



Photo credit: Daniel Christiansz



**The Leprosy
Mission**
International

Leprosy defeated. lives transformed

Annual Report and Financial Statements 2018

THE LEPROSY MISSION INTERNATIONAL

A Company Limited by Guarantee, Registered Company Number: 3591514

Registered Charity Number: 1076356

Registered Office Address and Principal Place of Business: 80 Windmill Road, Brentford, Middlesex, TW8 0QH England

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)

The Trustees who are also directors of the company have pleasure in presenting their Report and Financial Statements for the year ended 31 December 2018, prepared in accordance with the Statement of Recommended Practice (SORP 2015) and the Companies Act 2006. The Report of the Trustees incorporates the requirements of the Strategic Report.

The Leprosy Mission International (the Mission) is an interdenominational Christian organisation, founded in 1874. The Charity receives much of its support from Supporting Countries and Support Groups who work in partnership with The Leprosy Mission International. Each part of The Leprosy Mission recognises and values their interdependence and mutual support for each other in their joint ministry to people affected by leprosy.

MISSION STATEMENT

Following Jesus Christ, The Leprosy Mission seeks to break the chains of leprosy, empowering people to attain healing, dignity and life in all its fullness.

OUR VISION

We are committed to our vision of “Leprosy defeated, lives transformed”.

OUR FIVE AREAS OF STRATEGIC FOCUS

Leprosy Services

We aim to ensure timely access to quality leprosy services that result in improved outcomes for people affected by leprosy.

Dignity and Empowerment

We aim to see marginalised people realising their worth and empowered to overcome challenges.

Social Integration

We aim to see people’s attitudes change so that communities no longer stigmatise or discriminate against people affected by leprosy or disability.

Research and Learning

We aim to be a learning organisation that integrates new medical, social and fundraising knowledge into our policies and practices and shares it with others.

Resource Mobilisation

We aim to be an organisation well-resourced in prayer, funds, partnerships and people, with all member countries implementing fundraising strategies for significant growth.

OUR VALUES

Because we follow Jesus Christ we value Compassion, Justice, Integrity, Inclusion and Humility

Transformation involves body, mind and spirit. In all we do, through prayer and obedience to God, we want to proclaim and demonstrate the truth and love of Jesus Christ.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Leprosy Mission International is governed by the Memorandum and Articles of Association dated 3 February 2013 and the Trustees of the Mission are appointed by the members. The Trustees of the Mission are Directors for the purposes of company law.

The current organisation structure is as follows.

The Leprosy Mission International is the leading and coordinating body for The Leprosy Mission Fellowship, an unincorporated partnership of entities operating in the name of The Leprosy Mission in 31 countries. The members of The Leprosy Mission International are also the Members of The Leprosy Mission Fellowship and a meeting of members is held each year. The Board is the governing body of The Leprosy Mission International and meets twice a year. During the year, it has met in April and September. All Board members (Trustees) are non-salaried.

The Representative Management Group is an advisory group which functions through the International Director, who is the chief executive and reports to the Board. The group comprises eight members who have specific functions within The Leprosy Mission Fellowship.

Two committees operate under the delegated authority of the Board and report to the Board:

Audit Committee (Chairperson: Mr Philip Putman)

The Audit Committee advises the Board on the quality and effectiveness of the programmes of the Mission, the nature and extent of the major risks associated with the implementation of those programmes and the integrity of financial and non-financial management and reporting in the Mission. It met in March, April, September and December. The Audit Committee recommended the attached Financial Statements to the Board for approval.

Governance Committee (Chairperson: Mr Paul Emans)

The Governance Committee is responsible for ensuring that suitable candidates with appropriate skills are brought forward for election to serve as Trustees, for ensuring that the Board's policies are reviewed on a regular basis, and for monitoring the effectiveness of the Board having regard to best practice in organisational governance. Newly appointed Trustees are given an orientation to the Mission and a Board manual comprising the Memorandum, Articles and Bye Laws of the Mission and all relevant policies, guidelines and procedures. The Committee met in April, July and September.

The Directors (Trustees) of the charitable company throughout the year are as follows:

+ Mr Alan Gray	
+ Mr Amar Timalisina	
+ Mrs Anne Ratliff	Vice Chairperson
+ Mr Ashok Adhikari	
+ Dr Colin Martin	(appointed: 26 September 2018)
* Mr Colin Osborne	Chairperson
* Mr Eric Chollet	
+ Dr Nalini Abraham	
+ Mrs Pamela Packett	(retired: 26 September 2018)
+ Mr Paul Emans	
* Mr Philip Putman	Hon. Treasurer
* Dr Shem Nuhu	
* Prof Warwick Britton	

* Indicates members of the Audit Committee

+ Indicates members of the Governance Committee

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

INTERNATIONAL DIRECTOR AND COMPANY SECRETARY

Mr Brent J Morgan

RISK MANAGEMENT

Risk reviews were conducted during the year and potential areas of risk were identified and reported to the Board.

Through the risk management processes and controls established for the charity, the Trustees assess business risks annually and are satisfied that the major risks are identified and assessed and that systems are in place to mitigate the charity's exposure to these risks. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed. Given the nature and geographical location of the programmes, there will always be some element of risk although the Mission attempts to minimise these wherever possible.

The Trustees identified the following major risks:

- Sudden or dramatic drop in income, which disturbs the work in the field.
- Inappropriate action against children and other vulnerable people by staff and volunteers.
- Loss of leprosy expertise in The Leprosy Mission.
- Inability to recruit or retain appropriately skilled staff due to low salary levels.
- Serious security and safety incidents in the areas where The Leprosy Mission works.
- Lack of beneficiary participation in The Leprosy Mission's decision making process.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The trustees consider the board of trustees and the International Director of the Mission and the Chief Executive Officer of TLM Trading to comprise the key management personnel of the group.

All trustees give of their time freely and no director received remuneration in the year.

The pay of the key management personnel and all staff are reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. In view of the nature of the charity, the Trustees benchmark against pay levels in other similar charities.

POLICIES

Grant Making

Grants are given annually to programmes, which fit the vision and strategy of the Mission. All approved programmes are required to complete annual plans and budgets. The programmes also prepare annual rolling budgets for their duration or for five years maximum. Grants are paid in accordance with the approved budget, which includes annual objectives and projects' long-term goals. Each programme is thoroughly considered by the country office to ensure both feasibility and effectiveness before being reviewed in accordance with the Programme Approval Policy.

Programmes are then monitored throughout the life of the project by the relevant country office and come under the scrutiny of regular internal audit and an evaluation process.

Investment

Management of the funds is conducted in accordance with the Articles of Association and within agreed policies and guidelines set and monitored by the Audit Committee.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

POLICIES (Continued)

Specific ethical guidelines have been given to the investment managers to avoid investment in companies significantly involved in alcohol, tobacco products, gambling, armaments or pornography, and also to consider the reputation and trading methods of any company which might contravene the objectives and values of the Mission. The performance of the fund is measured against an asset allocation of equal split between UK equities and bonds and overseas equities and bonds. Investment decisions are based upon long-term considerations and on a total return basis.

The investment manager is appointed under the delegated authority given to the Audit Committee and their performance is reviewed on a rolling three-year cycle. Rathbone Investment Management Limited were appointed as investment managers.

Safeguarding

The Leprosy Mission takes safeguarding seriously and has global and local policies and procedures in place, which are regularly reviewed.

Events in the media during 2018 meant that The Leprosy Mission reviewed its policies and following a review, took the following actions:

- The comprehensive revision of our policies, procedures and guidelines, including but not restricted to:
 - Policies and procedures for protecting children and vulnerable adults
 - Bullying and harassment policies and procedures
 - Whistleblowing policy and procedures
 - Recruitment and selection policy and procedures
 - Internal audit procedures
 - Project development and approval document
 - Project monitoring and evaluation guidelines
 - Risk management policies and procedures
- The implementation of an independent whistleblowing service (Safecall)
- Safeguarding discussions with partners across the 30 countries we support, sharing our new policies and procedures and outlining a plan for further training.
- The recruitment of a Safeguarding Advisor based at The Leprosy Mission International office in Brentford (in process)
- The appointment of a trustee, Anne Ratliff with responsibility for safeguarding.

Safeguarding is a standing item on all Senior Leadership Team and Board meeting agendas. Further training for trustees, staff and associated personnel including partners is planned for 2019.

During 2018, one incident was reported to the Charity Commission. The Leprosy Mission International realises that as understanding and capacity in safeguarding is built globally through the appointment of a Safeguarding Advisor that there may be incidents brought to our attention and processes are in place to address incidents if they arise.

Management

The Board-appointed International Director is responsible for strategy, planning and the daily management of operations. The International Director is supported by a senior leadership team who have delegated authority for key aspects of the Mission's operations.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

POLICIES (Continued)

The International Director reports to the Trustees on progress against the indicators and targets in the Global Strategy. The International Director and appropriate members of the senior leadership team attend and report at meetings of sub-committees.

In 2018, a new five-year strategy for The Leprosy Mission was developed to ensure that the work of The Leprosy Mission is working towards achieving Zero Leprosy Transmission, Zero Leprosy Disability and Zero Leprosy Discrimination. Implementation will commence in 2019.

There is a policy for the setting of the remuneration of the International Director. The Chair of Trustees in conjunction with Human Resources Manager appraise the International Director's performance annually and establish any increase in line with the Performance Related Pay scheme which applies to all staff.

The Trustees of the charity have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

The systems of internal control are designed to provide reasonable but not absolute assurance against misstatement or loss. These include:

- The Corporate Strategic Plan approved by the Trustees
- Quarterly consideration by the Trustees of the management accounts, variance from budgets and non-financial performance indicators
- Delegation of authority and segregation of duties
- Identification and management of risks

Employment of People Affected by Leprosy and People with Disabilities

Globally The Leprosy Mission employs numerous staff who have been personally affected by leprosy. This is estimated at between five and ten per cent of the total number of staff. In 2018, The Leprosy Mission International employed no staff affected by leprosy but actively encouraged people with disabilities with appropriate skills and experience to apply for vacant positions.

Staff Development

Training and developing our staff remain a key activity as The Leprosy Mission International (TLM Global Fellowship) strives to serve those affected by leprosy. We developed a tailor-made leadership development programme, which incorporates a number of leadership skills development training using external providers. The programme is aimed at training all senior leaders as second tier leaders within the organisation.

Reserves

In determining the level of operational reserve, the Board recognised the global organisation's need for a centrally invested reserve to provide operating capital and as a contingency or hardship fund to support members to overcome short-term financial challenges. The Board has set a policy range for the reserve taking into account factors that include the unpredictability of exchange rates, donor income and investment values and the potential impact of these events upon our programmes (refer to page 9).

Monitoring

Against each of the medium to long-term strategies the Board has identified a number of targets/indicators, which need to be met. The organisation monitors the effectiveness of the strategy on an annual basis and reports its findings to the Board to ensure that the organisation achieves the target, which has been set.

Public Benefit Statement

The Trustees have taken account of the Charity Commission's general guidance on public benefit when setting our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities contribute to the aims and objectives they have set.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

OBJECTIVES AND ACTIVITIES

In September 2013, on the Board's recommendation, the members approved a five-year strategy.

Leprosy Services

Long term aim:

People affected by leprosy have timely access to quality leprosy services.

Aim over the five years 2014-2018:

TLM will develop strategic partnerships and implement services which result in early diagnosis, reduced disability, improved access to leprosy treatment, psychosocial support and specialist services.

To achieve this, TLM will focus on maintaining technical expertise, public and community advocacy, health promotion, and the twin-track approach of integration of leprosy into mainstream health and social services whilst maintaining relevant specialist services.

Dignity and Empowerment

Long term aim:

People marginalised by leprosy, disability and other causes realise their worth and are empowered to overcome challenges.

Aim over the five years 2014-2018:

TLM will enable leprosy people's organisations, disabled people's organisations and self-help groups to facilitate self-care and emotional support, challenge injustice and advocate for their rights and entitlements.

To achieve this, TLM will build and maintain technical expertise in facilitation, community based approaches and advocacy. TLM will build the capacity of leprosy affected people's organisations, disabled people's organisations and self-help groups to achieve their objectives in terms of dignity and empowerment.

Social Integration

Long term aim:

Communities are free from stigma and discrimination towards people affected by leprosy and disability.

Aim over the five years 2014-2018:

TLM will raise awareness about leprosy and disability inclusion, and will facilitate integration within communities, education, livelihoods, NGOs, churches and Government services.

To achieve this, TLM will adopt a right-based approach and focus on mainstreaming, or the inclusion of leprosy-affected and disabled people within society. This will include an active advocacy, communication and social mobilisation program, and particularly engagement with churches.

Research and Learning

Long term aim: TLM will be a learning organisation that uses and shares evidence-based practice.

Aim over the five years 2014-2018:

New medical, social and fundraising knowledge, based on evidence, will be integrated into TLM's policies and practices, and actively shared with others.

To achieve this, in addition to external partnerships TLM will develop the research skills of its staff and ensure a strong focus on learning through measuring the effectiveness, efficiency and impact of its programs. Learning and research themes will include fundraising and marketing, approaches to primary prevention of leprosy, new approaches to reducing transmission of leprosy, improved leprosy case management and stigma reduction.

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OBJECTIVES AND ACTIVITIES (Continued)

Resource Mobilisation

Long term aim:

TLM is well resourced in prayer, funds, partnerships and people to effectively achieve its mission.

Aim over the five years 2014-2018:

Every TLM Fellowship Member will develop and implement a fundraising strategy for significant income growth and use resources strategically in close partnership with other Members.

To achieve the long-term aim of being well- resourced in prayer, funds, partnerships and people, TLM will actively develop partnerships with churches and other organisations, and will aim to continually build TLM's profile through awareness program and advocacy. TLM will implement collaborative and innovative fundraising programs and ensure effective stewardship of its resources

ACHIEVEMENTS AND PERFORMANCE

The Trustees have identified a number of achievement indicators, based on the strategic plan, against which they monitor the performance of the organisation.

Organisational Activities

The TLM Petition Campaign as part of our global advocacy has been successful in bringing human rights of persons affected by leprosy on the agenda of the United Nations. Capacity development of the persons affected by leprosy has resulted in leprosy champions representing TLM in the global platforms and acting as self-advocates. Our advocacy has led to leprosy priority countries such as Ethiopia, Philippines and Nigeria being questioned by the UN on the action taken to end discrimination against persons affected by leprosy in their respective countries. TLM Global Fellowship was represented by the International Office at the UN Conference of the State Parties to the Convention on the Rights of Persons with Disabilities held in head quarter of the UN, New York in June 2018. Brent Morgan addressed 102 government representatives, UN officials and diplomats during the Round Table 3 on 'Political Participation and Equal Recognition before the Law' for persons with leprosy related disabilities. Lastly, our advocacy at the global level has influenced the government of India to repeal some of the discriminatory laws that were in force.

Under FRS 102, employer is required to record the pension deficit liability in their accounts. In addition, during the year there had been a change in government regulation, which had also contributed to the large charge for the year. Accordingly, the Financial Statement include a pension liability of £576,000 for the current year.

The office building underwent a major renovation and upgradation programme costing £1,151,121. This work was necessary and essential to ensure the building was health and safety compliant.

Income

In 2018, Donation income was £12,160,595, which was 5% less than the previous year's income. The decrease is largely attributable to decreased donations to support specific leprosy projects.

Public Health

In almost all the countries where we work, leprosy services have been integrated into mainstream health care, which is important for reducing stigma and to make leprosy treatment sustainable. However, one of the consequences has been less attention to leprosy: the number of new cases has ceased to fall and there is the risk in some areas with weaker health services that new cases will begin to increase. The Leprosy Mission still needs to provide effective training to government medical staff to ensure that people affected by leprosy are given the high-quality treatment they need. In 2018, we gave technical assistance to governments in more than 20 countries. Our own hospitals and projects were responsible for identifying 12,549 new cases of leprosy during the year (2017: 11,489). We also provided 72,638 training days for TLM staff, government health staff and other NGOs in leprosy (2017: 37,487).

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ACHIEVEMENTS AND PERFORMANCE (Continued)

Hospitals

In many countries, hospitals supported or owned by TLM are centres of excellence, providing specialised care to leprosy-affected people and appropriate forms of healthcare to the surrounding communities.

These community hospitals provide a variety of in- and out-patient services. Leprosy and non-leprosy patients are treated together which helps reduce stigma and segregation.

In 2018 we supported 18 TLM supported hospitals and another 25 partner hospitals. The hospitals provided 9,778 in-patients with care for leprosy related conditions (2017: 11,884). We performed 2,273 (2017: 2,024) reconstructive and eye surgeries related to leprosy.

Disability care and prevention

If leprosy is not diagnosed quickly enough, nerves are damaged and disability is an inevitable consequence. An estimated 2-3 million people are disabled due to leprosy.

Self-care groups provide an environment where people can share problems, encourage each other and learn how to look after themselves to prevent worsening disabilities.

In 2018, we provided assistance to 1,167 self-care groups, which included 19,439 participants (2017: 1,729 groups with 21,514 participants). In 2018, TLM provided 20,564 people (2017: 31,347) with footwear and orthopaedic devices to protect their insensitive feet from further damage or disability.

Community development

Leprosy is not just a physical disease, it has social consequences. Therefore, community development is an important part of TLM's work. We encourage leprosy-affected people to set up local community or disability groups; together they can save money and come up with plans for improving their communities and increasing their income. In some countries, these self-help groups are amalgamated into larger cooperatives to better meet their members' needs. In 2018, we supported 3,650 self-help groups and cooperatives with 59,974 participants (2017: 4,641 groups with 44,466 participants). In 2018, we built or renovated 111 low-cost homes (2017: 634) for leprosy-affected people in poverty, and enabled 7,300 people to access new or renovated water or sanitation facilities (2017: 29,749).

Education

Training and education provide leprosy-affected people and their families a means to break free from the cycle of poverty. In 2018, we provided scholarships for formal education to 3,161 children or young people (2017: 3,738). We provided vocational training or apprenticeships to 1,059 young people (2017: 645). At TLM's own Vocational Training Centres in India, we trained 1,557 young people in marketable skills, setting them up for life (2017: 1,543).

Research

Through research, the Mission can find new ways to understand leprosy and to detect, treat and care for leprosy-affected people. TLM is exceptionally well-placed through its research laboratories and its extensive field and hospital-based research programs to make a major contribution to world knowledge on leprosy. The total number of research projects funded during 2018 was 42 (2017: 41).

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FINANCIAL PERFORMANCE

The consolidated deficit for the year was £(319,818) (2017: Surplus £198,030). The financial position compared to the previous year was largely impacted by implementing the Board approved deficit budget in the year.

The Board is thankful for the continued support from TLM Fellowship Member Countries and other donor organisations. The field programmes are continuing to develop in line with the Mission's strategy, giving increased focus on community programmes, which include both health development and rehabilitation. Many of the hospital programmes that the Mission supports provide services for non-leprosy patients, which in turn provide a local source of income for the hospital as well as providing general medical care to the local community.

Although TLMI does not directly engage in fundraising activity, TLMI has taken steps to strengthen support for Members who do. The appointment of Head of Fundraising Development was made with the specific intention to encourage and assist activities by Members to increase unrestricted donation income for Global Fellowship projects. This has been achieved, with the implementation of Fundraising Cycle (Ask-Thank-Feedback) methodology by fundraising member countries. We have received no complaints about fundraising and we have a complaint policy in place should any be received in the future.

Total expenditure of the charity in the year amounted to £12,811,989 (2017: £13,158,252) of which £12,172,686 (95%) (2017: £12,592,122 (96%)) was attributable to charitable activities. Major programmes supported in 2018 are listed in Note 6 of the Accounts and they continue to represent a wide spread of activities across 20 countries.

Total support costs by the charity to TLM Fellowship Member countries are analysed in Note 7b of the accounts and amounts to 10.1% (2017: 9.3%) of the total income of the charity.

Investment

Rathbone Investment Management Ltd was re-appointed on 1 January 2018 as the investment manager. Their performance is monitored quarterly and on a rolling three-year basis. The investment manager is expected to outperform the benchmark given to him by the Audit Committee. The performance has been monitored by management and the Treasurer on a quarterly basis.

In the year ended 31 December 2018, the fund achieved a return of 4.2% (2017: 11.3%) against the benchmark of 3.4% (2017: 8.6%).

Reserves Review

During the year, the Board affirmed the continuing need to hold adequate reserves. The Board has agreed a reserve policy with a number of components, which in combination result in a guideline operational reserve level to be between £4 million (minimum) and £5 million (maximum). The free reserve level at 31 December 2018 is £3,983,335 (2017: £5,401,601) and the Trustees are aware of the decreased reserve level and are aware of that the Mission is working with a deficit budget in 2019.

In addition, an amount of £2,424,932 is held in bank and investments as restricted funds listed in Note 20. An amount of £2,281,627 is held as designated funds as listed in Note 19.

Going Concern

The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FINANCIAL PERFORMANCE (Continued)

Subsidiary Company

TLM Trading Limited is a wholly owned subsidiary of The Leprosy Mission International and its results for the year have been consolidated with those of The Leprosy Mission International and reported in the Financial Statements.

TLM Trading Limited has three main objectives, which are integral to the work of the Mission. The first objective is to raise financial support for The Leprosy Mission. The second objective is to develop products produced by people affected by leprosy and to sell these products to customers and the third is to raise the profile of The Leprosy Mission through all of the trading activities.

In 2018, the income of the trading company was £1,591,196 (2017: £1,547,618) and the company made a profit before Taxation and before Pension deficit liability of £51,470 (2017: £73,157). Customers of TLM Trading Limited donated an amount of £430,185 (2017: £360,207) to TLM Supporting Countries through donations and Gift for Life.

Special Pension Account

A lump sum of £1 million was paid into an escrow account on 11 January 2012. Under the terms agreed release of funds from the escrow account to The Leprosy Mission Central Pension Scheme or to the employer would occur after an actuarial valuation when the funding level of the scheme reaches below 80% or combined funding level exceeds 105%. The Scheme actuary would issue a release notice with an amount sufficient to either increase the funding level of the scheme to 80% or to reduce the value to 105% of the statutory funding objectives.

The Leprosy Mission International (Principal Employer) and the Trustees agreed by Deed dated 30 June 2015 that the assets held in the escrow account would transfer to a Special Pension Account to be held by The Leprosy Mission International under similar terms to the escrow account.

By a Security Agreement made on 30 June 2015 between The Leprosy Mission International and the Pension Fund Trustees, The Leprosy Mission International has granted charge over the Special Pension Account in favour of the Pension Fund Trustees to secure all present and future liabilities of the employers to the scheme up to a maximum of the entire aggregate liability of the employer measured as a debt due under Section 75(2) of the Pension Act 1995.

By agreement with the Pension Fund Trustees, The Leprosy Mission International agreed to pay pension contribution into the Special Pension Account from 1 June 2015. A Schedule of contribution was prepared on 27 May 2015 certified by the Scheme Actuary which replaces the schedule signed on 2 January 2014 and came into force effective 1 June 2015.

FUTURE PLANS

Global Strategy

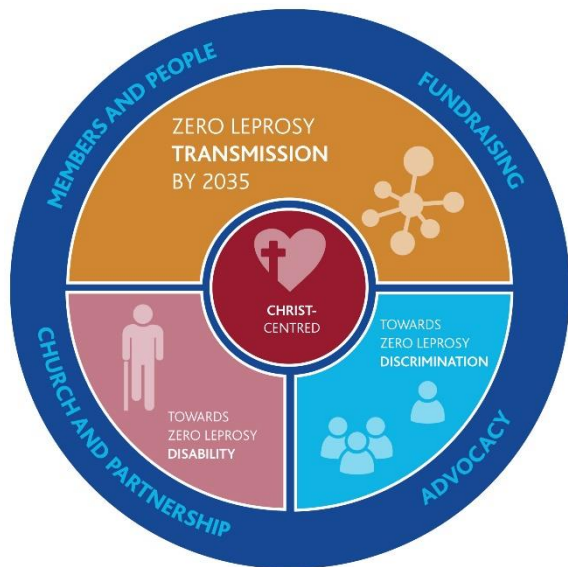
During 2018, the Members of The Leprosy Mission Fellowship adopted a new five year global strategy for 2019 – 2023. The International Office will undertake the necessary leading, inspiring, facilitating and enabling roles as the Mission implements this new strategy and we will work with our stakeholders to monitor our impact.

Our long term goal is that we will see zero transmission of leprosy by 2035; in line with this, we have the following strategic priorities that also tie in with our other two focus areas (disability and discrimination).

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REPORT OF THE TRUSTEES

FUTURE PLANS (Continued)



Towards Zero Leprosy Transmission

To contribute to zero leprosy transmission we want to bring about earlier detection and treatment of new leprosy cases. We will do this by improving the focus of TLM resources on key leprosy endemic areas and the effectiveness of initiatives targeted at reducing leprosy transmission. We will seek to improve government ownership of leprosy detection and treatment, integrated with government health systems where possible. We will improve the retention, extension and availability of leprosy expertise and we will improve the effectiveness of leprosy-related innovations and the evidence base to inform policies, strategies and activities.

Towards Zero Leprosy Disability

Our future ambition is that people affected by leprosy are able to experience healing, dignity and life in all its fullness. By 2023, we want to see significant improvements in the reduced disability burden in people affected by leprosy and transformation of the physical, mental, emotional and spiritual wellbeing of people affected by leprosy. We will do this by improving the timely detection, monitoring, and treatment of impairments of the eyes, hands and feet; by taking a holistic approach to supporting people affected by leprosy to overcome their disabilities; by improving access to rehabilitation services at community, district and referral level for people affected by leprosy; and by improving the self-management of impairments.

Towards Zero Leprosy Discrimination

We want to see zero discrimination, with greater inclusion of, and justice for, people affected by leprosy and disability. We will support improvements in people affected by leprosy confidently standing up for their rights; in participation in public and social life; in awareness raising of rights; a stronger voice of people affected by leprosy; and the inclusion of people affected by leprosy in the disability 'movement'. We will support improvements in the opportunities for people affected by leprosy to have a sustainable livelihood and the feelings of worth and value felt by people affected by leprosy. We will support improvements in the performance of national governments in implementing the relevant international treaties impacting people affected by leprosy; and also the amount of action taken to repeal, amend or abolish discriminatory legislation and practice.

Christ-Centred

Our Christian identity is at the very heart of our work. The Leprosy Mission was established with a holistic vision of transformation of the Gospel through working to serve people affected by leprosy, who had a special place in Jesus' earthly ministry. To achieve our aims as a Christian leprosy-focused organisation, we will therefore: reinforce our integral mission principles, work through local churches, develop the spiritual gifts of our people, and put prayer at the heart of our work and decision-making.

Enabling The Leprosy Mission to achieve its goal

In order to deliver on this strategy, we will intentionally invest in four key enabling areas: Members and People, Fundraising, Church and Partnership, and Advocacy. We will be an agile TLM Fellowship, with Members and people who are 'fit for the future' (resilient, stronger, healthier and more sustainable). We will do this by improving leadership at all levels; by strengthening an organisational culture in which our people are enabled to achieve their full potential; by developing healthy working environments where people feel engaged and included and where wellbeing is valued; by improving our ability to harness innovation and technology. We will raise £40 million per annum by the end of 2023; cost-effectively increasing unrestricted income by 35%. To do this we will improve our intention, competence, capacity, confidence and joy in

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FUTURE PLANS (Continued)

unrestricted and institutional fundraising. We want to see a renewed global, national and local commitment to defeating leprosy and promoting inclusion. We will speak with one TLM voice based on the evidence of our practice. We will be known as a leading collaborative player, partnering with like-minded organisations to defeat leprosy and transform lives.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the Trustees to prepare Financial Statements for each financial year, which give a true and fair view of the charity and group's financial activities during the year and of the charity and group's financial position at the end of the year. In preparing those Financial Statements giving a true and fair view, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards and the Charities Statement of Recommended Practice have been followed
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Mission will continue in operation.

The Trustees also confirm that, so far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Mission and which enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Mission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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10 Queen Street Place
London
EC4R 1AG

The Report of the Trustees and Financial Statements for the year ended 31 December 2018 and the Prayer Guide for the current year can be obtained from the office of TLM International at 80 Windmill Road, Brentford, Middlesex, England TW8 0QH or can be downloaded from our website at www.leprosymission.org.

A resolution to re-appoint Haysmacintyre LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Trustees



Mr Colin Osborne
Chairperson

2 May 2019

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of The Leprosy Mission International for the year ended 31 December 2018, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and 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 group's and of the parent charitable company's affairs as at 31 December 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees determine is 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 trustees are responsible for assessing the group's and the parent charitable 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

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 auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (Continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Report of the Trustees (which incorporates 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 incorporated in the report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the strategic report and the directors' report).

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

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

Use of this report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018 (Incorporating an Income and Expenditure Account)

	Notes	Unrestricted Fund £	Restricted Fund £	2018 Total £	2017 Total £
INCOME					
Donations	3	-	12,160,595	12,160,595	12,794,610
TLM Trading Ltd: Non-charitable subsidiary	4	1,566,196	-	1,566,196	1,522,618
Income from investments	5a	123,162	-	123,162	142,122
Property Disposal		-	-	-	231,919
Other income	5b	135,816	48,448	184,264	91,474
TOTAL INCOME		1,825,174	12,209,043	14,034,217	14,782,743
EXPENDITURE ON					
Cost of raising funds		614,303	-	614,303	541,130
TLM Trading Ltd expenditure	4	1,567,046	-	1,567,046	1,448,461
		2,181,349	-	2,181,349	1,989,591
Expenditure on Charitable Activities					
	7a				
Nepal earthquake		-	537,005	537,005	372,142
Public health		-	2,180,547	2,180,547	2,290,372
Hospitals		-	2,285,494	2,285,494	2,400,604
Disability care & prevention		-	3,195,027	3,195,027	3,355,947
Community development		-	2,507,046	2,507,046	2,633,316
Education		-	1,222,693	1,222,693	1,285,534
Research		-	244,874	244,874	257,207
Total Expenditure on Charitable Activities		-	12,172,686	12,172,686	12,595,122
TOTAL EXPENDITURE		2,181,349	12,172,686	14,354,035	14,584,713
NET (EXPENDITURE) / INCOME BEFORE RECOGNISED GAINS / (LOSSES)		(356,175)	36,357	(319,818)	198,030
Net gains/(losses) on investment assets		-	(320,437)	(320,437)	752,861
NET (EXPENDITURE) / INCOME		(356,175)	(284,080)	(640,255)	950,891
Other Recognised gains /(losses)					
Change in multi-employer pension scheme liability		-	(657,000)	(657,000)	3,000
Change in fair value of derivatives	20	-	104,663	104,663	(173,191)
Net movement in funds for the year		(356,175)	(836,417)	(1,192,592)	780,700
Balance brought forward at 1 January 2018		6,621,136	3,261,349	9,882,485	9,101,785
Balance carried forward at 31 December 2018		6,264,961	2,424,932	8,689,893	9,882,485

None of the activities were acquired or discontinued during the above two financial years.

All the activities of the charity are continuing.

The notes on pages 19 to 37 form part of these Financial Statements.

THE LEPROSY MISSION INTERNATIONAL
A Company Limited by Guarantee, Registered Company Number: 3591514

CONSOLIDATED AND CHARITY BALANCE SHEET AT 31 DECEMBER 2018

	Notes	Consolidated		Charity	
		2018 £	2017 £	2018 £	2017 £
FIXED ASSETS					
Tangible fixed assets	10	893,458	875,529	893,278	874,846
Building Improvements		1,036,009	-	1,036,009	-
Investments	11	5,926,274	6,225,287	6,278,433	6,569,976
		<u>7,855,741</u>	<u>7,100,816</u>	<u>8,207,720</u>	<u>7,444,822</u>
CURRENT ASSETS					
Stocks	12	168,734	211,507	-	-
Debtors	13	954,538	1,344,881	925,871	1,158,835
Prepayments	14	187,706	234,629	187,706	234,629
Accrued income from supporting councils		457,539	152,326	457,539	152,326
Cash at bank and in hand					
Held in sterling		1,230,458	1,267,902	872,372	1,113,329
Held in other currencies		474,953	965,565	474,953	965,565
		<u>3,473,928</u>	<u>4,176,810</u>	<u>2,918,441</u>	<u>3,624,684</u>
CURRENT LIABILITIES					
Creditors due within one year	15	(1,541,246)	(903,732)	(1,385,738)	(699,612)
NET CURRENT ASSETS		<u>1,932,682</u>	<u>3,273,078</u>	<u>1,532,703</u>	<u>2,925,072</u>
CREDITORS DUE AFTER ONE YEAR	16	(1,098,530)	(491,409)	(1,050,530)	(487,409)
NET ASSETS		<u>8,689,893</u>	<u>9,882,485</u>	<u>8,689,893</u>	<u>9,882,485</u>
FUNDS					
Unrestricted funds					
General reserve		3,983,335	5,401,601	3,935,335	5,397,601
Designated funds:					
Fixed assets used by the Mission	19	1,792,667	734,246	1,792,667	734,246
Fixed assets held on behalf of supporting councils	19	136,800	140,600	136,800	140,600
TLM Trading Ltd (investment)	19	352,159	344,689	352,159	344,689
		<u>6,264,961</u>	<u>6,621,136</u>	<u>6,216,961</u>	<u>6,617,136</u>
Restricted - other funds	20	762,369	1,001,630	762,369	1,001,630
Restricted - multi employer pension scheme	20	(754,000)	(53,000)	(706,000)	(49,000)
Restricted - derivatives fair value	20	65,472	(39,191)	65,472	(39,191)
Restricted - Special pension account	20	2,351,091	2,351,910	2,351,091	2,351,910
		<u>8,689,893</u>	<u>9,882,485</u>	<u>8,689,893</u>	<u>9,882,485</u>

General reserve for 2018 includes an amount of £933,511 (2017: £1,537,472) being the revaluation reserve in respect of accumulated unrealised investment gains.

The results of the charity (TLMI) before consolidation show a total income of £12,484,701 (2017: £13,285,125) and resources expended of £12,811,989 (2017: £13,158,252) resulting in a loss before realised and unrealised gains/losses of (£327,288) for the year.

The notes on pages 19 to 37 form part of these Financial Statements.

Approved and authorised for issue by the Trustees on 2 May 2019 and signed on their behalf by:



Chairman: Mr. Colin Osborne



Treasurer: Mr Philip M Putman

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		£	£
Cash (used in) / generated by operating activities	Note A	1,154,768	403,469
Cashflows from investing activities			
Investment income		123,162	142,122
Interest paid		(27,814)	(1,802)
Purchase of tangible fixed assets		(1,208,713)	(28,418)
Disposal of tangible fixed assets		-	302,006
(Increase) / Decrease in cash available for investment		(152,228)	19,257
Purchase of investments		(1,551,194)	(1,055,414)
Sale of investments		1,133,963	686,610
Increase / (decrease) in cash in the year		<u>(528,056)</u>	<u>467,830</u>
Cash at the beginning of the period		<u>2,233,467</u>	<u>1,765,637</u>
Cash at the end of the period		<u>1,705,441</u>	<u>2,233,467</u>

Note A: Reconciliation of net incoming resources before revaluation to net cash inflow from operating activities.

	2018	2017
	£	£
Net movement in funds in year	(1,192,592)	780,700
Losses / (Gains) losses on investment	320,437	(753,086)
Change in Multi-Employer Pension Scheme Liability	657,000	
Change in fair value of derivatives	(104,663)	173,416
Investment income	(123,162)	(142,122)
Interest paid	27,814	1,802
Depreciation charge	150,473	26,146
Decrease / (Increase) in stock	42,773	(6,078)
Decrease / (Increase) in debtors	390,343	299,946
Decrease / (Increase) in prepayments	46,923	(57,187)
(Increase) / Decrease in accrued income	(305,213)	110,686
Increase / (Decrease) in creditors	1,244,635	(30,754)
Net cash (outflow)/inflow from operating activities	<u>1,154,768</u>	<u>403,469</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1. ACCOUNTING POLICIES

a) Basis of Accounting

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

b) Consolidation

These Financial Statements consolidate the results of The Leprosy Mission International and TLM Trading Ltd., its subsidiary, on a line by line basis. A separate Statement of Financial Activities for The Leprosy Mission International is not presented because the charity has taken advantage of the section 408 of the Companies Act 2006.

c) Going Concern

The Mission is well placed to manage the business and risks we face. We are supported by a strong cash Flow, a sufficient level of resources, a good relationship with Supporting Countries, effect:hope and other organisations to continue supporting the leprosy work. Our planning processes including financial projects take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligation and have agreed a recovery plan with The Leprosy Mission pension scheme trustees to fund the deficit over the next twelve years. The Mission therefore believe that there are no material uncertainties that call into doubt the ability of the Mission to continue as a going concern.

d) Income

Income from Supporting Countries and Support Groups, investment income and interest on deposits are dealt with on a receivable basis. All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, the amount can be quantified with reasonable accuracy and receipt is probable.

e) Fund Accounting

General unrestricted funds include movements on general funds. They are available for use at the discretion of the Trustees for the furtherance of the Mission's work.

Designated funds are amounts which have been put aside at the discretion of the Trustees which represent net book value of fixed assets in use by the Mission and the investment value of TLM Trading Limited (see note 19).

Restricted funds are amounts, which have been given to the Mission for specific purposes and are further detailed in Note 20.

f) Tangible Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation. Except freehold land, the depreciation is calculated to write off the cost of fixed assets by equal annual instalments over their expected useful life as follows: Freehold and Leasehold property 2%, Building Improvement 10%, Equipment 20%, Computers 33%. The Mission capitalises assets above the value of £500.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1. ACCOUNTING POLICIES (Continued)

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

g) Investments

Investments are included in the Financial Statements at market value and associated realised and unrealised gains and losses are shown in the Statement of Financial Activities. Unlisted investments, which comprise the investment in TLM Trading Limited, are stated at fair value, which is calculated as the net assets of the company. All income from investments is shown on an accrued basis and used for the furtherance of the Mission's work.

h) Foreign Currencies

Monetary assets and liabilities demonstrated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

i) Stocks

Stocks consist of merchandise for resale by TLM Trading Limited and are valued at the lower of cost and net realisable value. Cost is determined principally on the first in first out basis. Net realisable value is the expected price at which stock can be realised.

j) Operating Lease Agreements

Rentals under operating leases are charged to the Statement of Financial Activities as they fall due.

k) Pension Costs

The Mission operates a non contributory defined contribution pension scheme with Friends Life. Previously it participated in a multi employer defined benefit scheme providing benefits based upon career averaged revalued earnings, which was closed on 31 March 2013 for all employees. In accordance with FRS102, deficit funding for the pension scheme in which the Mission participates is accrued at current value in creditors falling due after more than one year. For additional information, please refer to Note 18.

l) Grant Making

Grants are given annually to programmes, which fit the vision and strategy approved by the Board. All programmes are required to prepare Annual Plans and Budgets. Grants are paid in accordance with the approved Annual Plan/Budgets.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1. ACCOUNTING POLICIES (Continued)

m) Taxation

The Leprosy Mission International has a wholly owned trading subsidiary, TLM Trading Limited which is a registered company in England and Wales. Any taxable profit is donated by Gift Aid to The Leprosy Mission International.

The Leprosy Mission International is a registered charity and is thus exempt from tax on income and gains falling within chapter 3 of part II of the Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

n) Trade Income

Revenue from TLM Trading Ltd comprises income from the sale of goods through its catalogue and online website. Where applicable, income is realised net of value added tax.

o) Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated on the basis of time spent.

Cost of generating funds: Includes costs associated with activities which are directly involved in generating income for the Mission.

Charitable activities: Includes payment of grants to programmes and support costs apportioned as shown in Note 7a. Grants are paid in accordance with the budget approved by the Board.

Governance costs: Includes costs associated with the governance arrangements of the Mission, which include audit fees and expenses relating to governance structure.

Support costs: Includes costs associated with the day to day management of the Mission. These costs cannot be directly associated to a particular activity of the business and accordingly are apportioned on the basis of time spent as shown in Note 7b.

p) Fair value of derivatives

The Charity has entered into foreign currency forward exchange contracts with financial institutions. Fair value is derived as the movement in the forward exchange rate that has been achieved between the dates the contract was entered into and the balance date.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1. ACCOUNTING POLICIES (Continued)

s) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due

t) Judgements and estimates

In preparing these financial statements, the Trustees have made judgements, estimates and assumptions that affect the application of the Mission's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTE 2. STATEMENT OF FINANCIAL ACTIVITIES

The net movement in funds is shown after charging:

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Audit fee - parent company	15,240	14,820	15,240	14,820
- subsidiary	7,100	6,700	-	-
Depreciation - owned assets*	150,473	26,146	150,473	25,644
- leased assets	3,800	3,800	3,800	3,800
Investment managers' charges	18,003	13,680	18,003	13,680
Foreign exchange (gain)	(48,672)	(8,055)	(48,672)	(8,055)
Bank interest	27,814	1,802	4,610	1,802
Investment (gain) on TLM Trading Ltd	(7,470)	(73,157)	(7,470)	(73,157)

* Includes depreciation charge of Office building Improvement

NOTE 3. DONATIONS

Net donations represent funds raised by TLM Fellowship Member Countries and other donor organisations. Supporting Member Countries' own costs of maintenance, administration, and fundraising have been deducted from their income and included in their own accounts. All income received by The Leprosy Mission International during the year is shown in the Statement of Financial Activities. Unspent Restricted Fund balances are carried forward to subsequent years. Comparisons between years are affected due to actual exchange rates applied in respective periods.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. DONATIONS (Continued)

	2018	2018	2018	2017	2017	2017
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£			£
TLM Supporting Member Countries:						
Australia	-	993,815	993,815	-	1,013,183	1,013,183
Belgium	-	28,858	28,858	-	33,784	33,784
Denmark	-	260,067	260,067	-	267,815	267,815
England & Wales	-	5,008,262	5,008,262	-	4,919,681	4,919,681
France	-	102,903	102,903	-	95,523	95,523
Germany	-	54,043	54,043	-	43,403	43,403
Hungary	-	66,809	66,809	-	57,216	57,216
Netherlands	-	803,660	803,660	-	1,037,672	1,037,672
New Zealand	-	1,078,582	1,078,582	-	1,285,420	1,285,420
Northern Ireland	-	236,325	236,325	-	183,839	183,839
Scotland	-	421,621	421,621	-	317,297	317,297
Southern Africa	-	182,321	182,321	-	172,439	172,439
Sweden	-	912,029	912,029	-	852,420	852,420
Switzerland	-	850,661	850,661	-	1,040,833	1,040,833
Other Donor Organisations:						
AIM	-	51,969	51,969	-	86,494	86,494
CBM	-	79,935	79,935	-	-	-
Celgene Corporation	-	39,286	39,286	-	15,569	15,569
effect:hope	-	593,596	593,596	-	1,039,427	1,039,427
Erasmus - Netherlands	-	114,692	114,692	-	148,681	148,681
DPI	-	6,166	6,166	-	-	-
F K Norway	-	14,424	14,424	-	-	-
LUMC / AZL Netherlands	-	21,887	21,887	-	22,372	22,372
Leprosy Research Initiative (LRI)	-	76,435	76,435	-	95,566	95,566
MIVA - Switzerland	-	21,722	21,722	-	-	-
Netherlands Leprosy Relief (NLR)	-	19,002	19,002	-	19,578	19,578
Probitas - Spain	-	21,021	21,021	-	-	-
TLM Finland	-	15,986	15,986	-	3,558	3,558
TLM Italy	-	44,653	44,653	-	42,840	42,840
TLM Singapore	-	28,321	28,321	-	-	-
TLM Spain	-	11,545	11,545	-	-	-
	-	12,160,595	12,160,595	-	12,794,610	12,794,610

TLM Trading Limited received £430,185 (2017: £360,207) as general donations and Gift for Life donations from its customers. In recognition of the use of donor database of TLM Supporting countries, the donations were given to the respective TLM Supporting countries. These donations are accounted for in the accounts of the respective TLM Supporting country.

	2018	2017
	£	£
TLM England & Wales	370,959	308,874
TLM Northern Ireland	20,986	23,782
TLM Scotland	38,240	27,551
	<u>430,185</u>	<u>360,207</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4. TRADING ACTIVITIES – TLM TRADING LIMITED

TLM Trading Limited, (Company Number: 3045864) an incorporated UK company, is a wholly owned subsidiary. A summary of its trading results is shown below. Audited accounts have been filed with the Registrar of Companies.

	2018	2017
	£	£
Turnover	1,448,276	1,426,852
Bank interest and royalties receivable	-	-
Other operating income**	142,920	120,766
	<u>1,591,196</u>	<u>1,547,618</u>
Cost of sales	(520,704)	(538,513)
Distribution costs	(687,946)	(638,766)
Administrative expenses*	(331,076)	(297,182)
	<u>(1,539,726)</u>	<u>(1,474,461)</u>
Operating Profit before Taxation and defined benefit pension scheme	51,470	73,157
Remeasurement (loss) on defined benefit pension scheme	(44,000)	-
Gain/(loss) for the financial year	<u>7,470</u>	<u>73,157</u>
The aggregate of the assets, liabilities and funds was:		
Total assets less current liabilities	400,159	348,689
Liabilities falling due after more than one year and provisions	(48,000)	(4,000)
Funds	<u>352,159</u>	<u>344,689</u>

*Administrative expenses include a fee of £16,680 (2017: £26,000) for accounting services by the parent company which is eliminated upon consolidation.

**Other operating income includes £25,000 from the parent charity for promoting development of artisan products, which is eliminated upon consolidation. This payment support the charitable work of the parent charity.

NOTE 5a. INVESTMENT INCOME

	2018	2017
	£	£
Equities	93,863	103,000
Fixed interest securities	29,024	39,000
Interest on cash deposits	275	122
	<u>123,162</u>	<u>142,122</u>

NOTE 5b. OTHER INCOME

	2018	2017
	£	£
Other income	154,530	49,683
Gift aid	29,734	41,791
	<u>184,264</u>	<u>91,474</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES

Most of the Mission's programmes are carried out through grants to associated local organisations, which provide medical care and sustainable benefits for individuals and communities affected by leprosy. The total amount spent in 2018 is included in the Statement of Financial Activities under Direct Charitable Expenditure and the Mission has supported more than 189 projects in more than 20 countries.

The programmes listed below are the major grants given during the year including the 50 largest programmes, representing more than 75% of total programme expenditure. These amounts include the associated support costs.

Country/Project		2018 £	2017 £
Angola			
Rehabilitation Projects	Leprosy Control/Rehab	40,580	34,639
Bangladesh			
Advocacy for Employment	Community Programme	71,943	77,902
Chittagong Hill Tracts	Leprosy Control	158,554	213,319
Chittagong Community Rehabilitation	Rehabilitation	80,411	145,465
Dhaka Co-ordination	Supervision	132,983	154,546
Gaibandha-Jaypurhat LCP	Leprosy Control Prog (LCP)	48,835	72,960
Nilphamari (DBLM)	Hosp/Rehab/Research/Train	570,608	535,894
Dhaka CBR	Rehabilitation	127,003	114,782
Leprosy Field Research	Research	228,117	351,231
Integrated Leprosy Health Systems	Community Programme	211,437	237,480
Chad			
Five Prefectures	Technical Support	153,119	113,159
China			
Bless China International	Rehabilitation	-	47,304
DR Congo			
Kasai Leprosy Projects	Leprosy Control/Tech Support	358,086	234,471
Bas Congo East & West	Leprosy/TB Control/Rehab	111,404	123,732
South Kivu, Maniema & Mingwanga	Leprosy Control	198,761	136,517
Sankuru	Leprosy/TB Control	36,714	105,771
Ethiopia			
ENAPAL/Woreda 1 Urban Slum Dev	Rehabilitation	178,070	310,360
India			
Bankura Leprosy Hospital	Hospital Prog/Training	29,237	31,252
Bankura VTC	Vocational Training	41,941	51,273
Brighter Future Development	Community Programme	55,993	75,343
Comm Aware & Disab. Prevention	Community Programme	761,486	690,791
Champa VTC	Vocational Training	42,469	31,978
Chandkuri Leprosy Hospital	Hospital Programme	67,731	72,560
CRAFT (SOAR)	Rehabilitation	87,211	92,524
Empowering Communities /Disability Rights thro NGO	Community Programme	56,505	51,428
Faizabad Leprosy Hospital	Hospital Programme	9,627	1,296
Faizabad VTC	Vocational Training	58,613	48,962
Kolkata Leprosy Hospital	Hospital Programme	116,931	161,545
Kothara Leprosy Hospital	Hospital Programme	56,888	41,068
Miraj Leprosy Hospital & Research	Hospital Programme/Research	60,099	85,942
Muzzaffarpur Leprosy Hospital	Hospital Programme	48,167	40,614
Naini Hospital	Hospital Programme	231,693	263,009
Nashik VTC	Vocational Training	71,112	72,560

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project		2018 £	2017 £
India (continued)			
Purulia Leprosy Hospital	Hospital Programme	177,818	322,589
Rehabilitation (nationwide)	Rehabilitation	65,977	51,321
Salur Leprosy Hospital	Hospital Programme	174,634	116,004
Shahdara Leprosy Hospital	Hospital Programme	-	9,966
State Wide Self-Help Group	Disability Care & Prevention	176,747	148,697
Mass Media Centre	Health Education	78,515	102,219
Vizianagaram VTC	Vocational Training	10,005	15,904
Women's Empowerment / WEALTH	Community Programme	251,420	135,896
India Office Supervision	Tech.Support/Supervision	299,500	375,263
Mozambique			
Cabo Delgado/ALEMO/Iphiro Yohoolo	Leprosy/TB Control/Education	613,889	584,507
Myanmar			
Mawlamyine Hospital	Hospital Programme/Rehab	315,281	189,137
Disability Resource Centre	Rehabilitation	157,220	115,919
Transformation E.Shan / PRIDE	Relief/Rehabilitation	41,495	87,124
7-UP Disability Advocacy Project	Advocacy	97,682	63,640
REVEAL	Community Programme	74,740	92,094
Strategic Partnership Programme	Community Programme	38,173	46,981
Nepal			
Anandaban Hospital	Hospital Programme	391,211	426,006
Anandaban Research	Research/Training	155,359	274,054
Central Region - Nepal	Technical Support	36,034	53,176
CBR/CTY/LCH Nepal	Community Programme	356,668	60,592
International Nepal Fellowship	Community Programme	18,795	119,032
Nepal Leprosy Fellowship	Community Programme	92,890	95,004
Nepal Earthquake	Relief/Rehabilitation	482,095	339,754
Nepal Floods	Relief/Rehabilitation	54,910	32,388
Niger			
CSL Danja/Niamey & Tillabery	Leprosy Control/Rehab	411,309	363,239
Nigeria			
Sokoto State	Hospital/Rehabilitation	39,270	63,564
Promote HRS Protection/Fed Cap Territory	Hospital/Rehabilitation	52,899	156,564
Prevention & Management of Impairment	Rehabilitation	80,146	92,285
Kwara/Kebbi/Kogi/Niger States	Leprosy Control/Rehab	236,095	146,445
Orthopaedic	Rehabilitation	141,138	130,267
Papua New Guinea			
Bougainville Healthy Community Project	Rehabilitation	521,307	660,131
Empowerment Project	Rehabilitation	261,749	316,731

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project	Main Activity	2018 £	2017 £
South Africa			
Leprosy Control Programme	Leprosy Control	198,693	191,362
Sri Lanka			
Empower Communities & Integration	Community Programme	223,402	221,292
South Sudan			
South Sudan Leprosy Project	Leprosy Control/Rehab	180,797	270,970
Sudan			
Omdurman & Khartoum	Tech.Support/Supervision	45,092	97,749
Tanzania			
Hombolo Hospital & Housing Project	Leprosy Control/Rehab	45,149	43,034
Thailand			
McKean Rehab.Centre - Chiang Mai	Rehabilitation	32,686	42,898
Timor Leste			
National Programme	Leprosy Control	371,875	430,597
Other grants sent to projects in above countries		667,695	689,053
		<u>12,172,686</u>	<u>12,595,122</u>

NOTE 7a. EXPENDITURE

	2018			2018 Total £	2017			2017 Total £
	Grants £	Other Direct Costs £	Support Costs £		Grants £	Other Direct Costs £	Support Costs £	
Cost of generating funds								
Expenditure on raising funds	-	614,303	-	614,303	-	541,130	-	541,130
TLM Trading Ltd	-	1,567,046	-	1,567,046	-	1,448,461	-	1,448,461
Charitable activities								
Nepal earthquake / Flood Relief	537,005	-	-	537,005	372,142	-	-	372,142
Public health	1,914,953	-	265,594	2,180,547	2,058,705	-	231,667	2,290,372
Hospitals	2,007,118	-	278,377	2,285,495	2,157,788	-	242,816	2,400,604
Disability care & prevention	2,805,867	-	389,159	3,195,026	3,016,499	-	339,448	3,355,947
Community development	2,201,684	-	305,362	2,507,046	2,366,961	-	266,355	2,633,316
Education	1,070,722	-	151,971	1,222,693	1,152,976	-	132,558	1,285,534
Research	215,048	-	29,826	244,874	231,192	-	26,015	257,207
	<u>10,752,397</u>	-	<u>1,420,289</u>	<u>12,172,686</u>	<u>11,356,263</u>	-	<u>1,238,859</u>	<u>12,595,122</u>
Total Expenditure	<u>10,752,397</u>	<u>2,181,349</u>	<u>1,420,289</u>	<u>14,354,035</u>	<u>11,356,263</u>	<u>1,989,591</u>	<u>1,238,859</u>	<u>14,584,713</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7b. ANALYSIS OF SUPPORT COSTS

	Charity	
	2018	2017
	£	£
International Partnership	501,190	389,973
Governance Cost	83,110	78,330
Finance	147,262	131,925
Quality Assurance	128,854	115,435
Advocacy	55,223	49,472
Research Support	36,816	32,981
Programme Support	220,893	197,888
Human Resources	55,223	49,472
Central Administration	92,038	85,453
Pension Deficit	113,140	113,140
Foreign currency gains	(13,460)	(5,210)
	<u>1,420,289</u>	<u>1,238,859</u>

The analysis of Support costs has been restated to better reflect the categories of costs incurred by the Mission

NOTE 8a. STAFF COSTS

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	1,050,768	1,018,739	859,599	839,780
Social security costs	78,960	66,536	60,950	49,803
Other pension costs	203,330	191,902	184,080	173,497
Multi employer pension scheme	(754,000)	(53,000)	(706,000)	(49,000)
	<u>579,058</u>	<u>1,224,177</u>	<u>398,629</u>	<u>1,014,080</u>
	Number	Number	Number	Number
Number of staff	<u>30</u>	<u>30</u>	<u>25</u>	<u>25</u>

Staff costs include the emoluments of cross-cultural staff working on TLM supported programmes and the allocation of these costs is shown in Note 7. The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows.

	2018	2017
	Number	Number
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

NOTE 8b. HOLIDAY PAY

The Mission operates holiday entitlement of 28 working days per annum to its full-time staff and part-time staff's entitlement is pro-rata accordingly. The period for calculating annual leave is from 1 January to 31 December and non-cumulative. The accrued holiday entitlement is immaterial for FRS102 disclosure purposes.

NOTE 8c. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees of the Charity and the Directors of TLM Trading Ltd for planning directing, directing and controlling the activities of the Mission. During 2018, the Charity considers its key management personal comprises of the International Director and the Trading company considers its key management personnel comprises of the Chief Executive officer. Remuneration and pension for these employees amounted to £146,320 (2017: £142,668).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 9. TRUSTEES EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no remuneration or retirement benefits for their services. 12 trustees (2017: 8) were reimbursed for travel expenses and out of pocket expenses during the year, amounting to a combined total of £16,528 (2017: £11,208).

The Leprosy Mission International has purchased indemnity insurance that provides cover:

- to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents
- to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

NOTE 10. TANGIBLE FIXED ASSETS

Consolidated	Building Improvement £	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2018 £
Cost					
01 January 2018	-	1,153,439	190,000	195,518	1,538,957
Additions	1,151,121	-	-	57,592	1,208,713
Disposal	-	-	-	116,900	116,900
31 December 2018	<u>1,151,121</u>	<u>1,153,439</u>	<u>190,000</u>	<u>136,210</u>	<u>2,630,770</u>
Depreciation					
01 January 2018	-	440,704	49,400	173,323	663,427
Charge for the year	115,112	15,385	3,800	20,479	154,776
Adjustment for disposal	-	-	-	116,900	116,900
31 December 2018	<u>115,112</u>	<u>456,089</u>	<u>53,200</u>	<u>76,902</u>	<u>701,303</u>
Net Book Value					
31 December 2018	<u>1,036,009</u>	<u>697,350</u>	<u>136,800</u>	<u>59,308</u>	<u>1,929,467</u>
31 December 2017	<u>-</u>	<u>712,735</u>	<u>140,600</u>	<u>22,194</u>	<u>875,529</u>

The book cost at 31 December 2018 represents tangible fixed assets used for:

	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total £
Fundraising	-	190,000	24,369	214,369
Long-served retired staff	180,000	-	-	180,000
Administration offices	2,124,560	-	61,102	2,185,662
Non charitable trading activities	-	-	50,739	50,739
	<u>2,304,560</u>	<u>190,000</u>	<u>136,210</u>	<u>2,630,770</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10. TANGIBLE FIXED ASSETS (Continued)

Charity	Building Improvement £	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2018 £
Cost					
01 January 2018	-	1,153,439	190,000	144,779	1,488,218
Addition	1,151,121	-		57,593	1,208,714
Disposal	-	-		116,900	116,900
31 December 2018	1,151,121	1,153,439	190,000	85,472	2,580,032
Depreciation					
01 January 2018	-	440,704	49,400	123,268	613,372
Charge for the year	115,112	15,385	3,800	19,976	154,273
Disposal	-	-		116,900	116,900
31 December 2018	115,112	456,089	53,200	26,344	650,745
Net book value					
31 December 2018	1,036,009	697,350	136,800	59,128	1,929,287
31 December 2017	-	712,735	140,600	21,511	874,846

Properties

The Mission is the beneficial user of the properties registered in the name of The Leprosy Mission Corporation, a company limited by guarantee. The Leprosy Mission Corporation is also the registered owner of properties, which are provided for the accommodation of retired staff and for Supporting Member Countries.

The Leasehold property is also held on behalf of one Supporting Member Country.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 11. INVESTMENTS

	UK £	Overseas £	2018 Consolidated £	TLM Trading (UK) £	2018 Charity £
Market value at 1 January 2018	5,229,953	995,334	6,225,287	344,689	6,569,976
Less: Portfolio cash	(79,589)	-	(79,589)	-	(79,589)
	<u>5,150,364</u>	<u>995,334</u>	<u>6,145,698</u>	<u>344,689</u>	<u>6,490,387</u>
Additions at cost	1,372,120	179,074	1,551,194	-	1,551,194
Disposals	1,536,634	137,894	1,674,528	-	1,674,528
Less: Gain / (Loss) TLM Trading	7,470	-	7,470	-	7,470
	<u>1,544,104</u>	<u>137,894</u>	<u>1,681,998</u>	<u>-</u>	<u>1,681,998</u>
	4,978,380	1,036,514	6,014,894	344,689	6,359,583
Market Value (less: Cash) at 31 December 2018	4,688,893	1,005,564	5,694,457	352,159	6,046,616
(Loss) / Gain	(289,487)	(30,950)	(320,437)	7,470	(312,967)
Market value at 31 December 2018	4,688,893	1,005,564	5,694,457	352,159	6,046,616
Add: Cash	231,817	-	231,817	-	231,817
	<u>4,920,710</u>	<u>1,005,564</u>	<u>5,926,274</u>	<u>352,159</u>	<u>6,278,433</u>
Analysis of investments					
Equities	3,848,336	1,005,564	4,853,900	352,159	5,206,059
Fixed interest securities	840,557	-	840,557	-	840,557
Cash deposit	231,817	-	231,817	-	231,817
	<u>4,920,710</u>	<u>1,005,564</u>	<u>5,926,274</u>	<u>352,159</u>	<u>6,278,433</u>
Cost at 31 December 2018	<u>4,195,302</u>	<u>819,370</u>	<u>5,014,672</u>	<u>330,250</u>	<u>5,344,922</u>
Accumulated unrealised investment gain/(loss) at 31 December 2018	<u>725,408</u>	<u>186,194</u>	<u>911,602</u>	<u>21,909</u>	<u>933,511</u>

The fund is held in two portfolios with the sterling investments being quoted on the London Stock Exchange and other currency investments quoted in Frankfurt, Tokyo, New York or Zurich, with the exception of TLM Trading Limited, which is stated below. The Investment Managers operate within the guidelines given by the Trustees, which includes an ethical investment policy and any single equity investment held in the portfolio should not represent more than 5% of the portfolio value.

Investments in trading subsidiaries

Name of Subsidiary	Holding	Proportion of Voting Rights	Registered In	Investment £
TLM Trading Limited	Ordinary shares	100%	England	200,000

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 12. STOCKS

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Goods for resale at lower of cost and net realisable value	168,734	211,507	-	-

NOTE 13. DEBTORS

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	23,317	36,851	-	-
Derivatives	65,472	-	65,472	-
Other debtors	865,749	1,308,030	860,399	1,158,835
	954,538	1,344,881	925,871	1,158,835

The Mission approved a secured debenture loan of £250,000 to TLM Trading Limited with interest being charged at market rate, which showed a nil balance at the year-end. This was to enable TLM Trading Limited to develop trading partnerships to create employment opportunities and income generation for people affected by leprosy and their families.

Included in 'other debtors' is an amount of £734,714 of payments made to TLM Trust India for funding its charitable activities and the amount will be cleared upon sale of a property in India.

NOTE 14. PREPAYMENTS

Prepayments represent funds remitted overseas during December 2018 to be spent in 2019 and to meet the requirements of the 2019 expenditure budget and therefore will be included in the accounts for 2019.

NOTE 15. CREDITORS DUE WITHIN ONE YEAR

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Accruals	807,384	429,530	800,284	401,861
Trade creditors	68,535	21,236	-	-
Other creditors	631,360	398,268	567,190	280,605
Social security and other taxes	33,967	54,698	18,264	17,146
	1,541,246	903,732	1,385,738	699,612

The Mission has an overdraft arrangement with Barclays Bank plc of £1,000,000 which is secured against the office building and against its investment portfolio which is managed by Rathbones Investment Management Limited.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 16. CREDITORS DUE AFTER ONE YEAR

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Resettlement fund	103,877	107,972	103,877	107,972
Superannuation fund	114,653	162,783	114,653	162,783
LT Severance Pay	126,000	167,654	126,000	167,654
Multi-employer pension scheme	754,000	53,000	706,000	49,000
	<u>1,098,530</u>	<u>491,409</u>	<u>1,050,530</u>	<u>487,409</u>

The Resettlement fund and the Superannuation fund are accrued benefits to the personnel who are working in the field which are payable at the time they leave the Mission. The total liability does not exceed the balance held at the closing date and is represented by cash held on deposit.

The Multi-employer pension scheme liability is an amount recognised from the past employees of the charity in accordance with FRS102. The charity has recognised the liability and discounted it back to its net present value.

NOTE 17. RELATED PARTY TRANSACTIONS

TLM Trading Limited is a wholly owned subsidiary of The Leprosy Mission International, whose financial statements are publicly available.

At 31 December 2018, an amount of £24,809 (2017: £19,671 owe to parent company) was owed by the parent company to its subsidiary through its inter-company account, which is settled during the year. There is no interest charged and no fixed repayment.

NOTE 18. PENSION SCHEME

The Mission operated a non-contributory multi-employer pension scheme providing benefits based upon career averaged re-valued earnings. The career averaged re-valued earnings scheme was closed to new members effective from 12 November 2007 and with effect from 31 March 2013, the scheme was closed to new accruals. The Mission's pension contributions are determined by a qualified actuary on the basis of triennial valuations. The actuarial valuation was made as at 31 December 2015 using the projected unit valuation method and the market value of the assets represented 91% of the market value of the liabilities.

The most recent actuarial triennial valuation was completed as at 31 December 2015. The valuation of the scheme revealed a funding shortfall (technical provisions minus value of assets) of £371,000. The trustees and the employers have agreed that an additional contribution of £180,000 per annum will be paid into the Special Pension Account held by The Leprosy Mission International in equal monthly instalments from 1 January 2017 for a period of 3 years.

By agreement with the pension Trustees, The Leprosy Mission International has agreed to pay the above pension contribution into the Special Pension Account (refer Note 20).

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. The Charity has a payment plan to reduce its share of the historical deficit on the defined benefit pension scheme. At 31 December 2018, this amounted to £706,000 (2017: £49,000).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 18. PENSION SCHEME (Continued)

In addition, the Charity has a trading subsidiary, which is included in the consolidated financial statements. The trading subsidiary also have a multi-employer pension scheme which is required to recognise its liability in accordance with FRS 102 section 28.13 and 28.13A. At 31 December 2018, this liability had increased to £48,000 (2017: £4,000). The impact of bringing these liabilities to account has resulted in change in the value of the investment. The next actuarial valuation is due at 31 December 2018 and the results are expected by November 2019.

A Group Personal Pension Scheme (GPP) has been set up with Friends Life. Employers make a contribution of 10% (with the exception of deferred active members from TLM Central Pension scheme who are paid a contribution rate of 11% for five years from the scheme closing date, which ended on 31 March 2018) of the monthly pensionable salary to Friends Life.

The Mission's pension cost for the year amounted to £178,086 (2017: £173,498).

NOTE 19. DESIGNATED FUNDS

	Balance 01.01.18 £	Consolidated Movements £	Balance 31.12.18 £
Fixed assets used by the Mission	734,246	£1,058,421	1,792,667
Fixed assets held on behalf of Supporting Countries	140,600	(3,800)	136,800
TLM Trading Limited	344,689	7,470	352,159
	<u>1,219,535</u>	<u>1,062,091</u>	<u>2,281,626</u>

	Balance 01.01.17 £	Consolidated Movements £	Balance 31.12.17 £
Fixed assets used by the Mission	766,818	(32,572)	734,246
Fixed assets held on behalf of Supporting Countries	179,680	(39,080)	140,600
TLM Trading Limited	271,532	73,157	344,689
	<u>1,218,030</u>	<u>1,505</u>	<u>1,219,535</u>

Designated funds

Designated funds are amounts, which have been set aside by the Trustees.

Fixed assets used by the mission / fixed assets held on behalf of supporting countries

At 31 December 2018, fixed assets used by the Mission and held on behalf of Supporting Countries have been shown at net book value as at this date.

TLM Trading Limited

The fund represents the net asset value of the charity's subsidiary company, TLM Trading Limited at 31 December 2018.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 20. RESTRICTED FUNDS

	Balance 01.01.18	Income	Expenditure	Movements	Balance 31.12.18
	£	£	£	£	£
Nepal Post Earthquake	676,243	307,710	482,095	-	501,858
Nepal Flood relief	85,421	-	54,910	-	30,511
Public health	-	2,163,044	2,163,044	-	-
Hospitals	81,904	2,497,148	2,349,052	-	230,000
Disability care & prevention	22,179	3,169,380	3,191,559	-	-
Community programmes	69,934	2,486,922	2,556,856	-	-
Education	8,876	1,237,678	1,246,554	-	-
Research	57,073	242,909	299,982	-	-
Special pensions account	2,351,910	-	-	(819)	2,351,091
Multi employer pension scheme	(53,000)	-	-	(701,000)	(754,000)
Derivatives fair value	(39,191)	-	-	104,663	65,472
	3,261,349	12,104,791	12,344,052	(597,156)	2,424,932

	Balance 01.01.17	Income	Expenditure	Movements	Balance 31.12.17
	£	£	£	£	£
Nepal Post Earthquake	707,933	308,064	339,754	-	676,243
Nepal Flood relief	-	117,809.00	32,388	-	85,421
Public health	-	2,290,372	2,290,372	-	-
Hospitals	-	2,482,508	2,400,604	-	81,904
Disability care & prevention	-	3,378,126	3,355,947	-	22,179
Community programmes	-	2,703,250	2,633,316	-	69,934
Education	-	1,294,409	1,285,533	-	8,876
Research	-	314,281	257,208	-	57,073
Special pensions account	1,915,083	-	-	436,827	2,351,910
Multi employer pension scheme	(56,000)	-	(3,000)	-	(53,000)
Derivatives fair value	134,000	-	-	(173,191)	(39,191)
	2,701,016	12,888,819	12,592,122	263,636	3,261,349

Restricted funds

Restricted funds are amounts, which have been given to the Mission for specific purposes and are held in cash deposits.

Nepal earthquake

This represents fund raised in respect of the Nepal earthquake, which had not been utilised at 31 December 2018.

Special pensions account

In 2012, the Mission agreed with the Pension Fund Trustees a payment of £1,000,000 into an escrow account as part of the continued funding conditions of the Scheme. Depending upon the outcome of subsequent actuarial valuations, monies would remain in escrow or be paid into the Scheme or returned to the charity. The Leprosy Mission International and the Trustees agreed by Deed dated 30 June 2015 that the assets held in the escrow account would transfer to a Special Pension Account to be held by The Leprosy Mission International under similar terms to the escrow account. The value of the investment as at 31 December 2018 was £2,351,091 and is included in investments in Note 11.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 20. RESTRICTED FUNDS (Continued)

Multi-employer pension scheme

The Mission and its subsidiary have a payment plan to reduce their share of the historical deficit on the defined benefit pension scheme. This fund represents the liability at its net present value at 31 December 2018.

Fair value of derivatives

The Mission has entered into foreign currency forward exchange contracts with financial institutions. FRS 102 requires an entity to value derivatives at fair balance. The purpose of these forward exchange contracts is to hedge grant payments in foreign currencies to programme implementing countries, which reduces the risk of uncertainty. Fair value is derived as the movement in the forward exchange rate that has been achieved between the date the contract was entered into and the balance date. The fund represents the fair value of those contracts at 31 December 2018.

NOTE 21. NET ASSETS BY FUNDS

	Unrestricted	Restricted	Total 2018
	£	£	£
Fixed Assets	1,929,467	-	1,929,467
Investments	3,575,183	2,351,091	5,926,274
Net Current Assets	760,311	73,841	834,152
	<u>6,264,961</u>	<u>2,424,932</u>	<u>8,689,893</u>

	Unrestricted	Restricted	Total 2017
	£	£	£
Fixed Assets	875,529	-	875,529
Investments	3,873,377	2,351,910	6,225,287
Net Current Assets	1,868,230	913,439	2,781,669
	<u>6,617,136</u>	<u>3,265,349</u>	<u>9,882,485</u>

NOTE 22. FINANCIAL INSTRUMENTS

The Leprosy Mission International places deliverable foreign exchange forward contracts to manage its grant payment exposure to foreign currency exchange risks.

At 31 December 2018, The Leprosy Mission International had £892,366 of foreign currency forward contracts in place. The unrealised gain on these forward contracts was £65,472. The fair value of these foreign currency forward contracts is included in restricted funds in Note 20.

NOTE 23. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post Balance Sheet events or contingent liabilities at the balance sheet date.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 24. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Fund £	Restricted Fund £	2017 Total £
INCOME				
Donations	3	-	12,794,610	12,794,610
TLM Trading Ltd: Non-charitable subsidiary	4	1,522,618	-	1,522,618
Income from investments	5a	47,913	94,209	142,122
Property Disposal		231,919	-	231,919
Other income	5b	91,474	-	91,474
TOTAL INCOME		1,893,924	12,888,819	14,782,743
EXPENDITURE ON				
Cost of raising funds		541,130	-	541,130
TLM Trading Ltd expenditure	4	1,448,461	-	1,448,461
		1,989,591	-	1,989,591
Expenditure on Charitable Activities				
	7a			
Nepal earthquake		-	372,142	372,142
Change in multi-employer pension scheme liability		-	(3,000)	(3,000)
Public health		-	2,290,372	2,290,372
Hospitals		-	2,400,604	2,400,604
Disability care & prevention		-	3,355,947	3,355,947
Community development		-	2,633,316	2,633,316
Education		-	1,285,534	1,285,534
Research		-	257,207	257,207
Total Expenditure on Charitable Activities		-	12,592,122	12,592,122
TOTAL EXPENDITURE		1,989,591	12,592,122	14,581,713
NET INCOME (before Investment gains / (losses))		(95,667)	296,697	201,030
Net gains/(losses) on investment assets		316,034	436,827	752,861
NET INCOME/(EXPENDITURE)		220,367	733,524	953,891
Change in fair value of derivatives	20		(173,191)	(173,191)
Net movement in funds for the year		220,367	560,333	780,700
Balance brought forward at 1 January 2017		6,400,769	2,701,016	9,101,785
Balance carried forward at 31 December 2017		6,621,136	3,261,349	9,882,485

All the activities of the charity are continuing.