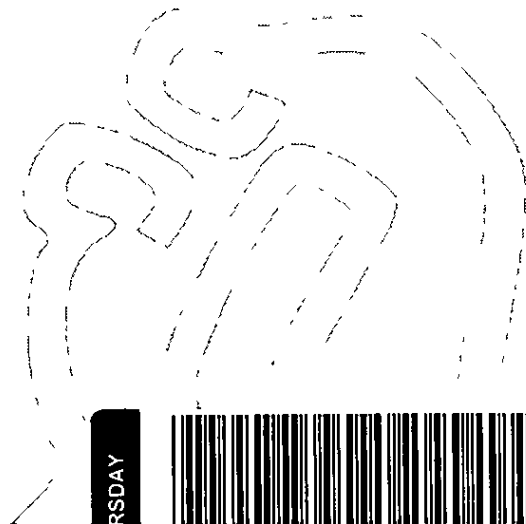


TLM Trading Limited

The Chairman's Report and Financial Statements



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COMPANIES HOUSE

31st December 2006

T L M TRADING LIMITED

Financial statements for the year ended 31 December 2006

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Officers and professional advisers

Board of Directors

P J Chapman
A D Gray
S J Green
S J Hammersley
W H Lancaster *(resigned 17 November 2006)*
R A Lee
D W Parry
D G Selley
Ms JJ Walmsley
P F Wright

Company Secretary and registered office

K L Nicholson
c/o The Leprosy Mission
Goldhay Way
Orton Goldhay
Peterborough
PE2 5GZ

Registered number

3045864 (England & Wales)

Auditors

Kingston Smith LLP
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Barclays Bank Plc
Peterborough Business Centre
PO Box 294
1 Church Street
Peterborough
PE1 1EX

TLM TRADING LIMITED

Chairman's Report for 2006

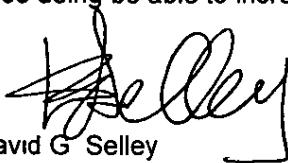
Once again it is my pleasure to report on behalf of my fellow directors on the events, activities and results for 2006. It has been a year of change and refocus for the management team and for the company. As I reported last year, we were pleased that Tim Hunt had accepted a temporary leadership role as we restructured the management team and reviewed the direction of the company. I am now very pleased to say that after a review, interview and recommendation by the remuneration committee, the board has appointed Timothy Hunt as General Manager and invited him to join the Board, which he has accepted.

With the slimming down of the staff numbers as reported last year, there has been a reorganisation of the functions of some of the people and this has resulted in a more efficient structure which has helped our results for this year. It is significant that although the turnover for the year was down by 8.5%, the operating profit for the year showed an improvement of some £23,000. You will notice that we have reduced our stock holding, and that has been reduced further by £130,000 so far in this year. I am expecting to see more progress on reducing this by the end of 2007.

We were also able to pass on to the Mission over £100,000 which we received in donations with the orders we received. This is in addition to the donation from the profits, which this year we have been able to increase to £60,000. We have also been able to add a further 4,000 new customers to our data base, a number of whom heard about us through the over 2million Christmas and greetings cards we sell every year.

Each year I record the thanks of the board for the valuable work of the staff and the many volunteers, and I hope this does not become a ritual. It has been a traumatic time with staff leaving and systems changing, new office layouts and general disruption to the usual routine. Nevertheless, they have been, as always, hard working and dedicated to the work which helps people affected by leprosy and other disabilities. We have maintained sales of products from these people, which is nearly 30% of our turnover. I am pleased that we have been able to maintain our rehabilitation business during the restructuring. This not only makes a considerable impact on the people we purchase from, but also on their families and their communities. I, therefore, repeat my grateful appreciation for the staff and volunteers as individuals and for their work.

So we look forward to 2007 with renewed hope that we can increase our income and profit for the year and in so doing be able to increase our support for the work of The Leprosy Mission.



David G. Selley
Chairman

The directors' report for the year ended 31 December 2006

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activity

The company's main activity is the enhancement of The Leprosy Mission profile by means of mail order catalogues and websites. This supports the purchase and resale of products made by people affected by leprosy as well as from other sources, increases the number of supporters for The Leprosy Mission and provides funds through the catalogue donations and from the profits of the company.

Review of the business

A review of the year is given in the Chairman's Report on page 2.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served during the year and subsequently were

P J Chapman
A D Gray
S J Green
S J Hammersley
W H Lancaster (resigned 17 November 2006)
R A Lee
D W Parry
D G Selley
Ms J J Walmsley
P F Wright

Directors' interests in shares

No director had any beneficial interest in the ordinary shares of the company during the year.

Directors' responsibilities

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of its financial year and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

Signed by order of the board



K L NICHOLSON
Company secretary

Approved by the directors on 19 April 2007

T L M TRADING LIMITED

Independent Auditors' Report to the Shareholders of TLM Trading Limited

We have audited the financial statements of TLM Trading Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985
- The information given in the directors' report is consistent with the financial statements

K.S. J.K. LLP

Kingston Smith LLP
Chartered Accountants
Registered Auditors

20th April 2007

Devonshire House
60 Goswell Road
London
EC1M 7AD

Profit and loss account for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	1,794,563	1,959,800
Cost of sales		(792,361)	(822,468)
Gross profit		<u>1,002,202</u>	<u>1,137,332</u>
Distribution costs		(404,538)	(540,457)
Administrative expenses		(646,359)	(681,718)
Net operating expenses		<u>(1,050,897)</u>	<u>(1,222,175)</u>
		<u>(48,695)</u>	<u>(84,843)</u>
Other operating income	3	62,856	75,905
Operating profit / (loss)		<u>14,161</u>	<u>(8,938)</u>
Bank interest receivable		2,120	429
Interest payable	4	(15,902)	(17,584)
Profit / (Loss) on ordinary activities before taxation	5	<u>379</u>	<u>(26,093)</u>
Tax (charge)/credit on profit on ordinary activities	8	(237)	8,958
Profit / (Loss) for the financial year	19	<u><u>142</u></u>	<u><u>(17,135)</u></u>

None of the company's activities was acquired or discontinued during the above two financial years

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

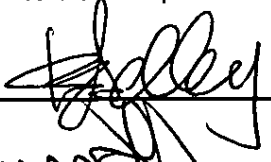
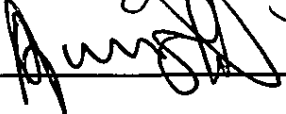
The notes on pages 7 to 12 form part of these financial statements

T L M TRADING LIMITED

Balance sheet at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	9	367,732	420,939
Current assets			
Stocks	10	522,750	596,375
Debtors	11	84,694	128,277
Cash at bank and in hand		337,722	120,321
		<u>945,166</u>	<u>844,973</u>
Creditors: amounts falling due within one year	12	(288,598)	(254,028)
Net current assets		<u>656,568</u>	<u>590,945</u>
Total assets less current liabilities		<u>1,024,300</u>	<u>1,011,884</u>
Creditors: amounts falling due after more than one year	13	(196,678)	(205,928)
Provisions for liabilities and charges			
Deferred taxation	14	(1,021)	(807)
		<u>826,601</u>	<u>805,149</u>
Capital and reserves			
Called up share capital	18	809,965	788,655
Profit and loss account	19	16,636	16,494
Shareholders' funds	20	<u>826,601</u>	<u>805,149</u>

Approved by the Board on 19 April 2007 and signed on its behalf


 _____ Chairman

 _____ Director

The notes on pages 7 to 12 form part of these financial statements

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting

b) Fixed assets

All fixed assets are initially recorded at cost

c) Depreciation of tangible fixed assets

Depreciation is not charged on leasehold land nor on expenditure on assets not yet in use. Depreciation on other tangible fixed assets is charged so as to write off the cost of an asset over the expected useful economic life of that asset at the following rates

Long leasehold property	-	2% of cost per annum
Office and computer equipment	-	33 1/3% of cost per annum
Motor vehicles	-	25% of cost per annum
Fixtures and fittings	-	10% of cost per annum

d) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

e) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

f) Pensions

The company participates in a non-contributory multi-employer pension scheme providing benefits based upon career averaged revalued earnings. The company's pension contributions are determined by a qualified actuary on the basis of triennial valuations. The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore the pension cost for the year is equal to the contributions paid

g) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

Rentals under operating leases are charged to the profit and loss account as they fall due

2 Turnover

Turnover represents the amounts receivable for goods sold during the year, exclusive of Value Added Tax

3. Other operating income

	2006	2005
	£	£
Royalties received	768	833
Grants received	60,000	66,000
Miscellaneous income	2,088	9,072
	<u>62,856</u>	<u>75,905</u>

T L M TRADING LIMITED

Notes to the financial statements for the year ended 31 December 2006

4. Interest payable	2006	2005
	£	£
On parent company loans	1,603	2,178
On bank borrowings	14,299	15,406
	<u>15,902</u>	<u>17,584</u>

5 Profit / (Loss) on ordinary activities before taxation	2006	2005
	£	£
This is stated after charging		
Depreciation	57,077	68,553
Auditors' remuneration	3,664	3,526
Operating lease payments - land and buildings	100	100
	<u></u>	<u></u>

6 Directors' emoluments

The directors, all of whom are non-executive, did not receive any remuneration during the year

7 Employee information

	2006	2005
a) Staff costs	£	£
Wages and salaries	347,830	378,709
Social security costs	18,742	23,620
Pension costs	48,380	54,320
	<u>414,952</u>	<u>456,649</u>

b) The average number of persons employed during the year was made up as follows

	Number	Number
Administration and selling	18	20
	<u></u>	<u></u>

Notes to the financial statements for the year ended 31 December 2006

8. Tax on profit on ordinary activities

(a) Analysis of charge in the year	2006 £	2005 £
Current tax		
United Kingdom Corporation Tax based on the profit for the year at 19% (2005 – 0 %)	23	-
Total current tax	23	-
Deferred tax.		
Increase in deferred tax provision (note 14)	214	(8,958)
Capital allowances	237	(8,958)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2005 – 19%)

	2006 £	2005 £
Profit/(Loss) on ordinary activities before taxation	379	(26,093)
Profit on ordinary activities multiplied by the standard rate of 19%	53	(4,958)
Effects of:		
Timing differences	(214)	8,958
Disallowable expenditure	1,064	1,064
Profits not taxable	(827)	(81)
Unrelieved losses	-	(4,983)
	23	-

9 Tangible fixed assets

	Long leasehold property £	Office and computer equipment £	Motor vehicle £	Fixtures and fittings £	Total £
Cost					
At 1 January 2006	351,629	214,553	16,071	89,039	671,292
Additions	-	3,870	-	-	3,870
Disposals	-	-	(16,071)	-	(16,071)
At 31 December 2006	351,629	218,423	-	89,039	659,091
Depreciation					
At 1 January 2006	29,200	158,974	16,071	46,108	250,353
Disposals	-	-	(16,071)	-	(16,071)
Provision for year	5,599	42,593	-	8,885	57,077
At 31 December 2006	34,799	201,567	-	54,993	291,359
Net book value					
At 31 December 2006	316,830	16,856	-	34,046	367,732
At 31 December 2005	322,429	55,579	-	42,931	420,939

The long leasehold property is held under a 999 year lease dated 25 December 1994

Included within long leasehold property is leasehold land costing £71,700, which has not been depreciated

T L M TRADING LIMITED
Notes to the financial statements for the year ended 31 December 2006

10. Stocks	2006	2005
	£	£
Goods for resale and expense items	<u>522,750</u>	<u>596,375</u>

11 Debtors	2006	2005
	£	£
Trade debtors	56,508	48,644
Amount due from parent company (see note 22)	8,432	57,805
Other debtors	12,733	15,466
Prepayments and accrued income	7,021	6,362
	<u>84,694</u>	<u>128,277</u>

12 Creditors' amounts falling due within one year	2006	2005
	£	£
Bank loans and overdrafts (secured)	9,269	8,897
Trade creditors	84,409	149,790
Other taxes and social security costs	92,275	77,075
Other creditors	98,838	10,791
Accruals and deferred income	3,807	7,475
	<u>288,598</u>	<u>254,028</u>

Bank borrowings are secured by a legal charge over the long leasehold property

13. Creditors' amounts falling due after more than one year	2006	2005
	£	£
Bank loans (secured)	196,678	205,928
	<u>196,678</u>	<u>205,928</u>
Analysis of bank loans		
Not wholly repayable within five years	185,468	169,450
Wholly repayable within five years by instalments	20,479	45,375
	<u>205,947</u>	<u>214,825</u>
Total debt		
Included in current liabilities	(9,269)	(8,897)
	<u>196,678</u>	<u>205,928</u>

The company has two loans with Barclays Bank Plc. The first loan is repayable in instalments of £619 per month (including interest) and commenced June 2000. Interest is charged at a rate of 2.5% above bank base rate. The second loan is repayable in annual instalments of at least £2,000 and commenced June 2000. Interest is charged at a rate of 2% above bank base rate.

The maturity of total debt may be analysed as follows	2006	2005
	£	£
Within one year	9,269	8,897
Between one and two years	9,630	9,250
Between two and five years	25,511	27,228
Over five years	161,537	169,450
	<u>205,947</u>	<u>214,825</u>

Notes to the financial statements for the year ended 31 December 2006

14 Deferred taxation

	2006 £ Amount provided	2005 £ Amount provided
Accelerated capital allowances	214	807
Movement during the year		
At 1 January 2006	807	9,765
Charge for year	214	(8,958)
At 31 December 2006	1,021	807

15. Pension contributions

The company participates in a non-contributory multi-employer pension scheme providing benefits based upon career averaged revalued earnings. The company's pension contributions are determined by a qualified actuary on the basis of triennial valuations. The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore the pension cost for the year is equal to the contributions paid. The most recent actuarial valuation was made as at 31 December 2003 using the projected unit valuation method when the market value of the assets represented 96% of the market value of the liabilities.

The company's pension cost for the year amounted to £48,380 (2005 - £54,320). After taking into account the scheme's funding position, the company has agreed to make contributions at the rate of 19.8% (2005 - 19.8%) of pensionable salaries, until the results of the next triennial valuation, due to be carried out as at 31 December 2006 are known. Also The Leprosy Mission International will be making additional annual contributions of £100,000 until that time.

16 Operating leases

The company's commitments for rental payments under operating leases payable during the year to 31 December 2006 are as follows -

	Land and buildings £	Other operating leases £
Leases expiring		
Within one year	-	-
Over five years	100	-
	100	-

17. Contingent liability

The company has a loan facility from The Leprosy Mission International for a maximum of £150,000 bearing interest at 2% above Barclays Bank Plc base rate. This facility is secured by a debenture over the assets of the company. At 31 December 2006 no amounts were outstanding on this loan facility.

T L M TRADING LIMITED
Notes to the financial statements for the year ended 31 December 2006

	2006		2005	
18. Called up share capital	Allotted, called up and		Allotted, called up and	
	Authorised	fully paid	Authorised	fully paid
	£	£	£	£
Equity shares				
200,000 ordinary shares of £5 each,				
of which 157,731 have been allotted	1,000,000	809,965	1,000,000	788,655

On 31 December 2006, 4,262 ordinary shares of £5 each were issued at par in respect of funds made available by supporters of The Leprosy Mission for that purpose

19 Reserves

	Profit and loss account
	£
At 1 January 2006	16,494
Profit retained for the year	142
At 31 December 2006	<u>16,636</u>

20 Reconciliation of movement on shareholders' funds

	2006	2005
	£	£
Opening shareholders' funds	805,149	699,549
Share capital issued during the year	21,310	122,735
Profit / (Loss) for the financial year	<u>142</u>	<u>(17,135)</u>
Closing shareholders' funds	826,601	805,149

21. Related party transactions

The company is a wholly owned subsidiary of The Leprosy Mission International, whose financial statements are publicly available. The company is therefore exempt from the requirement to disclose transactions with group companies under FRS 8. No transactions with other related parties took place during the year.

22 Ultimate parent company

The ultimate parent company is The Leprosy Mission International, a company limited by guarantee and a registered charity. The company which is registered in England and Wales is number 3591514 and is a registered charity number 1076356.

The Leprosy Mission International is both the smallest and largest group for which financial statements are prepared. The group financial statements are available to the public and may be obtained from Companies House, Cardiff.