



Smailes Goldie Group
CREATING ADVANTAGE

Charity Registration No. 1087771
Company Registration No. 04255960 (England and Wales)

Vineyard Music (UK) Limited

Trustees' Report and Financial Statements

For the year ended 31 December 2019

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Vineyard Music (UK) Limited

Charity Registration No. 1087771

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Vineyard Music (UK) Limited

Charity Registration No. 1087771

Company Registration No. 04255960

Trustees' Report

For the year ended 31 December 2019

The Trustees submit herewith their fifteenth Annual Report together with inspected financial statements for the year ended 31 December 2019. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)' in preparing the annual report and financial statements of the charity. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011.

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

1. Objectives and 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.

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 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.

a. Public Benefit

When planning the activities for the year, the Trustees have considered the Charity Commission guidance on public benefit, and, 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. Donations from surpluses for the funding of mission work both in the UK and abroad;
- iii. Support of prison ministry through the donation of audio CDs and books;
- iv. Free of charge provision of recording studio for the development of worship songs;
- v. Involvement in training, resourcing and worship within the Christian church in the UK and further afield;
- vi. During the year Vineyard Music (UK) provided a member of staff on a fortnightly basis to help at the Hull Vineyard Church 'Big Kitchen' which provides meals and assistance to the disadvantaged of the City of Hull;
- vii. During the year contact has been made with the Vineyard National Directors around the world to give away downloads of free music and chord charts to churches and worship leaders in the churches within their territories.

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 Vineyard Churches UK and Ireland and the encouragement of church planting in the United Kingdom;
- ii. The furtherance of religious education by way of seminars and conferences.

Vineyard Music (UK) Limited

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Trustees' Report (continued) For the year ended 31 December 2019

1. Objectives and Activities (Continued)

b. Summary of Objectives (continued)

- 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

Following the changes in 2017, sales of CDs and Books continues to be managed by CLC Wholesalers through their Vineyard Worship branded website. Two new physical CDs were released this year – Twelve:One by Dave Miller and Legacy, recorded during the 2018 Irish Leaders Gathering, they send a portion of these sales through each month.

ii. Publishing Performance

The Trustees are pleased to report that the revenue from publishing and licensing royalties continues to form the majority 78.0% (2018 – 79.8%) of the income of the company, there however continues to be a decline in receipts during the past year, especially from the US, including licensing of UK songs. The Trustees will continue to monitor the situation but with new material being released in 2020 and a possible linking with a major International Christian non-profit organisation and their songwriters, it is hoped that the decline can be slowed down, however with the nature of royalty reporting it takes time for the flows of money to be received. We continue to work with Vineyard Worship USA on our joint new song delivery website VineyardSongs.com.

iii. Events

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

There was one major event during the year:

The National Worship Leaders Retreat took place in March with 334 people (2018 – 250) attending. The main speakers Tre Sheppard from Causeway Coast Vineyard and Taryn Freeland from Catalyst Vineyard, Scotland. The main event was preceded by a Song Summit, attended by 47 delegates, the majority of whom stayed on for the full retreat, for a time of song writing and input from established song writers, all reports from the event show that all came away refreshed and encouraged, and was the largest event put on over the years that we have run Worship Retreats.

An offering was taken during the event, amounting to £6,474 (2018 - £4,063) and is restricted to establishing a Youth Worship Academy.

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Trustees' Report (continued) For the year ended 31 December 2019

1. Objectives and Activities (Continued)

Samuel Lane and band played at the annual David's Tent gathering of musicians and worship leaders on the South Coast in August, now considered to be a major event in the UK Christian Church calendar.

d. Grant Making

There was one grant made in the year to Belfast City Vineyard of £5,000 to help in the on going Worship Initiative of the Vineyard Movement in the UK.

2. Achievements and Performance

Product Development

1. In January – a new Dave Miller project was recorded, entitled Twelve One, featuring previous songs written by Dave Miller and some new material, this was recorded at a live worship night at Trent Vineyard and was released at The National Leaders conference in January 2019.
2. March saw the release of Legacy – Live from Ireland – a powerful live EP that was captured at the inaugural gathering of Irish Vineyard church leaders in Lisburn in October 2018.
3. In November – the advent single, The Lord Has Come was released on itunes and digital platforms, written by established song writers Joe Blustin and Samuel Lane, this song grapples with the human struggle within the Christmas story, whilst simultaneously pointing to the raw beauty, joy and wonder of a Saviour coming to a broken world.
4. Over the course of the second half of 2019 a Kids project has been recorded, Vineyard Kids – We Shine with new songs and a fresh new branding this album moves the highly successful Great Big God brand to a new generation.
5. The website, VineyardSongs.com in partnership with VM US continues to grow and is becoming an important resource for worship leaders in the movement, the site includes 'Song of the Month', chord and lyric videos to all Vineyard Songs with translations, mp3's and lead sheets.

Plans for the Future

a. Product Development

- i. Release of new Vineyard Kids – We Shine album.
- ii. Run a Song writing Retreat in March in England.
- iii. Start a new International song writing venture with Integrity.
- iv. To continue to grow and develop the International website of Vineyard Songs partnering with Vineyard Worship US and Canada.
- v. Continued commitment to release new songs on all platforms.

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Trustees' Report (continued) For the year ended 31 December 2019

2. Achievements and Performance (continued)

Plans for the Future (continued)

b. Events

For the furtherance of religious education of the wider Church, further events are planned for 2020 as follows:

1. Run a National Worship Retreat in March.
2. Run a Song Summit (song writing) in March.
3. Run a National Worship Retreat in April.

c. Resource Distribution

- i. CLC Wholesalers will continue to act as distributor for Vineyard product in the UK.

d. Investment Property

- i. Continue with the current planning application to turn the old property into a 10-12-bedroom student accommodation.
- ii. Appoint contractors and suitable management company to market and oversee the project.

e. Closer association with Vineyard Churches UK & Ireland as a trading subsidiary.

- i. Having been separate organisations in the past, it is felt that merging with the umbrella organisation would be beneficial.
- ii. Legal advice has been sort and becoming a trading subsidiary would be the best option.
- iii. The process has begun and it is hoped to be completed early in 2020.
- iv. A Memorandum of Understanding will be written to confirm:
 1. VCUK&I shall become the sole member of Vineyard Music UK Ltd,
 2. Vineyard Music UK Ltd staff will be transferred to VCUK&I (under TUPE),
 3. Costs such as proportion of staff costs, other staff costs and relevant associated managements charges shall be charged back to Vineyard Music UK Ltd where appropriate,
 4. VCUK&I will have no legal obligation to fund Vineyard Music UK Ltd or make good any of its liabilities.

f. Form a possible partnership with a major International Christian non-profit organisation, the basics of which are:

- i. Being a five year, renewable, joint venture,
- ii. Productions to be co-funded and co-published and marketed,
- iii. Exclusive rights for publishing and distribution, notice will be given to current distributors.

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Trustees' Report (continued) For the year ended 31 December 2019

3. Financial Review

a. Reserves Policy

- i. The Trustees after due consideration consider that a reserve of £150,000 should ideally be available. This sum equates to 6 months' worth of overhead expenses, the cost of two major recording projects and their marketing, and a general contingency. At the year-end free reserves of £326,419 were available, excluding the investment property, 252 Cottingham Road. This has been arrived at after considering 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 during certain periods of the year.
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. The asset under construction with a Net Book Value of £228,081, donated to the Charity in 2003, planning permission was granted in April 2019 for change of use to convert it to student accommodation with 10-12 bedrooms. Quotes for tender are currently being sort from building firms, with a view to starting the project as soon as possible.

b. Investment Policy

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

4. 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 in 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;

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Trustees' Report (continued) For the year ended 31 December 2019

4. Structure, Governance and Management (continued)

- 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 anybody 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 mostly all Senior Leaders of Churches within the Vineyard Churches UK & Ireland Denomination. 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 about 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.
- e. Organisational structure
 - i. The support staff report to the Chair, who reports to the Board of Trustees. The Director of Production and Publishing reports to the Associate National Director.
 - ii. The setting of pay and remuneration has been delegated to Jeremy Cook, Chair at the AGM in 2003, a cost of living rise is given based on the Office of National Statistics average earning report in December to start from the following financial year, the board approves the budget for the year including the increase in salaries and pension contributions.
- 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, including working closer with the Communications Director of Vineyard Churches UK & Ireland.
 - iii. It is noted the growing working relationship with the song writers in the UK and continues to be a priority.

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Trustees' Report (continued) For the year ended 31 December 2019

4. Structure, Governance and Management (continued)

g. Relationships - others

- i. Vineyard Music (UK) Ltd 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. Industry wider relationships have been developed through attendance at the CMPA (Christian Music Publishers Association) meeting twice a year. Jimmy Cooke, Director of Production and Publishing of Vineyard Music (UK) Ltd was elected as Chairman of the CMPA until 2019. Samuel Lane, also attended David's Tent in August.
- ii. Vineyard Music (UK) Ltd 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 Music (UK) Ltd continues to work closely with Vineyard Worship US in developing the best ways to connect in each other's markets via skype calls.
- iv. Working with Integrity as a commercial and artistic partner will only strengthen the scope of Vineyard Music UK Ltd reach.

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 key staff; in the short term the board will take over the management of Vineyard Music (UK) Limited whilst they seek and appoint new staff.
 2. Incapacity of the Finance Manager; initially to be covered within the office by the 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 members appointed.
 4. Computer failure; back-up drives, and cloud based stored off-site, finances backed up every month, database backed up every week and using web based storage facilities.
 5. Building failure; insurance covers buildings, contents. The offices are based within the Hull Vineyard Church premises and would, in case of building failure, relocate with them. Failing that, the operation would move to rented premises as soon as possible.
 6. Cyber Protection – to protect systems against unauthorised access we have drafted a cyber protection policy that requires all staff and volunteers to keep devices passwords protected, protected by anti-virus software and updated with security updates and only used on secure network.

i. Restricted Funds

- i. Restricted funds have arisen because restrictions have been placed on incoming resources. The worship retreat offering is restricted to the establishment of a Youth Worship Academy.

j. Personnel

- i. There is one change this year, Jeremy Cook, C.E.O, retired at the end of the year. The Trustees wish him well and give heart felt thanks for all he has done for the ministry of Vineyard Music UK Ltd over his long years of service.

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Trustees' Report (continued) For the year ended 31 December 2019

5. Reference and Administrative Details

- a. Registered name and other working name
i. Vineyard Music (UK) Limited t/a Vineyard Worship UK & Ireland
- b. Officials and advisors
- | | |
|----------------------------------|---|
| Trustees | J Cook
D Wright
A Smith
H Smith |
| Company Secretary | P B Masters |
| Registered Office | The Vineyard Centre
Vulcan Street
Hull
HU6 7PS |
| Bankers | Royal Bank of Scotland
10 Silver Street
Hull
HU1 1JE

HSBC
84 High Street
Scunthorpe
North Lincolnshire
DN15 6HQ |
| Solicitors | Forresters Ketley & Co
Sherbourne House
119-121 Canon Street
London
EC4N 5AT |
| Independent Examiners | Smailes Goldie Chartered Accountants
Regent's Court
Princess Street
Hull
HU2 8BA |
| Registered Charity Number | 1087771 |
| Companies House Number | 04255960 |
| Country of Incorporation | England and Wales |

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Trustees' Report (continued) For the year ended 31 December 2019

6. Statement of Trustees' responsibility

Charity and company law requires the Board of Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Charity, and its incoming and outgoing resources for the period. In preparing those financial statements the Board of Trustees should follow best practice and are required to;

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are both reasonable and prudent;
- Comply with relevant accounting standards, and give clear explanation if they are departed from;
- Prepare financial statements on a going concern basis.

The Board of Trustees is responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity (suitable for publication) and to enable them to comply with relevant legislation current at that time. They must also see that the Charity is operating efficiently and effectively while safeguarding the assets against fraud or theft.

This report has been prepared taking advantage of the small companies exemption under the Companies Act 2006.

By order of the Trustees



J Cook
Trustee

28 January 2020

Vineyard Music (UK) Limited

Independent Examiners' report To the trustees of Vineyard Music (UK) Limited

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2019 which are set out on pages twelve to twenty-two.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants of England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Stephen Bramall BSc FCA
for and on behalf of Smailes Goldie Chartered Accountants
Regent's Court
Princess Street
Hull
HU2 8BA

Date: 28 January 2020

Vineyard Music (UK) Limited

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Statement of Financial Activities Including Income and Expenditure Account For the year ended 31 December 2019

	Notes	Total Restricted 2019 £	Total Unrestricted 2019 £	Total 2019 £	2018 £
<u>Income and endowments from:</u>					
Charitable activities	2	6,474	397,519	403,993	400,031
Investments	3	-	1,787	1,787	1,610
Other	4	-	38,028	38,028	40,118
Total		6,474	437,334	443,808	441,759
<u>Expenditure on:</u>					
Charitable activities	5	2,035	451,931	453,966	446,465
Total		2,035	451,931	453,966	446,465
Net movement in funds		4,439	(14,597)	(10,158)	(4,706)
<u>Reconciliation of funds</u>					
Fund balances at 1 January 2019	15	-	564,458	564,458	569,164
Fund balances at 31 December 2019	15	4,439	549,861	554,300	564,458

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

All the company's activities are classed as continuing.

The notes form part of these financial statements

Vineyard Music (UK) Limited (Charity Registration No. 1087771)
(Company Registration No. 04255960)
Balance Sheet
As at 31 December 2019

	Notes	2019	2018
		£	£
Fixed assets			
Tangible assets	10	230,759	226,019
Investment Property	11	35,000	35,000
		<u>265,759</u>	<u>261,019</u>
Current assets			
Stock		7,396	5,423
Debtors	12	7,287	5,817
Investments – cash deposits		100,000	150,803
Cash at bank and in hand		261,843	233,365
		<u>376,526</u>	<u>395,408</u>
Creditors: amounts falling due within one year	13	<u>(87,985)</u>	<u>(91,969)</u>
Net current assets		<u>288,541</u>	<u>303,439</u>
Total assets less current liabilities		<u>554,300</u>	<u>564,458</u>
Reserves			
Restricted funds	15	4,439	-
Unrestricted funds	15	549,861	564,458
		<u>554,300</u>	<u>564,458</u>

For the period ended 31 December 2019 the company was entitled to exemption under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibility for complying with the requirements of the Act with respect for the preparation of accounts ensuring:

- 1) that the accounting records comply with Sections 386 and 387 of the Companies Act 2006 and
- 2) prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial period and of its surplus or deficit for each financial period in accordance with the requirements of Sections 394 and 395 and which comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The accounts were issued, authorised and approved by the Board on 28 January 2020 and signed on its behalf by:


J Cook
Trustee

The notes form part of these financial statements

Vineyard Music (UK) Limited

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Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies

a) Statement of compliance

Vineyard Music (UK) Ltd is an incorporated charity registered in England/ Wales. The address of the registered office is given in the charity information on page 9 of these financial statements.

The Charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)' in preparing the annual report and financial statements of the charity. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011

The financial statements are prepared under the historical cost convention with the exception of investment properties which have been included at their fair value.

Due to the level of cash and unrestricted reserves held the trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

b) Incoming resources

Charitable activities:

Royalties – income from royalties is included in incoming resources in the period in which it is received. This is a departure from Financial Reporting Standards 102, Paragraph 23.29 which requires royalties to be recognised on an accruals basis. Due to a lack of timely information it is not possible to reliably measure royalty income not yet received. The trustees confirm that the accounts give a true and fair view.

Sales – sales are accounted for on an accruals basis.

Conference – derived from registrations on the annual National Worship Retreat.

Investment- Interest earned on bank deposits.

Other – Employment reimbursement and commission sales from CLC Wholesalers.

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 used for its own occupation until 18th August 2017 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 of hardship as the Trustees from time to time think fit.

Vineyard Music (UK) Limited

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Notes to the financial statements (continued) For the year ended 31 December 2019

1. Accounting policies (continued)

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:

Office equipment	4 years
Fixtures and fittings	4 years
Computer equipment	2 years

f) Key accounting estimates and assumptions

Accounting estimates, by definition, will often vary from the actual results. They are continually evaluated and are based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. The nature of the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below. The carrying amount of the estimates and assumptions at the year-end are disclosed in the relevant note to the accounts.

Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets, which are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Valuation of investment property:

The investment property is held in the balance sheet at valuation.

g) Stock

Stock is valued at the lower of cost and net realisable value. The closing stock figure relates to the value of stock held on consignment with CLC Wholesalers. Sales of this stock is reported on a monthly basis.

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.

Restricted funds - these are funds that have been received, with a restriction to their use, this is generally from an offering taken at the National Worship Retreat.

Vineyard Music (UK) Limited

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Notes to the financial statements (continued) For the year ended 31 December 2019

1. Accounting policies (continued)

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

k) Financial instruments

The Charity has adopted section 11 of FRS 102 in respect of financial instruments.

Short term debtors are measured at transaction price, less any impairment. Short term creditors are measured at transaction price.

l) Investments

Investments are stated at market value. Investments in property are revalued annually by the Trustees' and any gains or losses on investments are recognised in the Statement of Financial Activities.

Current asset investments comprise term bank deposits realisable within 12 months and which are held to generate interest income.

m) General information

The Charity is a company limited by guarantee and is incorporated in England and Wales. The address of its registered offices is: The Vineyard Centre, Vulcan Street, Hull, HU6 7PS.

2. 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:

	Restricted Total 2019 £	Unrestricted Total 2019 £	Total 2019 £	2018 £
Royalty income	-	345,966	345,966	352,681
Retail sales	-	5,534	5,534	9,914
Conference income	-	46,019	46,019	37,436
Conference offering	6,474	-	6,474	-
	<u>6,474</u>	<u>397,519</u>	<u>403,993</u>	<u>400,031</u>

The percentage of retail sales attributable to geographical markets outside the United Kingdom was NIL% (2018 – Nil).

Royalty income attributable to geographical markets outside the United Kingdom was 74.2% (2018 – 74.7%).

3. Investment income

	Unrestricted Total 2019 £	2018 £
Interest receivable	1,787	1,610
	<u>1,787</u>	<u>1,610</u>

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Notes to the financial statements (continued) For the year ended 31 December 2019

4. Other incoming resources

	Unrestricted Total 2019 £	2018 £
Reimbursement of wages	36,019	33,032
Other income	2,009	7,086
	<u>38,028</u>	<u>40,118</u>

5. Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2019 £	2018 £
Direct charitable expenditure	80,219	-	249,619	329,838	331,741
Governance	-	-	2,355	2,355	988
Support costs	90,029	4,759	26,985	121,773	113,736
Total resources expended	<u>170,248</u>	<u>4,759</u>	<u>278,959</u>	<u>453,966</u>	<u>446,465</u>

Governance costs

	2019 £	2018 £
Independent Examiner's fee	1,200	1,142
Sundry	1,155	(154)
	<u>2,355</u>	<u>988</u>

Grant making

Included within other costs – directly charitable expenditure there is a grant made to Belfast City Vineyard of £5,000 (2018 – £5,000).

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Notes to the financial statements (continued) For the year ended 31 December 2019

6. Trustees and related parties

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 one of the four Trustees of Vineyard Music (UK) Limited also being a Trustee of Vineyard Churches UK & Ireland. During the year the Company recharged staff time to Vineyard Churches UK & Ireland totalling £36,019 (2018 - £33,032). Vineyard Churches UK & Ireland reimbursed expenses totalling £1,731 (2018 - £2,812). At the year end the company owed Vineyard Churches UK & Ireland £NIL (2018 - £833), this amount is included in trade creditors.

Hull Vineyard is a related party due to one of the four Trustees of Vineyard Music (UK) Limited also being a Trustee of Hull Vineyard and due to the charities sharing key management personnel. During the year Hull Vineyard was reimbursed expenses totalling £500 (2018 - £641). Hull Vineyard reimbursed expenses totalling £315 (2018 - £NIL). At the year end the company was owed £NIL (2018 - £NIL) by Hull Vineyard. The Company also contributed £288 (2018 - £288) to broadband usage at the shared Vulcan Street Offices, no rent is due for this space.

Belfast City Vineyard is a related party due to one of the four Trustees of Vineyard Music (UK) Limited also being a Trustee of Belfast City Vineyard. The Company gave a gift of £5,000 (2018 - £5,000) as assistance for the wider movements Worship Initiative run from Belfast City.

Mr J Cook, a Trustee, received emoluments, for his role as an employee of the Charity of £36,217 (2018 - £35,060) during the year and company pension contributions of £1,449 (2018 - £1,402) were also made on his behalf, £NIL (2018 - £117) of pension contributions were outstanding at the year end. 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.

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

Mr J Cook was reimbursed £382 (2018 - £421) for travel and £356 (2018 - £424) for other expenses.

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Notes to the financial statements (continued) For the year ended 31 December 2019

7. Employees

The average number of employees during the year was:

	2019 Number	2018 Number
Charitable activities	2.0	2.0
Management and administration	2.5	2.5
	<u>4.5</u>	<u>4.5</u>

	2019 £	2018 £
Wages and salaries	152,176	137,605
Social security costs	12,105	11,184
Pension costs	5,967	5,378
	<u>170,248</u>	<u>154,167</u>

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

During the year a number of employees' time was reimbursed from connected organisations; the Finance Manager gave 50% of his time to the finances of Vineyard Churches UK&I, Publishing Manager, gave 50% of his time to the legal assistance of Vineyard Churches UK & Ireland, a total of £36,019 (2018 - £33,302) is received from this organisation.

8. Taxation

The Company is a registered Charity and under the provision of the Corporation Tax Act 2010 is exempt from taxation.

9. Net movement in funds is arrived at after charging/ (crediting):

	2019	2018
Independent Examination fee	1,200	1,142
Other operating leases	2,760	2,800
Foreign exchange losses	(552)	54
Depreciation	4,759	6,896
Net Profit on disposal of fixed assets	<u>-</u>	<u>(350)</u>

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Notes to the financial statements (continued) For the year ended 31 December 2019

10. Tangible fixed assets

	Assets under construction £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	271,781	34,467	23,799	10,287	340,334
Additions	7,350	-	-	2,149	9,499
Disposals	-	-	-	(1,402)	(1,402)
At 31 December 2019	<u>279,131</u>	<u>34,467</u>	<u>23,799</u>	<u>11,034</u>	<u>348,431</u>
Depreciation					
At 1 January 2019	51,050	31,994	23,279	7,992	114,315
Charge for year	-	1,907	520	2,332	4,759
Eliminated on disposal	-	-	-	(1,402)	(1,402)
At 31 December 2019	<u>51,050</u>	<u>31,994</u>	<u>23,799</u>	<u>8,922</u>	<u>117,672</u>
Net book value					
At 31 December 2019	<u>228,081</u>	<u>566</u>	<u>-</u>	<u>2,112</u>	<u>230,759</u>
At 31 December 2018	<u>220,731</u>	<u>2,473</u>	<u>520</u>	<u>2,295</u>	<u>226,019</u>

Freehold land and buildings were donated to the company during the year ended 31 December 2003 and have been included at the valuation at that date. They were valued by Staniforth Estate Agents in August 2003. The Freehold land and buildings are being converted into student accommodation and reclassified as investment property.

The asset under construction represents the transfer of the freehold land and buildings to be converted to student accommodation.

11. Investment Property

	Property £	Total £
Cost or valuation		
As at 1st January 2019 and at 31st December 2019	35,000	35,000

All investment assets are held to provide an investment return and all investment assets are held within the UK.

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Notes to the financial statements (continued) For the year ended 31 December 2019

12. Debtors

	2019 £	2018 £
Trade debtors	2,120	218
Prepayments	5,168	5,599
	<u>7,288</u>	<u>5,817</u>

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	1,064
VAT	7,043	7,193
Taxation and social security costs	3,967	4,642
Other creditors	69,308	70,487
Accruals	7,667	8,583
	<u>87,985</u>	<u>91,969</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 £5,967 (2018 - £5,378). Contributions amounting to £NIL (2018 - £660) were owing at the year end.

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Notes to the financial statements (continued) For the year ended 31 December 2019

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

	Balance at 1 January 2019 £	Incoming resources £	Expended resources £	Balance at 31 December 2019 £
Restricted funds	-	6,474	(2,035)	4,439
Unrestricted funds	564,458	437,334	(451,931)	549,861
	<u>564,458</u>	<u>443,808</u>	<u>(453,966)</u>	<u>554,300</u>

The unrestricted funds represent the free funds of the Charity which are not designated for particular purposes. The restricted funds derived from the offering taken at the National Worship Leaders Retreat in March and restricted to the establishment of a Youth Worship Academy.

16. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 31 December 2019 are represented by:			
Tangible fixed assets	-	230,759	230,759
Investments	-	35,000	35,000
Current assets	4,439	372,087	376,526
Creditors: amounts falling due within one year	-	(87,985)	(87,985)
	<u>4,439</u>	<u>549,861</u>	<u>554,300</u>

17. Commitments under operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Expiry date:		
Less than one year	2,760	2,760
Between two and five years	-	-
	<u>2,760</u>	<u>2,760</u>