

TLM Trading Limited

The Chairman's Report and Financial Statements



31st December 2011

Company number 3045864 (registered in England and Wales)

T L M TRADING LIMITED

Financial statements for the year ended 31 December 2011

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Officers and professional advisers

Board of Directors

P J Chapman (*retired 15th December 2011*)

A D Gray

S J Green

S J Hammersley

T J Hunt General Manager to 31st July 2011

Mrs E E Johnson

D G Selley

Mrs JA Thomson Chief Executive Officer from 1st October 2011

P A Walker (*appointed 19th May 2011*)

P F Wright

C Wickenden (*appointed 3 November 2011*)

Company Secretary and registered office

K L Nicholson (*retired 15th December 2011*)

A D Gray (*from 15th December 2011*)

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

Chairman's Report for 2011

This has been a significant year for the company as it is the first full year of trading since the completion of our restructuring and reshaping of the company in 2010

I am pleased to report that the company has made a profit, following the sale of our premises, but trading conditions have continued to be demanding and we have still got work to do to return to profitability before exceptional items

The company has continued to create value for TLMI in other ways. In the year we raised £240,000 of donations and "gifts for life" donations for the National Councils. We also continued to make purchases from organisations employing people affected by leprosy and we helped promote the work of the charity

Last year we paid tribute to the work of Tim Hunt, who led the company through the restructuring and who stepped down having established the company in its new way of working. This year, the Board were delighted that Jo-Anne Thomson accepted our invitation to take on the post of Chief Executive. Jo-Anne has a strong track record and the Board are pleased with the direction that the company is taking under her leadership

During the year Peter Chapman stepped down from the Board having been a long standing and valued director and I would like to record the Board's thanks to him for his wise counsel and commitment to our work

Finally, our staff team have worked tremendously hard and the Board are appreciative of their commitment to the company and to the mission of generating financial and other support for the work of TLMI to help people with leprosy


Stephen Hammersley
Chair

The directors' report for the year ended 31 December 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

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. Additionally, the company collected donations from customers on behalf of The Leprosy Mission totalling over £240,000. These sums have been paid over to The Leprosy Mission as donations from supporters.

The directors have not recommended a dividend.

Directors

The directors who served during the year and subsequently were

P J Chapman (*retired 15th December 2011*)

A D Gray

S J Green

S J Hammersley

T J Hunt General Manager to 31st July 2011

Mrs E E Johnson

D G Selley

Mrs JA Thomson Chief Executive Officer from 1st October 2011

P A Walker (*appointed 19th May 2011*)

P F Wright

C Wickenden (*appointed 3 November 2011*)

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 2006. 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



Mrs J A Thomson
Chief Executive Officer

Approved by the directors on 24th May 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TLM TRADING LIMITED

We have audited the financial statements of TLM Trading Limited for the year ended 31 December 2011 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

V.S. J.M. L.P.

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

10 / 9 / 2012

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	1,276,665	1,486,765
Cost of sales		(475,184)	(629,834)
Gross profit		<u>801,481</u>	<u>856,931</u>
Distribution costs		(531,514)	(563,115)
Administrative expenses		(283,638)	(355,240)
Net operating expenses		<u>(815,152)</u>	<u>(918,355)</u>
Operating (loss)		<u>(13,671)</u>	<u>(61,424)</u>
Bank interest receivable		215	84
Other operating income	3	74,950	-
Profit / (Loss) on ordinary activities before taxation	4	<u>61,494</u>	<u>(61,340)</u>
Tax (charge)/credit on profit on ordinary activities	7	15	2,949
Profit / (Loss) for the financial year	18	<u><u>61,509</u></u>	<u><u>(58,391)</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 11 form part of these financial statements

Balance sheet at 31 December 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	8		4,384		8,663
Current assets					
Tangible assets for sale	8	-		294,435	
Stocks	9	156,998		182,525	
Debtors	10	153,443		67,189	
Cash at bank and in hand		586,323		288,698	
			<u>896,764</u>	<u>832,847</u>	
Creditors: amounts falling due within one year	11	(271,536)		(273,392)	
Net current assets			625,228		559,455
Total assets less current liabilities			<u>629,612</u>		<u>568,118</u>
Provisions for liabilities and charges					
Deferred taxation	12		3,501		3,486
			<u>633,113</u>		<u>571,604</u>
Capital and reserves					
Called up share capital	16		809,965		809,965
Profit and loss account	17		(176,852)		(238,361)
Shareholders' funds	18		<u>633,113</u>		<u>571,604</u>

Approved by the Board on 24 May 2012 and signed on its behalf


 _____ Chairman


 _____ Director

The notes on pages 7 to 11 form part of these financial statements

Notes to the financial statements for the year ended 31 December 2011

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
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, that is closed to new members, 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

	2011	2010
	£	£
Miscellaneous income	115	0
Disposal of capital assets	74,835	0

T L M TRADING LIMITED

Notes to the financial statements for the year ended 31 December 2011

4 Profit / (Loss) on ordinary activities before taxation

	2011	2010
	£	£
This is stated after charging		
Depreciation	3,735	20,144
Auditors' remuneration - audit services		
- Current year	8,900	8,900
- Prior year	1,258	4,535
Other services provided by the auditors	0	6,633
Operating lease payments - land and buildings	100	100

5 Directors' emoluments

With effect from 1 January 2007 the General Manager was appointed as an executive director and received remuneration for their service as the General Manager of £29,500 (2010 £39,576) for the period and pension contributions of £4,937 (2010 £5,541) All other directors are non-executive and did not receive any remuneration during the year

6 Employee information

	2011	2010
	£	£
a) Staff costs		
Wages and salaries	136,489	171,671
Social security costs	13,322	16,840
Pension costs	21,031	22,169
	<u>170,842</u>	<u>210,680</u>

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

	Number	Number
Administration and selling	5	7

Notes to the financial statements for the year ended 31 December 2011

7 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
United Kingdom Corporation Tax based on the profit for the year at 20% (2010 – 21 %)	-	-
Total current tax	-	-
Deferred tax		
Increase in deferred tax provision (note 13)		
Capital allowances	(15)	(2,949)
	(15)	(2,949)

(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 20% (2010 – 21%)

	2011 £	2010 £
Profit/(Loss) on ordinary activities before taxation	61,494	-
Profit on ordinary activities multiplied by the standard rate of 20%	12,299	-
Effects of		
Timing differences	-	(2,949)
Unrelieved losses	(12,299)	-
	-	(2,949)

8 Tangible assets

	Long leasehold property £	Office and computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2011	351,629	180,508	89,038	621,175
Additions	-	5,868	-	5,868
Disposals	(351,629)	(174,968)	(89,038)	(615,635)
At 31 December 2011	-	11,408	-	11,408
Depreciation				
At 1 January 2011	57,194	178,182	82,700	318,076
Disposals	(57,194)	(173,363)	(82,700)	(313,257)
Provision for year	-	2,205	-	2,205
At 31 December 2011	-	7,024	-	7,024
Net book value				
At 31 December 2011	-	4,384	-	4,384
At 31 December 2010	294,435 *	2,325	6,338	303,098

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
The long leasehold property was sold on 13th January 2011

T L M TRADING LIMITED

Notes to the financial statements for the year ended 31 December 2011

9 Stocks	2011	2010
	£	£
Goods for resale and expense items	<u>156,998</u>	<u>182,525</u>
10 Debtors	2011	2010
	£	£
Trade debtors	23,193	34,044
Amount due from parent company (see note 21)	119,530	23,185
Other debtors	-	-
Prepayments and accrued income	10,720	9,960
	<u>153,443</u>	<u>67,189</u>
11 Creditors amounts falling due within one year	2011	2010
	£	£
Trade creditors	92,310	73,356
Amount due to parent company (see note 21)	-	-
Other taxes and social security costs	52,749	45,408
Other creditors	126,477	131,427
Accruals and deferred income	-	23,201
	<u>271,536</u>	<u>273,392</u>
12 Deferred taxation	2011	2010
	£	£
	Amount provided	Amount provided
Movement during the year		
At 1 January 2011	(3,486)	(537)
Charge for year	(15)	(2,949)
At 31 December 2011	<u>(3,501)</u>	<u>(3,486)</u>

13 Pension contributions

The company participates in a non-contributory multi-employer pension scheme providing benefits based upon career averaged re-valued 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 2009 using the projected unit valuation method and the market value of the assets represented 80% of the market value of the liabilities.

After taking into account the results of the triennial valuation carried out as at 31 December 2009, it has been agreed to make contributions with effect from 1 January 2011 of

- 20% (2009 14%) of pensionable salaries by the company
 - a lump sum of £1,000,000 by 1 January 2012 by The Leprosy Mission International
 - Additional annual payments of £133,000 (2009 £90,000) until 31 December 2031 from The Leprosy Mission International
- These payments will increase each year in line with the Retail Prices Index. The contributions will be reviewed at the next triennial valuation, due to be carried out as at 31 December 2012.

The career averaged revalued earnings scheme has been closed to new members effective from 12 November 2007. A Group Personal Pension Scheme (GPP) has been set up with Friends Provident. Employers make a contribution of 10% of the monthly pensionable salary to Friends Provident.

The company's total pension cost for the year amounted to £21,031 (2010 £22,169).

Notes to the financial statements, for the year ended 31 December 2011

14 Operating leases

The company's commitments for rental payments under operating leases payable during the year to 31 December 2011 are as follows -

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

15 Contingent liability

The company has a loan facility from The Leprosy Mission International for a maximum of £150,000 bearing interest at 1.5% above Barclays Bank Plc base rate. This facility is secured by a debenture over the assets of the company. At 31 December 2011 no amounts were outstanding on this loan facility.

16 Called up share capital

	2011		2010	
	Authorised £	Allotted, called up and fully paid £	Authorised £	Allotted, called up and fully paid £
Equity shares				
200,000 ordinary shares of £5 each, of which 161,993 have been allotted	1,000,000	809,965	1,000,000	809,965

During the year ended 31 December 2011 no ordinary shares of £5 each were issued.

17 Reserves

	Profit and loss account	
	2011 £	2010
At 1 January 2011	(238,361)	(179,970)
Profit retained for the year	61,509	(58,391)
At 31 December 2011	<u>(176,852)</u>	<u>(238,361)</u>

18 Reconciliation of movement on shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	571,604	629,995
Share capital issued during the year	-	-
Profit / (Loss) for the financial year	61,509	(58,391)
Closing shareholders' funds	<u>633,113</u>	<u>571,604</u>

19 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.

20 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.

T L M TRADING LIMITED
Detailed trading and profit and loss account for the year ended 31 December 2011

	2011		2010	
	£	£	£	£
Turnover		1,276,665		1,486,765
Cost of sales				
Opening stock	(182,525)		(238,233)	
Purchases	(449,657)		(574,126)	
Closing stock	156,998		182,525	
		<u>(475,184)</u>		<u>(629,834)</u>
Gross profit	62 78%	801,481	57 64%	856,931
Catalogue and distribution costs	(531,514)		(563,115)	
Administrative expenses	(283,638)		(355,240)	
		<u>(815,152)</u>		<u>(918,355)</u>
Operating profit / (loss)		(13,671)		(61,424)
Interest receivable				
Bank interest received		215		84
Disposal of capital assets		74,835		
Miscellaneous income		115		-
		<u>61,494</u>		<u>(61,340)</u>
Trading profit / (loss) for the year		61,494		(61,340)
Donation to The Leprosy Mission		-		-
Net profit / (loss) before taxation		61,494		(61,340)
Tax charge		15		2,949
Profit / (Loss) for the financial year		<u>61,509</u>		<u>(58,391)</u>

**Schedule of catalogue and distribution costs and administrative expenses
for the year ended 31 December 2011**

	2011	2010
	£	£
Catalogue and distribution costs		
Pre press, catalogue printing and postage	195,570	221,164
Product development and planning costs	17,896	19,131
Samples	279	1,622
Fulfilment costs	180,714	189,971
Postage for outgoing orders	129,603	123,434
Travel expenses	4,532	7,549
Packaging materials	-	-
Advertising	2,920	244
	<hr/> 531,514	<hr/> 563,115
Administrative expenses		
Wages and salaries	136,489	171,671
Employer's NI contributions	13,322	16,840
Pension costs	21,031	22,169
Management charges	4,000	4,000
Commissions payable	7,908	4,376
Rent and rates	16,947	19,618
Insurance	6,336	6,906
Light and heat	2,459	5,594
Repairs and maintenance	12,040	15,485
Telephone and office expenses	9,357	12,713
Audit and accountancy	10,158	20,068
Legal and professional fees	3,195	(113)
Bank charges	23,996	28,243
Bad debts written off	4,348	1,916
Sundry expenses	2,179	974
Staff recruitment & training	7,668	4,636
Depreciation		
Office and computer equipment	2,205	7,199
Fixtures and fittings	-	7,346
Leasehold buildings	-	5,599
	<hr/> 283,638	<hr/> 355,240