



THE LONDON CITY MISSION

# ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 December 2016

**BECAUSE LONDON NEEDS JESUS**

LONDON CITY  
**MISSION**

Company Number: 4284615

Charity Number: 247186

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## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016

**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 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 Directors, who collectively act as Trustee of the London City Mission, who are also members and served during the year, were as follows:-

<b>DIRECTOR</b>	<b>APPOINTMENT DATE</b>
Carolyn Louise Ash	May 2007
Elizabeth Doris Bridger	November 2002
John Richard Bulmer	March 2015
Andrew Burkinshaw	March 2015
Mosun Dorgu	December 2008
Richard Westacott Godden	September 2001
Roger Evans	September 2013
Mark Dominic Harding (Chairman)	November 2002
Ewen McAlpine	March 2015
Graham David Miller	January 2014
Ian Eric Nash	November 2002
Marcia Shields	March 2015
Nigel Parrington	May 2016

REPORT OF THE DIRECTORS for the year ended 31 December 2016

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

<b>Solicitors:</b>	Russell-Cooke LLP 2 Putney Hill London SW15 6AB
<b>Stockbrokers</b>	Investec Wealth and Investment 2 Gresham Street London EC2V 7QN
<b>Bankers:</b>	Barclays Bank plc 114 Fenchurch Street London EC3P 3HY
<b>Insurance advisors:</b>	Arthur J Gallagher Newater House 11 Newhall Street Birmingham B3 3NY
<b>Pension advisors:</b>	JLT Employee Benefits Centre Court 1b Knoll Rise Orpington Kent BR6 0JA
<b>Registered auditors:</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

## 1. GOVERNANCE

### 1A. MANAGEMENT OF THE LONDON CITY MISSION (LCM)

The Board of the LCM has met on seven 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, is the only paid member of the Board. The officers of the LCM, appointed by the Board, manage the day-to-day operations. Management decisions are relayed to field staff through three 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 documentation.

### 1B. 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 the LCM has no trading activity and solely exists to be one of the two corporate shareholders in the London City Mission Trust.

In November 2015 London City Mission Property Services Ltd (LCMPS), a company limited by guarantee, was set up as a subsidiary of the LCM. At 31<sup>st</sup> December 2016, an asset purchased from LCM had subsequently been impaired to £nil and, as a result, an intercompany loan from LCM to LCMPS, which had been drawn to pay for the said asset, had been deemed to be unlikely to be repaid, and had also been written down to £nil.

### 1C. MANAGEMENT STRUCTURE

The London City Mission Leadership Team are accountable to the Board of Trustees to collectively lead and serve the London City Mission. They have responsibility to recommend and implement the strategy of the overall organisation.

#### **MEMBERS OF THE LCM'S LEADERSHIP TEAM ARE AS FOLLOWS:**

Chief Executive Officer: Graham Miller

Director of Church Development: Roy Hutchinson, resigned December 2016

Director of Ministries: Duncan Cuthill

Director of Human Resources: Judith Lace

Director of Studies and Deputy CEO: Alan Black, appointed to this role July 2016

Director of Training and Mentoring: Helen Thorne, appointed July 2016

Director of Communications and Programmes: Johanna Sutton appointed February 2016

Director of Finance: Nicholas Allenson appointed March 2016

**BOARD MEMBERS**

In May 2016 Nigel Parrington was appointed as a new Director and welcomed to the Board. He was provided with key Board documents such as annual reports, articles of association, and strategic future plans.

**1D. PAY POLICY FOR SENIOR STAFF**

The Board of Directors, who are the LCM's Trustees, and the senior leadership team comprise the key management personnel of the LCM in charge of directing and controlling, running and operating the LCM on a day to day basis. All Directors, with the exception of the Chief Executive Officer, give of their time freely and received no remuneration in the year. Details of Directors' expenses are disclosed in Note 4 to the accounts, and related party transactions in Note 21.

The salaries and benefits of the senior staff on the leadership team are set by the Chief Executive and HR Director, and approved by the HR Sub-Committee of the Board, and with reference to levels of responsibility and rates of remuneration in charities of similar size and objects. The Chief Executive's salary and benefits are set by the Chairman of the Board and the HR Sub-Committee. Rates of pay are reviewed annually and normally increased in line with the retail price index. Details are disclosed in Note 4 to the accounts.

**1E. 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.

**1F. AUDITORS**

Following the resignation of previous auditors, BDO LLP, and a formal tender process, the London City Mission passed a resolution in November 2016 to appoint Kingston Smith as auditors to the LCM.

## **1G. 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.

## **2. STRATEGIC REPORT**

### **2A. AIMS AND OBJECTIVES OF THE LONDON CITY MISSION**

The London City Mission 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.

These initial aims are as true today as they were over 180 years ago. The London City Mission's purpose and approach is expressed in the following Mission Statement: "The London City Mission exists to serve the church of London in sharing the love of God and the good news of Jesus Christ with the least-reached of London".

### **2B. STRATEGIES ADOPTED AND ACTIVITIES UNDERTAKEN TO ACHIEVE THE AIMS AND OBJECTIVES**

The London City Mission's strategy aligns all ministries with three priorities:

- We are gospel focused and evangelistic,
- We are reaching London's least-reached people and communities,
- We work in partnership with churches who support our vision for gospel ministry among London's least reached.

The strategy is based on the LCM's unique calling to the least reached; those that churches and other ministries will struggle to reach.

The London City Mission 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 staff member is to confine his or her ministry;
- Going to people where they live;
- 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.

## 2C. VALUES

The London City Mission has a set of values which shape the way we work and relate with each other, with the church and with the people and communities we engage with. The values are:

- Rooted in Christ - We are prayerfully dedicated to doing God's will and living his way, according to his word.
- Christ-like love - We look not to our own interests but to the interests of others because we are united as brothers and sisters in Christ.
- God-glorifying excellence - We pursue the best that we can be to glorify God and serve each other in all we do.
- Spirit-inspired perseverance and courage – We stand firm, push through, and pay the price for the sake of Christ and the gospel.

## 2D. MINISTRIES

During 2016, the LCM continued to sustain a wide range of ministries from which the love of God and good news of Jesus Christ is shared with the least-reached communities in London. These include people living in the most spiritually deprived areas of London, where churches often find it hard to evangelise. Within these communities, we work with people who are homeless, involved in prostitution, in prison, suffering from mental illnesses, immigrants, people from other religious and cultural backgrounds and people who are housebound and isolated. We reach out to people of all ages, including children, teenagers and elderly people.

## 2E. ACHIEVEMENTS AND PERFORMANCE

### FUNDRAISING AND SUPPORTER RELATIONS

The London City Mission would like to thank all our supporters for their valuable partnership in the gospel this year. We are grateful to individuals, churches, trusts and corporates for their prayers and financial gifts and to everyone who volunteered their time. We know that many of them pray for us regularly and joyfully give to our work so that the least reached in London can receive practical help and, crucially, hear about Jesus.

Our donation income in 2016 totalled £2.2 million which helps us significantly in covering the cost of doing mission in London. Similarly, our legacy income totalled £1.7 million. We are grateful for those who made one-off or regular gifts, and to everyone who remembered us in their wills. We thank God for his provision of funds for his work through our supporters.

In 2016, we continued to grow our sustainable income – particularly through Direct Debits – and income from churches. We developed partnerships with new companies and attracted support from new trusts. We continued to reach new audiences through a number of different acquisition campaigns, helping to add more names to our database. We also took part in the Big Give matching campaign, which enabled us to raise additional income and attract support from new people. We launched two new initiatives – Coffee Morning and Sleepout - offering creative ways for individuals to get involved and support our work. The number of people giving to London City Mission remains consistent with previous years.

We continued to offer opportunities for our supporters to hear first-hand about our work. As in previous years, our staff spoke in hundreds of churches across the country. Alongside the Communications team, we also hosted three supporter events: a coffee morning, Thanksgiving Service and supporters' day. During the latter, supporters spent time at our head office and then visited some of our centres across London. We received positive comments about the day: one person appreciated 'seeing at first-hand what can be done

in a community centre in the middle of a housing estate'; others said 'it was a good mix of information and challenge', and 'really informative – it helps me know as a supporter what I can be praying for in a very practical way.'

**STATEMENT ON FUNDRAISING**

The London City Mission deeply values the support it receives from individuals, churches, companies, trusts and institutions. We view all our supporters as key partners in our work reaching out to the poor, isolated and marginalised in London. We could not fulfil our objectives without the financial and prayer support that we receive from our partners each year.

We view our supporters as people, not numbers – part of the LCM family. We seek to deepen their understanding of our work through regular communications and provide a range of opportunities for them to get involved through prayer, giving and volunteering. We never seek to gain financial support through pressure or manipulation, and always endeavour to remove people from our mailing lists as soon as we receive such requests. We have a good system in place to ensure that individual's communication preferences are recorded and we do our best to respect their wishes.

It is important that our supporters know that we appreciate their gifts and understand the impact of their donations. We believe in accountability. We endeavour to acknowledge all gifts that we receive, unless we are asked not to. We produce a number of communications, arrange for LCM speakers to visit churches and host events throughout the year so that our supporters can read about or hear first-hand about the work. We also produce an abridged version of our income and expenditure in our magazine. We will continue to offer different opportunities for our supporters to engage with us electronically, by letter and face to face.

Our aim is for individuals to receive communications from us because they have actively expressed an interest in our work and want to hear from us. Historically, we have generally sought to have people opt in to receive communications from us. We will be reviewing our processes to ensure that we only send our communications to those who would like to receive them, consequently adhering to the Fundraising Regulator's guidelines on consent from May 2018.

We do not outsource our fundraising to professional agencies or use commercial fundraisers – all our fundraisers are employees of the London City Mission and agree with our statement of faith and conduct. We do use third parties - such as copywriters, designers, film makers – for our communications with supporters and to reach new audiences. In these cases, we will be checking that their policies cover the new data protection regulations and revised Charity Commission guidance on contact with people in vulnerable circumstances.

We are particularly sensitive to people in vulnerable circumstances, always seeking to ensure that individuals are clear in their intention to support the London City Mission financially. In the past, when we have judged that someone does not have the mental capacity or is in vulnerable circumstances, we have not accepted the donation. We are currently developing our policy around dealing with people in vulnerable circumstances.

To get up to speed with the incoming new legislation on data – the European General Regulation on Data Protection – and because it is best practice, our staff involved in using or storing data will be receiving training in Data Protection in summer 2017.

REPORT OF THE DIRECTORS for the year ended 31 December 2016

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We have identified that we received one complaint in 2016 about our marketing and fundraising and the issue was resolved quickly. We are putting in place a system to log comments that we receive about communications from London City Mission and details of this will be available on our website by December 2017.

The London City Mission is registered with the Fundraising Regulator and we pay the fundraising levy.

### COMMUNICATIONS

In 2016 the Communications team and the Fundraising & Supporter Relations team became two separate departments. The two teams continue to work closely together to ensure that supporters receive timely, relevant and useful communications across various media, including traditional print publications and our digital channels.

In 2016, after 10 years at the helm, Iain MacDonald handed over the editing of our regular magazine *Changing London* to Tessa Reed. As well as *Changing London*, we continued to produce our quarterly prayer diary *Together* and published a five-week prayer guide for London, *Pray for London*, designed to help those with a heart for the least reached in London to engage with the issues and be empowered to pray effectively. Along with print publications, the LCM continues to develop its online presence via a website ([www.lcm.org.uk](http://www.lcm.org.uk)), social media platforms and a range of videos hosted on YouTube.

### PROPERTY

During 2016, six new properties were purchased, of which five were for missionary and staff housing, and one was Banquet House, for the provision of housing and support to the vulnerable. Six properties were sold during the year, as the LCM's property portfolio was made more appropriate for the strategic direction of the charity. Similarly, 25 properties were transferred to Investment Properties in recognition of the fact that they are now held solely for financial gain rather than mission opportunities. As a consequence, £0.6m of rental income in 2016 has been reported as income from investments.

2017 will see ongoing work on creating an asset strategy that will enable the LCM to steward its God-given resources in such a way as to make the maximum impact for the LCM's mission to reach the least-reached of London.

### RECRUITMENT

The London City Mission was delighted to recruit into 39 outreach roles in 2016: 12 as City Missionaries, 7 City Challenge, one Team Leader, 10 LCM Pioneers and three returning for a second year, four on our City Vision gap year, two volunteers on Urban Track.

## 2F. SIGNIFICANT CHARITABLE ACTIVITIES

### MISSION ACTIVITIES

The LCM is committed to patient, caring work, developing relationships with people from all kinds of backgrounds and sharing good news, hope, and practical love. Many of those we meet with are struggling with economic, relational, physical, 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, 2016 contained a number of significant ministry events and experiences.

**MINISTRY TO PEOPLE FROM DIVERSE ETHNIC AND RELIGIOUS BACKGROUND**

The LCM seeks to share the Christian faith with immigrants and people from other religious and cultural backgrounds. We recognise that there is a growing Muslim population across London, as well as significant populations of people from other religious backgrounds. As a result, in 2016 we increased our outreach ministries in London's Bangladeshi communities – with four missionaries going into ministries in Tower Hamlets and Newham in East London – and London's Turkish communities – with one missionary going into ministry in Enfield.

**COMMUNITY OUTREACH IN PARTNERSHIP WITH LOCAL CHURCHES**

In line with our strategy, we have grown the number of churches we are partnering with to do community outreach in the least-reached areas of London. Missionaries based at these churches continue to go out into the community with the good news of Jesus Christ, using the church as their base rather than an LCM Christian Centre. By partnering with the church they are able to mobilise pray-ers from within the church membership and volunteers who will either do outreach with the missionary and learn from them (thereby multiplying the impact they can have in the community) or help run community classes and events so that the missionary is free to have conversations and build relationships with those attending the events. The missionary will also be able to support the church in welcoming and discipling people from these hard to reach communities as they grow in their faith. In addition, they will be able to train and equip those in the church to reach out in this way in the long-term so that over time the missionary can move on and start a new ministry elsewhere in London.

We have developed a number of these church-based partnerships in 2016, including:

- Manor Park Christian Centre
- St Luke's Millwall
- St Mary Bermondsey
- New Testament Assembly Tooting
- GraceLife London
- King's Cross Baptist Church

**LONDON CITY MISSION PIONEERS (LCMP)**

London's churches are growing, but not everywhere. The Church is absent in some of London's poorest and toughest areas and there is a great need for urban evangelists with specialised training to work in these places. Some of the people who would make the best evangelists in such areas cannot access the training they need.

To address this challenge we set up London City Mission Pioneers (previously known as Urban Mission Pioneers), a scheme that offers unique training in theology and urban mission to individuals from low-income backgrounds who want to work in some of London's poorest communities.

In 2016 our second intake graduated from the Pioneer programme. Of the nine participants, six continue to serve within the LCM in various capacities on the field and one is working as a mentor to our new intake. In September 2016, ten new recruits joined the programme.

London City Mission Pioneers is delivered in partnership with Pastors Rob Prendergast and Efrem Buckle from Ecclesia Church, South London.

**TRAINING AND CHURCH DEVELOPMENT**

During 2016 the LCM Church Development team spent time developing relationships with a variety of churches, church networks and other partners in gospel ministry to London's least-reached people. This has led to more opportunities to partner with churches in London, and more people reached with the gospel. We want to develop the ways in which we can serve the Church of London to reach out with the love of God and good news of Jesus Christ. We recognise that with such great need in this city it is important to be working together and supporting one another in this vital task. One way we do this is through our training courses which are designed to equip Christians for evangelistic outreach in an urban context.

**CITY VISION, CITY CHALLENGE AND URBAN TRACK****City Vision**

We run a year-long gap year programme which aims to give participants a vision for urban mission and to train and empower them to be able to reach the least reached. Those on the programme are placed in an LCM ministry, benefit from mentoring and attend LCM lectures one day a week.

**City Challenge**

Following the successful introduction of the LCM Pioneers programme, we wanted to provide additional training for some of the participants. We did this through the City Challenge. This is a year-long full-time missionary contract with the LCM where, alongside developing a ministry, the missionary is provided with classroom training to equip them for long-term ministry.

**Urban Track**

Urban Track is a full-time voluntary scheme run by London City Mission to give volunteers opportunities to pursue a call into full-time ministry. Volunteers are recommended by the missionary they work with and are provided with accommodation by the Mission.

**CHRISTIAN CENTRES DEVELOPMENTS**

We are looking at a number of our sites around London for development opportunities to maximise local gospel impact, but also resources from the sale of property which can be invested in other gospel work.

**CHRISTIAN CENTRES**

The London City Mission continues to run ministry activities from Christian Centres. These are properties that belong to London City Mission in the heart of a community, from which the missionary and mission team go into the community to share the gospel. Typical activities will include door-to-door visitation, youth groups, Bible studies, lunch clubs for the over 50s, toddler groups, community drop-in projects and so forth.

**TRADING COSTS**

The London City Mission runs a Christian bookshop which is based in the head office on Tower Bridge Road. This is open to members of the public as well as staff. There are also two cafés run by the LCM, which operate as bases for ministry.

**RETIREMENT HOUSING**

We continue to provide retirement housing for those missionaries who, by 2012, had achieved 20 years' service with the Mission. Although we no longer offer this to newly employed missionaries, the service of current retirees remains a considerable function of our property team's workload.

**RELIEF TO THE NEEDY**

London City Mission runs a day centre for people who are homeless near Waterloo (Webber Street). Staff provide both practical and spiritual support for the guests. Each day at Webber Street begins with a short Bible talk and staff are always on hand to talk and pray with guests, seeking appropriate opportunities to share the gospel. One afternoon a week the centre runs a Bible study for guests.

**HOPE COMMUNITY HOMES**

We run a transitional housing project in Brixton that houses up to five residents at a time. The project provides supported tenancies to men who were previously sleeping rough for a period of up to two years. In 2016 we purchased a property in King's Cross for the same purpose.

**2G. 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 extensively to people across London who are least reached by the message of the gospel.

We continue to invest in supporting people who are homeless in two projects. Webber Street day centre provides hot food, showers, clothing and support to rough sleepers in central London. Rough sleeping is on the increase in London (with an increase of 100% since 2010 of people who slept rough at some point in London, according to CHAIN 's 2015 'Street to Home Annual Report').

Our staff team have expertise in helping rough sleepers access the support or help they need to overcome the issues that have caused them to be homeless. A partnership with the Pret Foundation Trust allows us to recommend people for a Pret apprenticeship which enables them to gain valuable work experience. We also run a transitional housing project in Brixton: Hope Community Homes has capacity for five residents and has office and communal meeting spaces for residents to meet with support workers and enjoy social time together. In 2016 we expanded Hope Community Homes by setting up a second project. 'Banquet House', in King's Cross.

A number of our mission staff work in areas with disaffected young people. They have established programmes such as football groups, after-school clubs and art workshops to engage with and mentor them. In Lewisham, where we work in partnership with Ecclesia church, one of our Missionaries and his wife, who is employed as a Mission Associate, have developed a project to help teenagers to understand the impact of knife crime and how forgiveness comes through the gospel. They have begun to work with local secondary schools, where they go in and run the course over a series of weeks, helping to break down the barriers and bravado that the young people put up.

REPORT OF THE DIRECTORS for the year ended 31 December 2016

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Our staff regularly encounter people who are struggling financially. A number of our projects seek to tackle poverty by providing support and advice. We operate food banks in Dagenham, Vauxhall, and Hope Church Downham.

Our training schemes provide education and training to young people. LCM Pioneers is a newly developed specialised programme that sits alongside our long-running City Vision scheme. Both schemes combine classroom learning with practical experience to offer a holistic education in urban ministry. The schemes aim to create graduates who will play a valuable role in urban churches and communities across London and beyond.

Many people living in the communities we work in are struggling with isolation and feeling disconnected from their neighbours. Our ministries are all seeking to build community. Our cafés in Limehouse and on the Isle of Dogs are creating community by providing a place for people to meet, spend time together, learn and get practical and spiritual support. Both cafés are key meeting places in their communities and known as welcoming and safe places for all members of the community to gather.

In recent years the area around King's Cross has been developed and changed with commercial and residential developments bringing new prosperity to the area. However, there are still many people who are marginalised in the area who need support. Our street population team in King's Cross are supporting vulnerable people by visiting areas where people gather and making sure people are cared for and receiving the support they need.

The work of our Schools team is highly valued in the Boroughs of Southwark and Merton. At a time when religious and cultural diversity can be a contentious issue in schools, our team bring a wealth of experience and sensitivity to support schools in religious education. In special events and RE classes our team teach the history and background of the Bible and explain the basics of Christian belief.

A significant number of our team work amongst ethnic minorities and immigrants. They offer language classes, practical support and friendship to those who are far from home and family. Some of our team are language specialists who can provide crucial support for people who are seeking help from government agencies or other public bodies.

Since it was founded in 1835 the London City Mission has engaged in community visitation with team members visiting people in their homes. This is often the first contact we have with people in the communities we work in. Staff in a particular area will aim to visit people in their homes a number of times during the year, offering practical help, conversation and inviting people to events in the community. For some people, especially the elderly, these visits are a lifeline and help them to avoid loneliness and isolation.

## **2H. FINANCIAL REVIEW**

### **RESULTS FOR THE YEAR**

2016 saw the transfer of 25 properties to Investment Properties, with a revaluation to market value which created an unrealised gain in the year of £9.1m (as can be seen in Note 6). Along with realised gains on the sale of properties of £3.9m, this has significantly affected our results and turned an underlying deficit into a surplus. To illustrate, excluding property and investment gains, income for the year was £5.8m, compared with expenditure of £8.1m, a deficit of £2.3m. This reflects the fact that we have a strategy to expand our

REPORT OF THE DIRECTORS for the year ended 31 December 2016

ministries by recruiting more missionaries and rationalising our assets, which usually involves recognising gains as we sell or revalue assets which were held at cost. A major theme underlying this strategy is the need to steward our God-given resources in such a way as to maximise impact for gospel outreach. As such, our strategy for 2016 included operating with a deficit to be funded by gains on sale of property, with plans to cover the deficit with regular income in future years.

### **INVESTMENTS**

As stated above, Investments have grown in 2016 because of the transfer of 25 properties to Investment Properties, and their subsequent revaluation. We also have investment portfolios managed by Investec and COIF, which have produced unrealised gains of £0.4m and realised gains of £0.4m in the year. However, we drew down a net £1.9m from our investment portfolios to cover property purchases. This was offset by the gains to leave a net decrease in the value of our non-property investments of £1.1m.

### **RESERVES POLICY**

General reserves at the end of 2016 were £5.5m before provision for the pension deficit of £1.3m (2015 £6.1m before provision for the pension deficit of £0.2m). This is less than one year's worth of annual expenditure which is the London City Mission's current reserves policy. The Trustees are satisfied with the level of general reserves and recognise the need to develop a reserves policy that reflects the revised asset strategy and risk profile of the London City Mission.

### **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 £1.3 million (2015: £0.2 million). The pension deficit is covered by the General Reserves, and there is an additional provision of £4m in Designated Funds.

## **21. PRINCIPAL RISKS AND UNCERTAINTIES**

### **REPUTATION**

The London City Mission is an evangelical Christian organisation with a clear mandate and objective to extend the knowledge of the gospel to the least reached people of London.

Any theological scandal, for example arising from casual comment during deputation or within community ministry, would have an adverse effect upon relations within our supporter base and standing within the evangelical community. New recruits are required to subscribe to a statement of faith and are thoroughly briefed on the LCM objectives.

### **COMMUNICATION WITH SUPPORTERS**

The LCM must effectively communicate with our supporters, staff, partner organisations and supporting churches. Failure to communicate effectively with supporting churches and individuals will result in under-funding. There are regular reviews of fundraising targets. We are grateful for all of our supporters, who are much-valued partners in our work. We seek to adopt a relational approach to fundraising, recognising that we could not make such a positive impact on London without the many people, churches, trusts and organisations who support us. We provide timely opportunities for them to support the LCM and regular updates about the impact of donations. In all of this, we aim to respect our supporters' preference for the type and frequency of communication. We do not engage in telephone fundraising, nor do we outsource our fundraising to professional

agencies. We never intentionally put vulnerable people or any of our supporters under pressure to give.

#### **ALLEGATIONS OF IMPROPER CONDUCT TOWARDS CHILDREN AND VULNERABLE ADULTS**

Many of our missionaries and other staff are working with young people and others are working with vulnerable older people. Adverse public relations would result in the LCM losing integrity within the community and may impact funding and other support for the LCM. To minimise any potential situation all staff working in this area have received Disclosure and Barring Service clearance. In-house training is given to all staff members working in these areas and there is a 24/7 helpline and a buddy system is in place.

#### **OUR MISSIONARY STAFF**

The LCM must be able to recruit missionary staff of appropriate calibre in order to respond to our growth objectives. To be able to do so the LCM is developing closer links with like-minded churches, Bible colleges, and extending our gap year training course.

#### **FOOD SAFETY AND HSSE COMPLIANCE**

To ensure compliance with statutory legislation for HSSE, food hygiene, fire protection and employment and to avoid any shutdown of an activity, policies have been established and are in place. There are training programmes for HSSE, first aid and food hygiene.

#### **OUR WORK FORCE AND VOLUNTEERS**

There is a danger of harm to our front-line staff either from injury or from stress. Training is given to all such staff in Conflict Avoidance, Child Protection, Personal Safety and where necessary Restraint and Removal. At Webber Street, where there is a heightened danger of violence to our staff, there are guidelines set for minimum staffing levels. Staff are rotated to minimise risk of stress and CCTV is in operation.

#### **RISK MANAGEMENT**

During 2016 the Board gave attention to risks related to all operations, with special attention to risks connected with its ministries to children and vulnerable adults. This risk register is regularly reviewed and updated.

## **2J. PLANS FOR FUTURE PERIODS**

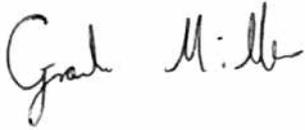
#### **CONCLUSION – THE FUTURE**

The London City Mission 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 adapts 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 sometimes struggle with the specialised needs of a diverse community. 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 continually reviews 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 the people of London.

REPORT OF THE DIRECTORS for the year ended 31 December 2016

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As the LCM continues to implement its strategy, our ministry will be focused on serving the Church of London in sharing the love of God and good news of Jesus Christ with the people who are least reached by the gospel in this city. We will increase the number of staff working in our ministry projects and the number of partnerships and training opportunities with churches and Christian organisations. We are praying that many would hear and understand the gospel message and give their lives to Christ as a result.

A handwritten signature in black ink, appearing to read "Graham D. Miller". The signature is written in a cursive, flowing style.

**DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) SIGNED ON BEHALF OF THE DIRECTORS**

**GRAHAM D MILLER, CHIEF EXECUTIVE AND DIRECTOR**

22 May 2017

# 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 2016 which comprise Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group 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) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 any party other than the charitable company and charitable company'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 Trustees' Responsibilities Statement set out on page 6 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Trustees Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and the parent charitable company's affairs as at 31 December 2016 and of the group's 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.

**OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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:

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



**Andrew Stickland (Senior Statutory Auditor)**  
**for and on behalf of Kingston Smith LLP, Statutory Auditor**

19 June 2017

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Kingston Smith LLP is a limited liability partnership registered in England and Wales (with registered number OC317343)

## GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2016

INCOME	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2016 Total £	2015 Total £
<b>Voluntary income</b>						
Donations		1,861,907	329,635	-	2,191,542	2,305,853
Legacies		1,645,883	102,869	-	1,748,752	2,578,994
<b>Income from investments</b>	2	825,869	42,088	46,481	914,438	483,093
<b>Income from charitable activities</b>						
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres		262,831	106,561	-	369,392	380,215
<b>Income from other trading activities</b>						
Rents		528,668	-	-	528,668	1,039,331
<b>Other income</b>						
Net gain on sale of tangible fixed assets		3,875,301	-	-	3,875,301	1,280,879
<b>TOTAL INCOME</b>		9,000,459	581,153	46,481	9,628,093	8,068,365
<b>Expenditure on raising funds</b>						
Management of rented properties		391,047	11,891	-	402,938	284,683
Fundraising and supporter relations		621,244	-	-	621,244	756,679
		1,012,291	11,891	-	1,024,182	1,041,362
<b>NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES</b>		7,988,168	569,262	46,481	8,603,911	7,027,003
<b>EXPENDITURE ON CHARITABLE ACTIVITIES</b>						
Mission activities		3,801,679	211,389	46,481	4,059,549	3,485,154
LCM Pioneers		353,391	52,233	-	405,624	213,081
Training and church development		148,097	590	-	148,687	324,596
City Vision, City Challenge and Urban Track		267,114	-	-	267,114	215,509
Christian Centre developments		81,422	-	-	81,422	350,290
Christian Centres		949,712	-	-	949,712	743,734
Trading costs at cafés, HQ Bookroom and at Christian Centres		146,256	-	-	146,256	208,062
Retirement housing and other costs		58,872	220,241	-	279,113	346,294
Relief to the needy		303,973	388,724	-	692,697	702,392
Hope Community Homes		55,879	36,890	-	92,769	84,717
<b>TOTAL CHARITABLE EXPENDITURE</b>		6,166,395	910,067	46,481	7,122,943	6,673,829
<b>TOTAL EXPENDITURE</b>	3	7,178,686	921,958	46,481	8,147,125	7,715,191
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES</b>		1,821,773	(340,805)	-	1,480,968	353,174
Realised net gains on investments	6	317,160	18,819	34,942	370,921	268,538
Unrealised gains/(losses) on investments	6	9,413,590	17,491	36,778	9,467,859	2,628,986
<b>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</b>		11,552,523	(304,495)	71,720	11,319,748	3,250,698

GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
for the year ended 31 DECEMBER 2016

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2016 Total £	2015 Total £
<b>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</b>		11,552,523	(304,495)	71,720	11,319,748	3,250,698
Transfer between funds	12	(418,931)	418,931	-	-	-
<b>NET INCOME/(EXPENDITURE) AFTER TRANSFERS</b>		11,133,592	114,436	71,720	11,319,748	3,250,698
Actuarial (losses)/gains on defined benefit pension scheme	9	(609,000)	-	-	(609,000)	337,000
<b>NET MOVEMENT IN FUNDS</b>		10,524,592	114,436	71,720	10,710,748	3,587,698
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		43,292,989	1,353,946	1,011,363	45,658,298	42,070,600
<b>FUND BALANCES CARRIED FORWARD</b>		53,817,581	1,468,382	1,083,083	56,369,046	45,658,298

All amounts relate to continuing operations.

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

Comparative figures for each fund are shown in Note 16 to the accounts.

## GROUP &amp; PARENT BALANCE SHEET AS AT 31 DECEMBER 2016

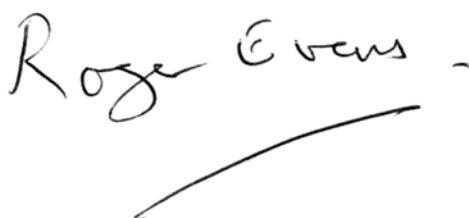
	Notes	2016	2015	Movement
		£	£	
<b>FIXED ASSETS</b>				
Tangible fixed assets	5	26,413,549	24,851,335	1,562,214
Investments	6	27,655,454	16,398,414	11,257,040
		54,069,003	41,249,749	12,819,254
<b>CURRENT ASSETS</b>				
Stocks		6,596	2,654	3,942
Debtors	7	518,854	1,874,133	(1,355,279)
Property awaiting sale		1,188,000	2,086,692	(898,692)
Cash at bank and in hand		2,103,429	1,015,089	1,088,340
		3,816,879	4,978,568	(1,161,689)
<b>LIABILITIES</b>				
Amounts falling due within one year	8	(231,836)	(364,019)	132,183
<b>NET CURRENT ASSETS</b>		3,585,043	4,614,549	(1,029,506)
<b>PENSION LIABILITY</b>	9	(1,285,000)	(206,000)	(1,079,000)
<b>NET ASSETS</b>		56,369,046	45,658,298	10,710,748
<b>FUNDS</b>				
<b>UNRESTRICTED FUNDS</b>				
Designated funds	11	49,557,255	37,366,152	12,191,103
Other charitable funds				
General reserve	12	5,545,326	6,132,837	(587,511)
Pension deficit		(1,285,000)	4,260,326	(1,079,000)
		53,817,581	43,292,989	10,524,592
<b>RESTRICTED FUNDS</b>	13	1,468,382	1,353,946	114,436
<b>ENDOWMENT FUNDS</b>	14	1,083,083	1,011,363	71,720
<b>TOTAL FUNDS</b>		56,369,046	45,658,298	10,710,748

Approved and authorised by the Board on 22 May 2017 and signed on its behalf by:

Mark D Harding,  
Chairman



Roger Evans,  
Director



The notes on pages 24 to 41 form part of these accounts.

## GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(1,278,196)	(1,651,994)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Dividends, interest and rents from investments	914,438	483,093	
Proceeds from sale of tangible fixed assets	4,572,174	2,896,249	
Purchase of tangible fixed assets	(5,017,448)	(1,769,552)	
Sale of fixed asset investments	6,102,222	5,085,971	
Purchase of fixed asset investments	(4,204,850)	(4,863,718)	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	2,366,536	1,832,043	
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,088,340	180,049	
<b>NOTES TO CASH FLOW STATEMENT</b>			
	2016 £	2015 £	
<b>1. Reconciliation of net income for the year to net cash outflow from continuing operating activities</b>			
Net income	11,319,748	3,250,698	
Investment income	(914,438)	(483,093)	
Gain on disposal of tangible fixed assets	(3,875,301)	(1,280,879)	
Realised (gains)/losses on investments	(370,921)	(268,538)	
Unrealised (gains)/losses on investments	(9,467,859)	(2,628,986)	
Depreciation on tangible fixed assets	341,421	271,317	
Impairment of property awaiting sale	-	20,000	
Decrease/(increase) in stocks	(3,942)	1,549	
Pension fund charge	470,000	19,000	
Decrease/(increase) in debtors	1,355,279	(660,587)	
(Decrease)/increase in creditors	(132,183)	107,525	
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	(1,278,196)	(1,651,994)	
<b>2. Analysis of changes in cash and cash equivalents during the year</b>			
	1 Jan 2016 £	Change in year £	31 Dec 2016 £
Increase in cash and cash equivalents	1,015,089	1,088,340	2,103,429

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. ACCOUNTING POLICIES

#### (A) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The London City Mission meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The London City Mission is the only member of a subsidiary company limited by guarantee, London City Mission Property Services Ltd. Group accounts have therefore been prepared. (See Note 6).

The Directors have reasonable expectation with no material uncertainty, on the basis of reserves and cash, that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### (B) TANGIBLE FIXED ASSETS AND DEPRECIATION

Freehold and long leasehold buildings are capitalised at historical cost or probate value if donated to the charity.

For each freehold property, we assume a cost ratio of 50:50 divided between land and buildings. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful lives, taken to be 50 years (at 2% per year).

Leasehold property is depreciated over the shorter of the remaining useful life or the remaining period of the lease.

Motor Vehicles and Furniture, Fittings and Office Equipment are depreciated at 25% and 20% on a reducing balance basis respectively.

#### (C) PROPERTY REPAIRS AND IMPROVEMENT COSTS

Repairs to properties are accounted for under charitable expenditure except where the floor area of a property is extended, or the improvement is considered to be to the fabric of the building and its fixtures and fittings, in which case the cost is capitalised.

## 1. ACCOUNTING POLICIES (CONTD.)

### (D) INVESTMENTS

Investments (including investment properties) are stated at market value. Realised and unrealised gains and losses on investments are included 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.

Investment property is property deemed to be held for the sole purpose of financial gain to the LCM, is held at the Trustees' best estimate of valuation and is not depreciated, which is permitted under the Charity SORP 2015. The Trustees perform a review of the valuation annually. All changes in value in the year are reported in the Statement of Financial Activities and the cumulative surplus or deficit on revaluation is represented by a designated fund.

### (E) DEBTORS

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

### (F) CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### (G) PROPERTY AWAITING SALE

Properties are held at book value where they have been given to the LCM as gifts, and are awaiting sale, being either on the market, or earmarked for sale but not yet marketed. They are not depreciated since they fall under Current Assets. Where properties that have been held for charitable purposes, or for investment purposes, are now deemed to be awaiting sale, they are kept in Tangible Fixed Assets or Investment Properties, respectively.

### (H) FINANCIAL INSTRUMENTS

The London City Mission only has financial assets and financial liabilities of a kind that qualify as basic financial instruments (for example cash). Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### (I) FUNDS

**UNRESTRICTED FUNDS** 1) Designated Funds are funds set aside at the discretion of directors.

2) 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.

## 1. ACCOUNTING POLICIES (CONTD.)

**ENDOWMENT FUNDS** - are funds held in trust by the LCM and only the income arising can be expended.

### (J) DONATIONS AND LEGACIES

Donations, and income under gift aid, are accounted for when receivable. Legacies are recognised as receivable when there is an entitlement to the funds, it is considered probable that they will be received and there is sufficient certainty to establish a reasonable estimate of the value. Donations of investments are accounted for at market value at date of transfer and properties at probate value or valuation.

### (K) RENT RECEIVABLE

Rents receivable are accounted for on an accruals basis.

### (L) 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.

### (M) 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. Net interest cost is charged to expenditure and is calculated by multiplying the net scheme liability by the discount rate used to determine the defined benefit obligation. 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 defined contribution scheme costs are included as part of staff costs and included in the Statement of Financial Activities.

### (N) 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.

### (O) LEASES

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

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 1. ACCOUNTING POLICIES (CONTD.)

### (P) SUPPORT COSTS

Overhead costs include property costs, HR, finance, IT and other administrative costs associated with supporting the charitable activities. They also incorporate governance costs associated with the management of the Mission's assets and with constitutional and statutory requirements including, advisory and audit expenditure. Support costs have been allocated to the cost of charitable activities on a headcount basis. This allocation is set out in Note 20.

## 2. INVESTMENT INCOME

	2016 £	2015 £
Income from listed investments	301,710	313,518
Income from other investments	-	2,753
Income from deposits	11,138	835
Income from investment properties	601,590	165,987
	914,438	483,093

## 3. ANALYSIS OF RESOURCES EXPENDED

	Staff Costs £	Other £	Dep'n £	Total 2016 £	Restated Total 2015 £
Expenditure on raising funds	257,865	726,700	39,617	1,024,182	1,041,362
Charitable expenditure	4,224,398	2,596,741	301,804	7,122,943	6,673,829
	4,482,263	3,323,441	341,421	8,147,125	7,715,191

	2016 £	2015 £
Included in the above:		
Audit fees net of VAT	17,750	21,250
Support costs (Note 20)	2,785,091	2,905,604

## 4. STAFF COSTS

	2016 £	2015 £
Salaries	3,787,376	3,285,006
Social Security	317,246	267,348
Redundancy Costs	-	141,190
Pension and Life Insurance	377,641	326,678
	4,482,263	4,020,222

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

#### 4. STAFF COSTS (CONT.)

The only member of the Board who is remunerated is Graham Miller, the Chief Executive, and his total emoluments for 2016 were £49,450 (2015 £48,640). Pension contributions of £6,725 (2015 £6,407) were also paid on his behalf. He also receives rent-free accommodation in his role as Chief Executive. Expenses reimbursed amounted to £nil (2015 £nil). Two Board members reclaimed travel expenses of £621 (2015 £433).

The average number of employees analysed by function was:	2016 £	2015 £
Field staff - evangelists	101	92
City Vision team	3	3
Urban Track (volunteers)	1	3
Other Christian Centre staff	39	38
Maintenance staff	2	2
Support and administration staff	36	31
	182	169

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

	2016 £	2015 £
£60,000 to £69,999	-	1
£130,000 to £139,999	-	1

Emoluments for the Leadership Team in 2016 were as shown below. The composition of the Leadership Team is set out in the Directors' Report on Page 5. The figures below are the total cost to the LCM, including gross salaries, benefits in kind, and employer's pension contributions.

	2016 £	2015 £
Key management emoluments	364,480	372,069

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 5. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation					
at 1 January 2016	21,561,473	3,745,034	242,346	327,363	25,876,216
Transfers	865,000	(865,000)	-	-	-
Additions	3,300,873	1,474,853	209,217	32,505	5,017,448
Disposals	(138,000)	-	-	(8,325)	(146,325)
Tfr fr current assets	227,700	-	-	-	227,700
Tfr fr investment property	345,000	-	-	-	345,000
Tfr to investment property	(3,519,914)	(120,000)	-	-	(3,639,914)
at 31 December 2016	22,642,132	4,234,887	451,563	351,543	27,680,125
Depreciation					
at 1 January 2016	441,861	92,661	186,814	303,545	1,024,881
Dep'n eliminated on disposal	(2,760)	-	-	(6,309)	(9,069)
Dep'n eliminated on trf to investment property	(85,857)	(4,800)	-	-	(90,657)
Charge for period	239,896	34,998	52,950	13,577	341,421
at 31 December 2016	593,140	122,859	239,764	310,813	1,266,576
Net book values					
at 31 December 2016	22,048,992	4,112,028	211,799	40,730	26,413,549
at 31 December 2015	21,119,612	3,652,373	55,532	23,818	24,851,335

The net book value at 31 December 2016 represents fixed assets used for the following:

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Direct Charitable Purposes</b>					
Headquarters and training hostel	1,995,287	-	18,548	40,730	2,054,565
Christian Centres	2,966,377	128,269	33,807	-	3,128,453
Nasmith Court	968,262	-	-	-	968,262
Staff housing	9,522,378	3,130,850	121,934	-	12,775,162
Retirement housing	3,544,456	382,909	7,920	-	3,935,285
Tenanted	3,052,232	470,000	29,590	-	3,551,822
	22,048,992	4,112,028	211,799	40,730	26,413,549

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 6. FIXED ASSET INVESTMENTS

	Investec £	Cash and COIF £	Property £	Total £
Valuation at 1 January 2016	8,293,082	2,215,332	5,890,000	16,398,414
Additions	456,201	3,748,649	-	4,204,850
Disposals	(2,242,646)	(3,859,576)	-	(6,102,222)
Trf from tangible fixed assets less accumulated dep'n	-	-	3,549,257	3,549,257
Trf to tangible fixed assets	-	-	(345,000)	(345,000)
Trf fr current assets	-	-	111,375	111,375
Net realised gains	335,089	35,832	-	370,921
Net unrealised (losses)/gains	361,343	6,903	9,099,613	9,467,859
Valuation at 31 December 2016	7,203,069	2,147,140	18,305,245	27,655,454
Cost at 31 December 2016	7,533,322	2,038,166	5,690,298	15,261,786

The LCM holds a wide range of investments managed by Investec and with COIF. At year end 10% (2015 11%) are overseas investments and 21% (2015 19%) are with Goldman Sachs as sterling liquid reserves.

In November 2015 the LCM also became the only member of London City Mission Property Services Ltd, a subsidiary company without share capital, limited by guarantee.

In April 2016, the London City Mission assigned the capital overage rights in respect of the development of a property owned at Hoxton to London City Mission Property Services Limited for a consideration of £652,000. This amount was offset by an intercompany loan of £652,000 from LCM to LCMPS. Following subsequent advice, the value of the overage rights in the subsidiary has been impaired to £nil. The loan from LCM to LCMPS has also been written down to £nil in both parent and subsidiary, on the grounds that it is unlikely to be repaid.

Unrealised gains on property represent gains on revaluations of investment properties to market value on the basis of Trustees' estimates. In the case of properties that have been transferred from Tangible Fixed Assets this year, this is a revaluation to market value from depreciated historical cost.

## 7. DEBTORS

	2016 £	2015 £
Cash due from legacies	294,500	1,639,328
Cash due from stockbrokers	35,629	35,123
Staff loans and season tickets	28,657	38,564
Gift Aid tax recoverable	18,638	26,398
Insurance premiums prepaid	78,636	73,531
Pension costs prepaid	9,739	9,586
Ministry prepayment	36,517	35,000
Other debtors	16,538	16,603
	518,854	1,874,133

## 8. CREDITORS

	2016 £	2015 £
Accruals	27,957	161,378
Trade creditors	104,323	211
Rent deposits and deferred rent receivable	91,336	123,386
Life assurance scheme	4,044	4,044
Property development	-	75,000
Other	4,176	-
	231,836	364,019

## 9. PENSION COMMITMENTS

The LCM operates a closed funded pension scheme with JLT Employee Benefits. The scheme is a defined benefit scheme for all qualifying employees who elected to join the scheme. The assets of the scheme are held separately from the assets of the LCM. Contributions and costs of 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 2014 by the actuary and the valuation method used was the Projected Unit Method.

The June 2014 valuation showed that the market value of the scheme's assets was £3,341,000 excluding insured pensioners' assets and that the actuarial value of those total assets represented 52% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The deficit on the scheme funding basis was £3,522,000. Upon recommendation by the Trustees of the Pension Scheme the Board of the LCM agreed to make a one-off contribution to the fund of £2,000,000 in December 2014.

Further contributions of £401,000 per annum will be paid, increasing at 3% per annum for a period of three years commencing 1 January 2018.

The actuary has carried out a further full valuation of the scheme as at 31 December 2016 to produce the information required under FRS 102 – Section 28 Disclosure Report.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

**9. PENSION COMMITMENTS (CONT.)**

The key assumptions used by the actuary were:

	2016	2015	2014	2013	2012
Rate of increase in salaries		-	-	-	-
Mortality rate – men	87.2	87.4	87.2	87.1	87.5
Mortality rate – women	89.2	89.4	89.5	89.4	89.7
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	3.4%	3.2%	3.1%	3.5%	2.9%
Rate of increase in pensions in deferment RPI	3.4%	3.2%	3.1%	3.5%	2.9%
Rate of increase in pensions in deferment CPI	2.6%	2.4%	2.3%	2.7%	2.1%
Discount rate	2.7%	3.9%	3.6%	4.6%	4.3%
Inflation assumption – RPI	3.4%	3.2%	3.1%	3.5%	2.9%
Inflation assumption – CPI	2.6%	2.4%	2.3%	2.7%	2.1%

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

		2016		2015		2014		2013
		£'000		£'000		£'000		£'000
Equities	6.6%	2,942	6.6%	2,850	6.6%	3,622	5.7%	2,431
Bonds and gilts	3.8%	1,327	3.8%	1,429	3.8%	1,886	2.9%	699
Cash	0.5%	92	0.5%	1,193	0.5%	96	0.5%	493
Insured pensioners	4.6%	6,760	4.6%	5,626	4.6%	5,663	4.3%	4,902
Total market value of assets		11,121		11,098		11,267		8,525
Present value of scheme liabilities		(12,406)		(11,304)		(11,791)		(10,142)
Deficit at 31 December		(1,285)		(206)		(524)		(1,617)

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

**9. PENSION COMMITMENTS (CONT.)**

Analysis of the amounts charged to resources expended would be:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Expenses	-	-
Analysis of the amount credited to pension finance income would be:		
Interest on pension scheme liabilities	(385)	(419)
Expected return on pension scheme assets	361	400
Losses on settlements	(446)	-
	<b>(470)</b>	<b>(19)</b>

Analysis of actuarial loss:		
Difference between actual and assumed return on asset	1,809	(281)
Experience (loss) on obligations	123	167
Change of basis gain / (loss) on obligations	(2,541)	451
Actuarial gain / (loss) on obligations	<b>(609)</b>	<b>337</b>

Movement in deficit during the year:		
Deficit at 1 January 2016	(206)	(524)
Expenses	-	-
Contributions	-	-
Pension finance income	(470)	(19)
Actuarial gain/(loss)	(609)	337
Deficit at 31 December 2016	<b>(1,285)</b>	<b>(206)</b>

History of experience gains and losses	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Difference between the expected and actual return on scheme assets					
amount	1,809	(281)	60	(250)	139
percentage of scheme assets	16.30%	(2.5%)	0.3%	(2.9%)	1.7%
Experience gain / (loss) on obligations					
amount	123	167	7	3	(65)
percentage of scheme liabilities	9.6%	1.5%	0.1%	0.1%	(0.6%)
Total actuarial gain / (loss)					
amount	(609)	337	(1,441)	69	(543)
percentage of scheme liabilities	(47.4%)	3.00%	(12.4%)	0.7%	(5.2%)

The LCM established a group personal pension plan from April 2006 with an employer's contribution currently of 9.0% and 13.6% for senior staff members.

**9. PENSION COMMITMENTS (CONT.)****CHANGES IN THE PRESENT VALUE OF THE OBLIGATION AND IN THE FAIR VALUES OF ASSETS**

	<b>31 December 2016 £'000</b>	<b>31 December 2015 £'000</b>
Present value of obligation at beginning of year	11,304	11,791
Interest cost	385	419
Benefits paid	(294)	(288)
Charges paid	-	-
Actuarial (gain)/loss	2,418	(618)
Liabilities extinguished on settlements	(1,407)	-
Present value of obligation at end of year	12,406	11,304

	<b>31 December 2016 £'000</b>	<b>31 December 2015 £'000</b>
Fair value of scheme assets at beginning of year	11,098	11,267
Expected return on scheme assets	361	400
Contributions	-	-
Benefits paid	(294)	(288)
Actuarial gain/(loss) on scheme assets	1,809	(281)
Assets distributed on settlements	(1,853)	-
Fair value of scheme assets at end of year	11,121	11,098

**10. 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.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

**11. DESIGNATED FUNDS**

	Balance 1 Jan 2016 £	Disposals £	Trfs £	Additions £	Dep'n £	Balance 31 Dec 2016 £
Headquarters, Nasmith Court, retirement, holiday homes and other properties and vehicles	7,463,007	(163,867)	(700,862)	45,858	(56,563)	6,587,573
Missionary and staff housing	9,619,305	(143,072)	1,850,936	1,608,357	(160,364)	12,775,162
Hope Community Homes	1,300,000	(24,040)	189,140	-	(14,690)	1,450,410
New missionary housing	2,000,000	-	(2,000,000)	1,500,000	-	1,500,000
Tenanted properties	3,959,625	-	(2,316,628)	427,877	30,538	2,101,412
Christian Centres	3,134,215	-	(317,500)	54,534	(33,796)	2,837,453
Investment property	2,155,693	-	3,513,887	111,375	(90,657)	5,690,298
Revaluation fund	3,734,307	-	(218,973)	9,099,613	-	12,614,947
Pension deficit	4,000,000	-	-	-	-	4,000,000
	37,366,152	(330,979)	-	12,847,614	(325,532)	49,557,255

The remaining value of Fixed Assets totalling £661,540 as detailed in Note 5 are assets held in Restricted Funds. Transfers represent the reallocation of properties, at book value, between funds.

**HEADQUARTERS, NASMITH COURT, RETIREMENT, HOLIDAY AND OTHER PROPERTIES USED FOR DESIGNATED PURPOSES**

This fund represents the carrying 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 partner organisations with similar aims or to private tenants is included in the Tenanted Properties Fund.

**HOPE COMMUNITY HOMES**

In 2016, LCM purchased a new property in King's Cross to provide housing and support to the vulnerably housed – this property is now known as Banquet House. This is in addition to six properties in Brixton which are already used for the same purpose, under the banner of Hope Community Homes.

**NEW MISSIONARY HOUSING**

The three-year plan anticipates an increase in the numbers of missionaries over the period 2016-2018, so the Board have designated £1.5 million for the purchase of suitable housing. The £2m designated in 2015 for new housing was utilised in 2016.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 11. DESIGNATED FUNDS (CONT.)

### 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 directly by LCM. Rented out properties that are considered to be held solely for the purpose of financial gain have been transferred to Investment Properties.

### 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, unless they are considered held solely for financial gain, in which case they have been transferred to Investment Properties.

### INVESTMENT PROPERTY

Investment Property comprises those properties that are considered to be held solely for the purpose of financial gain, and are revalued to market value. In 2015 there were 16 properties considered to be Investment Properties. In 2016, that number has risen to 39.

### REVALUATION FUND

The revaluation fund represents the cumulative revaluations performed in relation to investment property.

### PENSION DEFICIT

The proceeds from the sale of properties have been designated for use in reducing the pension deficit at a time in the future dependent upon the considerations of the Board.

## 12. GENERAL FUNDS

	Balance 1 Jan 2016 £	Net movement £	Balance 31 Dec 2016 £
General reserve less pension deficit	5,926,837	(1,666,511)	4,260,326

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

### 13. RESTRICTED FUNDS

	Balance 1 Jan 2016 £	Income £	Gains on investments £	Expenses £	Trf from General reserve £	Balance 31 Dec 2016 £
Guaranteed payments	-	101,857	-	(101,857)	-	-
LCM Pioneers	-	52,823	-	(52,823)	-	-
Retired fund	382,000	20,394	-	(220,241)	188,387	370,540
Holiday homes fund	546,946	23,563	36,310	-	-	606,819
Relief fund	300,000	197,961	-	(437,505)	230,544	291,000
Centre building projects	-	-	-	-	-	-
Evangelism in Bermondsey	125,000	1,108	-	(33,674)	-	92,434
Restricted Christian Centre fund	-	22,450	-	(22,450)	-	-
Restricted ministry fund	-	160,997	-	(53,408)	-	107,589
	1,353,946	581,153	36,310	(921,958)	418,931	1,468,382

#### GUARANTEED PAYMENTS

Income received from churches where there is a dedicated church attached missionary are treated as Guaranteed Payments and are a contribution towards the costs of providing the missionary.

#### LCM PIONEERS

Donations received as a contribution towards the employment and training of the LCM Pioneers are treated as restricted and are offset against such costs. LCM Pioneers were formerly known as Urban Mission Pioneers.

#### 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 two properties contained within this fund.

#### 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. The Board decided in 2012 that the properties used for holiday homes should be sold and the one property belonging to the Fund was sold in 2013 with the proceeds transferred to a new Restricted Fund to set against the Pension Deficit. The balance of the fund is represented by investments and it is intended to transfer the balance to the Retired Fund for the benefit of retired missionaries and staff.

#### 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 the Webber Street Centre.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

### 13. RESTRICTED FUNDS (CONT.)

Transfer from the General Fund has been made to cover the operating deficit. The balance on the fund represents the book value of the Webber Street Centre.

#### EVANGELISM IN BERMONDSEY

This fund represents a large donation that was received to fund evangelism in Bermondsey, and is being drawn down against the costs of LCM's outreach work in that district.

#### RESTRICTED CHRISTIAN CENTRE FUND AND RESTRICTED MINISTRY FUND

These funds represent aggregated smaller donations that are restricted for LCM's work through Christian Centres or other ministries.

### 14. ENDOWMENT FUNDS

	Balance 1 Jan 2016 £	Net movement £	Balance 31 Dec 2016 £
Perpetual trusts	1,011,363	71,720	1,083,083

#### 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.

### 15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at the end of year are represented by:

	Unrestricted funds £	Restricted funds £	Endowment funds £	2016 £	2015 £
Tangible fixed assets	25,752,009	661,540	-	26,413,549	24,851,335
Investments	26,047,250	525,121	1,083,083	27,655,454	16,398,414
Current assets	3,535,158	281,721	-	3,816,879	4,978,568
Current liabilities	(231,836)	-	-	(231,836)	(364,019)
Pension liability	(1,285,000)	-	-	(1,285,000)	(206,000)
Total net assets	53,817,581	1,468,382	1,083,083	56,369,046	45,658,298

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 16. PRIOR YEAR COMPARATIVE FUNDS – INCOMING AND OUTGOING RESOURCES

INCOME	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total £
<b>Voluntary income</b>				
Donations	1,841,816	464,037	-	2,305,853
Legacies	2,578,994	-	-	2,578,994
<b>Income from investments</b>	278,572	42,476	38,498	483,093
<b>Income from charitable activities</b>				
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres	256,875	123,340	-	380,215
<b>Income from other trading activities</b>				
Rents	1,162,878	-	-	1,039,331
<b>Other income</b>				
Net gain on sale of tangible fixed assets	1,280,879	-	-	1,280,879
<b>TOTAL INCOME</b>	<b>7,400,014</b>	<b>629,853</b>	<b>38,498</b>	<b>8,068,365</b>
<b>Expenditure on raising funds</b>				
Management of rented properties	284,683	-	-	284,683
Fundraising and supporter relations	756,679	-	-	756,679
	1,041,362	-	-	1,041,362
<b>NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES</b>	<b>6,358,652</b>	<b>629,853</b>	<b>38,498</b>	<b>7,027,003</b>
<b>EXPENDITURE ON CHARITABLE ACTIVITIES</b>				
Mission activities	3,328,020	118,636	38,498	3,485,154
LCM Pioneers	5,970	207,111	-	213,081
Training and church development	324,596	-	-	324,596
City Vision, City Challenge and Urban Track	215,509	-	-	215,509
Christian Centre developments	181,122	169,168	-	350,290
Christian Centres	743,734	-	-	743,734
Trading costs at cafés, HQ Bookroom and at Christian Centres	208,062	-	-	208,062
Retirement housing and other costs	-	346,294	-	346,294
Relief to the needy	-	702,392	-	702,392
Hope Community Homes	-	84,717	-	84,717
<b>TOTAL CHARITABLE EXPENDITURE</b>	<b>5,007,013</b>	<b>1,628,318</b>	<b>38,498</b>	<b>6,673,829</b>
<b>TOTAL EXPENDITURE</b>	<b>6,048,375</b>	<b>1,628,318</b>	<b>38,498</b>	<b>7,715,191</b>
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES</b>	<b>1,351,639</b>	<b>(998,465)</b>	<b>-</b>	<b>353,174</b>
Realised net gains on investments	229,247	15,864	23,427	268,538
Unrealised gains/(losses) on investments	2,662,378	(13,672)	(19,720)	2,628,986
<b>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</b>	<b>4,243,264</b>	<b>(996,273)</b>	<b>3,707</b>	<b>3,250,698</b>
<b>Transfer between funds</b>	<b>(841,697)</b>	<b>841,697</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(EXPENDITURE) AFTER TRANSFERS</b>	<b>3,401,567</b>	<b>(154,576)</b>	<b>3,707</b>	<b>3,250,698</b>
Actuarial (losses)/gains on defined benefit pension scheme	337,000	-	-	337,000
<b>NET MOVEMENT IN FUNDS</b>	<b>3,738,567</b>	<b>(154,576)</b>	<b>3,707</b>	<b>3,587,698</b>
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<b>39,554,422</b>	<b>1,508,522</b>	<b>1,007,656</b>	<b>42,070,600</b>
<b>FUND BALANCES CARRIED FORWARD</b>	<b>43,292,989</b>	<b>1,353,946</b>	<b>1,011,363</b>	<b>45,658,298</b>

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2016

## 17. CAPITAL AND OTHER COMMITMENTS

There are no capital commitments as at 31 December 2016.

## 18. POST BALANCE SHEET EVENTS - PROPERTY AWAITING SALE

As at 31 December 2016 five properties were being actively marketed or were to be marketed with sale expected to complete within twelve months, so were re-classified as assets held for sale within current assets.

## 19. OPERATING LEASE COMMITMENTS

Total commitments under non-cancellable operating leases for photocopiers, and office equipment computers which expire:

	2016 £	2015 £
Within one year	11,340	11,270
Between two and five years	33,512	45,081
In more than five years	-	1,967
	44,852	58,318

## 20. SUPPORT COSTS

	HQ staff £	HR, IT, and premises £	Pension and life insurance £	Total £
Management of rented properties	94,271	10,677	3,910	108,858
Fundraising and supporter relations	338,742	41,157	44,569	424,468
Mission activities	271,045	585,959	213,460	1,070,464
Christian Centres	70,416	169,368	61,771	301,555
Retirement housing	54,680	4,192	-	58,872
City Vision and City Challenge	55,022	14,448	-	69,470
Relief to the needy	68,702	171,937	63,334	303,973
Development of Christian Centres	18,929	-	-	18,929
LCM Pioneers	84,517	101,888	37,531	223,936
Training and church development	82,559	42,671	23,457	148,687
Hope Community Homes	25,381	22,288	8,210	55,879
Total	1,164,264	1,164,585	456,242	2,785,091

## ALLOCABLE COSTS

	£	£
HQ staff		1,164,263
IT, HR, office supplies	421,321	
Departmental costs	258,897	
Insurance	100,680	
Premises	383,688	
		1,164,586
Pension and life insurance		456,242
		2,785,091

**21. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the year in respect of Board members and members of the Leadership Team.

**22. DONATIONS FROM TRUSTEES**

Donations from Trustees in the year totalled £45,976 (2015 £44,034).



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