

Annual Report and Financial Statements 2017



The Leprosy Mission International
Leprosy Defeated, Lives Transformed



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 2017, 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.

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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 to ensure 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 Kenneth W Martin	Chairperson (retired: 29 September 2017)
Dr Nalini Abraham	
* Mr Philip Putman	Hon.Treasurer
+ Mr Ashok Adhikari	
* Mr Colin Osborne	Chairperson (from: 29 September 2017)
+ Mrs Pamela Packett	
* Dr Shem Nuhu	
+ Mr Paul Emans	
* Mr Eric Chollet	
+ Mrs Anne Ratliff	Vice Chairperson (from: 29 September 2017)
+ Mr Alan Gray	(appointed: 29 September 2017)

* Indicates members of the Audit Committee

+ Indicates members of the Governance Committee

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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.

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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. Effective from 1 January 2012 Rathbone Investment Management Limited were appointed as investment managers and subsequently their contract has been renewed.

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 7).

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.

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.

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OBJECTIVES AND ACTIVITIES (Continued)

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.

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.

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ACHIEVEMENTS AND PERFORMANCE (Continued)

Income

In 2017 voluntary income was £12,794,610 which was 5% more than the previous year's income. The increase is largely attributable to increased 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 2017 we gave technical assistance to governments in more than 20 countries. Our own hospitals and projects were responsible for identifying 11,489 new cases of leprosy during the year (2016: 10,056). We also provided 37,487 training days for TLM staff, government health staff and other NGOs in leprosy (2016: 49,922).

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 2017 we supported 18 TLM supported hospitals and another 25 partner hospitals. The hospitals provided 11,884 in-patients with care for leprosy related conditions (2016: 11,770). We performed 1,762 (2016: 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 2017 we provided assistance to 1,729 self-care groups, which included 21,514 participants (2016: 1,660 groups with 22,313 participants). In 2017, TLM provided 31,347 people (2016: 33,947) 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 2017 we supported 4,641 self-help groups and cooperatives with 44,466 participants (2016: 3,291 groups with 39,896 participants). In 2017 we built or renovated 634 low-cost homes (2016: 441) for leprosy-affected people in poverty, and enabled 29,749 people to access new or renovated water or sanitation facilities (2016: 18,591).

Education

Training and education provide leprosy-affected people and their families a means to break free from the cycle of poverty. In 2017 we provided scholarships for formal education to 3,738 children or young people (2016: 4,159). We provided vocational training or apprenticeships to 645 young people (2016: 788). At

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ACHIEVEMENTS AND PERFORMANCE (Continued)

TLM's own Vocational Training Centres in India we trained 1,543 young people in marketable skills, setting them up for life (2016: 1,996).

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 2017 was 41 (2016: 103).

FINANCIAL PERFORMANCE

The consolidated surplus for the year was £201,030 (2016: £479,339). The financial position compared to the previous year was largely impacted by the multi-employer pension scheme liability.

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.

The Leprosy Mission International has not conducted any fundraising activities in the year and we have not employed any third party to fundraise on our behalf. However, we work very closely with supporting Member countries that actively fundraise, including TLM England and Wales, TLM Scotland and TLM Northern Ireland.

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 £13,158,252 (2016: £12,054,747) of which £12,592,122 (96%) (2016: £11,550,877 (96%)) was attributable to charitable activities. Major programmes supported in 2017 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 9.3% (2016: 8.8%) of the total income of the charity.

Investment

Rathbone Investment Management Ltd was appointed as the investment manager on 1 January 2012 and subsequently their contract has been renewed. 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 the management and the Treasurer on a quarterly basis.

In the year ended 31 December 2017 the fund achieved a return of 11.3% (2016: 17.9%) against the benchmark of 8.6% (2016: 18.1%).

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 2017 is £5,401,601 (2016: £5,182,739) and the Trustees are aware of the increased reserve level and are satisfied that the Mission is working with a deficit budget in 2018.

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FINANCIAL PERFORMANCE (Continued)

In addition, an amount of £3,261,349 is held in bank and investments as restricted funds listed in Note 20. An amount of £1,219,535 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.

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 2017 the income of the trading company was £1,547,618 (2016: £1,464,346) and the company made a profit of £73,157 (2016: gain £106,912). Customers of TLM Trading Limited donated an amount of £360,207 (2016: £348,988) 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.

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FUTURE PLANS

Global Strategy

2017 is the fourth year of implementation of the 2014-18 global strategy of The Leprosy Mission Fellowship. In 2016, an external review of the Leprosy Mission Global Fellowship was conducted, and from this review, a number of new priorities were undertaken in 2017. These include; (i) supporting members with their fundraising strategies and initiatives (ii) developing core advocacy messaging so the Global Fellowship could speak with one voice (iii) strengthening members by rolling out a new leadership development programme for senior leaders across the Global Fellowship. We will continue to use the agreed set of global indicators, including output and outcome data, to monitor the achievements of the TLM Fellowship against the global strategy.

Resource mobilisation

The need for a significant increase in TLM fundraising, worldwide, is a key driver for success with the global strategy. To build momentum and enable specific plans to be made, we will hold a fourth international meeting of TLM supporting country leaders and fundraising professionals during 2018. We will continue to seek to build fundraising capability in the Mission as a whole to help fundraising growth in existing markets and explore new markets for TLM to enter into.

Public Health

We will seek to influence government departments and other health and social service organisations to ensure appropriate priority for leprosy in their programmes, especially where leprosy is not yet fully integrated into mainstream healthcare systems, in line with the new Global Leprosy Strategy 2016-2020 produced under the auspices of the World Health Organisation. We will continue to provide training and expert advice – on disability prevention, good referral systems for leprosy complications and early diagnosis and treatment of leprosy – at all possible levels of the public health service in the countries where the Mission works. We will continue to develop and promulgate resources for public information and education into the reality of leprosy. This will include a new global advocacy strategy that will allow TLM to speak with one, coherent voice. We will develop and build on collaborations at global and country level with stakeholders committed to other neglected tropical diseases.

Hospitals

Good quality referral services are a vital need for people with leprosy. We will advocate for leprosy-affected people to have access to good leprosy and other medical treatment from hospitals in the communities where they live. Where needed, we will continue to provide leprosy referral hospital services in strategic locations, both for the direct benefit of leprosy-affected people in the surrounding areas and as centres of expertise and training in leprosy for the wider benefit of the countries in which we work. These hospitals will also provide other appropriate forms of healthcare to the surrounding communities, and continue to develop sources of local income. We will work to increase the availability of leprosy reconstructive surgery and disabled patients' access, when needed, to prostheses and specialised footwear.

Working towards dignity and empowerment

People affected by leprosy, especially those with disability, frequently experience marginalisation and injustice in their communities. Moreover, those with nerve damage arising from leprosy are at constant risk of damage to their insensitive hands and feet which can lead to disability. We will teach people how to look after their insensitive hands and feet and encourage participation in self-care groups, and train partner organisations to do the same. We will encourage formation of self-help groups and cooperatives of leprosy-affected and disabled people to build improved livelihoods, facilitate savings and microfinance activities, facilitate self-care and emotional support, challenge injustice and advocate for their rights and entitlements. Where they exist, we will seek to build the capacity of disabled people's organisations and existing organisations of leprosy-affected people to achieve dignity and empowerment. This will include the training and equipping of leprosy-affected persons as spokespeople in order that they can advocate for their rights

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FUTURE PLANS (Continued)

with duty bearers. We will continue to offer community-based and institutional vocational training programmes and educational scholarships, designed to help leprosy-affected individuals and families to escape poverty.

Social integration

The Leprosy Mission aims for communities to be free from stigma and discrimination towards people affected by leprosy. We will raise awareness about leprosy and disability inclusion, and seek to influence communities, Government services, NGOs, churches, and other civil society organisations, to actively include leprosy-affected people in social life and programmes. We will support programmes that help leprosy-affected people deal with the personal, psychological and spiritual issues caused by stigma and rejection. We will strive to implement participatory processes that ensure that the voice and experience of people affected by leprosy informs The Leprosy Mission's decision-making at many levels. Exciting opportunities have emerged in some countries to 'tell the story' of people affected by leprosy through film and media, and these opportunities will be pursued further where possible.

Research and learning

The Mission strives to be a learning organisation that uses and shares evidence-based practice. In line with our global research strategy and as members of the Leprosy Research Initiative, we will continue to support research projects including major research establishments in three countries. We will strive to ensure the publication of research papers in peer-reviewed journals and present these at appropriate International meetings. We will continue to implement the new comprehensive approach to Member country review adopted by the Members of the TLM Fellowship. We will continue to encourage implementation of the main findings of the 2016 thematic evaluations into gender equality.

Governance and leadership

We will continue to produce an annual country governance effectiveness report, covering those country programs directly governed by TLM International. We will promulgate programmes for governance development and country leader mentoring and line management. A new leadership development programme was rolled out in 2017 and a second batch of leaders will be trained in 2018-19. We will continue to publish regular prayer information for staff and supporters including the annual ASK prayer diary. We will build a stronger and more assertive presence and advocacy platform for The Leprosy Mission, which will be spearheaded by the Head of Advocacy.

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's 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.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES (Continued)

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.

PRINCIPAL ADVISORS

Bankers

Barclays Bank plc
8 George Street
Richmond
Surrey
TW9 1JU

Investment Managers

Rathbone Investment Management Ltd
8 Finsbury Circus
London
EC2M 7AZ

Pension Scheme Actuaries

First Actuarial LLP
Network House
Basing View
Basingstoke
Hampshire
RG21 4HG

Auditors

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

The Report of the Trustees and Financial Statements for the year ended 31 December 2017 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 as auditors of the company will be proposed at the forthcoming Annual General Meeting.



On behalf of the Trustees

Mr Colin Osborne
Chairperson

26 April 2018

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of The Leprosy Mission International for the year ended 31 December 2017 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 2017 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.

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 10 and 11, 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.

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (Continued)

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.

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 Report of the Trustees (which incorporates the strategic report and the directors' report) 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



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

10 Queen Street Place
London
EC4R 1AG

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017 (Incorporating an Income and Expenditure Account)

	Notes	Unrestricted Fund £	Restricted Fund £	2017 Total £	2016 Total £
INCOME					
Donations	3	-	12,794,610	12,794,610	12,209,301
TLM Trading Ltd: Non-charitable subsidiary	4	1,522,618	-	1,522,618	1,434,346
Income from investments	5a	47,913	94,209	142,122	129,761
Property Disposal		231,919	-	231,919	-
Other income	5b	91,474	-	91,474	63,112
TOTAL INCOME		1,893,924	12,888,819	14,782,743	13,836,520
EXPENDITURE ON					
Cost of raising funds		541,130	-	541,130	503,870
TLM Trading Ltd expenditure	4	1,448,461	-	1,448,461	1,332,434
		<u>1,989,591</u>	<u>-</u>	<u>1,989,591</u>	<u>1,836,304</u>
Expenditure on Charitable Activities					
	7a				
Nepal earthquake		-	372,142	372,142	331,888
Change in multi-employer pension scheme liability		-	(3,000)	(3,000)	(574,000)
Public health		-	2,290,372	2,290,372	2,205,289
Hospitals		-	2,400,604	2,400,604	2,311,426
Disability care & prevention		-	3,355,947	3,355,947	3,231,279
Community development		-	2,633,316	2,633,316	2,535,492
Education		-	1,285,534	1,285,534	1,231,850
Research		-	257,207	257,207	247,653
Total Expenditure on Charitable Activities		<u>-</u>	<u>12,592,122</u>	<u>12,592,122</u>	<u>11,520,877</u>
TOTAL EXPENDITURE		1,989,591	12,592,122	14,581,713	13,357,181
NET INCOME (before Investment gains / (losses))		(95,667)	296,697	201,030	479,339
Net gains/(losses) on investment assets		316,034	436,827	752,861	1,029,749
NET INCOME/(EXPENDITURE)		220,367	733,524	953,891	1,509,088
Change in fair value of derivatives	20		(173,191)	(173,191)	56,000
Net movement in funds for the year		220,367	560,333	780,700	1,565,088
Balance brought forward at 1 January 2017		6,400,769	2,701,016	9,101,785	7,536,697
Balance carried forward at 31 December 2017		6,621,136	3,261,349	9,882,485	9,101,785

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 17 to 35 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 2017

	Notes	Consolidated		Charity	
		2017 £	2016 £	2017 £	2016 £
FIXED ASSETS					
Tangible fixed assets	10	875,529	947,144	874,846	946,498
Investments	11	6,225,287	5,524,189	6,569,976	5,795,721
		<u>7,100,816</u>	<u>6,471,333</u>	<u>7,444,822</u>	<u>6,742,219</u>
CURRENT ASSETS					
Stocks	12	211,507	205,429	-	-
Debtors	13	1,344,881	1,644,827	1,158,835	1,598,277
Prepayments	14	234,629	177,442	234,629	177,442
Accrued income from supporting councils		152,326	263,012	152,326	263,012
Cash at bank and in hand					
Held in sterling		1,267,902	687,200	1,113,329	435,030
Held in other currencies		965,565	1,078,437	965,565	1,078,437
		<u>4,176,810</u>	<u>4,056,347</u>	<u>3,624,684</u>	<u>3,552,198</u>
CURRENT LIABILITIES					
Creditors due within one year	15	(903,732)	(1,106,643)	(699,612)	(877,380)
NET CURRENT ASSETS		<u>3,273,078</u>	<u>2,949,704</u>	<u>2,925,072</u>	<u>2,674,818</u>
CREDITORS DUE AFTER ONE YEAR	16	(491,409)	(319,252)	(487,409)	(315,252)
NET ASSETS		<u>9,882,485</u>	<u>9,101,785</u>	<u>9,882,485</u>	<u>9,101,785</u>
FUNDS					
Unrestricted funds					
General reserve		5,401,601	5,182,739	5,397,601	5,178,739
Designated funds:					
Fixed assets used by the Mission	19	734,246	766,818	734,246	766,818
Fixed assets held on behalf of supporting councils	19	140,600	179,680	140,600	179,680
TLM Trading Ltd (investment)	19	344,689	271,532	344,689	271,532
		<u>6,621,136</u>	<u>6,400,769</u>	<u>6,617,136</u>	<u>6,396,769</u>
Restricted - other funds	20	1,001,630	707,933	1,001,630	707,933
Restricted - multi employer pension scheme	20	(53,000)	(56,000)	(49,000)	(52,000)
Restricted - derivatives fair value	20	(39,191)	134,000	(39,191)	134,000
Restricted - Special pension account	20	2,351,910	1,915,083	2,351,910	1,915,083
		<u>9,882,485</u>	<u>9,101,785</u>	<u>9,882,485</u>	<u>9,101,785</u>

General reserve for 2017 includes an amount of £1,537,472 (2016: £1,288,746) being the revaluation reserve in respect of accumulated unrealised investment gains.

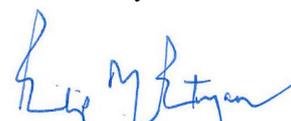
The results of the charity (TLMI) before consolidation show a total income of £13,285,125 (2016: £12,427,174) and resources expended of £13,158,252 (2016: £12,054,747) resulting in a gain before realised and unrealised gains/losses on investments of £127,873 for the year.

The notes on pages 17 to 35 form part of these Financial Statements.

Approved and authorised for issue by the Trustees on 26 April 2018 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 2017

		2017	2016
		£	£
Cash generated by / (used in) operating activities	Note A	403,469	346,915
Cashflows from investing activities			
Investment income		142,122	129,761
Interest paid		(1,802)	(10,206)
Purchase of tangible fixed assets		(28,418)	(968)
Disposal of tangible fixed assets		302,006	-
Decrease / (Increase) in cash available for investment		19,257	(88,229)
Purchase of investments		(1,055,414)	(995,702)
Sale of investments		686,610	1,284,065
Increase / (decrease) in cash in the year	Note B	<u>467,830</u>	<u>665,636</u>
Cash at the beginning of the period		<u>1,765,637</u>	<u>1,110,001</u>
Cash at the end of the period		<u>2,233,467</u>	<u>1,765,637</u>

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

	2017	2016
	£	£
Net movement in funds in year	780,700	1,565,088
(Gains) / losses on investment	(753,086)	(1,029,749)
Change in fair value of derivatives	173,416	(56,000)
Investment income	(142,122)	(129,761)
Interest paid	1,802	10,206
Depreciation charge	26,146	42,090
(Increase) / decrease in stock	(6,078)	(22,906)
Decrease / (Increase) in debtors	299,946	(522,205)
(Increase) / decrease in prepayments	(57,187)	826,196
(Increase) / decrease in accrued income	110,686	(64,148)
(Decrease) / increase in creditors	(30,754)	(271,896)
Net cash (outflow)/inflow from operating activities	<u>403,469</u>	<u>346,915</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 20).

Restricted funds are amounts which have been given to the Mission for specific purposes and are further detailed in Note 21.

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%, 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 2017

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 2017

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 under deed of covenant 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 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 2017

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	
	2017	2016	2017	2016
	£	£	£	£
Audit fee - parent company	14,820	14,400	14,820	14,400
- subsidiary	6,700	6,750	-	-
Depreciation - owned assets	26,146	42,090	25,644	23,774
- leased assets	3,800	3,800	3,800	3,800
Investment managers' charges	13,680	16,400	13,680	16,400
Foreign exchange loss/(gain)	(8,055)	(229,020)	(8,055)	(229,020)
Bank interest	1,802	10,206	1,802	10,206
Investment (gain)/ loss on TLM Trading Ltd	(73,157)	(106,912)	(73,157)	(106,912)

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 2017

NOTE 3. DONATIONS (Continued)

	2017	2017	2017	2016
	Unrestricted	Restricted	Total	Total
	£	£	£	£
TLM Supporting Member Countries:				
Australia	-	1,013,183	1,013,183	1,033,155
Belgium	-	33,784	33,784	15,248
Denmark	-	267,815	267,815	328,348
England & Wales	-	4,919,681	4,919,681	5,024,306
France	-	95,523	95,523	91,354
Germany	-	43,403	43,403	39,449
Hungary	-	57,216	57,216	58,707
Netherlands	-	1,037,672	1,037,672	743,590
New Zealand	-	1,285,420	1,285,420	1,331,773
Northern Ireland	-	183,839	183,839	177,751
Scotland	-	317,297	317,297	388,122
Southern Africa	-	172,439	172,439	160,949
Sweden	-	852,420	852,420	653,020
Switzerland	-	1,040,833	1,040,833	843,995
Other Donor Organisations:				
American Leprosy Missions	-	-	-	10,576
AIM	-	86,494	86,494	-
Celgene Corporation - Clinic Study Nepal	-	15,569	15,569	-
Erasmus / KIT - Netherlands	-	148,681	148,681	106,255
LUMC	-	22,372	22,372	-
Leprosy Research Initiative (LRI)	-	95,566	95,566	101,047
Netherlands Leprosy Relief (NLR)	-	19,578	19,578	-
effect:hope	-	1,039,427	1,039,427	1,016,637
TLM Finland	-	3,558	3,558	4,260
TLM Italy	-	42,840	42,840	41,941
TLM Singapore	-	-	-	28,095
TLM Spain	-	-	-	10,723
	-	12,794,610	12,794,610	12,209,301

TLM Trading Limited received £360,207 (2016: £348,988) 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.

	2017	2016
	£	£
TLM England & Wales	308,874	303,590
TLM Northern Ireland	23,782	19,239
TLM Scotland	27,551	26,159
	360,207	348,988

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

	2017	2016
	£	£
Turnover	1,426,852	1,342,682
Bank interest and royalties receivable	-	1
Other operating income**	120,766	121,663
	<u>1,547,618</u>	<u>1,464,346</u>
Cost of sales	(538,513)	(479,445)
Distribution costs	(638,766)	(609,599)
Administrative expenses*	(297,182)	(268,390)
	<u>(1,474,461)</u>	<u>(1,357,434)</u>
Net gain/(loss) before taxation	73,157	106,912
Deferred tax credit on profit on ordinary activities	-	-
Gain/(loss) for the financial year	<u>73,157</u>	<u>106,912</u>
The aggregate of the assets, liabilities and funds was:		
Total assets less current liabilities	348,689	275,532
Liabilities falling due after more than one year and provisions	(4,000)	(4,000)
Funds	<u>344,689</u>	<u>271,532</u>

*Administrative expenses include a fee of £26,000 (2016: £25,000) 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.

NOTE 5a. INVESTMENT INCOME

	UK	Overseas	2017	2016
	£	£	£	£
Equities	75,119	28,003	103,122	89,802
Fixed interest securities	32,250	6,750	39,000	39,959
Interest on cash deposits	-	-	-	-
	<u>107,369</u>	<u>34,753</u>	<u>142,122</u>	<u>129,761</u>

NOTE 5b. OTHER INCOME

	2017	2016
	£	£
Other income	49,683	33,112
Gift aid	41,791	30,000
	<u>91,474</u>	<u>63,112</u>

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 2017 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 LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

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		2017 £	2016 £
Angola			
Rehabilitation Projects	Leprosy Control/Rehab	34,639	55,156
Bangladesh			
Advocacy for Employment	Community Programme	77,902	70,664
Chittagong Hill Tracts	Leprosy Control	213,319	142,218
Chittagong Community Rehabilitation	Rehabilitation	145,465	138,178
Dhaka Co-ordination	Supervision	154,546	75,448
Gaibandha-Jaypurhat LCP	Leprosy Control Prog (LCP)	72,960	87,148
Nilphamari (DBLM)	Hosp/Rehab/Research/Train	535,894	560,403
Dhaka CBR	Rehabilitation	114,782	160,578
Dhaka LCP	Leprosy Control	-	100,499
Leprosy Field Research	Research	351,231	181,693
Integrated Leprosy Health Systems	Community Programme	237,480	-
Chad			
Five Prefectures	Technical Support	113,159	129,459
China			
Bless China International	Rehabilitation	47,304	44,240
DR Congo			
Kasai Leprosy Projects	Leprosy Control/Tech Support	234,471	306,031
Bas Congo East & West	Leprosy/TB Control/Rehab	123,732	92,616
South Kivu, Maniema & Mingwanga	Leprosy Control	136,517	95,855
Sankuru	Leprosy/TB Control	105,771	136,581
Ethiopia			
ENAPAL/Woreda 1 Urban Slum Dev	Rehabilitation	310,360	383,842
India			
Bankura Leprosy Hospital	Hospital Prog/Training	31,252	30,841
Bankura VTC	Vocational Training	51,273	50,354
Brighter Future Development	Community Programme	75,343	32,069
Comm Aware & Disab. Prevention	Community Programme	690,791	773,345
Champa VTC	Vocational Training	31,978	30,841
Chandkuri Leprosy Hospital	Hospital Programme	72,560	83,488
CRAFT (SOAR)	Rehabilitation	92,524	104,688
Empowering Communities /Disability Rights thro NGO	Community Programme	551,428	41,732
Faizabad Leprosy Hospital	Hospital Programme	1,296	1,254
Faizabad VTC	Vocational Training	48,962	58,108
Kolkata Leprosy Hospital	Hospital Programme	161,545	117,879
Kothara Leprosy Hospital	Hospital Programme	41,068	61,546
Miraj Leprosy Hospital & Research	Hospital Programme/Research	85,942	72,926
Muzzaffarpur Leprosy Hospital	Hospital Programme	40,614	40,116
Naini Hospital	Hospital Programme	263,009	338,742
Nashik VTC	Vocational Training	72,560	66,801

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project		2017 £	2016 £
India (continued)			
Purulia Leprosy Hospital	Hospital Programme	322,589	210,195
Rehabilitation (nationwide)	Rehabilitation	51,321	56,533
Salur Leprosy Hospital	Hospital Programme	116,004	133,422
Shahdara Leprosy Hospital	Hospital Programme	9,966	29,740
State Wide Self-Help Group	Disability Care & Prevention	148,697	60,177
Mass Media Centre	Health Education	102,219	87,953
Vizianagaram VTC	Vocational Training	15,904	15,665
Women's Empowerment / WEALTH	Community Programme	135,896	89,860
India Office Supervision	Tech.Support/Supervision	375,263	357,317
Mozambique			
Cabo Delgado/ALEMO/Iphiro Yohoolo	Leprosy/TB Control/Education	584,507	579,815
Myanmar			
Mawlamyine Hospital	Hospital Programme/Rehab	189,137	155,757
Disability Resource Centre	Rehabilitation	115,919	288,889
Transformation E.Shan / PRIDE	Relief/Rehabilitation	87,124	133,652
7-UP Disability Advocacy Project	Advocacy	63,640	142,815
REVEAL	Community Programme	92,094	46,163
Strategic Partnership Programme	Community Programme	46,981	-
Nepal			
Anandaban Hospital	Hospital Programme	426,006	369,549
Anandaban Research	Research/Training	274,054	226,036
Central Region - Nepal	Technical Support	53,176	54,095
CBR/CTY/LCH Nepal	Community Programme	60,592	139,435
International Nepal Fellowship	Community Programme	119,032	128,312
Nepal Leprosy Fellowship	Community Programme	95,004	91,972
Nepal Earthquake	Relief/Rehabilitation	339,754	331,888
Nepal Floods	Relief/Rehabilitation	32,388	-
Niger			
CSL Danja/Niamey & Tillabery	Leprosy Control/Rehab	363,239	340,256
Nigeria			
Sokoto State	Hospital/Rehabilitation	63,564	106,638
Promote HRS Protection/Fed Cap Territory	Hospital/Rehabilitation	156,564	94,804
Prevention & Management of Impairment	Rehabilitation	92,285	83,776
Kwara/Kebbi/Kogi/Niger States	Leprosy Control/Rehab	146,445	94,302
Orthopaedic	Rehabilitation	130,267	86,664
Ekpene Obom Limb Workshop	Rehabilitation	-	13,501
Papua New Guinea			
Bougainville Healthy Community Project	Rehabilitation	660,131	758,465
Empowerment Project	Rehabilitation	316,731	262,282

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project	Main Activity	2017 £	2016 £
South Africa			
Leprosy Control Programme	Leprosy Control	191,362	165,862
Sri Lanka			
Empower Communities & Integration	Community Programme	221,292	167,686
South Sudan			
South Sudan Leprosy Project	Leprosy Control/Rehab	270,970	185,967
Sudan			
Omdurman & Khartoum	Tech.Support/Supervision	97,749	59,062
Tanzania			
Hombolo Hospital & Housing Project	Leprosy Control/Rehab	43,034	24,809
Thailand			
McKean Rehab.Centre - Chiang Mai	Rehabilitation	42,898	39,591
Timor Leste			
National Programme	Leprosy Control	430,597	410,015
Other grants sent to projects in above countries		689,053	806,619
Multi employer pension scheme adjustment		(3,000)	(574,000)
		<u>12,592,122</u>	<u>11,520,877</u>

NOTE 7a. EXPENDITURE

	Grants £	Other Direct Costs £	Support Costs £	2017 Total £	2016 Total £
Cost of generating funds					
Expenditure on raising funds	-	541,130	-	541,130	503,870
TLM Trading Ltd	-	1,448,461	-	1,448,461	1,332,434
Charitable activities					
Nepal earthquake / Flood Relief	372,142	-	-	372,142	331,888
Change in value of multi-employer pension scheme	-	(3,000)	-	(3,000)	(574,000)
Public health	2,058,705	-	231,667	2,290,372	2,205,289
Hospitals	2,157,788	-	242,816	2,400,604	2,311,426
Disability care & prevention	3,016,499	-	339,448	3,355,947	3,231,279
Community development	2,366,961	-	266,355	2,633,316	2,535,492
Education	1,152,976	-	132,558	1,285,534	1,231,850
Research	231,192	-	26,015	257,207	247,653
	<u>11,356,263</u>	<u>(3,000)</u>	<u>1,238,859</u>	<u>12,592,122</u>	<u>11,520,877</u>
Total Expenditure	<u>11,356,263</u>	<u>1,986,591</u>	<u>1,238,859</u>	<u>14,581,713</u>	<u>13,357,181</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 7b. ANALYSIS OF SUPPORT COSTS

	Charity	
	2017	2016
	£	£
International Partnership	389,973	400,679
Governance Cost*	78,330	87,520
Finance	175,900	185,430
Quality Assurance	109,938	115,890
Programme Support	197,888	208,610
Human Resources	87,950	92,720
Central Administration	87,950	92,720
Pension Deficit	116,140	147,460
Foreign currency gains	(5,210)	(229,020)
	<u>1,238,859</u>	<u>1,102,009</u>

*Governance cost include payment to the auditors of £14,820 (2016: £14,400)

NOTE 8a. STAFF COSTS

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	1,018,739	991,375	839,780	817,411
Social security costs	66,536	77,447	49,803	63,657
Other pension costs	191,902	243,080	173,497	211,116
Multi employer pension scheme	(53,000)	(621,000)	(49,000)	(574,000)
	<u>1,224,177</u>	<u>690,902</u>	<u>1,014,080</u>	<u>518,184</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.

	2017	2016
	Number	Number
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	<u>1</u>	<u>1</u>

NOTE 8b. HOLIDAY PAY

The Mission operates holiday entitlement of 25 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 2017 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 £142,668 (2016: £165,192).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 9. TRUSTEES EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no remuneration or retirement benefits for their services. 8 trustees (2016: 9) were reimbursed for travel expenses and out of pocket expenses during the year, amounting to a combined total of £11,208 (2016: £6,917).

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	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2017 £
Cost				
01 January 2017	1,254,643	190,000	167,099	1,611,742
Additions	-	-	28,418	28,418
Disposal	(101,204)	-	-	(101,204)
31 December 2017	<u>1,153,439</u>	<u>190,000</u>	<u>195,517</u>	<u>1,538,956</u>
Depreciation				
01 January 2017	456,436	45,600	162,562	664,598
Charge for the year	15,385	3,800	10,761	29,946
Adjustment for disposal	(31,117)	-	-	(31,117)
31 December 2017	<u>440,704</u>	<u>49,400</u>	<u>173,323</u>	<u>663,427</u>
Net Book Value				
31 December 2017	<u>712,735</u>	<u>140,600</u>	<u>22,194</u>	<u>875,529</u>
31 December 2016	<u>798,207</u>	<u>144,400</u>	<u>4,537</u>	<u>947,144</u>

The book cost at 31 December 2017 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	973,439	-	120,949	1,094,388
Non charitable trading activities	-	-	50,199	50,199
	<u>1,153,439</u>	<u>190,000</u>	<u>195,517</u>	<u>1,538,956</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10. TANGIBLE FIXED ASSETS (Continued)

Charity	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2017 £
Cost				
01 January 2017	1,254,643	190,000	116,900	1,561,543
Addition	-	-	27,879	27,879
Disposal	(101,204)	-	-	(101,204)
31 December 2017	<u>1,153,439</u>	<u>190,000</u>	<u>144,779</u>	<u>1,488,218</u>
Depreciation				
01 January 2017	456,436	45,600	113,009	615,045
Charge for the year	15,385	3,800	10,259	29,444
Disposal	(31,117)	-	-	(31,117)
31 December 2017	<u>440,704</u>	<u>49,400</u>	<u>123,268</u>	<u>613,372</u>
Net book value				
31 December 2017	<u>712,735</u>	<u>140,600</u>	<u>21,511</u>	<u>874,846</u>
31 December 2016	<u>798,207</u>	<u>144,400</u>	<u>3,891</u>	<u>946,498</u>

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.

Included within freehold properties are properties held on behalf of Supporting Member Countries with a net book value at 31 December 2017 of £0 (2016: £35,280). 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 2017

NOTE 11. INVESTMENTS

	UK £	Overseas £	2017 Consolidated £	TLM Trading (UK) £	2017 Charity £
Market value at 1 January 2017	4,630,709	893,480	5,524,189	271,532	5,795,721
Less: Portfolio cash	(98,846)	-	(98,846)	-	(98,846)
	<u>4,531,863</u>	<u>893,480</u>	<u>5,425,343</u>	<u>271,532</u>	<u>5,696,875</u>
Additions at cost	966,573	88,841	1,055,414	-	1,055,414
Disposals	759,122	62,588	821,710	-	821,710
Less: Cash Input - Special Pension Account	193,053	-	193,053	-	193,053
Less: Gain / (Loss) TLM Trading	73,157	-	73,157	-	73,157
	<u>1,025,332</u>	<u>62,588</u>	<u>1,087,920</u>	<u>-</u>	<u>1,087,920</u>
	4,473,104	919,733	5,392,837	271,532	5,664,369
Market Value (less: Cash) at 31 December 2017	5,150,364	995,334	6,145,698	344,689	6,490,387
Gain / (Loss)	677,260	75,601	752,861	73,157	826,018
Market value at 31 December 2017	5,150,364	995,334	6,145,698	344,689	6,490,387
Add: Cash	79,589	-	79,589	-	79,589
	<u>5,229,953</u>	<u>995,334</u>	<u>6,225,287</u>	<u>344,689</u>	<u>6,569,976</u>
Analysis of investments					
Equities	4,194,539	995,334	5,189,873	344,689	5,534,562
Fixed interest securities	955,825	-	955,825	-	955,825
Cash deposit	79,589	-	79,589	-	79,589
	<u>5,229,953</u>	<u>995,334</u>	<u>6,225,287</u>	<u>344,689</u>	<u>6,569,976</u>
Cost at 31 December 2017	<u>3,941,334</u>	<u>760,920</u>	<u>4,702,254</u>	<u>330,250</u>	<u>5,032,504</u>
Accumulated unrealised investment gain/(loss) at 31 December 2017	<u>1,288,619</u>	<u>234,414</u>	<u>1,523,033</u>	<u>14,439</u>	<u>1,537,472</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 2017

NOTE 12. STOCKS

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Goods for resale at lower of cost and net realisable value	211,507	205,429	-	-

NOTE 13. DEBTORS

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	36,851	45,222	-	-
Derivatives	-	134,000	-	134,000
Other debtors	1,308,030	1,465,605	1,158,835	1,464,277
	<u>1,344,881</u>	<u>1,644,827</u>	<u>1,158,835</u>	<u>1,598,277</u>

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 £746,825 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 2017 to meet the requirements of the 2018 expenditure budget and therefore will be included in the accounts for 2018.

NOTE 15. CREDITORS DUE WITHIN ONE YEAR

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Accruals	429,530	662,209	401,861	662,208
Trade creditors	21,236	97,045	-	-
Other creditors	398,268	302,119	280,605	199,246
Social security and other taxes	54,698	45,270	17,146	15,926
	<u>903,732</u>	<u>1,106,643</u>	<u>699,612</u>	<u>877,380</u>

The Mission has an overdraft arrangements 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 2017

NOTE 16. CREDITORS DUE AFTER ONE YEAR

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Resettlement fund	107,972	100,960	107,972	100,960
Superannuation fund	162,783	162,292	162,783	162,292
LT Severance Pay	167,654	-	167,654	-
Multi-employer pension scheme	53,000	56,000	49,000	52,000
	<u>491,409</u>	<u>319,252</u>	<u>487,409</u>	<u>315,252</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 2017, an amount of £19,671 (2016: £35,292 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.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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. Upon transition at 1 January 2014, the Charity has recognised the liability and discounted the liability back to its net present value. At 31 December 2017, this amounted to £49,000 (2016: £52,000).

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. This resulted in recognition of a £91,000 liability upon the date of transition. At 31 December 2017 this liability had reduced to £4,000 (2016: £4,000). The impact of bringing these liabilities to account has resulted in change in the value of the investment.

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) of the monthly pensionable salary to Friends Life.

The Mission's pension cost for the year amounted to £173,498 (2016: £211,116).

NOTE 19. DESIGNATED FUNDS

	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>

Full comparatives for the year ended 31 December 2016 are included in the audited statutory accounts for that year, and available from the Charity Commission.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 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 2017.

NOTE 20. RESTRICTED FUNDS

	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	32,388	-	85,421
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)
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
	<u>2,701,016</u>	<u>12,888,819</u>	<u>12,592,122</u>	<u>263,636</u>	<u>3,261,349</u>

Full comparatives for the year ended 31 December 2016 are included in the audited statutory accounts for that year, and available from the Charity Commission.

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 2017.

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 2017 was £2,351,910 and is included in investments in Note 11.

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 2017.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

NOTE 21. NET ASSETS BY FUNDS

	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>

	Unrestricted £	Restricted £	Total 2016 £
Fixed Assets	946,498	-	947,144
Investments	3,609,106	1,915,083	5,524,189
Net Current Assets	1,840,519	789,933	2,630,452
	<u>6,396,123</u>	<u>2,705,016</u>	<u>9,101,785</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 2017 The Leprosy Mission International had £2,213,000 of foreign currency forward contracts in place. The unrealised loss on these forward contracts was £(39,191). 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 2017

NOTE 24. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Fund £	Restricted Fund £	2016 Total £
INCOME				
Donations	3	96,730	12,112,571	12,209,301
TLM Trading Ltd: Non-charitable subsidiary	4	1,434,346	-	1,434,346
Income from investments	5a	129,761	-	129,761
Other income	5b	63,112	-	63,112
TOTAL INCOMING RESOURCES		1,723,949	12,112,571	13,836,520
EXPENDITURE ON				
Cost of raising funds		503,870	-	503,870
TLM Trading Ltd expenditure	4	1,379,434	(47,000)	1,332,434
		<u>1,883,304</u>	<u>(47,000)</u>	<u>1,836,304</u>
Expenditure on Charitable Activities	7a			
Nepal earthquake		-	331,888	331,888
Change in multi-employer pension scheme liability		-	(574,000)	(574,000)
Public health		-	2,205,289	2,205,289
Hospitals		-	2,311,426	2,311,426
Disability care & prevention		-	3,231,279	3,231,279
Community development		-	2,535,492	2,535,492
Education		-	1,231,850	1,231,850
Research		-	247,653	247,653
Total Expenditure on Charitable Activities		-	11,520,877	11,520,877
TOTAL EXPENDITURE		1,883,304	11,473,877	13,357,181
Net gains/(losses) on investment assets		443,099	586,650	1,029,749
NET INCOME/(EXPENDITURE)		283,744	1,225,344	1,509,088
Change in fair value of derivatives	20	-	56,000	56,000
Net movement in funds for the year		283,744	1,281,344	1,565,088
Balance brought forward at 1 January 2016		6,117,025	1,419,672	7,536,697
Balance carried forward at 31 December 2016		6,400,769	2,701,016	9,101,785