

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 2012

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Vineyard Music (UK) Limited

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Vineyard Music (UK) Limited

Trustees' Report For the year ended 31 December 2012

The Trustees submit herewith their eighth Annual Report together with audited financial statements for the year ended 31 December 2012

Annual Report 2012

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Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

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 (UK) Limited 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 2012

4. Reference and Administrative Details

a Registered name and other working name

i Vineyard Music (UK) Limited 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 2012

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 (UK) Limited 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 within the Vineyard Churches UK Denomination. The exception to this is C Whitelock who has been appointed because of his unique professional ability and experience. 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) Limited,
- vii Execute the duties of being the overall employer of Vineyard Music (UK) Limited.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

5. Structure, Governance and Management (continued)

e Organisational structure

- i The support staff report to the General 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.

f Relationships

- i The Trustees note the continued relationship between the Vineyard Churches UK & Ireland and Vineyard Music (UK) Limited.
- ii Communication continues to be a priority this year to churches and to the worship leaders in the movement through regular updates, newsletters and email notes.
- iii It is noted the growing working relationship with the song writers in the UK, including spending two days up in the Hull office to concentrate on writing and recording a song. The seven times this year that this event has run has proved fruitful and it is hoped to expand this format in 2013. In September a group of 24 song writers spent three nights away in a country house in Herefordshire to hone the songs that they had been writing and to record demo versions of them. Over the period of the accounts 60 UK song writers have been to these events, there is at least a similar number on the waiting list.

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 UK 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. Alex is working on a new distribution deal, within the US market, which is hoped to be in place by Summer 2013.
- iv Nigel Briggs, Worship Pastor at Trent Vineyard (Nottingham) has been taken on for one day 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 song writing within the Vineyard Movement in the UK.
- v The Hull Vineyard continue 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 General Manager, in the short term Jeremy Cook will take over the management of Vineyard Music (UK) Limited whilst the board seek and appoint a new General 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

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

5. Structure, Governance and Management (continued)

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 members 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 2012 Tom Bell who had been employed as an Intern for a period of one year to August 2012 has now become full time, on a permanent contract, with a job title of Media and Marketing Assistant
- ii Jimmy Cooke, took over from Chris Whitelock as General Manager on 1 February 2012, Jimmy comes with twenty years association with the Vineyard in the UK, as well as being a professional musician and independent producer/engineer

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

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

6 Objectives and Activities (continued)

i Sales Performance

During the period of these accounts the Trustees noted a satisfactory performance in sales of worship CDs, considering that only a couple of minor projects were released in the year. Forever Changed – recorded at the youth event, Dreaming the Impossible, in September and a Piano Classics album, in October, an album that features beautiful piano arrangements of some of the best worship songs from the Vineyard UK Book resources has come under the wing of Vineyard Records UK, which has proved a successful resource for the churches, especially at the number of conferences that Vineyard Records UK attend during the year and it is hoped to continue to expand in the coming year. The Trustees are confident that the Vineyard Records brand will grow in reputation, impact and quality and therefore Vineyard Music (UK) Limited t/a Vineyard Records UK continue to be committed to selling CDs via direct sales especially in light of the new releases planned for production in 2013.

ii Publishing Performance

The Trustees are pleased to report that the revenue from publishing and licensing royalties continues to form the majority 89% (2011 – 88%) of the income of the company, there has however been a decline in receipts during the past year, especially from the US, including the CBA market and licensing of UK songs. The Trustees will continue to monitor the situation but with new material being released in 2013 it is hoped that the decline can be slowed down.

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 November with 170 (2011 – 210) people attending from 49 (2011 – 54) 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.

d Grant making

No grants were made in the year (2011 – 1, totalling £2,500).

The grants to institutions were given as follows:

	2012 £	2011 £
Vineyard Music D A Ch	-	2,500

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

7. Achievements and Performance

a Product development

- i In September the album Vineyard Piano Classics was released. The songs on this album are a collection of the best UK songs set to beautiful piano arrangements.
- ii In October the DTI Live – Forever Changed EP was released. Dreaming The Impossible (DTI) is a growing national Vineyard event that's all about seeing young people encounter and walk with Jesus, four songs including one written during the Song Writing Intensives were recorded live during the weekend, one being re-mixed.
- iii The Song Writing Intensive has been developed over the past year and has replaced the song writing course from the previous couple of years. The Intensive encourages, teaches and models the art of songwriting with a particular emphasis on writing and developing 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 is available free of charge to songwriters and musicians within Vineyard Churches UK to record their songs to a reasonable standard. This has proved to be highly popular with musicians from the Leeds Vineyard, Leicester City Vineyard, Hull Vineyard, West Suffolk Vineyard, St Albans Vineyard, Trent Vineyard (Nottingham), Salisbury Vineyard, South Liverpool Vineyard, Wells Vineyard, Raleigh Vineyard, Basingstoke Vineyard, Stevenage Vineyard, Grand Union (Milton Keynes) Vineyard, Stour Valley Vineyard, The Kingdom Vineyard (Fife), West Wilts Vineyard, Southend Vineyard, Trinity (Derby) Vineyard and Winchester Vineyard. It is hoped that this trend will continue to encourage songwriting, enable relationship-building between the songwriters and Vineyard Records UK and produce high-quality, low-cost recordings for future release.
- v In June the first 'Live 'n' Local' event took place in Hull. This is for the songs that had been developed in the local church to be performed and recorded in the local setting by local musicians and worship leaders. The event was videoed and these videos were put on YouTube, being viewed 600 times on average.
- vi Vineyard Records UK 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, including transferring cassette tape recordings onto digital format for downloadable sales and placement on the Inside Worship Website as a free resource to Churches and Worship leaders.
- vii Vineyard Records continues to be 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 January, Vineyard Records UK was the main distributor of products at the National Leaders Conference which was a very successful event in terms of exposure and sales. It is hoped that this will continue at the 2013 event.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

- viii The website, Inside Worship, continues to be developed. This is primarily a resource for the worshipping community, where articles, video clips, SongTeach, song of the month and other resources will be placed. The hope is that this site will continue to be an encouragement and invaluable support and resource to all those involved in worship. Contributors will include individuals well-known to those who serve in their local team week in and week out. The site is managed from the Trent Vineyard, Nottingham, under the leadership of Nigel Briggs and his team but with input and guidance from Vineyard Records UK.

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 £398,681 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 fund totalling £235,458. This represents the Net Book Value of land and buildings donated to the Charity in 2003 which are used for the furtherance of the Charity's objectives. Annual depreciation of the buildings are charged to the designated fund.

b Investment policy

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

9. Plans for the Future

a Product development

- i Release of new album, The Fire, with new songs written by Samuel Lane at the National Leaders Conference, January 2013
- ii Live recording of new songs at the National Leaders Conference
- iii Live recording of new songs at a National Event in Summer 2013
- iv Record worship at events over the course of the year including DTI, Cause to Live For and the National Worship Retreat
- v Record local worship at local Vineyard Churches – Live 'n' Local events
- vi Continued commitment to release new songs on either EPs or as downloads

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2012

b Events

- i For the furtherance of religious education of the wider Church, further events are planned for 2013 as follows
 - 1 National Worship Leaders Conference in November 2013
 - 2 Run a Youth Worship School in Winchester in February 2013
 - 3 Encouragement for regional/ area Worship Leaders Conference
 - 4 Song writing workshops and Church visits
 - 5 Song Writing Intensive days
 - 6 Attendance at regional and national events

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 Vineyard Records UK website, and will probably be a 3-4 year project. This is on-going and some material has been made available on the Vineyard Churches UK&I website, as a free resource.
- ii Further development and marketing of Christian books, as recommended by the council. It is hoped that by offering this Vineyard Records UK 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 2012

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 Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees also confirm that

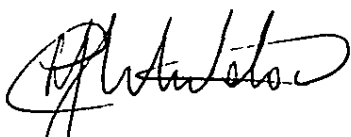
- As far as they are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and
- They have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information 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

31st January 2013

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 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 we are required to state to them in an auditors' 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 charitable company and the charitable 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

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption on preparing the Trustees' Annual Report.

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

Date 31 January 2013

Vineyard Music (UK) Limited

Statement of Financial Activities Including Income and Expenditure Account For the year ended 31 December 2012

	Notes	Year ended 31 December 2012			Year ended 2011
		General Funds	Unrestricted Designated Funds	Total	
		£	£	£	£
<u>Incoming resources</u>					
Incoming resources from generated funds					
Voluntary income	2	73	-	73	65
Investment income	3	4,172	-	4,172	4,080
Incoming resources from charitable activities	4	552,625	-	552,625	638,511
Other incoming resources	5	2,645	-	2,645	2,571
Total incoming resources		559,515	-	559,515	645,227
<u>Resources expended</u>					
<u>Charitable expenditure</u>					
Cost of activities in furtherance of the charity's objectives		545,075	3,709	548,784	598,684
Governance	6	7,362	-	7,362	6,963
Total resources expended	6	552,437	3,709	556,146	605,647
Net income/(expenditure) for the year		7,078	(3,709)	3,369	39,580
<u>Reconciliation of funds</u>					
Fund balances at 1 January 2012	15	391,603	239,167	630,770	591,190
Fund balances at 31 December 2012	15	398,681	235,458	634,139	630,770

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

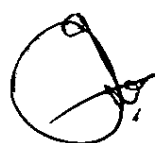
Vineyard Music (UK) Limited (Charity Registration No. 1087771)
(Company Registration No. 4255960)
Balance Sheet
As at 31 December 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	11		249,754		245,514
Current assets					
Stock			16,048		18,012
Debtors	12		47,940		16,171
Cash at bank and in hand			346,163		391,210
			<u>410,151</u>		<u>425,393</u>
Creditors: amounts falling due within one year	13		<u>(25,766)</u>		<u>(40,137)</u>
Net current assets			<u>384,385</u>		<u>385,256</u>
Total assets less current liabilities			<u>634,139</u>		<u>630,770</u>
Reserves					
Designated funds	15		235,458		239,167
Unrestricted funds	15		<u>398,681</u>		<u>391,603</u>
			<u>634,139</u>		<u>630,770</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 31 January 2013 and signed on its behalf by

J Cook
Trustee



Vineyard Music (UK) Limited

Notes to the financial statements For the year ended 31 December 2012

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention, except for land and buildings which is included at valuation on the date of donation. 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.

Support costs are not apportioned as the Trustees are of the opinion that the Charitable company only has a single charitable activity.

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. The charitable company carries out annual impairment reviews where there is indication that the carrying amount of an asset may not be recoverable. 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

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2012

1. Accounting policies (continued)

f) Leasing and hire purchase commitments

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

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 2012 £	2011 £
Gifts in kind	73	-	73	65
	<u>73</u>	<u>-</u>	<u>73</u>	<u>65</u>

3 Investment income

	Unrestricted funds £	Designated funds £	Total 2012 £	2011 £
Interest receivable	4,172	-	4,172	4,080
	<u>4,172</u>	<u>-</u>	<u>4,172</u>	<u>4,080</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2012

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 2012 £	2011 £
Royalty income	496,786	-	496,786	566,475
Retail sales	33,204	-	33,204	47,421
Conference income	22,635	-	22,635	24,615
	<u>552,625</u>	<u>-</u>	<u>552,625</u>	<u>638,511</u>

The percentage of retail sales attributable to geographical markets outside the United Kingdom was 4.2% (2011 – 6.2%)

Royalty income attributable to geographical markets outside the United Kingdom was 82.1% (2011 – 83.0%)

5 Other incoming resources

	Unrestricted funds £	Designated funds £	Total 2012 £	2011 £
Other income	2,645	-	2,645	2,571
	<u>2,645</u>	<u>-</u>	<u>2,645</u>	<u>2,571</u>

6. Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2012 £	2011 £
Direct charitable expenditure	80,162	10,046	342,009	432,217	442,674
Grant funding	-	-	-	-	2,500
Governance	-	-	7,362	7,362	6,963
Support costs	67,353	-	49,214	116,567	153,510
Total resources expended	<u>147,515</u>	<u>10,046</u>	<u>398,585</u>	<u>556,146</u>	<u>605,647</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2012

6. Total resources expended (continued)

Governance costs

	2012 £	2011 £
Auditors' remuneration	6,308	6,288
Companies House fees	14	14
HR Services	488	438
CounterPoint	293	-
CRB checks	95	80
PRS	64	43
CMPA	100	100
	<u>7,362</u>	<u>6,963</u>

Grant making

No grants were made in the year (2011 – 1) The grant in the previous year was made to help relieve hardship that sister organisations were facing in Europe

	2012 £	2011 £
VM D A Ch	-	2,500
Total grants to institutions	<u>-</u>	<u>2,500</u>

7. Trustees and related parties

The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in the 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 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.

Vineyard Churches UK & Ireland is a related party due to two of the six Trustees of Vineyard Music (UK) Limited also being Trustees of Vineyard Churches UK & Ireland. During the year the Company recharged staff time to Vineyard Churches UK & Ireland totalling £6,516 (2011 - £8,625). At the year end the company was owed £183 (2011 - £Nil) by Vineyard Churches UK & Ireland, this amount is included in trade debtors.

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2012

7. Trustees and related parties (continued)

Hull Vineyard is a related party due to two of the six Trustees of Vineyard Music (UK) Limited also being Trustees of Hull Vineyard and due to the charities sharing key management personnel. The Hull Vineyard Church office continues to rent the second floor of the Vineyard Music (UK) Limited 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 £1,263 (2011 - £1,134). A proportion of Mrs I Houghton's salary (who is the sister in law of Mr J Cook, a trustee) was recharged to Vineyard Music UK totalling £4,327 (2011 - £2,718). The Company recharged staff time totalling £2,160 (2011 - £5,382) to Hull Vineyard. At the year end the company was owed £799 (2011 - owed Hull Vineyard £1,208) by Hull Vineyard, this amount is included in trade debtors (2011 - included in accruals).

Mr J Cook, a Trustee, received emoluments of £33,595 (2011 - £35,447) during the year and company pension contributions of £1,008 (2011 - £1,008) 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 £Nil (2011 - £1,658) and pension contributions of £187 (2011 - £66) 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 £Nil (2011 - £16,430) and a pension contribution of £Nil (2011 - £484). 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 £6,472 (2011 - £31,004) during the year and company pension contributions of £250 (2011 - £932) were also made on his behalf. This is in accordance with the Memorandum and Articles of Association of the company.

Mr Whitelock was the general manager of the company and his appointment as a Trustee was 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.

Miss K Houghton, niece of Mr J Cook, a Trustee, was paid £Nil (2011 - £20) for assistance in the office during the year.

Mr N Cook, son of Mr J Cook, a Trustee, was paid £Nil (2011 - £4,350) for the decoration and insulation to the lounge in the accommodation at the premises.

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

Mr J Cook was reimbursed £958 (2011 - £228) for travel and £1,015 (2011 - £154) for other expenses.

Mr A Cook was reimbursed £Nil (2011 - £753) for travel and £Nil (2011 - £813) for other expenses.

Mr C Whitelock was reimbursed £Nil (2011 - £379) for travel and £18 (2011 - £133) for other expenses.

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2012

7. Trustees and related parties (continued)

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

C Whitelock - £106 (2011- £84), A McNeil - £106 (2011 - £84), S Barber - £106 (2011 - £84), C J Wright - £106 (2011 - £84), A J Wallis £106 (2011 - £84)

8. Employees

The average number of employees during the year was

	2012 Number	2011 Number
Charitable activities	2	2
Management and administration	3	3
	<u>5</u>	<u>5</u>

	2012 £	2011 £
Wages and salaries	138,586	138,261
Social security costs	13,470	14,225
Pension costs	4,137	3,903
	<u>156,191</u>	<u>156,389</u>

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

The Charity was recharged for the time spent by employees in other Vineyard charities on Vineyard Music (UK) Limited business, the total amount recharged in the year was £27,658 (2011 - £29,154)

During the year a number of employees' time was reimbursed from connected organisations, the Finance Manager gave 20% of his time to the finances of Vineyard Churches UK&I and the Media Marketing Assistant gave 11% of his time to the media requirements of the Hull Vineyard Church, a total of £8,676 (2011 - £14,007) is received from these organisations

9. Taxation

The company is a registered charity and under the provision of the Corporation Tax Act 2010 is exempt from taxation

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2012

10. Net movement in funds

	2012 £	2011 £
Net movement in funds is arrived at after charging:		
Auditors' remuneration		
Audit fee	6,309	6,288
Other operating leases	3,306	3,306
Foreign exchange losses	121	540
Depreciation	10,046	8,646
Profit on disposal of fixed assets	<u>(1,298)</u>	<u>(1,856)</u>

11. Tangible fixed assets

	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2012	267,962	22,274	24,870	5,188	320,294
Additions	-	12,873	-	1,413	14,286
Disposals	-	(1,224)	-	-	(1,224)
At 31 December 2012	<u>267,962</u>	<u>33,923</u>	<u>24,870</u>	<u>6,601</u>	<u>333,356</u>
Depreciation					
At 1 January 2012	28,795	17,950	24,109	3,926	74,780
Charge for year	3,709	4,643	273	1,421	10,046
Eliminated on disposal	-	(1,224)	-	-	(1,224)
At 31 December 2012	<u>32,504</u>	<u>21,369</u>	<u>24,382</u>	<u>5,347</u>	<u>83,602</u>
Net book value					
At 31 December 2012	<u>235,458</u>	<u>12,554</u>	<u>488</u>	<u>1,254</u>	<u>249,754</u>
At 31 December 2011	<u>239,167</u>	<u>4,324</u>	<u>761</u>	<u>1,262</u>	<u>245,514</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.

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2012

12. Debtors

	2012 £	2011 £
Trade debtors	6,632	6,088
VAT	3,781	4,042
Prepayments	6,901	6,041
Other debtors	30,626	-
	<u>47,940</u>	<u>16,171</u>

13. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	1,351	886
Taxation and social security costs	4,465	3,881
Other creditors	12,936	18,744
Accruals	7,014	16,626
	<u>25,766</u>	<u>40,137</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 £4,137 (2011 - £3,903). Contributions amounting to £632 (2011 - £521) were owing at the year end.

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2012

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

	Balance at 1 January 2012 £	Incoming resources £	Expended resources £	Gross transfer between funds £	Balance at 31 December 2012 £
Unrestricted funds	391,603	559,515	552,437	-	398,681
Designated funds	239,167	-	3,709	-	235,458
	<u>630,770</u>	<u>559,515</u>	<u>556,146</u>	<u>-</u>	<u>634,139</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 £Nil (2011 - £Nil) (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

16. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 December 2012 are represented by			
Tangible fixed assets	14,296	235,458	249,754
Current assets	410,151	-	410,151
Creditors amounts falling due within one year	(25,766)	-	(25,766)
	<u>398,681</u>	<u>235,458</u>	<u>634,139</u>

17 Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
Expiry date		
Between two and five years	<u>3,306</u>	<u>3,306</u>

Management information
For the year ended 31 December 2012

Vineyard Music (UK) Limited

Vineyard Music (UK) Limited

Detailed income and expenditure account For the year ended 31 December 2012

	2012		2011	
	£	£	£	£
Income				
Voluntary income		73		65
Royalties received		496,786		566,475
Sales		55,839		72,036
Bank interest		4,172		4,080
Other incoming resources		2,645		2,571
		<u>559,515</u>		<u>645,227</u>
Direct charitable expenditure				
Opening stock	18,012		18,859	
Purchases	16,395		20,102	
Postage, freight and customs duty	7,772		6,365	
Conference expenses	31,470		27,232	
Royalties paid	227,362		255,530	
Pre-production costs	27,334		39,960	
Commission payable	3,449		3,991	
Salaries	98,519		73,669	
Reimbursement of salaries	(8,676)		(14,007)	
Employers NIC contributions	13,470		14,225	
Pension contributions	2,879		1,963	
Directors remuneration	40,067		64,592	
Directors pension	1,258		1,940	
Temporary staff	-		20	
Recruitment costs	-		5,000	
Rent and rates	911		862	
Insurance	5,920		6,518	
Light and heat	1,483		1,333	
Printing, postage and stationery	1,601		2,521	
Advertising	908		1,244	
Telephone	3,952		4,137	
Travel and subsistence	6,677		7,423	
Office equipment	5,532		6,109	
Office repairs	3,268		9,126	
Charitable donations	1,823		876	
Staff expenses	577		403	
Entertaining	2,531		1,564	
Sundries	650		332	
Website	5,308		8,498	
Bank charges	2,140		1,953	
Leasing charges	3,306		3,306	
Depreciation	10,046		8,646	
Profit on sale of fixed assets	(1,298)		(1,856)	
Exchange differences	121		540	
Minibus	-		187	
Bad debt written off	-		-	
Recording studio	2,408		1,879	
Outsourcing	27,658		29,154	
Grants	-		2,500	
Closing stock	(16,048)		(18,012)	
		<u>548,784</u>		<u>598,684</u>
		10,732		46,543

Vineyard Music (UK) Limited

Detailed income and expenditure account For the year ended 31 December 2012

	2012		2011	
	£	£	£	£
Governance				
Audit and accountancy	6,309		6,288	
Companies House fees	14		14	
HR Services	488		438	
CounterPoint	293		-	
CRB	95		80	
PRS	64		43	
CMPA	100		100	
		7,362		6,963
Net surplus for the period		<u>3,369</u>		<u>39,580</u>