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THE LONDON CITY MISSION

ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 December 2017

LONDON CITY
MISSION

BECAUSE LONDON NEEDS JESUS

Company Number: 4284615

Charity Number: 247186

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. STRATEGIC REPORT

1A. AIMS AND OBJECTIVES OF THE LONDON CITY MISSION (LCM)

The London City Mission was founded in 1835 with the object to 'extend the knowledge of the gospel among the inhabitants of London and its vicinity (especially the poor), without any reference to denominational distinctions or the peculiarities of Church Government', in order to share with them the message of salvation through Jesus Christ, and to do them good.

London needs Jesus, and these initial aims remain as true today as they were over 180 years ago.

The London City Mission's exists to serve the church of London in sharing the love of God and the good news of Jesus Christ with the least reached people of London.

1B. 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 working with London's least reached people and communities, those people who are least likely to hear the good news of Jesus Christ;
- We work in partnership with and seek to serve churches who support this vision for gospel ministry among London's least reached people.

The London City Mission seeks to deliver its strategy by:

- Employing and training Christians with appropriate gifts in urban mission;
- Identifying a particular geographic district, or some other defined group of people, to whom the LCM staff member is to confine his or her ministry;
- Serving the local church in reaching the least reached people in their community;
- Relating sensitively and respectfully to individuals of all backgrounds, beliefs and lifestyles, extending practical care in the particular needs and situations they are experiencing, and earning their respect and friendship through patient, loving, long-term ministry;
- Taking every opportunity to commend, explain and defend 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 Church of Jesus Christ.

1C. 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. Our 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

REPORT OF THE DIRECTORS for the year ended 31 December 2017

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 courage and perseverance** – We stand firm, push through, and pay the price for the sake of Christ and the gospel.

1D. MINISTRIES

During 2017, the LCM continued to sustain a wide range of ministries from which the love of God and good news of Jesus Christ was shared with the least reached, most spiritually deprived areas of London. Within these communities, we seek to serve the Church in reaching out, for example, to people who are homeless, involved in prostitution, in prison, suffering from mental illnesses, immigrants, people from other religious and cultural backgrounds, people who are living in poverty and those who experience long-term unemployment, young people at risk of gang culture and violence and those in their later years who are housebound and isolated.

1E. ENABLING MISSION

Fundraising and Supporter Relations

The London City Mission is deeply grateful to everyone who enabled us to do gospel work in London in 2017 through their sacrificial, generous giving. These gifts took various forms: financial donations, volunteering and prayer. Every penny, prayer and gift of time helped us to provide practical support and share the good news of Jesus with the least reached. We rely on God's provision through our supporters to reach thousands of people each year – we just couldn't do this work without our partners in the gospel.

Our donation income in 2017 totaled £2.4 million, our highest income in three years. Our legacy income was £2.0 million. We thank everyone who donated and those who left us a legacy, and we give God thanks for his faithfulness in what was a particularly challenging year for charity fundraising.

In 2017, we attracted increased support from individuals, particularly increasing the number of people giving to us regularly. It was encouraging to see gifts from Key Supporters grow by over 15%, as we recruited a part-time staff member in this area. We also deepened our partnerships with businesses and trusts, which led to additional income.

We continued to build on some of our new and existing initiatives, such as the Big Give matched giving campaign and the Webber Street sleepout. We re-launched our online shop, giving supporters the chance to buy Christmas cards via our website. We saved costs by combining the mailings of our Changing London magazine and Together prayer diary, as part of our efforts to steward our resources well.

We continued to raise awareness of the LCM among new audiences through our stands at Christian conferences and our acquisition campaigns, enabling us to add new names to our database.

We offered resources to churches that equipped congregations to share the gospel in their own communities, as well as to support the LCM in urban mission. We continued to send staff to share about our ministry in churches, helping them to gain a sense of the difference their gifts and prayers are making. We recruited a new member to our Churches team to help develop our resources for churches and grow our Church Reps scheme.

We were pleased to host three events for our supporters: our annual Thanksgiving Service and Supporters' Day and a special event for children, Faith in Action Victorian Style, where they learnt how the Christian faith informed the fight against poverty and injustice, and about the LCM's history.

Statement on fundraising

The London City Mission recognises its supporters as core partners in its goal to share the good news of Jesus with the least reached people in partnership with churches. While its staff and volunteers are on the frontline providing practical assistance and sharing the gospel with those in material and spiritual poverty, supporters are praying and giving so that those in need can access help and hope. We need each other in order to fulfil the Mission's objectives.

We hugely value our supporters and their commitment to the London City Mission. Some have been supporting us for decades and others have joined the LCM family more recently. We are privileged to have their financial and prayer support.

We are grateful for every gift we receive from our donors, recognising that it is wholly their decision to support our work. We communicate our vision and objectives and invite individuals to join us in fulfilling this – we respect those who choose to partner with us, and those who don't. It is important to us that all gifts are given willingly – we will never pressurise or manipulate anyone to support the LCM. We take particular care with people in vulnerable circumstances, always ensuring that they are happy to make a gift. If there is any doubt about their intention or their mental capacity to give, we will not accept their donation.

To show our appreciation to donors, we seek to acknowledge all gifts to the LCM unless an individual prefers not to receive this. We do our best to give donors a sense of the difference their gifts are making through our communication materials, events and speaking engagements across the country. We also include an abridged version of our income and expenditure in our magazine so that our supporters know how their gifts are being used. We do all of this because we believe in transparency and accountability. We do this because, as partners with us in mission, we believe our donors deserve to be kept informed and updated about the impact of their support.

We always endeavour to communicate with those who have expressly indicated their interest in our work. We provide opportunities for individuals to sign up to receive communications from us in a way that suits them, and clear ways for them to be removed from our mailing lists.

We did not use commercial fundraisers in 2017 – all our fundraising was carried out by the LCM employees who sign up to our Statement of Faith and Conduct. We always seek to respond to any complaints from our supporters. This year we received two complaints – both supporters were happy with our response.

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

Statement on data protection

The London City Mission is committed to ensuring that all personal data is kept safe and used in a way that individuals have consented to and would reasonably expect. We aim to be clear about how we use all personal data and to give individuals a choice of what they would like to receive from us, which channels they receive this through and how often. We will also make it clear how people can stop receiving communications from us.

REPORT OF THE DIRECTORS for the year ended 31 December 2017

Last year, most of our head office team received training in Data Protection which served as a refresher for the current data protection laws and brought us up to speed with the new legislation, the European General Regulation on Data Protection (GDPR), which will come into force in May 2018. We also appointed a Data Protection Officer.

In preparation for GDPR, we have updated our Privacy and Data Protection policies. We have also conducted data audits across the organisation and written to people on our database to refresh consent and obtain details of their preferred communications options with the LCM. We have also added extra security to our IT network to ensure all personal data is secure, in line with industry standards.

Communications

In 2017, the London City Mission continued to share with supporters the need for this vital gospel ministry and the impact of their support. As well as producing a printed magazine four times a year, *Changing London*, and a quarterly prayer diary *Together*, we have continued to partner with PrayerMate to publish our daily prayer points in digital format too.

Digital channels are a key area of development for the LCM to communicate with both existing and future supporters. We have raised awareness of the Mission through online campaigns with various Christian media organisations, equipped people to pray in a timely and relevant way following major incidents across the capital last year, and launched a digital campaign called #bemywitnesses, which is designed to help envision the Church for the kind of ministry that the LCM is involved in. We continue to develop our online presence via a website (www.lcm.org.uk), social media platforms and a range of videos hosted on YouTube.

In addition, we have increased our presence at Christian conferences across the UK and Ireland, helping to raise awareness of who we are, what God is doing through us and how people can get involved.

Property

During 2017, 7 new properties were purchased for missionary and staff housing, and one for retired staff housing. 8 properties were sold during the year, as the LCM's property portfolio was made more appropriate for the strategic direction of the charity. Similarly, 5 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, £673k of rental income in 2017 has been reported as income from investments.

2018 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 serve the Church in reaching the least reached people of London.

Recruitment

The London City Mission was delighted to recruit into 24 outreach roles in 2017: seven as City Missionaries, one Team Leader, six City Challenge placements (one-year contract), one LCM Pioneer with six Pioneers returning for a second year, and three people on our City Vision gap year.

In addition to this, the LCM recruited a new Ministries Director and a Church Partnerships Director, filling vacancies created earlier in the year. The LCM also strengthened its ministry leadership team with the appointment of a new Field Director for East London, Imtiaz Khan, and a new Field Director for West London,

REPORT OF THE DIRECTORS for the year ended 31 December 201

Pamela Brown-Peterside. As part of our continued commitment to the health and wellbeing of our staff, the London City Mission also appointed a Health & Safety Manager in 2017.

1F. 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. However, to give an indication of what God is doing through this ministry, here are some key metrics from the year 2017:

Gospel Impact

- Over **4,300** people have heard the good news from an LCM mission worker for the first time.
- **104** people the LCM is working with professed faith in Jesus Christ last year.
- **630** people from the most difficult to reach communities have been integrated into a church.

2017 contained a number of significant ministry events and experiences.

Response to the Grenfell Tower fire

In June 2017, Grenfell Tower (a residential block in North Kensington) caught fire, causing the death of 71 people. In the days following the fire, the LCM worked together with The Message Trust and others to hold a day of prayer at Kensington Temple. While the Royal Borough of Kensington and Chelsea is one of the most affluent boroughs in the capital, Grenfell Tower was in a very deprived area of North Kensington. We have been planning and praying with local partners for the past couple of years about starting a ministry project in the area. We launched an emergency appeal in response to the fire and we are grateful to everyone who donated as it helped to meet some of the immediate needs of those affected through our partner, Latymer Community Church. Thanks to the generosity of supporters, we have also been able to place two missionaries on the ground in north Kensington, serving with local churches.

Community outreach in partnership with local churches

The London City Mission is passionate about serving and working in partnership with the local church and in doing so, enabling more people to hear the good news of Jesus. One of the ways we do this is by placing a missionary with a church. 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 workers from within the church membership to volunteer to work alongside them. 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. By training and equipping those in the church to reach out in this way in the long-term, the missionary will be able to hand over the work and move on to pioneer ministry elsewhere in London.

London City Mission Pioneers (LCMPs)

The London City Mission continues to run the Pioneer programme, as a way of addressing the challenge of providing training in biblical studies and mission to individuals from deprived backgrounds who have a love for Jesus and want to reach out to their own communities.

In 2017 we reviewed the programme, which was in its third year, and decided to pause recruitment so that the team could develop a second year to the programme. We will be launching the new two-year programme in 2018.

Training and church development

We give thanks for the many partnerships the Mission has with churches across the city and beyond, from a group of volunteers coming over from Northern Ireland to help with the refurbishment of our head office and the creation of a new purpose-built training suite, to a new youth work project in Brixton in partnership with the Ascension Trust.

In 2017, Caroline Millar joined the London City Mission as Church Development & Partnerships Director. Caroline has been building relationships and partnership with a variety of churches, church networks and other gospel organisations as together we seek to reach out with the good news of Jesus Christ.

The LCM wants to serve and equip the Church in London to reach out into their communities with the gospel. One way we do this is through our training resources and courses which are designed to equip Christians for evangelistic outreach in an urban context. In 2017, 34 churches received training in urban mission from the London City Mission. We also produced six 'How to...' guides to help Christians share Jesus in their communities – whether with people in their later years, by knocking on doors, reaching out to people who are marginalised, or learning how to share their testimony. Further titles are planned for this series over the next few years.

CITY VISION, CITY CHALLENGE AND URBAN TRACKCity 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 on from the successful LCM Pioneer programme, City Challenge offers a year-long contract with the LCM that enables participants to engage in further mission.

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 Centre developments

The London City Mission believes it is called to steward wisely the resources God has given to it and to use them for the purpose of gospel ministry in the city. We want to ensure we are directing these resources to the areas of greatest need and where we can, in God's strength, have the greatest impact.

The LCM has reviewed all our properties and identified up to 20 current or former Christian Centres where there is potential for greater missional gain. This means reviewing our leases, improving our facilities to offer greater benefit to the local community and potentially releasing value through developments, which can be invested in gospel work.

Christian Centres

The London City Mission operates ministry from various locations, including running 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 visiting, youth groups, Bible studies, lunch clubs for the over 50s, toddler groups, community drop-in projects and so forth.

Trading costs

The Trading Costs include the costs of trading of three London City Mission operations: a Christian bookshop, which is located in the head office on Tower Bridge Road, and two cafés, which operate as bases for ministry. These cafes saw significant growth in 2017.

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 more recently employed missionaries, the support of current retirees remains an important 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 cup of tea or coffee and 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 two transitional housing projects, one in Brixton and one in King's Cross. The projects provide supported tenancies for a period of up to two years to men who were previously sleeping rough.

1G. 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. According to CHAIN's 2017 Annual Report, there were around 8,100 people who slept rough in London in 2016/17. 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 transitional housing projects in Brixton and King's Cross: Hope Community Homes has capacity for eight residents and has office and communal spaces for residents to meet with support workers and enjoy social time together.

REPORT OF THE DIRECTORS for the year ended 31 December 2017

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, a City Missionary and his wife, who is employed as a Mission Associate, have developed a project to help young people understand the impact of knife crime and how forgiveness comes through the gospel. They have begun to work with local schools and run the course over a series of weeks, helping to break down the barriers and bravado that the young people put up.

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 specialised programme that sits alongside our long-running City Vision gap year 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 missionaries seek 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 radically changed with commercial and residential developments bringing new prosperity to the area. However, there are still many people in the area who are marginalised and need support. Our street population team in King's Cross are working with local churches to support vulnerable people by visiting areas where people gather and making sure people are cared for and receiving the support they need.

A significant number of our mission team work with people from a range of diverse cultures, ethnicities and nationalities. They offer English 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 in which we work. 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 them to events in the community. For some people, especially the elderly, these visits are a lifeline and help them to avoid loneliness and isolation.

1H. FINANCIAL REVIEW

Results for the year

Donation income rose by approximately eight per cent to £2.4 million in 2017 (£2.2 million in 2016). Legacies were strong in the year, with legacies received and receivable totalling £2.0m, up from £1.7m

the previous year. The total income figure is down, however, at £6.7m compared with £9.6m in 2016, as properties sold during the year generated a much smaller gain of £0.5m (compared with £3.9m in 2016).

Expenditure was in line with the LCM's growth plans, partly from recruiting more field staff, but also from the additional administrative support necessary to sustain a larger organisation (note 4). Total expenditure has thus grown from £8.1m in 2016 to £9.2m in 2017. It is also important to note that in 2016 the LCM clarified the definition of Investment Properties leading to many properties being recategorised and therefore revalued. This created an unrealised gain of £9.5m. In 2017, five properties were recategorised leading to an unrealised gain of £1.7m.

All of these factors combine to create a surplus for the year of £0.1m, made up of an underlying operating deficit (£2.5m) offset by unrealised property & investment gains (£2.1m) and actuarial gain on the defined benefit pension scheme (£0.5m). In line with this operating deficit, London City Mission's cash balances have reduced in the year by £1.0m from £2.1m in 2016 to £1.1m in 2017.

Investments

London City Mission's investment portfolio has decreased in 2017 to £25.0m (from £27.7m in 2016). This is due to the mobilisation of the property portfolio, as the LCM seeks to sell under-used assets and use the resources for a greater gospel impact. As such the LCM have sold £3.1m of investment properties in 2017. The LCM also drew down £2.0m from the investment and cash deposits, managed by Investec, to provide a working cashflow for property purchases. These movements, and other smaller movements, have seen our investment portfolio decrease by £2.7m during 2017.

Reserves policy

General reserves at the end of 2017 were £3.9m before provision for the pension deficit of £0.8m (2016 £5.5m before provision for the pension deficit of £1.3m). The directors have reviewed the general reserves policy and replaced it with one based on risk and the operational plans for 2018. Under the new policy the directors have set a general reserve target of between £4.0m and £5.0m. The directors are satisfied that the asset strategy, including the planned development of the LCM properties, is sufficient to bring general reserves back in line with the target in the long-term.

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 £0.8 million (£1.3m in 2016). The pension deficit is no longer covered by the General Reserves as the directors have designated an additional provision of £4.1m (£4.0m in 2016) to cover this risk.

11. PRINCIPAL RISKS AND UNCERTAINTIES

During 2017 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. Below are some of the key risks identified in 2017 and how the LCM is managing them.

Missionaries do not teach the gospel and/or lose their faith (operational risk)

A reduction in the ability of missionaries to meaningfully communicate the gospel would impact the ability of the LCM to fulfil its objects. In addition, it would have an adverse effect upon relations within the community,

supporter base and impact the LCM's standing within the evangelical community. This is being managed through the use of monthly impact reviews with our missionaries alongside our line management structure and appraisal system.

New recruits are required to subscribe to our Statement of Faith and Conduct and are thoroughly briefed on the LCM objectives. They also receive appropriate theological and practical training to help them in their areas of service. The LCM provides two years of training for new missionary recruits to ensure they are equipped appropriately. We recognise that ongoing training is important and provide this in a number of ways to our staff, including half-day training at our monthly Team Days.

Personal safety of field staff (operational risk)

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, Safeguarding, Personal Safety and where necessary Restraint and Removal. A buddy system is in place and 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.

Child or vulnerable adult abuse involving the LCM, or allegation (operational risk)

Many of our missionaries and other staff are working with young people and others are working with vulnerable adults. All staff working with vulnerable people 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 in place.

Failure to achieve fundraising targets (financial risk)

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 individuals, churches, trusts and businesses who support us. If our fundraising income is lower than expected, this will affect the plans we have for the Mission. We manage this by regularly reporting on and reviewing donation income and developing a strategy to maintain existing income and attract new support. We also seek to present a clear and compelling case for support for the LCM and the need for on-going partnership from our supporters. We have reviewed our fundraising resources and opportunities and we will continue to do this as part of our annual strategic review of fundraising targets and methods.

Reputational damage (communication risk)

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. Our values of Christ-like love and God-glorifying excellence reflect the fact that it is important to the London City Mission that the objects of the Mission are undertaken in a way which is loving and seeking excellence and the glorification of God.

If a situation were to arise which resulted in negative press coverage of the LCM's ministry, this could result in a loss of financial support and impact our reputation and ability to work in particular communities. We have a public relations plan to help us engage in a positive way with both the press and local communities.

1J. 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 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 sometimes struggle with the specialised needs of a diverse community. Whilst 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.

The Finance sub-committee of the LCM have reviewed a draft asset strategy covering the next decade and are preparing proposals for how the strategy might respond to different economic scenarios. The draft is based on delivering significant financial gains from the LCM's property resources, recurring legacy income consistent with historical gifts, above inflation growth in general donations and a substantial reduction in the LCMs underlying operating deficit. A property sub-committee of directors has been established to oversee the development of properties and to regularly assess the potential financial gain. Later in 2018, the LCM plans to carry out a review of its fundraising and potential legacy income to validate the economic assumptions. The LCM's clear objective is that the resources provided by God are stewarded wisely so that we can share the good news of Jesus in London for many years to come.

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 in this city who are least reached by the gospel. 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 more people will hear and understand the gospel message and give their lives to Christ as a result.

2. GOVERNANCE

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 the 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'.

REPORT OF THE DIRECTORS for the year ended 31 December 2017

Directors and professional advisors:

The directors are also the members of the London City Mission. The directors who served during the year were as follows:-

DIRECTOR	APPOINTMENT DATE
Carolyn Louise Ash	May 2007
Elizabeth Doris Bridger	November 2002 (resigned September 2017)
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
Nigel Graham Parrington	May 2016
Marcia Shields	March 2015

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 100 Fenchurch Street London EC3M 5JD
Insurance advisors:	Arthur J Gallagher Newater House 11 Newhall Street Birmingham B3 3NY

Pension advisors: JLT Employee Benefits
Centre Court
1b Knoll Rise
Orpington
Kent
BR6 OJA

Registered auditors: Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

2A. GOVERNANCE OF THE LONDON CITY MISSION

The Board of the LCM has met on eight occasions during the year, among other things to establish overall strategy and policy, to determine matters of principle, deal with financial planning 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 Chief Executive Officer is appointed by the Board and, together with his senior management team, manages the day to day operations of the London City Mission. Management decisions are relayed to field staff through four Field Directors, with support from Team Leaders. Communications with all employees are maintained through regular meetings, monthly Team Days, staff newsletters, annual appraisals and mid-year reviews, e-mail and written documentation.

The LCM is aware the forthcoming Charity Governance Code and will report on it next year.

2B. 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 31st December 2017, an asset purchased from the 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.

2C. MANAGEMENT STRUCTURE

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

REPORT OF THE DIRECTORS for the year ended 31 December 2017

Members of the LCM's Leadership Team are as follows:

Chief Executive Officer: Graham Miller

Director of Church Development & Partnerships: Caroline Millar, appointed August 2017

Director of Communications & Programmes: Johanna Sutton

Director of Finance: Nicholas Allenson

Director of Human Resources: Judith Lace

Director of Ministries: Duncan Cuthill, resigned July 2017; Ibitayo Arikawe, appointed September 2017

Director of Studies and Deputy CEO: Alan Black

Director of Training & Mentoring: Helen Thorne

Board members

No new members joined the Board of Directors in 2017. When new members join the Board, they are provided with key Board documents such as annual reports, Articles of Association, and strategic future plans.

2D. PAY POLICY FOR SENIOR STAFF

The Board of Directors 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 Officer and Director of Human Resources, and approved by the HR sub-committee of the Board, with reference to levels of responsibility and rates of remuneration in charities of similar size and objects. The Chief Executive Officer's salary and benefits are set by the Board of the London City Mission. 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.

2E. 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 Statement Of Recommended Practice (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.

2F. AUDITORS

A resolution to re-appoint Kingston Smith as auditors to the LCM will be proposed to the members.

2G. 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.



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

MARK D HARDING, CHAIRMAN OF THE BOARD

21 May 2018

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

OPINION

We have audited the financial statements of The London City Mission for the year ended 31 December 2017 which comprise Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 group and parent charitable 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 and sufficient 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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

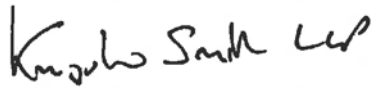
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Date 13 June 2018



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

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 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £	2016 Total £
INCOME						
Voluntary income						
Donations		2,026,574	350,752	-	2,377,326	2,191,542
Legacies		1,957,204	10,000	-	1,967,204	1,748,752
Income from investments	2	880,879	20,402	39,660	940,941	914,438
Income from charitable activities						
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres		330,263	161,212	-	491,475	369,392
Income from other trading activities						
Rents		448,139	-	-	448,139	528,668
Other income						
Net gain on sale of tangible fixed assets		453,860	-	-	453,860	3,875,301
TOTAL INCOME		6,096,919	542,366	39,660	6,678,945	9,628,093
Expenditure on raising funds						
Management of rented properties		452,243	-	-	452,243	402,938
Fundraising and supporter relations		728,092	-	-	728,092	621,244
Investment management fees		10,141	-	-	10,141	-
		1,190,476	-	-	1,190,476	1,024,182
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES						
		4,906,443	542,366	39,660	5,488,469	8,603,911

EXPENDITURE ON CHARITABLE ACTIVITIES						
Mission activities		4,304,340	255,809	39,660	4,599,809	4,059,549
LCM Pioneers		346,427	27,020	-	373,447	405,624
Training and church development		154,334	-	-	154,334	148,687
City Vision, City Challenge and Urban Track		327,109	-	-	327,109	267,114
Christian Centre developments		41,611	-	-	41,611	81,422
Christian Centres		1,425,796	-	-	1,425,796	949,712
Trading costs at cafés, HQ Bookroom and at Christian Centres		231,721	-	-	231,721	146,256
Retirement housing and other costs		1,607	246,459	-	248,066	279,113
Relief to the needy		27,738	514,685	-	542,423	692,697
Hope Community Homes		1,756	73,842	-	75,598	92,769
TOTAL CHARITABLE EXPENDITURE		6,862,439	1,117,815	39,660	8,019,914	7,122,943
TOTAL EXPENDITURE	3	8,052,915	1,117,815	39,660	9,210,390	8,147,125
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES						
		(1,955,996)	(575,449)	-	(2,531,445)	1,480,968
Realised net gains on investments	6	359,773	29,974	55,655	445,402	370,921
Unrealised gains/(losses) on investments	6	1,676,145	1,367	6,001	1,683,513	9,467,859
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS						
		79,922	(544,108)	61,656	(402,530)	11,319,748

GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £	2016 Total £
INCOME						
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		79,922	(544,108)	61,656	(402,530)	11,319,748
Transfer between funds	12	(604,771)	604,771	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS		(524,849)	60,663	61,656	(402,530)	11,319,748
Actuarial (losses)/gains on defined benefit pension scheme	9	550,000	-	-	550,000	(609,000)
NET MOVEMENT IN FUNDS		25,151	60,663	61,656	147,470	10,710,748
RECONCILIATION OF FUNDS						
Total funds brought forward		53,817,581	1,468,382	1,083,083	56,369,046	45,658,298
FUND BALANCES CARRIED FORWARD		53,842,732	1,529,045	1,144,739	56,516,516	56,369,046

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.

A Statement of Financial Activities for the Charity only is shown in Note 23 to the accounts.

GROUP & PARENT BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
FIXED ASSETS					
Tangible fixed assets	5a	29,417,859	26,413,549	29,417,859	26,413,549
Intangible fixed assets	5b	71,901	-	71,901	-
Investments	6	24,969,376	27,655,454	24,969,376	27,655,454
		54,459,136	54,069,003	54,459,136	54,069,003
CURRENT ASSETS					
Stocks		3,698	6,596	3,698	6,596
Debtors	7	1,125,212	518,854	1,153,337	518,854
Property awaiting sale		1,188,000	1,188,000	1,188,000	1,188,000
Cash at bank and in hand		1,071,498	2,103,429	1,064,795	2,103,429
		3,388,408	3,816,879	3,409,830	3,816,879
LIABILITIES					
Amounts falling due within one year	8	(562,028)	(231,836)	(559,568)	(231,836)
NET CURRENT ASSETS		2,826,380	3,585,043	2,850,262	3,585,043
Amounts falling due in more than one year		-	-	-	-
PENSION LIABILITY	9	(769,000)	(1,285,000)	(769,000)	(1,285,000)
NET ASSETS		56,516,516	56,369,046	56,540,398	56,369,046
FUNDS					
Designated funds	11	50,665,640	49,557,255	50,665,640	49,557,255
General reserve	12	3,946,092	5,545,326	4,030,637	5,545,326
Pension deficit		(769,000)	(1,285,000)	(769,000)	(1,285,000)
UNRESTRICTED FUNDS		53,842,732	53,817,581	53,927,277	53,817,581
RESTRICTED FUNDS	13	1,529,045	1,468,382	1,468,382	1,468,382
ENDOWMENT FUNDS	14	1,144,739	1,083,083	1,144,739	1,083,083
TOTAL FUNDS		56,516,516	56,369,046	56,540,398	56,369,046

Approved and authorised by the Board on 21 May 2018 and signed on its behalf by:



Mark D Harding,
Chairman of the Board



Richard Godden,
Chair of the Finance Subcommittee

The notes on pages 26 to 44 form part of these accounts.

GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash used in operating activities	(3,772,146)	(1,278,196)
Cash flows from investing activities:		
Dividends, interest and rents from investments	940,941	914,438
Proceeds from sale of tangible fixed assets	2,422,128	4,572,174
Purchase of tangible fixed assets	(5,663,454)	(5,017,448)
Purchase of intangible fixed assets	(71,901)	-
Sale of fixed asset investments	10,787,775	6,102,222
Purchase of fixed asset investments	(5,675,274)	(4,204,850)
Net cash provided by investing activities	2,740,215	2,366,536
Increase in cash and cash equivalents	(1,031,931)	1,088,340

NOTES TO CASH FLOW STATEMENT

	2017 £	2016 £	
1. Reconciliation of net income for the year to net cash outflow from continuing operating activities			
Net income	(402,530)	11,319,748	
Investment income	(940,941)	(914,438)	
Gain on disposal of tangible fixed assets	(453,860)	(3,875,301)	
Realised (gains)/losses on investments	(445,402)	(370,921)	
Unrealised (gains)/losses on investments	(1,683,513)	(9,467,859)	
Depreciation on tangible fixed assets	393,368	341,421	
Impairment of property awaiting sale	-	-	
Decrease/(increase) in stocks	2,898	(3,942)	
Pension fund charge	34,000	470,000	
Decrease/(increase) in debtors	(606,358)	1,355,279	
(Decrease)/increase in creditors	330,192	(132,183)	
Net cash outflow from operating activities	(3,772,146)	(1,278,196)	
2. Analysis of changes in cash and cash equivalents during the year			
	1 Jan 2017 £	Change in year £	31 Dec 2017 £
Increase in cash and cash equivalents	2,103,429	(1,031,931)	1,071,498

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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) Intangible fixed assets and amortisation

Costs related to a new CRM database have been capitalised as an intangible asset in development. Software is amortised over a useful economic life of 7 years, once it has entered into use. This is scheduled to be in 2018.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

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

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

(k) 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.

(l) Rent receivable

Rents receivable are accounted for on an accruals basis.

(m) 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.

(n) 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.

(o) 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.

(p) Leases

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

(q) 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.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

2 INVESTMENT INCOME

	2017 £	2016 £
GROUP AND CHARITY		
Income from listed investments	219,580	301,710
Income from other investments	-	-
Income from deposits	48,556	11,138
Income from investment properties	672,805	601,590
	940,941	914,438

3 ANALYSIS OF RESOURCES EXPENDED

GROUP	Staff Costs £	Other £	Dep'n £	Total 2017 £	Total 2016 £
Expenditure on raising funds	311,837	837,654	40,985	1,190,476	1,024,182
Charitable expenditure	4,799,509	2,868,022	352,383	8,019,914	7,122,943
	5,111,346	3,705,676	393,368	9,210,390	8,147,125

CHARITY	Staff Costs £	Other £	Dep'n £	Total 2017 £	Total 2016 £
Expenditure on raising funds	311,837	828,772	40,985	1,181,594	1,024,182
Charitable expenditure	4,799,509	2,862,022	352,383	8,013,914	7,122,943
	5,111,346	3,690,794	393,368	9,195,508	8,147,125

INCLUDED IN BOTH GROUP AND CHARITY ABOVE:	2017 £	2016 £
Audit fees net of VAT	18,280	17,750
Support costs (Note 20)	3,263,173	2,785,091

4 STAFF COSTS

GROUP AND CHARITY	2017 £	2016 £
Salaries	4,323,950	3,787,376
Social Security	376,217	317,246
Redundancy Costs	-	-
Pension and Life Insurance	411,179	377,641
	5,111,346	4,482,263

The only member of the Board who is remunerated is Graham Miller, the Chief Executive, and his total emoluments for 2017 were £50,191 (2016 £49,450). Pension contributions of £6,818 (2016 £6,725) were also paid on his behalf. He also receives rent-free accommodation in his role as Chief Executive. Expenses reimbursed amounted to £nil (2016 £nil). Two Board members reclaimed travel expenses of £544 (2016 £621), and a leaving gift was purchased for one trustee costing £38.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

STAFF COSTS (CONT.)	2017	2016
Field staff - evangelists	109	101
City Vision team	3	3
Urban Track (volunteers)	1	1
Other Christian Centre staff	41	39
Maintenance staff	2	2
Support and administration staff	41	36
	197	182

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

	2017	2016
£60,000 to £69,999	-	-

Emoluments for the Leadership Team in 2017 were as shown below. The composition of the Leadership Team is set out in the Directors' Report on Page 16. The figures below are the total cost to the LCM, including gross salaries, benefits in kind, and employer's pension contributions.

	2017	2016
	£	£
Key management emoluments	406,945	364,480

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

5A. TANGIBLE FIXED ASSETS

Group and charity	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation					
at 1 January 2017	22,642,132	4,234,887	451,563	351,543	27,680,125
Transfers	(754,922)	430,000	-	-	(324,922)
Additions	5,532,390	-	131,064	-	5,663,454
Disposals	(1,541,459)	(482,706)	-	-	(2,024,165)
at 31 December 2017	25,878,141	4,182,181	582,627	351,543	30,994,492
Depreciation					
at 1 January 2017	593,140	122,859	239,764	310,813	1,266,576
Dep'n eliminated on disposal	(46,244)	(9,653)	-	-	(55,897)
Dep'n elim on trf to investment prop	(27,414)	-	-	-	(27,414)
Charge for period	262,306	52,306	68,572	10,184	393,368
at 31 December 2017	781,788	165,512	308,336	320,997	1,576,633
Net book values					
at 31 December 2017	25,096,353	4,016,669	274,291	30,546	29,417,859
at 31 December 2016	22,048,992	4,112,028	211,799	40,730	26,413,549

The net book value at 31 December 2017 represents fixed assets used for the following:

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
<u>Direct Charitable Purposes</u>					
Headquarters and training hostel	1,974,135	-	24,892	30,546	2,029,573
Christian Centres	2,935,947	122,692	42,891	-	3,101,530
Nasmith Court	1,080,077	-	2,733	-	1,082,810
Staff housing	12,791,470	3,055,116	131,354	-	15,977,940
Retirement housing	3,814,859	378,861	12,626	-	4,206,346
Tenanted	2,499,865	460,000	59,795	-	3,019,660
	25,096,353	4,016,669	274,291	30,546	29,417,859

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

5B. INTANGIBLE FIXED ASSETS

Group and charity	Software £
Cost or valuation	
at 1 January 2017	-
Additions	71,901
Disposals	-
at 31 December 2017	71,901
Amortisation	
at 1 January 2017	-
Amortisation eliminated on disposal	-
Charge for period	-
at 31 December 2017	-
Net book values	
at 31 December 2017	71,901
at 31 December 2016	-

6. FIXED ASSET INVESTMENTS

Group and charity	Investec £	Cash and COIF £	Property £	Total £
Valuation at 1 January 2017	7,203,069	2,147,140	18,305,245	27,655,454
Additions	493,184	5,182,090	-	5,675,274
Disposals	(1,720,595)	(5,964,375)	(3,102,805)	(10,787,775)
Transfers from Fixed Assets	-	-	297,508	297,508
Net realised gains	385,821	(480)	60,061	445,402
Net unrealised (losses)/gains	28,913	7,109	1,647,492	1,683,513
Valuation at 31 December 2017	6,390,392	1,371,483	17,207,501	24,969,376
Cost at 31 December 2017	4,836,355	1,255,880	5,905,134	11,997,369

The LCM holds a wide range of investments managed by Investec and with COIF. At year end 17% (2016 10%) are overseas investments and 14% (2016 21%) 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. In April 2016, the London City Mission assigned the capital overage rights in respect of a property development 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 subject to an impairment provision to £nil at the end of 2016, while a provision has been made in the parent company against the repayment of the intercompany loan. The impairment provision was reviewed at 31st December 2017 and remained unchanged.

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 historic cost.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

7. DEBTORS

	2017 Group £	2016 Group £	2017 Charity £	2016 Charity £
Cash due from legacies	897,030	294,500	897,030	294,500
Cash due from stockbrokers	25,489	35,629	25,489	35,629
Staff loans and season tickets	34,140	28,657	34,140	28,657
Gift Aid tax recoverable	37,943	18,638	37,943	18,638
Insurance premiums prepaid	40,099	78,636	40,099	78,636
Pension costs prepaid	10,080	9,739	10,080	9,739
Ministry prepayment	-	36,517	-	36,517
Other prepayments	13,629	-	13,629	-
Intercompany balances	-	-	29,000	-
Other debtors	66,802	16,538	65,927	16,538
	1,125,212	518,854	1,153,337	518,854

8. CREDITORS

Amounts falling due within one year:

	2017 Group £	2016 Group £	2017 Charity £	2016 Charity £
Accruals	301,338	27,957	301,338	27,957
Trade creditors	161,053	104,323	158,593	104,323
Rent deposits & deferred rent receivable	93,897	91,336	93,897	91,336
Life assurance scheme	4,044	4,044	4,044	4,044
Property development	-	-	-	-
Other	1,696	4,176	1,696	4,176
	562,028	231,836	559,568	231,836

9. PENSION COMMITMENTS – GROUP AND CHARITY

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.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

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 LCM Trustees will agree the future funding based on a revised formal valuation of the scheme as at 31 May 2017 during 2018.

The actuary has carried out a further full valuation of the scheme as at 31 December 2017 to produce the information required under FRS 102 – Section 28 Disclosure Report.

The assets in the scheme were:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Equities	519	2,942	2,850	3,622
Bonds and gilts	3,145	1,327	1,429	1,886
Diversified growth funds	518	-	-	-
Cash	356	92	1,193	96
Insured pensioners	6,676	6,760	5,626	5,663
Total market value of assets	11,214	11,121	11,098	11,267
Present value of scheme liabilities	(11,983)	(12,406)	(11,304)	(11,791)
Deficit at 31 December	(769)	(1,285)	(206)	(524)

Analysis of the amounts charged to resources expended would be:

	2017 £'000	2016 £'000
Expenses	-	-

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

Interest on pension scheme liabilities	(330)	(385)
Expected return on pension scheme assets	296	361
Losses on settlements	-	(446)
	(34)	(470)

Analysis of actuarial loss:

Difference between actual and assumed return on asset	140	1,809
Experience (loss) on obligations	462	123
Change of basis gain/(loss) on obligations	(52)	(2,541)
Actuarial gain/(loss) on obligations	550	(609)

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

	2017	2016
	£'000	£'000
Movement in deficit during the year:		
Deficit at 1 January 2017	(1,285)	(206)
Expenses	-	-
Contributions	-	-
Pension finance income	(34)	(470)
Actuarial gain/(loss)	550	(609)
Deficit at 31 December 2017	(769)	(1,285)

	2017	2016	2015	2014
	£'000	£'000	£'000	£'000
History of experience gains and losses				
Difference between the expected and actual return on scheme assets				
amount	140	1,809	(281)	60
percentage of scheme assets	1.2%	16.3%	(2.5%)	0.3%
Experience gain/(loss) on obligations				
amount	462	123	167	7
percentage of scheme liabilities	3.9%	1.0%	1.5%	0.1%
Total actuarial gain/(loss)				
amount	550	(609)	337	(1,441)
percentage of scheme liabilities	4.6%	(4.9%)	3.0%	(12.4%)

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.

	31 December	31 December
	2017	2016
	£'000	£'000
Changes in the present value of the obligation and in the fair values of assets		
Present value of obligation at beginning of year	12,406	11,304
Interest cost	330	385
Benefits paid	(343)	(294)
Charges paid	-	-
Actuarial (gain)/loss	(410)	2,418
Liabilities extinguished on settlements	-	(1,407)
Present value of obligation at end of year	11,983	12,406

	31 December	31 December
	2017	2016
	£'000	£'000
Fair value of scheme assets at beginning of year	11,121	11,098
Expected return on scheme assets	296	361
Contributions	-	-
Benefits paid	(343)	(294)
Actuarial gain/(loss) on scheme assets	140	1,809
Assets distributed on settlements	-	(1,853)
Fair value of scheme assets at end of year	11,214	11,121

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

10. TAXATION

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

11. DESIGNATED FUNDS

Group and Charity	Balance	Disposals	Trfs	Additions	Dep'n	Balance
	1 Jan 2017					31 Dec 2017
	£	£	£	£	£	£
Headquarters, Nasmith Court, retirement, holiday homes and other properties and vehicles	6,587,573	(54,320)	223,857	287,645	(92,746)	6,952,009
Missionary and staff housing	12,775,162	(1,913,947)	12,437	5,302,336	(198,048)	15,977,940
Hope Community Homes	1,450,410	-	-	-	(14,690)	1,435,720
New missionary housing	1,500,000	(1,500,000)	-	555,000	-	555,000
Tenanted properties	2,101,412	-	(533,802)	52,558	(36,228)	1,583,940
Christian Centres	2,837,453	-	-	20,917	(44,840)	2,813,530
Investment property	5,690,298	(505,877)	720,713	-	-	5,905,134
Revaluation fund	12,614,947	(2,509,453)	(423,205)	1,620,078	-	11,302,367
Pension deficit	4,000,000	-	-	140,000	-	4,140,000
	49,557,255	(6,483,597)	-	7,978,534	(386,552)	50,665,640

The remaining value of Fixed Assets totalling £654,720 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

At 31 December 2017, there was one property intended for missionary housing that was under offer. This is represented in the New Missionary Housing designated fund.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

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 2016 there were 39 properties considered to be Investment Properties. In 2017, that number has changed to 38.

Revaluation Fund

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

Pension deficit

The LCM Finance subcommittee has reviewed the draft triennial actuarial valuation of the closed DB pension scheme and have designated £4.1m (£4.0m in 2016) to eliminate the deficit at a time in the future dependent on the considerations of the Board, including, but not limited to, prevailing market conditions.

12. GENERAL FUNDS

Group	Balance 1 Jan 2017 £	Net movement £	Balance 31 Dec 2017 £
General reserve less pension deficit	4,260,326	(1,083,235)	3,177,092

Charity	Balance 1 Jan 2017 £	Net movement £	Balance 31 Dec 2017 £
General reserve less pension deficit	4,260,326	(998,689)	3,261,637

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

13. RESTRICTED FUNDS

Group and Charity	Balance 1 Jan 2017 £	Income £	Gains on investments £	Expenses £	Trf from General reserve £	Balance 31 Dec 2017 £
Guaranteed payments	-	161,212	-	(161,212)	-	-
LCM Pioneers	-	27,020	-	(27,020)	-	-
Retired fund	370,540	-	-	(246,459)	242,639	366,720
Holiday homes fund	606,819	20,403	31,341	-	-	658,563
Relief fund	291,000	263,923	-	(629,055)	362,132	288,000
Evangelism in Bermondsey	92,434	10	-	(22,810)	-	69,634
Restricted Christian Centre fund	-	17,378	-	(16,971)	-	407
Restricted ministry fund	107,589	52,420	-	(14,288)	-	145,721
	1,468,382	542,366	31,341	(1,117,815)	604,771	1,529,045

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.

A 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.

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

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

Group and charity	Balance 1 Jan 2017 £	Net movement £	Balance 31 Dec 2017 £
Perpetual trusts	1,083,083	61,656	1,144,739

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:

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 £	2016 £
Tangible fixed assets	28,763,139	654,720	-	29,417,859	26,413,549
Intangible fixed assets	71,901	-	-	71,901	-
Investments	23,237,537	587,100	1,144,739	24,969,376	27,655,454
Current assets	3,101,183	287,225	-	3,388,408	3,816,879
Current liabilities	(562,028)	-	-	(562,028)	(231,836)
Pension liability	(769,000)	-	-	(769,000)	(1,285,000)
Total net assets	53,842,732	1,529,045	1,144,739	56,516,516	56,369,046

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 £	2016 £
Tangible fixed assets	28,763,139	654,720	-	29,417,859	26,413,549
Intangible fixed assets	71,901	-	-	71,901	-
Investments	23,237,537	587,100	1,144,739	24,969,376	27,655,454
Current assets	3,183,268	226,562	-	3,409,830	3,816,879
Current liabilities	(559,568)	-	-	(559,568)	(231,836)
Pension liability	(769,000)	-	-	(769,000)	(1,285,000)
Total net assets	53,927,277	1,468,382	1,144,739	56,540,398	56,369,046

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

16. PRIOR YEAR COMPARATIVE FUNDS – INCOMING AND OUTGOING RESOURCES – GROUP AND CHARITY

	Unrestricted funds £	Restricted funds £	Endowment funds £	2016 Total £
INCOME				
Voluntary income				
Donations	1,861,907	329,635	-	2,191,542
Legacies	1,645,883	102,869	-	1,748,752
Income from investments	825,869	42,088	46,481	914,438
Income from charitable activities				
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres	262,831	106,561	-	369,392
Income from other trading activities				-
Rents	528,668	-	-	528,668
Other income				
Net gain on sale of tangible fixed assets	3,875,301	-	-	3,875,301
TOTAL INCOME	9,000,459	581,153	46,481	9,628,093
Expenditure on raising funds				
Management of rented properties	391,047	11,891	-	402,938
Fundraising and supporter relations	621,244	-	-	621,244
	1,012,291	11,891	-	1,024,182
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES	7,988,168	569,262	46,481	8,603,911
EXPENDITURE ON CHARITABLE ACTIVITIES				
Mission activities	3,801,679	211,389	46,481	4,059,549
LCM Pioneers	353,391	52,233	-	405,624
Training and church development	148,097	590	-	148,687
City Vision, City Challenge and Urban Track	267,114	-	-	267,114
Christian Centre developments	81,422	-	-	81,422
Christian Centres	949,712	-	-	949,712
Trading costs at cafés, HQ Bookroom and at Christian Centres	146,256	-	-	146,256
Retirement housing and other costs	58,872	220,241	-	279,113
Relief to the needy	303,973	388,724	-	692,697
Hope Community Homes	55,879	36,890	-	92,769
TOTAL CHARITABLE EXPENDITURE	6,166,395	910,067	46,481	7,122,943
TOTAL EXPENDITURE	7,178,686	921,958	46,481	8,147,125
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES				
	1,821,773	(340,805)	-	1,480,968
Realised net gains on investments	317,160	18,819	34,942	370,921
Unrealised gains/(losses) on investments	9,413,590	17,491	36,778	9,467,859
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	11,552,523	(304,495)	71,720	11,319,748
Transfer between funds	(418,931)	418,931	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS	11,133,592	114,436	71,720	11,319,748
Actuarial (losses)/gains on defined benefit pension scheme	(609,000)	-	-	(609,000)
NET MOVEMENT IN FUNDS	10,524,592	114,436	71,720	10,710,748
RECONCILIATION OF FUNDS				
Total funds brought forward	43,292,989	1,353,946	1,011,363	45,658,298
FUND BALANCES CARRIED FORWARD	53,817,581	1,468,382	1,083,083	56,369,046

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

17. CAPITAL AND OTHER COMMITMENTS

There are no capital commitments as at 31 December 2017.

18. POST BALANCE SHEET EVENTS - PROPERTY AWAITING SALE

As at 31 December 2017 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 – GROUP AND CHARITY

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

	2017 £	2016 £
Within one year	17,818	11,340
Between two and five years	52,906	33,512
In more than five years	-	-
	70,724	44,852

20. SUPPORT COSTS

	HQ staff £	HR, IT, and premises £	Pension and life insurance £	Total £
Group and charity				
Management of rented properties	90,698	8,330	10,280	109,308
Fundraising and supporter relations	431,417	17,538	27,276	476,231
Mission activities	432,853	641,925	224,200	1,298,978
Christian Centres	146,040	253,536	87,982	487,558
Retirement housing	48,922	2,862	2,875	54,659
City Vision and City Challenge	64,079	51,045	87	115,211
Relief to the needy	104,430	150,881	51,984	307,295
Development of Christian Centres	30,774	1,736	2,701	35,211
LCM Pioneers	94,968	63,026	21,715	179,709
Training and church development	96,556	42,972	14,806	154,334
Hope Community Homes	31,839	9,549	3,291	44,679
Total	1,572,576	1,243,400	447,197	3,263,173

Allocable costs

	£	£
HQ staff		1,572,576
IT, HR, office supplies	169,122	
Departmental costs	333,764	
Insurance	118,415	
Premises	622,099	
		1,243,400
Pension and life insurance		447,197
		3,263,173

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 £41,208 (2016 £45,976).

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

23. CHARITY STATEMENT OF FINANCIAL ACTIVITIES

The below Charity Statement of Financial Activities relates to the Charity only, and so excludes the activities of the subsidiary undertaking.

	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £	2016 Total £
INCOME					
Voluntary income					
Donations	2,026,574	350,752	-	2,377,326	2,191,542
Legacies	1,957,204	10,000	-	1,967,204	1,748,752
Income from investments	880,879	20,402	39,660	940,941	914,438
Income from charitable activities					
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres	330,263	161,212	-	491,475	369,392
Income from other trading activities					
Rents	448,139	-	-	448,139	528,668
Other income					
Management fee	9,000	-	-	9,000	-
Net gain on sale of tangible fixed assets	453,860	-	-	453,860	3,875,301
TOTAL INCOME	6,105,919	542,366	39,660	6,687,945	9,628,093
Expenditure on raising funds					
Management of rented properties	443,361	-	-	443,361	402,938
Fundraising and supporter relations	728,092	-	-	728,092	621,244
Investment management fees	10,141	-	-	10,141	-
	1,181,594	-	-	1,181,594	1,024,182
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES	4,924,325	542,366	39,660	5,506,351	8,603,911
EXPENDITURE ON CHARITABLE ACTIVITIES					
Mission activities	4,298,840	255,809	39,660	4,594,309	4,059,549
LCM Pioneers	346,427	27,020	-	373,447	405,624
Training and church development	154,334	-	-	154,334	148,687
City Vision, City Challenge and Urban Track	327,109	-	-	327,109	267,114
Christian Centre developments	41,111	-	-	41,111	81,422
Christian Centres	1,425,796	-	-	1,425,796	949,712
Trading costs at cafés, HQ Bookroom and at Christian Centres	231,721	-	-	231,721	146,256
Retirement housing and other costs	1,607	246,459	-	248,066	279,113
Relief to the needy	27,738	514,685	-	542,423	692,697
Hope Community Homes	1,756	73,842	-	75,598	92,769
TOTAL CHARITABLE EXPENDITURE	6,856,439	1,117,815	39,660	8,013,914	7,122,943
TOTAL EXPENDITURE	8,038,033	1,117,815	39,660	9,195,508	8,147,125
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES	(1,932,114)	(575,449)	-	(2,507,563)	1,480,968
Realised net gains on investments	359,773	29,974	55,655	445,402	370,921
Unrealised gains/(losses) on investments	1,676,145	1,367	6,001	1,683,513	9,467,859
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	103,804	(544,108)	61,656	(378,648)	11,319,748

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2017

	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £	2016 Total £
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	103,804	(544,108)	61,656	(378,648)	11,319,748
Transfer between funds	(604,771)	604,771	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS	(500,967)	60,663	61,656	(378,648)	11,319,748
Actuarial (losses)/gains on defined benefit pension scheme	550,000	-	-	550,000	(609,000)
NET MOVEMENT IN FUNDS	49,033	60,663	61,656	171,352	10,710,748
RECONCILIATION OF FUNDS					
Total funds brought forward	53,817,581	1,468,382	1,083,083	56,369,046	45,658,298
FUND BALANCES CARRIED FORWARD	53,866,614	1,529,045	1,144,739	56,540,398	56,369,046



London City Mission is a company limited by guarantee. Registered in England and Wales, No. 4284615.
Registered Charity No. 247186.

Tel: 020 7407 7585 | 175 Tower Bridge Road, LONDON SE1 2AH



Web:
www.lcm.org.uk



Email:
enquiries@lcm.org.uk



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