



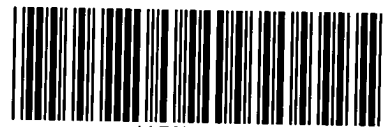
Smailes Goldie
Chartered Accountants

Vineyard Music (UK) Limited

Financial Statements

31 December 2017

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Vineyard Music (UK) Limited (Registered Number: 04255960)

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Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report For the year ended 31 December 2017

The Trustees submit herewith their thirteenth Annual Report together with inspected financial statements for the year ended 31 December 2017. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS 102) 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 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on the 16th July 2014 (as amended by Update Bulletin 1 published on 2nd February 2016).

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.

Events during the Year

A number of significant changes have occurred during the year in relation to the operations of Vineyard Music (UK) Ltd t/a Vineyard Records UK, the outcomes of which are detailed below:

Following discussions, concerning this at a national leadership level and with the Vineyard Music (UK) Ltd board of Trustees it was agreed that the following would take place:

- 1) Jimmy Cooke would take on a different role, he would work closely with Harmony Smith (part of the Vineyard Movement's Leadership team) on the national worship strategy, whilst also overseeing the production of CDs and other resources, as per the objectives of the charity and acting as artist and repertoire manager. He has also relocated to Chichester.
- 2) The need for the current property, company offices and recording studio for the past 16 years is no longer needed as the majority of recordings are live rather than studio based, the remaining Vineyard Music (UK) Ltd staff would relocate to offices of Hull Vineyard Church, their address is - The Vineyard Centre, Vulcan Street, Hull, HU6 7PS which is now the registered office of the Company.
- 3) The old building, 252 Cottingham Road, Hull, HU6 8QA, will be converted into student accommodation and managed by a local property management firm.
- 4) The current website and shop has shown diminished returns and so in the reorganisation, the operation for supplying the public and Vineyard Churches with worship material and resources has been outsourced to a third party – CLC Wholesalers, who will act as distributors of Vineyard product via a Vineyard Records UK branded website as well as their own. They will attend the Vineyard events that Vineyard Records UK would have a 'shop front' at namely the Cause to Live For and National Leaders Conference.
- 5) With the changes that have taken place during the year, the opportunity to rebrand as Vineyard Worship will start, including a new website.
- 6) With these changes and the financial savings that the above brings, the trustees' hope that the Company will be reshaped for the foreseeable future and considering the future plans of events and production, detailed later in the plans on page 5.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

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 Records 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;
- 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.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

1. Objectives and Activities (Continued)

c. Strategies for achieving objectives

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

i. Sales Performance

During the period of these accounts the Trustees noted a further decline in the performance of sales of worship CDs. Only two digital EPs were released: In March, More (Live From NLC 2017) was released – this EP was recorded during the National Leaders Conference in January and captures the passionate and intimate sound of the Vineyard Movement worshipping. In July an EP called Tribe (Live from DTI 17) was released, recorded live during the annual Dreaming the Impossible conference for the youth of the Vineyard Movement, the hope for this album is that it galvanises the Church and especially the young people to boldly approach the throne of God and have an intimate relationship with Jesus Christ, these are released on digital platforms iTunes, YouTube and via Band Camp. Resourcing of books and other resource material continues to be a successful resource for the Churches, especially at a number of conferences that Vineyard Records attends.

ii. Publishing Performance

The Trustees are pleased to report that the revenue from publishing and licensing royalties continues to form the majority 84.8% (2016 – 82.3%) of the income of the company, there however continues to be a decline in receipts during the past year, especially from the US, including the CBA market and licensing of UK songs. The figures have been helped this year with a change in reporting time periods from CCLI (Christian Copyright Licencing International) from four months to two months therefore an additional payment was received in December, rather than waiting for February in the following year. The Trustees will continue to monitor the situation but with new material being released in 2018 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 were two major events during the year:

The National Worship Leaders Retreat took place in March with 230 people (2016 – 260) attending, this was considered to be the best one ever. Speakers included Adam Russell, from Campbellsville, US, Harmony Smith and Henry Cross, the main event was proceeded by a Song Summit, attended by 35 delegates, the majority of whom stayed on for the full retreat, for a time of song writing and input from established song writers – Adam Russell and Sam Yoder, all reports from the event show that all came away refreshed and encouraged. In October the fifth Youth Worship School took place at Riverside Vineyard, Twickenham 55 (2016 – 75) young people aged 12 to 18 years gathered for a time of teaching both theological and practical and a time to hang out with like-minded people. All involved with the event came away thoroughly blessed and encouraged.

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.

In addition, Jimmy Cooke attended a number of other Area worship retreats

Trustees' Report (continued)
For the year ended 31 December 2017

1. Objectives and Activities (Continued)

d. Grant Making

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

2. Achievements and Performance

Product Development

- i. In March – More (Live from NLC 17). Recorded live during the Vineyard UKs National Leaders Conference, the 6 songs on this EP captures the passion and intimacy in worship that the Vineyard is known for.
- ii. In July – Tribe (Live from DTI 2017) was released. DTI is the national Vineyard youth festival, entitled 'Tribe' the music represents our love of some of the incredible worship songs being written and sung around the world, this album captures the sound of hundreds of young people coming together as the Vineyard Tribe to worship Jesus, featuring four new songs written by Dave Miller and Andy Hatherly.
- iii. The recording studio in the offices is available free of charge to songwriters and musicians within Vineyard Churches UK to record their songs to a professional standard. The studio has also been used for post-production mixing and editing on all the aforementioned releases. Unfortunately, due to the changes that occurred in the year the studio was not used by anyone other than what was needed for our own releases.
- iv. Vineyard Music (UK) Ltd continues to be the distributor of Vineyard Books in the UK. 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.
- v. During the year, a new Samuel Lane project was recorded in the US, featuring new songs, including a co-write with Brenton Brown, this is hoped to be released at NLC 18 and is entitled, The Difference.
- vi. The new 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 Sam Lane project January, called The Difference.
- ii. Record and video the worship at the National Leaders Conference, and potentially Cause to Live For and DTI.
- iii. Release a live album based on songs recorded during Cause To Live For Conference 2017 and NLC 18, provisionally to be entitled Vineyard Live.
- iv. Record and release a new Great Big God studio album.
- v. Record and release NILC EP Studio album.
- vi. Start a new International song writing venture.
- vii. To continue to grow and develop the International website of Vineyard Songs partnering with Vineyard Music US.
- viii. Continued commitment to release new songs on all platforms.
- ix. Rebrand as Vineyard Worship UK & Ireland.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

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 2018 as follows:

1. Run a National Worship Retreat in March.
2. Run a Song Summit (song writing) in March.
3. Run a Youth Worship School in Feltham, London in October 2018, partnering with the local Church and the DTI Team.
4. Attendance at regional and national events.

c. Resource Distribution

- i. Work closely with CLC Wholesalers as the new distributors of Vineyard Worship material.
- ii. Enhance the new website to a resource based site.
- iii. Develop videos, chord / lyric videos and downloadable chord charts and lyric sheets, action videos and piano scores.
- iv. Rebranding to Vineyard Worship UK & Ireland – as a resource for the whole church.

d. Investment Property

- i. Obtain quotes to convert the existing property into a 10-12-bedroom student accommodation.
- ii. Appoint contractors and find suitable management company to market and oversee the project.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

3. Financial Review

a. Reserves Policy

- i. The Trustees after due consideration consider that a reserve of £320,000 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 £352,252 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 to £80K during certain periods of the year, though overall the year made a profit.
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 previous designated fixed asset fund totalling £216,912, 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. This has now been moved, to assets under construction.

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;

Trustees' Report (continued)
For the year ended 31 December 2017

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 C.E.O, 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, C.E.O 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 in this season of change.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

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 for 2017-19. 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 Music US in developing the best ways to connect in each other's markets via skype calls.

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 C.E.O; in the short term the board will take over the management of Vineyard Music (UK) Limited whilst they seek and appoint a new C.E.O.
 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 networks

i. Personnel

- i. There has been one change to personnel during the year, Dave Mitchell resigned from the Company in March 2017. The trustees wish him well in his future role and are very grateful for his tremendous contribution over the years.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

5. 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) A McNeil resigned August 17 S Barber resigned July 17 N Hemming resigned August 17 N Briggs resigned August 17 D Wright appointed August 17 A Smith appointed August 17 H Smith appointed August 17
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
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

Vineyard Music (UK) Limited (Registered Number: 04255960)

Trustees' Report (continued) For the year ended 31 December 2017

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

19 March 2018

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 2017 which are set out on pages thirteen to twenty-four.

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: 19 March 2018

Vineyard Music (UK) Limited (Registered Number: 04255960)
Statement of Financial Activities
Including Income and Expenditure Account
For the year ended 31 December 2017

Year ended 31 December 2017					
Unrestricted					
	Notes	General Funds £	Designated Funds £	Total £	Year ended 2016 £
<u>Income and endowments from:</u>					
Donations	2	300	-	300	40
Charitable activities	3	565,831	-	565,831	478,055
Investments	4	1,592	-	1,592	2,237
Other	5	25,132	-	25,132	11,960
Total		592,855	-	592,855	492,292
<u>Expenditure on:</u>					
Charitable activities	6	558,496	3,709	562,205	522,245
Total		558,496	3,709	562,205	522,245
Net gains on investments	12	969	-	969	-
Net income/ (expenditure)		35,328	(3,709)	31,619	(29,953)
Transfer between funds		216,913	(216,913)	-	-
Net movement in funds		252,241	(220,622)	31,619	(29,953)
<u>Reconciliation of funds</u>					
Fund balances at 1 January 2017	17	316,923	220,622	537,545	567,498
Fund balances at 31 December 2017	17	569,164	-	569,164	537,545

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 (Registered Number: 04255960)
Balance Sheet
As at 31 December 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	11		225,827		237,566
Investment Property	12		-		33,400
			<u>225,827</u>		<u>270,966</u>
Current assets					
Stock		5,442		17,498	
Debtors	13	8,937		8,880	
Investments – cash deposits		150,400		50,000	
Cash at bank and in hand		269,853		213,536	
		<u>434,632</u>		<u>289,914</u>	
Creditors: amounts falling due within one year	14	<u>(91,295)</u>		<u>(23,335)</u>	
Net current assets			<u>343,337</u>		<u>266,579</u>
Total assets less current liabilities			<u>569,164</u>		<u>537,545</u>
Reserves					
Designated funds	17		-		220,622
Unrestricted funds	17		<u>569,164</u>		<u>316,923</u>
			<u>569,164</u>		<u>537,545</u>

For the period ended 31 December 2017 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 19 March 2018 and signed on its behalf by:

J Cook
Trustee



The notes form part of these financial statements

Notes to the financial statements
For the year ended 31 December 2017

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 10 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16th July 2014 (as updated through Update Bulletin 1 published on 2nd February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1st January 2015.

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

The charity has applied Update Bulletin 1 as published on 2nd February 2016 and does not include a cash flow statement on the grounds that it is applying FRS 102 Section 1A.

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

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 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.

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 2018 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.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

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:

Freehold land	Not depreciated
Freehold buildings	2% per annum
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 amount of stock recognised as an expense in the period is £17,393 (2016 - £19,163). 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.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

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. Donations

	Unrestricted funds	Designated funds	Total 2017	2016
	£	£	£	£
Gifts in kind	300	-	300	40
	<u>300</u>	<u>-</u>	<u>300</u>	<u>40</u>

3. 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 2017	2016
	£	£	£	£
Royalty income	503,208	-	503,208	405,390
Retail sales	25,481	-	25,481	35,801
Conference income	37,142	-	37,142	36,864
	<u>565,831</u>	<u>-</u>	<u>565,831</u>	<u>478,055</u>

The percentage of retail sales attributable to geographical markets outside the United Kingdom was 0.06% (2016 – 1.4%).

Royalty income attributable to geographical markets outside the United Kingdom was 72.7% (2016 – 76.7%).

4. Investment income

	Unrestricted funds	Designated funds	Total 2017	2016
	£	£	£	£
Interest receivable	1,592	-	1,592	2,237
	<u>1,592</u>	<u>-</u>	<u>1,592</u>	<u>2,237</u>

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

5. Other incoming resources

	Unrestricted funds £	Designated funds £	Total 2017 £	2016 £
Other income	25,132	-	25,132	11,960
	<u>25,132</u>	<u>-</u>	<u>25,132</u>	<u>11,960</u>

6. Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2017 £	2016 £
Direct charitable expenditure	78,171	-	343,147	421,318	374,781
Governance	-	-	7,012	7,012	11,853
Support costs	75,307	11,583	46,985	133,875	135,611
Total resources expended	<u>153,478</u>	<u>11,583</u>	<u>397,144</u>	<u>562,205</u>	<u>522,245</u>

Governance costs

	2017 £	2016 £
Auditors' remuneration	(33)	1,387
Independent Examiner's fee	1,100	2,100
Companies House fees	26	26
CRB checks	90	252
PRS	112	122
CMPA	100	100
Information Commissioner	35	35
PPL	133	131
This Is Yours (rebrand)	-	6,700
N Herbert (consultant)	-	500
Solomon's	500	500
Garness Jones (Estate Agent)	4,430	-
IPO – Trademark	400	-
G Lambert – (consultant)	119	-
	<u>7,012</u>	<u>11,853</u>

Grant making

There was one grant made in the year to Belfast City Vineyard of £5,000 (2016 – No Grants made).

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) **For the year ended 31 December 2017**

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 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 £20,655 (2016 - £9,600). Vineyard Churches UK & Ireland reimbursed expenses totalling £4,086 (2016 - £1,946). At the year end the Company was owed £NIL (2016 - £NIL) by Vineyard Churches UK & Ireland, this amount is included in trade debtors.

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. The Company recharged staff time totalling £147 (2016 - £1,928) to Hull Vineyard. At the year end the company was owed £NIL (2016 - £135) by Hull Vineyard, this amount is included in trade debtors.

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 (2016 - NIL) as assistance for the wider movements Worship Initiative run from Belfast City. Also, expenses were reimbursed by and product purchased by Belfast City Vineyard totalling £85 (2016 - NIL). At the year end the company was owed £NIL.

Mr J Cook, a Trustee, received emoluments, for his role as an employee of the Charity of £34,305 (2016 - £34,305) during the year and company pension contributions of £1,029 (2016 - £1,029) were also made on his behalf, £86 (2016 - £86) 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 £243 (2016 - £112) for travel and £540 (2016 - £463) for other expenses.

Amazon vouchers were purchased as a thank you gift for A McNeil £100 (2016 - £NIL), N Hemming £100 (2016 - £NIL) and N Briggs £100 (2016 - £NIL) following their resignation as trustees.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

8. Employees

The average number of employees during the year was:

	2017 Number	2016 Number
Charitable activities	2	3
Management and administration	2	2
	<u>4</u>	<u>5</u>

	2017 £	2016 £
Wages and salaries	138,082	152,272
Social security costs	11,279	12,416
Pension costs	4,117	4,663
	<u>153,478</u>	<u>169,351</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 25% of his time to June and then 50% of his time to the finances of Vineyard Churches UK&I, the Media Marketing Assistant kept a time sheet to the media requirements of the Hull Vineyard Church and the publishing manager, following the change of his role from July gave 50% of his time to the legal assistance of Vineyard Churches UK & I, a total of £20,802 (2016 - £10,916) 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.

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

	2017	2016
Audit fee	(33)	1,387
Independent Examination fee	1,100	2,100
Other operating leases	2,800	2,800
Foreign exchange losses	(39)	(250)
Depreciation	11,582	13,902
Net Profit on disposal of fixed assets	<u>(704)</u>	<u>(3,748)</u>

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

11. Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2017	267,962	-	42,351	32,956	9,363	352,632
Additions	-	-	558	-	542	1,100
Disposals	-	-	(8,442)	(9,157)	(750)	(18,349)
Reclassified	(267,962)	267,962	-	-	-	-
At 31 December 2017	-	267,962	34,467	23,799	9,155	335,383
Depreciation						
At 1 January 2017	47,340	-	30,401	28,898	8,427	115,066
Charge for year	3,710	-	5,164	1,972	737	11,583
Eliminated on disposal	-	-	(7,710)	(8,633)	(750)	(17,093)
Reclassified	(51,050)	51,050	-	-	-	-
At 31 December 2017	-	51,050	27,855	22,237	8,414	109,556
Net book value						
At 31 December 2017	-	216,912	6,612	1,562	741	225,827
At 31 December 2016	220,622	-	11,950	4,058	936	237,566

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.

12. Investment Property

	Property £	Total £
Cost or valuation		
As at 1st January 2017	33,400	33,400
Profit on disposal	969	969
Proceeds of sale	(34,369)	(34,369)
As at 31st December 2017	-	-

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

The investment property was originally purchased in 2012 for £148,000 in which Vineyard Music (UK) Limited have a 20% share. This investment along with the gains made was repaid in full on 13 September 2017.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

13. Debtors

	2017 £	2016 £
Trade debtors	128	1,290
VAT	-	883
Prepayments	8,809	6,707
	<u>8,937</u>	<u>8,880</u>

14. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	223
VAT	5,032	-
Taxation and social security costs	5,137	4,873
Other creditors	74,135	9,968
Accruals	6,991	8,271
	<u>91,295</u>	<u>23,335</u>

15. 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 £4,117 (2016 - £4,663). Contributions amounting to £445 (2016 - £754) were owing at the year end.

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued) For the year ended 31 December 2017

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

	Balance at 1 January 2017 £	Incoming resources £	Expended resources £	Gross transfer between funds £	Gains and Losses	Balance at 31 December 2017 £
Unrestricted funds	316,923	592,855	558,496	216,913	969	569,164
Designated funds	220,622	-	3,709	(216,913)	-	-
	<u>537,545</u>	<u>592,855</u>	<u>562,205</u>	<u>-</u>	<u>969</u>	<u>569,164</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 (net of depreciation) which the Charity used for its own occupation.

Depreciation on the property is charged to this designated fund.

17. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 December 2017 are represented by:			
Tangible fixed assets	8,915	-	8,915
Investments	216,912	-	216,912
Current assets	434,632	-	434,632
Creditors: amounts falling due within one year	(91,295)	-	(91,295)
	<u>569,164</u>	<u>-</u>	<u>569,164</u>

18. Commitments under operating leases

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

	2017 £	2016 £
Expiry date:		
Less than one year	2,760	2,760
Between two and five years	<u>2,760</u>	<u>5,520</u>
	<u>5,520</u>	<u>8,280</u>

Vineyard Music (UK) Limited (Registered Number: 04255960)

Notes to the financial statements (continued)
For the year ended 31 December 2017

19. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	269,853	113,536
Notice deposits (less than 100 days)	100,000	100,000
Total cash and cash equivalents	<u>369,853</u>	<u>213,536</u>