



THE LONDON CITY MISSION

Company Number: 04284615

Charity Number: 247186

**Annual Report
&
Financial Statements
for the year ended 31 December 2020**

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**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. LETTER FROM THE CEO & CHAIRMAN

2020 was a year like no other. We were thrown to our knees as coronavirus swept the city, the nation and the world. Yet, despite all the change, all the pain, all the difficulties, the gospel remains the same and The London City Mission (LCM) has kept on serving and sharing the good news of Jesus with the poorest and neediest in our city. Just as we did through other pandemics like cholera in the 1840s and Spanish Flu after the First World War.

At a time when so many of us were confined to our homes for much of the year, LCM found new and creative ways to share the unchanging gospel message, and to encourage and equip churches across our city to reach out to their neighbours and those communities least likely to know of the saving work of Jesus Christ.

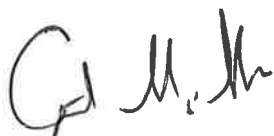
We have seen loss and grief on a personal level, within our churches and across our city, and yet we remain rooted in Christ and committed to His mission in London.

We have been working from home, setting up online Bible studies with local churches, home schooling our children and competing for internet bandwidth. Through it all we have remained rooted in Christ and committed to sharing the gospel alongside London's churches, so that people who are least likely to have a Christian friend to tell them the truth about Christ hear the good news.

We have experienced changes to the way we work on the field so that we can partner with more churches, equip more Christians and reach more people in our city for Christ. We have prayed and sought the Lord's direction, and while the majority of staff felt called to stay, others have moved on, leaving as firm friends of the Mission, and yet in it all, we remain rooted in Christ and steadfast for the gospel.

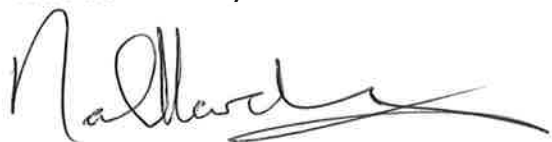
As we are forced to our knees, as we cry out in pain, we come to the Lord and we pray. This is the best place for us to be. Humbled before him, recognising our weaknesses and failings and acknowledging his power and strength. In 2 Corinthians 12:9, Paul writes: 'But he said to me, "My grace is sufficient for you, for my power is made perfect in weakness."'. Too often in modern society there is a desire to be the greatest and the best, but the Lord says, blessed are the poor in spirit. LCM feels at home amongst the weak and the poor in spirit. We have been very much aware of our dependence on God, and his grace in bringing us through this year.

We give the Lord thanks and praise for all he has done and enabled through the Mission this year. We also want to say a deep and heart-felt thank you to everyone who has prayed for us and those we have worked alongside this year, who made a generous financial gift at a time of great economic uncertainty, and who gave their time to volunteer.



GRAHAM D MILLER, CHIEF EXECUTIVE

20 September 2021



MARK D HARDING, CHAIRMAN OF THE BOARD OF TRUSTEES

20 September 2021

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

2. STRATEGIC REPORT

2A. PURPOSE & IMPACT

At the heart of The London City Mission (LCM) is a desire to share our gifts and experience in evangelism to serve a growing and flourishing church that is envisioned, equipped and enabled to share the love of God and good news of Jesus with the least reached communities in London. We work with churches to see people who might otherwise never hear the gospel, come to know salvation and fullness of life in Jesus Christ.

The way we do that, and the people groups we reach, changes as London changes, but sharing the gospel in word and deed with people least likely to hear it remains at the core of what we do, as it has done for 186 years.

London City Mission exists to serve the Church in London in sharing the love of God and the good news of Jesus Christ with people in London who are least likely to hear it.

One in three people in London are unlikely to hear the gospel during their lifetime unless we reach out to them. They are part of 'least reached' communities and are unlikely to know a Christian who can share their faith and invite them to church.

This includes those living on the margins of society, people from other nations, cultures and faiths, and those people living on some of the poorest and most deprived estates in the city. They are also the people most likely to have been impacted by coronavirus – more likely to be front line workers, more likely to have been infected, and more likely to have died. The poorest in our city now face the economic wave of the pandemic, if they are not already in the midst of it.

Working as a catalyst alongside the Church, together, by God's grace, our vision is to raise up more workers for the harvest so that many more people from these least reached communities in London can hear the life-giving good news of Jesus Christ.

This kind of urban ministry involves working in partnership with churches to develop respectful and caring relationships with people from all kinds of backgrounds as good news, hope, and practical love is shared. Following Christ's example, many of those people we come alongside, may struggle with economic, relational, physical, social, family or personal troubles.

During the pandemic of 2020, LCM continued to be creative in ministry. Bible studies went online, community support was offered through leafletting blocks of flats with phone numbers to call, and emergency food parcels were distributed.

- On average, we held **Bible studies with 287 least reached people every week**, sharing the hope of the gospel
- Our missionaries supported an average **135 isolated people every week** in the hardest hit communities across London
- We handed out an average of **147 food packages every week** to people who were homeless or who faced financial difficulties.

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FOR THE YEAR ENDED 31 DECEMBER 2020**

2B. STRATEGIC FOCUS

LCM has an increasingly effective strategy to help reach the one in three people in London communities, who are unlikely to hear the good news of Jesus Christ. Missionaries model relational evangelism, working alongside ordinary Christians from London's churches, to inspire and equip them for mission.

LCM's strategy is focused on three core aspects:

- Sharing the gospel of Jesus Christ
- Working amongst London's least reached communities, those people who are least likely to hear the good news of Jesus Christ
- And doing this in partnership with local churches



LCM seeks to deliver its strategy by:

- Identifying particular geographic districts, and/or particular people groups, where the gospel is least likely to be shared.
- Employing and training Christian evangelists with appropriate gifts in urban mission and church mobilisation, and deploying them into those people groups or areas
- Building mobilising relationships with the local church to share the gospel with the least reached people in their community, evangelising alongside members of the church – this might involve LCM staff working alongside the church in prayer, research, planning and evaluation, envisioning and equipping the congregation for mission as well as doing evangelistic activities together.
- Taking every opportunity to compassionately commend, explain and defend the Christian message of salvation through Jesus Christ.
- Encouraging and assisting those who respond positively to this message to become active disciples, members of the caring church family of Jesus Christ

'You will be my witnesses in Jerusalem and in all Judea and Samaria, and to the end of the earth.'

Acts 1:8

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

2C. WHAT MATTERS TO US

London needs Jesus and the ministry of LCM is to share the good news of Jesus Christ with those in London unlikely to otherwise hear. We do this by working alongside the Church in London, helping churches build bridges into least reached communities in their local area. We are whole-hearted in this and yearn to see the lost saved and changed into Christ's likeness.

LCM has a set of values which shape the way we work and relate to each other, to the Church and to the people and communities we engage with.

Our values are:

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

2D. KEY EVENTS IN 2020

Coronavirus

The coronavirus pandemic has affected us all. But it's the marginalised, people experiencing homelessness, older people, and those with health issues who were hardest hit in 2020. As the economic impact of the pandemic begins to be felt in even greater measure, it's those people in lower paid jobs, with less job security, who will be impacted the hardest.

As the coronavirus pandemic hit London, LCM continued to work with churches to share the hope that is found in Jesus Christ with those least likely to hear it. Our activities adapted and changed, but the desire and urgency to share the gospel remained as steadfast as ever.

During lockdown, missionaries continued to serve those in need by adapting food distribution services to run in line with Government guidelines. Webber Street Day Centre for people who are homeless was able to provide hot drinks and a meal for around 40-80 people a day. As demand increased, we worked with some food banks to ensure food parcels were delivered to those who needed them most, and, thanks to the generosity of supporters, we've been able to provide emergency food vouchers for those who we are coming alongside, sharing the gospel in word and deed.

People like Margaret, a single mother who has three children under the age of 11. Margaret hadn't worked since the first lockdown and had managed to keep going with benefits and food bank supplements. However, whilst schooling from home, one of her children accidentally broke the shared computer they were using. The provision of emergency food vouchers meant that the family could still purchase food while allowing Margaret to spend money she had to purchase a second-hand computer, so the children were able to complete their schoolwork. Helping people like Margaret in practical ways, provides gospel opportunities whilst building caring and compassionate relationships.

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Other missionaries set up online Bible studies and followed up with their contacts by phone or video call. Missionary Olly Sherwood shares how God has been at work through his online Bible study

“One man came not knowing Jesus but calling himself spiritual and a believer in God. One week in, I was sharing on Jesus being the way, truth and the life and how you can’t truly accept the Father without accepting Jesus. He rang me afterwards and started to say to me that he was recognising that we don’t just see Jesus as a teacher but rather we see that he is God in flesh. A few hours later he messaged me again. I was over the moon to read: ‘I have handed my will over to Jesus for the first time rather than a God of my own understanding.’”

Church speaking engagements have also continued via Zoom, enabling missionaries to connect with our supporter base, a vital source of prayer and encouragement for ministry.

As missionaries worked even more closely with the church in London, they were able to support more and more churches to pray and share the gospel in word and deed with the least reached people in their communities, at a time when the demands on many church leaders had drastically increased with the realities of the pandemic.

Where government guidelines allowed, in-person activities took place with social distancing, PPE and risk assessments making all our lives more complicated but keeping vital gospel ministry living at a time when people desperately needed hope. We were pleased that LCM missionaries were recognised within government guidelines as key workers and continued to be able to safely help the most vulnerable in our communities at a time when many people had to stay home. A small number of staff were furloughed, largely for health or childcare reasons while schools were closed, and we appreciated the government furlough grant.

Thanks to our faithful supporters, we did, and continue to do, all we can to serve practically and spiritually at this time. If there was ever a time when London needs Jesus, it’s now.

Ministry review and strategy

In early 2019, the Board of LCM approved a new five-year strategy.

Praise God for the 21,000 people who heard the gospel, often for the first time from a London City Missionary in the previous five years, along with the many who, by God’s grace, responded. However, that left one in three people in London unlikely to have anyone to tell them the good news – a total of 3 million people!

In London, that means we estimate one person every 30 minutes passes into eternity without ever hearing about the hope found in Jesus Christ – we urgently need to do much more to raise up more workers for the harvest.

There are thousands of churches right across London, and hundreds of thousands of Bible-believing Christians. With the right motivation, training and support, many of them can effectively share the gospel with the least reached people of London.

We recognise that to reach the three million people in London who are least likely to hear the good news of Jesus, we need to be working alongside even more churches to see everyday Christians evangelise the least reached communities in their local area. And so, we sought God about our work,

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looking into scripture that holds particular significance about the role of the evangelist in serving the church.

***'So Christ himself gave the apostles, the prophets, the evangelists, the pastors and teachers, to equip his people for works of service, so that the body of Christ may be built up until we all reach unity in the faith and in the knowledge of the Son of God and become mature, attaining to the whole measure of the fullness of Christ.'* Ephesians 4:11-13**

Following a year-long ministry review, we made significant changes in 2020, both to the role of our missionaries and to the way we work with churches. For example, missionaries who were working within one church have shifted their focus to work with a range of churches in their area.

LCM recognise that these changes, whilst a positive step for seeing more people in London reached with the gospel, could be difficult for some individual missionaries. The Mission has been grateful for the grace and perseverance shown by mission staff through this time. LCM is always committed to supporting the calling of God on any missionary's life and provided a generous redundancy package for those who didn't feel called to go forward with the changes. A number of missionaries took the opportunity of voluntary redundancy to pursue ministry elsewhere, the overwhelming majority leaving as firm friends of the Mission.

LCM has been recruiting new Missionaries and Team Leaders since the start of 2021. We thank God that nine gifted and experienced gospel workers have already started and eight have been appointed to start in September. Please pray for them as they seek to raise the prayer and financial support needed to enable flourishing ministries amongst people least likely to have heard of the life-changing truth about Jesus Christ.

By God's grace, we've always adapted to London's changing landscape through history, and we have done so again now. We will always be committed to sharing the gospel, working in partnership with churches and going to the least, the last and the lost. We remain committed to our call to glorify God and by his great mercy, see the salvation of many in London.

As part of this refocused strategy, LCM made the decision to repurpose various cafés the Mission had run. It is important for us as a mission, not simply to keep doing what we've always done, but in the context of an ever-changing London, to prayerfully weigh and evaluate everything we do as stewards of an effective gospel ministry.

Our aim is now to continue working alongside local churches to make use of these buildings, which are still owned by LCM, to reach even more people who are marginalised or living on the deprived estates in Tower Hamlets with the gospel. Our prayer is that many of the previous ministries will continue, flourish and grow, and we are already seeing that happen with the English classes we've equipped a local church to run and take the lead on. As a result of these changes to our cafes, and with the closure of the bookshop on Tower Bridge Road, our trading costs for the year have fallen significantly. We are now able to use the resources we previously invested to resource gospel ministry elsewhere, which we believe will have an even greater overall impact.

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2E MISSIONAL ACTIVITIES

LCM focuses on the following key missional activities, as we partner with churches in mission.

Sending out missionaries

We send out missionaries, gifted and trained in urban mission, to work alongside London's churches to share the gospel with least reached communities. The outcome of our ministry results in increased diversity of the evangelical Church in London with greater representation from more UK communities either as members of churches, or in relationship with churches through community activities that the church has proactively developed to build bridges. This increased representation both strengthens the voice of the Church as she speaks to issues in wider society and helps the Church grow in understanding and love for our neighbour regardless of age, socio-economic status, religion, ethnicity or country of origin.

During 2020, LCM continued to work alongside local churches to minister in some of the most spiritually and economically deprived areas of London. Within these communities, we seek to serve the Church in reaching out to people who are least likely to have a Christian friend who can tell them about Jesus. For example, we work with:

- young people at risk of gang culture and violence
- people who are living in poverty, suffering from mental illness or experiencing long-term unemployment
- people in their later years who are housebound and isolated, living in some of London's most deprived communities
- people on the move from other parts of world who are living in London
- people who are homeless, involved in sex work, in prison or have a criminal conviction
- people who come from different cultural and religious backgrounds

As part of our 5-year strategy, LCM has identified areas of specialism within least reached communities. We focus on:

- Children, youth and schools
- Council estates and seniors
- Homeless and marginalised
- Islam and other religions

Children, youth and schools

There are around two million children and young people in London. We estimate around half of them do not have a Christian friend; many of them are from Muslim backgrounds. We want to work together with churches to help reach them with the gospel.

More than a third of London's children live in poverty; one 2020 survey of 1,000 parents in London found 16% of their children had gone for at least a day without food¹. Many live fragmented, chaotic lives. Some are in gangs or at risk of falling into gangs, and we know teens who carry knives and others who have tragically been stabbed and killed.

We long to see children and young people in London, who are least likely to have Christian friends, encounter Jesus and live happy, healthy lives.

¹ <https://www.standard.co.uk/news/foodforlondon/food-for-london-now-children-food-shortage-b232967.html>

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“Start children off on the way they should go, and even when they are old they will not turn from it.” Proverbs 22:6

We partner with churches to share the gospel with London’s least reached children and young people. Churches can often be incredibly good at running activities for children of church families but involving troubled children or those from other cultures in those activities can be more of a challenge, so church outreach activities may need to be intentionally adapted.

Thanks to the generosity of supporters, we can work in ministry together with local churches, launching youth groups, going into schools and starting up community activities like foodbanks. Everything from after-school clubs and football training to toddler groups and summer camps, are in the mix – as long as they build relationships with young people and create relational opportunities to share the gospel effectively. During 2020 we adapted many of these activities to be run online or through Christian activity packs given to young children unable to attend school in person. We give thanks to God that in one ministry, more teenagers from a local estate engaged with the Bible studies on Zoom than had come to them when they ran in person.

Council estates and seniors

Some of London’s least reached people live on our city’s estates. White working-class families are among those least likely to have a Christian friend as studies show churches are disproportionately filled with university graduates. We know that older people living on estates often feel lonely and forgotten, many feeling unsafe when they leave their homes and becoming increasingly isolated as a result.

We love reaching people on estates with the gospel of Jesus Christ and helping London’s churches to share the good news as they welcome them into fellowship. There is a huge opportunity to befriend people of all ages on estates and our missionaries find a great openness to having conversations about God and faith. Churches have a vital role to play in reaching communities on their doorstep. As Christians, we can walk alongside people, share life together, and open up the beauty of the gospel message in life changing ways.

Since it was founded in 1835, LCM has visited people in the community they are trying to reach, with team members calling on their neighbours to introduce themselves, getting to know residents and visiting people in their homes. We have continued this in line with government guidelines during 2020 and have equipped other churches to do the same. It has provided a lifeline for many who were shielding and an opportunity to connect people with a local Bible-believing church, providing a phone number they can call if they need help with groceries, collecting medication or someone to listen and pray with them in a time of great difficulty.

“Because we loved you so much, we were delighted to share with you not only the gospel of God but our lives as well.” 1 Thessalonians 2:8

Homeless and marginalised

Thanks to the generosity of those who partner with us in the gospel, we can minister to people who are homeless, or who are involved in the sex industry, prisoners, former prisoners, people struggling with addictions and those with mental health challenges. These are often the people with deeply broken lives, on the margins of society, the most vulnerable and overlooked. They are among the people in London least reached with the gospel.

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According to the Combined Homelessness and Information Network (CHAIN) there were 11,018 people who slept rough in London during April 2020 – March 2021², almost twice as many as ten years ago. LCM cares for and loves people who are homeless, sharing the gospel in word and deed. During 2020 we were able to adapt our ministries at our day centre at Waterloo to continue to provide much needed and vital services during the coronavirus pandemic, as well as providing opportunities for people to continue to hear of God's grace to them in Jesus Christ. We offer practical and relational care, provide hot food and drink, help to signpost guests to other services. Some of our missionaries have been running outdoor Bible studies with local churches for people who are homeless.

Often, the lives of people who are homeless and marginalised are chaotic and damaging. But we follow Jesus' example, to engage respectfully, personally and compassionately with people who can so often be overlooked. We provide relief to those in need at Webber Street Day Centre, where people who are homeless receive food, friendship and the good news of Jesus.

"For I was hungry and you gave me food, I was thirsty and you gave me drink, I was a stranger and you welcomed me" (Matthew 25:35)

LCM partners with churches to lovingly share the grace of Christ with people who are homeless and marginalised. It can be daunting to know where to even start with this kind of gospel ministry. With our experience, we can help churches develop or grow ministry with people who are homeless and marginalised, and together take every opportunity to share the life-changing good news of Jesus.

We also work with churches through Hope Community Homes and The Corner House, The London City Mission accommodation programmes for people trying to get off the streets. We want to give those who are ready to move away from rough sleeping more than just a bed – we also want to give them the opportunity to change their lifestyle for good and, as Christians, we believe that true life can only be found in knowing Jesus.

Islam and other religions

A significant number of LCM team works with people from a range of diverse religions, cultures, ethnicities, and nationalities. There are more than a million Muslims in London, including many from nations where the Christian gospel is not officially allowed to be preached. We want to sensitively share the good news of the true Jesus with our Muslim neighbours and we praise God for His grace in the lives of those who find Christ and for the relationships we help churches build with Muslim communities in their area.

For decades, we have crossed divides and reached out in love to Muslims and those of other faiths. As we continue to do this, we have plenty of experience and wisdom to share. We love looking at ways we can work with local churches to develop and establish such ministry, so together we can see God's grace make an eternal difference to people's lives.

"I am the way and the truth and the life. No one comes to the Father except through me." John 14:6

We partner with churches to share the gospel with Muslims and people of other religions. We do this by providing resources, training people in local churches to sensitively reach out with respect, care and wisdom, and helping to develop and establish ministry projects. We can help churches start activities like language classes, Christian-Muslim discussion evenings and high street book tables, where Christianity can be discussed with Muslims in a spirit of openness and love.

² <https://data.london.gov.uk/dataset/chain-reports>

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Partnership in mission

Thanks to the prayers and backing of supporters, LCM missionaries can build connections with local churches in areas of London where we know the largest communities of people live who are least likely to have heard the gospel. We seek to come alongside churches, working together to identify ways to reach those people least likely to hear the gospel in their area. The result could be any number of ministries started together – perhaps starting an evangelistic foodbank that seeks to share the good news along with providing much needed food supplies. During lockdown, this could have meant leafleting the local area with an offer of help for those who are shielding, running an online seekers course, or it could be hosting online after-school youth groups for young people not used to church, where they can learn how much Jesus loves them.

We give thanks for the many partnerships LCM has with churches and organisations across the city and beyond. We continue to build relationships and develop partnerships with a variety of churches, networks and gospel organisations, as together we seek to reach out with the good news of Jesus Christ. These include partnerships in ministry on the ground, partnerships with churches we are equipping in other ways, and partnerships with supporting churches.

LCM is working alongside local churches to make use of our operational Christian Centre buildings, undertaking active ministry to least reached communities. Repair costs for these centres was minimal in 2020 because of the limited access and use of the buildings due to the pandemic.

Diaspora churches

We are determined to see the gospel reach the areas of London where people are least likely to hear it. Churches founded by and primarily made up of Christians from another part of the world are often present in the least reached areas of London. For example, in a deprived area in Elephant and Castle, we find a body of Latin American believers, or in Brixton there are many African churches.

God has brought together a global church to reach a global city. We pray that we would see more and more diaspora churches becoming cities on a hill, equipped to share the gospel not only to their own communities, but within their local neighbourhoods as well, particularly with communities where the gospel is not widely heard.

'He determined the times set for them and the exact places where they should live. God did this so that men would seek him and perhaps reach out for him and find him' Acts 17:26-27

We partner with diaspora churches, emboldening and equipping them to share the gospel with the people yet to hear the gospel in their local area. This could involve supporting them to start church services in different languages, connecting them with other local churches from other cultural backgrounds to do mission together, or training church members on outreach ministry.

Equipping workers for the harvest

LCM serves and equips the Church in London to reach out into their communities with the gospel. One way we do this is to share our experience and insight through our on-the-ground practical equipping sessions, training resources and courses which are designed to equip Christians for evangelistic outreach in an urban context. We provide training to Christians on urban mission, ranging from a one-day course in Practical Evangelism to studying for a two-year Graduate Diploma.

Our training programmes also provide education and training to young adults. Urban Pioneers is a specialised programme for people who are from the communities we are seeking to reach with the good news of Jesus. Pioneers may not have much formal education, may have English as a second

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language, have no access to funds, or may even have a criminal record and so traditional routes into ministry would not be accessible for them.

Thanks to the generosity of our partners, we can support and train Pioneers to develop outreach ministries in their own churches to help share the gospel with others. The programme combines classroom learning with practical experience to offer a holistic education in urban ministry. The scheme aims to raise up people from diverse backgrounds to play a valuable ministry role in urban churches and communities across London and beyond.

Training our staff

In the autumn of 2020, LCM put a comprehensive training programme in place to support field staff as they started their new roles mobilising churches to share the gospel with the least reached in London.

LCM continued its programmes of training young adults (City Vision), providing year-long opportunities for mission (City Challenge) and opportunities for people experienced in ministry and mission, who want to help grow and support gospel outreach in London, serving for a period of 1-2 years (Urban Track). These programmes finished earlier than planned in 2020 due to the pandemic. With the changes to the field, these programmes have been put on hold for 2020/21 while field staff settle into their new roles.

2F. PLANS FOR FUTURE YEARS - MINISTRY

2020 was a year of global tragedy as the impact of coronavirus was felt right across the world. It was also a year of enforced change as church buildings shut and many of us had to work from home. This has resulted in a new paradigm for work, church and mission. London's communities and churches have all been impacted by loss and change.

2020 was also the year LCM implemented its refreshed approach to ministry to align the way we operate to better support our vision to work alongside churches to reach more of the three million people in London who are least likely to know a Christian to introduce them to the good news of Jesus Christ or to invite them to church. The field roles were revised and the ministries we were involved in changed.

In all of this, LCM has been able to get alongside churches and pray with local leaders for their communities. Missionaries have been able to equip congregations, ministering alongside them as they seek to respond to both the health and economic crises of the pandemic and reach out to the people who are least likely to be reached with the gospel in their areas. And, by God's grace, we have seen people come to faith in Jesus Christ.

In 2021 LCM began a project to review its processes, systems and structures of office-based teams to better support field staff in their roles, improve the way we work, and continue to align the Mission with our vision, goals and values.

We recognise that to reach the three million people in London who are least likely to hear the good news of Jesus, we need to be working alongside even more churches. We want to provide greater opportunities for churches to partner with LCM in this vital task – for example, in establishing ministry on the ground, being equipped for mission, providing financial contributions or praying alongside us.

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There are thousands of churches right across London, and hundreds of thousands of Bible-believing Christians. With the right motivation, training and support, each of them can effectively share the gospel with the least reached people of London.

By God's grace, we want to be able to share the insights, experiences and learnings we have gained, and continue to gain, over decades of ministry in London's least reached communities.

We are looking forward to developing our communications to enable better sharing of resources, equipping the church for outreach in London and beyond. We plan to do this by sharing more content with the wider evangelical church through Christian media platforms and speaking at more churches, events and conferences. Sharing biblical insight, stories of hope and models of effective ministry, inspiring the Church to reach out to those least likely to hear the good news of Jesus.

We highly value collaboration with others in the body of Christ and seek to share London-centric missiological research with the Church of London. Our approach is always to be working with and learning from practitioners in other organisations and churches as we seek to grow together

2G. FINANCIAL SUSTAINABILITY

In previous years, Mission centres were built by LCM in areas where there was not an evangelical church. As churches have sprung up across London, the mission now holds a limited number of properties we no longer need for ministry. As a result of this we are either responsibly disposing of those properties commercially or partnering with a church aligned with our vision and values, which is seeking to benefit from the space. This is releasing funds that can be then used to support vital gospel ministry.

The properties we no longer use are generally recognised as investment properties in our accounts. Steadily disposing of these properties means LCM can spend more than it receives in donated income for a limited time. This is sustainable only while we invest in engaging with the wider evangelical church in supporting mission to those one in three people in London otherwise unlikely to hear the good news of Jesus during their lifetime.

In line with this careful approach to financial management, the LCM Board agreed a revised financial sustainability objective in January 2021 to cover the next 10 years. The Mission intends to: -

“Steadily reduce Excess Investments and the Annual Cash Shortfall to approximately Nil by the mid-2030's”

Excess investments are regarded to be the total of all investments, including properties no longer needed for ministry, less the reserves needed for the financial stability of the Mission. LCM intends to invest these funds in direct ministry, leading to an annual cash shortfall, made up of an operating deficit and new ministry assets.

The level of operating deficit will be finalised through the annual financial planning cycle each year but the long-term plan has been set. Underlying this financial objective is the principle of stewarding God's provision (LCM's assets) to keep gospel ministry sustainable in the long term.

In the medium-term, this means The London City Mission can generate cash from surplus investment properties and the development opportunities across its estate whilst in the short-term debt is required to provide a liquidity buffer while transactions are in progress.

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FOR THE YEAR ENDED 31 DECEMBER 2020**

The long-term financial strategy requires an above inflation growth in donations (general or legacies) to reduce the cash shortfall. In the meantime, the cash shortfall will be funded from the significant asset values in The London City Mission's property resources. This will enable operating costs to be maintained at their current level. The partnership of prayer and giving from new and existing supporters is vital to the ongoing sustainability of our work in sharing the gospel with those in London yet to hear and is increasingly important.

The generosity of supporters who provide for gospel mission in so many ways – gifts, grants, fundraising and legacies – are incredibly important to LCM. This was reflected in the appointment of a Director of Fundraising & Supporter Partnerships in 2020, who reports into the Finance sub-committee.

The trustees through the Property & Finance sub-committees oversee the disposal of properties and assesses the asset values. This assessment is made largely from tenders but also on market feedback, professional advice, formal opinions received from local authority planning departments through the pre-application process and the potential for urban mission led by LCM and its partners in developed sites. LCM's clear objective is to steward the resources provided by God, so that the good news of Jesus can continue to be shared in London for the foreseeable future.

In conclusion, we pray that over the next few years, as we continue to faithfully take the good news out onto the streets and into the homes of those people least likely to hear about Jesus Christ, the Mission will engage with even more churches across the city, envisioning and equipping them. Together, more workers will be raised up for the harvest and the gospel can be effectively shared with even more people.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

3. OPERATIONAL REPORT

3A. ENABLING MISSION

Fundraising and Supporter Partnerships

Sharing our hope in Christ with the estimated one in three people in London least likely to hear the good news would not be possible without faithful gospel partners who generously enable mission in London through their giving and prayers. We are hugely grateful for every supporter who partners with us and we praise God and thank our supporters for the changed lives we are privileged to witness as a result. As our staff directly engage in mission, our supporters are a vital part of the team alongside us as they pray, give and volunteer, and we deeply value every partnership we have.

We are grateful for God's provision through the faithfulness of those gospel partners, who stood with us during a difficult year for many, to share the gospel with those in London yet to hear. Donation income in 2020 totalled £2.36m, a decrease of £0.09m from the year before. Through the great kindness of those special supporters who remembered gospel mission in their will, our legacy income was £1.2m (down from £1.6m in 2019).

We thank God for providing for mission in London through a global pandemic, both from faithful long-term supporters and new supporters who partnered with us in mission last year when they made their first gift. It was a great encouragement to have so many supporters join us for our first online sleepout, where people slept outside near their homes raising funds for people cared for by the LCM homeless ministry, Webber Street.

The London City Mission (LCM) staff were grateful to have the opportunity to speak online in hundreds of churches across the country. We also enjoyed hosting special events online, such as our Thanksgiving Service, which was a great encouragement as almost two thousand people gathered to praise God.

During 2020 the fundraising team was restructured with the purpose of keeping gospel ministry to the least reached sustainable by seeking to develop more gospel partnerships, growing donation income by an additional £1m from 2019 levels by 2024. This resulted in a number of new roles for which suitable candidates were all recruited by mid-2021, at which point the new fundraising strategy will start to be fully implemented.

Communications

In 2020, LCM continued to envision and share the need for this vital gospel ministry with supporters and the wider Church in London.

We did this by:

- Producing a quarterly magazine, *Changing London*, which highlights the need for ministry and the impact that God is having in these spiritually deprived communities. Publishing various prayer resources, including a quarterly prayer diary, *Together*, which enables supporters to pray specifically for our team, contacts, churches and communities.
- Maintaining an active and engaging presence on our digital platforms – mainly on our website (lcm.org.uk) and our social media channels (Facebook, Twitter, Instagram and YouTube), where we share opportunities to get involved, ideas to inspire churches for mission, and resources to equip them.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

- Implementing changes to the roles within the team to ensure they support the strategic objectives of the Mission, with a greater focus on digital marketing and content creation.
- Refreshing LCM's branding to ensure it supports and reflects the strategy.
- Developing new digital engagement events, such as a videocast series through the pandemic and online prayer meetings with missionaries

3B. FINANCIAL REVIEW

Results for the year

The total income figure is £5.8m compared with £7.4m in 2019. Donation income decreased by less than £0.1m to £2.4m in 2020 (£2.4m in 2019). The legacy income of £1.2m in 2020 (£1.6m in 2019) was in line with the long-term average and reflects the reduced capacity of probate offices. Rental, investment and trading income of £1.4m fell (£1.7m in 2019) largely from the closure of Cafés and as underused properties were sold. LCM received £0.2m in new government grants from the Furlough scheme (CJRS) for the first time in 2020. Finally, the gain on disposal of operational properties sold during the year was significantly lower at £0.8m (compared with £1.5m in 2019). To sustain LCM's ministry in the long run, these gains are largely invested in replacement properties for staff working in London.

Total expenditure of £9.9m in 2020 (compared with £10.5m in 2019) returned to normal levels following the costs to identify the potential value in LCM's properties (£0.2m) in 2020. As planned, this resulted in an operating deficit of £4.0m in 2020, compared to £3.1m in 2019. LCM has planned for operating deficits and their related annual cash shortfalls, funded by the reduction in excess investments mostly properties, to continue.

During 2020 LCM reached agreement on the development of two other properties, an existing investment property and an operational property. In addition, LCM received offers on other operational properties. These operational properties now meet the criteria to be classified as investment properties and therefore have been revalued to market value. The revaluation of properties provided an unrealised gain of £3.7m whilst the value of all investments increased by £3.5m (compared to £9.8m in 2019). Similar investment property gains are expected as further contracts are finalised and planning permission granted.

In 2020, the Defined Benefit Pension scheme reported an actuarial loss of £0.1m compared to a loss of £0.4m in 2019.

All these factors combine to a small fall in funds available during the year of £0.6m, made up of an operating deficit (£4.0m) and actuarial loss (£0.1m), offset by property & investment gains (£3.5m). Meanwhile, LCM's cash balances have increased to £0.7m.

Property

Over many decades, through the generosity of supporters, the Lord has provided LCM with properties for use in serving the gospel. Some of these are used to house current and retired missionaries, others are used as bases for missional activity, some are venues for churches, and some provide a rental or investment income which is invested in ministry across London.

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In 2020, two new properties were purchased for missionaries, whilst four underused residential properties and two centres no longer directly used for LCM ministry were sold to fund the planned cash shortfall.

In 2020, over 20 properties generated a wide range of offers to purchase and / or develop these sites for LCM. Negotiations have continued throughout the year and where necessary sites have been re-marketed. The overall value of offers has not materially changed since they were first marketed. This programme is part of LCM stewarding the resources that God has provided as we look to steadily reduce excess investments.

Starting in late 2021, the Ministry review will require the sale of approximately 20 residential properties which will be replaced with nearly 20 new properties. This is a significant change for LCM which will take several years to fully implement. Meanwhile the sale of investment properties and development rights will continue. We expect to retain new centre space at nearly half of these developments either rented out as investments or used for direct ministry.

LCM's intentional approach is to operate with a steadily reducing deficit, which results in an annual cash shortfall, supported by careful stewardship of our assets, reducing the emphasis on property assets over time. This will provide for investment in ministry for a finite period. The success of this plan, which will see a gradual reduction in the operating deficit, is only possible alongside a consistent level of funding from legacies and an above inflation growth in general donations, arising both from LCM's faithful supporters and an expansion of the supporter base.

Investments

The value of LCM's investment portfolio was unchanged in 2020 at £32.4m.

The Board agreed to designate £19.5m of investments into a new Ministry Sustainability fund to better reflect the long-term financial sustainability objective. The trustees anticipate using future investment gains in the medium term to either fund ministry in the year they are recognised or to designate them to this fund.

Reserves and debt policy

General reserves at the end of 2020 were £8.3m before provision for the pension deficit of <£0.1m (compared to £9.8m before provision for the pension deficit of £0.3m at the end of 2019). Under the risk adjusted general reserve policy, the Board reviewed the target in 2020 and decided to keep it unchanged at between £4.5m and £5.5m. The trustees expect the 2021 & 2022 cash shortfalls to reduce general reserves to the target range. They intend to designate any other excess to the Ministry Sustainability Fund in line with the long-term financial sustainability objective.

The Board has authorised the raising of up to £10m of debt to secure funding for the planned cash shortfall. It expects any debt to be paid back from planned asset disposals no later than the end of 2028. LCM has arranged a £2m facility of operational debt secured against 3 properties of which £1m was drawn in 2020 and another £1m in early 2021. Additional facilities will be sought in 2021. Debt facilities have the effect of significantly improving the liquidity of the asset base and therefore the general reserve.

Pension provision

The Defined Benefit scheme closed to all new and existing employees in 2006. In 2020, LCM provided funds of £0.6m to the scheme to meet long-term liabilities. There is a potential cost of extinguishing the pension deficit and the Board has designated £3.5m (£5.1m in 2019) to cover this risk. In 2021,

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

the trustees are seeking advisers to obtain quotations from the market for a bulk annuity purchase. No quotations have been received or purchase contracts entered into at this time.

Cash and Going Concern

LCM continues to hold enough cash to cover month-to-month expenses for the foreseeable future. From time to time LCM can use funds held as equities and has a debt facility in place. In 2021, LCM expects to extend this facility and seek mortgage offers on new property purchases to provide liquidity. In addition, the sales of underused properties and development rights are expected to provide more than £2m in 2021 and up to £20m over the next couple of years to fund the planned operating deficit. At the end of 2020, £3m of these receipts were under contracts that are subject to receiving planning permission.

The emergence of coronavirus in early 2020 had a significant impact on the UK and LCM. Financially, the most significant impact was the delay to the legal process of selling properties. Equity investments, which are held with the expectation of longer-term growth, fell significantly but have since recovered. We are making use of government support including the job protection scheme where it has not been possible to continue existing ministries. In addition, we have released funds for the relief of the needy.

LCM received significant gifts in immediate response to the coronavirus pandemic from our supporters with a limited fall in total donation income during 2020 compared to 2019. Once the full economic impact of the pandemic is realised, the need for the Mission to work amongst the least reached of London is expected to increase. We expect to be able to partner with the church in London, our existing and new supporters in this growing ministry need.

The Board of trustees confirms that, in its view, there are sufficient liquid assets within LCM for it to be considered a going concern despite the impact of the coronavirus pandemic.

Retirement housing

LCM continues to provide retirement housing for those missionaries who, by 2012, had achieved 20 years' service with the Mission. While we no longer offer this to more recently employed missionaries, the support of current retirees remains an important function of our property team's workload.

Christian Centre developments and disposals

Following the marketing of over 20 properties in 2020 and the identification of potential development partners - two properties have been sold, three are under contract, six are under offer, a further ten have attracted offers in line with expectations and two more are being actively considered for development. We are committed to realising the value in these sites for missional purposes in the medium to long-term.

Each project will fall into one of the following groups:

- Disposal to realise value
- Dispose to a church or church partner
- Develop for a church partner
- Development for LCM ministry

This gain is a result of God's provision over decades and will take several years to be converted into cash. The continued and growing financial support from our existing and new supporters will ensure

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

that these gains support the work of the Mission into the middle of the 2030's and not just for a few years.

3C. COMPLIANCE

Statement on Fundraising

The London City Mission greatly values the support it receives in so many ways from so many different people and organisations - we could not fulfil our objectives without the financial and prayer support that we receive from you each year. Supporters are vital partners in this ministry, so we seek to be grateful, respectful, and relational in all our interactions.

During 2020 the fundraising team was restructured with the purpose of keeping gospel ministry to the least reached sustainable by seeking to develop more gospel partnerships, growing donation income by an additional £1m from 2019 levels by 2024. This resulted in several new roles which were all recruited to by mid-2021 at which point the new fundraising strategy will start to be fully implemented.

We prioritise thanking donors as soon as possible and seek to communicate the impact of donations to supporters through our letters, magazines, e-newsletters, and bespoke publications. We build trust with supporters by being honest and transparent in our communications. Individuals must opt in to receive communications from LCM unless they reasonably meet the criteria of legitimate interest, where there is clear evidence of their recent interest in our work. We provide opportunities for individuals to opt out from any of our communications in clear and easy ways. Our records show that we received no complaints about our fundraising from supporters or members of the public in 2020.

We did not use commercial fundraisers in 2020 – all our fundraising was carried out by LCM employees who sign up to our Statement of Faith and Conduct and seek to adhere to the Fundraising Promise. We occasionally use the services of trusted external consultants who align with our charitable purposes and values.

LCM is registered with the Fundraising Regulator and we pay the fundraising levy.

Statement on Data Protection

LCM is committed to ensuring that all personal data is kept safe and used in a way that individuals are aware of and would reasonably expect. We aim to be clear about how we use all personal data and to give individuals a choice of what they would like to receive from us, which channels they receive this through and how often. We always seek to provide clear and easy ways for people to stop receiving communications from us.

We have a Privacy and Fair Use Policy (<https://www.lcm.org.uk/privacy>) and continue to upgrade our IT network and practices to ensure all personal data is secure, in line with industry standards and regulations.

Public Benefit

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3D. PRINCIPAL RISKS AND UNCERTAINTIES

During 2020, the Board gave attention to multiple risks related to all operations, and in particular those with a high level of risk or related to the pandemic. This risk register is regularly reviewed and updated. Below are the key risks identified in 2020 and how LCM is managing them.

Financial risks

Growing funding and income

Our heart is to work alongside the local church to see everyone in London given the opportunity to respond to the gospel during their lifetime. To begin to achieve this, we need people who will stand with us in prayer and giving to keep this vital ministry sustainable. For our current plans to succeed, we require investment in identifying and welcoming new supporters, increased generosity from existing supporters and the successful sale of investment properties no longer required for operational ministry. Clear communication of the need for increased financial support is crucial.

A new fundraising strategy was set out in 2020, with new roles established and filled in early 2021 to support this strategy and identify growth opportunities. In particular, this strategy is focused on developing new gospel partnerships with evangelical Christians.

There is a risk that if there was a long-term downturn in the London property market, the receipts from sales of our properties would be adversely affected, as would the timing of those sales. The spread of the disposal programme and the use of agents to monitor the market and adjust priorities accordingly reduces the risk of material changes to the overall income.

Financial controls around the use of LCM's assets

Various measures are in place to mitigate the risk of accidental misuse of LCM assets, such as the use of phased budgets, segregation of duties, dual authorisation for cheque and BACS payments, receipts policy for gifts, daily banking and reconciliations. Controls are regularly reviewed with additional controls being considered as required or advised.

People-related risks

Collaborative & effective working

The leadership team of LCM is seeking to encourage greater cross-functional and collaborative working both from within the leadership team and throughout the organisation. We are working on establishing multi-disciplinary forums to share information, develop models of ministry to least reached communities, and ideas to improve the way we engage with churches.

In 2021 we started projects to fully integrate our databases and to review our support processes, systems and structures to better support field staff as they engage with and mobilise churches for mission to the least reached communities. In addition, there are occasional leadership team review sessions, away days and opportunities for the Board of Trustees to ask questions and challenge the leadership team.

To encourage more effective working, we are providing greater role clarity across the organisation and greater line of sight through the appraisal process between individual goals and organisational

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

objectives. There is also an agreed Decision Matrix in place regarding key decisions reserved for the Board, Sub Committees and Leadership Team.

Health & wellbeing of staff

There is a risk that staff rely too much on their own strength rather than on God. To help avoid this, there are lots of opportunities to pray as part of LCM, whether in project or functional teams, weekly whole-organisation prayer times, weekly leadership team prayer meetings, monthly whole-organisation team days and the annual week of prayer at the start of the year.

As an organisation driven by a passion for reaching the lost, there is a risk of burnout of staff if LCM takes on more activity than it has capacity for. This could lead to an increase in staff sickness and turnover, a reduction in staff engagement, wellbeing and organisational performance. A working group was established in 2021 to assess employee wellbeing and consider how this can be protected and developed.

Safety of staff, buildings & contacts

One of our values is Christ-like love. Accordingly, we want to make sure that our staff, buildings and contacts are all safe. Risk assessments for ministry activities are in place and are reviewed ahead of in-person activities re-starting following the coronavirus pandemic. Personal safety and safeguarding policies and training are in place. Guidelines are set for minimum staffing levels, and staff rotations are in operation to minimise risk of stress. An emergency response policy is also in place.

Values embedded within the organisation.

To ensure that the culture of LCM is well aligned with its values, they are incorporated into Job Descriptions, the onboarding process of new staff, and feature in the sermons in regular all staff meetings. A prayerful culture of humility underpins the effective implementation of the strategy and impacts on the performance of individuals and the whole organisation. Prayer is prioritised throughout the mission with the first week of every year devoted to prayer and biblical reflection.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. GOVERNANCE

REGISTERED OFFICE:

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

REGISTERED CHARITY NUMBER:

247186

REGISTERED COMPANY NUMBER:

4284615

Status:

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

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

Objects:

The objects of the Charity are for the public benefit to further such exclusively charitable purposes according to the law of England and Wales as the Trustees in their absolute discretion from time to time determine, and in particular (but without prejudice to the generality of the foregoing), to advance and extend the knowledge of the Gospel among the inhabitants of London and its vicinity (especially amongst those living in poverty) without any reference to denominational distinctions or the peculiarities of Church Government.

Directors and professional advisors:

All Trustees acted as Directors of The London City Mission and were also the members of The London City Mission. The Directors who served during the year were as follows:-

Director appointment dates:

Carolyn Louise Ash – May 2007
John Richard Bulmer – March 2015
Andrew Burkinshaw – March 2015
Mosun Dorgu – December 2008
Bryan Gordon Duncan – March 2018
Richard Westacott Godden – September 2001
Roger Evans – September 2013
Mark Dominic Harding (Chairman) – November 2002
Anne Katharine Hudson – July 2018
Graham David Miller (CEO) – January 2014
Richard Matthew Montgomery – March 2018
Ian Eric Nash – November 2002
Nigel Graham Parrington – May 2016
Marcia Shields – March 2015

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

Solicitors: Wedlake Bell LLP
71 Queen Victoria Street
London
EC4V 4AY

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Stockbrokers: Investec Wealth and Investment Limited
30 Gresham Street
London
EC2V 7QN

Bankers: Barclays Bank plc
100 Fenchurch Street
London
EC3M 5JD

Insurance advisors: Arthur J Gallagher Insurance Brokers Limited
Spectrum Building
7th Floor, 55 Blythswood Street
Glasgow
G2 7AT

Pension advisors: Mercer Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

Punter Southall Defined Contributions Consulting Limited
11 Strand
London
WC2N 5HR

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

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4A. GOVERNANCE OF THE LONDON CITY MISSION

The Board of The London City Mission (LCM) met on nine occasions during the year, among other things to establish overall strategy and policy, to determine matters of principle, deal with financial planning and other financial matters, including the oversight of the properties, and review progress towards achieving the plans and goals it has set. As permitted by the Articles of Association, the Chief Executive Officer, who is also a member of the Board of Directors, is the only paid member of the Board. The Chief Executive Officer is appointed by the Board and, together with his senior management team, manages the day-to-day operations of LCM. Management decisions are relayed to field staff through Field Directors, with support from Team Leaders. Communications with all employees are maintained through regular meetings, monthly Team Days, staff newsletters, annual appraisals and mid-year reviews, email and written documentation.

LCM's Board completed its comprehensive review of the Charity Governance Code in early 2021. Whilst recognising that the requirements of the code are not mandatory, it believes they are largely applied by the Mission and has agreed an action plan to reflect recommended practice from the Charity Commission.

4B. SUBSIDIARY COMPANIES

The London City Mission group is made up of a collection of companies which are wholly owned by LCM. These companies enter into transactions with the charity and each other. The board of the London City Mission has approved these transactions on behalf of the charity.

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

In November 2015, London City Mission Property Services Ltd (LCMPS), a company limited by guarantee, was set up as a subsidiary of the London City Mission. At 31 December 2017, an asset purchased from The London City Mission had subsequently been impaired to £nil and, as a result, an intercompany loan from The London City Mission to LCMPS, which had been drawn to pay for the said asset, had been deemed to be unlikely to be repaid, and had also been written down to £nil.

In November 2019, London City Mission Property Holdings Ltd (LCMPH), a company limited by shares was set up as a subsidiary of The London City Mission. LCMPH will act as a wholly owned trading subsidiary of the charity to provide segregation of trading, or potential trading activity, from charitable activity as recommended by the Charity Commission.

LCMPH commenced trading from the 1st July 2021. The directors of LCMPH agreed to novate certain existing London City Mission Property Services Ltd contracts to the company. Similarly, the directors confirmed LCMPH would enter into a contract to purchase 27 properties, including the Bermondsey Christian Centre, from the London City Mission. In addition, the directors approved to lease back these properties to the parent company in line with the scheme authorised by the Charity Commission dated 30th June 2021.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

4C. MANAGEMENT STRUCTURE

LCM's Leadership Team are accountable to the Board of Directors to collectively lead and serve LCM. They have responsibility to recommend and implement the strategy of the overall organisation.

During the course of 2020 LCM was delighted to announce that a number of internal staff were promoted onto the leadership team, as God called others to serve in new ways.

After 15 years as Deputy Chief Executive Officer, Alan Black is now able to focus his time on his passion of teaching the Bible as he equips field staff for evangelism and mobilisation as Director of Studies. We are hugely appreciative and thankful for all Alan contributed as a faithful and godly Deputy CEO.

Efrem Buckle, a local pastor in Lewisham and a founder of LCM's Pioneer programme, was promoted to Deputy CEO and Director of Training & Mentoring. Efrem's appointment was crucial to the creation of a new training course for field staff.

Christian Fielder has been a passionate supporter of LCM for a number of years and has a wealth of experience in people, change and organisational development. He played a key role in delivering the changes in 2020 to the way we operate on the field. He was subsequently promoted into the role of Director of People & Organisational Development.

LCM is also delighted to have created a new role on the leadership team of Director of Fundraising & Supporter Partnerships. Rachel Wagstaff was appointed to this new role just before the first lockdown in early 2020.

Caroline Millar made a significant contribution to shaping our partnerships with different churches, networks and organisations across London. She remains a firm friend as she uses her strategic and project management skills to help a variety of different organisations across London to serve the Church from a missional perspective.

Since the end of 2020, Tayo Arikawe and Jo Sutton have also moved into new roles outside of the Mission.

Tayo is a visionary and led the field ministry team through a major review and restructure, so that in God's grace we might mobilise and serve even more churches across London to reach the least reached communities with the gospel. As Tayo moved into his new role with Langham Partnerships International, we are grateful that we will be able to continue working together with the same vision of bold proclamation and practical action.

After more than 8 years with the Mission, initially as a volunteer and for the past 5 years as Director of Communications & Programme, Jo has relocated to the North-East of England. She is passionate about seeing people on the margins come to know Jesus, and continues to serve the Lord through a local charity that works with ex-offenders. We are thankful for all Jo has contributed to the Mission during her time with us.

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Members of The London City Mission's Leadership Team are as follows:

- Chief Executive Officer: Graham Miller (appointed October 2013)
- Director of Finance: Nicholas Allenson (appointed March 2016)
- Deputy CEO and Director of Training & Mentoring: Efrem Buckle (promoted May 2020)
- Director of People & Organisational Development: Christian Fielder (promoted September 2020)
- Interim Director of Ministries: Terry Puttick (promoted March 2021)
- Director of Ministries: Jason Roach (joining September 2021)
- Director of Fundraising & Supporter Partnerships: Rachel Wagstaff (appointed February 2020)
- Company Secretary: Chesman Isle

The following people left the LT in 2020:

- Director of Training & Mentoring: Helen Thorne (resigned January 2020)
- Director of Church Development & Partnerships: Caroline Millar (resigned September 2020)
- Director of Studies and Deputy CEO: Alan Black (stood down September 2020)
- Acting Head of Human Resources: Shirley Cox (replaced September 2020)

Resignations in 2021:

- Director of Ministries: Ibitayo Arikawe (resigned March 2021)
- Director of Communications & Programmes: Johanna Sutton (resigned May 2021)

Board members

There were no new appointments to the Board of Directors in 2020. When new members join the Board, they are provided with key Board documents such as annual reports, Articles of Association, and strategic future plans.

4D. PAY POLICY FOR SENIOR STAFF

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

The salaries and benefits of the senior staff on the Leadership Team are set by the Chief Executive Officer and Director of People & Organisational Development and approved by the HR sub-committee of the Board, with reference to levels of responsibility and rates of remuneration in charities of similar size and objects. The Chief Executive Officer's salary and benefits are set by the Board of LCM. Rates of pay are reviewed annually and normally increased in line with inflation. Details are disclosed in Note 4 to the Accounts.

4E. 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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

application of resources, including its income and expenditure, of the charity for the year. In preparing those financial statements the Directors are required to:

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

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

4F. AUDITORS

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

4G. 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 to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

REPORT OF THE DIRECTORS SIGNED ON BEHALF OF THE DIRECTORS


GRAHAM D MILLER, CHIEF EXECUTIVE AND DIRECTOR
20 September 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON CITY MISSION

5. INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of London City Mission for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON CITY MISSION

to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON CITY MISSION

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON CITY MISSION

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE LONDON CITY MISSION**

Use of our report

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

Moore Kingston Smith LLP

Date 19 October 2021

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

**GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE)
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. GROUP STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total £	2019 Total £
Voluntary income						
Donations		1,597,505	764,439	-	2,361,944	2,449,770
Legacies		1,151,032	-	-	1,151,032	1,649,359
Grants		-	177,104	-	177,104	-
Income from investments	2	663,280	14,266	-	677,546	772,697
Income from charitable activities						
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres		101,969	59,839	-	161,808	415,781
Income from other trading activities						
Rents		461,248	-	-	461,248	509,760
Fees and other charges		56,004	-	-	56,004	46,363
Other income						
Net gain on sale of tangible fixed assets		791,143	-	-	791,143	1,537,711
TOTAL INCOME		<u>4,822,181</u>	<u>1,015,648</u>	<u>-</u>	<u>5,837,829</u>	<u>7,381,441</u>
Expenditure on raising funds						
Management of rented properties		337,445	-	-	337,445	356,945
Fundraising and supporter relations		525,001	-	-	525,001	474,858
Investment management fees		13,921	-	-	13,921	19,597
		<u>876,367</u>	<u>-</u>	<u>-</u>	<u>876,367</u>	<u>851,400</u>
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES		<u>3,945,814</u>	<u>1,015,648</u>	<u>-</u>	<u>4,961,462</u>	<u>6,530,041</u>
EXPENDITURE ON CHARITABLE ACTIVITIES						
Mission activities		4,918,341	937,820	-	5,856,161	5,823,633
LCM Pioneers		177,981	72,611	-	250,592	222,259
Training and church development		296,635	-	-	296,635	234,795
City Vision, City Challenge and Urban Track		115,516	-	-	115,516	118,781
Christian Centres		1,561,012	-	-	1,561,012	1,595,214
Retirement housing and other costs		236,033	3,820	-	239,853	333,782
Relief to the needy		405,288	3,000	-	408,288	298,236
Hope Community Homes		83,059	-	-	83,059	84,190
Trading costs at cafés, HQ Bookroom and at Christian Centres		38,600	-	-	38,600	143,883
Christian Centre developments		151,774	-	-	151,774	792,358
TOTAL CHARITABLE EXPENDITURE		<u>7,984,239</u>	<u>1,017,251</u>	<u>-</u>	<u>9,001,490</u>	<u>9,647,131</u>
TOTAL EXPENDITURE	3	<u>8,860,606</u>	<u>1,017,251</u>	<u>-</u>	<u>9,877,857</u>	<u>10,498,531</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES		<u>(4,038,425)</u>	<u>(1,603)</u>	<u>-</u>	<u>(4,040,028)</u>	<u>(3,117,090)</u>
Realised net gains on investments	6	350,276	-	-	350,276	(55,133)
Unrealised gains/(losses) on investments	6	3,171,142	(32,736)	(2,915)	3,135,491	9,891,642
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		<u>(517,007)</u>	<u>(34,339)</u>	<u>(2,915)</u>	<u>(554,261)</u>	<u>6,719,419</u>

**GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total £	2019 Total £
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		(517,007)	(34,339)	(2,915)	(554,261)	6,719,419
Transfer between funds	13	-	-	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS		(517,007)	(34,339)	(2,915)	(554,261)	6,719,419
Actuarial (losses)/gains on defined benefit pension scheme	9	(99,000)	-	-	(99,000)	-430,000
NET MOVEMENT IN FUNDS		(616,007)	(34,339)	(2,915)	(653,261)	6,289,419
RECONCILIATION OF FUNDS						
Total funds brought forward		63,126,354	1,575,679	1,244,998	65,947,031	59,657,611
FUND BALANCES CARRIED FORWARD		62,510,347	1,541,340	1,242,083	65,293,770	65,947,030

**THE LONDON CITY MISSION
GROUP & PARENT BALANCE SHEET AS AT 31 DECEMBER 2020**

7. GROUP & PARENT BALANCE SHEET

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FIXED ASSETS					
Tangible fixed assets	5a	32,833,001	32,274,695	31,438,743	31,256,945
Intangible fixed assets	5b	227,822	271,217	227,822	271,217
Investments	6	32,021,451	32,355,861	32,021,451	32,355,861
		<u>65,082,274</u>	<u>64,901,773</u>	<u>63,688,016</u>	<u>63,884,023</u>
CURRENT ASSETS					
Stocks		3,811	3,158	3,811	3,158
Debtors	7	1,614,122	2,179,821	3,465,819	3,525,757
Cash at bank and in hand		745,841	368,913	724,182	356,396
		<u>2,363,774</u>	<u>2,551,892</u>	<u>4,193,812</u>	<u>3,885,311</u>
LIABILITIES					
Amounts falling due within one year	8	(1,130,970)	(1,244,341)	(697,748)	(897,777)
NET CURRENT ASSETS		1,232,804	1,307,551	3,496,064	2,987,534
Amounts falling due in more than one year	8	(1,000,000)	-	(1,000,000)	-
PENSION LIABILITY	9	(21,308)	(262,294)	(21,308)	(262,294)
NET ASSETS		<u>65,293,770</u>	<u>65,947,030</u>	<u>66,162,772</u>	<u>66,609,263</u>
FUNDS					
Designated funds	11	54,198,747	54,128,744	54,198,747	54,128,744
General reserve	12	8,332,908	9,259,903	9,201,912	9,922,136
Pension deficit		(21,308)	(262,294)	(21,308)	(262,294)
UNRESTRICTED FUNDS		62,510,347	63,126,353	63,379,351	63,788,586
RESTRICTED FUNDS	13	1,541,340	1,575,679	1,541,340	1,575,679
ENDOWMENT FUNDS	14	1,242,083	1,244,998	1,242,083	1,244,998
TOTAL FUNDS		<u>65,293,770</u>	<u>65,947,030</u>	<u>66,162,772</u>	<u>66,609,263</u>

Approved and authorised by the Board on 20th September 2021 and signed on its behalf by:



Mark D Harding,
Chairman of the Board
The London City Mission
Company number - 04284615



Richard Godden,
Chair of the Finance Subcommittee

**THE LONDON CITY MISSION
GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

8. GROUP CASHFLOW STATEMENT

Cash flows from operating activities:	2020	2019
	£	£
Net cash used in operating activities	<u>(4,740,199)</u>	<u>(6,495,498)</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	677,546	772,697
Proceeds from sale of tangible fixed assets	1,145,000	2,395,904
Purchase of tangible fixed assets	(2,868,362)	(1,920,047)
Purchase of intangible fixed assets	-	(67,598)
Proceeds from sale of current asset	-	-
Proceeds from sale of fixed asset investments	8,304,483	9,547,197
Purchase of fixed asset investments	<u>(3,146,540)</u>	<u>(4,143,406)</u>
Net cash provided by investing activities	<u>4,117,127</u>	<u>6,584,747</u>
Cash flows from financing activities:		
Loan Received	<u>1,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>1,000,000</u>	<u>-</u>
Increase in cash and cash equivalents	<u>376,928</u>	<u>89,249</u>

NOTES TO CASH FLOW STATEMENT

	2020	2019	
	£	£	
1. Reconciliation of net income for the year to net cash outflow from continuing operating activities			
Net income	(653,261)	6,289,419	
Investment income	(677,546)	(772,697)	
Gain on disposal of tangible fixed assets	(791,143)	(1,537,711)	
Realised (gains)/losses on investments	(350,276)	55,133	
Unrealised (gains)/losses on investments	(3,135,491)	(9,891,642)	
Depreciation on tangible fixed assets	613,434	564,947	
Amortisation of Intangible assets	43,395	32,546	
Impairment of property	-	-	
Decrease/(increase) in stocks	(653)	2,825	
Decrease/(increase) in debtors	577,955	(1,377,424)	
(Decrease)/increase in creditors	<u>(366,613)</u>	<u>139,106</u>	
Net cash outflow from operating activities	<u>(4,740,199)</u>	<u>(6,495,498)</u>	
2. Analysis of changes in cash and cash equivalents during the year			
	1 Jan 2020	Change in year	31 Dec 2020
	£	£	£
Increase in cash and cash equivalents	<u>368,913</u>	<u>376,928</u>	<u>745,841</u>

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. NOTES TO THE ACCOUNTS

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The presentational currency used is British pound sterling. Balances are rounded to the nearest £.

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

The London City Mission is the only member of two subsidiary companies. London City Mission Property Services Ltd limited (Company no. 09881533), a company limited by guarantee, London City Mission Property Holdings limited (Company no. 12320018), a company established in November 2019. Group accounts have therefore been prepared. (See Note 6).

The Directors consider that there are no material uncertainties about the charity's ability to continue as a going concern for the foreseeable future. In response to the coronavirus pandemic the charity has received significant gifts from its supporters enabling it to release funds for the relief of the needy. Under its financial sustainability plan, the Mission is planning operating deficits in the medium term, financed by the sales of property and in the short term, debt. The disposal of investment properties is expected to provide more than £20m to fund the planned operational deficits and a sustainable level of working capital. Financially, the most significant risk is delays to the legal process of selling properties. However, a mortgage facility for £2m is in place and assets are available to secure additional facilities in the medium term if needed. Having made enquiries, the Directors believe that the planned programme of property disposals is achievable without recourse to additional borrowing facilities and do not

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

consider there are any material uncertainties about the charity's ability to continue as a going concern for the foreseeable future. Accordingly the financial statements continue to be prepared on a going concern basis.

(b) Tangible fixed assets and depreciation

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

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

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

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

(c) Intangible fixed assets and amortisation

Software is amortised over a useful economic life of 7 years, once it has entered into use.

(d) Property Repairs and Improvement costs

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

(e) Investments

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

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

Investment property is property deemed to be held for the sole purpose of financial gain to LCM, is held at the Trustees' best estimate of valuation and is not depreciated, which is permitted under the Charity SORP 2019. The Trustees perform a review of the valuation annually. All changes in value in the year are reported in the Statement of Financial Activities.

(f) Debtors

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

(g) Creditors and provisions

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

(h) Property awaiting sale

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

(i) Financial instruments

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

(j) Funds

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

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

Restricted Funds - are restricted income funds, which are expendable at the discretion of the trustees 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 LCM and only the income arising can be expended.

(k) Donations and legacies

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

(l) Rent receivable

Rents receivable are accounted for on an accruals basis.

(m) Value Added Tax

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

(n) Pension costs

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

The defined benefit scheme is funded, with the assets of the scheme held separately from those of LCM, in a separate trustee administered fund. Pension scheme assets are measured

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The defined contribution scheme costs are included as part of staff costs and included in the Statement of Financial Activities.

(o) Resources expended

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

(p) Leases

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

(q) Support costs

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

(r) Significant estimates and judgements

The group's investment properties are valued by the trustees at their estimated market value at the balance sheet date. This represents a significant judgement however the trustees believe that the market values of the investment properties are not materially different from their carrying values at the balance sheet date. The trustees acknowledge that there has been considerable uncertainty in the property market as a result of the impact of the coronavirus pandemic although any consequent diminution in value of the properties is expected to be temporary.

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Investment income

	2020	2019
	£	£
Income from listed investments	106,374	186,809
Income from other investments	-	-
Income from deposits	4,093	5,387
Income from investment properties	567,079	580,501
	<u>677,546</u>	<u>772,697</u>

3 Analysis of resources expended

Group	Staff	Other	Dep'n	Total
	Costs			
	£	£	£	£
Expenditure on raising funds	456,592	387,415	32,361	876,368
Charitable expenditure	5,805,364	2,615,052	581,073	9,001,489
	<u>6,261,956</u>	<u>3,002,467</u>	<u>613,434</u>	<u>9,877,857</u>

Charity	Staff	Other	Dep'n	Total
	Costs			
	£	£	£	£
Expenditure on raising funds	456,592	387,415	32,361	876,368
Charitable expenditure	5,805,364	2,411,279	581,073	8,797,716
	<u>6,261,956</u>	<u>2,798,694</u>	<u>613,434</u>	<u>9,674,084</u>

Included in both group and charity above:	2020
Audit fees net of VAT	£
Prior year under accrual	25,500
Support costs (Note 20)	11,120
	<u>3,563,564</u>

Analysis of Resources Expended-2019 for comparison

Group	Staff	Other	Dep'n	Total
	Costs			
	£	£	£	£
Expenditure on raising funds	436,749	379,517	35,134	851,400
Charitable expenditure	5,776,032	3,341,286	529,813	9,647,131
	<u>6,212,781</u>	<u>3,720,803</u>	<u>564,947</u>	<u>10,498,531</u>

Charity	Staff	Other	Dep'n	Total
	Costs			
	£	£	£	£
Expenditure on raising funds	436,749	379,517	35,134	851,400
Charitable expenditure	5,776,032	2,682,428	529,813	8,988,273
	<u>6,212,781</u>	<u>3,061,945</u>	<u>564,947</u>	<u>9,839,673</u>

Included in both group and charity above:	2019
Audit fees net of VAT	£
Prior year under accrual	22,500
Support costs (Note 20)	-
	<u>3,151,919</u>

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Staff costs

	2020	2019
	£	£
Salaries	4,597,076	4,750,102
Social Security	377,841	413,445
Settlement Costs	502,134	165,656
Pension and Life Insurance	784,904	883,577
	<u>6,261,956</u>	<u>6,212,780</u>

The only member of the Board who is remunerated is Graham Miller, the Chief Executive, and his total emoluments for 2020 were £50,625 (2019 £50,814). Pension contributions of £9,907 (2019 £8,410) were also paid on his behalf. He also receives rent-free accommodation in his role as Chief Executive. Expenses reimbursed amounted to £85 (2019 £411). One Board member reclaimed travel expenses of £55.65 (2019 £229).

During 2020 LCM completed a review of mission strategy and ministry operations and reached settlement with several employees who subsequently left the organisation.

	2020	2019
The number of employees at 31st December 2020 by function was:		
Field staff – evangelists	85	113
Other ministry staff	26	45
Maintenance staff	3	3
Support and administration staff	43	40
Employed staff	157	201
City Vision team	0	5
Urban Track	2	2
Employees & formal volunteer programmes	159	208

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

	2020	2019
£60,000 to £69,999	3	2

Emoluments for the Leadership Team in 2020 were as shown below. The composition of the Leadership Team is set out in the Directors' Report on Page 25. The figures below are the total cost to LCM, including gross salaries, benefits in kind, employer's national insurance contributions and employer's pension contributions.

	2020	2019
	£	£
Key management emoluments	599,670	559,192

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

5a. Tangible fixed assets

Group	Freehold	Long	Fixtures & Fittings	Motor Vehicles	IT Capitalisation	Property Development	Total
	Land & Buildings	Leasehold Land & Buildings					
Cost or valuation							
at 1 January 2020	27,713,914	4,056,595	1,634,037	314,423	-	1,089,823	34,808,792
Transfers at cost	(1,414,969)						(1,414,969)
Additions	1,999,000		317,915		102,184	449,263	2,868,362
Disposals	(379,529)						(379,529)
at 31 December 2020	27,918,416	4,056,595	1,951,952	314,423	102,184	1,539,086	35,882,656
Depreciation							
at 1 January 2020	1,269,662	258,220	703,163	303,052	-	-	2,534,097
Dep'n eliminated on disposal	(20,672)						(20,672)
Dep'n eliminated on transfer	(77,202)						(77,202)
Charge for period	279,190	47,584	249,758	2,842	34,058		613,432
at 31 December 2020	1,450,978	305,804	952,921	305,894	34,058	-	3,049,655
Net book values							
at 31 December 2020	26,467,438	3,750,791	999,031	8,529	68,126	1,539,086	32,833,001
at 31 December 2019	26,444,252	3,798,375	930,874	11,371	-	1,089,823	32,274,695

The net book value at 31 December 2020 represents fixed assets used for the following:

	Freehold	Long	Fixtures & Fittings	Motor Vehicles	IT Capitalisation	Property Development	Total
	Land & Buildings	Leasehold Land & Buildings					
Headquarters, Nasmith Court, Retirement, Holiday Homes & other properties & vehicles	6,315,466	478,843	205,512	8,529	68,126	1,539,086	8,615,562
Missionary and Staff Housing	15,854,327	2,734,637	244,525	-	-	-	18,833,489
Hope Community Homes	1,391,652	-	-	-	-	-	1,391,652
Tenanted Properties	813,544	430,634	141,756	-	-	-	1,385,934
Christian Centres	2,092,449	106,677	407,238	-	-	-	2,606,364
	26,467,438	3,750,791	999,031	8,529	68,126	1,539,086	32,833,001

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

Charity	Freehold	Long	Fixtures & Fittings	Motor Vehicles	IT Capitalisation	Property Development	Total
	Land & Buildings	Leasehold Land & Buildings					
Cost or valuation at 1 January 2020	27,713,914	4,056,595	1,634,037	314,423	-	72,073	33,791,042
Transfers	(1,414,969)						(1,414,969)
Additions	1,999,000		317,915		102,184	72,757	2,491,856
Disposals	(379,529)						(379,529)
at 31 December 2020	27,918,416	4,056,595	1,951,952	314,423	102,184	144,830	34,488,400
Depreciation at 1 January 2020	1,269,662	258,220	703,163	303,052	-	-	2,534,097
Dep'n eliminated on disposal	(20,672)						(20,672)
Dep'n eliminated on transfer	(77,202)						(77,202)
Charge for period	279,192	47,584	249,758	2,842	34,058		613,434
at 31 December 2020	1,450,980	305,804	952,921	305,894	34,058	-	3,049,657
Net book values at 31 December 2020	26,467,436	3,750,791	999,031	8,529	68,126	144,830	31,438,743
at 31 December 2019	26,444,252	3,798,375	930,874	11,371	-	72,073	31,256,945

The net book value at 31 December 2020 represents fixed assets used for the following:

	Freehold	Long	Fixtures & Fittings	Motor Vehicles	IT Capitalisation	Property Development	Total
	Land & Buildings	Leasehold Land & Buildings					
Headquarters, Nasmith Court, Retirement, Holiday Homes & other properties & vehicles	6,315,464	478,843	205,512	8,529	68,126	144,830	7,221,304
Missionary and Staff Housing	15,854,327	2,734,637	244,525	-	-		18,833,489
Hope Community Homes	1,391,652	-	-	-	-		1,391,652
Tenanted Properties	813,544	430,634	141,756	-	-		1,385,934
Christian Centres	2,092,449	106,677	407,238	-	-		2,606,364
	26,467,436	3,750,791	999,031	8,529	68,126	144,830	31,438,743

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

5b. Intangible fixed assets

Group and charity	Software £
Cost or valuation at 1 January 2020	303,763
Additions	-
Disposals	-
at 31 December 2020	<u>303,763</u>
Amortisation at 1 January 2020	32,546
Amortisation eliminated on disposal	-
Charge for period at 31 December 2020	<u>43,395</u>
	<u>75,941</u>
Net book values at 31 December 2020	<u>227,822</u>
at 31 December 2019	<u>271,217</u>

6. Fixed asset investments

Group and charity	Investec £	Cash and COIF £	Property £	Total £
Valuation at 1 January 2020	5,250,289	245,443	26,860,129	32,355,861
Additions	601,280	2,545,260	-	3,146,540
Disposals	(2,570,509)	(1,818,974)	(3,915,000)	(8,304,483)
Transfers at book value			1,337,766	1,337,766
Net realised (losses)/gains	360,776		(10,500)	350,276
Net unrealised (losses)/gains	(555,430)	(4,678)	3,695,599	3,135,491
Valuation at 31 December 2020	<u>3,086,406</u>	<u>967,051</u>	<u>27,967,994</u>	<u>32,021,451</u>
Cost at 31 December 2020	<u>2,340,883</u>	<u>968,453</u>	<u>6,983,584</u>	<u>10,292,920</u>

LCM holds a wide range of investments managed by Investec and with COIF. At year end 45% (2019 33%) are overseas investments.

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

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

London City Mission Property Services Ltd is a private company limited by guarantee without share capital (Company No. 09881533) which is controlled by LCM.

	2020 £	2019 £
Turnover	658,004	46,363
Expenditure	(212,773)	(667,860)
Deficit for the year	445,231	(621,497)
Total Assets	1,519,541	1,117,608
Total Liabilities	(2,404,543)	(2,447,841)
Net Funds	(885,002)	(1,330,233)

7. Debtors

	2020 Group £	2019 Group £	2020 Charity £	2019 Charity £
Cash due from legacies	999,333	1,264,000	999,333	1,264,000
Cash due from stockbrokers				
Staff loans and season tickets	7,755	32,273	7,755	32,273
Gift Aid tax recoverable	43,841	19,947	43,841	19,947
Insurance premiums prepaid	42,961	42,871	42,961	42,871
Pension costs prepaid	10,768	10,714	10,768	10,714
Ministry prepayment	3,826	-	3,826	-
Other prepayments	40,926	60,523	40,926	60,524
Intercompany balances	5,535	-	1,976,857	1,449,277
Other debtors	459,177	749,493	339,552	646,151
	<u>1,614,122</u>	<u>2,179,821</u>	<u>3,465,819</u>	<u>3,525,757</u>

8a. Creditors

Amounts falling due within one year:	2020 Group £	2019 Group £	2020 Charity £	2019 Charity £
Accruals	848,276	1,017,276	434,855	689,729
Trade creditors	202,496	128,841	182,696	109,824
Rent deposits & deferred rent receivable	76,154	94,180	76,153	94,180
Life assurance scheme	4,044	4,044	4,044	4,044
Property development	-	-	-	-
	<u>1,130,970</u>	<u>1,244,341</u>	<u>697,748</u>	<u>897,777</u>

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

8b. Amounts falling due in more than One Year

During the year the London City Mission arranged a £2,000,000 debt facility. In November 2020 it drew down a £1,000,000 loan repayable by monthly instalments over 9 years, with a floating interest rate. The capital repayments are scheduled to commence in November 2021 and the loans are secured by way of charges over the freehold land and buildings.

9. Pension commitments – group and charity

LCM operates a closed funded pension scheme. 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 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 LCM.

A formal triennial valuation of the scheme was completed as at 31 May 2017 by the actuary and the valuation method used was the Projected Unit Method. The May 2017 valuation showed that the market value of the scheme's assets was £4,598,000 (2014 - £3,341,000) excluding insured pensioners' assets and that the actuarial value of those total assets represented 63% (2014 - 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 £2,655,000 (2014 - £3,141,000). The triennial review as at 31 May 2020 has been drafted and shows a reduced deficit. A review and funding agreement between LCM and Pension scheme trustees is required before the end of 2021.

Following the 2017 triennial valuation the board authorised contributions of £459,000 per annum which commenced 1 September 2018, increasing at 3% per annum for a period of five years and 4 months. LCM completed an enhanced transfer exercise in 2020 and are seeking advisors to obtain quotations from the market for a bulk annuity purchase.

The actuary has carried out a further full valuation of the scheme as at 31 December 2020 to produce the information required under FRS 102 – Section 28 Disclosure Report.

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

The assets in the scheme were:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Equities	686	731	587	519	2,942
Bonds and gilts	3,931	3,517	3,092	3,145	1,327
Diversified growth funds	641	681	616	518	-
Cash	142	287	204	356	92
Insured pensioners	6,888	6,676	6,270	6,676	6,760
Total market value of assets	12,288	11,892	10,769	11,214	11,121
Present value of scheme liabilities	(12,309)	(12,154)	(11,085)	(11,983)	(12,406)
Deficit at 31 December	(21)	(262)	(316)	(769)	(1,285)

Analysis of the amounts charged to resources expended would be:

	2020	2019
	£'000	£'000
Expenses	-	-

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

Interest on pension scheme liabilities	(244)	(314)
Expected return on pension scheme assets	242	312
Losses on settlements	(221)	-
	<u>(223)</u>	<u>(2)</u>

Analysis of actuarial loss:

Difference between actual and assumed return on asset	876	832
Experience (loss) on obligations	93	39
Change of basis gain/(loss) on obligations	(1,068)	(1,301)
Actuarial gain/(loss) on obligations	<u>(99)</u>	<u>(430)</u>

Movement in deficit during the year:

	2020	2019
	£'000	£'000
Deficit at 1 January 2020	(262)	(316)
Expenses	-	-
Contributions	563	486
Pension finance income	(223)	(2)
Actuarial gain/(loss)	(99)	(430)
Deficit at 31 December 2020	<u>(21)</u>	<u>(262)</u>

History of experience gains and losses

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets					
amount	876	832	(751)	140	1,809
percentage of scheme assets	7.1%	7.0%	(7.0%)	1.2%	16.3%

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Experience gain/(loss) on obligations					
amount	93	39	(19)	462	123
percentage of scheme liabilities	0.8%	0.3%	(0.2%)	3.9%	1.0%
Total actuarial gain/(loss)					
amount	(99)	(430)	99	550	(609)
percentage of scheme liabilities	(0.8%)	(3.5%)	0.9%	4.6%	(4.9%)

LCM established a group personal pension plan from April 2006 with an employer's contribution currently of between 11.5% and 13.8%.

Changes in the present value of the obligation and in the fair values of assets

	31 December 2020	31 December 2019
	£'000	£'000
Present value of obligation at beginning of year	12,154	11,085
Interest cost	244	314
Benefits paid	(421)	(507)
Charges paid	-	-
Actuarial (gain)/loss	975	1,262
Liabilities extinguished on settlements	(643)	-
Present value of obligation at end of year	<u>12,309</u>	<u>12,154</u>
	31 December 2020	31 December 2019
	£'000	£'000
Fair value of scheme assets at beginning of year	11,892	10,769
Expected return on scheme assets	242	312
Contributions	563	486
Benefits paid	(421)	(507)
Actuarial gain/(loss) on scheme assets	876	832
Assets distributed on settlements	(864)	-
Fair value of scheme assets at end of year	<u>12,288</u>	<u>11,892</u>

10. Taxation

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

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Designated funds

Group and charity	Balance					Balance 31 Dec 2020
	1 Jan 2020	Disposals	Transfers	Additions	Dep'n	
	£	£	£	£	£	£
Missionary and staff housing	15,902,760	(1,614,000)	1,795,053	2,055,138	(305,462)	17,833,489
Headquarters, retirement, other properties and vehicles	8,526,704	(105,000)	(716,947)	638,381	(82,832)	8,260,306
Housing for the Marginalised	1,602,544	-	(196,202)	-	(14,690)	1,391,652
Tenanted properties	2,480,956	(190,529)	(959,605)	83,323	(28,210)	1,385,935
Christian Centres	3,120,649	-	(807,269)	91,521	(77,536)	2,327,365
Designated Assets (Fixed Assets less Debt)	31,633,613	(1,909,529)	(884,970)	2,868,363	(508,730)	31,198,747
New Missionary Housing	530,000	-	(530,000)	-	-	-
Market Value Investment Property	16,865,131		(16,865,131)			-
Ministry sustainability	-	(3,998,497)	18,280,101	5,218,396		19,500,000
Pension deficit	5,100,000	(1,600,000)				3,500,000
	54,128,744	(7,508,026)	-	8,086,759	(508,730)	54,198,747

The remaining value of Fixed Assets totalling £634,260 as detailed in Note 5 are assets held in Restricted Funds. Transfers represent the reallocation of properties, at book value, between funds.

Headquarters, Retirement, Holiday and Other Properties Used for Designated Purposes

This fund represents the carrying value of properties and other tangible fixed assets which are used for charitable purposes, including LCM's largest asset Nasmith House, and is not available to spend on the general running of LCM. Some Nasmith Court flats remain within this fund but the majority are now held as investment properties.

Missionaries' and Staff Housing

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

Housing for the Marginalised

This fund includes the cost of six properties in Brixton which are used to provide housing and support to the vulnerably housed under the banner of Hope Community Homes and a single property in King's Cross, known as Banquet House.

**THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**

New Missionary Housing

At 31 December 2020, there were no properties intended for missionary housing that were under offer. The trustees expect to designate funds for new missionary housing from time to time.

Tenanted Properties

This fund includes houses and Christian Centres not needed at the present time for housing or ministry needs, and are being rented out until such time that they can be used directly by LCM. Rented out properties that are considered to be held solely for the purpose of financial gain are held as Investment Properties.

Christian Centres

This fund represents the value of the Centres used in the activities of LCM as well as the residential accommodation on the site and other tangible fixed assets. Christian Centres currently not being used by LCM for ministry purposes and which are rented out are generally classified as investment properties because they are held solely for financial gain whilst one is classified as a Tenanted Property.

Market Value Investment Property (MVIP), Investment Property and Revaluation Funds

The Investment Property and Revaluation funds were closed at the end of 2019. The balance on the Market Value Investment Property (MVIP) fund was transferred to the new designated Ministry sustainability fund at the end of 2020.

Ministry sustainability fund.

Was created at the end of 2020 to fund net expenditure before investments which makes up most of the projected annual cash shortfall. In line with the Long-term Financial Sustainability Objective the fund is expected to steadily reduce over many years. As this fund reduces the planned needs of LCM will be met by steadily increasing donation income.

It is expected that the ministry sustainability fund will be adjusted each year in increments of £0.5m.

Pension deficit

LCM Board having reviewed the triennial actuarial valuation of the closed DB pension scheme and the FRS 102 – Section 28 Disclosure Report for 31 December 2020 have designated £3.5m (£5.1m in 2019) to eliminate the deficit at a time in the future dependent on the considerations of the Board, including, but not limited to, prevailing market conditions.

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. General funds

Group	Balance 1 Jan 2020 £	Net movement £	Balance 31 Dec 2020 £
General reserve less pension deficit	8,997,609	(686,009)	8,311,600

Charity	Balance 1 Jan 2020 £	Net movement £	Balance 31 Dec 2020 £
General reserve less pension deficit	9,659,842	(479,238)	9,180,604

13. Restricted funds

Group and charity	Balance 1 Jan 2020 £	Income £	Gains on investments £	Expenses £	Trf from General reserve £	Balance 31 Dec 2020 £
Guaranteed payments	-	59,839	-	(59,839)	-	-
Grants	-	177,104	-	(177,104)	-	-
LCM Pioneers	-	72,611	-	(72,611)	-	-
Retired fund - Property	359,080	-	-	(3,820)	-	355,260
Holiday homes fund	729,849	14,266	(32,735)	-	-	711,379
Relief fund - Property	282,000	-	-	(3,000)	-	279,000
Relief fund - General	30,100	196,367	-	(185,837)	-	40,630
Restricted Christian Centre fund	4,000	8,478	-	(8,478)	-	4,000
Restricted ministry fund	170,650	486,983	-	(506,562)	-	151,071
	1,575,679	1,015,647	(32,735)	(1,017,251)	-	1,541,340

Guaranteed payments

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

LCM Pioneers

Donations received specifically as a contribution towards the employment and training of the LCM 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 LCM's pension scheme in 1993. This fund also covers the running cost of properties used to house retired staff. The value of this fund is represented by the book value of the two properties contained within this fund.

**THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**

Holiday Homes Fund

The first holiday home in Ventnor, Isle of Wight, was donated to LCM in 1869 and the fund's purpose was to ensure missionaries and their families could enjoy a break from the pressure of urban mission work. The Board decided in 2012 that the properties used for holiday homes should be sold and the one property belonging to the Fund was sold in 2013 with the proceeds transferred to a new Restricted Fund to set against the Pension Deficit. The balance of the fund is represented by investments and it is intended to transfer the balance to the Retired Fund for the benefit of retired missionaries and staff.

Relief Fund

From the early days of LCM, the desperate need of the people amongst whom the missionaries worked became apparent. Supporters of 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.

Restricted Christian Centre Fund and Restricted Ministry Fund

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

14. Endowment funds

	Balance		Balance
Group and charity	1 Jan 2020	Net movement	31 Dec 2020
	£	£	£
Perpetual trusts	1,244,998	(2,916)	1,242,082

Perpetual trusts

These consist of a number of separate funds established during the history of 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.

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Analysis of net assets between funds

Fund balances at the end of year are represented by:

Group	Unrestricted funds	Restricted funds	Endowment funds	2020	2019
	£	£	£	£	£
Tangible fixed assets	32,303,005	529,996	-	32,833,001	31,975,788
Intangible fixed assets	227,822	-	-	227,822	236,165
Investments	29,235,543	1,543,826	1,242,082	32,021,451	27,438,042
Current assets	2,879,406	(532,482)	-	2,346,924	1,375,145
Current liabilities	(1,114,120)	-	-	(1,114,120)	(1,051,112)
Long-term debt	(1,000,000)	-	-	(1,000,000)	-
Pension liability	(21,308)	-	-	(21,308)	(316,417)
Total net assets	62,510,348	1,541,340	1,242,082	65,293,770	59,657,611

Charity	Unrestricted funds	Restricted funds	Endowment funds	2020	2019
	£	£	£	£	£
Tangible fixed assets	30,908,748	529,996	-	31,438,743	31,621,166
Intangible fixed assets	227,822	-	-	227,822	236,165
Investments	29,768,024	1,011,344	1,242,082	32,021,451	27,438,042
Current assets	4,176,962	-	-	4,176,962	1,690,174
Current liabilities	(680,899)	-	-	(680,899)	(970,783)
Long-term debt	(1,000,000)	-	-	(1,000,000)	-
Pension liability	(21,308)	-	-	(21,308)	(316,417)
Total net assets	63,379,350	1,541,340	1,242,082	66,162,772	59,698,347

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Prior year comparative funds – incoming and outgoing resources – group and charity

	Unrestricted funds £	Restricted funds £	Endowment funds £	2019 Total £
INCOME				
Voluntary income				
Donations	1,895,580	554,190	-	2,449,770
Legacies	1,647,359	2,000	-	1,649,359
Income from investments	758,622	4,927	9,148	772,697
Income from charitable activities				-
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres	313,370	102,411	-	415,781
Income from other trading activities				-
Rents	509,760	-	-	509,760
Fees & other charges	46,363	-	-	46,363
Other income				
Net gain on sale of tangible fixed assets	1,537,711	-	-	1,537,711
TOTAL INCOME	6,708,765	663,528	9,148	7,381,441
Expenditure on raising funds				
Management of rented properties	356,945	-	-	356,945
Fundraising and supporter relations	474,858	-	-	474,858
Investment management fees	19,597	-	-	19,597
	851,400	-	-	851,400
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES	5,857,365	663,528	9,148	6,530,041
EXPENDITURE ON CHARITABLE ACTIVITIES				
Mission activities	5,335,139	479,346	9,148	5,823,633
LCM Pioneers	118,819	103,440	-	222,259
Training and church development	234,795	-	-	234,795
City Vision, City Challenge and Urban Track	118,781	-	-	118,781
Christian Centres	1,595,214	-	-	1,595,214
Retirement housing and other costs	329,962	3,820	-	333,782
Relief to the needy	295,236	3,000	-	298,236
Hope Community Homes	84,190	-	-	84,190
Trading costs at cafés, HQ Bookroom and at Christian Centres	143,883	-	-	143,883
Christian Centre developments	792,358	-	-	792,358
TOTAL CHARITABLE EXPENDITURE	9,048,377	589,606	9,148	9,647,131
TOTAL EXPENDITURE	9,899,777	589,606	9,148	10,498,531
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES	(3,191,012)	73,922	-	(3,117,090)
Realised net gains on investments	(78,791)	-	23,659	(55,132)
Unrealised gains/(losses) on investments	9,670,954	81,097	139,590	9,891,641
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	6,401,151	155,019	163,249	6,719,419
Transfer between funds	-	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS	6,401,151	155,019	163,249	6,719,419
Actuarial (losses)/gains on defined benefit pension scheme	(430,000)	-	-	(430,000)
NET MOVEMENT IN FUNDS	5,971,151	155,019	163,249	6,289,419
RECONCILIATION OF FUNDS				
Total funds brought forward	57,155,202	1,420,660	1,081,749	59,657,611
FUND BALANCES CARRIED FORWARD	63,126,353	1,575,679	1,244,998	65,947,030

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Capital and other commitments

There are no capital commitments as at 31 December 2020.

18. Post balance sheet events – investment property

As at 31 December 2020, LCM was in discussions with a number of developers to purchase or enter into development agreements for a number of properties. No material change from these negotiations need to be reflected in the re-valuation of properties.

19. Operating lease commitments – group and charity

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

	2020	2019
	£	£
Within one year	17,783	12,882
Between two and five years	21,189	4,019
In more than five years	-	-
	<u>38,972</u>	<u>16,901</u>

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Support costs

Group and charity	HQ staff	HR, IT, and premises	Pension and life insurance	Total
	£	£	£	£
Management of rented properties	91,780	6,249	7,825	105,854
Fundraising and supporter relations	176,942	23,069	31,554	231,566
Mission activities	914,359	704,122	256,905	1,875,386
Christian Centres	95,894	70,871	27,404	194,169
Retirement housing	74,704	5,087	6,369	86,160
City Vision and City Challenge	72,799	45,620	182	118,600
Relief to the needy	162,466	118,449	44,092	325,007
Development of Christian Centres	28,535	-	-	28,535
LCM Pioneers	151,947	71,887	26,759	250,592
Training and church development	165,990	71,887	26,759	264,635
Hope Community Homes	53,166	21,784	8,109	83,059
Total	1,988,582	1,139,024	435,958	3,563,564

Allocable costs

	£	£
Head office staff		1,988,582
IT, HR, office supplies	215,090	
Departmental costs	410,046	
Insurance	103,643	
Premises	410,246	
		1,139,024
Pension and life insurance		435,958
		<u>3,563,564</u>

21. Related party transactions

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

22. Donations from Trustees

Twelve trustees donated in the year totalled £103,705 (2019 £86,380).

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Charity Statement of Financial Activities

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

	Unrestricted funds	Restricted funds	Endowment funds	2020 Total	2019 Total
	£	£	£	£	£
INCOME					
Voluntary income					
Donations	1,597,505	764,439	-	2,361,943	2,449,770
Legacies	1,151,032	-	-	1,151,032	1,649,359
Grants	-	177,104	-	177,104	
Income from investments	663,281	14,266	-	677,546	772,697
Income from charitable activities					
Guaranteed payments and trading receipts at cafés, HQ Bookroom and at Christian Centres	101,969	59,839	-	161,808	415,781
Income from other trading activities					
Rents	461,248	-	-	461,248	509,760
Other income					
Fees and other charges	50,000	-	-	50,000	
Management fees	9,000	-	-	9,000	9,000
Net gain on sale of tangible fixed assets	791,143	-	-	791,143	1,537,711
TOTAL INCOME	4,825,178	1,015,647	-	5,840,825	7,344,078
Expenditure on raising funds					
Management of rented properties	337,445	-	-	337,445	356,945
Fundraising and supporter relations	525,001	-	-	525,001	474,858
Investment management fees	13,921	-	-	13,921	19,597
	876,367	-	-	876,367	851,400
NET INCOME AVAILABLE FOR CHARITABLE OBJECTIVES	3,948,810	1,015,647	-	4,964,457	6,492,678
EXPENDITURE ON CHARITABLE ACTIVITIES					
Mission activities	4,816,524	937,820	-	5,754,344	5,783,509
LCM Pioneers	177,981	72,611	-	250,592	222,259
Training and church development	296,635	-	-	296,635	234,797
City Vision, City Challenge and Urban Track	115,516	-	-	115,516	118,781
Christian Centres	1,561,012	-	-	1,561,012	1,595,214
Retirement housing and other costs	236,033	3,820	-	239,853	333,782
Relief to the needy	405,288	3,000	-	408,288	298,236
Hope Community Homes	83,059	-	-	83,059	84,190
Trading costs at cafés, HQ Bookroom and at Christian Centres	38,600	-	-	38,600	143,883
Christian Centre developments	49,817	-	-	49,817	173,622
TOTAL CHARITABLE EXPENDITURE	7,780,465	1,017,251	-	8,797,716	8,988,273
TOTAL EXPENDITURE	8,656,832	1,017,251	-	9,674,083	9,839,673
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS/LOSSES	(3,831,654)	(1,604)	-	(3,833,258)	(2,495,595)
Realised net gains on investments	350,276	-	-	350,276	(55,133.00)
Unrealised gains/(losses) on investments	3,171,142	(32,735)	(2,915)	3,135,491	9,891,642
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	(310,237)	(34,339)	(2,915)	(347,492)	7,340,914

THE LONDON CITY MISSION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Charity Statement of Financial Activities (continued)

	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total £	2019 Total £
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS	(310,237)	(34,339)	(2,915)	(347,492)	7,340,914
Transfer between funds	-	-	-	-	-
NET INCOME/(EXPENDITURE) AFTER TRANSFERS	(310,237)	(34,339)	(2,915)	(347,492)	7,340,914
Actuarial (losses)/gains on defined benefit pension scheme	(99,000)	-	-	(99,000)	(430,000)
NET MOVEMENT IN FUNDS	(409,237)	(34,339)	(2,915)	(446,492)	6,910,914
RECONCILIATION OF FUNDS				-	-
Total funds brought forward	63,788,586	1,575,679	1,244,998	66,609,264	59,698,347
FUND BALANCES CARRIED FORWARD	63,379,350	1,541,340	1,242,082	66,162,772	66,609,263