



THE LONDON CITY MISSION

ANNUAL REPORT & FINANCIAL STATEMENTS

for year ended 31 December 2015

Company Number – 4284615

Charity Number – 247186

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CONTENTS

PAGE

Report of the Directors (incorporating the Strategic Report)	1
Independent Auditors' Report	16
Statement of Financial Activities	18
Balance Sheet	20
Cashflow Statement	21
Notes to the Accounts	22

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

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 Articles of Association. Incorporated on 10 September 2001, the company took on the charitable activities, assets and liabilities of London City Mission, an unincorporated association and registered charity (Charity Number 247186), on 1 January 2003.

The Company operates under the working name 'London City Mission'.

DIRECTORS & PROFESSIONAL ADVISORS

The Directors, who act as Trustees of the London City Mission, who are also members and served during the year, were as follows -

DIRECTOR**APPOINTMENT DATE**

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 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
114 Fenchurch Street
London
EC3P 3HY

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 0JA

Registered auditors

BDO LLP
55 Baker Street
London
W1U 7EU

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

1. GOVERNANCE

1a. Management of the London City Mission (LCM)

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

1b. Subsidiary Companies

The London City Mission Trust exists solely to hold properties and securities as nominee on behalf of the LCM. It has an issued share capital of 181 £4 shares, 50p partly paid, of which the LCM has 170 shares and London City Mission Services Limited has the remaining 11 shares. London City Mission Services Limited, a fully owned subsidiary of 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 was set up as a subsidiary of LCM. It is anticipated that this company will not commence trading until late 2016.

1c. Management Structure

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

MEMBERS OF LCM'S LEADERSHIP TEAM

CHIEF EXECUTIVE OFFICER - Graham Miller

CHIEF OPERATING OFFICER - Nigel Pollard, resigned December 2015

DIRECTOR OF CHURCH DEVELOPMENT - Roy Hutchinson

DIRECTOR OF MINISTRIES - Duncan Cuthill

DIRECTOR OF PERSONNEL - Judith Lace

DIRECTOR OF SUPPORTER RELATIONS AND FUNDRAISING - Stuart Noble, resigned January 2016

DIRECTOR OF TRAINING AND RECRUITMENT - Alan Black

DIRECTOR OF COMMUNICATIONS AND PROGRAMMES - Johanna Sutton, appointed February 2016

DIRECTOR OF FINANCE - Nicholas Allenson, appointed March 2016

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

BOARD MEMBERS

In March 2015 four new Directors were appointed and welcomed to the Board, being Marcia Shields, Andrew Burkinshaw, Ewen McAlpine and John Richard Bulmer. During 2015 two Board members resigned, Mr Gerry Moscrop and Mr Paul Evans. The Board would like to record its sincere thanks and appreciation for the service provided by Gerry and Paul and wish them God's blessings upon themselves and their families. Nigel Parrington has joined the Board since the year end, in May 2016.

1d. Pay Policy for Senior Staff

The Board of Directors, who are the LCM's Trustees, and the senior leadership team comprise the key management personnel of the LCM in charge of directing and controlling, running and operating the LCM on a day to day basis. All Directors, with the exception of the Chief Executive Officer, give of their time freely and received no remuneration in the year. Details of Directors' expenses are disclosed in Note 4 to the accounts, and related party transactions in Note 22.

The pay of the senior staff on the leadership team is reviewed annually and normally increased in accordance with the increase in the retail price index. Details are disclosed in Note 4 to the accounts.

1e. Directors' Responsibilities

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

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

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

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

1f. Auditors

A resolution to re-appoint BDO LLP as auditors to the LCM will be proposed to the members.

1g. Directors' Statement

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

2. STRATEGIC REPORT

2a. Aims and Objectives of the London City Mission

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

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

2b. Strategies Adopted and Activities Undertaken to Achieve the Aims and Objectives

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

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

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

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

- Employing and training Christians with appropriate gifts in urban mission;
- Identifying a particular geographical district, or some other defined group of people to whom the LCM staff member is to confine his or her ministry;
- Going to people where they live;
- Relating sensitively and respectfully to individuals of all backgrounds, beliefs and lifestyles, and extending practical care in the particular needs and situations they are experiencing, and earning their respect and friendship by patient, long-term ministry;

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

- Taking every opportunity to explain, defend and commend the Christian message of salvation through Jesus Christ;
- Encouraging and assisting those who respond positively to this message to become active members of the caring community that is a congregation of the Christian Church.

2c. Values

In 2015 the London City Mission developed a set of values which shape the way we work and relate with each other, with the church and with the people and communities we engage with.

The values are:

- **ROOTED IN CHRIST** - We are prayerfully dedicated to doing God's will and living his way, according to his word.
- **CHRIST-LIKE LOVE** - We look not to our own interests but to the interests of others because we are united as brothers and sisters in Christ.
- **GOD-GLORIFYING EXCELLENCE** - We pursue the best that we can be to glorify God and serve each other in all we do.
- **SPIRIT INSPIRED PERSISTENCE AND COURAGE** - We stand firm, push through, and pay the price for the sake of Christ and the gospel.

2d. Ministries

During 2015, the LCM continued to sustain a wide range of ministries from which the love of God and good news of Jesus Christ is shared with the least-reached communities in London. These include people living in the most deprived areas of London (as defined by the Multiple Deprivation Index), where churches often find it hard to evangelise. Within these communities, we work with people who are homeless, involved in prostitution, in prison, suffering from mental illnesses, immigrants, people from other religious backgrounds and people who are housebound and isolated. We reach out to people of all ages, including children, teenagers and elderly people.

2e. Achievements and Performance

FUNDRAISING & SUPPORTER RELATIONS

The London City Mission would like to thank all our individual and church supporters for their continuing partnership in the gospel through their prayers, financial gifts and volunteering their time. This support is so vital to the continuing work of the LCM and to future growth, and we are thankful to God for all of our gospel partners. We would also like to thank all of our supporting trusts and corporate organisations who contribute towards the cost of our ministry. Building upon the foundation established in 2014, we recruited a fundraising specialist to help grow sustainable income from individuals and to help us reach new audiences. We also recruited a part-time trust fundraiser to help us maximise income from charitable trusts and foundations.

Our legacy income in 2015 totalled £2.6 million for which we are immensely grateful to our supporters who kindly remember LCM in their wills. Our donation income totalled £2.3 million, which, although it was a slight decrease of £100,000 from the previous year, was wonderful and we do thank God again for our faithful supporters.

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

In 2015, the London City Mission marked 180 years of gospel ministry in London. The anniversary provided us with an opportunity to encourage existing supporters and engage with potential new supporters. We held special events for supporters, ran an anniversary appeal and produced new pieces of literature, both printed and digital, to communicate the work of the LCM.

We continue to communicate with supporters across various media including traditional print publications and our digital channels. Supporters indicate they enjoy the variety of communications material we provide. We also rebranded the organisation in 2015, in line with our strategy. The change was successfully implemented and we have been encouraged by the positive response we've had from supporters. Having a clear brand and visual identity has helped us to communicate more effectively with supporters and partners.

Our churches team continued to organise an extensive UK-wide church visitation programme. These visits are popular with supporters as they provide an opportunity for supporters to meet our team and learn more about their work. One supporter told us, 'We had a wonderful evening with the missionary and he endeared himself to everyone. It was encouraging to us as our church is on a council estate and we could associate with his ministry.' Another commented that, 'The speaker mixed serious information with good humour and was very well received. We left feeling we knew a lot more and therefore could pray more about the work involved.'

In 2015 the Supporter Relations team took various steps to continue to improve the way we engage with supporters and ensure we are providing them with all they need to support the work of the LCM. Supporters responded positively to appeals and requests for support. Income from Trusts and Key Supporters was also encouraging with a number of substantial gifts coming from new sources. The number of donors to the London City Mission remains fairly consistent with an increase in the number of people giving regularly by direct debit. In the winter of 2015 a new donor acquisition campaign was successful, with new supporters added to our database.

Our regular publications, *Changing London* and *Together*, were redesigned in 2015 to sit alongside our new branding. These changes have been well received by supporters. Along with print publications, the LCM continues to develop its online presence via a website, social media output and a range of videos hosted on YouTube. The LCM website www.lcm.org.uk was redesigned in line with the new branding at the beginning of 2015. The new design is easier to navigate and view.

PROPERTY

London desperately needs to hear the good news of Jesus Christ and London City Mission needs to grow its ministry in order that more people will get to hear the gospel message.

We are blessed with a property portfolio, which is used to house missionaries and retired staff. Properties not being used for ministry or housing for the time being are used for income generation as rental properties. Income from property rentals during 2015 has decreased a little since 2014, when £1.2 million was recognised in the year, owing to the reclassification of twelve properties as investment properties. This led to £0.1 million being recognised as investment income rather than rental income.

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

It is the Board's intention that property currently rented out will be returned to ministry use whenever appropriate especially with the expected increased demand for houses due to the planned growth in the number of missionaries.

As part of our strategy, we aim for our missionaries to be part of the communities they are serving by living and worshipping in them too. This requires missionaries to be housed in the areas they are working in. Consequently, part of our property strategy is to purchase properties in the locations where our missionaries are working. During 2015 purchases of property totalled £1.5 million being offset by sales of property generating £2.9 million. As the number of missionaries within LCM grows, so too will the number of properties required to house them. The Board have designated £2 million for the purchase of new missionary property in 2016.

RECRUITMENT

The theme of our recruitment advertising in 2015 was 'It's more than a job...it's a mission.' We recruited the following outreach workers:

- Seven City Missionaries
- Eight people on our City Challenge scheme
- Eight Urban Mission Pioneers
- Four young people on our City Vision gap year

2f. Significant Charitable Activities

MISSION ACTIVITIES

The LCM is committed to patient, caring work, developing relationships with people from all kinds of backgrounds and sharing good news, hope, and practical love. Many of those we meet with are struggling with economic, relational, physical, social, family, or personal troubles. The results of such endeavours are best seen in long-term qualities, rather than measured by short-term statistics. However, 2015 contained a number of significant ministry events and experiences.

Ministry to marginalised women

In 2015 we expanded our ministry to marginalised women – particularly those living or working on the streets. We have recruited two additional female missionaries, including Lynne McLeavy, to reach out into these communities and now have teams operating in East London and King's Cross. Lynne joined this team with a wealth of experience, following her return to London from Brazil where she worked with marginalised women and children with United For Mission.

Ministry to people from diverse ethnic and religious backgrounds

The LCM seeks to share the Christian faith with immigrants and people from other religious backgrounds. We recognise that there is a growing Muslim population across London, as well as significant populations of people from other religious backgrounds. As a result, in 2015 we have increased our outreach ministries to London's Arabic and Somali communities. We also want to train and support churches in reaching out to these important communities.

Community outreach in partnership with local churches

In line with our strategy, we have grown the number of churches we are partnering with to do community outreach in the least-reached areas of London. Missionaries attached to these churches continue to go out into the community with the good

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

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

We have developed a number of these church attached partnerships in 2015, including:

- BLoC, Brixton
- East Hill Baptist Church, Wandsworth
- Iglesia Bautista de Londres
- New Life Christian Centre, Croydon
- Selhurst Evangelical Church
- South Harrow Christian Fellowship
- St Elisabeth's Becontree
- St John's Penge
- Streatham Central Church
- St Andrew's Fulham Fields

Hope Church, Downham

In October 2015 the congregation that met at our Whitefoot Christian Centre in Downham celebrated becoming a church. Hope Church now operates from our building and our mission team are attached to this church as they continue to reach out into the community with the gospel.

Ambassadors in Sport

In 2015 the LCM entered into a partnership with Ambassadors in Sport to run a football project in Tower Hamlets called 'Fathers' Football'. Using football as a way of engaging with fathers in the local community, the project breaks down social barriers and provides opportunities for faith conversations. The most recent addition to the project is an interfaith discussion group, where fathers can come together to talk about faith.

The Railway Mission

Our new strategy in 2014 meant that after many years of faithful work, the LCM handed over its railway chaplaincies to The Railway Mission, with whom we have a strong and ongoing relationship, in particular providing financial support for six new chaplains. This move allowed us to re-focus our resources on the least-reached communities in London.

Sailors' Society

In 2014 The London City Mission entered into a partnership with The Sailors' Society to employ an Indonesian chaplain at Tilbury Docks, run by the London Port Authority. This partnership builds on the work of previous London City Missionaries. This is an expression of our concern to reach ethnic minorities with the gospel: a large proportion of sailors are Filipino, followed by Ukrainian and other nationalities.

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

URBAN MISSION PIONEERS

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

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

In 2015, our first intake of eight people graduated from the UMP programme. All eight participants continue to serve within the LCM in various capacities on the field. Our second intake joined the LCM in September 2015. There are eight people being trained in this intake.

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

TRAINING & CHURCH DEVELOPMENT

During 2015 the LCM Church Development team spent time developing relationships with a variety of churches, church networks and other partners in gospel ministry to London's least-reached people. This has led to more opportunities to partner with churches in London, and more people reached with the gospel. We want to develop the ways in which we can serve the Church of London to reach out with the love of God and good news of Jesus Christ. We recognise that with such great need in this city it is important to be working together and supporting one another in this vital task. One way we do this is through our training courses which are designed to equip Christians for evangelistic outreach in an urban context.

CITY VISION, CITY CHALLENGE & URBAN TRACK

City Vision

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

City Challenge

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

Urban Track

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

CHRISTIAN CENTRE DEVELOPMENTS

We continue to use our portfolio of centres to reach out to the neediest parts of London, often in conjunction with churches. It has been encouraging to see a number of new church partnerships and initiatives using our Christian Centres in 2015.

CHRISTIAN CENTRES

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

TRADING COSTS

The London City Mission runs a Christian bookshop which is based in the headquarters' office on Tower Bridge Road. This is open to members of the public as well as staff. There are also two cafés run by the LCM (three until April 2015), which operate as bases for ministry.

RETIREMENT HOUSING

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

RELIEF TO THE NEEDY

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

HOPE COMMUNITY HOMES

We run a transitional housing project in Brixton that houses up to five residents at a time. The project provides supported tenancies to men who were previously sleeping rough for a period of up to two years.

2g. Outcomes and public benefit

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

While the above details indicate many of the outcomes of the Mission's work, the LCM's staff continue to minister extensively to people across London who are least-reached by the message of the gospel.

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

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

Our staff team have expertise in helping rough sleepers access the support or help they need to overcome the issues that have caused them to be homeless. A partnership with the Pret Foundation Trust allows us to recommend people for a Pret apprenticeship which enables them to gain valuable work experience. Our Further Fridays project aims to help people take the next step away from life on the streets through providing support with CV writing, housing, etc. We also run a transitional housing project in Brixton: Hope Community Homes has capacity for five residents and has office and communal meeting spaces for residents to meet with support workers and enjoy social time together. In 2015 we began plans to expand Hope Community Homes by setting up a second project in north London.

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 Forest Gate, for example, our team runs a weekly youth club in an area where gang activity and violent crime are prevalent. Last summer, the number of regular attendees to the youth club grew from 10 to 50 young people. The LCM team provides a space for young people to enjoy themselves in a healthy environment, opportunities to discuss life issues and, in addition to this, they are much-needed role models.

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 various locations, including Dagenham, Vauxhall, and Whitefoot.

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

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

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

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

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

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

2h. Financial review

RESULTS FOR THE YEAR

The Statement of Financial Activities shows net income (ie total income less expenditure) has decreased from £6.5 million to £3.3 million. This is due to reduced gains on the sale of property, slightly lower donation income and a decrease in legacy income. This year contained a £2.6m total unrealised gain on investments, comprising a £2.8m unrealised gain on reclassifying some properties as Investment Properties, which are held at market value, and a £0.2m unrealised loss on investments managed by our investment managers. Total resources expended increased to £7.7 million from £6.6 million partly as a result of higher staffing levels, higher ministry costs including The Railway Mission and Ambassadors in Football and the refurbishment of Nasmith House and the associated Hostel.

The Balance Sheet shows that at 31 December 2015 the total funds of the LCM were £45.7 million (2014: £42.1 million). This was represented by Tangible Fixed Assets of £24.9 million (2014: £27.3 million), Investments of £16.4 million (2014: £12.2 million), and Net Current Assets of £4.6 million (2014: £3.1 million) together with a Pension Liability of £0.2 million (2014: £0.5 million) as defined in FRS 102 (section 28).

INVESTMENTS

Investments have grown substantially in the year, due to the reclassification of a number of properties as investment properties, which has necessitated transferring them from Tangible Fixed Assets into Fixed Asset Investments, and revaluing them to market value with an associated unrealised gain.

The LCM continues to retain Investec, acknowledged specialists in charities' investments, to manage its investment portfolio, under an agreed policy on ethical investments. The movements in the markets resulted in realised gains on disposed investments offset by unrealised losses on holdings during 2015.

RESERVES POLICY

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

At 31 December 2015 the general reserves were £6.1 million (2014: £8.0 million) before provision for the pension deficit of £0.2 million (2014: £0.5 million), in line with the Board's Reserve Policy of holding approximately twelve months' historical expenditure as general reserves.

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 £0.2 million (2014: £0.5 million). The pension deficit is covered by general reserves.

2i. Principal risks and uncertainties

REPUTATION

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

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

COMMUNICATION WITH SUPPORTERS

The LCM must effectively communicate with our supporters, staff, partner organisations and supporting churches. Failure to communicate effectively with supporting churches and individuals will result in under-funding. There are regular reviews of fundraising targets. We are grateful for all of our supporters, who are much-valued partners in our work. We seek to adopt a relational approach to fundraising, recognising that we could not make such a positive impact on London without the many people, churches and organisations who support us. We provide timely opportunities for them to support the LCM and regular updates about the impact of donations. In all of this, we aim to respect our supporters' preference for the type and frequency of communication. We do not engage in telephone fundraising, nor do we outsource our fundraising to professional agencies. We never intentionally put vulnerable people or any of our supporters under pressure to give.

ALLEGATIONS OF IMPROPER CONDUCT TOWARDS CHILDREN AND VULNERABLE ADULTS

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

OUR MISSIONARY STAFF

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

THE LONDON CITY MISSION

REPORT OF THE DIRECTORS for year ended 31 December 2015

FOOD SAFETY AND HSSE COMPLIANCE

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

OUR WORK FORCE AND VOLUNTEERS

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

RISK MANAGEMENT

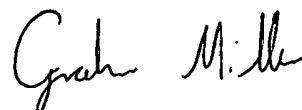
During 2015 the Board gave attention to risks related to all operations, with special attention to risks connected with its ministries to children and vulnerable adults. It received reports on the policies and training that are provided to safeguard these areas. This risk register is regularly reviewed and updated.

2j. Plans for future periods

CONCLUSION – THE FUTURE

The London City Mission operates in a complex society which is passing through a period of changing values and a time of extended financial uncertainty. Within the Christian churches, it is also a time of changing attitudes to Christian societies and giving, and it is essential that the LCM adapts its methods and structures accordingly. The Board recognises that the work of the LCM is more than ever vital in a city that is increasingly multi-cultural, and where the churches sometimes struggle with the specialised needs of a diverse community. While firmly believing that God's guidance and provision is sufficient in all situations, the Board recognises its Biblical responsibility to use all its wisdom and energy, while trusting in God. The Board continually reviews all aspects of the LCM's life, strategy, and financing in order to make such changes as may be necessary to continue and develop its work in pursuance of its great and unchanging objective of sharing Jesus Christ with the people of London.

As the LCM continues to implement its strategy, our ministry will be focused on sharing the love of God and good news of Jesus Christ with people who are least-reached by the Church in London. We will increase the number of staff working in our ministry projects and the number of partnerships with other churches and Christian organisations. We will also provide excellent support for projects and activities and take an approach to finances that allows for sustainable growth.



Directors' Report (incorporating the Strategic Report) signed on behalf of the Directors

Graham D Miller, Chief Executive and Director

11 JULY 2016

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

We have audited the financial statements of The London City Mission for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charity for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

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



Don Bawtree

(Senior Statutory Auditor)

for and on behalf of -

BDO LLP, Statutory Auditor

London, United Kingdom

DATE 22 July 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

THE LONDON CITY MISSION

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for year ended 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2015 Total £	Restated 2014 Total £
INCOME						
Voluntary income						
Donations		1,841,816	464,037	-	2,305,853	2,416,980
Legacies		2,578,994	-	-	2,578,994	3,152,919
Income from investments	2	402,119	42,476	38,498	483,093	300,550
Income from charitable activities						
Guaranteed payments and trading receipts at Café Eterno, HQ Bookroom and at Christian Centres		256,875	123,340	-	380,215	377,589
Income from other trading activities						
Rents		1,039,331	-	-	1,039,331	1,160,927
Other income						
Net gain on sale of tangible fixed assets		1,280,879	-	-	1,280,879	4,789,045
TOTAL INCOME		7,400,014	629,853	38,498	8,068,365	12,198,010
Expenditure on raising funds						
Management of rented properties		284,683	-	-	284,683	240,214
Supporter relations		756,679	-	-	756,679	688,007
		1,041,362	-	-	1,041,362	928,221
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES		6,358,652	629,853	38,498	7,027,003	11,269,789
EXPENDITURE ON CHARITABLE ACTIVITIES						
Mission activities		3,328,020	118,636	38,498	3,485,154	3,090,452
Urban Mission Pioneers		5,970	207,111	-	213,081	58,585
Training and church development		324,596	-	-	324,596	217,479
City Vision, City Challenge and Urban Track		215,509	-	-	215,509	143,051
Christian Centre developments		181,122	169,168	-	350,290	192,439
Christian Centres		743,734	-	-	743,734	696,287
Trading costs at Café Eterno, HQ Bookroom and at Christian Centres		208,062	-	-	208,062	245,522
Seaside and holiday homes		-	1,481	-	1,481	24,560
Retirement housing and other costs		-	344,813	-	344,813	193,627
Relief to the needy		-	702,392	-	702,392	692,704
Hope Community Homes		-	84,717	-	84,717	79,590
TOTAL CHARITABLE EXPENDITURE		5,007,013	1,628,318	38,498	6,673,829	5,634,296
TOTAL EXPENDITURE	3	6,048,375	1,628,318	38,498	7,715,191	6,562,517
Realised net gains on investments	6	229,247	15,864	23,427	268,538	197,081
Unrealised gains/(losses) on investments	6	2,662,378	(13,672)	(19,720)	2,628,986	693,718
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		4,243,264	(996,273)	3,707	3,250,698	6,526,292

THE LONDON CITY MISSION

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for year ended 31 December 2015

		Unrestricted	Restricted	Endowment	2015	Restated
	Notes	Funds	Funds	Funds	Total	2014
		£	£	£	£	£
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		4,243,264	(996,273)	3,707	3,250,698	6,526,292
Transfer between funds	12	(841,697)	841,697	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS		3,401,567	(154,576)	3,707	3,250,698	6,526,292
Actuarial (losses)/gains on defined benefit pension scheme	9	337,000	-	-	337,000	(1,464,000)
NET MOVEMENT IN FUNDS		3,738,567	(154,576)	3,707	3,587,698	5,062,292
RECONCILIATION OF FUNDS						
Total funds brought forward		39,554,422	1,508,522	1,007,656	42,070,600	37,008,308
FUND BALANCES CARRIED FORWARD		43,292,989	1,353,946	1,011,363	45,658,298	42,070,600

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.

THE LONDON CITY MISSION

BALANCE SHEET as at 31 December 2015

	Notes	2015 £	Restated 2014 £	Movement
FIXED ASSETS				
Tangible fixed assets	5	24,851,335	27,272,744	(2,421,409)
Investments	6	16,398,414	12,197,448	4,200,966
		41,249,749	39,470,192	1,779,557
CURRENT ASSETS				
Stocks		2,654	4,203	(1,549)
Debtors	7	1,874,133	1,213,546	660,587
Property awaiting sale	18	2,086,692	1,328,113	758,579
Cash at bank and in hand		1,015,089	835,040	180,049
		4,978,568	3,380,902	1,597,666
LIABILITIES				
Amounts falling due within one year	8	(364,019)	(256,494)	(107,525)
NET CURRENT ASSETS		4,614,549	3,124,408	1,490,141
PENSION LIABILITY	9	(206,000)	(524,000)	318,000
NET ASSETS		45,658,298	42,070,600	3,587,698
FUNDS				
UNRESTRICTED FUNDS				
Designated Funds	11	37,366,152	32,090,744	5,275,408
Other Charitable Funds	12			
General Reserve		6,132,837	7,987,678	(1,854,841)
Pension deficit		(206,000)	5,926,837	(524,000)
		43,292,989	39,554,422	3,738,567
RESTRICTED FUNDS	13	1,353,946	1,508,522	(154,576)
ENDOWMENT FUNDS	14	1,011,363	1,007,656	3,707
TOTAL FUNDS		45,658,298	42,070,600	3,587,698

Approved and authorised by the Board on 11 July 2016 and signed on its behalf by:



Mark D Harding, Chairman



Richard Godden, Treasurer

The notes on pages 22 to 39 form part of these accounts.

THE LONDON CITY MISSION

CASHFLOW STATEMENT for year ended 31 December 2015

	2015 £	Restated 2014 £
Cash flows from operating activities:		
Net cash used in operating activities	(1,651,994)	(3,388,836)
Cash flows from investing activities:		
Dividends, interest and rents from investments	483,093	300,550
Proceeds from sale of tangible fixed assets	2,896,249	5,440,045
Purchase of tangible fixed assets	(1,769,552)	(2,128,352)
Sale of fixed asset investments	5,085,971	5,290,860
Purchase of fixed asset investments	(4,863,718)	(5,736,558)
Net cash provided by investing activities	1,832,043	3,166,545
Increase in cash and cash equivalents	180,049	(222,291)

NOTES TO CASH FLOW STATEMENT	2015 £	Restated 2014 £
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- A. Reconciliation of net income for the year to net cash outflow from continuing operating activities

Net income	3,250,698	6,526,292
Investment income	(483,093)	(300,550)
Gain on disposal of tangible fixed assets	(1,280,879)	(4,789,045)
Realised gains and losses on investments	(268,538)	(197,081)
Unrealised gains and losses on investments	(2,628,986)	(693,718)
Depreciation on tangible fixed assets	271,317	300,002
Impairment of property awaiting sale	20,000	-
Legacies/donations received in the form of assets	-	(2,645,000)
Decrease/(increase) in stocks	1,549	717
Decrease in pension fund liability	19,000	(2,557,000)
Decrease/(increase) in debtors	(660,587)	930,156
(Decrease)/increase in creditors	107,525	36,391
Net cash outflow from operating activities	(1,651,994)	(3,388,836)

	1 Jan 2015 £	Change in Year £	31 Dec 2015 £
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- B. Analysis of changes in cash and cash equivalents during the year

Increase in cash and cash equivalents	835,040	180,049	1,015,089
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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. This is the first accounting period for which the accounts have been prepared under FRS102, with the date of transition being 1 January 2014. Comparatives have been restated as appropriate, and information on the impact of first-time adoption is provided in Note 21.

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).

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

The Directors have reasonable expectation 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 historic cost or probate value if donated to the charity.

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

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

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

(c) PROPERTY REPAIRS AND IMPROVEMENT COSTS

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

(d) INVESTMENTS

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

1. Accounting policies (cont.)

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

(e) DEBTORS

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

(f) CREDITORS AND PROVISIONS

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

(g) PROPERTY AWAITING SALE

Properties are held at book value where they 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.

(h) FINANCIAL INSTRUMENTS

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

(i) FUNDS

- | | | |
|--------------------|----|---|
| Unrestricted Funds | 1) | Designated Funds are funds set aside at the discretion of directors. |
| | 2) | Other Charitable Funds are available for use in the furtherance of the LCM's charitable objectives. |

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

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

(j) DONATIONS AND LEGACIES

Donations, and income under gift aid, are accounted for when receivable. Legacies are recognised when receipt is considered probable, which is when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

1. Accounting policies (cont.)

Donations of investments are accounted for at market value at date of transfer and properties at probate value or valuation.

(k) RENT RECEIVABLE

Rents receivable are accounted for on an accruals basis.

(l) VALUE ADDED TAX

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

(m) PENSION COSTS

The pension scheme is a defined benefit (final salary) funded scheme now closed to new entrants. For defined benefit schemes the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested, i.e. entitlement to benefits has become unconditional. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. Net interest cost is charged to expenditure and is calculated by multiplying the net scheme liability by the discount rate used to determine the defined benefit obligation. Actuarial gains and losses are recognised immediately.

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

(n) RESOURCES EXPENDED

Direct costs are allocated to the particular activity where the cost relates directly to that activity when invoiced. Staff salaries, national insurance and pension contributions paid are allocated on a proportionate basis according to how their time was spent.

(o) LEASES

Payments made under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

(p) SUPPORT COSTS

Overhead costs include property costs, HR, finance, IT and other administrative costs associated with supporting the charitable activities. They also incorporate governance costs associated with the management of the Mission's assets

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

1. Accounting policies (cont.)

and with constitutional and statutory requirements including advisory and audit expenditure. Support costs have been allocated to the cost of charitable activities on a headcount basis. This allocation is set out in Note 20.

2. Investment income

	2015	2014
	£	£
Income from listed investments	313,518	262,790
Income from other investments	2,753	2,719
Income from deposits	835	725
Income from investment properties	165,987	34,316
	483,093	300,550

3. Analysis of expenditure

	Staff Costs	Other	Dep'n	Total 2015	Restated Total 2014
	£	£	£	£	£
Expenditure on raising funds	347,043	694,319	-	1,041,362	928,221
Charitable expenditure	3,673,179	2,729,333	271,317	6,673,829	5,634,296
	4,020,222	3,423,652	271,317	7,715,191	6,562,517

Included in the above:

	2015	2014
	£	£
Audit fees net of VAT	21,250	17,400
Support costs (Note 20)	2,905,604	2,069,298

4. Staff costs

	2015	2014
	£	£
Salaries	3,285,006	2,913,840
Social security	267,348	239,192
Redundancy costs	141,190	62,062
Pension and life insurance	326,678	266,077
	4,020,222	3,481,171

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

4. Staff costs (cont.)

The only member of the Board who is remunerated is the Chief Executive and his total emoluments for 2015 were £60,645 (2014 £65,750). Expenses reimbursed amounted to £nil (2014 £76). Two Board members reclaimed travel expenses of £433 (2014 £255).

The average number of employees analysed by function was:

	2015	2014
Field staff - evangelists	92	76
City Vision team	3	1
Urban Track (volunteers)	3	1
Other Christian Centre staff	38	40
Maintenance staff	2	2
Support and administration staff	31	33
	169	153

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

	2015	2014
£60,000 to £69,999	1	2
£130,000 to £139,999	1	-

Emoluments (including redundancy payment) for the Leadership Team in 2015 were as shown below. The composition of the Leadership Team is set out in the Directors' Report on Page 3. The figures below include salaries, benefits in kind and pensions.

	2015	2014
	£	£
Key management emoluments	402,068	355,313

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

5. Tangible fixed assets

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation					
at 1 January 2015	24,225,551	3,307,328	172,931	320,498	28,026,308
Additions	1,210,566	482,706	69,415	6,865	1,769,552
Disposals	(591,260)	-	-	-	(591,260)
Tfr from current assets	64,000	-	-	-	64,000
Tfr to current assets	(1,866,691)	-	-	-	(1,866,691)
Tfr to investment property	(1,480,693)	(45,000)	-	-	(1,525,693)
at 31 December 2015	21,561,473	3,745,034	242,346	327,363	25,876,216

Depreciation					
at 1 January 2015	239,006	49,253	172,931	292,374	753,564
Charge for period	202,855	43,408	13,883	11,171	271,317
at 31 December 2015	441,861	92,661	186,814	303,545	1,024,881

Net book values					
at 31 December 2015	21,119,612	3,652,373	55,532	23,818	24,851,335
at 31 December 2014	23,986,545	3,258,075	-	28,124	27,272,744

The net book value at 31 December 2015 represents fixed assets used for the following:

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Direct charitable purposes					
Headquarters and Training Hostel	2,016,439	-	23,185	23,818	2,063,442
Christian Centres	3,170,752	228,117	32,347	-	3,431,216
Nasmith Court	2,143,505	-	-	-	2,143,505
Staff housing	7,946,996	1,672,309	-	-	9,619,305
Retirement housing	3,247,295	386,947	-	-	3,634,242
Tenanted	2,594,625	1,365,000	-	-	3,959,625
	21,119,612	3,652,373	55,532	23,818	24,851,335

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

6. Fixed asset investments

	Investec	Cash and COIF	Property	Total
Valuation at 1 January	6,953,911	3,743,537	1,500,000	12,197,448
Additions	2,689,972	2,173,746	-	4,863,718
Disposals	(1,383,138)	(3,702,833)	-	(5,085,971)
Tfr from tangible fixed assets	-	-	1,525,693	1,525,693
Net realised gains	268,540	-	-	268,540
Net unrealised (losses)/gains	(236,203)	882	2,864,307	2,628,986
Valuation at 31 December	8,293,082	2,215,332	5,890,000	16,398,414
Cost at 31 December	9,319,767	2,149,093	630,000	12,098,860

The LCM holds a wide range of investments managed by Investec and with COIF. At year end 11% (2014 11%) are overseas investments and 19% (2014 33%) 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. No transactions have been made in London City Mission Property Services Ltd as at 31 December 2015.

7. Debtors

	2015 £	2014 £
Cash due from legacies	1,639,328	1,068,400
Cash due from stockbrokers	35,123	19,342
Staff loans and season tickets	38,564	31,183
Gift Aid tax recoverable	26,398	17,446
Insurance premiums prepaid	73,531	65,781
Pension costs prepaid	9,586	-
Ministry prepayment	35,000	-
Other debtors	16,603	11,394
	1,874,133	1,213,546

8. Creditors

	2015 £	2014 £
Amounts falling due within one year:		
Accruals	161,378	30,528
Creditors	211	136,476
Rent deposits and deferred rent receivable	123,386	81,966
Life assurance scheme	4,044	4,044
Property development	75,000	-
Other	-	3,480
	364,019	256,494

9. Pension commitments

The LCM operates a closed funded pension scheme with JLT Employee Benefits. The scheme is a defined benefit scheme for all qualifying employees who elected to join the scheme. The assets of the scheme are held separately from the assets of the LCM. Contributions and costs of the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the LCM.

A formal valuation of the scheme was completed as at 1 June 2014 by the actuary and the valuation method used was the Projected Unit Method.

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

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

The actuary has carried out a further full valuation of the scheme as at 31 December 2015 to produce the information required under FRS 102 – Section 28 Disclosure Report.

The key assumptions used by the actuary were:

	2015	2014	2013	2012
Rate of increase in salaries	-	-	-	-
Mortality rate – men	87.4	87.2	87.1	87.5
Mortality rate – women	89.4	89.5	89.4	89.7
Rate of increase in pensions in payment:				
pensions accrued prior to 1 December 2002	5.0%	5.0%	5.0%	5.0%
pensions accrued post 30 November 2002	3.2%	3.1%	3.5%	2.9%
Rate of increase in pensions in deferment RPI	3.2%	3.1%	3.5%	2.9%
Rate of increase in pensions in deferment CPI	2.4%	2.3%	2.7%	2.1%
Discount rate	3.9%	3.6%	4.6%	4.3%
Inflation assumption – RPI	3.2%	3.1%	3.5%	2.9%
Inflation assumption – CPI	2.4%	2.3%	2.7%	2.1%

9. Pension commitments (cont.)

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

		2015		2014		2013		2012
		£'000		£'000		£'000		£'000
Equities	6.6%	2,850	6.6%	3,622	5.7%	2,431	6.7%	2,335
Bonds and gilts	3.8%	1,429	3.8%	1,886	2.9%	699	3.9%	810
Cash	0.5%	1,193	0.5%	96	0.5%	493	0.5%	258
Insured pensioners	4.6%	5,626	4.6%	5,663	4.3%	4,902	4.7%	4,845
Total market value of assets		11,098		11,267		8,525		8,248
Present value of scheme liabilities		(11,304)		(11,791)		(10,142)		(10,400)
Deficit at 31 December		(206)		(524)		(1,617)		(2,152)

Analysis of the amounts charged to resources expended would be:

	2015	Restated 2014
	£'000	£'000
Expenses	-	33

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

Interest on pension scheme liabilities	(419)	(459)
Expected return on pension scheme assets	400	404
	(19)	(55)

Analysis of actuarial loss:

Difference between actual and assumed return on assets	(281)	60
Experience (loss) on obligations	167	7
Change of basis gain/(loss) on obligations	451	(1,508)
Actuarial gain/(loss) on obligations	337	(1,441)

Movement in deficit during the year:

Deficit at 1 January 2015	(524)	(1,617)
Expenses	-	(33)
Contributions	-	2,622
Pension finance income	(19)	(55)
Actuarial gain/(loss)	337	(1,441)
Deficit at 31 December 2015	(206)	(524)

9. Pension commitments (cont.)

	2015	2014	2013	2012
HISTORY OF EXPERIENCE GAINS AND LOSSES	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets				
amount	(281)	60	(250)	139
percentage of scheme assets	(2.5%)	0.3%	(2.9%)	1.7%
Experience gain/loss on obligations				
amount	167	7	3	(65)
percentage of scheme liabilities	1.5%	0.1%	0.1%	(0.6%)
Total actuarial gain/(loss)				
amount	337	(1,441)	69	(543)
percentage of scheme liabilities	3.00%	(12.4%)	0.7%	(5.2%)

The LCM established a group personal pension plan from April 2006 with an employer's contribution currently of 8.0% and 13.0% for senior staff members.

	31 December 2015	31 December 2014
CHANGES IN THE PRESENT VALUE OF THE OBLIGATION AND IN THE FAIR VALUES OF ASSETS	£'000	£'000
Present value of obligation at beginning of year	11,791	10,142
Interest cost	419	459
Benefits paid	(288)	(344)
Charges paid	-	33
Actuarial (gain)/loss	(618)	1,501
Present value of obligation at end of year	11,304	11,791

	31 December 2015	31 December 2014
	£'000	£'000
Fair value of scheme assets at beginning of year	11,267	8,525
Expected return on scheme assets	400	404
Contributions	-	2,622
Benefits paid	(288)	(344)
Actuarial gain/(loss) on scheme assets	(281)	60
Fair value of scheme assets at end of year	11,098	11,267

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

10. Taxation

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

11. Designated Funds

	Balance 1 Jan 2015 £	Disposals £	Tfrs £	Additions £	Dep'n £	Balance 31 Dec 2015 £
Headquarters, Nasmith Court, Retirement, Holiday Homes & other properties & vehicles	7,446,520	-	92,521	6,865	(82,899)	7,463,007
Missionary & Staff Housing	9,675,327	(793,260)	(802,745)	1,648,318	(108,335)	9,619,305
Hope Community Homes	-	-	-	1,300,000	-	1,300,000
New missionary housing	-	-	-	2,000,000	-	2,000,000
Tenanted properties	5,337,463	(1,604,692)	243,399	-	(16,545)	3,959,625
Christian Centres	4,131,434	-	(1,058,868)	118,369	(56,720)	3,134,215
Investment property	630,000	-	1,525,693	-	-	2,155,693
Revaluation fund	870,000	-	-	2,864,307	-	3,734,307
Pension deficit	4,000,000	-	-	-	-	4,000,000
	32,090,744	(2,397,952)	-	7,937,859	(264,499)	37,366,152

The remaining value of Fixed Assets totalling £675,183 as detailed in Note 5 are assets held in Restricted Funds. Transfers represent the book value of Missionary and Staff Housing properties which became available for letting and were let in 2015 due to staff changes and whilst awaiting placement of new missionaries and staff.

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

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

MISSIONARIES' AND STAFF HOUSING

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

TENANTED PROPERTIES

This fund includes houses and Christian Centres not needed at the present time for housing or ministry needs and are being rented out until such time that they can be used directly by LCM.

11. Designated Funds (cont.)

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 being rented out as described in Missionary and Staff Housing, are included in Tenanted Properties.

REVALUATION FUND

The Revaluation Fund represents the cumulative revaluations performed in relation to investment property.

PENSION DEFICIT

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

HOPE COMMUNITY HOMES

It is planned to open a second home in 2016 under the banner of Hope Community Homes. This will be in the Kings Cross, North London area and operated by the missionaries and staff who are working with the Kings Cross churches. The Board have approved the purchase of a suitable property and have designated £1.3 million for this purchase.

NEW MISSIONARY HOUSING

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

INVESTMENT PROPERTY

Investment property comprises two properties brought forward which are held for the purpose of capital growth and income, and a further twelve transferred from Tangible Fixed Assets during 2015.

12. General Reserve

	Balance 1 Jan 2015 £	Net Income Before Transfers £	Transfers to Restricted Funds £	Actuarial (losses)/ gains £	Transfers to Designated Funds £	Balance 31 Dec 2015 £
General Reserve less pension deficit	7,463,678	4,243,264	(841,697)	337,000	(5,275,408)	5,926,837

13. Restricted Funds

	Balance 1 Jan 2015 £	Income £	Gains on Investments £	Balance c/f £
London Hospital Ministries	130,977	4,973	425	136,375
Guaranteed Payments	-	118,636	-	118,636
Urban Mission Pioneers	-	207,111	-	207,111
Retired Fund	382,000	17,221	-	399,221
Holiday Homes Fund	526,377	20,282	1,768	548,427
Relief Fund	300,000	136,629	-	436,629
Centre Building Projects	169,168	-	-	169,168
Evangelism in Bermondsey	-	125,000	-	125,000
	1,508,522	629,852	2,193	2,140,567

	Balance b/f £	Expenses £	Tfr from General Reserve £	Balance 31 Dec 2015 £
London Hospital Ministries	136,375	(136,375)	-	-
Guaranteed Payments	118,636	(118,636)	-	-
Urban Mission Pioneers	207,111	(207,111)	-	-
Retired Fund	399,221	(344,813)	327,592	382,000
Holiday Homes Fund	548,427	(1,481)	-	546,946
Relief Fund	436,629	(650,734)	514,105	300,000
Centre Building Projects	169,168	(169,168)	-	-
Evangelism in Bermondsey	125,000	-	-	125,000
	2,140,567	(1,628,318)	841,697	1,353,946

13. Restricted Funds (cont.)

LONDON HOSPITAL MINISTRIES

This is a separate registered charity (No. 230420) under the name Bible Flower Mission administered by the LCM. Several missionaries and volunteer hospital visitors regularly go to London hospitals seeking to bring comfort to patients and sharing sensitively the hope of the Christian faith. The income and associated costs of these missionaries is now charged to this fund rather than the General Reserve.

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.

URBAN MISSION PIONEERS

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

RETIRED FUND (RETIRED MISSIONARIES, WIDOWS AND ORPHANS FUND)

Set up as a separate fund in 1846 to help missionaries who could no longer work, the fund today enables allowances to be paid to retired staff who retired before the establishment of the LCM's pension scheme in 1993. This fund also covers the running cost of properties used to house retired staff. The value of this fund is represented by the book value of the three properties contained within this fund. The transfer made in 2015 from the General Reserve was to cover the operating deficit of the 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. It is anticipated that the balance of this fund will be transferred 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 Reserve has been made to cover the operating deficit. The balance on the fund represents the book value of the Webber Street Centre.

13. Restricted Funds (cont.)

CENTRE BUILDING PROJECTS

During 2013 funds were provided by way of a legacy for two specific projects. £45,000 was to fund the required works at Departure and £200,000 for the refurbishment or re-build costs at centres including King's Cross and Vauxhall. Expenditure throughout 2015 was £169,168 which has now reduced the balance to nil. This fund will now be closed.

14. Endowment Funds

	Balance 1 Jan 2015 £	Net Movement £	Balance 31 Dec 2015 £
Perpetual trusts	1,007,656	3,707	1,011,363

PERPETUAL TRUSTS

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

15. Analysis of net assets between funds

Fund balances at the end of year are represented by:

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2015 £	2014 £
Tangible fixed assets	24,169,335	682,000	-	24,851,335	27,272,744
Investments	14,840,105	546,946	1,011,363	16,398,414	12,197,448
Current assets	4,853,568	125,000	-	4,978,568	3,380,902
Current liabilities	(364,019)	-	-	(364,019)	(256,494)
Pension liability	(206,000)	-	-	(206,000)	(524,000)
Total net assets	43,292,989	1,353,946	1,011,363	45,658,298	42,070,600

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

16. Prior year comparative funds – income and expenditure

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2014 Total £
INCOME				
Voluntary income				
Donations	2,129,274	287,706	-	2,416,980
Legacies	3,101,232	51,687	-	3,152,919
Income from investments	250,739	49,811	-	300,550
Income from charitable activities				
Guaranteed payments and trading receipts at Café Eterno, HQ Bookroom and at Christian Centres	372,885	4,704	-	377,589
Income from other trading activities				
Rents	1,160,927	-	-	1,160,927
Other income				
Net gain on sale of tangible fixed assets	4,789,045	-	-	4,789,045
TOTAL INCOME	11,804,102	393,908	-	12,198,010
Expenditure on raising funds				
Management of rented properties	240,214	-	-	240,214
Supporter relations	688,007	-	-	688,007
	928,221	-	-	928,221
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE OBJECTIVES	10,875,881	393,908	-	11,269,789
EXPENDITURE ON CHARITABLE ACTIVITIES				
Mission activities	3,090,452	-	-	3,090,452
Urban Mission Pioneers	58,585	-	-	58,585
Training and church development	217,479	-	-	217,479
City Vision, City Challenge and Urban Track	143,051	-	-	143,051
Christian Centre developments	192,439	-	-	192,439
Christian Centres	620,455	75,832	-	696,287
Trading costs at Café Eterno, HQ Bookroom and at Christian Centres	245,522	-	-	245,522
Seaside and holiday homes	-	24,560	-	24,560
Retirement housing and other costs	-	193,627	-	193,627
Relief to the needy	-	692,704	-	692,704
Hope Community Homes	-	79,590	-	79,590
TOTAL CHARITABLE EXPENDITURE	4,567,983	1,066,313	-	5,634,296
TOTAL EXPENDITURE	5,496,204	1,066,313	-	6,562,517
Realised net gains on investments	161,124	17,661	18,296	197,081
Unrealised gains/(losses) on investments	724,843	(15,872)	(15,253)	693,718
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	7,193,865	(670,616)	3,043	6,526,292
Transfer between funds	(235,650)	235,650	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS	6,958,215	(434,966)	3,043	6,526,292
Actuarial (losses)/gains on defined benefit pension scheme	(1,464,000)	-	-	(1,464,000)
NET MOVEMENT IN FUNDS	5,494,215	(434,966)	3,043	5,062,292
RECONCILIATION OF FUNDS				
Total funds brought forward	34,060,207	1,943,488	1,004,613	37,008,308
FUND BALANCES CARRIED FORWARD	39,554,422	1,508,522	1,007,656	42,070,600

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

17. Capital and other commitments

There are no capital commitments as at 31 December 2015.

18. Post balance sheet events - property awaiting sale

As at 31 December 2015 11 properties were being actively marketed or were to be marketed with sale expected to complete within twelve months, so were re-classified as assets held for sale within current assets.

19. Operating lease commitments

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

	2015 £
Within one year	11,270
Between two and five years	45,081
In more than five years	1,967
	58,318

20. Support costs

	HQ Staff £	HR, IT, and Premises £	Pension and Life Insurance £	Total £
Management of rented properties	47,777	41,357	10,403	99,537
Supporter relations	253,402	219,367	55,179	527,948
Mission activities	447,982	387,813	97,549	933,344
Christian Centres	53,419	46,245	11,632	111,296
Retirement housing	88,935	76,990	19,366	185,291
City Vision and City Challenge	69,243	59,943	15,078	144,264
Relief to the needy	137,990	119,457	30,048	287,495
Development of Christian Centres	83,535	72,315	18,190	174,040
Urban Mission Pioneers	32,275	27,940	7,028	67,243
Training and church development	155,798	134,873	33,925	324,596
Hope Community Homes	24,263	21,004	5,283	50,550
Total	1,394,619	1,207,304	303,681	2,905,604

THE LONDON CITY MISSION

NOTES TO THE ACCOUNTS for year ended 31 December 2015

20. Support costs (cont.)

ALLOCABLE COSTS	£	£
HQ Staff		1,394,619
IT, HR, Office Supplies	244,796	
Departmental Costs	546,696	
Insurance	94,716	
Premises	321,096	
		1,207,304
Pension and Life Insurance		303,681
		2,905,604

21. First time adoption of FRS102 and prior-year adjustments

	Reserves at 1/1/2014 £	Net income for year ended 31/12/2014 £	Reserves at 31/12/2014 £
As stated under previous UK GAAP	36,248,027	5,653,716	41,901,743
Adjustment to legacy accrual 2013	591,424	(591,424)	-
As stated in accordance with FRS102	36,839,451	5,062,292	41,901,743
RESTATEMENT OF 2014 ACCOUNTS			
As stated in accordance with FRS102	36,839,451	5,062,292	41,901,743
Investment consolidation of Peoples Own Mission and Goodwill Mission at Plaistow	168,857	-	168,857
As stated in accordance with FRS102 with prior-year adjustment	37,008,308	5,062,292	42,070,600

The above adjustment to the legacy accrual in 2013 relates to legacies which were recognised in the 2014 accounts, but which, under FRS102, should have been accrued and recognised in 2013. This has been adjusted for in the 2014 figures, which have therefore seen a corresponding reduction in legacy income.

The investment consolidation of Peoples Own Mission and Goodwill Mission at Plaistow relates to investments which had not been included in the London City Mission accounts, but have been included now as a prior-year adjustment to the 2014 comparative figures.

22. Related party transactions

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

23. Donations from Trustees

Donations from Trustees in the year totalled £44,034 (2014 £51,844).