

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
FOREVER LIVING PRODUCTS (U.K.) LIMITED**

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for the year ended 31 December 2021**

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FOREVER LIVING PRODUCTS (U.K.) LIMITED

COMPANY INFORMATION
for the year ended 31 December 2021

DIRECTORS:

G E Maughan
A G O'Hare

SECRETARIES:

G E Maughan
A G O'Hare
Abogado Nominees Limited

REGISTERED OFFICE:

Longbridge Manor
Longbridge
Warwick
Warwickshire
CV34 6RB

REGISTERED NUMBER:

02269910 (England and Wales)

AUDITORS:

Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

**STRATEGIC REPORT
for the year ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

2021 has been less successful and profitable year for the Company, with sales decreasing by 11%. This is due to the continuing restrictions through the pandemic.

Legislation continues to be of some risk to the Company, in particular the Nutrition and Health Claims Regulations.

The company's Compliance & Regulatory Support 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.

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 up on previous years at 70% (2020 - 71%). The company has recorded an operating profit of £722,600 in the current year compared to £1,410,586 in 2020.

The balance sheet on page 11 shows that the company's net assets at the year-end have increased.

The Company's cash levels have decreased by £497,053 from £7,735,520 at the end of 2020 to £7,238,467 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 from Forever Direct, a related party of the Company and therefore is exposed to movement in the Euro to Pound Sterling 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.

Credit risk

The Company's principal financial assets are cash and trade and other 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.

The Company has no significant concentration of credit risk, with exposure spread over many customers.

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company always maintains sufficient cash reserves.

Further details regarding liquidity risk can be found in the note 1 of the financial statements on page 15.

Price risk

The price of products may increase due to changes in exchange rates and/or production costs but is mitigated by being part of a Group purchasing arrangement whereby all of our prices are set by America and costs are also set by a worldwide pricing structure and thus exposure is reduced.

**STRATEGIC REPORT
for the year ended 31 December 2021**

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to remain consistent with 2021 in the forthcoming year. This is because of continuing work on encouraging recruitment by business owners and some new products launched.

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 above. 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. Consequently, 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.

ON BEHALF OF THE BOARD:

G E Maughan - Director

19 April 2022

**REPORT OF THE DIRECTORS
for the year ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

G E Maughan has held office during the whole of the period from 1 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

R G Maughan - deceased 17 July 2021

A G O'Hare - appointed 23 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare 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 these 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Luckmans Duckett Parker Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G E Maughan - Director

19 April 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOREVER LIVING PRODUCTS (U.K.) LIMITED

Opinion

We have audited the financial statements of Forever Living Products (U.K.) Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOREVER LIVING PRODUCTS (U.K.) LIMITED

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOREVER LIVING PRODUCTS (U.K.) LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Enquiring of management and employees, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks applicable to the company based on our understanding of the company and sector experience and discussions with management. The most significant considerations for the company are the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety, food and drink regulations and the Bribery Act 2010.

We carried out discussions among the engagement team, who also undertook the audit testing, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of these discussions, we identified potential for fraud in the following areas:

- management override of control; and
- revenue recognition - specifically in respect of completeness and cut-off and manipulation of revenue through management override of journals.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We were able to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- We reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FOREVER LIVING PRODUCTS (U.K.) LIMITED**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

Mark Spafford ACA FCCA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

10 May 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Notes	2021 £	£	2020 £	£
TURNOVER	3		24,139,971		27,266,360
Cost of sales			<u>7,251,880</u>		<u>7,968,127</u>
GROSS PROFIT			16,888,091		19,298,233
Distribution costs		10,444,227		11,398,279	
Administrative expenses		<u>5,750,277</u>		<u>6,543,736</u>	
			<u>16,194,504</u>		<u>17,942,015</u>
			693,587		1,356,218
Other operating income			<u>29,013</u>		<u>54,368</u>
OPERATING PROFIT	5		722,600		1,410,586
Interest receivable and similar income			<u>1,598</u>		<u>1,809</u>
			724,198		1,412,395
Interest payable and similar expenses	6		<u>88</u>		<u>119</u>
PROFIT BEFORE TAXATION			724,110		1,412,276
Tax on profit	7		<u>141,312</u>		<u>269,455</u>
PROFIT FOR THE FINANCIAL YEAR			<u>582,798</u>		<u>1,142,821</u>

OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		582,798	1,142,821
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>582,798</u>	<u>1,142,821</u>

FOREVER LIVING PRODUCTS (U.K.) LIMITED (REGISTERED NUMBER: 02269910)

**BALANCE SHEET
31 December 2021**

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	9		538,633		598,481
Tangible assets	10		<u>175,430</u>		<u>163,841</u>
			<u>714,063</u>		<u>762,322</u>
CURRENT ASSETS					
Stocks	11	132,932		199,684	
Debtors	12	1,194,487		1,154,919	
Cash at bank and in hand		<u>7,238,467</u>		<u>7,735,520</u>	
		8,565,886		9,090,123	
CREDITORS					
Amounts falling due within one year	13	<u>3,678,358</u>		<u>4,548,839</u>	
NET CURRENT ASSETS			<u>4,887,528</u>		<u>4,541,284</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,601,591		5,303,606
PROVISIONS FOR LIABILITIES	15		<u>35,187</u>		<u>320,000</u>
NET ASSETS			<u>5,566,404</u>		<u>4,983,606</u>
CAPITAL AND RESERVES					
Called up share capital	16		10,000		10,000
Retained earnings	17		<u>5,556,404</u>		<u>4,973,606</u>
SHAREHOLDERS' FUNDS			<u>5,566,404</u>		<u>4,983,606</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 April 2022 and were signed on its behalf by:

G E Maughan - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	10,000	3,830,785	3,840,785
Changes in equity			
Total comprehensive income	-	1,142,821	1,142,821
Balance at 31 December 2020	<u>10,000</u>	<u>4,973,606</u>	<u>4,983,606</u>
Changes in equity			
Total comprehensive income	-	582,798	582,798
Balance at 31 December 2021	<u>10,000</u>	<u>5,556,404</u>	<u>5,566,404</u>

The notes form part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	(187,960)	2,717,349
Interest paid		(88)	(119)
Tax paid		(205,981)	-
Net cash from operating activities		<u>(394,029)</u>	<u>2,717,230</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(598,481)
Purchase of tangible fixed assets		(108,622)	(132,389)
Sale of tangible fixed assets		4,000	-
Interest received		1,598	1,809
Net cash from investing activities		<u>(103,024)</u>	<u>(729,061)</u>
(Decrease)/increase in cash and cash equivalents		<u>(497,053)</u>	<u>1,988,169</u>
Cash and cash equivalents at beginning of year	2	7,735,520	5,747,351
Cash and cash equivalents at end of year	2	<u>7,238,467</u>	<u>7,735,520</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021 £	2020 £
Profit before taxation	724,110	1,412,276
Depreciation charges	133,662	51,199
Loss on disposal of fixed assets	19,219	-
Finance costs	88	119
Finance income	(1,598)	(1,809)
	<u>875,481</u>	<u>1,461,785</u>
Decrease in stocks	66,752	130,168
Increase in trade and other debtors	(82,743)	(101,742)
(Decrease)/increase in trade and other creditors	<u>(1,047,450)</u>	<u>1,227,138</u>
Cash generated from operations	<u><u>(187,960)</u></u>	<u><u>2,717,349</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21 £	1.1.21 £
Cash and cash equivalents	<u>7,238,467</u>	<u>7,735,520</u>

Year ended 31 December 2020

	31.12.20 £	1.1.20 £
Cash and cash equivalents	<u>7,735,520</u>	<u>5,747,351</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21 £	Cash flow £	At 31.12.21 £
Net cash			
Cash at bank and in hand	<u>7,735,520</u>	<u>(497,053)</u>	<u>7,238,467</u>
	<u>7,735,520</u>	<u>(497,053)</u>	<u>7,238,467</u>
Total	<u><u>7,735,520</u></u>	<u><u>(497,053)</u></u>	<u><u>7,238,467</u></u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

1. STATUTORY INFORMATION

Forever Living Products (U.K.) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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 and 2.

The functional currency of Forever Living Products (U.K.) 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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.

Significant judgements and estimates

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

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 business owner or retail customer.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software license is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021	2020
	£	£
Sale of goods	22,918,104	25,889,764
Delivery revenue	1,035,442	1,202,278
Event revenue	979	18,312
Literature revenue	175,888	141,622
Other income	9,558	14,384
	<u>24,139,971</u>	<u>27,266,360</u>

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	1,655,401	1,954,593
Social security costs	149,886	174,502
Other pension costs	223,447	249,284
	<u>2,028,734</u>	<u>2,378,379</u>

The average number of employees during the year was as follows:

	2021	2020
Administrative	48	53
Manual	<u>7</u>	<u>8</u>
	<u>55</u>	<u>61</u>

	2021	2020
	£	£
Directors' remuneration	<u>18,117</u>	<u>39,295</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£	£
Other operating leases	323,648	414,246
Depreciation - owned assets	73,814	51,200
Loss on disposal of fixed assets	19,219	-
Software license amortisation	59,848	-
Auditors' remuneration	15,000	15,225
Auditors' remuneration for non audit work	1,020	-
Foreign exchange differences	<u>65,316</u>	<u>23,097</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Bank interest	<u>88</u>	<u>119</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021 £	2020 £
Current tax:		
UK corporation tax	62,950	245,487
Deferred tax	<u>78,362</u>	<u>23,968</u>
Tax on profit	<u>141,312</u>	<u>269,455</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	<u>724,110</u>	<u>1,412,276</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	137,581	268,332
Effects of:		
Expenses not deductible for tax purposes	(4,714)	1,123
Adjust closing deferred tax to rate of 25%	<u>8,445</u>	<u>-</u>
Total tax charge	<u>141,312</u>	<u>269,455</u>

Following the Spring 2021 Budget statement, 3 March 2021, an increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantially enacted. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on this increased rate.

8. GOVERNMENT GRANTS

In the year the company received government grants totalling £29,013 (2020: £54,368), these all related to the Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

9. INTANGIBLE FIXED ASSETS

	Software license £
COST	
At 1 January 2021 and 31 December 2021	<u>598,481</u>
AMORTISATION	
Amortisation for year	<u>59,848</u>
At 31 December 2021	<u>59,848</u>
NET BOOK VALUE	
At 31 December 2021	<u>538,633</u>
At 31 December 2020	<u>598,481</u>

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2021	387,353	15,870	361,670	764,893
Additions	94,254	-	14,368	108,622
Disposals	(180,586)	-	(64,215)	(244,801)
At 31 December 2021	<u>301,021</u>	<u>15,870</u>	<u>311,823</u>	<u>628,714</u>
DEPRECIATION				
At 1 January 2021	341,243	15,870	243,939	601,052
Charge for year	24,386	-	49,428	73,814
Eliminated on disposal	(157,367)	-	(64,215)	(221,582)
At 31 December 2021	<u>208,262</u>	<u>15,870</u>	<u>229,152</u>	<u>453,284</u>
NET BOOK VALUE				
At 31 December 2021	<u>92,759</u>	<u>-</u>	<u>82,671</u>	<u>175,430</u>
At 31 December 2020	<u>46,110</u>	<u>-</u>	<u>117,731</u>	<u>163,841</u>

11. STOCKS

	2021 £	2020 £
Stocks	<u>132,932</u>	<u>199,684</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	671,166	728,171
Amounts owed by group undertakings	278,773	89,980
Deferred tax asset	-	43,175
Prepayments and accrued income	244,548	293,593
	<u>1,194,487</u>	<u>1,154,919</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	262,605	262,677
Amounts owed to group undertakings	201,474	626,536
Tax	41,303	184,334
Social security and other taxes	468,427	842,647
Accruals and deferred income	2,704,549	2,632,645
	<u>3,678,358</u>	<u>4,548,839</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	108,146	291,904
Between one and five years	277,959	158,970
In more than five years	283,229	-
	<u>669,334</u>	<u>450,874</u>

15. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax	35,187	-
Other provisions	-	320,000
	<u>35,187</u>	<u>320,000</u>
	Deferred tax	Dilapidations Provision
	£	£
Balance at 1 January 2021	(43,175)	320,000
Provided during year	78,362	-
Utilised during year	-	(320,000)
Balance at 31 December 2021	<u>35,187</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021 £	2020 £
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

17. RESERVES

	Retained earnings £
At 1 January 2021	4,973,606
Profit for the year	582,798
At 31 December 2021	<u>5,556,404</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

18. RELATED PARTY DISCLOSURES

The ultimate controlling party from 1st January 2021 until 17th July 2021, the date he deceased, was Mr R G Maughan. He was also a Director and Shareholder during this time. His shareholding was part of his estate which passed to his surviving spouse. Forever Living Products UK LLC became the responsible legal entity on 22nd February 2022. This is a company registered in Arizona, United States of America. The trading transactions with related parties are summarised as follows:

	Purchases 2021	Purchases 2020	Sales 2021	Sales 2020
Aloe Vera of America	58,138	45,246	-	-
Forever Direct	8,140,329	9,178,954	28,903	242,415
Forever Living Products Benelux	-	-	6,506	34,536
Forever Living Products Europe	16,607	7,784	-	-
Forever Living Products Germany	19,519	9,683	-	-
Forever Living Products Greece	-	-	-	-
Forever Living Products Iceland	-	-	2,338	18,666
Forever Living Products International	732,762	1,448,931	-	116
Forever Living Products Ireland	1,903	-	203,694	207,194
Forever Living Products Romania	-	-	-	-
Forever Living Products Spain	6,031	-	-	-
FLP.com	216	2,031	-	-
Global Incentive Services	171,787	98,106	-	-
Ireland Investments LLC	-	-	-	15,426
UK Investments	94,000	94,000	-	-
Totals	9,241,292	10,884,735	241,441	518,353

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

	Due from related party 2021	Due from related party 2020	Due to related party 2021	Due to related party 2020
Aloe Vera of America	3,324	-	-	6,750
Forever Direct	-	8,285	199,958	79,794
Forever Living Products Benelux	-	152	-	-
Forever Living Products Greece	161	-	-	-
Forever Living Products Germany	-	-	1,517	808
Forever Living Products Iceland	79,841	57,503	-	-
Forever Living Products International	175,694	-	-	539,184
Forever Living Products Ireland	19,712	24,040	-	-
Forever Living Products Scandinavia	42	-	-	-
Totals	278,774	89,980	201,475	626,536

During the year, the company purchased goods and services to the value of £58,138 (2020 - £45,246) from Aloe Vera of America, Inc. Amounts owed by Aloe Vera of America Inc of £3,324 (2020 - £nil) relate to trading balances and are due within 7 days. Amounts owed to Aloe Vera of America Inc of £nil (2020 - £6,750) relate to trading balances and are due within 7 days.

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 £8,140,329 (2020 - £9,178,954). All amounts are due within 7 days.

During the year, the company charged Forever Direct BV goods and services to the value of £28,903 (2020 - £242,415). Amounts owed by Forever Direct BV of £nil (2020 - £8,285) all relate to trading balances. Amounts owed to Forever Direct BV of £199,958 (2020 - £79,794) all relate to trading balances and are due within 7 days.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021

The company occupies premises owned by UK Investments LLC, a company controlled by Mr R G Maughan until his death on 17th July 2021. This company was part of his estate which passed to his surviving spouse. A total of £94,000 (2020 - £94,000) rent was paid and charged in the year.

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