



THE LONDON CITY MISSION

Company Number: 4284615

Charity Number: 247186

**annual report
&
financial statements
for the year ended 31 December 2014**

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THE LONDON CITY MISSION

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LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Registered Office:

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

Registered Charity Number:

247186

Registered Company Number:

4284615

Status:

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

Directors and Professional Advisors:

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

Director

Carolyn Louise Ash
Elizabeth Doris Bridger
Mosun Dorgu
Richard Westacott Godden
Paul John Evans
Roger Evans
Mark Dominic Harding (Chairman)
Graham David Miller
Ian Eric Nash

Appointment Date

May 2007
November 2002
December 2008
September 2001
January 2007
September 2013
November 2002
January 2014
November 2002

Resigned April 2014
Resigned May 2014
Resigned February 2015

Robert William Vickers
Rodney Austin Lissenden
Gerald Ian Moscrop

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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 Eleven Newhall Street Birmingham B3 3NY (From 22 April 2014) Giles Insurance Brokers Ltd Temple Point 1 Temple Row Birmingham B2 5YB (To 22 April 2014)
Pension Advisors:	JLT Employee Benefits Centre Court 1b Knoll Rise Orpington Kent BR6 0JA
Registered Auditors:	BDO LLP 55 Baker Street London W1U 7EU

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

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 documentations.

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.

Management structure

The LCM Executive of senior staff members was replaced in October 2014 by a Leadership Team.

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

Chief Executive Officer: Mr Graham Miller

Chief Operating Officer: Mr Nigel Pollard

Director of Church Development: Mr Roy Hutchison

Director of Ministries: Mr Duncan Cuthill

Director of Personnel: Miss Judith Lace

Director of Supporter Relations and Fund Raising: Mr Stuart Noble

Director of Training and Recruitment: Rev Alan Black

Board Members

During 2014 two Board members resigned, Mr Robert (Robin) Vickers and Mr Rodney Lissenden. In February 2015 Mr Gerry Moscrop also tendered his resignation. The Board would like to record its sincere thanks and appreciation for the service provided by Robin, Rodney and Gerry and wish them God's blessings upon themselves and their families.

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.

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Directors' Responsibilities (cont.)

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.

Auditors

A resolution to re-appoint BDO LLP as auditors to the LCM will be proposed at the annual general meeting.

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.

STRATEGIC REPORT

Aims and Objectives of the London City Mission

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

The LCM's purpose and approach is expressed in a Mission Statement as follows: "The LCM exists to share with the people of London, patiently, sensitively and individually the transforming love of Jesus Christ, and to enable them to join His Church".

Strategies adopted and activities undertaken to achieve the aims and objectives

During 2014 the LCM Strategy 'Because London needs Jesus' was approved by the Board.

All ministries will be aligned 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 LCM is planning to invest in such neighbourhoods of London.

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

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

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Strategies adopted and activities undertaken to achieve the aims and objectives (cont.)

- 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.

Ministries

During 2014, the LCM has continued to sustain a wide range of ministries, grouped within the following categories:

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

Achievements and Performance

Fund-raising and Supporter Contact

LCM would like to thank all our individual supporters for their continuing support both spiritually and financially. This support is so vital to the continuing work of the LCM. We would also like to thank all of our supporting churches and trusts who contribute towards the cost of our missionaries. In 2014 steps were taken to establish a foundation for sustainable income in the future. By recruiting specialist staff to manage key areas of fundraising income, individuals and Churches, we aim to see our fundraising income grow and be sustained by building good relationships with those who share our vision. Acquiring new supporters in both these areas are a key goal for the Supporter Relations team.

Our legacy income comprising both property and cash totalled £3.7 million for which we are immensely grateful to our supporters who kindly remember the LCM in their wills. Our donation income totalled £2.4 million being an increase of £350,000 from the previous year. Included in the donations was a wonderful gift of a tenanted property.

As we approach the 180th Anniversary of London City Mission in 2015, the Supporter Relations team have been making preparations to mark this important anniversary. The anniversary provides us with an opportunity to encourage existing supporters and engage with potential new supporters.

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.

In 2014 London City Mission introduced a new strategy for ministry. A key part of this project was ensuring our existing supporters were made aware of changes we were making to our ministry and future plans. This was done successfully and supporters have been encouraging in their support of future plans for the work of London City Mission.

Our churches team continued to organise an extensive UK-wide Church visitation program. These visits are popular with supporters as they provide an opportunity for supporters to meet our team and learn more about their work. One of our church contacts recently said, 'LCM visits are always encouraging, enormously interesting and very thought-provoking. It's a privilege to hear about the day-to-day work of a missionary seeking to spread the good news of the gospel in London.'

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Fund-raising and Supporter Contact (cont.)

In 2014 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 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 and average gift size continue to remain fairly consistent for the General Fund with an increase in donors and gifts for specific areas of work. In the spring of 2014 a new donor acquisition campaign was successful with new supporters added.

Our regular publications, Changing London and Together, redesigned in 2013 following consultation with supporters continue to be well received by supporters. Along with print publications LCM continues to develop its online presence via a website, social media output and a range of videos. Posting videos on YouTube provides an opportunity to reach new audiences as well as existing supporters.

For many years LCM has organised Church visits with missionaries visiting supporting churches to update them on the work and encourage continued support. These meetings are greatly valued by supporters and missionaries alike as they provide opportunities for face-to-face conversations and for LCM to thank churches and individuals for their support.

Property

There was an increase in income from property rentals during 2014 due partly from a general increase in the level of rentals charged and the receipt of tenanted properties by way of donation and legacy. The primary purpose of the residential property is to provide housing for our missionary and retired staff. When property is not needed immediately for this purpose property is rented out at market value, when feasible, to organisations with aims similar or complimentary to that of the LCM. When not possible to do so, this property is rented to private tenants until such time as the properties can be used for their fundamental purpose.

Purchases of property totalled £2.1 being offset by sales of property of £5.4 million with the balance being used to finance charitable expenditure.

Recruitment

The theme of our recruitment advertising in 2014 was 'It's more than a jobit's a mission. Four outreach staff were recruited during 2014 replacing a number who left during the year. The auxiliary team was maintained at its previous level.

Significant Ministries

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, social, family, or personal troubles. The results of such endeavours are best seen in long-term qualities, rather than measured by short-term statistics. However, the year contained a number of significant ministry events and experiences.

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 the Urban Mission Pioneers a scheme that offers unique training in theology and urban mission to individuals from low-income backgrounds who want to work in some of London's poorest communities.

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Urban Mission Pioneers (cont.)

We had our first intake into this one-year training programme in September. We are training eight people in this first year; we hope to increase the intake to fifteen within five years. The

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

Becontree Church plant

In April 2014, Dagenham Parish Church launched Becontree Church, a church plant led by Rev Mike Reith, based at London City Mission's Dawson Christian Centre. London City Mission's work in Dagenham has won deep respect in the area over many years. A Church planting partnership has been considered for some time, but only became a reality this year. The local area is a hotchpotch of races and ages, burdened by debt, racial strife and relational tensions within families. The numbers attending the new church fluctuate, but people from seven nations, aged from under one to over 70 are currently part of Becontree Church.

Food Plus, Whitefoot Lane Christian Centre

In October 2013 a Food Plus project was launched at our Whitefoot Lane centre in Downham and has continued to minister in 2014. Along with weekly food supplies, Food Plus offers or points towards services like debt advice, a parent support group and housing support. The aim is to be examples of Christ in love, word and down-to-earth testimony to all people who come in to Food Plus. The project has made a successful start. In November 2014 it was the recipient of the Paul Goggins Memorial Prize. A prize awarded by the All Party Parliamentary Group on Poverty and the Webb Memorial Trust to the best civil society initiative that can demonstrate that it has reduced poverty in a tangible way.

Husk

LCM has had a project in Limehouse for many years. Originally a Mission to Danish Seamen, LCM has operated a Christian community centre and more recently a community arts café called Departure. In August 2014, Departure was rebranded as Husk Coffee and Creative Space. Husk means remember in Danish and is an allusion to the history of the building. The café has been streamlined to give Husk staff more time to build relationships with customers and go out into the community. As well as a popular café, Husk offers a variety of classes including English, pottery and painting. Team members regularly go out into the community and connect with local families

Sailor's Society

After many years of working among seafarers at Tilbury docks London City Mission's new strategy required changes to our Chaplaincy at Tilbury. We did not want to simply vacate the project and the way forward was found in a partnership between London City Mission and the Sailors' Society. The Sailors' Society has Christian chaplains at ports around the world, to provide practical and spiritual care for seafarers. We felt that the most effective way to ensure that the gospel continues to be shared with seafarers at Tilbury was by forming a partnership with the Sailors' Society to make a joint appointment.

Summer School

In June 2014 LCM held its first Summer School. The goal of the summer school was to further our training and teaching aims by exposing Church leaders and practitioners to both the theory and work of London City Mission over a period of four days. Along with some guests speakers our training department provided teaching in the mornings, afternoon sessions were made up of visits to LCM projects. The summer school was a great success with participants travelling from London, Northern Ireland and Germany to attend.

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Hope Community Homes

The success of our transitional housing project in Brixton required us to increase the number of units of accommodation we can offer. By refurbishing three flats we were able to add two units of accommodation and create a staff area and shared communal space. The project provides supported tenancies to men who were previously sleeping rough for a period of up to two years. So far we have seen a number of men make the transition into work and their own accommodation.

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 many people across London including those in their workplaces, and children in their schools.

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 (increase of 79% since 2010).

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. Our Further Friday's project aims to help people take the next step away from life on the streets. In 2014 we were able to expand our transitional housing project in Brixton. Hope Community Homes now has capacity for 5 tenants and a refurbished staff area for communal meetings and for tenants to mix and enjoy social time together.

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 and Vauxhall and our Food plus project in Whitefoot was the recipient of the Paul Goggins Memorial Prize for demonstrating the reduction of poverty in a tangible way.

Our Training schemes provide education and training to young people. Urban Mission Pioneers is a newly developed specialised program that sits alongside our long running CV 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 cafes 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 cafes 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 Kings 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 team in Kings Cross are supporting vulnerable people by visiting areas where people gather and making sure people are cared for and receiving the support they need.

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

Outcomes and Public Benefit (cont.)

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

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

Since it was founded in 1835 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.

Financial Review

Results for the year

The Statement of Financial Activities shows net incoming resources have increased from £3.2 million to £6.2 million. This is due to the increased gain on sale of property, higher donation income and an increase in legacy income. Total resources expended increased to £6.6 million from £5.9 million.

The Balance Sheet shows that at 31 December 2014 the total funds of the LCM were £41.9 million (2013: £36.2 million). This was represented by Tangible Fixed Assets of £27.3 million (2013: £25.2 million), Investments of £12.0 million (2013: £10.0 million), and Net Current Assets of £3.1 million (2013: £2.6 million) together with a Pension Liability of £0.5 million (2013: £1.6 million) as defined in FRS 17.

Investments

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 2014.

Reserves Policy

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

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

At 31 December 2014 the free reserves were £7.8 million (2013: £8.9 million) before provision for the pension deficit of £0.5 million (2013: £1.6 million), representing over twelve months' expenditure and being in line with the Board's Reserve Policy.

LONDON CITY MISSION

Report of the Directors for the year ended 31 December 2014

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 £0.5 million (2013: £1.6 million). The pension deficit is covered by free reserves.

Principal Risks and Uncertainties

Reputation

The LCM is an evangelical Protestant Christian charity with a strongly conservative doctrinal stance and predominately supported by Christian people of that persuasion. 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 LCM objectives.

Communication with Supporters

The LCM must effectively communicate with our supporters, staff and supporting churches. Failure to do so will result in under-funding. There are regular reviews of fundraising targets and methods.

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. To minimise any potential situation all staff working in this area have received Disclosure and Barring Service clearance. In-house training is given to all staff members working in these areas and there is a 24/7 helpline and a buddy system is in place.

Our Missionary staff

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

Food safety and HSSE compliance

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

Our Work Force and Volunteers

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

Risk Management

During 2014 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.

LONDON CITY MISSION

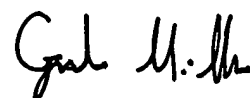
Report of the Directors for the year ended 31 December 2014

Plans for Future Periods

Conclusion – the Future

The LCM operates in a complex society which is passing through a period of changing values and a time of extended financial uncertainty. Within the Christian churches it is also a time of changing attitudes to Christian societies and giving, and it is essential that the LCM adapt its methods and structures accordingly. The Board recognises that the work of the LCM is more than ever vital in a city that is increasingly multi-cultural, and where the churches are significantly weaker than they have been at most periods of the Mission's history. While firmly believing that God's guidance and provision is sufficient in all situations the Board recognises its Biblical responsibility to use all its wisdom and energy, while trusting in God. The Board 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 all London

Accordingly, in September 2014 the LCM Board approved a new strategy for mission that will have a far-reaching impact on the ministry and operations of London City Mission in the years ahead. The Board recognises the need to adapt and respond to changes in society and culture and bring greater clarity and focus to our frontline work across London. The new strategy seeks to focus our work, ensure we provide excellent support for projects and activities and take an approach to finances that allows for sustainable growth. The new strategy focuses our Christian outreach on London's least reached and will increase the number of staff we have working in ministry projects. It will also see us grow the number of partnerships we have with Churches across London.



Directors Report (incorporating the Strategic Report) signed on behalf of the Directors
Graham D Miller, Chief Executive and Director
6 July 2015

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

We have audited the financial statements of London City Mission for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities, the 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 2014 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.

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:

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

- 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.

BDO LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 7 July 2015

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

LONDON CITY MISSION Company Number 4284615

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 DECEMBER 2014

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	2014 Total	2013 Total
		£	£	£	£	£
INCOMING RESOURCES						
Voluntary Income						
Donations		2,129,274	287,706	-	2,416,980	2,066,032
Legacies		3,692,656	51,687	-	3,744,343	2,566,391
Investment Income	2	216,423	49,811	-	266,234	256,261
Incoming Resources from Charitable activities						
Guaranteed payments and Trading receipts at Café Eterno, HQ Bookroom and at Christian Centres		372,885	4,704	-	377,589	376,187
Activities for Generating Funds						
Rents		1,195,243	-	-	1,195,243	1,060,852
Other Incoming Resources						
Net gain on sale of tangible fixed assets		4,789,045	-	-	4,789,045	2,729,151
TOTAL INCOMING RESOURCES		12,395,526	393,908	-	12,789,434	9,054,874
Cost of Generating Funds						
Management of Rented Properties		240,214	-	-	240,214	238,076
Supporter Relations		688,007	-	-	688,007	641,147
		928,221	-	-	928,221	879,223
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE OBJECTIVES		11,467,305	393,908	-	11,861,213	8,175,651
CHARITABLE ACTIVITIES						
Mission Activities		3,319,471	-	-	3,319,471	2,708,910
Christian Centres		779,794	75,832	-	855,626	688,476
Trading costs at Café Eterno, HQ Bookroom and at Christian Centres		245,522	-	-	245,522	256,011
Seaside and Holiday Homes		-	24,560	-	24,560	136,456
Retirement Housing and Other Costs		-	193,627	-	193,627	222,229
Youth Department including City Vision Scheme		61,680	-	-	61,680	54,595
Relief to the needy		-	772,294	-	772,294	792,718
GOVERNANCE COSTS		161,516	-	-	161,516	149,106
TOTAL CHARITABLE EXPENDITURE		4,567,983	1,066,313	-	5,634,296	5,008,501
TOTAL RESOURCES EXPENDED	3	5,496,204	1,066,313	-	6,562,517	5,887,724
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		6,899,322	(672,405)	-	6,226,917	3,167,150

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 DECEMBER 2014

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	2014 Total	2013 Total
		£	£	£	£	£
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		6,899,322	(672,405)	-	6,226,917	3,167,150
Transfer between funds	12	(235,650)	235,650	-	-	-
NET INCOMING/(OUTGOING) RESOURCES AFTER TRANSFERS		<u>6,663,672</u>	<u>(436,755)</u>	<u>-</u>	<u>6,226,917</u>	<u>3,167,150</u>
OTHER RECOGNISED GAINS						
Realised net gains on investment	6	161,124	17,661	18,296	197,081	135,112
NET SURPLUS/(DEFICIT)		<u>6,824,796</u>	<u>(419,094)</u>	<u>18,296</u>	<u>6,423,998</u>	<u>3,302,262</u>
Unrealised gains/(losses) on Investment:	6	724,843	(15,872)	(15,253)	693,718	701,051
Actuarial (losses)/gains on defined benefit pension scheme	9	(1,464,000)	-	-	(1,464,000)	69,000
NET MOVEMENT IN FUNDS		<u>6,085,639</u>	<u>(434,966)</u>	<u>3,043</u>	<u>5,653,716</u>	<u>4,072,313</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		33,299,926	1,943,488	1,004,613	36,248,027	32,175,714
FUND BALANCES CARRIED FORWARD		<u>39,385,565</u>	<u>1,508,522</u>	<u>1,007,656</u>	<u>41,901,743</u>	<u>36,248,027</u>

All amounts relate to continuing operations.

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

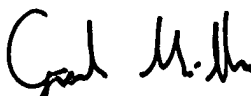
LONDON CITY MISSION Company Number 4284615**BALANCE SHEET as at 31 DECEMBER 2014**

	Notes	2014	2013
FIXED ASSETS		£	£
Tangible fixed assets	5	27,272,744	25,182,506
Investments	6	<u>12,028,591</u>	<u>10,062,095</u>
		39,301,335	35,244,601
CURRENT ASSETS			
Stocks		4,203	4,920
Debtors	7	1,213,546	1,552,278
Property awaiting sale		1,328,113	226,000
Cash at Bank and in hand		<u>835,040</u>	<u>1,057,331</u>
		<u>3,380,902</u>	<u>2,840,529</u>
LIABILITIES			
Amounts falling due within one year	8	<u>(256,494)</u>	<u>(220,103)</u>
NET CURRENT ASSETS		3,124,408	2,620,426
PENSION LIABILITY	9	(524,000)	(1,617,000)
NET ASSETS		<u>41,901,743</u>	<u>36,248,027</u>
FUNDS			
UNRESTRICTED FUNDS			
Designated Funds	11	32,090,744	26,022,617
Other Charitable Funds			
General Reserve		7,818,821	8,894,309
Pension deficit		<u>(524,000)</u>	<u>(1,617,000)</u>
		<u>7,294,821</u>	<u>7,277,309</u>
		39,385,565	33,299,926
RESTRICTED FUNDS	12	1,508,522	1,943,488
ENDOWMENT FUNDS	13	1,007,656	1,004,613
TOTAL FUNDS		<u>41,901,743</u>	<u>36,248,027</u>

Approved and authorised by the Board on 6 July 2015 and signed on its behalf by:



Richard W Godden, Treasurer and Director



Graham D Miller, Chief Executive and Director

The notes on pages 18 to 35 form part of these Accounts.

LONDON CITY MISSION

CASH FLOW STATEMENT

for the year ended 31 December 2014

	2014	2013
	£	£
Net cash outflow from continuing operating activities	<u>(3,354,520)</u>	<u>(1,481,945)</u>
Returns on investments and servicing of finance		
Interest received	3,444	3,871
Dividends received from other investments (gross)	262,790	252,390
Net cash inflow from returns on investments and servicing of finance	<u>266,234</u>	<u>256,261</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,128,352)	-
Sale of tangible fixed assets	5,440,045	4,088,391
Purchase of fixed asset investments	(5,736,558)	(5,738,688)
Sale of fixed asset investments	<u>5,290,860</u>	<u>3,230,857</u>
Net cash inflow on capital expenditure and financial investment	<u>2,865,995</u>	<u>1,580,560</u>
Increase in cash and cash equivalents	<u><u>(222,291)</u></u>	<u><u>354,876</u></u>

NOTES TO CASH FLOW STATEMENT

	2014	2013
	£	£
1. Reconciliation of net incoming Resources for year to Net Cash outflow from continuing operating activities		
Net incoming/(outgoing) resources	6,226,917	3,167,150
Investment Income	(266,234)	(256,261)
Gain on disposal of Tangible Fixed Assets	(4,789,045)	(2,729,151)
Depreciation on Tangible Fixed Assets	300,002	9,262
Legacies/donations received in the form of Assets	(2,645,000)	-
Decrease/(Increase) in Stocks	717	(1,277)
Decrease in Pension Fund Liability	(2,557,000)	(466,000)
Decrease/(Increase) in Debtors	338,732	(1,249,100)
(Decrease)/Increase in Creditors	36,391	43,432
Net cash outflow from operating activities	(3,354,520)	(1,481,945)
2. Analysis of changes in cash and cash equivalents during the year		
	Change	
	in Year	
1 Jan 2014		31 Dec 2014
£	£	£
(Decrease)/Increase in Cash and Cash equivalents	1,057,331	835,040
	(222,291)	

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

1. Accounting Policies

(a) Basis of accounting

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

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

(b) Tangible fixed assets and depreciation

Freehold and long leasehold buildings are capitalised at historic cost or probate value if donated to the charity. On adoption of Financial Reporting Standard 15, the transitional arrangements were followed permitting property previously carried at valuation to retain these values as deemed cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful lives. During the year, the expected useful lives and residual values of freehold properties were reviewed and as a result a depreciation charge of £240,000 has arisen for the 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.

The Trustees review the Mission's freehold and leasehold buildings for impairment at the end of each financial year, in accordance with FRS 11.

(c) Property Repairs and Improvement costs

General repairs to the properties are accounted for under charitable expenditure and where, after improvement, the floor area of a property is extended the cost is then 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.

Investment property is held at the Trustees' best estimate of valuation and is not depreciated, which is permitted under the Charity SORP 2005. 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. A review of the use of property owned by LCM was performed in the year to 31 December 2014 and this resulted in the inclusion of investment property in the accounts for the first time.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

1. Accounting Policies (contd.)

(e) Funds

Unrestricted Funds

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

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

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

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

(f) Donations and Legacies

Donations, and income under gift aid, are accounted for when receivable. Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, provided that sufficient information has been received to enable valuation of the Charity's entitlement. Donations of investments are accounted for at market value at date of transfer and properties at probate value or valuation.

(g) Rent Receivable

Rents receivable are accounted for on an accruals basis.

(h) 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.

(i) Pension Costs

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

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

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

1. Accounting Policies (contd.)

(j) 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.

(k) Governance costs

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

(l) Leases

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

(m) Support Costs

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

2. Investment Income

	2014 £	2013 £
Income from listed investments	262,790	252,389
Income from other investments	2,719	3,141
Income from deposits	725	731
	<u>266,234</u>	<u>256,261</u>

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

3. Analysis of Resources Expended

	Staff Costs	Other	Depreciation	Total 2014	Total 2013
	£	£	£	£	£
Cost of Generating Funds	360,456	567,765	-	928,221	879,223
Charitable Expenditure	3,015,436	2,157,342	300,002	5,472,780	4,859,395
Governance	105,279	56,237	-	161,516	149,106
	<u>3,481,171</u>	<u>2,781,344</u>	<u>300,002</u>	<u>6,562,517</u>	<u>5,887,724</u>
				2014	2013
Included in the above:				£	£
Audit Fees net of VAT				17,400	16,900
Support Costs (Note 19)				<u>2,069,298</u>	<u>1,914,734</u>

4. Staff Costs

	2014	2013
	£	£
Salaries	2,975,902	2,685,764
Social Security	239,192	214,044
Pension Provision	<u>266,077</u>	<u>240,492</u>
	<u>3,481,171</u>	<u>3,140,300</u>

The only member of the Board who is remunerated is the Chief Executive and his total emoluments for 2014 were £65,750 (£32,697). Expenses reimbursed amounted to £76 (£24). One Board member reclaimed travel expenses of £255 (£344).

The average number of employees analysed by function was:	2014	2013
Field Staff - Evangelists	76	77
City Vision Team	1	1
Urban Track (volunteers)	1	1
Other Christian Centre staff	40	40
Maintenance staff	2	3
Support and Administration staff	<u>33</u>	<u>26</u>
	<u>153</u>	<u>148</u>

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

	2014	2013
£60,000 to £69,999	2	1

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

5. Tangible Fixed Assets

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
<u>Cost or Valuation</u>					
at 1 January 2014	21,618,856	3,542,328	172,931	301,953	25,636,068
Additions	4,754,808	-	-	18,545	4,773,353
Disposals	(425,000)	-	-	-	(425,000)
Tfr to Investments	(350,000)	(280,000)	-	-	(630,000)
Tfr to Current Assets	(1,328,113)	-	-	-	(1,328,113)
at 31 December 2014	24,270,551	3,262,328	172,931	320,498	28,026,308
<u>Depreciation</u>					
at 1 January 2014	-	-	172,931	280,631	453,562
Charge for Period	239,906	48,353	-	11,743	300,002
at 31 December 2014	239,906	48,353	172,931	292,374	753,564
<u>Net Book Values</u>					
at 31 December 2014	24,030,645	3,213,975	-	28,124	27,272,744
At 31 December 2013	21,618,856	3,542,328	-	21,322	25,182,506

At 31 December 2014 the Directors estimate the total market value of the property portfolio to be £61,819,000 (2013 £58,399,000).

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

5. Tangible Fixed Assets (contd.)

The net book value at 31 December 2014 represents fixed assets used for:

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
<u>Direct Charitable Purposes</u>					
Headquarters and Training Hostel	1,980,000	-	-	28,124	2,008,124
Christian Centres	3,684,876	746,558	-	-	4,431,434
Nasmith Court	2,165,378	-	-	-	2,165,378
Staff Housing	7,602,963	2,072,364	-	-	9,675,329
Retirement Housing	3,259,965	395,053	-	-	3,655,018
Tenanted	5,337,463	-	-	-	5,337,463
	24,030,645	3,213,975	-	28,124	27,272,746

6. Fixed Asset Investments

	Investec	Cash and COIF	Property	Total
Valuation at 1 January	7,285,429	2,776,666	-	10,062,095
Additions	480,319	5,256,238	-	5,736,557
Disposals	(998,229)	(4,292,631)	-	(5,290,860)
Tfr from Tangible Assets	-	-	630,000	630,000
Net Realised gains	197,081	-	-	197,081
Net Unrealised (losses)/gains	(179,546)	3,264	870,000	691,718
Valuation at 31 December	6,785,054	3,743,537	1,500,000	12,028,591
Cost at 31 December	5,474,034	3,678,180	630,000	9,782,214

The LCM holds a wide range of investments managed by Investec and with COIF. At year end 11% (11%) are overseas investments and 33% (25%) are with Goldman Sachs as sterling liquid reserves.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

7. Debtors

	2014	2013
	£	£
Cash due from legacies	1,068,400	430,576
Property due from legacies	-	910,000
Cash due from Stockbrokers	19,342	33,074
Staff Loans and Season Tickets	31,183	31,732
Gift Aid Tax Recoverable	17,446	20,059
Insurance Premiums Prepaid	65,781	60,439
Pension Contributions Prepaid	-	45,417
Other Debtors	11,394	20,981
	1,213,546	1,552,278

8 Creditors

Amounts falling due within one year:

	2014	2013
	£	£
Accruals	30,528	63,800
Creditors	136,476	54,465
Rent Deposits and Deferred rent receivable	81,966	91,230
Life Assurance Scheme	4,044	4,044
Other	3,480	6,564
	256,494	220,103

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

9. Pension Commitments

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

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

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

The actuary has carried out a further full valuation of the scheme as at 31 December 2014 to produce the information required under Financial Reporting Standard 17.

The key assumptions used by the actuary were:

	2014	2013	2012	2011	2010
Rate of increase in salaries	-	-	-	-	-
Mortality Rate – Men	87.2	87.1	87.5	87.3	88.9
Mortality Rate – Women	89.5	89.4	89.7	90.6	91.3
Rate of increase in pensions in payment:					
pensions accrued prior to 1 December 2002	5.0%	5.0%	5.0%	5.0%	5.0%
pensions accrued post 30 November 2002	3.1%	3.5%	2.9%	3.0%	3.5%
Rate of increase in pensions in deferment					
RPI	3.1%	3.5%	2.9%	3.0%	3.5%
Rate of increase in pensions in deferment					
CPI	2.3%	2.7%	2.1%	2.2%	3.0%
Discount rate	3.6%	4.6%	4.3%	4.7%	5.7%
Inflation assumption – RPI	3.1%	3.5%	2.9%	3.0%	3.5%
Inflation assumption – CPI	2.3%	2.7%	2.1%	2.2%	3.0%

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

9. Pension Commitments (contd.)

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

		2014		2013		2012		2011		2010
		£'000		£'000		£'000		£'000		£'000
Equities	6.6%	3,622	5.7%	2,431	6.7%	2,335	7.8%	2,254	8.0%	2,500
Bonds and Gilts	3.8%	1,886	2.9%	699	3.9%	810	4.2%	684	4.5%	530
Cash	0.5%	96	0.5%	493	0.5%	258	0.5%	367	0.5%	255
Insured Pensioners	4.6%	<u>5,663</u>	4.3%	<u>4,902</u>	4.7%	<u>4,845</u>	4.7%	<u>4,137</u>	4.2%	<u>3,880</u>
Total market value of assets		11,267		8,525		8,248		7,442		7,165
Present value of scheme liabilities		<u>(11,791)</u>		<u>(10,142)</u>		<u>(10,400)</u>		<u>(9,544)</u>		<u>(9,424)</u>
Deficit at 31 December		<u>(524)</u>		<u>(1,617)</u>		<u>(2,152)</u>		<u>(2,102)</u>		<u>(2,259)</u>

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

9. **Pension Commitments (contd.)**

Analysis of the amounts charged to resources expended would be:

	2014 £'000	2013 £'000
Expenses	33	36

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

Interest on pension scheme liabilities	(459)	(439)
Expected return on pension scheme assets	427	367
	<u>(32)</u>	<u>(72)</u>

Analysis of actuarial loss:

Difference between actual and assumed return on asset	37	(250)
Experience (loss) on obligations	7	3
Change of basis gain / (loss) on obligations	(1,508)	316
Actuarial gain / (loss) on obligations	<u>(1,464)</u>	<u>69</u>

Movement in deficit during the year:

Deficit at 1 January 2014	(1,617)	(2,152)
Expenses	(33)	(36)
Contributions	2,622	574
Pension finance income	(32)	(72)
Actuarial gain/(loss)	(1,464)	69
Deficit at 31 December 2014	<u>(524)</u>	<u>(1,617)</u>

Expected return on pension scheme assets

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

9. Pension Commitments (contd.)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
History of experience gains and losses				
Difference between the expected and actual return on scheme assets				
amount	37	(250)	139	(351)
percentage of scheme assets	0.3%	2.9%	1.7%	4.7%
 Experience gain / loss on obligations				
amount				
percentage of scheme liabilities	7	3	(65)	(76)
	0.1%	0.1%	0.6%	0.8%
 Total Actuarial gain / (loss)				
amount	(1,464)	69	(543)	(196)
percentage of scheme liabilities	12.4%	0.7%	5.2%	2.1%

Analysis of the effect on results of adopting FRS 17

	Unrestricted Funds £ £'000	Total 2014 £ £'000	Total 2013 £ £'000
As at 1 January 2014	1,617	1,617	2,152
 Actuarial losses / (gains) on defined benefit pension scheme	1,464	1,464	(69)
 Decrease in pension liability	(2,557)	(2,557)	(466)
	524	524	1,617

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.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

9. Pension Commitments (contd.)

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

	31 December 2014 £'000	31 December 2013 £'000
Present Value Of Obligation at beginning of year	10,142	10,400
Interest Cost	459	439
Benefits Paid	(344)	(414)
Charges Paid	33	36
Actuarial (Gain) Loss	1,501	(319)
Present Value of Obligation at end of year	<u>11,791</u>	<u>10,142</u>

	31 December 2014 £'000	31 December 2013 £'000
Fair Value of Scheme Assets at beginning of year	8,525	8,248
Expected Return on Scheme Assets	427	367
Contributions	2,622	574
Benefits Paid	(344)	(414)
Actuarial Gain (Loss) on Scheme Assets	37	(250)
Fair Value of Scheme Assets at end of year	<u>11,267</u>	<u>8,525</u>

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.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

11. Designated Funds

	Balance 1 Jan 2014 £					Balance 31 Dec 2014 £
		Disposals	Transfers	Additions	Depreciation	
Headquarters, Nasmith Court, Retirement, Holiday Homes and other properties and vehicles	7,801,634	(287,113)	-	18,545	(86,546)	7,446,520
Missionary and Staff Housing	8,945,866	(577,000)	(1,341,637)	2,754,807	(106,709)	9,675,327
Tenanted Properties	3,565,911	(889,000)	711,637	2,000,000	(51,085)	5,337,463
Christian Centres	4,187,096	-	-	-	(55,662)	4,131,434
Investment Property	-	-	630,000	-	-	630,000
Revaluation Fund	-	-	-	870,000	-	870,000
Pension Deficit	1,522,111	-	-	2,477,889	-	4,000,000
	26,022,618	(1,753,113)	-	8,121,241	(300,002)	32,090,744

The remaining value of Fixed Assets totalling £682,000 as detailed in Note 6 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 2014 due to staff changes and whilst awaiting placement of new missionaries and staff, and two properties now designated as Investment Property..

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.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

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 are being rented 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.

12. Restricted Funds

	Balance 1 Jan 2014 £	Income £	Gains on Investments £	Balance 31 Dec 2014 £
London Hospital Ministries	358,892	13,289	630	372,811
Retired Fund	382,000	17,834	-	399,834
Holiday Homes Fund	529,580	20,198	1,159	550,937
Relief Fund	300,000	342,587	-	642,587
Centre Building Projects	245,000	-	-	245,000
Pension Deficit Fund	128,016	-	-	128,016
	1,943,488	393,908	1,789	2,339,185

	Balance b/f £	Expenses £	Transfers £	Balance 31 Dec 2014 £
London Hospital Ministries	372,811	(241,834)	-	130,977
Retired Fund	399,834	(193,627)	175,793	382,000
Holiday Homes Fund	550,937	(24,560)	-	526,377
Relief Fund	642,587	(530,460)	187,873	300,000
Centre Building Projects	245,000	(75,832)	-	169,168
Pension Deficit Fund	128,016	-	(128,016)	-
	2,339,185	(1,066,313)	235,650	1,508,522

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

12. 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 costs and associated costs of these missionaries are now being charged to this fund rather than the general reserves. This fund is held as investments.

Retired Fund (Retired Missionaries, Widows and Orphans Fund)

Set up as a separate fund in 1846 to help missionaries who could no longer work, the fund today enables allowances to be paid to retired staff who retired before the establishment of the LCM's pension scheme in 1993. This fund also covers the running cost of properties used to house retired staff. The value of this fund is represented by the book value of the three properties contained within this fund. The transfer made in 2014 from 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.

Relief Fund

From the early days of the LCM, the desperate need of the people amongst whom the missionaries worked became apparent. Supporters of the LCM specifically sent donations to help the needy that they read or heard about from missionaries' reports and a relief fund was established. The Fund now is represented by Webber Street Centre. A transfer from the General Fund has been made to cover the operating deficit. The balance on the fund represents the book value of Webber Street Centre.

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 Kings Cross and Vauxhall. Expenditure throughout 2014 has been £75,832. It is expected that the balance on this fund will be expended during 2015.

Pension Deficit Fund

Following approval from the Charity Commission the Holiday Home at Walmer was sold in 2013 and the proceeds of £702,012 used for the purpose of pension provision for retired missionaries. During 2013 £573,996 was paid into the pension fund to reduce the pension deficit. The balance of £128,016 has been used to reduce the deficit in 2014.

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

13. Endowment Funds

	Balance 1 Jan 2014 £	Net Movement £	Balance 31 Dec 2014 £
Perpetual Trusts	1,004,613	3,043	1,007,656

Perpetual Trusts

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

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

14. Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	2014	2013
	£	£	£	£	£
Fund balances at the end of year are represented by:					
Tangible Fixed Assets	26,590,744	682,000	-	27,272,744	25,182,506
Investments	10,366,019	654,916	1,007,656	12,028,591	10,062,095
Current Assets	3,209,296	171,606	-	3,380,902	2,840,529
Current Liabilities	(256,494)	-	-	(256,494)	(220,103)
Pension Liability	(524,000)	-	-	(524,000)	(1,617,000)
Total Net Assets	39,385,565	1,508,522	1,007,656	41,901,743	36,248,027

15. Capital and Other Commitments

There are no capital commitments as at 31 December 2014.

16. Post Balance Sheet Events - Property awaiting sale

As at 31 December 2014 properties were actively marketed with sale expected to complete within twelve months, so were re-classified as assets held for sale within current assets. Subsequent to the year-end two sales were completed which will result in a gain of £1,010,940. This has not been recognised in the financial statements to 31 December 2014 since the sales completed after the year end.

17. Operating lease commitments

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

	2014	2013
	£	£
Between two and five years	10,090	10,090

LONDON CITY MISSION

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2014

18. Support Cost

	HQ Staff	HR, IT, and Premises	Pension and life Insurance	Total
	£	£	£	£
Management of Rented Properties	53,281	36,332	7,522	97,135
Supporter Relations	281,825	192,174	39,785	513,784
Mission Activities	479,318	326,843	67,665	873,826
Christian Centres	53,332	36,366	7,529	97,227
Holiday Homes	11,058	7,540	1,561	20,159
Retirement Housing	41,831	28,524	5,905	76,260
Youth Department	29,608	20,190	4,180	53,978
Relief to the Needy	107,799	73,507	15,218	196,524
Governance	77,016	52,517	10,872	140,405
Total	1,135,068	773,993	160,237	2,069,298

Allocable Costs

	£	£
HQ Staff		1,135,068
IT, HR, Office Supplies	270,929	
Departmental Costs	195,430	
Insurance	85,492	
Premises	222,242	773,993
Pension and Life Insurance		160,238
		2,069,298