

Annual Report and Financial Statements 2015



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

The Trustees who are also directors of the company have pleasure in presenting their Report and Financial Statements for the year ended 31 December 2015, prepared in accordance with the Statement of Recommended Practice (SORP 2005) and the Companies Act 2006.

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 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 General 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 has 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 |
| Dr Nalini Abraham | Vice-chairperson |
| * Mr Gordon Brown | Hon.Treasurer (retired: 26 September 2015) |
| * Dr Susan Maiava | (retired: 26 September 2015) |
| + Mr Malcolm Seath | (retired: 26 September 2015) |
| + Mr Ashok Adhikari | |
| * Mr Colin Osborne | |
| + Mrs Pamela Packett | |
| * Dr Shem Nuhu | |
| + Mr Paul Emans | |
| * Mr Philip Putman | Hon Treasurer (appointed: 26 September 2015) |
| * Mr Eric Chollet | (appointed: 26 September 2015) |
| + Mrs Anne Ratliff | (appointed: 26 September 2015) |

* 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)

GENERAL DIRECTOR AND COMPANY SECRETARY

Mr Geoffrey L Warne

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 are satisfied that the major risks are identified. 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.

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.

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.

Reserve

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.

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.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

POLICIES (Continued)

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 new 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.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

OBJECTIVES AND ACTIVITIES (Continued)

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.

Incoming Resources

In 2015 voluntary income was £12,706,710 which was 5% higher than the previous year's income. The increase is largely attributable to donations in response to an appeal following the Nepal earthquakes in 2015.

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 2015 we gave technical assistance to governments in more than 20 countries. Our own hospitals and projects were responsible for identifying 11,478 new cases of leprosy during the year (2014: 10,157). We also provided 49,167 training days for TLM staff, government health staff and other NGOs in leprosy (2014: 56,600).

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.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

ACHIEVEMENTS AND PERFORMANCE (Continued)

In 2015 we supported 18 TLM supported hospitals and another 25 partner hospitals. The hospitals provided 13,351 in-patients with care for leprosy related conditions (2014: 12,587). We performed 1,950 (2014: 2,299) 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 2015 we provided assistance to 1,810 self-care groups, which included 29,458 participants (2014: 1,049 groups with 9,248 participants). In 2015, TLM provided 37,990 people (2014: 31,842) 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 2015 we supported 3,133 self-help groups and cooperatives with 53,288 participants (2014: 2,739 groups with 45,789 participants). In 2015 we built or renovated 547 low-cost homes (2014: 761) for leprosy-affected people in poverty, and enabled 16,702 people to access new or renovated water or sanitation facilities (2014: 10,170).

Education

Training and education provide leprosy-affected people and their families a means to break free from the cycle of poverty. In 2015 we provided scholarships for formal education to 4,522 children or young people (2014: 4,818). We provided vocational training or apprenticeships to 1,057 young people (2014: 948). At TLM's own Vocational Training Centres in India we trained 1,379 young people in marketable skills, setting them up for life (2014: 1,346).

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 2015 was 61 (2014: 30).

FINANCIAL PERFORMANCE

The consolidated surplus for the year was £946,092 (2014: £369,395). The increase is largely attributable to donations for the Nepal earthquake appeal which remained unspent at the year end.

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

REPORT OF THE TRUSTEES

FINANCIAL PERFORMANCE (Continued)

Total expenditure of the charity in the year amounted to £12,007,440 (2014: £12,158,021) of which £11,546,790 (96%) (2014: £11,670,851 (96%)) was attributable to charitable activities. Major programmes supported in 2015 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 7.3% (2014: 9.6%) of the total income of the charity.

Investment

Rathbone Investment Management Ltd was appointed as the investment manager on 1 January 2012. 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.

In the year ended 31 December 2015 the fund achieved a return of 1.4% (2014: 8.2%) against the benchmark of 1.1% (2014: 9.5%).

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 2015 is £4,978,333 (2014: £5,305,212) and the Trustees are satisfied that the current reserve sits within the recommended level.

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.

International Financial Reporting Standards

The Accounting Standards Board (ASB) decided that the option of adopting International Financial Reporting Standards (IFRS) should not be available for charitable companies. Charities applying the SORP therefore continue to apply UK accounting standards with a phased approach to full convergence. The charities' Statement of Recommended Practice (SORP) will continue to be reviewed in line with the ASB's policy and code of practice to reflect changes in UK standards, including those arising from the convergence process.

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 2015 the income of the trading company was £1,355,432 (2014: £1,237,412) and the company made a gain of £76,650 (2014: loss £68,719). Customers of TLM Trading Limited donated an amount of £379,866 (2014: £291,922) to TLM Supporting Countries through donations and Gift for Life.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FINANCIAL PERFORMANCE (Continued)

Isabella Bailey Charity (Endowment Fund)

The Mission's investment portfolio held a cash deposit of £2,445 as a permanent endowment fund received from Isabella Bailey Charity. Under S281 of Charities Act 2011, the Trustees resolved that they were satisfied that the purpose for which the fund was originally intended could be carried out by winding up the fund and agreed to spend the capital.

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

2016 is the third year of implementation of the new global strategy of The Leprosy Mission Fellowship. We will continue to undertake the necessary leadership, communication and co-ordination roles to support Member countries to apply the strategy to their own contexts and to build the capacity to develop and implement programmes within it. 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 third international meeting of TLM supporting country leaders and fundraising professionals during 2016. We will continue to seek to build fundraising capability in the Mission as a whole, including stimulating Member countries to work with one another on collaborative promotional campaigns. We will work with implementing countries to encourage them to build up their own fundraising capability. We will consult with TLM countries to identify and meet the needs for better flow of communications and an improved global Intranet, and will continue to foster better inter-Member communications, including regular multilateral Skype conferences.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FUTURE PLANS (Continued)

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. 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. 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.

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. 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 2013 thematic evaluations into microfinance and the participation of leprosy-affected people in organisational decision-making and undertake a new thematic evaluation into the organisation's practice of its policy on gender equality.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FUTURE PLANS (Continued)

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 build a new systematic leadership development programme. 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 at the global level.

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 its 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 statements 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.

PRINCIPAL ADVISORS

Bankers

Barclays Bank plc
8 George Street
Richmond
Surrey
TW9 1JU

Investment Managers

Rathbone Investment Management Ltd
1 Curzon Street
London
W1J 5FB

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

PRINCIPAL ADVISORS (continued)

Pension Scheme Actuaries

First Actuarial LLP

2nd Floor

The Square

Basing View

Basingstoke

Hampshire

RG21 4EB

Auditors

haysmacintyre

26 Red Lion Square

London

WC1R 4AG

The Report of the Trustees and Financial Statements for the year ended 31 December 2015 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.



On behalf of the Trustees

Mr Philip Putman

22 April 2016

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements of the Leprosy Mission International for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Bernie Watson, Senior Statutory Auditor
For and on behalf of haysmacintyre
Statutory Auditors

22 April 2016

26 Red Lion Square
London WC1R 4AG

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2015 (Incorporating an Income and Expenditure Account)

| | Notes | Unrestricted Fund £ | Restricted Fund £ | 2015 Total £ | 2014 Total £ |
|--|-------|---------------------|--------------------|-------------------|-------------------|
| INCOMING RESOURCES | | | | | |
| Donations | 3 | 47,125 | 12,659,585 | 12,706,710 | 12,154,205 |
| TLM Trading Ltd: Non-charitable subsidiary | 4 | 1,355,432 | - | 1,355,432 | 1,237,412 |
| Income from investments | 5a | 123,374 | - | 123,374 | 124,467 |
| Other income | 5b | 83,841 | - | 83,841 | 164,766 |
| TOTAL INCOMING RESOURCES | | 1,609,772 | 12,659,585 | 14,269,357 | 13,680,850 |
| EXPENDITURE ON | | | | | |
| Cost of raising funds | | 460,650 | - | 460,650 | 425,189 |
| TLM Trading Ltd expenditure | 4 | 1,353,782 | (40,000) | 1,313,782 | 1,281,131 |
| | | 1,814,432 | (40,000) | 1,774,432 | 1,706,320 |
| Expenditure on Charitable Activities | | | | | |
| Nepal earthquake | 7a | - | 215,893 | 215,893 | - |
| Change in multi-employer pension scheme liability | | - | (485,000) | (485,000) | (6,000) |
| Public health | | - | 2,209,573 | 2,209,573 | 2,195,162 |
| Hospitals | | - | 2,315,916 | 2,315,916 | 2,300,811 |
| Disability care & prevention | | - | 3,237,556 | 3,237,556 | 3,216,440 |
| Community development | | - | 2,540,418 | 2,540,418 | 2,523,849 |
| Education | | - | 1,204,301 | 1,204,301 | 1,256,055 |
| Research | | - | 248,134 | 248,134 | 246,515 |
| Total Expenditure on Charitable Activities | | - | 11,486,791 | 11,486,791 | 11,732,832 |
| TOTAL RESOURCES EXPENDED | | 1,814,432 | 11,446,791 | 13,261,223 | 13,439,152 |
| Net gains/(losses) on investment assets | | (62,042) | - | (62,042) | 127,697 |
| NET INCOME/(EXPENDITURE) | | (266,702) | 1,212,794 | 946,092 | 369,395 |
| Special pension account | 20 | - | 1,328,433 | 1,328,433 | - |
| Change in fair value of derivatives | 20 | - | (80,000) | (80,000) | 198,000 |
| Net movement in funds for the year | | (266,702) | 2,461,227 | 2,194,525 | 567,395 |
| Balance brought forward at 1 January 2015 | | 6,383,727 | (1,041,555) | 5,342,172 | 4,774,777 |
| Balance carried forward at 31 December 2015 | | 6,117,025 | 1,419,672 | 7,536,697 | 5,342,172 |

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

The results of the charity (TLMI) before consolidation show a total income of £12,938,925 (2014: £12,468,438) and resources expended of £12,007,440 (2014: £12,158,021) resulting in a gain before realised and unrealised gains/losses on investments of £931,485 for the year.

All the activities of the charity are continuing.

The notes on pages 16 to 32 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 2015

| | Notes | Consolidated | | Charity | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 10 | 988,266 | 1,018,517 | 974,072 | 990,544 |
| Investments | 11 | 4,510,278 | 3,259,965 | 4,674,898 | 3,347,935 |
| | | <u>5,498,544</u> | <u>4,278,482</u> | <u>5,648,970</u> | <u>4,338,479</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 182,523 | 189,159 | - | - |
| Debtors | 13 | 1,122,622 | 1,163,819 | 1,085,677 | 1,186,211 |
| Prepayments | 14 | 1,003,638 | 1,454,139 | 1,003,638 | 1,454,139 |
| Accrued income from supporting councils | | 327,160 | 320,658 | 327,160 | 320,658 |
| Cash at bank and in hand | | | | | |
| Held in sterling | | 342,928 | 364,222 | 155,991 | 98,241 |
| Held in other currencies | | <u>757,073</u> | <u>584,318</u> | <u>757,073</u> | <u>584,318</u> |
| | | <u>3,735,944</u> | <u>4,076,315</u> | <u>3,329,539</u> | <u>3,643,567</u> |
| CURRENT LIABILITIES | | | | | |
| Creditors due within one year | 15 | (785,994) | (1,533,602) | (581,015) | (1,251,851) |
| NET CURRENT ASSETS | | <u>2,949,950</u> | <u>2,542,713</u> | <u>2,748,524</u> | <u>2,391,716</u> |
| CREDITORS DUE AFTER ONE YEAR | | | | | |
| NET ASSETS | 16 | (911,797) | (1,479,023) | (860,797) | (1,388,023) |
| | | <u>7,536,697</u> | <u>5,342,172</u> | <u>7,536,697</u> | <u>5,342,172</u> |
| FUNDS | | | | | |
| Unrestricted funds | | | | | |
| General reserve | | 4,978,333 | 5,305,212 | 4,927,333 | 5,214,212 |
| Designated funds: | | | | | |
| Fixed assets used by the Mission | 19 | 789,885 | 801,851 | 789,885 | 801,851 |
| Fixed assets held on behalf of supporting | | | | | |
| councils | 19 | 184,187 | 188,694 | 184,187 | 188,694 |
| TLM Trading Ltd (investment) | 19 | 164,620 | 87,970 | 164,620 | 87,970 |
| | | <u>6,117,025</u> | <u>6,383,727</u> | <u>6,066,025</u> | <u>6,292,727</u> |
| Restricted - other funds | 20 | 690,239 | 2,445 | 690,239 | 2,445 |
| Restricted - multi employer pension scheme | 20 | (677,000) | (1,202,000) | (626,000) | (1,111,000) |
| Restricted - derivatives fair value | 20 | 78,000 | 158,000 | 78,000 | 158,000 |
| Restricted - Special pension account | 20 | 1,328,433 | - | 1,328,433 | - |
| | | <u>7,536,697</u> | <u>5,342,172</u> | <u>7,536,697</u> | <u>5,342,172</u> |

General reserve for 2015 includes an amount of £151,722 (2014: gain of £393,012) being the revaluation reserve in respect of accumulated unrealised investment losses.

The notes on pages 16 to 32 form part of these Financial Statements.

Approved and authorised for issue by the Trustees on 22 April 2016 and signed on their behalf by:

Chairman: Mr. Kenneth W Martin

Treasurer: Mr Philip M Putman

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

| | | 2015 £ | 2014 £ |
|--|---------------|----------------|-----------------|
| Cash generated by / (used in) operating activities | Note A | 787,915 | (82,122) |
| Cashflows from investing activities | | | |
| Investment income | | 123,374 | 124,467 |
| Interest paid | | (25,709) | (24,530) |
| Purchase of tangible fixed assets | | (11,003) | (51,340) |
| (Increase)/decrease in cash available for investment | | 66,709 | (20,771) |
| Purchase of investments | | (523,335) | (561,724) |
| Sale of investments | | 479,342 | 569,320 |
| Increase / (decrease) in cash in the year | Note B | 897,293 | (46,700) |

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

| | 2015 £ | 2014 £ |
|---|----------------|-----------------|
| Net movement in funds in year | 2,194,525 | 567,395 |
| Losses / (gains) on investment | 62,042 | (127,697) |
| Transfer in of Special Pension Account | (1,328,433) | 0 |
| Change in fair value of derivatives | 80,000 | (198,000) |
| Investment income | (123,374) | (124,467) |
| Interest paid | 25,709 | 24,530 |
| Depreciation charge | 41,252 | 38,479 |
| Decrease/(increase) in stock | 6,636 | 95,827 |
| Decrease/(increase) in debtors | (45,439) | 196,728 |
| (Increase)/decrease in prepayments | 450,501 | (150,381) |
| (Increase)/decrease in accrued income | (6,502) | (124,581) |
| Increase/(decrease) in creditors | (569,002) | (279,955) |
| Net cash (outflow)/inflow from operating activities | 787,915 | (82,122) |

Note B: Analysis of net funds as shown in the balance sheet and changes during the year.

| | As at 01.01.15 £ | Change in the Year £ | As at 31.12.15 £ |
|--------------------------|------------------------|----------------------------|------------------------|
| Cash at bank and in hand | 948,540 | 151,461 | 1,100,001 |
| Bank overdraft | (745,832) | 745,832 | - |
| Net funds | 202,708 | 897,293 | 1,100,001 |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 paragraph 397 of SORP and 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) Incoming Resources

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

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.

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.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1. ACCOUNTING POLICIES (Continued)

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. 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.

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.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1. ACCOUNTING POLICIES (Continued)

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) Resources Expended

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.

NOTE 2. STATEMENT OF FINANCIAL ACTIVITIES

The net movement in funds is shown after charging:

| | Consolidated | | Charity | |
|--|--------------|--------|-----------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Audit fee - parent company | 14,025 | 13,600 | 14,025 | 13,600 |
| - subsidiary | 6,500 | 6,335 | - | - |
| Depreciation - owned assets | 37,454 | 34,679 | 23,677 | 20,046 |
| - leased assets | 3,800 | 3,800 | 3,800 | 3,800 |
| Investment managers' charges | 15,486 | 15,330 | 15,486 | 15,330 |
| Foreign exchange loss/(gain) | (123,805) | 15,600 | (123,805) | (15,600) |
| Overdraft - bank interest | 25,709 | 24,530 | 25,709 | 24,530 |
| Investment (gain)/ loss on TLM Trading Ltd | - | - | (76,650) | 43,719 |

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 2015

NOTE 3. DONATIONS (Continued)

| | 2015 Unrestricted £ | 2015 Restricted £ | 2015 Total £ | 2014 Total £ |
|---|---------------------------|-------------------------|--------------------|--------------------|
| TLM Supporting Member Countries: | | | | |
| Australia | - | 1,175,467 | 1,175,467 | 1,375,393 |
| Belgium | - | 15,433 | 15,433 | 20,163 |
| Denmark | - | 304,031 | 304,031 | 304,324 |
| England & Wales | - | 4,953,374 | 4,953,374 | 4,089,338 |
| France | - | 111,443 | 111,443 | 192,718 |
| Germany | - | 59,683 | 59,683 | 47,343 |
| Hungary | - | 67,024 | 67,024 | 41,341 |
| Netherlands | - | 874,212 | 874,212 | 835,980 |
| New Zealand | - | 1,322,823 | 1,322,823 | 1,766,549 |
| Nigeria | - | - | - | 13,099 |
| Northern Ireland | - | 292,749 | 292,749 | 315,157 |
| Scotland | - | 508,000 | 508,000 | 411,375 |
| Southern Africa | - | 68,082 | 68,082 | 102,577 |
| Sweden | - | 672,220 | 672,220 | 546,512 |
| Switzerland | - | 865,382 | 865,382 | 686,955 |
| Other Donor Organisations: | | | | |
| American Leprosy Missions | - | 22,148 | 22,148 | - |
| CBM | - | 48,308 | 48,308 | 52,363 |
| Erasmus / KIT - Netherlands | - | 81,562 | 81,562 | 120,387 |
| Leprosy Research Initiative (LRI) | - | 62,236 | 62,236 | - |
| Netherlands Leprosy Relief (NLR) | - | 36,953 | 36,953 | - |
| effect:hope | - | 1,032,606 | 1,032,606 | 1,179,862 |
| TLM Finland | - | 10,908 | 10,908 | 12,255 |
| TLM Hong Kong | - | 45,143 | 45,143 | 10,452 |
| TLMI | 44,972 | - | 44,972 | - |
| TLM Singapore | - | 23,229 | 23,229 | 23,718 |
| TLM Spain | 2,153 | 6,569 | 8,722 | 6,344 |
| | 47,125 | 12,659,585 | 12,706,710 | 12,154,205 |

TLM Trading Limited received £379,866 (2014: £291,922) 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.

| | 2015 £ | 2014 £ |
|----------------------|----------------|----------------|
| TLM England & Wales | 331,785 | 258,383 |
| TLM Northern Ireland | 19,380 | 11,598 |
| TLM Scotland | 28,701 | 21,941 |
| | 379,866 | 291,922 |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

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.

| | 2015 £ | 2014 £ |
|--|--------------------|--------------------|
| Turnover | 1,253,099 | 1,185,414 |
| Bank interest and royalties receivable | 1,526 | 1,360 |
| Other operating income** | 160,807 | 50,638 |
| | <u>1,415,432</u> | <u>1,237,412</u> |
| Cost of sales | (481,092) | (448,257) |
| Distribution costs | (576,414) | (557,203) |
| Administrative expenses* | (281,276) | (300,671) |
| | <u>(1,338,782)</u> | <u>(1,306,131)</u> |
| Net gain/(loss) before taxation | 76,650 | (68,719) |
| Deferred tax credit on profit on ordinary activities | - | - |
| Gain/(loss) for the financial year | <u>76,650</u> | <u>(68,719)</u> |

The aggregate of the assets, liabilities and funds was:

| | | |
|---|----------------|---------------|
| Total assets less current liabilities | 215,620 | 178,970 |
| Liabilities falling due after more than one year and provisions | (51,000) | (91,000) |
| Funds | <u>164,620</u> | <u>87,970</u> |

*Administrative expenses include a fee of £25,000 (2014: £25,000) for accounting services by the parent company which is eliminated upon consolidation.

**Other operating income includes £60,000 from the parent charity for promoting development of artisan products which is eliminated upon consolidation.

No disclosure is given of transactions with the trading subsidiary because it is wholly owned by the Charity and therefore has taken advantage of the exemption within FRS8 (Related Party Transactions).

NOTE 5a. INVESTMENT INCOME

| | UK £ | Overseas £ | 2015 £ | 2014 £ |
|---------------------------|---------------|---------------|----------------|----------------|
| Equities | 57,275 | 20,205 | 77,480 | 79,879 |
| Fixed interest securities | 34,189 | 11,675 | 45,864 | 38,334 |
| Interest on cash deposits | 30 | - | 30 | 4 |
| Other income | - | - | - | 6,250 |
| | <u>91,494</u> | <u>31,880</u> | <u>123,374</u> | <u>124,467</u> |

NOTE 5b. OTHER INCOME

| | 2015 £ | 2014 £ |
|----------------------|---------------|----------------|
| Disposal of property | - | 157,601 |
| Other income | 12,590 | 7,165 |
| Gift aid | 71,251 | - |
| | <u>83,841</u> | <u>164,766</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 2015 is included in the Statement of Financial Activities under Direct Charitable Expenditure and the Mission has supported more than 165 projects in more than 20 countries.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 | Main Activity | 2015 | 2014 |
|---|------------------------------|-------------|-------------|
| | | £ | £ |
| Angola | | | |
| Rehabilitation Projects | Leprosy Control/Rehab | 49,059 | 42,689 |
| Bangladesh | | | |
| Chittagong Hill Tracts | Leprosy Control | 278,658 | 296,850 |
| Chittagong Community Rehabilitation | Rehabilitation | 201,748 | 132,572 |
| Dhaka Co-ordination | Supervision | 116,633 | 245,086 |
| Gaibandha-Jaypurhat LCP | Leprosy Control Prog (LCP) | 141,550 | 130,856 |
| Nilphamari (DBLM) | Hosp/Rehab/Research/Train | 762,793 | 516,160 |
| Dhaka CBR | Rehabilitation | 176,904 | 148,072 |
| Dhaka LCP | Leprosy Control | 130,832 | 132,767 |
| Leprosy Field Research | Research | 232,351 | 231,244 |
| Chad | | | |
| Five Prefectures | Technical Support | 123,513 | 99,870 |
| China | | | |
| Bless China International | Rehabilitation | 37,081 | 41,684 |
| HANDA | Rehabilitation | 52,702 | 103,050 |
| D R Congo | | | |
| Kasai Leprosy Projects | Leprosy Control/Tech.Support | 234,333 | 257,130 |
| Bas Congo East & West | Leprosy/TB Control/Rehab | 52,230 | - |
| South Kivu, Maniema & Mingwanga | Leprosy Control | 181,997 | 102,400 |
| Sankuru | Leprosy/TB Control | 83,357 | 100,963 |
| Ethiopia | | | |
| ENAPAL/Woreda 1 Urban Slum Dev | Rehabilitation | 374,781 | 506,881 |
| Guinea | | | |
| Macenta - Forest Region | Leprosy Control/Rehab | 23,289 | 44,488 |
| India | | | |
| Bankura Leprosy Hospital | Hospital Prog/Training | 29,322 | 29,550 |
| Bankura VTC | Vocational Training | 50,272 | 48,099 |
| Brighter Future Development | Community Programme | 32,586 | 28,551 |
| Challenging Anti-Leprosy Legislation | Community Programme | 47,753 | 119,093 |
| Comm Aware & Disab. Prevention | Community Programme | 241,871 | 104,418 |
| Champa Leprosy Hospital | Hospital Programme | - | 39,877 |
| Champa VTC | Vocational Training | 30,789 | 48,656 |
| Chandkhuri Leprosy Hospital | Hospital Programme | 58,870 | 56,326 |
| CRAFT | Rehabilitation | 92,758 | 124,619 |
| Empowering Communities /Disability Rights thro NGOs | Community Programme | 43,559 | 58,408 |
| Faizabad Leprosy Hospital | Hospital Programme | 46,437 | 46,018 |
| Faizabad VTC | Vocational Training | 29,857 | 19,867 |
| Kolkata Leprosy Hospital | Hospital Programme | 110,333 | 101,069 |
| Kothara Leprosy Hospital | Hospital Programme | 58,247 | 66,669 |
| Miraj Leprosy Hospital & Research | Hospital Programme/Research | 43,982 | 144,141 |
| Muzzaffarpur Leprosy Hospital | Hospital Programme | 41,049 | 65,404 |
| Naini Hospital | Hospital Programme | 213,710 | 251,350 |
| Nashik VTC | Vocational Training | 75,538 | 75,732 |
| Nat Leprosy Elimination Programme | Training | 80,385 | 45,764 |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

| Country/Project | | 2015 | 2014 |
|---|------------------------------|---------|---------|
| | | £ | £ |
| India (continued) | | | |
| Purulia Leprosy Hospital | Hospital Programme | 186,717 | 215,426 |
| Rehabilitation (nationwide) | Rehabilitation | 63,975 | 92,835 |
| Salur Leprosy Hospital | Hospital Programme | 115,805 | 106,653 |
| Shahdara Leprosy Hospital | Hospital Programme | 46,283 | 36,011 |
| State Wide Self-Help Group | Disability Care & Prevention | 145,034 | 100,962 |
| Vadathorasalur Leprosy Hospital | Hospital Programme | 5,023 | 5,770 |
| Mass Media Centre | Health Education | 89,132 | 79,066 |
| Vadathorasalur VTC | Vocational Training | - | 66,242 |
| Vizianagaram VTC | Vocational Training | 6,776 | 19,752 |
| Women's Empowerment - Uttar Pradesh | Community Programme | - | 44,290 |
| India Office Supervision | Tech.Support/Supervision | 397,256 | 320,945 |
| Indonesia | | | |
| Community & Economic Facilitate Prog | Leprosy Control/Rehab | - | 28,317 |
| Mozambique | | | |
| Cabo Delgado/ALEMO/Iphiro Yohoolo | Leprosy/TB Control/Education | 372,287 | 206,413 |
| Myanmar | | | |
| Mawlamyne Hospital | Hospital Programme/Rehab | 317,719 | 168,758 |
| Disability Resource Centre | Rehabilitation | 270,123 | 381,695 |
| San Bya Ywa / Reduce Physical & Social Barriers | Relief/Rehabilitation | 334,223 | 391,413 |
| 7-UP Disability Advocacy Project | Advocacy | 193,709 | 112,980 |
| Myanmar Flood Relief | Relief/Rehabilitation | 29,673 | - |
| Nepal | | | |
| Anandaban Hospital | Hospital Programme | 333,520 | 390,674 |
| Anandaban Research | Research/Training | 148,867 | 96,399 |
| Central Region - Nepal | Technical Support | 45,420 | 34,778 |
| CEDAR | Community Programme | - | 58,928 |
| CBR/CTY/LCH Nepal | Community Programme | 273,593 | 105,544 |
| International Nepal Fellowship | Community Programme | 52,885 | 61,064 |
| Nepal Leprosy Fellowship | Community Programme | 99,132 | 107,285 |
| Nepal Earthquake | Relief/Rehabilitation | 215,893 | - |
| Niger | | | |
| CSL Danja/Niamey & Tillabery | Leprosy Control/Rehab | 436,102 | 423,120 |
| Nigeria | | | |
| Sokoto State | Hospital/Rehabilitation | 137,946 | 60,528 |
| Federal Capital Territory | Hospital/Rehabilitation | 144,403 | 69,704 |
| Prevention & Management of Impairment | Rehabilitation | 126,907 | - |
| Kwara/Kebbi/Kogi/Niger States | Leprosy Control/Rehab | 161,784 | 316,945 |
| Orthopaedic | Rehabilitation | 86,456 | 97,508 |
| Ekpene Obom Limb Workshop | Rehabilitation | 13,115 | - |
| Papua New Guinea | | | |
| Bougainville Healthy Community Project | Rehabilitation | 520,015 | 557,657 |
| Empowerment Project | Rehabilitation | 411,934 | 427,521 |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

| Country/Project | Main Activity | 2015 £ | 2014 £ |
|--|--------------------------|-------------------|-------------------|
| South Africa | | | |
| Leprosy Control Programme | Leprosy Control | 70,713 | 85,752 |
| Sri Lanka | | | |
| Empower Communities & Integration | Community Programme | 156,470 | 112,694 |
| South Sudan | | | |
| South Sudan Leprosy Project | Leprosy Control/Rehab | 151,804 | 240,055 |
| Sudan | | | |
| Omdurman & Khartoum | Tech.Support/Supervision | 12,525 | 28,000 |
| Tanzania | | | |
| Hombolo Hospital & Housing Project | Leprosy Control/Rehab | 39,819 | 51,152 |
| Thailand | | | |
| McKean Rehab.Centre - Chiang Mai | Rehabilitation | 50,005 | 48,054 |
| Timor Leste | | | |
| National Programme | Leprosy Control | 532,986 | 660,913 |
| Other grants sent to projects in above countries | | 594,633 | 454,229 |
| Governance Costs | | - | 67,981 |
| Multi employer pension scheme adjustment | | (485,000) | (6,000) |
| | | 11,486,791 | 11,732,832 |

NOTE 7a. RESOURCES EXPENDED

| | Grants £ | Other Direct Costs £ | Support Costs £ | 2015 Total £ | 2014 Total £ |
|--|-------------------|----------------------------|-----------------------|--------------------|--------------------|
| Cost of generating funds | | | | | |
| Expenditure on raising funds | - | 460,650 | - | 460,650 | 425,189 |
| TLM Trading Ltd | - | 1,313,782 | - | 1,313,782 | 1,281,131 |
| Charitable activities | | | | | |
| Nepal earthquake | 215,893 | - | | 215,893 | - |
| Change in value of multi-employer pension scheme | - | (485,000) | | (485,000) | (6,000) |
| Public health | 2,031,932 | - | 177,641 | 2,209,573 | 2,195,162 |
| Hospitals | 2,129,726 | - | 186,190 | 2,315,916 | 2,300,811 |
| Disability care & prevention | 2,977,270 | - | 260,286 | 3,237,556 | 3,216,440 |
| Community development | 2,336,179 | - | 204,239 | 2,540,418 | 2,523,849 |
| Education | 1,102,656 | - | 101,645 | 1,204,301 | 1,256,055 |
| Research | 228,185 | - | 19,949 | 248,134 | 246,515 |
| | 11,021,841 | (485,000) | 949,950 | 11,486,791 | 11,732,832 |
| Total resources expended | 11,021,841 | 1,289,432 | 949,950 | 13,261,223 | 13,439,152 |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 7b. ANALYSIS OF SUPPORT COSTS

| | Charity | |
|---------------------------|----------------|------------------|
| | 2015 | 2014 |
| | £ | £ |
| International Partnership | 346,220 | 355,930 |
| Finance | 195,080 | 234,880 |
| Quality Assurance | 78,030 | 93,950 |
| Programme Support | 156,060 | 187,910 |
| Human Resources | 78,030 | 93,950 |
| Central Administration | 78,120 | 93,950 |
| Pension Deficit | 146,289 | 144,000 |
| Foreign currency gains | (127,879) | (15,600) |
| | <u>949,950</u> | <u>1,188,970</u> |

NOTE 8a. STAFF COSTS

| | Consolidated | | Charity | |
|-------------------------------|----------------|------------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Wages and salaries | 999,069 | 1,008,945 | 817,827 | 844,439 |
| Social security costs | 77,325 | 66,995 | 60,345 | 53,901 |
| Other pension costs | 265,331 | 252,314 | 233,137 | 223,053 |
| Multi employer pension scheme | (485,000) | (6,000) | (485,000) | (6,000) |
| | <u>856,725</u> | <u>1,322,254</u> | <u>626,309</u> | <u>1,115,393</u> |
| Number of staff | Number | Number | Number | Number |
| | 35 | 36 | 29 | 30 |

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.

| | 2015 | 2014 |
|-------------------|----------|----------|
| | Number | Number |
| £71,000 - £80,000 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

NOTE 8b. 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 2015 the Charity considers its key management personnel comprises of the General Director, the trading company considers its key management personnel comprises of the Chief Executive officer. Remuneration and pension for these employees amounted to £139,528 (2014: £136,528).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9. TRUSTEES EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no remuneration or retirement benefits for their services. 10 trustees (2014: 9) were reimbursed for travel expenses and out of pocket expenses during the year, amounting to a combined total of £13,975 (2014: £12,617).

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 2015 |
|-------------------------|------------------------------|-------------------------------|--------------------------------------|-----------------------|
| Cost | £ | £ | £ | £ |
| 01 January 2015 | 1,254,643 | 190,000 | 203,952 | 1,648,595 |
| Additions | - | - | 11,003 | 11,003 |
| Disposal | - | - | (48,824) | (48,824) |
| 31 December 2015 | 1,254,643 | 190,000 | 166,131 | 1,610,774 |
| Depreciation | | | | |
| 01 January 2015 | 422,972 | 38,000 | 169,108 | 630,080 |
| Charge for the year | 16,732 | 3,800 | 20,720 | 41,252 |
| Adjustment for disposal | - | - | (48,824) | (48,824) |
| 31 December 2015 | 439,704 | 41,800 | 141,004 | 622,508 |
| Net Book Value | | | | |
| 31 December 2015 | 814,939 | 148,200 | 25,127 | 988,266 |
| 31 December 2014 | 831,671 | 152,000 | 34,846 | 1,018,517 |

The book cost at 31 December 2015 represents tangible fixed assets used for:

| | Freehold Property | Leasehold Property | Equipment & Computers | Total |
|-----------------------------------|------------------------------|-------------------------------|--------------------------------------|------------------|
| | £ | £ | £ | £ |
| Fundraising | 52,954 | 190,000 | 24,369 | 267,323 |
| Long-served retired staff | 228,250 | - | - | 228,250 |
| Administration offices | 973,439 | - | 92,531 | 1,065,970 |
| Non charitable trading activities | - | - | 49,231 | 49,231 |
| | 1,254,643 | 190,000 | 166,131 | 1,610,774 |

Freehold property includes £71,700 for the cost of land which has not been depreciated.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 10. TANGIBLE FIXED ASSETS (Continued)

| Charity | Freehold Property £ | Leasehold Property £ | Equipment & Computers £ | Total 2015 £ |
|---------------------|--|---|--|-----------------------------------|
| Cost | | | | |
| 01 January 2015 | 1,254,643 | 190,000 | 149,182 | 1,593,825 |
| Addition | - | - | 11,003 | 11,003 |
| Disposal | - | - | (43,285) | (43,285) |
| 31 December 2015 | <u>1,254,643</u> | <u>190,000</u> | <u>116,900</u> | <u>1,561,543</u> |
| Depreciation | | | | |
| 01 January 2015 | 422,972 | 38,000 | 142,308 | 603,280 |
| Charge for the year | 16,732 | 3,800 | 6,944 | 27,476 |
| Disposal | - | - | (43,285) | (43,285) |
| 31 December 2015 | <u>439,704</u> | <u>41,800</u> | <u>105,967</u> | <u>587,471</u> |
| Net book value | | | | |
| 31 December 2015 | <u>814,939</u> | <u>148,200</u> | <u>10,933</u> | <u>974,072</u> |
| 31 December 2014 | <u>831,671</u> | <u>152,000</u> | <u>6,873</u> | <u>990,544</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 2015 of £35,987 (2014: £36,694). Leasehold property is also held on behalf of one Supporting Member Country.

NOTE 11. INVESTMENTS

| | UK £ | Overseas £ | 2015 Consolidated £ | TLM Trading (UK) £ | 2015 Charity £ |
|--|-----------------------|-----------------------------|--|---|-------------------------------------|
| Market value at 1 January 2015 | 2,538,152 | 721,813 | 3,259,965 | 87,970 | 3,347,935 |
| Less: Portfolio cash | <u>(77,326)</u> | - | <u>(77,326)</u> | - | <u>(77,326)</u> |
| | <u>2,460,826</u> | <u>721,813</u> | <u>3,182,639</u> | <u>87,970</u> | <u>3,270,609</u> |
| Additions at cost | 1,628,910 | 222,858 | 1,851,768 | - | 1,851,768 |
| Disposals | <u>(316,075)</u> | <u>(156,629)</u> | <u>(472,704)</u> | - | <u>(472,704)</u> |
| Investment gains/(losses) | <u>18,673</u> | <u>(80,715)</u> | <u>(62,042)</u> | <u>76,650</u> | <u>14,608</u> |
| | <u>3,792,334</u> | <u>707,327</u> | <u>4,499,661</u> | <u>164,620</u> | <u>4,664,281</u> |
| Add: Portfolio cash | <u>10,617</u> | - | <u>10,617</u> | - | <u>10,617</u> |
| Market value at 31 December 2015 | <u>3,802,951</u> | <u>707,327</u> | <u>4,510,278</u> | <u>164,620</u> | <u>4,674,898</u> |
| Analysis of investments | | | | | |
| Equities | 2,861,112 | 707,327 | 3,568,439 | 164,620 | 3,733,059 |
| Fixed interest securities | 931,222 | - | 931,222 | - | 931,222 |
| Investment and unit trusts | - | - | - | - | - |
| Cash deposit | 10,617 | - | 10,617 | - | 10,617 |
| | <u>3,802,951</u> | <u>707,327</u> | <u>4,510,278</u> | <u>164,620</u> | <u>4,674,898</u> |
| Cost at 31 December 2015 | <u>3,856,303</u> | <u>640,067</u> | <u>4,496,370</u> | <u>330,250</u> | <u>4,826,620</u> |
| Accumulated unrealised investment gain/(loss) at 31 December 2015 | <u>(53,352)</u> | <u>67,260</u> | <u>13,908</u> | <u>(165,630)</u> | <u>(151,722)</u> |

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 11. INVESTMENTS (continued)

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.

The sterling investment in 2014 included a cash deposit of £2,445 as a Permanent Endowment Investment received from the Isabella Bailey Charity. During 2015, Charity Trustees of The Leprosy Mission International resolved that they, under S281 of Charities Act 2011, are satisfied that the purpose for which the money in the endowment fund was originally intended could be carried out by winding up this fund and agreed to spend the capital.

Investments in trading subsidiaries

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

NOTE 12. STOCKS

| | Consolidated | | Charity | |
|--|--------------|-----------|-----------|-----------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Goods for resale at lower of cost and net realisable value | 182,523 | 189,159 | - | - |

NOTE 13. DEBTORS

| | Consolidated | | Charity | |
|---------------|--------------|-----------|-----------|-----------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Trade debtors | 35,770 | 45,083 | - | - |
| Derivatives | 78,000 | 158,000 | 78,000 | 158,000 |
| Other debtors | 1,008,852 | 960,736 | 1,007,677 | 1,028,211 |
| | 1,122,622 | 1,163,819 | 1,085,677 | 1,186,211 |

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 £651,903 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. 'Other debtors' also include an amount of £301,007 (2014: £380,381) owed to the Mission by Supporting Countries and Implementing Countries.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14. PREPAYMENTS

Prepayments represent funds remitted overseas during December 2015 to meet the requirements of the 2016 expenditure budget and therefore will be included in the accounts for 2016.

NOTE 15. CREDITORS DUE WITHIN ONE YEAR

| | Consolidated | | Charity | |
|---------------------------------|----------------|------------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Accruals | 437,292 | 365,851 | 437,292 | 365,851 |
| Trade creditors | 75,727 | 80,205 | - | - |
| Other creditors | 231,340 | 308,119 | 126,821 | 124,636 |
| Social security and other taxes | 41,635 | 33,595 | 16,902 | 15,532 |
| Bank overdraft | - | 745,832 | - | 745,832 |
| | 785,994 | 1,533,602 | 581,015 | 1,251,851 |

The Mission has two overdraft arrangements with Barclays Bank plc, the first overdraft of £1,000,000 is secured against the office building and the second overdraft of £500,000 is secured against its investment portfolio which is managed by Rathbones Investment Management Limited.

NOTE 16. CREDITORS DUE AFTER ONE YEAR

| | Consolidated | | Charity | |
|-------------------------------|----------------|------------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Resettlement fund | 97,460 | 116,952 | 97,460 | 116,952 |
| Superannuation fund | 137,337 | 160,071 | 137,337 | 160,071 |
| Multi-employer pension scheme | 677,000 | 1,202,000 | 626,000 | 1,111,000 |
| | 911,797 | 1,479,023 | 860,797 | 1,388,023 |

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. The company is therefore exempt from the requirement to disclose transactions with group companies under FRS 8.

At 31 December 2015, an amount of £39,906 (2014: £112,474) was due to the parent company from 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 2015

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 most recent actuarial valuation was made as at 31 December 2012 using the projected unit valuation method and the market value of the assets represented 87% of the market value of the liabilities.

After taking into account the results of the triennial valuation carried out as at 31 December 2012, to preserve the deferred benefit the Mission has agreed to make an annual contribution of £143,000 with effect from 1 January 2014 payable in equal monthly instalments for a period of 13 years and 9 months, which will increase each year in line with the Retail Prices Index. The contributions will be reviewed at the triennial valuation as at 31 December 2015 and based on the results; the level of contribution may be reviewed.

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) with effect from 1 June 2015.

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 £210,757 (2014: £167,028).

NOTE 19. DESIGNATED FUNDS

| | Consolidated | |
|---|-----------------|--------------|
| | Movements | Balance |
| | 01.01.15 | 31.12.15 |
| Fixed assets used by the Mission | £ | £ |
| Fixed assets held on behalf of Supporting Countries | (11,966) | 789,885 |
| TLM Trading Limited | (4,507) | 184,187 |
| | 76,650 | 164,620 |
| | <hr/> 1,078,515 | <hr/> 60,177 |
| | | 1,138,692 |

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 2015 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 2015.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20. RESTRICTED FUNDS

| | Balance 01.01.15 £ | Income £ | Expenditure £ | Balance 31.12.15 £ |
|--------------------------------|--------------------------|-------------------|---------------------|--------------------------|
| Nepal earthquake | - | 906,132 | (215,893) | 690,239 |
| Special pensions account | - | 1,328,433 | - | 1,328,433 |
| Multi employer pension scheme* | (1,202,000) | - | 525,000 | (677,000) |
| Derivatives fair value | 158,000 | - | (80,000) | 78,000 |
| Public health | - | 2,209,573 | (2,209,573) | - |
| Hospitals | - | 2,315,916 | (2,315,916) | - |
| Disability care & prevention | - | 3,237,556 | (3,237,556) | - |
| Community programmes | - | 2,540,418 | (2,540,418) | - |
| Education | - | 1,204,301 | (1,204,301) | - |
| Research | - | 245,689 | (245,689) | - |
| Endowment fund | 2,445 | - | (2,445) | - |
| | (1,041,555) | 13,988,018 | (11,526,791) | 1,419,672 |

* £40,000 of the movement in the year is included as a credit in TLM Trading Limited expenditure.

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 2015.

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 2015 was £1,328,434 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 2015.

Fair value of derivatives

The Mission 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 date the contract was entered into and the balance date. The fund represents the fair value of those contracts at 31 December 2015.

NOTE 21. FINANCIAL INSTRUMENTS

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21. FINANCIAL INSTRUMENTS (continued)

At 31 December 2015 The Leprosy Mission International had £2,370,000 of foreign currency forward contracts in place. The unrealised gain on these forward contracts were £78,000. The fair value of these foreign currency forward contracts is included in restricted funds in Note 20.

NOTE 22. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

NOTE 23. TRANSITION TO FRS 102

This is the first year the Mission has presented its results under FRS 102. The last financial statements under the UK GAAP were 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the change in accounting policies which reconcile to the net deficit for the financial year 31 December 2014 and the total reserves as at 1 January 2014 and 31 December 2015 between UK GAAP as previously reported and FRS 102.

| | Note | 1.1.14 | 31.12.14 |
|--|------|------------------|------------------|
| | | £ | £ |
| UK GAAP previously reported reserves | | 6,022,777 | 6,386,172 |
| FRS 102 Transition adjustments | | | |
| Pension liability - multi employer defined benefit scheme | A | (1,117,000) | (1,111,000) |
| Pension liability - multi employer defined benefit scheme - trading subsidiary | A | (91,000) | (91,000) |
| Fair value of derivatives | B | (40,000) | 158,000 |
| Restated reserves | | <u>4,774,777</u> | <u>5,342,172</u> |

| Surplus previously reported: | 2014 |
|---|----------------|
| | £ |
| Surplus previously stated - as at 31 December 2014 | 363,395 |
| Pension liability - multi employer defined benefit scheme | 6,000 |
| Financial instrument fair value | 198,000 |
| Restated surplus as at 31 December 2014 | <u>567,395</u> |

Note

A. Pension liability - multi employer scheme

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 2015, this amounted to £626,000 (2014: £1,111,000).

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 2015 this liability had reduced to £51,000 (2014: £91,000). The impact of bringing these liabilities to account has resulted in change in the value of the investment.

B. Fair value of derivatives

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.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 23. TRANSITION TO FRS 102 (continued)

Upon transition at 1 January 2014, the Charity has recognised a derivative liability of £40,000. At 31 December 2015 this changed to a derivative asset of £78,000 (2014: £158,000).

C. 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 24. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted Fund £ | Restricted Fund £ | 2014 Total £ |
|--|---------------------------|-------------------------|--------------------|
| INCOMING RESOURCES | | | |
| Voluntary income | 565,703 | 11,588,502 | 12,154,205 |
| TLM Trading Ltd: Non-charitable subsidiary | 1,237,412 | - | 1,237,412 |
| Investment income | 124,467 | - | 124,467 |
| Other income | 164,766 | - | 164,766 |
| TOTAL INCOMING RESOURCES | 2,092,348 | 11,588,502 | 13,680,850 |
| RESOURCES EXPENDED | | | |
| Cost of generating funds | | | |
| Cost of generating voluntary income | 385,093 | - | 385,093 |
| TLM Trading Ltd expenditure | 1,281,131 | - | 1,281,131 |
| Investment management costs | 40,096 | - | 40,096 |
| | 1,706,320 | - | 1,706,320 |
| Charitable activities | | | |
| Multi employer pension scheme | | (6,000) | (6,000) |
| Other costs - governance | 67,981 | - | 67,981 |
| Public health | - | 2,146,578 | 2,146,578 |
| Hospitals | - | 2,296,135 | 2,296,135 |
| Disability care & prevention | - | 3,209,903 | 3,209,903 |
| Community Development | - | 2,518,719 | 2,518,719 |
| Education | - | 1,253,502 | 1,253,502 |
| Research | - | 246,014 | 246,014 |
| | 67,981 | 11,664,851 | 11,732,832 |
| TOTAL RESOURCES EXPENDED | 1,774,301 | 11,664,851 | 13,439,152 |
| Realised (losses)/gains on investments | (56,821) | - | (56,821) |
| Unrealised gains on investments | 184,518 | - | 184,518 |
| NET INCOME / EXPENDITURE | 445,744 | (76,349) | 369,395 |
| Change in fair value of derivatives | - | 198,000 | 198,000 |
| Net movement in funds for the year | 445,744 | 121,651 | 567,395 |
| Balance brought forward at 1 January 2014 | 5,937,983 | (1,163,206) | 4,774,777 |
| Balance carried forward at 31 December 2014 | 6,383,727 | (1,041,555) | 5,342,172 |