

The Leprosy
Mission

Annual Report and
Financial Statements
2019

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 2019, 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 bring about transformation; breaking 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 AREAS OF STRATEGIC FOCUS

Zero Leprosy Transmission

Zero transmission of leprosy by 2035 as a result of earlier detection and treatment of new leprosy cases.

Towards Zero Leprosy Disability

Healing, dignity and life in all its fullness as a result of a) reduced disability burden in people affected by leprosy and b) the transformation of physical, mental, emotional and spiritual wellbeing of people affected by leprosy.

Towards Zero Leprosy Discrimination

Zero discrimination against people affected by leprosy as a result of a) the greater inclusion of, and justice for, people affected by leprosy and disability and b) people affected by leprosy confidently standing up for their rights.

Christ-centred

Transformation and Life in all its Fullness for people affected by leprosy.

The Leprosy Mission Enabled

An agile TLM with Members and people who are resilient, stronger, healthier and more sustainable; raising £40 million per annum; a renewed global, national and local commitment to defeating leprosy and promoting inclusion; with TLM known as a leading collaborative player.

OUR VALUES

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

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

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The current organisation structure is as follows.

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

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

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

Audit Committee (Chairperson: Mr Philip Putman)

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

Governance Committee (Chairperson: Mrs Anne Ratliff)

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

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

+ Mr Alan Gray	
+ Mr Amar Timalisina	
+ Mrs Anne Ratliff	Vice Chairperson
+ Mr Ashok Adhikari	(retired: 1 Nov 2019)
+ Dr Colin Martin	
* Mr Colin Osborne	Chairperson
* Mr Eric Chollet	
* Mrs Helen Lea Fernandes	(appointed: 1 Nov 2019)
+ Dr Hla Hla Caroline Aye	(appointed: 1 Nov 2019)
+ Dr Nalini Abraham	(retired: 1 Nov 2019)
+ Mr Paul Emans	
* Mr Philip Putman	Hon. Treasurer
* Dr Shem Nuhu	
* Prof Warwick Britton	

* Indicates members of the Audit Committee

+ Indicates members of the Governance Committee

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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

INTERNATIONAL DIRECTOR AND COMPANY SECRETARY

Mr Brent J Morgan

RISK MANAGEMENT

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

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

The Trustees identified the following major risks:

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

The Trustees continue to monitor the changing landscape and the impact of COVID-19 on the Mission.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

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

POLICIES

Grant Making

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

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

Investment

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

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POLICIES (Continued)

Specific ethical guidelines have been given to the investment managers to avoid investment in companies significantly involved in alcohol, tobacco products, gambling, armaments or pornography, and also to consider the reputation and trading methods of any company which might contravene the objectives and values of the Mission. The performance of the fund is measured against an asset allocation of equal split between UK equities and bonds and overseas equities and bonds (see page 11). Investment decisions are based upon long-term considerations and on a total return basis.

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

Safeguarding

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

The Leprosy Mission reviewed its policies and after that review the following are in place:

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

Safeguarding is a standing item on all Senior Leadership Team and Board meeting agendas. Further training for trustees, staff and associated personnel including partners is planned in 2020.

During 2019, The Leprosy Mission International received five safeguarding concerns - three incidents of Sexual Exploitation, Abuse and Harassment (1 current, 2 historic); one incident of bullying of staff and one incident of physical abuse of vulnerable people, of which two are substantiated. Three were deemed to be serious incidents and were reported to the Charity Commission England and Wales. The Leprosy Mission continues to collect learning from these reports and to make the necessary changes to our policy and practice.

Management

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

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REPORT OF THE TRUSTEES

POLICIES (Continued)

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

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

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

The Trustees of the charity have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission and the work of The Leprosy Mission to further the public benefit is explained in this report.

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

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

Employment of People Affected by Leprosy and People with Disabilities

Globally The Leprosy Mission employs numerous staff who have been personally affected by leprosy. This is estimated at between five and ten per cent of the total number of staff. In 2019, The Leprosy Mission International employed no staff affected by leprosy but actively encouraged people with disabilities with appropriate skills and experience to apply for vacant positions.

Staff Development

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

Reserves

In determining the level of operational reserve, the Board recognised the global organisation's need for a centrally invested reserve to provide operating capital and as a contingency or hardship fund to support members to overcome short-term financial challenges. The Board has set a policy range for the reserve taking into account factors that include the unpredictability of exchange rates, donor income and investment values and the potential impact of these events upon our programmes (refer to page 12).

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.

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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 2018, on the Board's recommendation, the Members approved a new five-year strategy.

Zero Leprosy Transmission

The Leprosy Mission Will:

- Implement, and promote with key partners, a combined approach to tackling leprosy in key endemic areas which includes:
 - data collection and mapping
 - active case finding
 - contact tracing
 - chemo/immuno-prophylaxis
 - health facility staff skills
 - targeted community awareness raising and partnerships
 - treatment completion
- Collaborate and partner with national and local governments
- Invest in succession planning, training, and new technology-based methods of communication
- Utilise our research skills and presence to develop, investigate and trial new innovations related to understanding transmission; early diagnosis; monitoring relapse and anti-microbial resistance; and combined approaches to reducing transmission

To Improve:

- The focus of TLM resources on key endemic areas and the effectiveness of initiatives targeted at reducing leprosy transmission
- Government ownership of leprosy detection and treatment, integrated with government health systems where possible
- The retention, extension and availability of leprosy expertise
- The effectiveness of leprosy-related innovations and the evidence base to inform policies, strategies and activities

Impact by the End of 2023:

Earlier detection and treatment of new leprosy cases.

Our Future Ambition:

Zero transmission of leprosy by 2035

THE LEPROSY MISSION INTERNATIONAL

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OBJECTIVES AND ACTIVITIES (Continued)

Towards Zero Leprosy Disability

The Leprosy Mission Will:

- Support governments and other health partners (or undertake ourselves where necessary), to conduct surveillance, including disaggregated data collection and mapping, and to detect and manage neuritis/reaction as well as to undertake research into reaction management
- Increase our focus on the inner wellbeing of people affected by leprosy in our work, knowing what to look for, how to support and where to direct for professional help
- Collaborate with governments and other health partners (or undertake ourselves where necessary) to address secondary impairments, including ulcer care, eye care and reconstructive surgery
- Enable leprosy-affected people's organisations, disabled people's organisations, self-help groups and churches to facilitate community level self-care and emotional support for persons affected by leprosy

To Improve:

- The timely detection, monitoring, and treatment of impairments of the eyes, hands and feet
- The holistic approach to supporting people affected by leprosy to overcome their disabilities
- Access to rehabilitation services at community, district and referral level for people affected by leprosy
- The self-management of impairments

Impact by the End of 2023:

Reduced disability burden in people affected by leprosy

Transformation of physical, mental, emotional and spiritual wellbeing of people affected by leprosy

Our Future Ambition:

Healing, dignity and life in all its fullness

Towards Zero Leprosy Discrimination

The Leprosy Mission Will:

- Enable leprosy-affected people's organisations, disabled people's organisations, self-help groups, leprosy champions and individuals affected by leprosy to challenge injustice and self-advocate for their rights and entitlements
- Undertake targeted community-level advocacy and the development of livelihood skills for people affected by leprosy
- Encourage and facilitate peer support for people with self stigma
- Tackle discriminatory laws and official practices, by lobbying UN bodies and national government legislators

To Improve:

- Participation in public and social life; awareness raising of rights; a stronger voice of people affected by leprosy; the inclusion of people affected by leprosy in the disability 'movement'
- The opportunity for people affected by leprosy to have a sustainable livelihood
- The feelings of worth and value felt by people affected by leprosy
- The performance of national governments in implementing the relevant international treaties impacting people affected by leprosy; and also the amount of action taken to repeal, amend or abolish discriminatory legislation and practice.

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

OBJECTIVES AND ACTIVITIES (Continued)

Impact by the End of 2023:

Greater inclusion of, and justice for, people affected by leprosy and disability
People affected by leprosy confidently standing up for their rights.

Our Future Ambition:

Zero discrimination against people affected by leprosy

Christ-centred

The Leprosy Mission Will:

- Reinforce our integral mission principles
- Invest resources in growing the spiritual health and gifting of our leaders and people
- Understand, define, and put into contextual practice, effective and intentional church partnerships
- Put prayer at the heart of our work and decision-making

To Improve:

- Our understanding and practice of integral mission
- Our understanding and practice of our Christian identity and values
- The number and quality of our church partnerships
- Our understanding and practice of prayer

Impact by the End of 2023:

Spiritual growth of TLM's people

The body of Christ taking greater ownership of the God-given mission to love and include those affected by leprosy

Our Future Ambition:

Transformation and Life in all its Fullness for people affected by leprosy

The Leprosy Mission Enabled

The Leprosy Mission Will:

- Provide leadership and development; staff care; adopt intentional organisational development to be 'fit for the future'; trial, learn from, share and scale up the use of new technology and innovation; and facilitate the sharing of resources and support amongst TLM Members
- Support all TLM Members with their fundraising; contribute to the business case for the defeat of leprosy; identify new ways to tell the story of leprosy / develop consistent and coherent messages; connect with new audiences; promote the collaboration and sharing of fundraising resources across the Global Fellowship
- Adopt a global advocacy campaign
- Actively seek and engage in global and local partnerships

We will work to improve:

- Leadership at all levels; an organisational culture in which our people are enabled to achieve their full potential; healthy working environments where people feel engaged and included and where wellbeing is valued; our ability to harness innovation and technology
- Our competence, capacity, confidence and joy in unrestricted and institutional fundraising
- Speaking with one TLM voice, based on the evidence of our practice

THE LEPROSY MISSION INTERNATIONAL

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OBJECTIVES AND ACTIVITIES (Continued)

- TLM's contribution to shared impact in defeating leprosy and transforming lives

Impact by the End of 2023:

- An agile TLM Fellowship, with Members and people who are 'fit for the future' (resilient, stronger, healthier and more sustainable)
- We will raise £40 million per annum; we will cost-effectively increase unrestricted income by 35%
- A renewed global, national and local commitment to defeating leprosy and promoting inclusion
- TLM known as a leading collaborative player

ACHIEVEMENTS AND PERFORMANCE

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

Organisational Activities

Advocacy (Zero Discrimination and enabling The Leprosy Mission's work)

The TLM Petition Campaign, as part of our global advocacy work, has been successful in putting the human rights of persons affected by leprosy on the agenda of the United Nations. Capacity development of people affected by leprosy has resulted in leprosy champions representing TLM at global platforms and acting as self-advocates.

Our advocacy has led to leprosy priority countries such as Ethiopia, the Philippines and Nigeria being questioned by the UN on the action taken to end discrimination against persons affected by leprosy in their respective countries. Our Global Fellowship was represented by the International Office at the UN Conference of the State Parties to the Convention on the Rights of Persons with Disabilities, held in the headquarters of the UN in New York in June 2019. Our International Director, Brent Morgan, addressed government representatives, UN officials and diplomats during the closing session of the Conference. TLM also hosted a side event at the Conference that looked at addressing the rights of people affected by leprosy. Lastly, our advocacy at the global level has influenced the government of India to repeal many of the discriminatory laws that were in force and has led to a commitment to repeal all of the 100+ laws that are remaining across the country.

Income (Enabling The Leprosy Mission's work)

In 2019, donation income was £12,491,370, which was 3% higher than the previous year's income. The increase is largely attributable to increased donations to support the leprosy work of the Mission.

Public Health (Zero disability and zero transmission)

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.

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ACHIEVEMENTS AND PERFORMANCE (Continued)

The Leprosy Mission still provides effective training to government medical staff to ensure that people affected by leprosy are given the high-quality treatment they need. In 2019 we gave technical assistance to governments in more than 18 countries. Our own hospitals and projects were responsible for identifying 9,798 new cases of leprosy during the year (2018: 12,549). We also provided at least 52,522 training days for TLM staff, government health staff and other NGOs in leprosy (2018: 72,638). We expect the number of training sessions provided in 2019 to have been greater than that of 2018 because, although we did not receive data on this from a number of our countries, we did see a year on year increase for almost all those countries that did report.

Hospitals (Zero disability and zero transmission)

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 2019 we supported 16 TLM supported hospitals and another 19 partner hospitals. The hospitals provided 10,115 in-patients with care for leprosy related conditions (2018: 9,778). We performed 1,508 (2018: 2,273) reconstructive and eye surgeries related to leprosy.

Disability care and prevention (Zero disability)

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 2019 we provided assistance to 225 self-care groups, which included 3,327 participants (2018: 1,167 groups with 19,439 participants). The reduction in self-care groups is largely due to a large project in India, which was due to end in 2018. This one project in India accounted for 795 self-care groups, meaning there are now just 22 projects in India. The same is true in Nepal, which saw a reduction from 61 to 0 self-care groups.

In 2019, TLM provided 25,834 people (2018: 20,564) with footwear and orthopaedic devices to protect their insensitive feet from further damage or disability.

Community development (Zero discrimination)

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 2019 we supported 1,952 self-help groups and cooperatives with 23,604 participants (2018: 3,650 groups with 59,974 participants). Much like self-care groups, we saw a reduction in self-help groups across our Global Fellowship. Again, this is partly due to a large project in India which ended in 2018. This project accounted for 873 groups. A further 119 groups closed at the end of their project cycle in Bangladesh and a further 533 in Mozambique as DFID funding ended, as expected. In Nepal there was a reduction in self-help groups as a number of these groups combined to form cooperatives.

In 2019 we built or renovated 627 low-cost homes (2018: 111) for leprosy-affected people in poverty, and enabled 3,186 people to access new or renovated water or sanitation facilities (2018: 7,300).

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ACHIEVEMENTS AND PERFORMANCE (Continued)

Education (Zero discrimination)

Training and education provide leprosy-affected people and their families a means to break free from the cycle of poverty. In 2019 we provided scholarships for formal education to 4,556 children or young people (2018: 3,161). We provided vocational training or apprenticeships to 1,831 young people (2018: 1,059). At TLM's own Vocational Training Centres in India we trained 697 young people in marketable skills, setting them up for life (2018: 1,557).

Research (Zero transmission, zero disability, zero discrimination, and enabling The Leprosy Mission's work)

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 programmes to make a major contribution to world knowledge on leprosy. The total number of research projects funded during 2019 was 35 (2018: 42).

Church engagement (Christ-centred and Enabling The Leprosy Mission's Work)

Our work is sustained by the prayerful giving of churches all across the world. Their support can come in the form of donations, volunteering, fundraising activities, and more. In total we have 5,737 churches who are giving to our work.

Life in all its fullness (Christ-centred)

Our desire to see people living life in all its fullness is informed by a Bible verse. Jesus said "I have come in order that you may have life – life in all its fullness" (John 10:10). Through our self-help groups, livelihood support, and community development we are working to provide fullness of life for people affected by leprosy and people in communities affected by leprosy. However, we are also committed to ensuring that the staff of The Leprosy Mission worldwide are nurtured and encouraged so that they can live life in all its fullness. Our staff engagement work received particular recognition in 2019 when it won an Agenda award for the number of staff who would recommend The Leprosy Mission as a place to work.

FINANCIAL PERFORMANCE

The consolidated deficit for the year was £(1,037,505) (2018: Deficit £319,818). The financial position compared to the previous year was largely impacted by implementing the Board approved deficit budget in the year and payment of restricted income surplus from previous years.

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

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

Total expenditure of the charity in the year amounted to £13,845,194 (2018: £12,811,989) of which £13,162,704 (95%) (2018: £12,172,686 (95%)) was attributable to charitable activities. Major programmes supported in 2019 are listed in Note 6 of the Accounts and they continue to represent a wide spread of activities across 20 countries.

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FINANCIAL PERFORMANCE (Continued)

Total support costs by the charity to TLM Fellowship Member countries are analysed in Note 7b of the accounts and amounts to 11% (2018: 10.1%) of the total income of the charity.

Investment

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

In the year ended 31 December 2019 the fund achieved a return of 17.4% (2018: 4.2%) against the benchmark of 15.4% (2018: 3.4%).

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 current reserve policy was agreed in 2014 and it is due for review in 2020. The free reserve level at 31 December 2019 is £3,669,942 (2018: £3,983,335) and the Trustees are aware of the decreased reserve level and are aware of that the Mission is working with a deficit budget in 2020.

In addition, an amount of £3,541,364 is held in bank and investments as restricted funds listed in Note 20. An amount of £2,259,663 is held as designated funds as listed in Note 19.

Going Concern

The financial statements are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The ultimate impact of the COVID 19 pandemic is still unclear, but senior management are modelling scenarios should there be a material effect on income or the projects funded by TLMI. Expenditure plans are being reviewed as a result of this. However, having reviewed the funding facilities available to TLMI together with the expected future cash flows, the trustees have a reasonable expectation that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability.

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

Subsidiary Company

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

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

In 2019, the income of the trading company was £1,787,096 (2018: £1,591,196) and the company made a profit before Taxation and before Pension deficit liability of £72,792 (2018: £51,470). Customers of TLM Trading Limited donated an amount of £452,154 (2018: £430,185) to TLM Supporting Countries through donations and Gift for Life.

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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 108%. 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 108% 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.

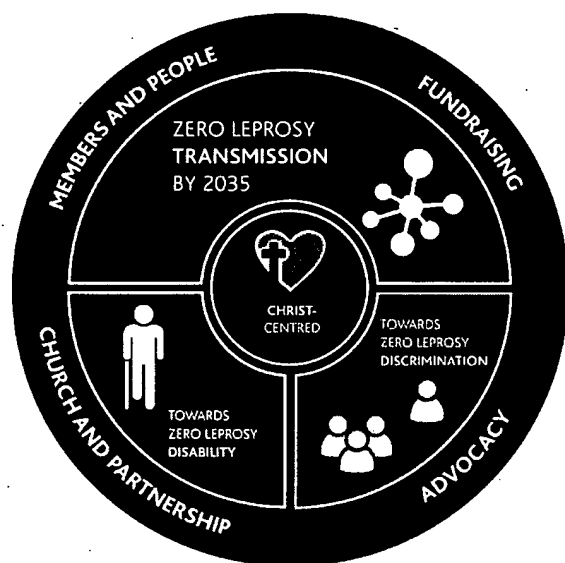
By agreement with the Pension Fund Trustees, The Leprosy Mission International agreed to pay pension contribution into the Special Pension Account.

FUTURE PLANS

Global Strategy

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

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



Towards Zero Leprosy Transmission

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

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

FUTURE PLANS (Continued)

Towards Zero Leprosy Disability

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

Towards Zero Leprosy Discrimination

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

Christ-Centred

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

Enabling The Leprosy Mission to achieve its goal

In order to deliver on this strategy, we will intentionally invest in four key enabling areas: Members and People, Fundraising, Church and Partnership, and Advocacy. We will be an agile TLM Fellowship, with Members and people who are 'fit for the future' (resilient, stronger, healthier and more sustainable). We will do this by improving leadership at all levels; by strengthening an organisational culture in which our people are enabled to achieve their full potential; by developing healthy working environments where people feel engaged and included and where wellbeing is valued; by improving our ability to harness innovation and technology. We will raise £40 million per annum by the end of 2023; cost-effectively increasing unrestricted income by 35%. To do this we will improve our intention, competence, capacity, confidence and joy in unrestricted and institutional fundraising. We want to see a renewed global, national and local commitment to defeating leprosy and promoting inclusion. We will speak with one TLM voice based on the evidence of our practice. We will be known as a leading collaborative player, partnering with like-minded organisations to defeat leprosy and transform lives.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent

THE LEPROSY MISSION INTERNATIONAL

REPORT OF THE TRUSTEES

- State whether applicable accounting standards and the Charities Statement of Recommended Practice have been followed
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Mission will continue in operation.

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

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

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

PRINCIPAL ADVISORS

Bankers

Barclays Bank plc
8 George Street
Richmond
Surrey
TW9 1JU

Investment Managers

Rathbone Investment Management Ltd
8 Finsbury Circus
London
EC2M 7AZ

Pension Scheme Actuaries

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

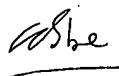
Auditors

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

The Report of the Trustees and Financial Statements for the year ended 31 December 2019 and the Prayer Guide for the current year can be obtained from the office of TLM International at 80 Windmill Road, Brentford, Middlesex, England TW8 0QH or can be downloaded from our website at www.leprosymission.org.

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

This report was approved by the Trustees and signed on their behalf by:



Mr Colin Osborne
Chairperson

30 April 2020

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of The Leprosy Mission International for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

THE LEPROSY MISSION INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (Continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report incorporated in the report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception


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

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

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

Use of this report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

19 May 2020

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019 (Incorporating an Income and Expenditure Account)

	Notes	Unrestricted Fund £	Restricted Fund £	2019 Total £	2018 Total £
INCOME FROM					
Donations	3	-	12,491,370	12,491,370	12,160,595
TLM Trading Ltd: Non-charitable subsidiary	4	1,752,096	-	1,752,096	1,566,196
Income from investments	5a	-	137,110	137,110	123,162
Other income	5b	-	46,417	46,417	184,264
TOTAL INCOME		1,752,096	12,674,897	14,426,993	14,034,217
EXPENDITURE ON					
Cost of raising funds		648,489	-	648,489	614,303
TLM Trading Ltd expenditure	4	1,702,304	-	1,702,304	1,567,046
		2,350,793	-	2,350,793	2,181,349
Expenditure on Charitable Activities					
Nepal earthquake		-	733,815	733,815	537,005
Public health		71,736	2,259,011	2,330,747	2,180,547
Hospitals		75,310	2,367,612	2,442,922	2,285,494
Disability care & prevention		56,280	3,358,826	3,415,106	3,195,027
Community development		82,607	2,597,129	2,679,736	2,507,046
Education		40,030	1,258,606	1,298,636	1,222,693
Research		8,190	253,552	261,742	244,874
Total Expenditure on Charitable Activities		334,153	12,828,551	13,162,704	12,172,686
TOTAL EXPENDITURE		2,684,946	12,828,551	15,513,497	14,354,035
NET (EXPENDITURE) / INCOME BEFORE RECOGNISED GAINS / (LOSSES)		(932,850)	(153,654)	(1,086,504)	(319,818)
Net gains/(losses) on investment assets		595,547	663,005	1,258,552	(320,437)
NET (EXPENDITURE) / INCOME		(337,303)	509,351	172,048	(640,255)
Other Recognised gains /(losses)					
Change in multi-employer pension scheme liability		-	706,000	706,000	(657,000)
Change in fair value of derivatives	20	-	(98,919)	(98,919)	104,663
Net movement in funds for the year		(337,303)	1,116,432	779,129	(1,192,592)
Balance brought forward at 1 January 2019		6,264,961	2,424,932	8,689,893	9,882,485
Balance carried forward at 31 December 2019		5,927,658	3,541,364	9,469,022	8,689,893

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

All the activities of the charity are continuing.

The notes on pages 19 to 39 form part of these Financial Statements.

THE LEPROSY MISSION INTERNATIONAL

A Company Limited by Guarantee, Registered Company Number: 3591514

CONSOLIDATED AND CHARITY BALANCE SHEETS AT 31 DECEMBER 2019

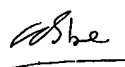
	Notes	Consolidated		Charity	
		2019	2018	2019	2018
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10	865,815	893,458	863,866	893,278
Building Improvements	10	920,897	1,036,009	920,897	1,036,009
Investments	11	7,086,663	5,926,274	7,559,614	6,278,433
		<u>8,873,375</u>	<u>7,855,741</u>	<u>9,344,377</u>	<u>8,207,720</u>
CURRENT ASSETS					
Stocks	12	219,830	168,734	-	-
Debtors	13	1,083,584	954,538	1,019,577	925,871
Prepayments	14	226,989	187,706	226,989	187,706
Accrued income from supporting councils		136,869	457,539	136,869	457,539
Cash at bank and in hand					
Held in sterling		404,670	1,230,458	28,849	872,372
Held in other currencies		423,158	474,953	423,158	474,953
		<u>2,495,100</u>	<u>3,473,928</u>	<u>1,835,442</u>	<u>2,918,441</u>
CURRENT LIABILITIES					
Creditors due within one year	15	(1,515,900)	(1,541,246)	(1,327,244)	(1,385,738)
NET CURRENT ASSETS		<u>979,200</u>	<u>1,932,682</u>	<u>508,198</u>	<u>1,532,703</u>
CREDITORS DUE AFTER ONE YEAR	16	(383,553)	(1,098,530)	(383,553)	(1,050,530)
NET ASSETS		<u>9,469,022</u>	<u>8,689,893</u>	<u>9,469,022</u>	<u>8,689,893</u>
FUNDS					
Unrestricted funds					
General reserve		3,669,942	3,983,335	3,669,942	3,935,335
Designated funds:					
Fixed assets used by the Mission	19	1,651,765	1,792,667	1,651,765	1,792,667
Fixed assets held on behalf of supporting councils	19	133,000	136,800	133,000	136,800
TLM Trading Ltd (investment)	19	472,951	352,159	472,951	352,159
		<u>5,927,658</u>	<u>6,264,961</u>	<u>5,927,658</u>	<u>6,216,961</u>
Restricted - other funds	20	560,715	762,369	560,715	762,369
Restricted - multi employer pension scheme	20	-	(754,000)	-	(706,000)
Restricted - derivatives fair value	20	(33,447)	65,472	(33,447)	65,472
Restricted - Special pension account	20	3,014,096	2,351,091	3,014,096	2,351,091
		<u>9,469,022</u>	<u>8,689,893</u>	<u>9,469,022</u>	<u>8,689,893</u>

General reserve for 2019 includes an amount of £1,671,241 (2018: £933,511) being the revaluation reserve in respect of accumulated unrealised investment gains.

The results of the charity (TLMI) before consolidation show a total income of £12,686,898 (2018: £12,484,701) and expenditure of £13,845,194 (2018: £12,811,989) resulting in a loss before realised and unrealised investment gains/(losses) of (£1,158,296) for the year. The result was a surplus of £100,256 after recognising the investment gain for the year.

The notes on pages 19 to 39 form part of these Financial Statements.

Approved and authorised for issue by the Trustees on 30 April 2020 and signed on their behalf by:



Chairman: Mr. Colin Osborne



Treasurer: Mr Philip M Putman

THE LEPROSY MISSION INTERNATIONAL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

		2019 £	2018 £
Cash (used in) / generated by operating activities	Note A	(707,847)	1,154,768
Cashflows from investing activities			
Investment income		137,110	123,162
Interest paid		(42,086)	(27,814)
Purchase of tangible fixed assets		(17,139)	(1,208,713)
Disposal of tangible fixed assets		-	-
Decrease / (Increase) in cash available for investment		145,731	(152,228)
Purchase of investments		(1,659,970)	(1,551,194)
Sale of investments		1,266,588	1,133,963
(Decrease) / Increase in cash in the year		(877,613)	(528,056)
Cash at the beginning of the period		1,705,441	2,233,467
Cash at the end of the period		827,828	1,705,441

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

	2019 £	2018 £
Net movement in funds in year	779,129	(1,192,592)
(Gains) / Losses on investment	(1,258,552)	320,437
Change in Multi-Employer Pension Scheme Liability	(754,000)	657,000
Change in fair value of derivatives	98,919	(104,663)
Investment income	137,110	(123,162)
Interest paid	42,086	27,814
Depreciation charge	159,893	150,473
(Increase) / Decrease in stock	(51,096)	42,773
(Increase) / Decrease in debtors	(129,046)	390,343
(Increase) / Decrease in prepayments	(39,283)	46,923
Decrease / (Increase) in accrued income	320,670	(305,213)
(Decrease) / Increase in creditors	(13,677)	1,244,635
Net cash (outflow)/inflow from operating activities	(707,847)	1,154,768

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

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) (Second Edition, effective 1 January 2019)– (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

b) Consolidation

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

c) Going Concern

The financial statements are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The ultimate impact of the COVID 19 pandemic is still unclear, but senior management are modelling scenarios should there be a material effect on income or the projects funded by TLMI. Expenditure plans are being reviewed as a result of this. However, having reviewed the funding facilities available to TLMI together with the expected future cash flows, the trustees have a reasonable expectation that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability.

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

d) Income

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

e) Fund Accounting

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

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

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. ACCOUNTING POLICIES (Continued)

f) Tangible Fixed Assets and Depreciation

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

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

g) Investments

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

h) Foreign Currencies

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

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

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

i) Stocks

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

j) Operating Lease Agreements

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

k) Pension Costs

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. ACCOUNTING POLICIES (Continued)

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 by Gift Aid to The Leprosy Mission International.

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

n) Trade Income

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

o) Expenditure

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

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

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

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

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

p) Fair value of derivatives

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

q) Debtors

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. ACCOUNTING POLICIES (Continued)

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.

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	
	2019	2018	2019	2018
	£	£	£	£
Audit fee - parent company	15,940	15,240	15,940	15,240
- subsidiary	7,600	7,100	-	-
Depreciation - owned assets*	156,093	150,473	154,940	150,473
- leased assets	3,800	3,800	3,800	3,800
Investment managers' charges	23,686	18,003	23,686	18,003
Foreign exchange (gain)	(50,794)	(48,672)	(50,794)	(48,672)
Bank interest	42,086	27,814	13,103	4,610
Investment (gain) on TLM Trading Ltd	(120,792)	(7,470)	(120,792)	(7,470)

* Includes depreciation charge of Office building Improvement

NOTE 3. DONATIONS

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. DONATIONS (Continued)

	2019	2019	2019	2018	2018	2018
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
TLM Supporting Member Countries						
Australia	-	1,048,385	1,048,385	-	993,815	993,815
Belgium	-	26,435	26,435	-	28,858	28,858
Denmark	-	149,193	149,193	-	260,067	260,067
England & Wales	-	4,523,956	4,523,956	-	5,008,262	5,008,262
Finland	-	12,499	12,499	-	15,986	15,986
France	-	98,916	98,916	-	102,903	102,903
Germany	-	65,820	65,820	-	54,043	54,043
Hungary	-	105,874	105,874	-	66,809	66,809
Netherlands	-	727,175	727,175	-	803,660	803,660
New Zealand	-	1,526,412	1,526,412	-	1,078,582	1,078,582
Northern Ireland	-	271,067	271,067	-	236,325	236,325
Scotland	-	487,024	487,024	-	421,621	421,621
Southern Africa	-	158,396	158,396	-	182,321	182,321
Sweden	-	997,464	997,464	-	912,029	912,029
Switzerland	-	956,375	956,375	-	850,661	850,661
Other Donor Organisations:						
ALM: AIM / ASHA	-	359,081	359,081	-	51,969	51,969
CBM	-	-	-	-	79,935	79,935
Celgene Corporation	-	61,066	61,066	-	39,286	39,286
effect:hope	-	534,933	534,933	-	593,596	593,596
Erasmus - Netherlands	-	-	-	-	114,692	114,692
Disabled Peoples' International	-	34,225	34,225	-	6,166	6,166
F K Norway	-	117,063	117,063	-	14,424	14,424
Heavens Family	-	103,474	103,474	-	-	-
LUMC / AZL Netherlands	-	-	-	-	21,887	21,887
Leprosy Research Initiative (LRI)	-	28,492	28,492	-	76,435	76,435
MIVA - Switzerland	-	-	-	-	21,722	21,722
Netherlands Leprosy Relief (NLR)	-	-	-	-	19,002	19,002
Probitas - Spain	-	21,274	21,274	-	21,021	21,021
Solidarite Protestante	-	7,327	7,327	-	-	-
TLM Italy	-	33,806	33,806	-	44,653	44,653
TLM Singapore	-	11,235	11,235	-	28,321	28,321
TLM Spain	-	8,024	8,024	-	11,545	11,545
World Servant	-	16,382	16,382	-	-	-
	-	12,491,370	12,491,370	-	12,160,595	12,160,595

TLM Trading Limited received £452,154 (2018: £430,185) 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.

	2019	2018
	£	£
TLM England & Wales	392,872	370,959
TLM Northern Ireland	34,032	20,986
TLM Scotland	25,250	38,240
	452,154	430,185

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

	2019 £	2018 £
Turnover	1,626,557	1,448,276
Bank interest and royalties receivable	1	-
Other operating income**	160,538	142,920
	<u>1,787,096</u>	<u>1,591,196</u>
Cost of sales	(599,449)	(520,704)
Distribution costs	(767,517)	(687,946)
Administrative expenses*	(347,338)	(331,076)
	<u>(1,714,304)</u>	<u>(1,539,726)</u>
Operating Profit before Taxtion and defined benefit pension scheme	72,792	51,470
Remeasurement gain / (loss) on defined benefit pension scheme	48,000	(44,000)
Gain/(loss) for the financial year	<u>120,792</u>	<u>7,470</u>
The aggregate of the assets, liabilities and funds was:		
Total assets less current liabilities	352,159	400,159
Liabilities falling due after more than one year and provisions	72,792	(48,000)
Funds	<u>424,951</u>	<u>352,159</u>

*Administrative expenses include a fee of £12,000 (2018: £16,680) for accounting services by the parent company which is eliminated upon consolidation.

**Other operating income includes £35,000 from the parent charity for promoting development of artisan products which is eliminated upon consolidation. This payment supports the charitable work of the parent charity.

NOTE 5a. INVESTMENT INCOME

	2018 £	2017 £
Equities	107,392	93,863
Fixed interest securities	27,558	29,024
Interest on cash deposits	2,160	275
	<u>137,110</u>	<u>123,162</u>

NOTE 5b. OTHER INCOME

	2019 £	2018 £
Other income	4,847	154,530
Gift aid	41,570	29,734
	<u>46,417</u>	<u>184,264</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 is included in the Statement of Financial Activities under Direct Charitable Expenditure and the Mission has supported more than 168 projects in more than 18 countries.

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

Country/Project		2019 £	2018 £
Angola			
Rehabilitation Projects	Leprosy Control/Rehab	11,266	40,580
Bangladesh			
Advocacy for Employment	Community Programme	127,067	71,943
Chittagong Hill Tracts	Leprosy Control	177,108	158,554
Chittagong Community Rehabilitation	Rehabilitation	117,305	80,411
Dhaka Co-ordination	Supervision	134,742	132,983
Emergency Flood Relief	Relief/Rehabilitation	30,623	-
Gaibandha-Jaypurhat LCP	Leprosy Control Prog (LCP)	28,827	48,835
Nilphamari (DBLM)	Hosp/Rehab/Research/Train	404,868	570,608
Dhaka CBR	Rehabilitation	111,430	127,003
Leprosy Field Research	Research	258,724	228,117
Integrated Leprosy Health Systems	Community Programme	228,958	256,012
Chad			
Five Prefectures	Technical Support	142,350	153,119
DR Congo			
Kasai Leprosy Projects	Leprosy Control/Tech Support	290,670	358,086
Bas Congo East & West	Leprosy/TB Control/Rehab	20,220	111,404
South Kivu, Maniema & Mingwanga	Leprosy Control	360,078	198,761
Sankuru	Leprosy/TB Control	16,611	36,714
Ethiopia			
ENAPAL/Woreda 1 Urban Slum Dev	Rehabilitation	183,284	178,070
India			
Bankura Leprosy Hospital	Hospital Prog/Training	27,651	29,237
Bankura VTC	Vocational Training	62,301	41,941
Brighter Future Development	Community Programme	83,360	55,993
Comm Aware & Disab. Prevention	Community Programme	404,513	784,694
Champa VTC	Vocational Training	32,707	42,469
Chandkuri Leprosy Hospital	Hospital Programme	78,255	67,731
CRAFT (SOAR)	Rehabilitation	162,091	87,211
Empowering Communities /Disability Rights thro NGO	Community Programme	-	56,505
Faizabad Leprosy Hospital	Hospital Programme	1,454	9,627
Faizabad VTC	Vocational Training	61,524	58,613
Kolkata Leprosy Hospital	Hospital Programme	182,592	116,931
Kothara Leprosy Hospital	Hospital Programme	66,897	56,888
Miraj Leprosy Hospital & Research	Hospital Programme/Research	170,543	60,099
Muzzaffarpur Leprosy Hospital	Hospital Programme	33,501	48,167
Naini Hospital	Hospital Programme	215,731	231,693
Nashik VTC	Vocational Training	76,484	71,112

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project		2019 £	2018 £
India (continued)			
Purulia Leprosy Hospital	Hospital Programme	586,917	177,818
Rehabilitation (nationwide)	Rehabilitation	78,251	65,977
Salur Leprosy Hospital	Hospital Programme	152,883	174,634
State Wide Self-Help Group	Disability Care & Prevention	-	176,747
Mass Media Centre	Health Education	94,139	78,515
Vadathorasalur, Vizianagaram VTC	Vocational Training	41,458	35,147
Women's Empowerment / WEALTH	Community Programme	138,138	251,420
India Office Supervision	Tech.Support/Supervision	223,652	299,500
Mozambique			
Cabo Delgado/ALEMO/Iphiro Yohoolo	Leprosy/TB Control/Education	483,634	613,889
Myanmar			
Mawlamyine Hospital	Hospital Programme/Rehab	358,558	315,281
Disability Resource Centre	Rehabilitation	-	157,220
GRACE/RLII	Community/Empowerment	277,585	
Transformation E.Shan / PRIDE	Relief/Rehabilitation	80,919	41,495
7-UP Disability Advocacy Project	Advocacy	57,860	97,682
REVEAL	Community Programme	-	74,740
Strategic Partnership Programme	Community Programme	34,196	38,173
Nepal			
Anandaban Hospital	Hospital Programme	387,532	391,211
Anandaban Research	Research/Training	159,748	155,359
Anandaban Trauma Centre	Hospital Programme	539,544	-
Central Region - Nepal	Technical Support	48,986	36,034
CBR/CTY/LCH Nepal	Community Programme	349,338	356,668
HEAL	Hospital/Rehabilitation	231,907	-
International Nepal Fellowship	Community Programme	16,846	18,795
Nepal Leprosy Fellowship	Community Programme	85,361	92,890
Nepal Earthquake	Relief/Rehabilitation	194,271	482,095
Nepal Floods/Disaster Resilient Community	Relief/Rehabilitation	78,142	54,910
Satellite Clinic Birathnagar	Community Programme		
Niger			
CSL Danja/Niamey & Tillabery	Leprosy Control/Rehab	459,337	411,309
Nigeria			
Integrated Leprosy & LF Case Finding	Leprosy Control	97,778	-
Integrated NTD Control in Zamfara	Leprosy Control	45,672	-
Prevention & Management of Impairment	Rehabilitation	30,892	80,146
Kwara/Kebbi/Kogi/Niger States	Leprosy Control/Rehab	421,736	236,095
Orthopaedic	Rehabilitation	106,078	141,138
Wheels That Heal	Community Programme	96,914	-
Nigeria Co-ordination, Harnessing Resources	Supervision	120,851	50,712
Papua New Guinea			
Bougainville Healthy Community Project	Rehabilitation	896,456	521,307
Empowerment Project	Rehabilitation	346,104	261,749

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 6. EXPENDITURE ON CHARITABLE ACTIVITIES (Continued)

Country/Project	Main Activity	2019 £	2018 £
South Africa			
Leprosy Control Programme	Leprosy Control	181,195	198,693
Sri Lanka			
Empower Communities & Integration	Community Programme	188,885	223,402
South Sudan			
South Sudan Leprosy Project	Leprosy Control/Rehab	-	180,797
Sudan			
Omdurman & Khartoum	Tech.Support/Supervision	41,951	45,092
Tanzania			
Hombolo Hospital & Housing Project	Leprosy Control/Rehab	42,418	45,149
Thailand			
McKean Rehab.Centre - Chiang Mai	Rehabilitation	31,486	32,686
Timor Leste			
National Programme	Leprosy Control	340,669	371,875
Other grants sent to projects in above countries		680,076	616,225
		<u>13,162,704</u>	<u>12,172,686</u>

NOTE 7a. EXPENDITURE

	2019				2018			
	Grants	Other Direct	Support	2019	Grants	Other Direct	Support	2018
	£	Costs	Costs	Total	£	Costs	Costs	Total
		£	£	£		£	£	£
Cost of generating funds								
Expenditure on raising funds	-	648,489	-	648,489	-	614,303	-	614,303
TLM Trading Ltd	-	1,702,304	-	1,702,304	-	1,567,046	-	1,567,046
Charitable activities								
Nepal earthquake / Flood Relief	733,815	-	-	733,815	537,005	-	-	537,005
Public health	2,070,681	-	260,067	2,330,748	1,914,953	-	265,594	2,180,547
Hospitals	2,170,339	-	272,583	2,442,922	2,007,118	-	278,377	2,285,495
Disability care & prevention	3,034,046	-	381,060	3,415,106	2,805,867	-	389,159	3,195,026
Community development	2,380,729	-	299,007	2,679,736	2,201,684	-	305,362	2,507,046
Education	1,149,828	-	148,808	1,298,636	1,070,722	-	151,971	1,222,693
Research	232,536	-	29,205	261,741	215,048	-	29,826	244,874
	<u>11,771,974</u>	<u>-</u>	<u>1,390,730</u>	<u>13,162,704</u>	<u>10,752,397</u>	<u>-</u>	<u>1,420,289</u>	<u>12,172,686</u>
Total Expenditure	<u>11,771,974</u>	<u>2,350,793</u>	<u>1,390,730</u>	<u>15,513,497</u>	<u>10,752,397</u>	<u>2,181,349</u>	<u>1,420,289</u>	<u>14,354,035</u>

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7b. ANALYSIS OF SUPPORT COSTS

	Charity	
	2019	2018
	£	£
International Partnership	509,870	501,190
Governance Cost	85,250	83,110
Finance	146,650	147,262
Quality Assurance	128,321	128,854
Advocacy	54,995	55,223
Research Support	36,663	36,816
Programme Support	219,978	220,893
Human Resources	54,995	55,223
Central Administration	91,658	92,038
Pension Deficit	113,140	113,140
Foreign currency gains	(50,790)	(13,460)
	<u>1,390,730</u>	<u>1,420,289</u>

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

NOTE 8a. STAFF COSTS

	Consolidated		Charity	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	1,098,122	1,050,768	901,557	859,599
Social security costs	92,725	78,960	74,166	60,950
Other pension costs	213,869	203,330	186,512	184,080
Multi employer pension scheme	-	(754,000)	-	(706,000)
	<u>1,404,716</u>	<u>579,058</u>	<u>1,162,235</u>	<u>398,629</u>
	Number	Number	Number	Number
Number of staff	30	30	25	25

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.

	2019	2018
	Number	Number
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>1</u>

NOTE 8b. HOLIDAY PAY

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

NOTE 8c. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees of the Charity and the Directors of TLM Trading Ltd for planning directing, directing and controlling the activities of the Mission. During 2019 the Charity considers its key management personal comprises of the International Director and the Trading company considers its key management personnel comprises of the Chief Executive officer. Remuneration and pension for these employees amounted to £155,076 (2018: £146,320).

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9. TRUSTEES EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no remuneration or retirement benefits for their services. 12 trustees (2018: 12) were reimbursed for travel expenses and out of pocket expenses during the year, amounting to a combined total of £19,348 (2018: £16,528).

The Leprosy Mission International has purchased indemnity insurance costing £537 (2018: £582) that provides cover:

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

NOTE 10. TANGIBLE FIXED ASSETS

Consolidated	Building Improvement £	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2019 £
Cost					
01 January 2019	1,151,121	1,153,439	190,000	136,211	2,630,771
Additions	-	-	-	17,139	17,139
Disposal	-	-	-	-	-
31 December 2019	1,151,121	1,153,439	190,000	153,350	2,647,910
Depreciation					
01 January 2019	115,112	456,089	53,200	76,904	701,305
Charge for the year	115,112	15,385	3,800	25,596	159,893
Adjustment for disposal	-	-	-	-	-
31 December 2019	230,224	471,474	57,000	102,500	861,198
Net Book Value					
31 December 2019	920,897	681,965	133,000	50,850	1,786,712
31 December 2018	1,036,009	697,350	136,800	59,308	1,929,467

The book cost at 31 December 2019 represents tangible fixed assets used for:

	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total £
Fundraising	-	190,000	24,370	214,370
Long-served retired staff	180,000	-	75,318	255,318
Administration offices	2,124,560	-	53,662	2,178,222
	2,304,560	190,000	153,350	2,647,910

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 10. TANGIBLE FIXED ASSETS (Continued)

Charity	Building Improvement £	Freehold Property £	Leasehold Property £	Equipment & Computers £	Total 2019 £
Cost					
01 January 2019	1,151,121	1,153,439	190,000	85,472	2,580,032
Addition	-	-	-	14,216	14,216
Disposal	-	-	-	-	-
31 December 2019	1,151,121	1,153,439	190,000	99,688	2,594,248
Depreciation					
01 January 2019	115,112	456,089	53,200	26,344	650,745
Charge for the year	115,112	15,384	3,800	24,442	158,738
Disposal	-	-	-	-	-
31 December 2019	230,224	471,473	57,000	50,786	809,483
Net book value					
31 December 2019	920,897	681,966	133,000	48,902	1,784,765
31 December 2018	1,036,009	697,350	136,800	59,308	1,929,467

Properties

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

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

NOTE 11. INVESTMENTS

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

Investments in trading subsidiaries

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 11. INVESTMENTS (Continued)

	UK £	Overseas £	2019 Consolidated £	TLM Trading (UK) £	2019 Charity £
Market value at 1 January 2019	4,688,893	1,005,564	5,694,457	352,159	6,046,616
Less: Portfolio cash	(231,817)	-	(231,817)	-	(231,817)
	<u>4,457,076</u>	<u>1,005,564</u>	<u>5,462,640</u>	<u>352,159</u>	<u>5,814,799</u>
Additions at cost	1,380,068	279,902	1,659,970	-	1,659,970
Disposals	985,485	274,308	1,259,793	-	1,259,793
Less: Gain / (Loss) TLM Trading	120,792	-	120,792	-	120,792
	<u>1,106,277</u>	<u>274,308</u>	<u>1,380,585</u>	<u>-</u>	<u>1,380,585</u>
	4,730,867	1,011,158	5,742,025	352,159	6,094,184
Market Value (less: Cash) at 31 December 2019	5,849,635	1,150,942	7,000,577	472,951	7,473,528
Gain / (Loss)	<u>1,118,768</u>	<u>139,784</u>	<u>1,258,552</u>	<u>120,792</u>	<u>1,379,344</u>
Market value at 31 December 2019	5,849,635	1,150,942	7,000,577	472,951	7,473,528
Add: Cash	86,086	-	86,086	-	86,086
	<u>5,935,721</u>	<u>1,150,942</u>	<u>7,086,663</u>	<u>472,951</u>	<u>7,559,614</u>
Analysis of investments					
Equities	4,883,764	1,150,942	6,034,706	472,951	6,507,657
Fixed interest securities	965,871	-	965,871	-	965,871
Cash deposit	86,086	-	86,086	-	86,086
	<u>5,935,721</u>	<u>1,150,942</u>	<u>7,086,663</u>	<u>472,951</u>	<u>7,559,614</u>
Cost at 31 December 2019	<u>4,718,971</u>	<u>839,152</u>	<u>5,558,123</u>	<u>330,250</u>	<u>5,888,373</u>
Accumulated unrealised investment gain/(loss) at 31 December 2019	<u>1,216,750</u>	<u>311,790</u>	<u>1,528,540</u>	<u>142,701</u>	<u>1,671,241</u>

Trustees are aware of the potential impact of the COVID-19 pandemic on the value of investment assets, with some the investment portfolio having decreased in value by in excess of X% since the start of the crisis. The Charity is a long term investor and currently has no plans to realise investments. As this represents a non-adjusting post-balance sheet event, no adjustment has been made in these financial statements to the values at 31st December 2019.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 12. STOCKS

	Consolidated		Charity	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale at lower of cost and net realisable value	219,830	168,734	-	-

NOTE 13. DEBTORS

	Consolidated		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	51,028	23,317	-	-
Derivatives	-	65,472	-	65,472
Other debtors	1,032,556	865,749	1,019,577	860,399
	<u>1,083,584</u>	<u>954,538</u>	<u>1,019,577</u>	<u>925,871</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 £692,922 of payments made to TLM Trust India for funding its charitable activities and the amount will be cleared upon sale of a property in India.

NOTE 14. PREPAYMENTS

Prepayments represent funds remitted overseas during December 2019 to be spent in 2020 and to meet the requirements of the 2020 expenditure budget and therefore will be included in the accounts for 2020. These funds represent an advance on activities to be performed in 2020.

NOTE 15. CREDITORS DUE WITHIN ONE YEAR

	Consolidated		Charity	
	2019	2018	2019	2018
	£	£	£	£
Accruals	551,599	807,384	543,184	800,284
Trade creditors	95,864	68,535	-	-
Other creditors	538,258	631,360	483,162	567,190
Social security and other taxes	49,908	33,967	20,627	18,264
Bank overdraft	280,271	-	280,271	-
	<u>1,515,900</u>	<u>1,541,246</u>	<u>1,327,244</u>	<u>1,385,738</u>

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

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 16. CREDITORS DUE AFTER ONE YEAR

	Consolidated		Charity	
	2019	2018	2019	2018
	£	£	£	£
Resettlement fund	131,901	103,877	131,901	103,877
Superannuation fund	97,282	114,653	97,282	114,653
LT Severance Pay	154,370	126,000	154,370	126,000
Multi-employer pension scheme	-	754,000	-	706,000
	<u>383,553</u>	<u>1,098,530</u>	<u>383,553</u>	<u>1,050,530</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 was an amount recognised for the past employees of the charity in accordance with FRS102. The charity recognised the liability for deficit repayments and discounted it back to its net present value. As there was no deficit repayment plan in place from 1 January 2020, there is no liability at the year end.

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 2019, an amount of £45,265 (2018: £24,809 owe to parent company) was owed by the parent company to its subsidiary through its inter-company account, which is settled during the year. There is no interest charged and no fixed repayment.

NOTE 18. PENSION SCHEME

The Mission operated a non-contributory multi-employer pension scheme providing benefits based upon career averaged re-valued earnings. The career averaged re-valued earnings scheme was closed to new members effective from 12 November 2007 and with effect from 31 March 2013 the scheme was closed to new accruals. The Mission's pension contributions are determined by a qualified actuary on the basis of triennial valuations. The actuarial valuation was made as at 31 December 2018 using the projected unit valuation method and the market value of the assets represented 100% of the market value of the liabilities.

The individual accounts of each of the participating employers need to reflect the obligation they have to the Scheme. The Scheme cannot identify each employer's share of the total Scheme assets. Therefore, it is not possible to use defined benefit accounting for an individual company. Accordingly, the scheme is accounted for as if it is a defined contribution scheme.

The most recent actuarial triennial valuation was completed as at 31 December 2018. The valuation of the scheme revealed the scheme is fully funded. The trustees and the employers have agreed that an additional contribution of £57,200 per annum will be paid to cover the administrative cost of the scheme. This amount will be paid into the Special Pension Account held by The Leprosy Mission International in equal monthly instalments from 1 January 2020 for a period of 3 years.

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

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 18. PENSION SCHEME (Continued)

The last valuation of the Scheme was carried out with an effective date of 31 December 2018. This valuation revealed the Scheme was in surplus on the agreed Statutory Funding Objective basis agreed between the employers and the pension Scheme trustees. As a result, no Recovery Plan was required. Therefore, the FRS102 liability as at 31 December 2019 is Nil (2018: £706,000)

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. At 31 December 2019 this liability is Nil. (2018: £48,000). The impact of bringing these liabilities to account has resulted in change in the value of the investment. The next actuarial valuation is due at 31 December 2020 and the results are expected by November 2021.

A Group Personal Pension Scheme (GPP) has been set up with Friends Life. Employers make a contribution of 10% of the monthly pensionable salary to Friends Life.

The Mission's pension cost for the year amounted to £186,512 (2018: £178,086).

Trustees are aware that the volatile investment market is expected to have an impact on the pension scheme in terms of asset values and the measure of liabilities. As the impact of the pandemic occurred post-year end, no adjustment has been made to liabilities at 31 December 2019. No information has been received to date as to the quantum of the impact of COVID-19 on the pension scheme, and no requests for any change to deficit funding have been received.

NOTE 19. DESIGNATED FUNDS

	Balance 01.01.19 £	Consolidated Movements £	Balance 31.12.19 £
Fixed assets used by the Mission	1,792,667	(140,902)	1,651,765
Fixed assets held on behalf of Supporting Countries	136,800	(3,800)	133,000
TLM Trading Limited	352,159	120,792	472,951
	<u>2,281,626</u>	<u>(23,910)</u>	<u>2,257,716</u>

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

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 2019 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 2019.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 20. RESTRICTED FUNDS

	Balance 01.01.19	Income	Expenditure	Movements	Balance 31.12.19
	£	£	£	£	£
Nepal Post Earthquake	501,858	762,161	703,304	-	560,715
Nepal Flood relief	30,511	-	30,511	-	-
Public health	-	2,330,747	2,330,747	-	-
Hospitals	230,000	2,212,922	2,442,922	-	-
Disability care & prevention	-	3,415,106	3,415,106	-	-
Community programmes	-	2,679,736	2,679,736	-	-
Education	-	1,298,636	1,298,636	-	-
Research	-	261,742	261,742	-	-
Special pensions account	2,351,091	-	-	663,005	3,014,096
Multi employer pension scheme	(754,000)	-	-	754,000	-
Derivatives fair value	65,472	-	-	(98,919)	(33,447)
	2,424,932	12,961,050	13,162,704	1,318,086	3,541,364

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

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 2019.

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 2019 was £3,014,096 and is included in investments in Note 11.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 20. RESTRICTED FUNDS (Continued)

Multi-employer pension scheme

The Mission and its subsidiary have a payment plan to reduce their share of the historical deficit on the defined benefit pension scheme. This fund represents the liability at its net present value at 31 December 2019.

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 2019.

NOTE 21. NET ASSETS BY FUND

	Unrestricted £	Restricted £	Total 2019 £
Fixed Assets	1,786,712	-	1,786,712
Investments	4,072,567	3,014,096	7,086,663
Net Current Assets	979,200	-	979,200
	<u>6,838,479</u>	<u>3,014,096</u>	<u>9,852,575</u>

	Unrestricted £	Restricted £	Total 2018 £
Fixed Assets	1,929,467	-	1,929,467
Investments	3,575,183	2,351,091	5,926,274
Net Current Assets	1,858,841	73,841	1,932,682
	<u>7,363,491</u>	<u>2,424,932</u>	<u>9,788,423</u>

NOTE 22. FINANCIAL INSTRUMENTS

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

At 31 December 2019 The Leprosy Mission International had £3,008,176 of foreign currency forward contracts in place. The unrealised loss on these forward contracts was £(33,447). The fair value of these foreign currency forward contracts is included in restricted funds in Note 20.

NOTE 23. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Since the year-end, the serious outbreak of COVID-19 at pandemic level has created global economic shock, demonstrating the inherent volatility of investment assets and to the donation income, which are expected to have an impact on the results for the year ending 31 December 2020, however the extent of this impact is currently unknown.

The trustees continue to monitor the changing landscape and its impact on the Mission.

THE LEPROSY MISSION INTERNATIONAL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 24. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Fund £	Restricted Fund £	2018 Total £
INCOME				
Donations	3	-	12,160,595	12,160,595
TLM Trading Ltd: Non-charitable subsidiary	4	1,566,196	-	1,566,196
Income from investments	5a	123,162	-	123,162
Property Disposal		-	-	-
Other income	5b	135,816	48,448	184,264
TOTAL INCOME		1,825,174	12,209,043	14,034,217
EXPENDITURE ON				
Cost of raising funds		614,303	-	614,303
TLM Trading Ltd expenditure	4	1,567,046	-	1,567,046
		2,181,349	-	2,181,349
Expenditure on Charitable Activities	7a			
Nepal earthquake		-	537,005	537,005
Change in multi-employer pension scheme liability		-	-	-
Public health		-	2,180,547	2,180,547
Hospitals		-	2,285,494	2,285,494
Disability care & prevention		-	3,195,027	3,195,027
Community development		-	2,507,046	2,507,046
Education		-	1,222,693	1,222,693
Research		-	244,874	244,874
Total Expenditure on Charitable Activities		-	12,172,686	12,172,686
TOTAL EXPENDITURE		2,181,349	12,172,686	14,354,035
NET INCOME (before Investment gains / (losses))		(356,175)	36,357	(319,818)
Net gains/(losses) on investment assets		-	(320,437)	(320,437)
NET INCOME/(EXPENDITURE)		(356,175)	(284,080)	(640,255)
Other Recognised gains /(losses)				
Change in multi-employer pension scheme liability		-	(657,000)	(657,000)
Change in fair value of derivatives	20	-	104,663	104,663
Net movement in funds for the year		(356,175)	(836,417)	(1,192,592)
Balance brought forward at 1 January 2018		6,621,136	3,261,349	9,882,485
Balance carried forward at 31 December 2018		6,264,961	2,424,932	8,689,893

All the activities of the charity are continuing.