

Charity Registration No. 1087771

Company Registration No. 4255960 (England and Wales)

Vineyard Music (UK) Limited
Trustees' Report and Accounts
For the year ended 31 December 2010

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Vineyard Music (UK) Limited

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Vineyard Music (UK) Limited

Trustees' Report For the year ended 31 December 2010

The Trustees submit herewith their sixth Annual Report together with audited financial statements for the year ended 31 December 2010

Annual Report 2010

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Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

1 Introduction

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005)

2. Principal Activities

The principal activities of the company are the promotion of knowledge of the Christian faith by sales of Christian literature and audio material by mail order, the production of Christian worship songs and delivery of training for the furtherance of the Christian faith

3. Mission Statement

Vineyard Music is a non-profit, church-based worship ministry. By imparting the heart and activity of worship through music, events and resources, we encourage people everywhere to pursue a deeper relationship with God. All of our income is directly re-invested in furthering the development of worship in the Church, aiding in the establishment of new churches worldwide and helping to advance God's Kingdom.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

4. Reference and Administrative Details

a Registered name and other working name

Vineyard Music (UK) Ltd t/a Vineyard Records UK

b Officials and advisors

Trustees

J Cook (C E O)
C Whitelock
A McNeil
S Barber
C J Wright
A J Wallis

Company Secretary

P B Masters

Registered Office

252 Cottingham Road
Hull
HU6 8QA

Bankers

Royal Bank of Scotland
10 Silver Street
Hull
HU1 1JE

Auditor

Revell Ward LLP
7th Floor
30 Market Street
Huddersfield
HD1 2HG

Solicitors

David Cross and Company
52 High Street
Thornbury
South Gloucestershire
BS35 2AN

Registered Charity Number

1087771

Companies House Number

4255960

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

5. Structure, governance and management

a Constitution

- i The Company is limited by guarantee without share capital and is a registered charity. The liability of the members is limited to £1 each. Accumulated funds are not distributed to the members.
- ii The governing instrument under which the Company operates is its Memorandum and Articles of Association, last amended September 2005.
- iii The Trustees are treated as directors for Companies Act purposes.

b Trustees

Introduction - the process of selection and induction of Trustees

This goes hand in hand, hence our Trustees would typically be Christian / Church leaders of some standing and repute. Additionally they would have become familiar with the workings and business of Vineyard Music through attending recordings, conferences and business meetings. Also they would be checked to see that they are in good standing as follows:

- i They are not an undischarged bankrupt,
- ii They have not been convicted of any offence involving dishonesty or deception,
- iii They have no criminal record,
- iv They are not banned from the Charity Commission in the UK;
- v They are not subject to a disqualification order under the Company Directors Disqualification Act 1986, nor to an order made under section 429 (2)(b) of the Insolvency Act 1986,
- vi They have not been removed from being concerned in the management or control of any body under Section 7 of the Law Reform (miscellaneous Provisions) (Scotland) Act 1990,
- vii They have not been removed as a Trustee by the Charity Commission or the High Court.

c Induction process – all new Directors / Trustees are supplied with the following

- i Recent financial accounts,
- ii Overview of the business,
- iii Articles and Memorandum of Association,
- iv Staff handbook,
- v Health and safety / risk assessments,
- vi Induction talk and orientation covering the practical aspects of the charity's objectives,
- vii By way of information our current Trustees are all Senior Pastors of Churches with the Vineyard Churches UK Denomination. The exception to this is the General Manager who has been hired because of his unique professional ability (as permitted in the Articles and Memorandum of Association). In the selection of future Trustees we will seek to find candidates of suitable professional ability additionally combined with an empathy towards churchmanship and Christian worship.

d Role description – the primary description of the role of Trustees is to discharge their duties in the fulfilment of the objects of the Charity in a good and timely manner to the satisfaction of the Charity Commission. In particular they are required to

- i Attend the AGM,
- ii Attend Board meetings,
- iii Receive and comment on the charity's quarterly report (including finances),
- iv Be available to the management of the Company for adhoc discussions as required from time to time,
- v To try and keep themselves up to date as regards governance of charities in the UK,
- vi Periodically review and modify policies and procedures of Vineyard Music UK,
- vii Execute the duties of being the overall employer of Vineyard Music UK.

e Organisational Structure

- i The support staff, including the Finance Manager, Publishing Manager and the Media Marketing Assistant report to The Business Manager, who reports to the C E O, who reports to the Board of Trustees. The C E O has a part-time PA who reports directly to him.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

5 Structure, governance and management (continued)

f Relationships

- i The Trustees note the continued growing relationship between the Vineyard Churches UK & Ireland and Vineyard Music UK
- ii Communication continues to be a priority this year to churches and to the worship leaders in the movement through regular updates and newsletters and email notes
- iii It is noted the growing working relationship with the Trent band, who is forming an identity of their own within the Christian worship and festival scene. They have played at a number of key events both within the Vineyard movement and outside. The Trustees are pleased to note this and the working relationship that is building between both parties

g Relationships - others

- i Vineyard Records UK is committed to forming new and strengthening existing partnerships with organisations that share similar values. We see these partnerships as being key in helping the furtherance of religious education of the wider Church and also in strengthening unity within the Church
- ii Vineyard Records UK continues to be committed to working with Vineyard Churches UK & Ireland and will endeavour to strengthen relationships with Vineyard Churches throughout the UK
- iii Vineyard Records continues to work closely with Vineyard Music US in developing best ways to connect in each other's markets. To this end, a retainer is paid to Alex Macdougall to help aid and make connections with distributors and others within the US market. During the year a distribution deal, with the US market, was signed with Kingsway US (a subsidiary of DC Cook)
- iv Nigel Briggs, Worship Pastor at Trent Vineyard Nottingham has been taken on for two days a week to help co-ordinate and develop worship and worship leaders within the Vineyard Movement, his role also comprises the development and encouragement of songwriting within the Vineyard Movement in the UK. Over the course of the year a large number of new songs have been submitted, Nigel's role will continue to be funded for the forth coming year
- v During the year, The Hull Vineyard, entered into an agreement to rent the second floor offices of the property at 252 Cottingham Road

h Risk assessment statement

- i The Trustees have reviewed the risks associated with the charity. The main risks identified are incapacity of staff, computer failure, health and safety and fire issues. The following steps are in place to mitigate them
 - 1 Incapacity of the Business Manager, in the short term Jeremy Cook will take over the management of VM UK Ltd whilst the board seek and appoint a new Business Manager
 - 2 Incapacity of the Finance Manager, initially to be covered within the office by The C E O's PA, who also acts as Treasurer to the Hull Vineyard Trust, following procedures laid down in the guide, whilst the board seek and appoint a new Finance Manager
 - 3 Incapacity of other staff members initially covered within the office until new staff member appointed
 - 4 Computer failure – back up discs stored off-site, finances backed up every month, database backed up every week
 - 5 Building failure – Insurance covers buildings, contents and stock. Business interruption is covered. The operation would move to rented premises as soon as possible

i Personnel

- i There have been two changes in personnel during the year ended 31 December 2010. In April, Nathan Horner, Projects Manager was regrettably made redundant, as his role had been becoming less and less required

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

5 Structure, governance and management (continued)

- ii Alex Cook, Publishing Manager, was re-employed on a full time basis, from August for a years' contract, to tidy up existing and establish new distribution deals within Europe and worldwide

6. Objectives and Activities

a Public benefit

When planning the activities for the year, the Trustees have considered the Charity Commission guidance on public benefit, and in particular, the specific guidance on charities for the advancement of religion to provide public benefit in the following areas

- i Donations from surpluses for the establishment of new churches nationwide,
- ii Funding of mission work both in the UK and abroad,
- iii Support of prison ministry through the donation of audio CDs and books,
- iv Curriculum development for primary school children,
- v Free of charge provision of recording studio for the development of worship songs,
- vi Involvement in training, resourcing and worship within the Christian church in the UK and further afield

b Summary of objectives

The Company is established for -

- i the advancement of the Christian faith by the documenting, recording and distribution by way of printed, audio, video, digital and electronic media of Christian worship music written and composed primarily, but not exclusively, within member churches of the Association of Vineyard Churches (UK) Trust and the encouragement of church planting in the United Kingdom,
- ii the furtherance of religious education by way of seminars and conferences,
- iii the relief of those who are in conditions of need or hardship or who are aged or sick and to relieve distress caused thereby in the United Kingdom or the world as the Directors may from time to time think fit,
- iv such other charitable objects and for the benefit of such other charitable bodies and institutions as the Directors shall in their absolute discretion see fit

c Strategies for achieving objectives

All income for the charity is derived from the charitable objectives and aims using the following strategies

i Sales Performance

During the period of these accounts the Trustees noted a steady performance in sales of worship CDs, with one key release in June and a Christmas album, from Vineyard Network Church, Birmingham, in November, based on their participation in the city wide, Carols in The City event. This year, Vineyard Book Resources has come under the wing of Vineyard Records UK, which has proved fairly successful and is hoped to grow in the coming year. Although there continues to be an industry-wide softening of the market, music pirating is also on the decrease. The Trustees are confident that the Vineyard Records brand will grow in reputation, impact and quality and therefore Vineyard Music (UK) Ltd t/a Vineyard Records UK continues to be committed to selling CDs via direct sales especially in light of the new releases planned for production in 2011.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

6 Objectives and Activities (continued)

ii Publishing Performance

The Trustees are pleased to report that the revenue from publishing and licensing royalties continues to remain strong and forms the majority 91% (2009 – 89%) of the income of the company

iii Events

For the furtherance of religious education of the wider Church, further events were held throughout the year as follows

There was one major event during the year The National Worship Leaders Retreat took place in September with 145 people attending from 37 different Vineyard Churches for a time of re-envisioning, connecting with others and teaching on theological, practical and inspirational issues The feedback from this event has been very positive and encouraging

One regional worship event took place in the year

East Anglia on 7th and 8th May for training, networking, encouragement and teaching

d Grant making

Three grants were made in the year totalling £34,500 (2009 – 8, totalling £70,000) to the organisations listed below, to aid Church Planting, Worship development and funding for Derek Morphew's (Theologian within the Vineyard Movement) sabbatical fund

The grants were given as follows

	2010 £	2009 £
Oxford Vineyard	-	10,000
South West London Vineyard	-	10,000
St Albans Vineyard	-	10,000
Glasgow Westend Vineyard	-	10,000
Southend Vineyard	-	5,000
Leicester City Vineyard	-	5,000
Trent Vineyard	-	10,000
Network Church Birmingham	-	10,000
Vineyard Churches UK&I	30,000	-
Vineyard Music D A Ch	2,500	-
Association of Vineyard Churches SA	2,000	-

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

7. Achievements and Performance

a Product development

- i In June the album *The Lamb Has Conquered* was released and has performed well. The songs on this album were penned by Mike and Jamie Pearson and Kate Cooke from the Mercy Vineyard, Southampton and produced by Jimmy Cooke.
- ii In November the *Carols in the City* was released, based on Network Church Birmingham participation in the city centre evangelistic event. This has proved a popular album selling well in the UK and being sent to Germany and the US.
- iii The song writing course has been on going over the past couple of years. The course encourages, teaches and models the art of songwriting with a particular emphasis on writing worship songs. The fruit of this is already being seen and the hope is that this will continue to increase, with a large number of new songs being submitted for critique during the year.
- iv The recording studio in the basement of the offices, which is available free of charge to songwriters and musicians within Vineyard Churches UK to record their songs to a reasonable standard, has proved to be fairly popular with musicians from the Wharfedale Vineyard, Mercy (Southampton) Vineyard, Glasgow Westend Vineyard, Tyneside Vineyard and St Albans Vineyard. The equipment has been used to record the *Carols in the City* Album (being relocated to Birmingham). The studio was used to overdub some vocals of Nigel Briggs for the *Spring Harvest 2010* album. It is hoped that this trend will continue to encourage songwriting, enable relationship-building between the songwriters and VRUK and produce high-quality, low-cost recordings for future release.
- v In January and June an EP of 5 new songs was sent to all the Vineyard Churches in the UK, key worship leaders, and all delegates who attended the Worship Leaders Retreat, free of charge to encourage the use of these songs in church services. Currently the hope is to release an EP of this nature each quarter and then to record a full album in 2011 of the more popular and taken up songs.
- vi VRUK has secured the UK distribution of John Wimber (founder of the Vineyard movement) teaching materials, which have proved popular, especially at conference events. Further development and presentation of this product has been undertaken with the view to making it more widely available.
- vii In May Vineyard Records obtained permission from the Vineyard Churches UK & Ireland Council to become the distributor of Vineyard Books in the UK. These are books approved and recommended by the council for sale. A number of these titles have been added to the website. In October the first presentation of the new 'bookstall' took place at the Cause to Live For conference, which proved very successful. In September approval was given to Vineyard Records UK as the main distributor of product at the National Leaders Conference in January 2011. As STL (main Christian Bookshop supplier in the UK) were having distribution difficulties, a large number of books were purchased ahead of time to ensure a successful event early next year.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

8 Financial Review

a Reserves policy

- i The Trustees after due consideration consider that a reserve of £310,000 should ideally be available. This sum equates to 6 months worth of overhead expenses plus the cost of two major recording projects and their marketing, plus a general contingency. At the year end free reserves of £348,314 were available. This has been arrived at after taking into account the following elements and contingencies

- 1 Fluctuations of income verses expenses- trading losses and nature and timing of capital expenditure, historically the charity has had periods in any given year where losses may cumulate to £80K during certain periods of the year, though overall the year had surplus funds
- 2 A period of decline or delay in income – sales and royalties
- 3 Restructuring of the Charity in the event of consistent reduced income flows
- 4 To fund new income generating initiatives, where such need or opportunity exists
- 5 To remove the risk of insolvency
- 6 Long term planning and opportunity taking
- 7 The efficient running of the Charity with medium and long term downturns i.e. avoiding the need for short term decisions
- 8 Furthermore the Trustees consider it imprudent to liquidate fixed assets to generate reserves. These include the designated fixed asset totalling £242,876

ii Investment Policy

- 1 The Trustees do not seek to hold other external investments with surplus reserves

9 Plans for the future

a Product development

- i Live recording of new songs at the National leaders Conference in January 2011
- ii The recording of new and studio recorded songs as featured on the quarterly EPs
- iii A new recording of songs coming out of the Vineyard Churches using the song writing course
- iv Continued commitment to release new songs on either EPs or as downloads

b Events

- i For the furtherance of religious education of the wider Church, further events are planned for 2011 as follows
 - 1 National Worship leaders Conference – November 2011
 - 2 Encouragement for Regional/ area Worship Leaders Conference
 - 3 Song writing workshops and Church visits

c Resource distribution

- i The teaching resource catalogue developed by Vineyard Direct has been obtained, however given the way the recordings have come to us (mostly on cassette format) work has continued in making them available as digital downloads or as physical products from the VRUK website, this will occur during the first half of 2011
- ii Further development and marketing of Christian books, as recommended by the council. It is hoped that by offering this VRUK will become more of a one-stop-shop for churches and individuals. It will also make the material more accessible

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2010

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the movement in funds for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors also confirm that

- As far as they are aware there is no relevant audit information of which the company's auditors are unaware, and
- They have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

Auditors

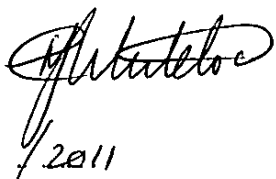
The auditors, Revell Ward LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the Trustees

C Whitelock
Trustee

Date 21/2/2011



Vineyard Music (UK) Limited

Independent auditors' report To the members of Vineyard Music (UK) Limited

We have audited the financial statements of Vineyard Music (UK) Limited for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The Trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

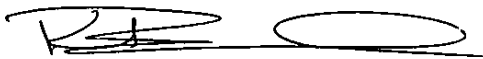
Vineyard Music (UK) Limited

Independent auditors' report (continued) To the members of Vineyard Music (UK) Limited

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



Karen Borowski FCA (Senior Statutory Auditor)
for and on behalf of Revell Ward LLP
Chartered Accountants and Registered Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

23 February 2011

Vineyard Music (UK) Limited

Statement of Financial Activities Including Income and Expenditure Account For the year ended 31 December 2010

	Notes	Year ended 31 December 2010			Year ended 2009
		General Funds	Unrestricted Designated Funds	Total	
		£	£	£	£
<u>Incoming resources</u>					
Voluntary income	2	44	-	44	3,325
Investment income	3	2,236	-	2,236	1,028
Incoming resources from charitable activities	4	669,365	-	669,365	735,078
Other incoming resources	5	1,917	-	1,917	5,778
Total incoming resources		673,562	-	673,562	745,209
<u>Resources expended</u>					
<u>Charitable expenditure</u>					
Cost of activities in furtherance of the charity's objectives	6	654,894	-	654,894	785,852
Governance	6	7,710	-	7,710	6,113
Total resources expended		662,604	-	662,604	791,965
Net incoming/(outgoing) resources before transfers		10,958	-	10,958	(46,756)
<u>Transfers</u>					
Gross transfers between funds	15	(1,297)	1,297	-	-
Net incoming/(outgoing) resources for the year		9,661	1,297	10,958	(46,756)
<u>Reconciliation of funds</u>					
Fund balances at 1 January 2010	15	338,653	241,579	580,232	626,988
Fund balances at 31 December 2010	15	348,314	242,876	591,190	580,232

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

The company had no recognised gains or losses during the year other than those included in the above results

All the company's activities are classed as continuing

Vineyard Music (UK) Limited (Charity Registration No. 1087771)
(Company Registration No. 4255960)
Balance Sheet
As at 31 December 2010

	Notes	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	11		250,641		251,768
Current assets					
Stock			18,859		13,564
Debtors	12		11,513		12,499
Cash at bank and in hand			363,600		380,669
			<u>393,972</u>		<u>406,732</u>
Creditors: amounts falling due within one year	13		<u>(53,423)</u>		<u>(78,268)</u>
Net current assets			<u>340,549</u>		<u>328,464</u>
Total assets less current liabilities			<u>591,190</u>		<u>580,232</u>
Reserves					
Designated funds	15		242,876		241,579
Unrestricted funds	15		<u>348,314</u>		<u>338,653</u>
			<u>591,190</u>		<u>580,232</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The accounts were issued, authorised and approved by the Board on
and signed on its behalf by

J. February 2011


J Cook
Trustee

Vineyard Music (UK) Limited

Notes to the financial statements For the year ended 31 December 2010

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention, except for land and buildings which are included at valuation

The accounts have been drawn up in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005, applicable accounting standards and the Companies Act 2006, except where specified below

The Trustees have considered the current position and budgets of the charity, and after making appropriate enquiries they have a reasonable expectation that the charity has an adequate reserves policy to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

b) Incoming resources

Donations and gifts – income from donations and gifts is included in incoming resources when receivable

Royalties – income from royalties is included in incoming resources in the period in which it is received. This is a departure from Financial Reporting Standard 18 Accounting Policies, which requires financial statements to be prepared on the accruals basis. Due to a lack of timely information it is not possible to reliably measure royalty income not yet received. The accounts give a true and fair view.

Sales – sales are accounted for on an accruals basis

c) Resources expended

All expenditure is shown gross and is accounted for on an accruals basis

For accounting purposes expenditure is allocated as follows

Charitable expenditure - all direct charitable expenditure relates to the operation of the activities of the charity

Governance – costs relating to the general running of the charity and governance infrastructure

Costs connected with the property, which the charity uses for its own occupation are included in designated funds, all other outgoing resources are included in unrestricted funds

d) Grant making policy

Grants are made in accordance with the Memorandum of Association to charitable organisations both in the UK and overseas for the furtherance of the kingdom, church planting and relief of those in conditions of need or hardship as the Trustees from time to time think fit

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition, other than donated freehold land and buildings which is included at valuation at the date of the donation. Depreciation is provided on all tangible fixed assets other than land at rates calculated to write off the cost or revalued amount on a straight line basis over their expected useful economic lives as follows

Freehold land is not depreciated	
Freehold buildings	2% per annum
Office equipment	4 years
Fixtures and fittings	4 years
Computer equipment	2 years

f) Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2010

1. Accounting policies (continued)

g) Stock

Stock is valued at the lower of cost and net realisable value

h) Pension costs

The pension costs charged in the accounts represent the contributions payable by the charity during the year

i) Foreign currencies translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities

j) Accumulated funds

Funds held by the charity are either

Unrestricted general funds – these are funds which can be used in accordance with the charitable objectives at the discretion of the Trustees,

Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects,

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

2. Voluntary income

	Unrestricted funds	Designated funds	Total 2010	2009
	£	£	£	£
Charitable foundations	-	-	-	3,236
Gifts in kind	44	-	44	89
	<u>44</u>	<u>-</u>	<u>44</u>	<u>3,325</u>

3 Investment income

	Unrestricted funds	Designated funds	Total 2010	2009
	£	£	£	£
Interest receivable	2,236	-	2,236	1,028
	<u>2,236</u>	<u>-</u>	<u>2,236</u>	<u>1,028</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2010

4. Incoming resources from charitable activities

Incoming resources from charitable activities relate to sales and royalty income through the sales of Christian literature and audio materials as follows

	Unrestricted funds	Designated funds	Total 2010	2009
	£	£	£	£
Royalty income	611,584	-	611,584	666,779
Retail sales	41,711	-	41,711	52,734
Conference income	16,070	-	16,070	15,565
	<u>669,365</u>	<u>-</u>	<u>669,365</u>	<u>735,078</u>

The percentage of retail sales attributable to geographical markets outside the United Kingdom was 10.1% (2009 – 16.1%)

Royalty income attributable to geographical markets outside the United Kingdom was 84.8% (2009 – 86.6%)

5. Other incoming resources

	Unrestricted funds	Designated funds	Total 2010	2009
	£	£	£	£
Profit on disposal of fixed assets	-	-	-	518
Other income	1,917	-	1,917	5,260
	<u>1,917</u>	<u>-</u>	<u>1,917</u>	<u>5,778</u>

6. Total resources expended

	Staff costs	Depreciation	Other Costs	Total 2010	2009
	£	£	£	£	£
Direct charitable expenditure	62,060	8,764	389,332	460,156	531,160
Grant funding	-	-	34,500	34,500	70,000
Governance	-	-	7,710	7,710	6,113
Support costs	112,654	-	47,584	160,238	184,692
Total resources expended	<u>174,714</u>	<u>8,764</u>	<u>479,126</u>	<u>662,604</u>	<u>791,965</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2010

6. Total resources expended (continued)

Governance costs

	2010 £	2009 £
Auditors' remuneration	6,134	5,364
Companies House fees	15	15
HR services	369	375
Pension/Insurance fees	350	-
Planning Application	620	-
CRB checks	80	70
PRS	42	89
CMPA	100	200
	<u>7,710</u>	<u>6,113</u>

Grant making

Three grants were made in the year (2009 – 8) to the entities listed below. Grants were made to Vineyard Churches UK&I to aid the Church Planting development within the movement in the UK. The other grants were made to help relief hardship that sister organisations were facing in Europe and to assist in the help given to a theologian of note within the Vineyard community.

	2010 £	2009 £
Oxford Vineyard	-	10,000
South West London Vineyard	-	10,000
St Albans Vineyard	-	10,000
Glasgow Vineyard	-	10,000
Southend Vineyard	-	5,000
Leicester City Vineyard	-	5,000
Trent Vineyard	-	10,000
Network Church Birmingham	-	10,000
Vineyard Churches UK&I	30,000	-
VM D A Ch	2,500	-
AVC South Africa	2,000	-
	<u>34,500</u>	<u>70,000</u>

7. Trustees and related parties

Vineyard Churches UK & Ireland is a related party due to four of the six Trustees of Vineyard Music UK also being Trustees of Vineyard Churches UK & Ireland. A grant was made to Vineyard Churches UK & Ireland for Church Planting initiatives of £30,000 (2009 - £Nil).

Hull Vineyard is a related party due to two of the six Trustees of Vineyard Music UK also being Trustees of Hull Vineyard and due to the charities sharing key management personnel. During the year, the Hull Vineyard Church office moved into the second floor of the Vineyard Music UK office at 252 Cottingham Road. A monthly rent of £200 is paid by Hull Vineyard as well as half the utility bills which amounted to £852 (2009 - £Nil).

The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association. No portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Company. Unless prior written authority of the Charity Commission has been obtained no member of its Board of Directors shall be

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2010

7 Trustees and related parties (continued)

appointed to any office of the Company paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Company

Mr J Cook, a Trustee, received emoluments of £34,583 (2009 – £35,533) during the year and company pension contributions of £988 (2009 – £971) were also made on his behalf. This is in accordance with permission obtained from the Charity Commission on the 24 August 2005 and the rewording of the Memorandum and Articles of Association

Mrs I Houghton, sister in law of a Trustee, received emoluments of £6,825 (2009 – £4,768) and pension contributions of £195 (2009 – £136) were also made on her behalf. This is in accordance with permission obtained from the Charity Commission on the 24 August 2005 and the rewording of the Memorandum and Articles of Association

Mr A Cook, son of a Trustee, received emoluments of £15,593 (2009 – £8,619) and a pension contribution of £297 (2009 - £Nil). This is in accordance with permission obtained from the Charity Commission on the 7 September 2005 and the rewording of the Memorandum and Articles of Association

Mr C Whitelock, a Trustee, received emoluments of £37,841 (2009 - £44,233) during the year and company pension contributions of £1,448 (2009 - £1,423) were also made on his behalf. This is in accordance with the Memorandum and Articles of Association of the company

Mr Whitelock is the general manager of the company and his appointment as a Trustee is in the best interests of the company for the following reasons

- it is a considerable asset to have the experience and expertise of Mr Whitelock within the decision making structure of the company
- the business acumen of Mr Whitelock complements the pastoral and spiritual oversight provided by the other Trustees
- Mr Whitelock has been responsible for overseeing the development and significant growth of the business over the past five years

Mr C Houghton, nephew of Mr J Cook, a Trustee, was paid £110 (2009 - £855) for assistance in the office, garden and outside grounds during the year

Mr M Houghton, nephew of Mr J Cook, a Trustee, was paid £Nil (2009 - £145) for assistance in the office during the year

Miss K Houghton, niece of Mr J Cook, a Trustee, was paid £25 (2009 - £85) for assistance in the office during the year

Mr N Cook, son of Mr J Cook, a Trustee, was paid £2,785 (2009 - £13,369) for the decoration and insulation to the double bedroom in the accommodation at the premises. In 2009 other quotes were obtained and presented to the Charities Commission. Mr Cook represented the best value for the charity

Mrs R Cook, daughter in law of Mr J Cook, a Trustee was paid £Nil (2009 - £1,656) for decoration to the hall and stairs at the offices. Confirmation was obtained from all Trustees as being best value to the charity. Details were presented to the Charity Commission on the 7 January 2009

Out of pocket expenses were reimbursed to Trustees and related parties as follows

Mr J Cook was reimbursed £657 (2009 – £325) for travel and £276 (2009– £161) for other expenses

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2010

7. Trustees and related parties (continued)

Mrs I Houghton was reimbursed £Nil (2009 – £Nil) for travel and £Nil (2009 – £140) for other expenses

Mr A Cook was reimbursed £232 (2009 – £Nil) for travel and £158 (2009 – £342) for other expenses

Mr C Whitelock was reimbursed £286 (2009 – £407) for travel and £200 (2009 – £108) for other expenses

The company made a Christmas gift to the Trustees of the following values

J Cook - £Nil (2009 - £Nil), C Whitelock - £77 (2009- £76), A McNeil - £77 (2009 - £76), S Barber - £77 (2009 - £76), CJ Wright - £77 (2009 - £76), AJ Wallis £77 (2009 - £76)

8 Employees

The average number of employees during the year was

	2010 Number	2009 Number
Charitable activities	3	4
Management and administration	3	3
	<u>6</u>	<u>7</u>

	2010 £	2009 £
Wages and salaries	155,192	164,165
Social security costs	14,747	16,019
Pension costs	4,548	4,496
	<u>174,487</u>	<u>184,680</u>

There are no employees earning more than £60,000 per annum during this year or last year

9. Taxation

The company is a registered charity and under the provision of the Income and Corporation Taxes Act 1988 is exempt from taxation

10. Net movement in funds

	2010 £	2009 £
Net movement in funds is arrived at after charging		
Auditors' remuneration		
Audit fee	6,134	5,364
Other operating leases	3,381	3,306
Depreciation	8,763	10,112
Profit on disposal of fixed assets	-	(518)

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2010

11. Tangible fixed assets

	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2010	263,000	24,669	26,553	20,604	334,826
Additions	4,962	1,171	550	953	7,636
At 31 December 2010	<u>267,962</u>	<u>25,840</u>	<u>27,103</u>	<u>21,557</u>	<u>342,462</u>
Depreciation					
At 1 January 2010	21,421	16,920	26,553	18,164	83,058
Charge for year	3,665	3,357	69	1,672	8,763
At 31 December 2010	<u>25,086</u>	<u>20,277</u>	<u>26,622</u>	<u>19,836</u>	<u>91,821</u>
Net book value					
At 31 December 2010	<u>242,876</u>	<u>5,563</u>	<u>481</u>	<u>1,721</u>	<u>250,641</u>
At 31 December 2009	<u>241,579</u>	<u>7,749</u>	<u>-</u>	<u>2,440</u>	<u>251,768</u>

Freehold land and buildings were donated to the company during the year ended 31 December 2003 and have been included at valuation. They were valued by Staniforth Estate Agents in August 2003.

12. Debtors

	2010 £	2009 £
Trade debtors	5,324	4,520
VAT	832	688
Prepayments	<u>5,357</u>	<u>7,291</u>
	<u>11,513</u>	<u>12,499</u>

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2010

13 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	1,011	1,101
Taxation and social security costs	4,432	4,762
Other creditors	33,037	55,287
Accruals	14,943	17,118
	<u>53,423</u>	<u>78,268</u>

14. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,548 (2009 - £4,496). Contributions amounting to £535 (2009 - £516) were owing at the year end.

15. Net incoming/(outgoing) resources for the year

	Balance at 1 January 2010 £	Incoming resources £	Expended resources £	Gross transfer between funds £	Balance at 31 December 2010 £
Unrestricted funds	338,653	673,562	662,604	(1,297)	348,314
Designated funds	241,579	-	-	1,297	242,876
	<u>580,232</u>	<u>673,562</u>	<u>662,604</u>	<u>-</u>	<u>591,190</u>

The unrestricted funds represent the free funds of the charity which are not designated for particular purposes.

The designated funds represent the property donated during 2003 and an addition of £4,962 (net of depreciation) to this property during the year which the charity uses for its own occupation.

Depreciation on the property is charged to this designated fund.

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2010

16. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 December 2010 are represented by			
Tangible fixed assets	7,765	242,876	250,641
Current assets	393,972	-	393,972
Creditors amounts falling due within one year	(53,423)	-	(53,423)
	<u>348,314</u>	<u>242,876</u>	<u>591,190</u>

17. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Expiry date		
Between two and five years	<u>3,306</u>	<u>3,306</u>

Management Information
For the year ended 31 December 2010

Vineyard Music (UK)
Limited

VINEYARD MUSIC (UK) LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	2010		2009	
	£	£	£	£
Income				
Voluntary income		44		3,325
Royalties received		611,584		666,779
Sales		57,781		68,299
Bank interest		2,236		1,028
Other incoming resources		1,917		5,778
		<u>673,562</u>		<u>745,209</u>
Direct charitable expenditure				
Opening stock	13,564		8,292	
Purchases	23,361		28,796	
Postage, freight and customs duty	6,871		7,913	
Conference expenses	24,525		21,115	
Royalties paid	272,464		313,361	
Pre-production costs	33,201		50,156	
Commission payable	1,501		6,106	
Salaries	82,768		84,395	
Employers NIC contributions	14,747		16,019	
Pension contributions	2,112		2,102	
Directors remuneration	72,424		79,770	
Directors pension	2,436		2,394	
Temporary staff	227		340	
Rent and rates	839		937	
Insurance	5,766		5,855	
Light and heat	1,992		2,304	
Printing, postage and stationery	1,973		2,286	
Advertising	1,577		2,357	
Telephone	4,325		4,253	
Travel and subsistence	7,397		12,265	
Office equipment	4,107		6,716	
Office repairs	6,020		10,831	
Charitable donations	772		8,903	
Staff expenses	347		613	
Entertaining	2,245		1,185	
Sundries	532		495	
Website	2,941		7,805	
Bank charges	1,949		1,999	
Leasing charges	3,381		3,306	
Depreciation	8,763		10,112	
Exchange differences	227		212	
Minibus	1,870		1,798	
Bad debt written off	97		181	
Recording studio	928		1,096	
Outsourcing	31,004		23,148	
Grants	34,500		70,000	
Closing stock	(18,859)		(13,564)	
		<u>654,894</u>		<u>785,852</u>
		18,668		(40,643)

Vineyard Music (UK) Limited

Detailed income and expenditure account For the period ended 31 December 2010

	2010		2009	
	£	£	£	£
Governance				
Audit and accountancy	6,134		5,364	
Companies House fees	15		15	
HR services	369		375	
Insurance Review	350		-	
Planning application	620		-	
CRB	80		70	
PRS	42		89	
CMPA	100		200	
		7,710		6,113
Net surplus/(deficit) for the period		<u>10,958</u>		<u>(46,756)</u>
