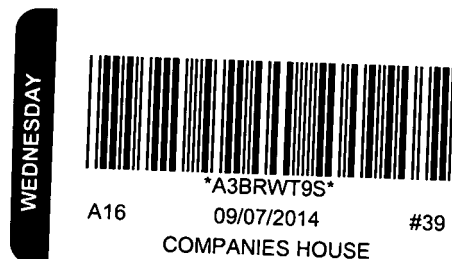


# **TLM Trading Limited**

## **The Directors' Report and Financial Statements**



**31<sup>st</sup> December 2013**

Company number: 3045864 (registered in England and Wales)

## **TLM TRADING LIMITED**

### **Officers and professional advisers**

#### **Board of Directors**

A D Gray

S J Green

S J Hammersley                      Chairman

Mrs E E Johnson                      (resigned: 12 December 2013)

D G Selley

Mrs J A Thomson                      Chief Executive Officer

P A Walker

P F Wright

C Wickenden

#### **Company Secretary and registered office**

A D Gray

c/o TLM Trading Limited

80 Windmill Road

Brentford, Middlesex

TW8 0QH

#### **Registered number**

3045864 (England & Wales)

#### **Auditors**

haysmacintyre

Chartered Accountants

26 Red Lion Square

London

WC1R 4A9

#### **Bankers**

Barclays Bank plc

Peterborough Business Centre

P O Box 294

1 Church Street

Peterborough

#### **Pension scheme actuaries**

Peter Shellswell

First Actuarial LLP

2<sup>nd</sup> floor, The Square

Basing View, Basingstoke

Hampshire, RG21 4EB

## TLM TRADING LIMITED

### Chairman's Report for 2013

The Board were pleased to note significant progress in 2013. The investment we made in our web sales channel, customer insight and "gifts for life" donation product all produced a significant return in terms of sales, cash and new and retained customers and our small staff team under the able direction of our CEO has developed strongly.

We are pleased that the company has delivered significant overall value for our shareholder in terms of cash donations, "Gifts For Life" donations, and donor recruitment. The Board were also able to congratulate the staff team on succeeding in growing sales – the first time in 5 years. The salutary reality, however, is that as a trading company the Board (which includes our CEO) requires the company to make a trading profit and we fell short on this key objective with a loss of £80,698. Even though sales grew, they fell short of our budget as declining volumes from our older customer base and trade clients offset the growth in sales from new customers and new channels.

During the year the Board responded to this pattern of delivering value but not trading profit by seeking further cost savings and our CEO led the way by proposing the move of the company into cheaper premises co-located with The Leprosy Mission England and Wales (the move took place as a post balance sheet event).

In responding more strategically, the Board intends to maintain its "balanced scorecard" focus on seeking trading profit and cash and donor value to the charity. As a consequence of the significant cost saving, asset sales and margin improvement work already done profitable trading is now critically dependant on our success in generating sales growth. We have a budget for 2014 that shows break even trading, but we recognise that this is challenging. As we go forward we will try and avoid trading-led cost cutting measures that damage the overall value the company delivers in terms of donations and the like.

The Board has also started to think about how it needs to develop to better support our very small team in terms of contacts and expertise and this will continue in 2014.

In terms of the specifics of our performance that are not captured in one year's set of financial results:

- Sales of £1,251,000 were increased by £3,000 (increase of 0.2%) compared to last year. Sliding sales have been halted. The yearly sales decline from 2008 to 2012 has been 2008: -3%, 2009: -9%, 2010: -6%, 2011: -14%, 2012: -1%.
- The website continues to perform well. In 2014 it accounted for 25% of sales up £67,000 compared to 2013 for the same period.
- Total cash donations and Gifts for Life Donations of £269,000 were up £16,000 compared to last year. Electronic Gifts for Life was launched in October 2013 and is an investment in a significant opportunity for more digital customers in future years.
- We recruited 1,132 new customers through proactive marketing at 3.2% response rate which is the highest we have achieved and compares very favourably to a 'good' customer acquisition benchmarks of 2%.

Finally, the Board remains delighted with the way our Chief Executive is leading the development of the company and the valuable contribution of each of our staff colleagues. We still have much to do to increase our contribution to the work of The Leprosy Mission International and as in our last report we ask all who read this document to join us in praying for relief for those affected by leprosy and that God would inspire and bless our part in this.

  
**Stephen Hammersley**  
Chair

## **Directors' Report 2013**

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

### **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.

### **Results**

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 and Gift for Life from customers on behalf of The Leprosy Mission totalling over £259,957. These sums have been paid over to The Leprosy Mission as donations from supporters.

### **Directors**

The directors who served during the year and subsequently were:

A D Gray	
S J Green	
S J Hammersley	Chairman
Mrs E E Johnson	(resigned: 12 December 2013)
D G Selley	
Mrs J A Thomson	Chief Executive Officer
P A Walker	
P F Wright	
C Wickenden	

### **Future developments**

In 2014 our priorities will be:

To further understand our customers and their changing needs in order to:

- Sell more to existing customers
- Develop a successful all year round business
- Attract new customers
- Inspire customers to support The Leprosy Mission especially via Gifts for Life and adding donations to their orders

To maximise the new website to enhance sales, customer service and customer relationship management.

To excel in our areas of strength: cards, books, stationery, crafts made by leprosy affected artisans

To work closely with partners to improve the effectiveness of our key activities especially in the areas of:

- Order fulfilment
- New customer acquisition
- Catalogue and Digital marketing

**Directors' Report 2013**

**Directors' responsibilities**

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

Select suitable accounting policies and then apply them consistently

Make judgements and estimates that are reasonable and prudent

State whether applicable accounting standards and statements of recommended practice have been followed

Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

There is no relevant audit information of which the company's auditors are unaware

The directors 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 Directors 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.

**Auditors**

A resolution to re-appoint haysmacintyre 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 Office

Approved by the directors on 22 May 2014

**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 2013 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 2013 and of its loss 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;
- we have not received all the information and explanations we require for our audit;



Bernie Watson

(Senior Statutory Auditor)

For and on behalf of haysmacintyre

26 Red Lion Square

London

WC1R 4AG

22 May 2014

**TLM TRADING LIMITED****Profit and loss account for the year ended 31 December 2013**

	Notes	2013 £	2012 £
Turnover	2	1,251,219	1,247,942
Cost of sales		<u>(469,473)</u>	<u>(476,661)</u>
Gross profit		781,746	771,281
Distribution costs		<u>(574,045)</u>	<u>(590,187)</u>
Administration expenses		<u>(314,534)</u>	<u>(287,587)</u>
Net operating expenses		<u>(888,579)</u>	<u>(877,774)</u>
Operating (loss)		(106,833)	(106,493)
Bank interest receivable		43	165
Other operating income	3	<u>26,092</u>	<u>1,602</u>
(Loss) on ordinary activities before taxation	4	(80,698)	(104,726)
Tax (charge) / credit on profit on ordinary activities		-	-
(Loss) for the financial year		<u>(80,698)</u>	<u>(104,726)</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.

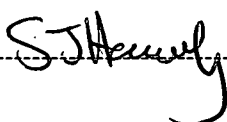
The notes on pages 8 to 12 form part of these financial statements.

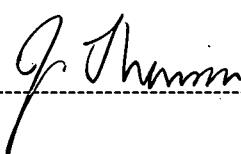
# TLM TRADING LIMITED

## Balance sheet at 31 December 2013

	Notes	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	8		859		3,329
<b>Current assets</b>					
Stocks	9	284,986		260,087	
Debtors	10	169,735		68,056	
Cash at bank and in hand		116,219		354,488	
		<u>570,940</u>		<u>682,631</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(324,110)</u>		<u>(357,573)</u>	
			<u>246,830</u>		<u>325,058</u>
<b>Total assets less current liabilities</b>			<u>247,689</u>		<u>328,387</u>
<b>Capital and reserves</b>					
Called up share capital	14		200,000		200,000
Profit and loss account	15		<u>47,689</u>		<u>128,387</u>
<b>Shareholders' funds</b>	16		<u>247,689</u>		<u>328,387</u>

Approved and authorised for issue by the Board on 22 May 2014 and signed on its behalf.

-----  ----- Chairman

-----  ----- Director

The notes on pages 8 to 12 form part of these financial statements



**Notes to the financial statements for the year ended 31 December 2013**

**1. Accounting policies**

**a) Basis of accounting**

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

**b) Fixed assets and depreciation**

All fixed assets are recorded at cost less depreciation. Depreciation is not charged 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:

Office and computer equipment - 33 1/3% of cost per annum

**c) 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.

**d) Taxation**

TLM Trading Limited is a wholly owned trading subsidiary of The Leprosy Mission International. Any taxable profit is donated under deed of covenant to The Leprosy Mission International.

**e) Pensions**

The company 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.

**f) 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.

**g) Donations and Gift for Life Donations**

These are received on behalf of TLM England and Wales, TLM Scotland and TLM Northern Ireland and passed on and accounted for in the respective charity.

**2. Turnover**

Turnover represents the amounts receivable for goods sold during the year, exclusive of Value Added Tax. Sales of goods are recognised upon the dispatch of goods to the customers after any returns.

**3. Other operating income**

	2013	2012
	£	£
Miscellaneous income (represents the charges recovered for collection of donations and Gift for Life)	26,092	1,602
	<u>26,092</u>	<u>1,602</u>

**Notes to the financial statements for the year ended 31 December 2013**

**4. (Loss) on ordinary activities before taxation**

	<b>2013</b>	<b>2012</b>
	£	£
This is stated after charging:		
Depreciation - office and computer equipment	2,470	2,671
Auditors' remuneration - audit services		
Current year	6,180	6,000

**5. Directors emoluments**

The total directors' remuneration was £45,945 (2012: £46,000) and pension contribution was £4,595 (2012: £4,600).

TLM Trading Limited has purchased indemnity insurance that provides cover:

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

**6. Employee information**

	<b>2013</b>	<b>2012</b>
	£	£
a) Staff costs:		
Wages and salaries	172,544	170,132
Social security costs	16,077	16,474
Pension costs	29,085	22,664
	<u>217,706</u>	<u>209,270</u>

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

Adminstration and selling	<u>6</u>	<u>6</u>
---------------------------	----------	----------

No employee received emoluments as defined for tax purposes amounting to more than £60,000 in the year (2012: Nil)

**7. Dividends**

	<b>2013</b>	<b>2012</b>
	£	£
Dividends paid on equity capital	<u>-</u>	<u>200,000</u>

# TLM TRADING LIMITED

## Notes to the financial statements for the year ended 31 December 2013

### 8. Tangible assets

	Office and computer Equipment £
Cost	
At 1 January 2013	13,024
Additions	
Disposals	-
At 31 December 2013	<u>13,024</u>
Depreciation	
At 1 January 2013	9,695
Disposals	-
Provision for year	2,470
At 31 December 2013	<u>12,165</u>
Net book value	
At 31 December 2013	<u>859</u>
At 31 December 2012	<u>3,329</u>

### 9. Stocks

	2013 £	2012 £
Goods for resale at lower of cost and net realisable value	<u>284,986</u>	<u>260,087</u>

### 10. Debtors

	2013 £	2012 £
Trade debtors	130,425	66,907
Other debtors	39,310	1,149
	<u>169,735</u>	<u>68,056</u>

### 11. Creditors

	2013 £	2012 £
Trade creditors	108,038	98,473
Amount due to parent company (see Note 17)	42,052	94,827
Other taxes and social security costs	18,846	25,479
Other creditors	148,994	131,594
Accruals	6,180	7,200
	<u>324,110</u>	<u>357,573</u>

**Notes to the financial statements for the year ended 31 December 2013**

**12. PENSION SCHEME**

The company operated 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. It 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 2012 using the projected unit valuation method and the market value of the assets represented 87% of the market value of the liabilities. With the Escrow account which has a market value as at 31 December 2013 of £1,170,915, the total assets represented 92% of the market value of the liabilities.

After taking into account the results of the triennial valuation carried out as at 31 December 2012, the company has agreed to make an annual contribution of £12,000 with effect from 1 January 2014 payable in equal monthly instalments for a period of 13 years and 9 months, which will increase each year in line with the Retail Prices Index.

No further contributions are required to be paid into the escrow account. The contributions will be reviewed at the triennial valuation as at 31 December 2015 and based on the results; the level of contribution may be reviewed.

The career averaged re-valued earnings scheme has been closed to new members effective from 12 November 2007 and with effect from 31 March 2013 the scheme has been closed to new accruals. A Group Personal Pension Scheme (GPP) has been set up with Friends Life. Employers make a contribution of 10% (with the exception of deferred active members from TLM Central Pension scheme are paid a contribution rate of 11% for five years from the scheme closing date) of the monthly pensionable salary to Friends Life.

The company's pension cost for the year amounted to £29,085 (2012: £ 22,664).

**13. 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.

**14. Called up share capital**

	<b>2013</b>		<b>2012</b>	
	£	£	£	£
	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 40,000 (2012: 40,000) have been allotted	1,000,000	200,000	1,000,000	200,000

## TLM TRADING LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### 15. Reserves

	Profit and loss account	
	2013	2012
	£	£
At 1 January	128,387	(176,852)
(Loss) for the year	(80,698)	(104,726)
Dividend paid	-	(200,000)
Transfer from share capital upon cancellation of shares	-	609,965
At 31 December	<u>47,689</u>	<u>128,387</u>

#### 16. Reconciliation of movement on shareholders' funds

	2013	2012
	£	£
Opening shareholders' funds	328,387	633,113
Dividend paid	-	(200,000)
(Loss) for the financial year	<u>(80,698)</u>	<u>(104,726)</u>
Closing shareholders' funds	<u>247,689</u>	<u>328,387</u>

#### 17. 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.

At 31 December 2013, an amount of £42,052 (2012: £94,827) was due to the parent company The Leprosy Mission International through its inter-company account which is settled during the year.

#### 18. 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.

**TLM TRADING LIMITED****Schedule of catalogue and distribution costs and administrative expenses for the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Marketing and distribution costs</b>		
Pre press, catalogue printing and postage	196,642	225,951
Product development and planning costs	14,574	14,049
Marketing development	15,283	16,620
Samples	31	-
Fulfilment costs	199,813	198,084
Postage for outgoing orders	123,497	97,200
Travel expenses	672	6,985
Packaging materials	22,250	26,418
Advertising	1,283	4,880
	<u>574,045</u>	<u>590,187</u>
 <b>Administrative expenses</b>		
Wages and salaries	172,544	170,132
Employer's NI contributions	16,077	16,474
Pension costs	29,085	22,664
Accountancy charges	20,000	-
Rent and rates	12,000	18,839
Insurance	4,558	7,157
Light and heat	3,574	1,855
Repairs and maintenance	7,188	10,305
Telephone and office expenses	13,112	7,664
Audit and accountancy	6,180	6,000
Bank charges	22,851	17,757
Bad debts written off	-	455
Sundry expenses	-	818
Staff recruitment and training	4,895	4,796
Depreciation:		
Office and computer equipment	2,470	2,671
	<u>314,534</u>	<u>287,587</u>

# TLM TRADING LIMITED

## Detailed trading and profit and loss account for the year ended 31 December 2013

	<b>2013</b>		<b>2012</b>	
	£		£	
Turnover	1,251,219		1,247,942	
Cost of sales:				
Opening stock	(260,087)		(156,998)	
Purchases	(494,372)		(571,773)	
Closing stock	<u>284,986</u>		<u>260,087</u>	
		(469,473)		(468,684)
<b>Gross profit</b>	62.48%	781,746	62.44%	779,258
Marketing and distribution costs	(574,045)		(598,164)	
Administration expenses	<u>(314,534)</u>		<u>(287,587)</u>	
		(888,579)		(885,751)
<b>Operating (loss)</b>		(106,833)		(106,493)
Bank interest received		43		165
Disposal of capital assets				-
Miscellaneous income		<u>26,092</u>		<u>1,602</u>
<b>Trading (loss) for the year</b>		(80,698)		(104,726)
Donation to The Leprosy Mission International		-		-
<b>Net (loss) before taxation</b>		(80,698)		(104,726)
Tax charge		-		-
<b>(Loss) for the financial year</b>		<u>(80,698)</u>		<u>(104,726)</u>