

Annual Report and Financial Statements 2016



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The Leprosy Mission International
Leprosy Defeated, Lives Transformed



**The Leprosy
Mission
International**

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 2016, prepared in accordance with the Statement of Recommended Practice (SORP 2015) and the Companies Act 2006. The Report of the Trustees incorporates the requirements of the Strategic Report.

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

MISSION STATEMENT

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

OUR VISION

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

OUR FIVE AREAS OF STRATEGIC FOCUS

Leprosy Services

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

Dignity and Empowerment

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

Social Integration

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

Research and Learning

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

Resource Mobilisation

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

OUR VALUES

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

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

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The 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 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 Philip Putman	Hon.Treasurer
+ Mr Ashok Adhikari	
* Mr Colin Osborne	
+ Mrs Pamela Packett	
* Dr Shem Nuhu	
+ Mr Paul Emans	
* Mr Eric Chollet	
+ Mrs Anne Ratliff	

* Indicates members of the Audit Committee

+ Indicates members of the Governance Committee

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REPORT OF THE TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

INTERNATIONAL DIRECTOR AND COMPANY SECRETARY

Mr Geoffrey L Warne (General Director resigned: 15 August 2016)

Mr Brent J Morgan (International Director appointed: 15 August 2016)

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.
- 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 decision making.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The trustees consider the board of trustees and the General Director / 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 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.

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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 2016 voluntary income was £12,209,301 which was 4% less than the previous year's income. The decrease 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 2016 we gave technical assistance to governments in more than 20 countries. Our own hospitals and projects were responsible for identifying 10,056 new cases of leprosy during the year (2015: 11,478). We also provided 49,922 training days for TLM staff, government health staff and other NGOs in leprosy (2015: 49,167).

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 2016 we supported 18 TLM supported hospitals and another 25 partner hospitals. The hospitals provided 11,770 in-patients with care for leprosy related conditions (2015: 13,351). We performed 2,024 (2015: 1,950) 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 2016 we provided assistance to 1,660 self-care groups, which included 22,313 participants (2015: 1,810 groups with 29,458 participants). In 2016, TLM provided 33,947 people (2015: 37,990) 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 2016 we supported 3,291 self-help groups and cooperatives with 39,896 participants (2015: 3,133 groups with 53,288 participants). In 2016 we built or renovated 441 low-cost homes (2015: 547) for leprosy-affected people in poverty, and enabled 18,591 people to access new or renovated water or sanitation facilities (2015: 16,702).

Education

Training and education provide leprosy-affected people and their families a means to break free from the cycle of poverty. In 2016 we provided scholarships for formal education to 4,159 children or young people (2015: 4,522). We provided vocational training or apprenticeships to 788 young people (2015: 1,057). At

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ACHIEVEMENTS AND PERFORMANCE (Continued)

TLM's own Vocational Training Centres in India we trained 1,996 young people in marketable skills, setting them up for life (2015: 1,379).

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 2016 was 103 (2015: 61).

FINANCIAL PERFORMANCE

The consolidated surplus for the year was £479,339 (2015: £1,008,134). The decrease is largely attributable to a one off fundraising appeal by The Leprosy Mission England and Wales for the Nepal earthquake project.

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.

Total expenditure of the charity in the year amounted to £12,054,747 (2015: £12,007,440) of which £11,550,877 (96%) (2015: £11,546,790 (96%)) was attributable to charitable activities. Major programmes supported in 2016 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 8.8% (2015: 7.3%) 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 underperformance has been monitored by the management and the treasurer on a quarterly basis.

In the year ended 31 December 2016 the fund achieved a return of 17.9% (2015: 1.4%) against the benchmark of 18.1% (2015: 1.1%).

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 2016 is £5,182,739 (2015: £4,978,333) and the Trustees are aware of the increased reserve level and are satisfied that the Mission is working with a deficit budget in 2017.

In addition, an amount of £2,624,016 is held in bank and investments as restricted funds listed in Note 20. An amount of £1,218,030 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.

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FINANCIAL PERFORMANCE (Continued)

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 including the introduction of FRS 102 which impacted on the Charity's accounts for the year ended 31 December 2015. 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. A new SORP (SORP 2015) was implemented to reflect the requirements of FRS 102 and this was adopted for the Charity's accounts for the year ended 31 December 2015.

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 2016 the income of the trading company was £1,434,346 (2015: £1,355,432) and the company made a profit of £106,912 (2015: gain £76,650). Customers of TLM Trading Limited donated an amount of £348,988 (2015: £379,866) 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 will be undertaken in 2017. These include; (i) supporting members with their fundraising strategies and initiatives (ii) developing core advocacy messaging so the Global Fellowship can speak with one voice (ii) 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 2017. We will continue to seek to build fundraising capability in the Mission as a whole, including the appointment of a Head of Fundraising Development 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 will be rolled out in 2017. 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 include the appointment of a 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 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.

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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
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Investment Managers

Rathbone Investment Management Ltd
8 Finsbury Circus
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Pension Scheme Actuaries

First Actuarial LLP
Network House
Basing View
Basingstoke
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RG21 4HG

Auditors

haysmacintyre
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London
WC1R 4AG

The Report of the Trustees and Financial Statements for the year ended 31 December 2016 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 Philip Putman
Treasurer

27 April 2017

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements of the Leprosy Mission International for the year ended 31 December 2016 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 including *Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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.

We have been appointed as auditor under the Companies Act 2006. 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 2016 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 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 Trustees' Annual Report (which incorporates the directors' report and the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the directors' report and the strategic report) has been prepared in accordance with applicable legal requirements.

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

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

26 Red Lion Square
London WC1R 4AG

27 April 2017

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016 (Incorporating an Income and Expenditure Account)

	Notes	Unrestricted Fund £	Restricted Fund £	2016 Total £	2015 Total £
INCOME					
Donations	3	96,730	12,112,571	12,209,301	12,706,710
TLM Trading Ltd: Non-charitable subsidiary	4	1,434,346	-	1,434,346	1,355,432
Income from investments	5a	129,761	-	129,761	123,374
Other income	5b	63,112	-	63,112	83,841
TOTAL INCOME		1,723,949	12,112,571	13,836,520	14,269,357
EXPENDITURE ON					
Cost of raising funds		503,870	-	503,870	460,650
TLM Trading Ltd expenditure	4	1,379,434	(47,000)	1,332,434	1,313,782
		1,883,304	(47,000)	1,836,304	1,774,432
Expenditure on Charitable Activities					
	7a				
Nepal earthquake		-	331,888	331,888	215,893
Change in multi-employer pension scheme liability		-	(574,000)	(574,000)	(485,000)
Public health		-	2,205,289	2,205,289	2,209,573
Hospitals		-	2,311,426	2,311,426	2,315,916
Disability care & prevention		-	3,231,279	3,231,279	3,237,556
Community development		-	2,535,492	2,535,492	2,540,418
Education		-	1,231,850	1,231,850	1,204,301
Research		-	247,653	247,653	248,134
Total Expenditure on Charitable Activities		-	11,520,877	11,520,877	11,486,791
TOTAL EXPENDITURE		1,883,304	11,473,877	13,357,181	13,261,223
NET INCOME (before Investment gains / (losses))		(159,355)	638,694	479,339	1,008,134
Net gains/(losses) on investment assets		443,099	586,650	1,029,749	(62,042)
NET INCOME/(EXPENDITURE)		283,744	1,225,344	1,509,088	946,092
Special pension account		-	-	-	1,328,433
Change in fair value of derivatives	20	-	56,000	56,000	(80,000)
Net movement in funds for the year		283,744	1,281,344	1,565,088	2,194,525
Balance brought forward at 1 January 2016		6,117,025	1,419,672	7,536,697	5,342,172
Balance carried forward at 31 December 2016		6,400,769	2,701,016	9,101,785	7,536,697

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 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 2016

	Notes	Consolidated		Charity	
		2016 £	2015 £	2016 £	2015 £
FIXED ASSETS					
Tangible fixed assets	10	947,144	988,266	946,498	974,072
Investments	11	5,524,189	4,510,278	5,795,721	4,674,898
		<u>6,471,333</u>	<u>5,498,544</u>	<u>6,742,219</u>	<u>5,648,970</u>
CURRENT ASSETS					
Stocks	12	205,429	182,523	-	-
Debtors	13	1,644,827	1,122,622	1,598,277	1,085,677
Prepayments	14	177,442	1,003,638	177,442	1,003,638
Accrued income from supporting councils		263,012	327,160	263,012	327,160
Cash at bank and in hand					
Held in sterling		687,200	342,928	435,030	155,991
Held in other currencies		1,078,437	757,073	1,078,437	757,073
		<u>4,056,347</u>	<u>3,735,944</u>	<u>3,552,198</u>	<u>3,329,539</u>
CURRENT LIABILITIES					
Creditors due within one year	15	(1,106,643)	(785,994)	(877,380)	(581,015)
NET CURRENT ASSETS		<u>2,949,704</u>	<u>2,949,950</u>	<u>2,674,818</u>	<u>2,748,524</u>
CREDITORS DUE AFTER ONE YEAR	16	<u>(319,252)</u>	<u>(911,797)</u>	<u>(315,252)</u>	<u>(860,797)</u>
NET ASSETS		<u>9,101,785</u>	<u>7,536,697</u>	<u>9,101,785</u>	<u>7,536,697</u>
FUNDS					
Unrestricted funds					
General reserve		5,182,739	4,978,333	5,178,739	4,927,333
Designated funds:					
Fixed assets used by the Mission	19	766,818	789,885	766,818	789,885
Fixed assets held on behalf of supporting councils	19	179,680	184,187	179,680	184,187
TLM Trading Ltd (investment)	19	271,532	164,620	271,532	164,620
		<u>6,400,769</u>	<u>6,117,025</u>	<u>6,396,769</u>	<u>6,066,025</u>
Restricted - other funds	20	707,933	690,239	707,933	690,239
Restricted - multi employer pension scheme	20	(56,000)	(677,000)	(52,000)	(626,000)
Restricted - derivatives fair value	20	134,000	78,000	134,000	78,000
Restricted - Special pension account	20	1,915,083	1,328,433	1,915,083	1,328,433
		<u>9,101,785</u>	<u>7,536,697</u>	<u>9,101,785</u>	<u>7,536,697</u>

General reserve for 2016 includes an amount of £1,288,746 (2015: gain of £151,722) being the revaluation reserve in respect of accumulated unrealised investment gains.

The results of the charity (TLMI) before consolidation show a total income of £12,427,174 (2015: £12,938,925) and resources expended of £12,054,747 (2015: £12,007,440) resulting in a gain before realised and unrealised gains/losses on investments of £372,427 for the year.

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

Approved and authorised for issue by the Trustees on 27 April 2017 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 2016

		2016	2015
		£	£
Cash generated by / (used in) operating activities	Note A	346,915	787,915
Cashflows from investing activities			
Investment income		129,761	123,374
Interest paid		(10,206)	(25,709)
Purchase of tangible fixed assets		(968)	(11,003)
(Increase) / decrease in cash available for investment		(88,229)	66,709
Purchase of investments		(995,702)	(523,335)
Sale of investments		1,284,065	479,342
Increase / (decrease) in cash in the year	Note B	<u>665,636</u>	<u>897,293</u>
Cash at the beginning of the period		<u>1,110,001</u>	<u>202,708</u> *
Cash at the end of the period		<u>1,765,637</u>	<u>1,100,001</u>

* includes cash at hand of £948,540 and overdraft of £745,832 in 2015

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

	2016	2015
	£	£
Net movement in funds in year	1,565,088	2,194,525
(Gains) / losses on investment	(1,029,749)	62,042
Transfer in of Special Pension Account	-	(1,328,433)
Change in fair value of derivatives	(56,000)	80,000
Investment income	(129,761)	(123,374)
Interest paid	10,206	25,709
Depreciation charge	42,090	41,252
(Increase) / decrease in stock	(22,906)	6,636
(Increase) / decrease in debtors	(522,205)	(45,439)
Decrease / (increase) in prepayments	826,196	450,501
Decrease / (increase) in accrued income	(64,148)	(6,502)
(Decrease) / increase in creditors	(271,896)	(569,002)
Net cash (outflow)/inflow from operating activities	<u>346,915</u>	<u>787,915</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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) 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 2016

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. 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 2016

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 2016

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	
	2016	2015	2016	2015
	£	£	£	£
Audit fee - parent company	15,450	14,025	15,450	14,025
- subsidiary	6,750	6,500	-	-
Depreciation - owned assets	42,090	37,454	23,774	23,677
- leased assets	3,800	3,800	3,800	3,800
Investment managers' charges	16,400	15,486	16,400	15,486
Foreign exchange loss/(gain)	(229,020)	(123,805)	(229,020)	(123,805)
Overdraft - bank interest	10,206	25,709	10,206	25,709
Investment (gain)/ loss on TLM Trading Ltd	(106,912)	-	(106,912)	(76,650)

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 2016

NOTE 3. DONATIONS (Continued)

	2016	2016	2016	2015
	Unrestricted	Restricted	Total	Total
	£	£	£	£
TLM Supporting Member Countries:				
Australia	-	1,033,155	1,033,155	1,175,467
Belgium	-	15,248	15,248	15,433
Denmark	-	328,348	328,348	304,031
England & Wales	-	5,024,306	5,024,306	4,953,374
France	-	91,354	91,354	111,443
Germany	-	39,449	39,449	59,683
Hungary	-	58,707	58,707	67,024
Netherlands	-	743,590	743,590	874,212
New Zealand	96,730	1,235,043	1,331,773	1,322,823
Northern Ireland	-	177,751	177,751	292,749
Scotland	-	388,122	388,122	508,000
Southern Africa	-	160,949	160,949	68,082
Sweden	-	653,020	653,020	672,220
Switzerland	-	843,995	843,995	865,382
Other Donor Organisations:				
American Leprosy Missions	-	10,576	10,576	22,148
CBM	-	-	-	48,308
Erasmus / KIT - Netherlands	-	106,255	106,255	81,562
Leprosy Research Initiative (LRI)	-	101,047	101,047	62,236
Netherlands Leprosy Relief (NLR)	-	-	-	36,953
effect:hope	-	1,016,637	1,016,637	1,032,606
TLM Finland	-	4,260	4,260	10,908
TLM Hong Kong	-	-	-	45,143
TLM Italy	-	41,941	41,941	-
TLM Singapore	-	28,095	28,095	23,229
TLM Spain	-	10,723	10,723	8,722
	<u>96,730</u>	<u>12,112,571</u>	<u>12,209,301</u>	<u>12,661,738</u>

TLM Trading Limited received £348,988 (2015: £379,866) 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.

	2016	2015
	£	£
TLM England & Wales	303,590	331,785
TLM Northern Ireland	19,239	19,380
TLM Scotland	26,159	28,701
	<u>348,988</u>	<u>379,866</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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.

	2016 £	2015 £
Turnover	1,342,682	1,253,099
Bank interest and royalties receivable	1	1,526
Other operating income**	121,663	160,807
	<u>1,464,346</u>	<u>1,415,432</u>
Cost of sales	(479,445)	(481,092)
Distribution costs	(609,599)	(576,414)
Administrative expenses*	(268,390)	(281,276)
	<u>(1,357,434)</u>	<u>(1,338,782)</u>
Net gain/(loss) before taxation	106,912	76,650
Deferred tax credit on profit on ordinary activities	-	-
Gain/(loss) for the financial year	<u>106,912</u>	<u>76,650</u>
The aggregate of the assets, liabilities and funds was:		
Total assets less current liabilities	275,532	215,620
Liabilities falling due after more than one year and provisions	(4,000)	(51,000)
Funds	<u>271,532</u>	<u>164,620</u>

*Administrative expenses include a fee of £25,000 (2015: £25,000) for accounting services by the parent company which is eliminated upon consolidation.

**Other operating income includes £30,000 from the parent charity for promoting development of artisan products which is eliminated upon consolidation.

NOTE 5a. INVESTMENT INCOME

	UK £	Overseas £	2016 £	2015 £
Equities	63,990	25,812	89,802	77,480
Fixed interest securities	33,209	6,750	39,959	45,864
Interest on cash deposits	-	-	-	30
	<u>97,199</u>	<u>32,562</u>	<u>129,761</u>	<u>123,374</u>

NOTE 5b. OTHER INCOME

	2016 £	2015 £
Other income	33,112	12,590
Gift aid	30,000	71,251
	<u>63,112</u>	<u>83,841</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 2016 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 2016

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	2016 £	2015 £
Angola			
Rehabilitation Projects	Leprosy Control/Rehab	55,156	49,059
Bangladesh			
Advocacy for Empowerment	Community Programme	70,664	-
Chittagong Hill Tracts	Leprosy Control	142,218	278,658
Chittagong Community Rehabilitation	Rehabilitation	138,178	201,748
Dhaka Co-ordination	Supervision	75,448	116,633
Gaibandha-Jaypurhat LCP	Leprosy Control Prog (LCP)	87,148	141,550
Nilphamari (DBLM)	Hosp/Rehab/Research/Train	560,403	762,793
Dhaka CBR	Rehabilitation	160,578	176,904
Dhaka LCP	Leprosy Control	100,499	130,832
Leprosy Field Research	Research	181,693	232,351
Chad			
Five Prefectures	Technical Support	129,459	123,513
China			
Bless China International	Rehabilitation	44,240	37,081
HANDA	Rehabilitation	-	52,702
D R Congo			
Kasai Leprosy Projects	Leprosy Control/Tech.Support	306,031	234,333
Bas Congo East & West	Leprosy/TB Control/Rehab	92,616	52,230
South Kivu, Maniema & Mingwanga	Leprosy Control	95,855	181,997
Sankuru	Leprosy/TB Control	136,581	83,357
Ethiopia			
ENAPAL/Woreda 1 Urban Slum Dev	Rehabilitation	383,842	374,781
Guinea			
Macenta - Forest Region	Leprosy Control/Rehab	-	23,289
India			
Bankura Leprosy Hospital	Hospital Prog/Training	30,841	29,322
Bankura VTC	Vocational Training	50,354	50,272
Brighter Future Development	Community Programme	32,069	32,586
Challenging Anti-Leprosy Legislation	Community Programme	-	47,753
Comm Aware & Disab. Prevention	Community Programme	773,345	241,871
Champa VTC	Vocational Training	30,841	30,789
Chandkhuri Leprosy Hospital	Hospital Programme	83,488	58,870
CRAFT	Rehabilitation	104,688	92,758
Empowering Communities /Disability Rights thro NGOs	Community Programme	41,732	43,559
Faizabad Leprosy Hospital	Hospital Programme	1,254	46,437
Faizabad VTC	Vocational Training	58,108	29,857
Kolkata Leprosy Hospital	Hospital Programme	117,879	110,333
Kothara Leprosy Hospital	Hospital Programme	61,546	58,247
Miraj Leprosy Hospital & Research	Hospital Programme/Research	72,926	43,985
Muzzaffarpur Leprosy Hospital	Hospital Programme	40,116	41,049
Naini Hospital	Hospital Programme	338,742	213,710
Nashik VTC	Vocational Training	66,801	75,535
Nat Leprosy Elimination Programme	Training	-	80,385

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project		2016 £	2015 £
India (continued)			
Purulia Leprosy Hospital	Hospital Programme	210,195	186,717
Rehabilitation (nationwide)	Rehabilitation	56,533	63,975
Salur Leprosy Hospital	Hospital Programme	133,422	115,805
Shahdara Leprosy Hospital	Hospital Programme	29,740	46,283
State Wide Self-Help Group	Disability Care & Prevention	60,177	145,034
Vadathorasalur Leprosy Hospital	Hospital Programme	-	5,023
Mass Media Centre	Health Education	87,953	89,132
Vizianagaram VTC	Vocational Training	15,665	6,776
Women's Empowerment / WEALTH	Community Programme	89,860	-
India Office Supervision	Tech.Support/Supervision	357,317	397,256
Mozambique			
Cabo Delgado/ALEMO/Iphiro Yohoolo	Leprosy/TB Control/Education	579,815	372,287
Myanmar			
Mawlamyine Hospital	Hospital Programme/Rehab	155,757	317,719
Disability Resource Centre	Rehabilitation	288,889	270,123
Transformation E.Shan / PRIDE	Relief/Rehabilitation	133,652	334,223
7-UP Disability Advocacy Project	Advocacy	142,815	193,709
Myanmar Flood Relief	Relief/Rehabilitation	-	29,673
REVEAL	Community Programme	46,163	-
Nepal			
Anandaban Hospital	Hospital Programme	369,549	333,520
Anandaban Research	Research/Training	226,036	148,867
Central Region - Nepal	Technical Support	54,095	45,420
CBR/CTY/LCH Nepal	Community Programme	139,435	273,593
International Nepal Fellowship	Community Programme	128,312	52,885
Nepal Leprosy Fellowship	Community Programme	91,972	99,132
Nepal Earthquake	Relief/Rehabilitation	331,888	215,893
Niger			
CSL Danja/Niamey & Tillabery	Leprosy Control/Rehab	340,256	436,102
Nigeria			
Sokoto State	Hospital/Rehabilitation	106,638	137,946
Promote HRS Protection/Fed Cap Territory	Hospital/Rehabilitation	94,804	144,403
Prevention & Management of Impairment	Rehabilitation	83,776	126,907
Kwara/Kebbi/Kogi/Niger States	Leprosy Control/Rehab	94,302	161,784
Orthopaedic	Rehabilitation	86,664	86,456
Ekpene Obom Limb Workshop	Rehabilitation	13,501	13,115
Papua New Guinea			
Bougainville Healthy Community Project	Rehabilitation	758,465	520,015
Empowerment Project	Rehabilitation	262,282	411,934

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project	Main Activity	2016 £	2015 £
South Africa			
Leprosy Control Programme	Leprosy Control	165,862	70,713
Sri Lanka			
Empower Communities & Integration	Community Programme	167,686	156,470
South Sudan			
South Sudan Leprosy Project	Leprosy Control/Rehab	185,967	151,804
Sudan			
Omdurman & Khartoum	Tech.Support/Supervision	59,062	12,525
Tanzania			
Hombolo Hospital & Housing Project	Leprosy Control/Rehab	24,809	39,819
Thailand			
McKean Rehab.Centre - Chiang Mai	Rehabilitation	39,591	50,005
Timor Leste			
National Programme	Leprosy Control	410,015	532,986
Other grants sent to projects in above countries		806,619	594,633
Multi employer pension scheme adjustment		(574,000)	(485,000)
		<u>11,520,877</u>	<u>11,486,791</u>

NOTE 7a. EXPENDITURE

	Grants £	Other Direct Costs £	Support Costs £	2016 Total £	2015 Total £
Cost of generating funds					
Expenditure on raising funds	-	503,870	-	503,870	460,650
TLM Trading Ltd	-	1,332,434	-	1,332,434	1,313,782
Charitable activities					
Nepal earthquake	331,888	-	-	331,888	215,893
Change in value of multi-employer pension scheme	-	(574,000)	-	(574,000)	(485,000)
Public health	2,015,579	-	189,710	2,205,289	2,209,573
Hospitals	2,112,586	-	198,840	2,311,426	2,315,916
Disability care & prevention	2,953,309	-	277,970	3,231,279	3,237,556
Community development	2,317,377	-	218,115	2,535,492	2,540,418
Education	1,123,300	-	108,550	1,231,850	1,204,301
Research	226,349	-	21,304	247,653	248,134
	<u>11,080,388</u>	<u>(574,000)</u>	<u>1,014,489</u>	<u>11,520,877</u>	<u>11,486,791</u>
Total Expenditure	<u>11,080,388</u>	<u>1,262,304</u>	<u>1,014,489</u>	<u>13,357,181</u>	<u>13,261,223</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 7b. ANALYSIS OF SUPPORT COSTS

	Charity	
	2016	2015
	£	£
International Partnership	400,679	346,220
Finance	185,430	195,080
Quality Assurance	115,890	78,030
Programme Support	208,610	156,060
Human Resources	92,720	78,030
Central Administration	92,720	78,120
Pension Deficit	147,460	146,289
Foreign currency gains	(229,020)	(127,879)
	<u>1,014,489</u>	<u>949,950</u>

NOTE 8a. STAFF COSTS

	Consolidated		Charity	
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries*	991,375	999,069	817,411	817,827
Social security costs	77,447	77,325	63,657	60,345
Other pension costs	243,080	265,331	211,116	233,137
Multi employer pension scheme	(621,000)	(485,000)	(574,000)	(485,000)
	<u>690,902</u>	<u>856,725</u>	<u>518,184</u>	<u>626,309</u>
	Number	Number	Number	Number
Number of staff	<u>30</u>	<u>33</u>	<u>25</u>	<u>27</u>

*includes redundancy costs incurred in the year ended 31 December 2016: £11,452 (2015: nil)

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.

	2016	2015
	Number	Number
£60,000 - £70,000	1	-
£71,000 - £80,000	-	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 2016 the Charity considers its key management personal comprises of the General Director / 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 £165,192 (2015: £139,528).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 9. TRUSTEES EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no remuneration or retirement benefits for their services. 9 trustees (2015: 10) were reimbursed for travel expenses and out of pocket expenses during the year, amounting to a combined total of £6,917 (2015: £13,975).

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 2016 £
Cost				
01 January 2016	1,254,643	190,000	166,131	1,610,774
Additions	-	-	968	968
Disposal	-	-	-	-
31 December 2016	<u>1,254,643</u>	<u>190,000</u>	<u>167,099</u>	<u>1,611,742</u>
Depreciation				
01 January 2016	439,704	41,800	141,004	622,508
Charge for the year	16,732	3,800	21,558	42,090
Adjustment for disposal	-	-	-	-
31 December 2016	<u>456,436</u>	<u>45,600</u>	<u>162,562</u>	<u>664,598</u>
Net Book Value				
31 December 2016	<u>798,207</u>	<u>144,400</u>	<u>4,537</u>	<u>947,144</u>
31 December 2015	<u>814,939</u>	<u>148,200</u>	<u>25,127</u>	<u>988,266</u>

The book cost at 31 December 2016 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	-	-	50,199	50,199
	<u>1,254,643</u>	<u>190,000</u>	<u>167,099</u>	<u>1,611,742</u>

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 2016

NOTE 10. TANGIBLE FIXED ASSETS (Continued)

Charity	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2016 £
Cost				
01 January 2016	1,254,643	190,000	116,900	1,561,543
Addition	-	-	-	-
Disposal	-	-	-	-
31 December 2016	<u>1,254,643</u>	<u>190,000</u>	<u>116,900</u>	<u>1,561,543</u>
Depreciation				
01 January 2016	439,704	41,800	105,967	587,471
Charge for the year	16,732	3,800	7,042	27,574
Disposal	-	-	-	-
31 December 2016	<u>456,436</u>	<u>45,600</u>	<u>113,009</u>	<u>615,045</u>
Net book value				
31 December 2016	<u>798,207</u>	<u>144,400</u>	<u>3,891</u>	<u>946,498</u>
31 December 2015	<u>814,939</u>	<u>148,200</u>	<u>10,933</u>	<u>974,072</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 2016 of £35,280 (2015: £35,987). Leasehold property is also held on behalf of one Supporting Member Country.

NOTE 11. INVESTMENTS

	UK £	Overseas £	2016 Consolidated £	TLM Trading (UK) £	2016 Charity £
Market value at 1 January 2016	3,802,951	707,327	4,510,278	164,620	4,674,898
Less: Portfolio cash	(10,617)	-	(10,617)	-	(10,617)
	<u>3,792,334</u>	<u>707,327</u>	<u>4,499,661</u>	<u>164,620</u>	<u>4,664,281</u>
Additions at cost	875,991	119,711	995,702	-	995,702
Disposals	(1,009,330)	(90,439)	(1,099,769)	-	(1,099,769)
Investment gains/(losses)	872,868	156,881	1,029,749	106,912	1,136,661
	<u>4,531,863</u>	<u>893,480</u>	<u>5,425,343</u>	<u>271,532</u>	<u>5,696,875</u>
Add: Portfolio cash	98,846	-	98,846	-	98,846
Market value at 31 December 2016	<u>4,630,709</u>	<u>893,480</u>	<u>5,524,189</u>	<u>271,532</u>	<u>5,795,721</u>
Analysis of investments					
Equities	3,217,893	893,480	4,111,373	271,532	4,382,905
Fixed interest securities	1,313,970	-	1,313,970	-	1,313,970
Cash deposit	98,846	-	98,846	-	98,846
	<u>4,630,709</u>	<u>893,480</u>	<u>5,524,189</u>	<u>271,532</u>	<u>5,795,721</u>
Cost at 31 December 2016	<u>3,469,116</u>	<u>707,609</u>	<u>4,176,725</u>	<u>330,250</u>	<u>4,506,975</u>
Accumulated unrealised investment gain/(loss) at 31 December 2016	<u>1,161,593</u>	<u>185,871</u>	<u>1,347,464</u>	<u>(58,718)</u>	<u>1,288,746</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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	
	2016 £	2015 £	2016 £	2015 £
Goods for resale at lower of cost and net realisable value	205,429	182,523	-	-

NOTE 13. DEBTORS

	Consolidated		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	45,222	35,770	-	-
Derivatives	134,000	78,000	134,000	78,000
Other debtors	1,465,605	1,008,852	1,464,277	1,007,677
	<u>1,644,827</u>	<u>1,122,622</u>	<u>1,598,277</u>	<u>1,085,677</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 £766,547 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. '

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 14. PREPAYMENTS

Prepayments represent funds remitted overseas during December 2016 to meet the requirements of the 2017 expenditure budget and therefore will be included in the accounts for 2017.

NOTE 15. CREDITORS DUE WITHIN ONE YEAR

	Consolidated		Charity	
	2016	2015	2016	2015
	£	£	£	£
Accruals	662,209	437,292	662,208	437,292
Trade creditors	97,045	75,727	-	-
Other creditors	302,119	231,340	199,246	126,821
Social security and other taxes	45,270	41,635	15,926	16,902
	<u>1,106,643</u>	<u>785,994</u>	<u>877,380</u>	<u>581,015</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.

NOTE 16. CREDITORS DUE AFTER ONE YEAR

	Consolidated		Charity	
	2016	2015	2016	2015
	£	£	£	£
Resettlement fund	100,960	97,460	100,960	97,460
Superannuation fund	162,292	137,337	162,292	137,337
Multi-employer pension scheme	56,000	677,000	52,000	626,000
	<u>319,252</u>	<u>911,797</u>	<u>315,252</u>	<u>860,797</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 2016, an amount of £35,292 (2015: £39,906) 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 2016

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 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.

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.

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.

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 £52,000 (2015: £626,000).

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 £4,000 (2015: £51,000). 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 £211,116 (2015: £210,757).

NOTE 19. DESIGNATED FUNDS

	Balance	Consolidated Movements	Balance
	01.01.16		31.12.16
	£	£	£
Fixed assets used by the Mission	789,885	(23,067)	766,818
Fixed assets held on behalf of Supporting Countries	184,187	(4,507)	179,680
TLM Trading Limited	164,620	106,912	271,532
	1,138,692	79,338	1,218,030

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 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 2016.

NOTE 20. RESTRICTED FUNDS

	Balance 01.01.16	Income	Expenditure	Movements	Balance 31.12.16
	£	£	£	£	£
Nepal earthquake	690,239	349,582	331,888		707,933
Special pensions account	1,328,433	-	-	586,650	1,915,083
Multi employer pension scheme*	(677,000)	-	(621,000)	-	(56,000)
Derivatives fair value	78,000	-	0	56,000	134,000
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 programmes	-	2,535,492	2,535,492	-	-
Education	-	1,231,850	1,231,850	-	-
Research	-	247,653	247,653	-	-
	<u>1,419,672</u>	<u>12,112,571</u>	<u>11,473,877</u>	<u>642,650</u>	<u>2,701,016</u>

* £47,000 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 2016.

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 2016 was £1,915,083 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 2016.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016.

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.

At 31 December 2016 The Leprosy Mission International had £1,032,000 of foreign currency forward contracts in place. The unrealised gain on these forward contracts was £57,000. 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.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 23. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Fund £	Restricted Fund £	2015 Total £
INCOMING RESOURCES				
Donations	3	47,125	12,659,585	12,706,710
TLM Trading Ltd: Non-charitable subsidiary	4	1,355,432	-	1,355,432
Income from investments	5a	123,374	-	123,374
Other income	5b	83,841	-	83,841
TOTAL INCOMING RESOURCES		1,609,772	12,659,585	14,269,357
EXPENDITURE ON				
Cost of raising funds		460,650	-	460,650
TLM Trading Ltd expenditure	4	1,353,782	(40,000)	1,313,782
		<u>1,814,432</u>	<u>(40,000)</u>	<u>1,774,432</u>
Expenditure on Charitable Activities	7a			
Nepal earthquake		-	215,893	215,893
Change in multi-employer pension scheme liability		-	(485,000)	(485,000)
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 development		-	2,540,418	2,540,418
Education		-	1,204,301	1,204,301
Research		-	248,134	248,134
Total Expenditure on Charitable Activities		-	11,486,791	11,486,791
TOTAL RESOURCES EXPENDED		1,814,432	11,446,791	13,261,223
Net gains/(losses) on investment assets		(62,042)	-	(62,042)
NET INCOME/(EXPENDITURE)		(266,702)	1,212,794	946,092
Special pension account	20	-	1,328,433	1,328,433
Change in fair value of derivatives	20	-	(80,000)	(80,000)
Net movement in funds for the year		(266,702)	2,461,227	2,194,525
Balance brought forward at 1 January 2015		6,383,727	(1,041,555)	5,342,172
Balance carried forward at 31 December 2015		6,117,025	1,419,672	7,536,697