash at bank and in hand		3 652 461	2,405,158
		<u>5,643,491</u>	<u>4,127,842</u>
<b>CREDITORS amounts falling due within one year</b>	11	<u>(3,728,491)</u>	<u>(3,161,190)</u>
<b>NET CURRENT ASSETS</b>		<u>1,915,000</u>	<u>966,652</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		<u>2,117,103</u>	<u>1 277 270</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10,000	10,000
Profit and loss account	15	2 107 103	1 267 270
<b>SHAREHOLDERS' FUNDS</b>	16	<u>2,117,103</u>	<u>1,277,270</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 7 August 2013.

Signed on behalf of the Board of Directors

  
G MAUGHAN

Director

Date



---

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**CASH FLOW STATEMENT**  
**Year ended 31 December 2012**

	Note	2012 £	2011 £
Net cash inflow from operating activities	17	1,335,619	164,817
Maturity of investment	8	197,500	-
Return on investment and servicing of finance	18	4,904	4,579
Capital expenditure and financial investment	18	(150,856)	(57,551)
Taxation		(145,765)	-
Cash inflow before financing and exchange movements		1,241,402	111,845
Foreign exchange arising on cash and cash equivalents		5,901	17,319
Cash inflow after financing being increase in cash in the year		<u>1,247,303</u>	<u>129,164</u>

---

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

Year ended 31 December 2012

		2012 £	2011 £
Cash inflow before financing and exchange movements	19	1,241,402	111,845
Foreign exchange movements		5,901	17,319
Movement in net funds in the year		1,247,303	129,164
Net funds at 1 January		2,405,158	2,275,994
Net funds at 31 December		<u>3,652,461</u>	<u>2,405,158</u>

## FOREVER LIVING PRODUCTS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

#### 1 ACCOUNTING POLICIES

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

##### Going concern

The directors have considered the financial and cash flow forecast for a period of more than 12 months from the date of signing these financial statements and concluded that income and future cash flows will continue to be derived from the company's principal activity and that the company has sufficient financial resources available for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Turnover

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

##### Tangible fixed assets

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

Computers	3 years straight line
Fittings and office equipment	5 years straight line
Motor vehicles	4 years straight line

##### Stocks

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

##### Taxation

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

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

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

##### Leases

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

##### Pensions

The company operates a money purchase scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company. The company's contributions to this scheme are shown in note 3.

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2012**

**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**

	2012	2011
	£	£
<b>Directors' emoluments</b>		
Emoluments	33,379	33,294
	<u>          </u>	<u>          </u>
	<b>Number</b>	<b>Number</b>
<b>Average number of persons employed</b>		
Administrative	43	41
Manual	40	36
	<u>          </u>	<u>          </u>
	83	77
	<u>          </u>	<u>          </u>
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,711,165	1,521,610
Social security costs	142,619	135,276
Other pension costs	138,392	178,307
	<u>          </u>	<u>          </u>
	1,992,176	1,835,193
	<u>          </u>	<u>          </u>

**4 OPERATING PROFIT**

	2012	2011
	£	£
Operating profit is after charging		
Depreciation		
Owned assets	61,504	78,329
Rentals under operating leases		
Other operating leases	512,011	460,755
Hire of plant and machinery	18,322	21,959
Auditor's remuneration		
Audit services – fees payable to the company's auditor for the audit of the company's annual financial statements	14,250	14,496
Non audit services – tax services	14,752	8,801
Foreign exchange gain	(5,901)	(17,319)
	<u>          </u>	<u>          </u>

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2012**

**5. INTEREST RECEIVABLE**

	2012	2011
	£	£
Bank interest	4,904	3,970
Interest on corporation tax refunds	-	38
Interest on business rates refunds	-	584
	4,904	4,592

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2012	2011
	£	£
United Kingdom corporation tax charge at 24.5% (2011 – 26.5%) based on the profit for the year	268,174	-
Deferred taxation		
- Timing differences, origination and reversal	38,470	(35,119)
- Effect of rate change	5,925	3,107
- Adjustment in respect of prior years	(106)	(20,373)
<b>Total tax on profit on ordinary activities</b>	<b>312,463</b>	<b>(52,385)</b>

**Factors affecting the tax charge for the year:**

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

	2012	2011
	£	£
Profit on ordinary activities before tax	1,152,296	25,114
Tax at 24.5% (2011 – 26.5%)	282,312	6,655
Expenses not deductible for tax purposes	26,810	26,991
Depreciation in excess of capital allowances	(1,028)	(2,519)
Utilisation of tax losses	(39,920)	(31,127)
	268,174	-

The Budget 2012 introduced a reduction in the main rate of corporation tax from 25% to 23% with effect from 1 April 2013. This legislation was substantively enacted on 3 July 2012 and as such, in accordance with UK GAAP, the rate of 23% is used for the calculation of the deferred tax position at 31 December 2012 on the basis that it will materially reverse after 1 April 2013.

The Budget 2013, issued on 20 March 2013, announced that the main rate of corporation tax would be reduced to 21% from 1 April 2014 and to 20% with effect from 1 April 2015. These future rate reductions had not been substantively enacted at the balance sheet date, therefore have not been reflected in these financial statements. The effect of these 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 2012**

**7 TANGIBLE FIXED ASSETS**

	Computers £	Fittings and office equipment £	Motor vehicles £	Assets Under Construction £	Total £
<b>Cost</b>					
At 1 January 2012	238,077	490,954	53,965	-	782,996
Reclassification	(9,616)	9,616	-	-	-
Additions	13,893	38,833	-	98,220	150,946
Disposals	(21,436)	(111,381)	-	-	(132,817)
<b>At 31 December 2012</b>	<u>220,918</u>	<u>428,022</u>	<u>53,965</u>	<u>98,220</u>	<u>801,125</u>
<b>Accumulated depreciation</b>					
At 1 January 2012	217,177	403,365	49,336	-	669,878
Reclassification	(9,583)	9,583	-	-	-
Charge for the year	19,287	38,250	3,967	-	61,504
Disposals	(21,074)	(111,286)	-	-	(132,360)
<b>At 31 December 2012</b>	<u>205,807</u>	<u>339,912</u>	<u>53,303</u>	<u>-</u>	<u>599,022</u>
<b>Net book value</b>					
At 31 December 2012	<u>15,111</u>	<u>88,110</u>	<u>662</u>	<u>98,220</u>	<u>202,103</u>
At 31 December 2011	<u>20,900</u>	<u>87,589</u>	<u>4,629</u>	<u>-</u>	<u>113,118</u>

**8. INVESTMENTS**

The two investment accounts of £100,000 and £97,500 each were held with HSBC Trust Company (UK) Limited and closed on 10 May 2012 on maturity

**9. STOCKS**

	2012 £	2011 £
Goods for resale	<u>1,238,836</u>	<u>1,050,097</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 2012**

**10 DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	170,296	196,513
Amounts owed by related parties (note 12)	198,818	134,502
Deferred tax asset (note 13)	29,673	73,962
Prepayments and accrued income	353,407	267,610
	<u>752,194</u>	<u>672,587</u>

**11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	369,829	181,187
Amounts owed to related parties (note 12)	74,377	339,455
Other taxation and social security	911,320	702,307
Corporation tax	122,409	-
Accruals and deferred income	2,250,556	1,938,241
	<u>3,728,491</u>	<u>3,161,190</u>

## FOREVER LIVING PRODUCTS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

#### 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	
	2012	2011	2012	2011
	£	£	£	£
Forever Living Products Argentina	-	-	-	20,888
Forever Living Products Asia	10,836	-	54,149	28,740
Forever Living Products Austria	-	128,439	(6,395)	888,656
Forever Living Products Baltics	-	-	141	150
Forever Living Products Benelux	-	-	23,900	21,611
Forever Living Products Brazil	-	-	-	44,284
Forever Living Products Caribbean	-	-	-	2,953
Forever Living Products Czech Republic	-	-	4,010	3,555
Forever Living Products France	-	312	1,930	911
Forever Living Products Germany	-	-	9,511	-
Forever Living Products Ghana	-	-	8,250	10,718
Forever Living Products Greece	-	-	3,761	12,548
Forever Living Products Hungary	58,122	87,307	95,129	54,965
Forever Living Products Iceland	-	-	40,774	55,958
Forever Living Products International	922,051	653,047	124,793	33,547
Forever Living Products Iraq	-	-	673	-
Forever Living Products Ireland	-	-	127,963	128,606
Forever Living Products Israel	-	-	-	111
Forever Living Products Italy	-	-	3,348	340
Forever Living Products Kenya	-	-	9,058	8,597
Forever Living Products Malaysia	-	-	180	67,723
Forever Living Products Mexico	-	-	54,398	39,375
Forever Living Products Nigeria	-	637	9,047	5,149
Forever Living Products Poland	-	-	-	187
Forever Living Products Romania	-	-	-	1,261
Forever Living Products Scandinavia	3,215	-	27,819	14,395
Forever Living Products Slovak Republic	-	-	5,515	5,794
Forever Living Products South Africa	-	-	52,378	100,768
Forever Living Products Switzerland	-	-	3,330	605
Forever Living Products Turkey	-	-	431	1,280

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2012**

**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	
	2012	2011	2012	2011
	£	£	£	£
Forever Living Products Asia	-	14 887	-	17,973
Forever Living Products Austria	-	-	-	16,420
Forever Living Products Baltics	-	-	-	12
Forever Living Products Benelux	4,132	-	-	784
Forever Living Products Caribbean	-	2,136	-	-
Forever Living Products Columbia	-	-	3,500	-
Forever Living Products Ghana	8 250	10,719	-	-
Forever Living Products Greece	1 019	8 439	-	-
Forever Living Products Hungary	-	22 890	-	184,223
Forever Living Products Iceland	43,111	2,198	-	-
Forever Living Products International	38,819	9 334	44,019	93,285
Forever Living Products Ireland	823	-	-	-
Forever Living Products Italy	1,112	-	-	-
Forever Living Products Kenya	6,890	7,233	-	-
Forever Living Products Mexico	66,242	31,903	-	-
Forever Living Products Nigeria	9 047	5,041	-	-
Forever Living Products Poland	-	-	-	11
Forever Living Products Scandinavia	15,215	-	265	15,053
Forever Living Products Slovak Republic	-	-	-	8
Forever Living Products South Africa	1 581	19,722	-	-
Forever Living Products Turkey	431	-	-	-
	<u>196,672</u>	<u>134,502</u>	<u>47,784</u>	<u>327,769</u>

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

	2012	2011
	£	£
Aloe Vera of America, Inc	<u>4,790</u>	<u>-</u>

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

	2012	2011
	£	£
Forever Living com, Inc	<u>21,732</u>	<u>11,000</u>

During the year the company purchased goods and services to the value of £103,064 (2011 - £60,264) from Aloe Vera of America, Inc

During the year the company purchased goods and services to the value of £127,376 (2011 - £120,093) 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 £4 740 847 (2011 - £4,364,953) Amounts owed by Forever Direct BV of £2,146 (2011 - £nil) all relate to trading balances Amounts owed to Forever Direct BV of £nil (2011 - £686) all relate to trading balances



## FOREVER LIVING PRODUCTS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

#### 12. RELATED PARTY TRANSACTIONS (CONTINUED)

The company occupies premises owned by UK Investments LLC, a company controlled by Mr R G Maughan, for which £115,000 (2011 – £115,000) rent was charged in the year

Forever Living Products Iceland was also charged £21,600 (2011 - £21,600) for administration services performed by the company on their behalf

Distributors can have a deduction made from their monthly bonuses and paid over to Forever Giving, a charity controlled by Forever Living Products International. The amount held on the Balance Sheet of Forever Living Products (UK) Limited at 31 December 2012 under Creditors amounts falling due within one year is £71

#### 13. DEFERRED TAXATION

	2012	2011
	£	£
Balance at 1 January	(73,962)	(21,577)
Charge/(credit) to profit and loss account	44,289	(52,385)
	(29,673)	(73,962)
	(29,673)	(73,962)

The amounts provided in the financial statements are as follows

	2012	2011
	£	£
Depreciation in excess of capital allowances	(29,673)	(36,466)
Short term timing differences	-	(37,496)
	(29,673)	(73,962)
	(29,673)	(73,962)

The unrecognised deferred tax asset in respect of losses, amounted to £nil (2011 - £nil) at the end of the period.

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2012**

**14 CALLED UP SHARE CAPITAL**

	2012	2011
	£	£
Allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000

**15 PROFIT AND LOSS ACCOUNT**

		£
At 1 January 2012		1,267,270
Profit for the year		839,833
At 31 December 2012		2,107,103

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012	2011
	£	£
Profit for the financial year	839,833	77,499
Opening shareholders' funds	1,277,270	1,199,771
Closing shareholders' funds	2,117,103	1,277,270

**17 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	2012	2011
	£	£
Operating profit	1,147,392	20,535
Depreciation	61,504	78,329
(Profit)/loss on disposal of fixed assets	(30)	586
Fixed asset adjustment	397	-
(Increase)/decrease in stock	(188,739)	144,611
(Increase)/decrease in debtors	(123,896)	43,005
Increase/(decrease) in creditors	444,892	(104,930)
Exchange differences	(5,901)	(17,319)
<b>Net cash inflow from operating activities</b>	<b>1,335,619</b>	<b>164,817</b>

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2012**

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

	2012	2011
	£	£
<b>Return on investment and servicing of finance</b>		
Interest receivable	4,904	4,592
Interest paid	-	(13)
	<u>4,904</u>	<u>4,579</u>
 <b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(150,946)	(58,049)
Proceeds on disposal of tangible fixed assets	90	498
	<u>(150,856)</u>	<u>(57,551)</u>

**19 ANALYSIS OF NET CASH**

	At 1 Jan 2012 £	Cash flow £	Exchange differences £	At 31 Dec 2012 £
Cash in hand and at bank	2,405,158	1,241,402	5,901	3,652,461
	<u>2,405,158</u>	<u>1,241,402</u>	<u>5,901</u>	<u>3,652,461</u>

**20 FINANCIAL COMMITMENTS**

**Capital commitments**

There were no capital commitments contracted for but not provided at 31 December 2012 (2011 - £nil)

**Operating lease commitments**

At 31 December 2012 the company was committed to making the following payments during the next year in respect of non-cancellable operating leases

	Land and buildings	
	2012	2011
	£	£
Leases which expire		
Within one year	13,863	40,000
Within two to five years	299,275	414,275
Over five years	-	-
	<u>313,138</u>	<u>454,275</u>

**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's report thereon.

**FOREVER LIVING PRODUCTS (UK) LIMITED**

**TRADING ACCOUNT**  
Year ended 31 December 2012

	2012	2011
	£	£
<b>TURNOVER</b>	27,167,812	23,878,750
<b>Cost of sales</b>		
Opening stock	1,050,097	1,194,708
Purchases, freight and duty	6,923,096	6,144,837
Closing stock	<u>(1,238,836)</u>	<u>(1,050,097)</u>
	<u>6,734,357</u>	<u>6,289,448</u>
<b>GROSS PROFIT</b>	20,433,455	17,589,302
<b>Distribution costs</b>		
Bonuses	12,528,923	11,013,114
Royalties	54,899	61,197
Motor, travel and entertaining	154,434	121,898
Events and trainings	1,301,639	1,418,751
Packaging	<u>238,956</u>	<u>209,631</u>
	(14,278,851)	(12,824,591)
<b>Administrative expenses</b>		
Wages, salaries and employment costs	1,992,176	1,835,193
Repairs and maintenance	280,709	336,079
Telephones	55,877	82,537
Heat, light and power	48,925	40,105
Rent, rates and insurances	699,485	625,038
Bank charges	448,369	402,646
Legal and professional fees	356,261	410,098
Audit and accountancy	26,532	23,297
Management expenses	959,852	852,736
Depreciation	61,504	78,329
(Profit)/loss on disposal of fixed asset	(30)	586
Gain on exchange	(5,901)	(17,319)
Sundry expenses	<u>83,453</u>	<u>74,851</u>
	(5,007,212)	(4,744,176)
<b>OPERATING PROFIT</b>	<u><u>1,147,392</u></u>	<u><u>20,535</u></u>