



**THE LONDON CITY MISSION**

**annual report  
&  
financial statements  
for the year ended 31 December 2012**

**SHARING JESUS CHRIST WITH ALL LONDON**

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E-mail: [enquiries@lcm.org.uk](mailto:enquiries@lcm.org.uk)      Website: [www.lcm.org.uk](http://www.lcm.org.uk)      Registered Charity No. 247186

# **THE LONDON CITY MISSION**

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# **THE LONDON CITY MISSION**

## **Legal and Administrative Details**

### **Registered Office:**

The London City Mission  
175 Tower Bridge Road  
London  
SE1 2AH

### **Registered Charity Number:**

247186

### **Registered Company Number:**

4284615

### **Status:**

The London City Mission is a charity registered in England and Wales and a company limited by guarantee registered in England and Wales. The London City Mission is governed by its Memorandum and Articles of Association. Incorporated on the 10 September 2001 the company took on the charitable activities, assets and liabilities of London City Mission an unincorporated association and registered charity (Charity Number 247186) on 1 January 2003. The Company operates under the working name 'London City Mission'.

### **Directors and Professional Advisors:**

The Trustees who are also members and served during the year were as follows: -

#### **Directors**

#### **Appointment Date**

|                                 |             |
|---------------------------------|-------------|
| Carolyn Louise Ash              | May 21 2007 |
| Elizabeth Doris Bridger         | Nov 4 2002  |
| Mosun Dorgu                     | Dec 15 2008 |
| Richard Westacott Godden        | Sep 10 2001 |
| Paul John Evans                 | Jan 15 2007 |
| Mark Dominic Harding (Chairman) | Nov 4 2002  |
| Rodney Austin Lissenden         | Nov 4 2002  |
| Gerald Ian Moscrop              | Nov 4 2002  |
| Ian Eric Nash                   | Nov 4 2002  |
| John David Nicholls             | Jan 26 2004 |
| Robert William Vickers          | Sep 10 2001 |

Advisors and others acting for the London City Mission during the year: -

#### **Solicitors:**

Russell-Cooke LLP  
2 Putney Hill  
London  
SW15 6AB

#### **Stockbrokers**

Investec Wealth and Investment  
2 Gresham Street  
London  
EC2V 7QN

#### **Bankers:**

Barclays Bank plc  
114 Fenchurch Street  
London  
EC3P 3HY

## **THE LONDON CITY MISSION**

### **Legal and Administrative Details**

**Insurance Advisors:**

Giles Insurance Brokers Ltd  
Bezant House  
3 Bradgate Park View  
Chellaston  
Derby  
DE73 5UH

**Pension Advisors:**

Bluefin Group Limited  
1 Aldgate  
London  
EC3N 1LP  
(resigned 31 December 2011)

Alexander Forbes Consultants & Actuaries  
Leon House  
233 High Street  
Croydon  
CR9 9AF  
(appointed 1 August 2012)

**Registered Auditors:**

PKF (UK) LLP  
Accountants and business advisors  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

## **LONDON CITY MISSION**

### **Report of the Directors for the year ended 31 December 2012**

#### **Aims and Objectives of the London City Mission (LCM)**

The LCM was founded in 1835 to employ lay Christians as agents to go to the inhabitants of London and its vicinity, especially the poor, without any reference to denominational distinctions, in order to make them acquainted with the message of salvation through Jesus Christ, and to do them good by any means in the agents' power.

The LCM's purpose and approach has been reaffirmed in recent years in two key documents, namely the Memorandum and Articles of Association and the Strategic Plan of 2005, and is expressed in a Mission Statement as follows: "The LCM exists to share with the people of London, patiently, sensitively and individually the transforming love of Jesus Christ, and to enable them to join His Church".

#### **Management of the LCM**

The Board of the LCM has met on eight occasions during the year, to establish overall strategy and policy, to determine matters of principle, deal with budgeting and other financial matters, including the oversight of the properties, and review progress towards achieving the plans and goals it has set. As permitted by the Articles of Association, the Chief Executive Officer, who is also a member of the Board of Directors and the Secretary of the Company, is the only paid member of the Board. The officers of the LCM, appointed by the Board on the recommendation of the Chief Executive Officer, manage the day-to-day operations. Management decisions are relayed to field staff through four ministry Directors, with support from senior missionary personnel. Communications with all employees are maintained through regular meetings, fraternal groups, annual appraisals, by e-mail and written documentations.

#### **Strategies adopted and activities undertaken to achieve the aims and objectives**

The LCM works in a wide variety of ministries which are based on the following strategies:

- Employing and training Christians with appropriate gifts in urban mission;
- Identifying a particular geographical district, or some other defined group of people to whom the LCM's staff member is to confine his or her ministry;
- Going to people where they live, work, study or are in special care;
- Relating sensitively and respectfully to individuals of all backgrounds, beliefs and lifestyles, and extending practical care in the particular needs and situations they are experiencing, and earning their respect and friendship by patient, long-term ministry;
- Taking every opportunity to explain, defend and commend the Christian message of salvation through Jesus Christ;
- Encouraging and assisting those who respond positively to this message to become active members of the caring community that is a congregation of the Christian Church.

#### **Business Review**

During 2012 the LCM Board continued to review progress made in implementing proposals set out in the Business Review of 2009. The Board considered and approved plans for managing income and expenditure based on updated projections including income from fundraising initiatives and utilisation of vacant properties. The Board has considered carefully the reduction in legacy income and has agreed for future planned income levels to be based on the current level of legacy receipts.

#### **Property**

There was a continuing increase in income from property rentals throughout 2012. During the year the Board adopted new policies on the provision of retirement accommodation and holiday homes, to bring the Mission's policies in line with current employment and age-discrimination legislation. The primary purpose of the residential property is to provide housing for our missionary and retired staff. When property is not needed immediately for this purpose property is rented out to organisations with aims similar or complimentary to that of the LCM.

## **LONDON CITY MISSION**

### **Report of the Directors for the year ended 31 December 2012**

When not possible to do so, this property is rented to private tenants until such time as the properties can be used for their fundamental purpose.

Sales of property were made during 2012 to finance charitable expenditure. Property assets were strengthened by the receipt of three apartments on the site of the former Lewisham Christian Centre with a market valuation of £820,000. This is part of a commercial contract with Lewisham Council for in return to giving the existing centre to the council the LCM is to receive three apartments and a new build Christian Centre. The Centre is scheduled to be handed over to the LCM in 2013.

Two properties were received through legacies and an apartment was purchased to support the ministry in the King's Cross area. The final year of a specific three year programme of refurbishment across the property portfolio was completed during 2012.

#### **Fund-raising and Supporter Contact**

Commitment to a proactive Supporter Relations strategy is a key part of the Business Review. In the light of the general economic situation, income from donations was pleasing, being very much in line with 2011. Activities included a successful fund-raising campaign in early 2012 for the ministry to homeless people at the Webber Street centre in Waterloo, a ministry celebrating its 50th anniversary. The goal of £100,000 towards a major refurbishment of the Day Centre was exceeded thanks to the generosity of donors and the support of a number of grant making Trusts. The total number of donors remained constant compared with the previous year, with an increase in those making regular donations. Appeals are well supported, with donors also now able to make gifts through on-line giving.

Regular publications, Changing London and Together, provide supporters with features and news of the LCM, with a circulation of 19,500 and 7,300 respectively. A special publication, Winning the City, was produced to highlight LCM's work during the Royal Diamond Jubilee and Olympic Games celebrations and events in London in 2012. On-line activities increased with Facebook, Twitter and a series of blogs on the LCM website. Content was greatly enhanced by an expanded range of video materials, also uploaded to YouTube.

In addition to the regular event held at the Mansion House in the City of London, 500 supporters joined missionaries, staff and families at a Thanksgiving Service held at All Soul's Church in central London.

#### **Ministries**

During 2012, the LCM has continued to sustain a wide range of ministries, grouped within the following categories:

- Community Ministries, reaching out to local communities and based on LCM owned Christian Centres or on local churches to which LCM staff have been seconded. Also the ministry of the Mission's Schools Work team.
- Workplace Chaplaincy Ministries;
- Caring Ministries, to the elderly, whether in Care Homes, Nursing Homes or their own homes, and the hospitalised.
- Ministries to Special Communities, ethnic groups, and followers of other religions;
- Ministries to the Marginalised, including homeless people, those engaged in prostitution, and the imprisoned.

#### **Recruitment**

Following the resumption of recruitment of new City Missionaries in 2011, a further group of four new City Missionaries was recruited for September 2012, three of whom have experience of working as auxiliaries within the LCM team. The auxiliary team was also maintained at its previous level, with new staff replacing a number who left during the year.

## **LONDON CITY MISSION**

### **Report of the Directors for the year ended 31 December 2012**

#### **Significant Ministries**

The LCM is committed to the patient, unspectacular work of creating and developing relationships with people, many of whom are struggling with economic, social, family, or personal troubles. The results of such endeavours are best seen in long-term qualities, rather than measured by short-term statistics. However, the year contained a number of significant ministry events and experiences.

#### **Royal Jubilee and Olympic Games**

If the previous year had seen London's image severely challenged by the riots that affected many areas of the city in August 2011, 2012 saw London at the forefront of world media attention, for the Queen's Diamond Jubilee, and then for the Olympic and Paralympic Games, staged in the city from July to September. Whatever their long-term financial and social legacy, these events brought excitement to the city as a whole, and also gave significant opportunities to the LCM to assist in the special ministries of the wider Christian community. Through the umbrella organisation "More than Gold", to which it seconded two senior members of its staff, the Mission was able to devise and manage a programme known as "Games Pastors" involving 31 of its regular staff and 297 volunteers, all trained by the Mission. Games Pastors were active at Heathrow Airport, St. Pancras Station, and various other key transport hubs, throughout both the Olympics and the Paralympics. Other LCM staff served as chaplains in various of the centres used by the Games, and LCM ministries ran special Olympic-themed events that used the potential of the Games to maximise their regular activities. In an organisation that is built around the concept of long-term ministry, such short-term, occasional events can be incorporated and can help to stimulate the on-going activities.

#### **Day Centre and Transitional Housing for Homeless People**

The mission's ministry to homeless people, as mentioned above, celebrated its 50th anniversary. The funds raised in the anniversary appeal will enable significant renovations and improvements to be made to the Day Centre in the course of 2013. With rough sleeping in London increasing (by 43% from 2011 to 2012), this ministry remains vital. The effects of the financial recession and government spending cuts can be seen in the closure or reduction of various organisations that work among London's rough-sleeping population. Such trends highlight the value of the Mission's policy of not seeking regular funding for its ministries from local or national government.

A significant ministry development in 2012 was the opening of the first transitional housing project to be run by the Mission under the name of Hope Community Homes. Tenants are selected from among the guests at the Webber Street Centre, and are placed in 3 single units of accommodation. The Mission provides a support team who give practical and pastoral care, assisting the tenants to be reliable and efficient in their properties, helping them to seek work, and assisting them to become members of their local community, especially of local churches.

#### **Outcomes and Public Benefit**

The Directors confirm that they referred to the guidance contained in the Charity Commission's General Guidance on Public Benefit when reviewing the LCM's aims and objectives and in planning future activities.

While the above details indicate many of the outcomes of the Mission's work, the LCM's staff continue to minister to some 200,000 people across London including many in their workplaces; and children in their schools.

One special project in 2012 that should benefit the wider work of the Christian Church in London, especially in the most impoverished districts, was the Mission's commissioning of a

## **LONDON CITY MISSION**

### **Report of the Directors for the year ended 31 December 2012**

Census of London Churches, carried out by a professional research organisation. The census aimed not only to evaluate the overall pattern of church attendance and church activity, but also to identify the scope and impact of new churches which have been begun in London during the past two decades by many different denominations and agencies. The Churches Census was carried out in October 2012, and its results, when analysed and published in 2013, should provide a valuable resource to many agencies, including the Mission, as they initiate new ministries and evaluate existing ones. Through this Census the Mission again displayed its special commitment to assist and resource the churches of London in their work.

Public benefit can also be seen, for example, in the work in Vauxhall, where the LCM Centre hosts a Food Bank, runs a sizeable youth work, and co-operates with several churches, in the centre of a housing estate which has significant and complex social needs. An additional Food Bank is run in Dagenham and is widely used in conjunction with local schools and social services.

The Mission's Schools Work team is highly valued by many schools in the Boroughs of Merton and Southwark. Its staff have devised and put on special events teaching the history and background of Biblical times, as well as explaining the basic beliefs of Christianity - events that have been attended by hundreds of local school children and their teachers. Members of the Schools Work Team serve as Governors to local schools, and one is on the SACRE team, developing policy on Religious Education for schools across the Borough. In days of religious and cultural diversity, the Mission provides specialist staff who bring wide experience and sensitivity to such important roles.

#### **Board Members**

During the year the Board has further developed its processes and procedures, notably by the introduction of an enlarged structure of committees. These enable the Board to provide more detailed scrutiny of the Mission's activities, especially with regard to Finances and Properties.

In the autumn of 2012 the Board received a request from the Chief Executive for early retirement, in April 2013. Having agreed to this, the Board initiated the necessary steps to search for and appoint a new CEO. These steps continue into the early part of 2013.

#### **Financial Environment**

With the UK economy showing few signs of significant recovery during 2012, necessary steps were taken to ensure that expenditure was controlled within the levels agreed in the budget for the year.

#### **Risk Management**

During 2012 the Board gave attention to risks related to the Mission's operations, with special attention to risks connected with its ministries to children and vulnerable adults. It received reports on the policies and training that are provided to safeguard these areas. This risk register is regularly reviewed and updated.

#### **Investments**

The LCM continues to retain Investec (formerly Rensburg Sheppards Investment Management Limited), acknowledged specialists in charities' investments, to manage its investment portfolio, under an agreed policy on ethical investments. The Board regularly reviews their performance against industry averages. The strengthening in the markets resulted in net unrealised gains on investments during 2012.



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## **Report of the Directors for the year ended 31 December 2012**

### **Reserves Policy**

A review of the LCM's Reserves Policy has been carried out, with the Board considering the desired level of funds to be held which are unrestricted and not committed to particular purposes and shown on the Balance Sheet in the unrestricted fund section as Other Charitable Funds.

The Board has decided that the level of free reserves which are desirable and appropriate to meet possible fluctuations in income and regular commitments should be an amount equal to twelve months annual expenditure.

At 31 December 2012 the free reserves were £3.5 million (2011: £4.6 million) before provision for the pension deficit of £2.1 million (2011: £2.1 million), representing around eight months' expenditure. The Board is aware that whilst the free reserves are currently less than the strategic objective, the business plans being implemented are intended to improve the situation by promoting revenue and controlling expenditure.

### **Financial Review**

The Balance Sheet shows that at 31 December 2012 the total funds of the LCM were £32.0 million (2011: £31.6 million). This was represented by Tangible Fixed Assets of £26.7 million (2011: £26.0 million), Investments of £6.7 million (2011: £7.3 million), and Net Current Assets of £0.8 million (2011: £0.4 million) together with a Pension Liability of £2.2 million (2011: £2.1 million) as defined in FRS 17.

The Statement of Financial Activities shows total incoming resources have increased from outgoing resources of £0.2 million to net incoming resources of £0.6 million. This is due to the increased gain on sale of property, and higher rental income offset by the decrease in legacy income. Total resources expended were maintained at £5.7 million.

### **Subsidiary Companies**

The London City Mission Trust exists solely to hold properties and securities as nominee on behalf of the LCM. It has an issued share capital of 181 £4 shares, 50p partly paid, of which the LCM has 170 shares and London City Mission Services Limited has the remaining 11 shares. London City Mission Services Limited, a fully owned subsidiary of LCM has no trading activity and solely exists to be one of the two corporate shareholders in the London City Mission Trust.

### **Pension Provision**

The Defined Benefit scheme closed to all new and existing employees in 2006. The LCM continues to provide funds to the scheme to meet continuing liabilities of £2.2 million (2011: £2.1 million). The pension deficit is covered by free reserves.

### **Management structure**

#### **Members of the LCM's Executive are as follows:**

Chief Executive Officer: Rev Dr John D Nicholls

Chief Operations Officer: Mr Nigel Pollard

Director of Finance, Administration and IT: Mr Malcolm Dulwich

Director of Training and Recruitment: Rev Alan Black

Director of Personnel and Compliance; Mrs Carol Camfield

Lead Director of Ministries: Mr Terry Puttick

Directors of Ministries: Mr Roger Gadsden; Mr Duncan Cuthill, and Mr Roy Hutchison.

Head of Supporter Relations: Mr Stuart Noble

Director of Property: Mr Michael Swarbrick

## **LONDON CITY MISSION**

### **Report of the Directors for the year ended 31 December 2012**

#### **Conclusion – the Future**

The LCM operates in a complex society which is passing through a period of changing values and a time of extended financial uncertainty. Within the Christian churches it is also a time of changing attitudes to Christian societies and giving, and it is essential that the LCM adapt its methods and structures accordingly. The Board recognises that the work of the LCM is more than ever vital in a city that is increasingly multi-cultural, and where the churches are significantly weaker than they have been at most periods of the Mission's history. While firmly believing that God's guidance and provision is sufficient in all situations the Board recognises its Biblical responsibility to use all its wisdom and energy, while trusting in God. The Board will vigorously pursue the appointment of a new CEO in 2013, and will continue in its role of oversight and support. The Board will continually review all aspects of the LCM's life, strategy, and financing in order to make such changes as may be necessary to continue and develop its work in pursuance of its great and unchanging objective of sharing Jesus Christ with all London.

#### **Auditors**

A resolution to re-appoint PKF (UK) LLP as auditors to the LCM will be proposed at the annual general meeting.

#### **Directors' Responsibilities**

The Directors are responsible for preparing the Directors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including its income and expenditure, of the charity for the year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors' statement**

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.



Signed on behalf of the Directors  
Rev Dr John Nicholls  
Company Secretary  
15 April 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON CITY MISSION**

We have audited the financial statements of The London City Mission for the year ended 31 December 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the statement of directors' responsibilities, the trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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 charity's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON CITY MISSION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON CITY MISSION (contd.)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual 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

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

- adequate accounting records have not been kept in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

PKF (UK) LLP

Karen Thompson (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor.

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

22 April 2013

London, UK.

**LONDON CITY MISSION Company Number 4284615**

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 DECEMBER 2012**

|   | Notes | Unrestricted Funds | Restricted Funds | Endowment Funds | 2012 Total       | 2011 Total       |
|---|-------|--------------------|------------------|-----------------|------------------|------------------|
|   |       | £                  | £                | £               | £                | £                |
| <b>INCOMING RESOURCES</b>   |       |                    |                  |                 |                  |                  |
| <b>Voluntary Income</b>   |       |                    |                  |                 |                  |                  |
| Donations   |       | 1,804,240          | 245,630          | -               | 2,049,870        | 2,076,443        |
| Legacies  | 2     | 1,086,129          | 45,000           | -               | 1,131,129        | 1,462,587        |
| <b>Investment Income</b>  | 3     | 187,770            | 69,109           | 39,021          | 295,900          | 258,377          |
| <b>Incoming Resources from Charitable activities</b>                  |       |                    |                  |                 |                  |                  |
| Trading receipts at Café Eterno, HQ Bookroom and at Christian Centres |       | 246,997            | 3,900            | -               | 250,897          | 227,160          |
| <b>Other Incoming Resources</b>                                       |       |                    |                  |                 |                  |                  |
| Net gain on sale of tangible fixed assets                             |       | 1,620,273          | -                | -               | 1,620,273        | 890,656          |
| Rents   |       | 863,039            | 13,915           | -               | 876,954          | 650,847          |
| <b>TOTAL INCOMING RESOURCES</b>                                       |       | <b>5,808,448</b>   | <b>377,554</b>   | <b>39,021</b>   | <b>6,225,023</b> | <b>5,566,070</b> |
| <b>Cost of Generating Funds</b>                                       |       |                    |                  |                 |                  |                  |
| Management of Rented Properties                                       |       | 183,452            | -                | -               | 183,452          | 119,244          |
| Supporter Relations   |       | 598,402            | -                | -               | 598,402          | 507,289          |
|   |       | 781,854            |                  |                 | 781,854          | 626,533          |
| <b>NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE OBJECTIVES</b>     |       | <b>5,026,594</b>   | <b>377,554</b>   | <b>39,021</b>   | <b>5,443,169</b> | <b>4,939,537</b> |
| <b>CHARITABLE ACTIVITIES</b>  |       |                    |                  |                 |                  |                  |
| Mission Activities  |       | 2,794,994          | 46,811           | 39,021          | 2,880,826        | 2,799,628        |
| Christian Centres   |       | 630,675            | -                | -               | 630,675          | 984,317          |
| Trading costs at Café Eterno, HQ Bookroom and at Christian Centres    |       | 188,341            | -                | -               | 188,341          | 240,396          |
| Seaside and Holiday Homes   |       | -                  | 105,077          | -               | 105,077          | 109,854          |
| Retirement Housing and Other Costs                                    |       | -                  | 218,438          | -               | 218,438          | 259,415          |
| Youth Department including City Vision Scheme                         |       | 51,616             | -                | -               | 51,616           | 171,714          |
| Relief to the needy   |       | -                  | 483,674          | -               | 483,674          | 352,815          |
| <b>GOVERNANCE COSTS</b>   |       | 166,478            | -                | -               | 166,478          | 167,057          |
| <b>TOTAL CHARITABLE EXPENDITURE</b>                                   |       | <b>3,832,104</b>   | <b>854,000</b>   | <b>39,021</b>   | <b>4,725,125</b> | <b>5,085,196</b> |
| <b>TOTAL RESOURCES EXPENDED</b>                                       | 4     | <b>4,613,958</b>   | <b>854,000</b>   | <b>39,021</b>   | <b>5,506,979</b> | <b>5,711,729</b> |
| <b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>             |       | <b>1,194,490</b>   | <b>(476,446)</b> | <b>-</b>        | <b>718,044</b>   | <b>(145,659)</b> |

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 DECEMBER 2012**

|   | Notes | Unrestricted Funds | Restricted Funds | Endowment Funds | 2012 Total        | 2011 Total        |
|---|-------|--------------------|------------------|-----------------|-------------------|-------------------|
|   |       | £                  | £                | £               | £                 | £                 |
| <b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b> |       | 1,194,490          | (476,446)        | -               | 718,044           | (145,659)         |
| Transfer between funds                                    | 13    | (1,226,623)        | 1,226,623        | -               | -                 | -                 |
| <b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b> |       | <u>(32,133)</u>    | <u>750,177</u>   | <u>-</u>        | <u>718,044</u>    | <u>(145,659)</u>  |
| <b>OTHER RECOGNISED GAINS</b>                             |       |                    |                  |                 |                   |                   |
| Realised net gains on investment                          | 7     | 38,350             | 7,498            | 5,777           | 51,625            | 9,073             |
| <b>NET SURPLUS/(DEFICIT)</b>                              |       | <u>6,217</u>       | <u>757,675</u>   | <u>5,777</u>    | <u>769,670</u>    | <u>(136,586)</u>  |
| Unrealised gains/(losses) on Investment:                  | 7     | 265,550            | 49,918           | 41,383          | 356,851           | (354,957)         |
| Actuarial losses on defined benefit pension scheme        | 10    | (543,000)          | -                | -               | (543,000)         | (286,000)         |
| <b>NET MOVEMENT IN FUNDS</b>                              |       | <u>(271,233)</u>   | <u>807,593</u>   | <u>47,160</u>   | <u>583,520</u>    | <u>(777,543)</u>  |
| <b>RECONCILIATION OF FUNDS</b>                            |       |                    |                  |                 |                   |                   |
| Total funds brought forward                               |       | 29,355,592         | 1,389,065        | 847,537         | 31,592,194        | 32,369,737        |
| <b>FUND BALANCES CARRIED FORWARD</b>                      |       | <u>29,084,359</u>  | <u>2,196,658</u> | <u>894,697</u>  | <u>32,175,714</u> | <u>31,592,194</u> |

All amounts relate to continuing operations.

All gains and losses in the year were recognised in the Statement of Financial Activities

**LONDON CITY MISSION Company Number 4284615**

**BALANCE SHEET as at 31 DECEMBER 2012**

|                                     | Notes | 2012               | 2011               |
|-------------------------------------|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                 |       | £                  | £                  |
| Tangible fixed assets               | 6     | 26,667,008         | 25,958,000         |
| Investments                         | 7     | <u>6,718,101</u>   | <u>7,320,243</u>   |
|                                     |       | 33,385,109         | 33,278,243         |
| <b>CURRENT ASSETS</b>               |       |                    |                    |
| Stocks                              |       | 3,643              | 5,606              |
| Debtors                             | 8     | 303,178            | 223,567            |
| Property awaiting sale              |       | 110,000            |                    |
| Cash at Bank and in hand            |       | <u>702,455</u>     | <u>290,936</u>     |
|                                     |       | 1,119,276          | 520,109            |
| <b>LIABILITIES</b>                  |       |                    |                    |
| Amounts falling due within one year | 9     | <u>(176,671)</u>   | <u>(104,158)</u>   |
| <b>NET CURRENT ASSETS</b>           |       | 942,605            | 415,951            |
| <b>PENSION LIABILITY</b>            | 10    | (2,152,000)        | (2,102,000)        |
| <b>NET ASSETS</b>                   |       | <u>32,175,714</u>  | <u>31,592,194</u>  |
| <b>FUNDS</b>                        |       |                    |                    |
| <b>UNRESTRICTED FUNDS</b>           |       |                    |                    |
| Designated Funds                    | 12    | 25,655,196         | 26,871,203         |
| Other Charitable Funds              |       |                    |                    |
| General Reserve                     |       | 5,581,163          | 4,586,389          |
| Pension deficit                     |       | <u>(2,152,000)</u> | <u>(2,102,000)</u> |
|                                     |       | 29,084,359         | 29,355,592         |
| <b>RESTRICTED FUNDS</b>             | 13    | 2,196,658          | 1,389,065          |
| <b>ENDOWMENT FUNDS</b>              | 14    | 894,697            | 847,537            |
| <b>TOTAL FUNDS</b>                  |       | <u>32,175,714</u>  | <u>31,592,194</u>  |

Approved and authorised by the Board on 15 April 2013 and signed on its behalf by:



Mark D Harding, Chairman



Robert W Vickers, Treasurer

The notes on pages 15 to 29 form part of these Accounts.

## LONDON CITY MISSION

### CASH FLOW STATEMENT

for the year ended 31 December 2012

|   | 2012               | 2011               |
|---|--------------------|--------------------|
|   | £                  | £                  |
| <b>Net cash outflow from continuing operating activities</b>                | <u>(1,987,517)</u> | <u>(1,766,527)</u> |
| <b>Returns on investments and servicing of finance</b>                      |                    |                    |
| Interest received   | 2,902              | 2,965              |
| Dividends received from other investments (gross)                           | 292,998            | 255,412            |
| <b>Net cash inflow from returns on investments and servicing of finance</b> | <u>295,900</u>     | <u>258,377</u>     |
| <b>Capital expenditure and financial investment</b>                         |                    |                    |
| Purchase of tangible fixed assets   | (398,741)          | (270,483)          |
| Sale of tangible fixed assets   | 1,491,258          | 1,661,564          |
| Sale of fixed asset investments   | 3,417,873          | 2,841,142          |
| Purchase of fixed asset investments   | <u>(2,407,254)</u> | <u>(2,829,865)</u> |
| <b>Net cash inflow on capital expenditure and financial investment</b>      | <u>2,103,136</u>   | <u>1,402,358</u>   |
| <b>Increase/(Decrease) in cash and cash equivalents</b>                     | <u>411,519</u>     | <u>(105,792)</u>   |

### NOTES TO CASH FLOW STATEMENT

|  | 2012               | 2011               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| <b>1. Reconciliation of net incoming Resources for year to Net Cash outflow from continuing operating activities</b> |                    |                    |
| Net incoming/(outgoing) resources  | 718,044            | (145,659)          |
| Investment Income  | (295,900)          | (258,377)          |
| Gain on disposal of Tangible Fixed Assets  | (1,620,273)        | (890,656)          |
| Depreciation on Tangible Fixed Assets  | 23,747             | 41,502             |
| Legacies/donations received in the form of Assets  | (315,000)          | (125,000)          |
| (Increase)/Decrease in Stocks  | 1,963              | (1,568)            |
| Decrease in Pension Fund Liability   | (493,000)          | (443,000)          |
| Decrease/(Increase) in Debtors   | (79,611)           | 112,592            |
| (Decrease)/Increase in Creditors   | 72,513             | (56,361)           |
| <b>Net cash outflow from operating activities</b>  | <u>(1,987,517)</u> | <u>(1,766,527)</u> |
| <b>2. Analysis of changes in cash and cash equivalents during the year</b>   |                    |                    |
|  | <b>1 Jan 2012</b>  | <b>Change</b>      |
|  | <b>£</b>           | <b>in Year</b>     |
|  |                    | <b>31 Dec 2012</b> |
|  |                    | <b>£</b>           |
| Cash in hand/at bank   | <u>290,936</u>     | <u>411,519</u>     |
|  |                    | <u>702,455</u>     |



## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 1. Accounting Policies

##### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the valuation of fixed asset investments and in accordance with applied accounting standards having regard to the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005).

Group accounts have not been prepared on the basis that the subsidiary undertakings are not material for the purposes of giving a true and fair view.

##### (b) Tangible fixed assets and depreciation

The transitional arrangements set out in Financial Reporting Standard 15 are being followed in relation to properties. All of the properties continue to be stated at valuation on 1 January 1997, with subsequent additions at cost or probate or insured value. Residential properties and the Headquarters property were valued having regard to their insurance value on 1 January 1997. Christian Centres were valued having regard to an external valuation of each property on an open market basis by Hindwoods, Chartered Surveyors, in 1991. Long leasehold properties represent around 10% of the value of the property portfolio.

No depreciation is provided on freehold and long leasehold buildings, since, in the opinion of the Directors, the repair and maintenance work carried out on these buildings results in them having such long useful economic lives and/or high residual values that depreciation would not be material and thus is not provided. Motor Vehicles and Furniture, Fittings and Office Equipment are depreciated at 25% and 20% on a reducing value basis respectively.

##### (c) Gifted assets and assets received by legacy

Assets received by way of gift and legacy are stated at their market valuation on date of receipt.

##### (d) Property Refurbishment costs

General improvements to the properties are accounted for under charitable expenditure except where the floor area of a property is extended when the cost is then capitalised.

##### (e) Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are dealt with in the Statement of Financial Activities. Investment income is credited to income on an accruals basis. The portfolio management fees are included in the Statement of Financial Activities.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

1. Accounting Policies (contd.)

(f) Funds

Unrestricted Funds

Designated Funds are funds set aside at the discretion of directors and are represented by properties used as an integral part of the on-going work.

Other Charitable Funds are available for use in the furtherance of the LCM's charitable objectives.

Restricted Funds - are restricted income funds, which are expendable at the discretion of the directors in furtherance of particular aspects of the objects of LCM and assets subject to specific purposes and conditions imposed by the donors.

Endowment Funds - are funds held in trust by the LCM and only the income arising can be expended.

(g) Donations and Legacies

Donations, and income under Gift Aid, are accounted for when received. Legacies are dealt with similarly except where notification has been received in 2012 and where these amounts were received in January 2013 they have been included in these financial statements. Donations of investments are accounted for at market value at date of transfer and properties at probate value or valuation.

(h) Rent Receivable

Rents receivable are accounted for on an accruals basis.

(i) Value Added Tax

Value Added Tax, which cannot be recovered in respect of most of the costs of the charity, is included in those costs in the Statement of Financial Activities.

(j) Pension Costs

The pension scheme is a defined benefit (final salary) funded scheme now closed to new entrants. For defined benefit schemes the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested, i.e. entitlement to benefits has become unconditional. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the LCM, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other current net assets on the face of the balance sheet. The defined contribution scheme costs are included as part of staff costs and included in the Statement of Financial Activities.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 1. Accounting Policies (contd.)

##### (k) Resources Expended

Direct costs are allocated to the particular activity where the cost relates directly to that activity when invoiced. Salaries of staff, national insurance and pension contributions paid are allocated on a proportioned basis relating to the time spent.

##### (l) Governance costs

Governance costs include those associated with the management of the Mission's assets and with constitutional and statutory requirements including, advisory and audit expenditure.

##### (m) Leases

Payments made under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

##### (n) Support Costs

Overhead costs include property costs, HR, finance, IT and other administrative costs associated with supporting the charitable activities. They have been allocated to the cost of charitable activities on a headcount basis.

#### 2. Legacies

|          | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>Funds<br/>£</b> | <b>Total<br/>2012<br/>£</b> | <b>Total<br/>2011<br/>£</b> |
|----------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Cash     | 771,129                             | 45,000                            | 816,129                     | 1,337,587                   |
| Property | 315,000                             | -                                 | 315,000                     | 125,000                     |
|          | <u>1,086,129</u>                    | <u>45,000</u>                     | <u>1,131,129</u>            | <u>1,462,587</u>            |

#### 3. Investment Income

|                                | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Income from listed investments | 292,998           | 255,412           |
| Income from other investments  | 2,619             | 2,598             |
| Income from deposits           | 283               | 367               |
|                                | <u>295,900</u>    | <u>258,377</u>    |

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 4. Analysis of Resources Expended

|                          | Staff<br>Costs   | Other            | Depreciation  | Total<br>2012    | Total<br>2011    |
|--------------------------|------------------|------------------|---------------|------------------|------------------|
|                          | £                | £                | £             | £                | £                |
| Cost of Generating Funds | 320,343          | 458,140          | 3,371         | 781,854          | 507,289          |
| Charitable Expenditure   | 2,748,460        | 1,789,811        | 20,376        | 4,558,647        | 5,037,383        |
| Governance               | 136,131          | 30,347           | -             | 166,478          | 167,057          |
|                          | <u>3,204,934</u> | <u>2,434,298</u> | <u>23,747</u> | <u>5,662,979</u> | <u>5,711,729</u> |

| Included in the above: | 2012<br>£     | 2011<br>£     |
|------------------------|---------------|---------------|
| Audit Fees net of VAT  | <u>16,600</u> | <u>19,440</u> |

#### 5. Staff Costs

|                   | 2012<br>£        | 2011<br>£        |
|-------------------|------------------|------------------|
| Salaries          | 2,745,795        | 2,761,043        |
| Social Security   | 226,779          | 222,204          |
| Pension Provision | <u>232,360</u>   | <u>190,993</u>   |
|                   | <u>3,204,934</u> | <u>3,174,240</u> |

The only member of the Board who is remunerated is the Chief Executive and his total emoluments for 2012 were £53,494 (£52,794). Expenses reimbursed amounted to £188 (£190). One Board member reclaimed travel expenses of £292 (£318).

| The average number of employees analysed by function was: | 2012       | 2011       |
|---|------------|------------|
| Field Staff - Evangelists                                 | 85         | 81         |
| City Vision Team  | -          | 6          |
| Urban Track (volunteers)                                  | -          | -          |
| Other Christian Centre staff                              | 39         | 46         |
| Maintenance staff   | 5          | 5          |
| Support and Administration staff                          | <u>30</u>  | <u>32</u>  |
|   | <u>159</u> | <u>170</u> |

The number of employees receiving emoluments for the year greater than £60,000 falling within the following bands was:

|                    | 2012 | 2011 |
|--------------------|------|------|
| £60,000 to £69,999 | 1    | 1    |

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 6. Tangible Fixed Assets

|                          | Freehold<br>Land and<br>Buildings<br>£ | Long<br>Leasehold<br>Land and<br>Buildings<br>£ | Fixtures<br>and<br>Fittings<br>£ | Motor<br>Vehicles<br>£ | Total<br>£ |
|--------------------------|--|---|----------------------------------|------------------------|------------|
| <u>Cost or Valuation</u> |  |   |                                  |                        |            |
| at 1 January 2012        | 24,119,082                             | 1,780,640                                       | 172,931                          | 305,900                | 26,378,553 |
| Additions                | 315,000                                | 1,216,688                                       | -                                | 2,053                  | 1,533,741  |
| Disposals                | (690,986)                              | -   | -                                | -                      | (690,986)  |
| Tfr to Current Assets    | (110,000)                              | -   | -                                | -                      | (110,000)  |
| at 31 December<br>2012   | 23,633,096                             | 2,997,328                                       | 172,931                          | 307,953                | 27,111,308 |
| <u>Depreciation</u>      |  |   |                                  |                        |            |
| at 1 January 2012        | -                                      | -   | 172,931                          | 247,622                | 420,553    |
| Charge for Period        | -                                      | -   | -                                | 23,747                 | 23,747     |
| at 31 December<br>2012   | -                                      | -   | 172,931                          | 271,369                | 444,300    |
| <u>Net Book Values</u>   |  |   |                                  |                        |            |
| at 31 December<br>2012   | 23,633,096                             | 2,997,328                                       | -                                | 36,584                 | 26,667,008 |
| At 31 December<br>2011   | 24,119,082                             | 1,780,640                                       | -                                | 58,278                 | 25,958,000 |

At 31 December 2012 the Directors estimate the total market value of the property portfolio to be £56,888,000.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 6. Tangible Fixed Assets (cont.)

The net book value at 31 December 2012 represents fixed assets used for:

|                                     | Freehold<br>Land and<br>Buildings<br>£ | Long<br>Leasehold<br>Land and<br>Buildings<br>£ | Fixtures<br>and<br>Fittings<br>£ | Motor<br>Vehicles<br>£ | Total<br>£        |
|-------------------------------------|--|---|----------------------------------|------------------------|-------------------|
| <u>Direct Charitable Purposes</u>   |  |   |                                  |                        |                   |
| Headquarters and<br>Training Hostel | 2,000,000                              | -   | -                                | 36,584                 | 2,036,584         |
| Christian Centres                   | 3,722,097                              | 265,000   | -                                | -                      | 3,987,097         |
| Nasmith Court                       | 2,187,251                              | -   | -                                | -                      | 2,187,251         |
| Staff Housing                       | 7,820,687                              | 2,057,275                                       | -                                | -                      | 9,877,962         |
| Retirement Housing                  | 3,774,809                              | 395,053   | -                                | -                      | 4,169,862         |
| Holiday Accommodation               | 772,341                                | -   | -                                | -                      | 772,341           |
| Tenanted                            | 3,355,911                              | 280,000   | -                                | -                      | 3,635,911         |
|                                     | <u>23,633,096</u>                      | <u>2,997,328</u>                                | <u>-</u>                         | <u>36,584</u>          | <u>26,667,008</u> |

#### 7. Fixed Asset Investments

|                           | Listed           | Unlisted       | Total            |
|---------------------------|------------------|----------------|------------------|
| Valuation at 1 January    | 5,736,781        | 1,583,462      | 7,320,243        |
| Additions                 | 934,388          | 1,472,867      | 2,407,255        |
| Disposals                 | (972,590)        | (2,445,283)    | (3,417,873)      |
| Net Realised gains/losses | 51,625           | -              | 51,625           |
| Net Unrealised gains      | 351,688          | 5,163          | 356,851          |
| Valuation at 31 December  | <u>6,101,892</u> | <u>616,209</u> | <u>6,718,101</u> |
| Cost at 31 December       | <u>5,304,681</u> | <u>561,340</u> | <u>5,866,021</u> |

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 7. Fixed Asset Investments (contd.)

The valuation

at 31 December represent investments of:

|                    | <b>2012</b>      | <b>2011</b>      |
|--------------------|------------------|------------------|
|                    | <b>£</b>         | <b>£</b>         |
| Unrestricted Funds | 4,794,557        | 5,068,552        |
| Restricted Funds   | 1,028,847        | 1,404,154        |
| Endowment Funds    | 894,697          | 847,537          |
|                    | <u>6,718,101</u> | <u>7,320,243</u> |

The LCM holds a wide range of investments managed by Investec. At year end 13% (9%) are overseas investments and 9% (21%) are with Goldman Sachs as sterling liquid reserves.

#### 8. Debtors

|                               | <b>2012</b>    | <b>2011</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Cash due from legacies        | 106,539        | 76,858         |
| Cash due from Stockbrokers    | 25,355         | -              |
| Staff Loans                   | 34,947         | 26,359         |
| Gift Aid Tax Recoverable      | 19,955         | 18,076         |
| Insurance Premiums Prepaid    | 53,021         | 56,243         |
| Pension Contributions Prepaid | 45,417         | -              |
| Other Debtors                 | 17,944         | 46,031         |
|                               | <u>303,178</u> | <u>223,567</u> |

#### 9. Creditors

Amounts falling due within one year:

|                                | <b>2012</b>    | <b>2011</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>£</b>       | <b>£</b>       |
| Accruals                       | 50,065         | 20,713         |
| Creditors                      | 51,979         | 52,440         |
| Refurbishment of Webber Street | 6,938          | -              |
| Rent Deposits and Prepaid Rent | 61,860         | 16,481         |
| Life Assurance Scheme          | 4,044          | 6,577          |
| Other                          | 1,785          | 7,947          |
|                                | <u>176,671</u> | <u>104,158</u> |

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 10. Pension Commitments

The LCM operates a funded pension scheme with Scottish Equitable Life Assurance Society. The scheme is a defined benefit scheme for all qualifying employees who have elected to join the scheme. The assets of the scheme are held separately from the assets of the LCM. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the LCM.

A formal valuation of the scheme was completed as at 1 June 2011 by the actuary and the valuation method used was the Projected Unit Method.

The June 2011 valuation showed that the market value of the scheme's assets was £8,216,000 including insured pensioner's assets and that the actuarial value of those total assets represented 75.3% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Upon recommendation by the Trustees of the Pension Scheme the Board of the LCM agreed to increase the employer's contribution to the scheme from £545,000 annually to £574,000 from 1 June 2011 for a period of 7 years.

The actuary has carried out a further full valuation of the scheme as at 31 December 2012 to produce the information required under Financial Reporting Standard 17.

The key assumptions used by the actuary were:

|  | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Rate of increase in salaries                     | -           | -           | -           | -           | -           |
| Mortality Rate – Men                             | 87.5        | 87.3        | 88.9        | 88.8        |             |
| Mortality Rate – Women                           | 89.7        | 90.6        | 91.3        | 91.2        |             |
| Rate of increase in pensions in payment:         |             |             |             |             |             |
| pensions accrued prior to 1 December 2002        | 5.0%        | 5.0%        | 5.0%        | 5.0%        | 5.0%        |
| pensions accrued post 30 November 2002           | 2.9%        | 3.0%        | 3.5%        | 3.7%        | 3.2%        |
| Rate of increase in pensions in deferment<br>RPI | 2.9%        | 3.0%        | 3.5%        | 3.7%        | 3.1%        |
| Rate of increase in pensions in deferment<br>CPI | 2.1%        | 2.2%        | 3.0%        |             |             |
| Discount rate                                    | 4.3%        | 4.7%        | 5.7%        | 5.7%        | 6.7%        |
| Inflation assumption – RPI                       | 2.9%        | 3.0%        | 3.5%        | 3.7%        | 3.1%        |
| Inflation assumption – CPI                       | 2.1%        | 2.2%        | 3.0%        |             |             |



## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

The assets in the scheme and the expected rates of return were:

|                                     |      | <b>2012</b>     |      | <b>2011</b>    |      | <b>2010</b>    |      | <b>2009</b>    |      | <b>2008</b>    |
|-------------------------------------|------|-----------------|------|----------------|------|----------------|------|----------------|------|----------------|
|                                     |      | <b>£'000</b>    |      | <b>£'000</b>   |      | <b>£'000</b>   |      | <b>£'000</b>   |      | <b>£'000</b>   |
| Equities                            | 6.7% | 2,335           | 7.8% | 2,254          | 8.0% | 2,500          | 8.5% | 2,080          | 7.8% | 1,490          |
| Bonds and Gilts                     | 3.9% | 810             | 4.2% | 684            | 4.5% | 530            | 4.8% | 453            | 6.0% | 397            |
| Cash                                | 0.5% | 258             | 0.5% | 367            | 0.5% | 255            | 0.5% | 86             | 2.0% | 151            |
| Insured Pensioners                  | 4.7% | <u>4,845</u>    | 4.7% | <u>4,137</u>   | 4.2% | <u>3,880</u>   | 5.4% | <u>3,182</u>   |      | <u>2,801</u>   |
| Total market value of assets        |      | 8,248           |      | 7,442          |      | 7,165          |      | 5,801          |      | 4,839          |
| Present value of scheme liabilities |      | <u>(10,400)</u> |      | <u>(9,544)</u> |      | <u>(9,424)</u> |      | <u>(8,859)</u> |      | <u>(6,778)</u> |
| Deficit at 31 December              |      | <u>(2,152)</u>  |      | <u>(2,102)</u> |      | <u>(2,259)</u> |      | <u>(3,058)</u> |      | <u>(1,939)</u> |

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 10. Pension Commitments (contd.)

Analysis of the amounts charged to resources expended would be:

|                      | 2012<br>£'000 | 2011<br>£'000 |
|----------------------|---------------|---------------|
| Current service cost | 32            | 33            |

Analysis of the amount credited to pension finance income would be:

|  |             |             |
|--|-------------|-------------|
| Interest on pension scheme liabilities   | (440)       | (503)       |
| Expected return on pension scheme assets | 374         | 406         |
|  | <u>(66)</u> | <u>(97)</u> |

Analysis of actuarial loss:

|  |              |              |
|--|--------------|--------------|
| Difference between actual and assumed return on asset  | 139          | (351)        |
| Experience (loss) on obligations   | (65)         | (76)         |
| Change of basis (loss)/gain on obligations   | (617)        | 231          |
| Adjustment to actuarial loss resulting from an error in prior year reporting fair value of the scheme assets | -            | (90)         |
| Actuarial loss   | <u>(543)</u> | <u>(286)</u> |

Movement in deficit during the year:

|                             |                |                |
|-----------------------------|----------------|----------------|
| Deficit at 1 January 2012   | (2,102)        | (2,259)        |
| Current service cost        | (32)           | (33)           |
| Contributions               | 591            | 573            |
| Pension finance income      | (66)           | (97)           |
| Actuarial loss              | <u>(543)</u>   | <u>(286)</u>   |
| Deficit at 31 December 2012 | <u>(2,152)</u> | <u>(2,102)</u> |

Expected return on pension scheme assets

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 10. Pension Commitments (contd.)

|  | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  | <b>2009</b>  |
|--|--------------|--------------|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| <b>History of experience gains and losses</b>                      |              |              |              |              |
| Difference between the expected and actual return on scheme assets |              |              |              |              |
| amount (£'000)   | 139          | (351)        | 717          | 379          |
| percentage of scheme assets  | 1.7%         | 4.7%         | 10.0%        | 6.5%         |
| <br>Experience gain/loss on obligations                            |              |              |              |              |
| amount (£'000)   |              |              |              |              |
| percentage of scheme liabilities                                   | (65)         | (76)         |              |              |
|  | 0.6%         | 0.8%         |              |              |
| <br>Total actuarial gain/(loss)                                    |              |              |              |              |
| amount (£'000)   | (543)        | (196)        | (291)        | (1,815)      |
| percentage of scheme liabilities                                   | 5.2%         | 2.1%         | 3.1%         | 20.5%        |

#### **Analysis of the effect on results of adopting FRS 17**

|  | <b>Unrestricted<br/>Funds<br/>£<br/>£'000</b> | <b>Total<br/>2012<br/>£<br/>£'000</b> | <b>Total<br/>2011<br/>£<br/>£'000</b> |
|--|---|---------------------------------------|---------------------------------------|
| As at 1 January 2012                                   | 2,102   | 2,102                                 | 2,259                                 |
| <br>Actuarial losses on defined benefit pension scheme | 543   | 543                                   | 286                                   |
| <br>Decrease in pension liability                      | (493)   | (493)                                 | (443)                                 |
|  | <u>2,152</u>                                  | <u>2,152</u>                          | <u>2,102</u>                          |

The LCM established a group personal pension plan from April 2006 with an employer's contribution currently of 7.0% and 11.0% for executive staff members.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### Changes in the Present Value of the Obligation and in the Fair Values of Assets

|  | 31 December 2012<br>£'000 | 31 December 2011<br>£'000 |
|--|---------------------------|---------------------------|
| Present Value Of Obligation at beginning of year | 9,544                     | 9,424                     |
| Interest Cost                                    | 440                       | 503                       |
| Employer Current Service Cost                    | 32                        | 33                        |
| Benefits Paid                                    | (266)                     | (228)                     |
| Charges Paid                                     | (32)                      | (33)                      |
| Actuarial (Gain) Loss                            | 682                       | (155)                     |
| Present Value of Obligation at end of year       | <u>10,400</u>             | <u>9,544</u>              |

|  | 31 December 2012<br>£'000 | 31 December 2012<br>£'000 |
|--|---------------------------|---------------------------|
| Fair Value of Scheme Assets at beginning of year | 7,442                     | 7,165                     |
| Expected Return on Scheme Assets                 | 374                       | 406                       |
| Contributions                                    | 591                       | 573                       |
| Benefits Paid                                    | (266)                     | (228)                     |
| Charges Paid                                     | (32)                      | (33)                      |
| Actuarial Gain (Loss) on Scheme Assets           | 139                       | (441)                     |
| Fair Value of Scheme Assets at end of year       | <u>8,248</u>              | <u>7,442</u>              |

#### 11. Taxation

As a registered charity the LCM is not liable to taxation on its income from charitable activities. Tax is recovered on gifts donated under the Gift Aid Scheme.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 12. Designated Funds

|  | Balance<br>1 Jan 2012<br>£ | Tenanted<br>during<br>2012 | Disposals<br>and<br>Transfers | Additions        | Depreciation    | Balance<br>31 Dec 2012<br>£ |
|--|----------------------------|----------------------------|-------------------------------|------------------|-----------------|-----------------------------|
| Headquarters,<br>Nasmith Court,<br>Retirement,<br>Holiday Homes<br>and other<br>properties and<br>vehicles | 8,528,921                  |                            | (53,000)                      | 2,053            | (23,747)        | 8,454,227                   |
| Missionary and<br>Staff Housing  | 8,721,172                  |                            | (374,897)                     | 1,531,688        |                 | 9,877,963                   |
| Tenanted<br>Properties   | 3,201,911                  | 434,000                    |                               |                  |                 | 3,635,911                   |
| Christian<br>Centres   | 4,494,183                  | (434,000)                  | (373,088)                     |                  |                 | 3,687,095                   |
| Releasable<br>Trusts   | 1,925,015                  |                            | (1,925,015)                   |                  |                 | -                           |
|  | <u>26,871,202</u>          | <u>-</u>                   | <u>(2,726,000)</u>            | <u>1,533,741</u> | <u>(23,747)</u> | <u>25,655,196</u>           |

The remaining value of Fixed Assets totalling £1,011,812 as detailed in Note 6 are assets held in Restricted Funds.

#### Headquarters, Nasmith Court, Retirement, Holiday and other properties used for designated purposes

This fund represents the value of properties and other tangible fixed assets which are used for charitable purposes, including the LCM's two largest assets Nasmith House and Nasmith Court, and is not available to spend on the general running of the LCM.

#### Missionaries' and Staff Housing

This fund represents the value of residential properties used to house LCM staff. Property which is not currently needed to house staff and is being rented out to organisations with similar aims or to private tenants is included in the Tenanted Properties Fund.

#### Tenanted Properties

This fund includes houses and Christian Centres not needed at the present time for housing or ministry needs and are being rented out until such time that they can be used for their designated purpose. During 2012 properties with a book value of £434,000 were transferred from the Christian Centres Fund into the Tenanted Fund.

#### Christian Centres

This fund represents the value of the Centres used in the activities of the LCM as well as the residential accommodation on the site and other tangible fixed assets. Christian Centres currently not being used for ministry but are being rented as described in Missionary and Staff Housing are included in Tenanted Properties.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 12. Designated Funds (cont.)

##### Releasable Trusts

Trusts have been established during the history of the LCM where donors have left funds to Support the LCM's work or its general purposes. Discretion has been left to the LCM whether the capital is expended. The income generated is used to meet direct charitable expenditure in evangelism through field staff maintenance and support. During 2012 these funds were transferred to the General Reserve.

#### 13. Restricted Funds

|                               | <b>Balance<br/>1 Jan 2012<br/>£</b> | <b>Income<br/>£</b> | <b>Expenditure<br/>£</b> | <b>Transfer<br/>from<br/>General<br/>Reserve<br/>£</b> | <b>Balance<br/>31 Dec<br/>2012<br/>£</b> |
|-------------------------------|-------------------------------------|---------------------|--------------------------|--|--|
| London Hospital<br>Ministries | 457,495                             | 45,782              | (46,811)                 | -  | 456,465                                  |
| Retired Fund                  | -                                   | 21,360              | (218,438)                | 579,078  | 382,000                                  |
| Holiday Homes Fund            | 931,570                             | 75,699              | (105,077)                | -  | 902,192                                  |
| Relief Fund                   | -                                   | 129,191             | (476,674)                | 647,545  | 300,000                                  |
| Webber Street Project         |                                     | 162,938             | (6,938)                  |  | 156,000                                  |
|                               | <b>1,389,065</b>                    | <b>434,970</b>      | <b>(854,000)</b>         | <b>1,226,623</b>                                       | <b>2,196,658</b>                         |

##### London Hospital Ministries

This is a separate registered charity (No. 230420) under the name Bible Flower Mission administered by the LCM. Several missionaries and volunteer hospital visitors regularly go to London hospitals seeking to bring comfort to patients and sharing sensitively the hope of the Christian faith. This fund is held as investments.

##### Retired Fund (Retired Missionaries, Widows and Orphans Fund)

Set up as a separate fund in 1846 to help missionaries who could no longer work, the fund today enables allowances to be paid to retired staff who retired before the establishment of the LCM's pension scheme in 1993. This fund also covers the running cost of properties used to house retired staff. The value of this fund is represented by the book value of the three properties allocated to this fund. The transfer made in 2012 from general reserve was to cover the operating deficit of the fund and to reflect the value of the said properties.

##### Holiday Homes Fund

The first holiday home in Ventnor, Isle of Wight, was donated to the LCM in 1869 and the fund's purpose was to ensure missionaries and their families could enjoy a break from the pressure of urban mission work. This fund has been sustained over the years and today there are six locations where staff can have holidays. The balance of the fund is represented by the book value of one property and investments.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 13 Restricted Funds (cont.)

##### Relief Fund

From the early days of the LCM, the desperate need of the people amongst whom the missionaries worked became apparent. Supporters of the LCM specifically sent donations to help the needy that they read or heard about from missionaries' reports and a relief fund was established. The Fund now is represented by Webber Street Centre. An adjustment was made during the year to show the book value of the property included in this fund together with a transfer from general reserve to cover the operating deficit.

##### Webber Street Project

In early 2012 an appeal was made to refurbish the facilities at Webber Street. The response from supporters and trusts was very good and consequently the proposed project was enlarged. This led to a planning application being needed and the start of works being delayed to the end of the year with the main work being completed in the first quarter of 2013.

#### 14. Endowment Funds

|                  | <b>Balance</b><br><b>1 Jan 2012</b><br>£ | <b>Net</b><br><b>Movement</b><br>£ | <b>Balance</b><br><b>31 Dec 2012</b><br>£ |
|------------------|--|------------------------------------|---|
| Perpetual Trusts | 847,537                                  | 47,160                             | 894,697                                   |

##### Perpetual Trusts

These consist of a number of separate funds established during the history of the LCM to provide an income towards the on-going costs of particular aspects of the Mission's work. The donors have insisted that the capital cannot be spent. The income generated has been used against the salary costs of the designated ministries. The net movement solely relates to the movement in the value of the investments.

## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

#### 15. Analysis of Net Assets between Funds

|  | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>Endowment<br/>Funds</b> | <b>2012</b>       | <b>2011</b>       |
|--|-------------------------------|-----------------------------|----------------------------|-------------------|-------------------|
|  | <b>£</b>                      | <b>£</b>                    | <b>£</b>                   | <b>£</b>          | <b>£</b>          |
| Fund balances at the end of year are represented by: |                               |                             |                            |                   |                   |
| Tangible Fixed Assets                                | 25,655,196                    | 1,011,812                   | -                          | 26,667,008        | 25,958,000        |
| Investments  | 4,794,558                     | 1,028,846                   | 894,697                    | 6,718,101         | 7,320,243         |
| Current Assets                                       | 963,276                       | 156,000                     | -                          | 1,119,276         | 520,109           |
| Current Liabilities                                  | (176,671)                     | -                           | -                          | (176,671)         | (104,158)         |
| Pension Liability                                    | (2,152,000)                   | -                           | -                          | (2,152,000)       | (2,102,000)       |
| <b>Total Net Assets</b>                              | <b>29,084,359</b>             | <b>2,196,658</b>            | <b>894,697</b>             | <b>32,175,714</b> | <b>31,592,194</b> |
| Unrealised gains and revaluations included above:    |                               |                             |                            |                   |                   |
| On Tangible Fixed Assets                             | 10,183,018                    | 76,726                      | -                          | 10,259,744        | 10,259,744        |
| On Investment Assets                                 | 490,829                       | 217,285                     | 144,893                    | 853,007           | 496,156           |
|  | <b>10,673,847</b>             | <b>294,011</b>              | <b>144,893</b>             | <b>11,112,751</b> | <b>10,755,900</b> |

#### 16. Capital and Other Commitments

There are no capital commitments as at 31 December 2012. A commitment has been made for the refurbishment of Webber Street for £117,360.

#### 17. Post Balance Sheet Events - Property awaiting sale

As at 31 December 2012 Trafalgar Christian Centre was actively marketed with sale expected to complete within twelve months, so was re-classified as an asset held for sale within current assets. Subsequent to the year end the sale completed which will result in a gain of £262,485. This has not been recognised in the financial statements to 31 December 2012 since the sale completed after the year end.

#### 18. Operating lease commitments

Annual commitments under non-cancellable operating leases for photocopiers and computers which expire:

|                            | <b>2012</b> | <b>2011</b> |
|----------------------------|-------------|-------------|
|                            | <b>£</b>    | <b>£</b>    |
| Between two and five years | 11,340      | 11,340      |



## LONDON CITY MISSION

### NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2012

| 19. <u>Support Cost</u>            | HQ Staff  | HR,IT, and<br>Premises | Pension and<br>life Insurance | Total     |
|------------------------------------|-----------|------------------------|-------------------------------|-----------|
|                                    | £         | £                      | £                             | £         |
| Management of Rented<br>Properties | 43,455    | 30,556                 | 7,312                         | 81,323    |
| Supporter Relations                | 226,405   | 159,199                | 38,096                        | 423,700   |
| Mission Activities                 | 382,868   | 360,965                | 86,377                        | 830,210   |
| Christian Centres                  | 26,896    | 34,990                 | 8,373                         | 70,259    |
| Holiday Homes                      | 30,345    | 21,337                 | 5,106                         | 56,788    |
| Retirement Housing                 | 38,865    | 27,329                 | 6,540                         | 72,734    |
| Youth Department                   | 26,374    | 18,545                 | 4,438                         | 49,357    |
| Relief to the Needy                | 156,751   | 2,398                  | 574                           | 159,273   |
| Governance                         | 72,742    | 51,150                 | 12,240                        | 136,132   |
| Total                              | 1,004,701 | 706,469                | 169,056                       | 1,880,226 |

#### Allocable Costs

|                            | £       | £                |
|----------------------------|---------|------------------|
| HQ Staff                   |         | 1,004,701        |
| IT, HR, Office Supplies    | 224,166 |                  |
| Departmental Costs         | 80,084  |                  |
| Insurance                  | 88,778  |                  |
| Premises                   | 313,441 | 706,469          |
| Pension and Life Insurance |         | 169,056          |
|                            |         | <u>1,880,226</u> |