

Vineyard Music (UK) Limited
Trustees' Report and Accounts
For the year ended 31 December 2014

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Vineyard Music (UK) Limited

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Vineyard Music (UK) Limited

Trustees' Report For the year ended 31 December 2014

The Trustees submit herewith their tenth Annual Report together with audited financial statements for the year ended 31 December 2014.

Annual Report 2014

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Vineyard Music (UK) Limited

Trustees' Report (continued) **For the year ended 31 December 2014**

1. Introduction

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

2. Principal Activities

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

3. Mission Statement

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

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

4. Reference and Administrative Details

a. Registered name and other working name

- i. Vineyard Music (UK) Limited t/a Vineyard Records UK

b. Officials and advisors

Trustees

J Cook (C.E.O)
C Whitelock – Resigned 30th November 2014
A McNeil
S Barber
C J Wright – Resigned 30th November 2014
A J Wallis – Resigned 30th November 2014
N Hemming – Appointed 30th November 2014
N Briggs – Appointed 30th November 2014

Company Secretary

P B Masters

Registered Office

252 Cottingham Road
Hull
HU6 8QA

Bankers

Royal Bank of Scotland
10 Silver Street
Hull
HU1 1JE

Auditors

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

Solicitors

Forresters Ketley & Co
Sherbourne House
119-121 Canon Street
London
EC4N 5AT

Registered Charity Number

1087771

Companies House Number

4255960

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

5. Structure, Governance and Management

a. Constitution

- i. The Company is limited by guarantee without share capital and is a registered charity. The liability of the members is limited to £1 each. Accumulated funds are not distributed to the members.
- ii. The governing instrument under which the Company operates is its Memorandum and Articles of Association, last amended 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;
- v. They are not subject to a disqualification order under the Company Directors Disqualification Act 1986, nor to an order made under section 429 (2)(b) of the Insolvency Act 1986;
- vi. They have not been removed from being concerned in the management or control of any body under Section 7 of the Law Reform (miscellaneous Provisions) (Scotland) Act 1990;
- vii. They have not been removed as a Trustee by the Charity Commission or the High Court.

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

- i. Recent financial accounts;
- ii. Overview of the business;
- iii. Articles and Memorandum of Association;
- iv. Staff handbook;
- v. Health and safety / risk assessments;
- vi. Induction talk and orientation covering the practical aspects of the Charity's objectives;
- vii. By way of information our current Trustees are all Senior Pastors of Churches within the Vineyard Churches UK Denomination. In the selection of future Trustees we will seek to find candidates of suitable professional ability additionally combined with an empathy towards churchmanship and Christian worship.

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

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

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

5. Structure, Governance and Management (continued)

- e. Organisational structure
 - i. The support staff report to the General Manager, who reports to the C.E.O, who reports to the Board of Trustees.
- f. Relationships
 - i. The Trustees note the continued relationship between the Vineyard Churches UK & Ireland and Vineyard Music (UK) Limited.
 - ii. Communication continues to be a priority this year to churches and to the worship leaders in the movement through regular updates, newsletters and email notes.
 - iii. It is noted the growing working relationship with the song writers in the UK. The fruit of these labours have come to the fore during the year with nearly 50 new songs published on a variety of projects, this relationship will be ongoing.
- g. Relationships - others
 - i. Vineyard Records UK is committed to forming new and strengthening existing partnerships with organisations that share similar values. We see these partnerships as being key in helping the furtherance of religious education of the wider Church and also in strengthening unity within the Church.
 - ii. Vineyard Records UK continues to be committed to working with Vineyard Churches UK & Ireland and will endeavour to strengthen relationships with Vineyard Churches throughout the UK.
 - iii. Vineyard Records UK continues to work closely with Vineyard Music US in developing best ways to connect in each other's markets to this end Jeremy Cook and Jimmy Cooke made one visit to the US during the year, whilst Doug Anderson, head of Vineyard Music US, visited the UK office in July.
 - iv. During the US visit, Jeremy and Jimmy met with Fair Trade Services in Nashville, to discuss using some of 12 new songs on projects that they are doing including radio plays, it is hoped that this relationship will continue.
 - v. The Hull Vineyard continue to rent the second floor offices of the property at 252 Cottingham Road.
- h. Risk assessment statement
 - i. The Trustees have reviewed the risks associated with the Charity. The main risks identified are incapacity of staff, computer failure, health and safety and fire issues. The following steps are in place to mitigate them:
 - 1. Incapacity of the General Manager; in the short term Jeremy Cook will take over the management of Vineyard Music (UK) Limited whilst the board seek and appoint a new General Manager.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

5. Structure, Governance and Management (continued)

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 discs 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 and stock. Business interruption is covered. The operation would move to rented premises as soon as possible.

i. Personnel

- i. There have been no changes in personnel during the year ended 31 December 2014.

6. Objectives and Activities

a. Public benefit

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

- i. Donations from surpluses for the establishment of new churches nationwide;
- i. Funding of mission work both in the UK and abroad;
- ii. Support of prison ministry through the donation of audio CDs and books during the period of these accounts 35 prisons have been contacted with over 400 CDs been given away;
- iii. Curriculum development for primary school children;
- v. Free of charge provision of recording studio for the development of worship songs;
- vi. Involvement in training, resourcing and worship within the Christian church in the UK and further afield.
- vii. During the year Vineyard Records UK provided a member of staff on a weekly basis to help at the Hull Vineyard Church 'Big Kitchen' which provides meals and assistance to the disadvantaged of the City of Hull.
- viii. During the year contact has been made with the 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 the Association of Vineyard Churches (UK) Trust and the encouragement of church planting in the United Kingdom;
- ii. The furtherance of religious education by way of seminars and conferences;
- iii. The relief of those who are in conditions of need or hardship or who are aged or sick and to relieve distress caused thereby in the United Kingdom or the world as the Directors may from time to time think fit;
- iv. Such other charitable objects and for the benefit of such other charitable bodies and institutions as the Directors shall in their absolute discretion see fit.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

6. 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 satisfactory performance in sales of worship CDs, following the release of several major releases during the year: The Feast – an EP from Harmony Smith of Belfast City Vineyard, in January and Rooftops – The Sound of Vineyard Youth in May, an album which was recorded during the 2012 and 2013 Dreaming The Impossible Youth Conferences. During the Spring, Trent and Samuel Lane recorded some songs in the studio, these were released as videos on YouTube, entitled 252 Sessions. In the Summer Nigel Hemming, after a 6 year gap recorded the 5th in the series of the Great Big God albums, this was released in September. In November, You Make All Things New was released, recorded in the studio by Trent, this is an album of 12 new songs penned by the band. Resourcing of books and other resource material continues to be a successful resource for the churches, especially at the number of conferences that Vineyard Records UK attend during the year, this will continue in the coming year. The Trustees are confident that the Vineyard Records brand will grow in reputation, impact and quality and therefore Vineyard Music (UK) Limited t/a Vineyard Records UK continue to be committed to selling CDs via direct sales especially in light of the new releases planned for production in 2015.

ii. Publishing Performance

The Trustees are pleased to report that the revenue from publishing and licensing royalties continues to form the majority 82.9% (2013 – 84.9%) 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 Trustees will continue to monitor the situation but with new material being released in 2015 it is hoped that the decline can be slowed down, together with a concerted effort in tidying up existing agreements and engaging in new agreements within new and emerging territories, this has occurred during the year with new contracts being signed with Kennedy International in Australia, Vineyard Music Brazil and Gerth Media in Germany, CNC in South Africa, extended territories covered with Song Solutions, an iTunes kickback with Elevation and Fair Trade Services negotiations began.

iii. Events

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

There were two major events during the year. In February the second Youth Worship School took place in Winchester. 50 young people aged 12 to 18 years gathered for a time of teaching both theological and practical, as well as a chance to record songs that they have written. All involved with the event came away thoroughly blessed and encouraged. The National Worship Leaders Retreat took place in October with 190 (2013 – 150) people attending from 49 (2013 – 47) different Vineyard Churches for a time of re-envisioning, connecting with others and teaching on theological, practical and inspirational issues. The feedback from this event has been very positive and encouraging.

d. Grant making

There were no grants made during the year.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

7. Achievements and Performance

a. Product development

- i. In January The Feast was released. The Feast is a 6-track studio EP featuring brand new songs from Harmony Smith, worship leader and senior pastor of Belfast City Vineyard, the songs on this EP have been birthed in a community that has been on a journey with intimacy in worship.
- ii. In May Rooftops – The Sound of Vineyard Youth was released. This captures the Vineyard Youth worshipping together at their annual gathering, 'Dreaming The Impossible' over the last two years and features emerging worship leaders still in their teens.
- iii. In June a new national Live album was recorded in St Albans Vineyard, entitled 'Waterfalls' this exciting, energetic and spirit-filled album, featuring worship leaders, musicians and songwriters from across the movement will be released in January 2015 at the National Leaders Conference.
- iv. In September Great Big God 5 – Ready To Go was released. This album is packed with a massive 19 new tracks ranging from Latin to rock to rap, recorded with a choir of over 100 children this is an exciting addition to the Great Big God series of albums.
- v. In November You Make All Things New was released. This is the first album of new material from Trent, since their live album Burn Bright in 2009. Produced with expat Darren Clarke the album explores new directions for the band.
- vi. The recording studio in the basement of the offices is available free of charge to songwriters and musicians within Vineyard Churches UK to record their songs to a professional standard. This has proved to be highly popular with musicians from the Winchester Vineyard, Trent Vineyard and St Albans Vineyard. It is hoped that this trend will continue to encourage songwriting, enable relationship-building between the songwriters and Vineyard Records UK and produce high-quality, low-cost recordings for future release.
- vii. During the year a number of people, including Trent, Samuel Lane and John Barnett have recorded in the studio some new material, this has been released as '252 Sessions' on YouTube.
- viii. Vineyard Records continues to be the distributor of Vineyard Books in the UK. These are books approved and recommended by the council for sale. A number of these titles have been added to the website. In January, Vineyard Records UK was the main distributor of products at the National Leaders which was a very successful event in terms of exposure and sales. It is hoped that this will continue at the 2015 event.
- ix. Alex MacDougall, formally on retainer, brokered a meeting with FairTrade Music from which 12 songs have been selected, including Spirit Burn, to be put forward for a new project and to be used within their sphere of influence.
- x. In September a brand new website was launched combining the shop, resources for churches in 'equip packs', songwriters and song teach videos plus Inside Worship archives into a single site. The site is managed from the Trent Vineyard, Nottingham by Ronnie McDermid and with input and guidance from Vineyard Records UK in Hull.
- xi. In December a new website, Vineyard Songs.com was commissioned, this is in partnership with VM US and will include 'Song of the Month', chord and lyric videos to all Vineyard Songs and podcasts.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

8. Financial Review

a. Reserves policy

- i. The Trustees after due consideration consider that a reserve of £310,000 should ideally be available. This sum equates to 6 months worth of overhead expenses plus the cost of two major recording projects and their marketing, plus a general contingency. At the year end free reserves of £372,784 were available. This has been arrived at after taking into account the following elements and contingencies:

1. Fluctuations of income verses expenses – trading losses and nature and timing of capital expenditure, historically the Charity has had periods in any given year where losses may cumulate to £80K during certain periods of the year, though overall the year made a small deficit.
2. A period of decline or delay in income – sales and royalties.
3. Restructuring of the Charity in the event of consistent reduced income flows.
4. To fund new income generating initiatives, where such need or opportunity exists.
5. To remove the risk of insolvency.
6. Long term planning and opportunity taking.
7. The efficient running of the Charity with medium and long term downturns i.e. avoiding the need for short term decisions.
8. Furthermore the Trustees consider it imprudent to liquidate fixed assets to generate reserves. These include the designated fixed asset fund totalling £228,040. This represents the Net Book Value of land and buildings donated to the Charity in 2003 which are used for the furtherance of the Charity's objectives. Annual depreciation of the buildings are charged to the designated fund.

b. Investment policy

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

9. Plans for the Future

a. Product development

- i. Release of Waterfalls in January at the National Leaders Conference, this album was recorded Live in May 2014 at St Albans Vineyard.
- ii. Release of new studio '252 Sessions' videos recorded at the Vineyard Records studio.
- iii. Record a new Samuel Lane album.
- iv. Record worship at events over the course of the year including Cause to Live For and the National Worship Retreat.
- v. Record and release volume 2 of the Small Group Worship CD and DVD.
- vi. To set up an International website of Vineyard Songs partnering with Vineyard Music US.
- vii. Continued commitment to release new songs on either EPs or as downloads.
- viii. Develop the merchandise range including posters, T-Shirts and bottle opener key rings.

b. Events

- i. For the furtherance of religious education of the wider Church, further events are planned for 2015 as follows:
 1. Run a Youth Worship School in Winchester in February 2015.
 2. Help organise and provide some funding for the Irish Regional Worship Retreat, Dundalk in May 2015.
 3. Encouragement for regional/ area Worship Leaders Conference.
 4. Song writing workshops and Church visits.
 5. Attendance at regional and national events.
 6. Run another Songwriters' Retreat in June 2015.

Vineyard Music (UK) Limited

Trustees' Report (continued) **For the year ended 31 December 2014**

c. Resource distribution

- i. Further development and marketing of Christian books, as recommended by the Leadership Group.

It is hoped that by offering this Vineyard Records UK will become more of a one-stop-shop for churches and individuals. It will also make the material more accessible.

- ii. Enhance the new website, integrated with Inside Worship and new Equip sections.
- iii. Develop videos, chord / lyric videos and downloadable chord charts and lyric sheets, action videos and piano scores.

Vineyard Music (UK) Limited

Trustees' Report (continued) For the year ended 31 December 2014

10. Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the movement in funds for that period. In preparing those financial statements, the Trustees are required to:

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

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

The Trustees also confirm that:

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

11. Auditors

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

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

29th January 2015

Vineyard Music (UK) Limited

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

We have audited the financial statements of Vineyard Music (UK) Limited for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Karen Borowski FCA (Senior Statutory Auditor)

for and on behalf of Revell Ward Limited

Chartered Accountants and Statutory Auditors

7th Floor

30 Market Street

Huddersfield

HD1 2HG

Date: 11/2/15

Vineyard Music (UK) Limited

Statement of Financial Activities Including Income and Expenditure Account For the year ended 31 December 2014

		Year ended 31 December 2014			Year ended 2013
	Notes	General Funds	Unrestricted Designated Funds	Total	2013
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	20	-	20	-
Investment income	3	2,297	-	2,297	2,508
Incoming resources from charitable activities	4	513,348	-	513,348	548,736
Other incoming resources	5	8,627	-	8,627	2,727
Total incoming resources		524,292	-	524,292	553,971
Resources expended					
Charitable expenditure					
Cost of activities in furtherance of the charity's objectives		530,590	3,709	534,299	562,851
Governance	6	7,344	-	7,344	7,084
Total resources expended	6	537,934	3,709	541,643	569,935
Net expenditure for the year		(13,642)	(3,709)	(17,351)	(15,964)
Reconciliation of funds					
Fund balances at 1 January 2014	16	386,426	231,749	618,175	634,139
Fund balances at 31 December 2014	16	372,784	228,040	600,824	618,175

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

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

All the company's activities are classed as continuing.

Vineyard Music (UK) Limited (Charity Registration No. 1087771)
(Company Registration No. 4255960)
Balance Sheet
As at 31 December 2014

	Notes	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	11		250,027		253,830
Investments	12		<u>30,000</u>		<u>30,000</u>
			280,027		283,830
Current assets					
Stock			22,130		19,689
Debtors	13		11,902		15,424
Cash at bank and in hand			316,803		327,398
			<u>350,835</u>		<u>362,511</u>
Creditors: amounts falling due within one year	14		<u>(30,038)</u>		<u>(28,166)</u>
Net current assets			<u>320,797</u>		<u>334,345</u>
Total assets less current liabilities			<u>600,824</u>		<u>618,175</u>
Reserves					
Designated funds	16		228,040		231,749
Unrestricted funds	16		<u>372,784</u>		<u>386,426</u>
			<u>600,824</u>		<u>618,175</u>

These accounts have been prepared in accordance with the provisions applicable to entities subject to the small entities regime.

The accounts were issued, authorised and approved by the Board on 29 January 2015 and signed on its behalf by:


J Cook
Trustee

Vineyard Music (UK) Limited

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention, except for land and buildings which is included at valuation on the date of donation. The accounts have been drawn up in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005, applicable accounting standards and the Companies Act 2006, except where specified below.

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

b) Incoming resources

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

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

Sales – sales are accounted for on an accruals basis.

c) Resources expended

All expenditure is shown gross and is accounted for on an accruals basis. For accounting purposes expenditure is allocated as follows:

Charitable expenditure – all direct charitable expenditure relates to the operation of the activities of the Charity.

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

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

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

d) Grant making policy

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

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition, other than donated freehold land and buildings which is included at valuation at the date of the donation. The charitable company carries out annual impairment reviews where there is indication that the carrying amount of an asset may not be recoverable. Depreciation is provided on all tangible fixed assets other than land at rates calculated to write off the cost or revalued amount on a straight line basis over their expected useful economic lives as follows:

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

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2014

1. Accounting policies (continued)

f) Leasing and hire purchase commitments

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

g) Stock

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

h) Pension costs

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

i) Foreign currencies translation

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

j) Accumulated funds

Funds held by the Charity are either:

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

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

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

k) Investments

Investments are stated at market value. Investments in property are valued not less than every five years. Interim valuations are carried out if there is indication of a material change in value. Any gains or losses on investments are recognised in the Statement of Financial Activities.

2. Voluntary income

	Unrestricted funds	Designated funds	Total 2014	2013
	£	£	£	£
Gifts in kind	20	-	20	-
	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>

3. Investment income

	Unrestricted funds	Designated funds	Total 2014	2013
	£	£	£	£
Interest receivable	2,297	-	2,297	2,508
	<u>2,297</u>	<u>-</u>	<u>2,297</u>	<u>2,508</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2014

4. Incoming resources from charitable activities

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

	Unrestricted funds	Designated funds	Total 2014	2013
	£	£	£	£
Royalty income	434,767	-	434,767	470,209
Retail sales	51,329	-	51,329	56,534
Conference income	27,252	-	27,252	21,993
	<u>513,348</u>	<u>-</u>	<u>513,348</u>	<u>548,736</u>

The percentage of retail sales attributable to geographical markets outside the United Kingdom was 7.1% (2013 – 6.1%).

Royalty income attributable to geographical markets outside the United Kingdom was 81.0% (2013 – 80.81%).

5. Other incoming resources

	Unrestricted funds	Designated funds	Total 2014	2013
	£	£	£	£
Other income	8,627	-	8,627	2,727
	<u>8,627</u>	<u>-</u>	<u>8,627</u>	<u>2,727</u>

6. Total resources expended

	Staff costs	Depreciation	Other costs	Total 2014	2013
	£	£	£	£	£
Direct charitable expenditure	88,126	-	321,877	410,003	440,414
Governance	-	-	7,344	7,344	7,084
Support costs	63,795	14,164	46,337	124,296	122,437
Total resources expended	<u>151,921</u>	<u>14,164</u>	<u>375,558</u>	<u>541,643</u>	<u>569,935</u>

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2014

6. Total resources expended (continued)

Governance costs

	2014 £	2013 £
Auditors' remuneration	6,687	6,154
Companies House fees	13	13
HR Services	354	634
CRB checks	90	90
PRS	65	58
CMPA	100	100
Information Commissioner	35	35
	<u>7,344</u>	<u>7,084</u>

Grant making

No grants were made in the year or in the previous year.

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 six Trustees of Vineyard Music (UK) Limited also being Trustees of Vineyard Churches UK & Ireland. During the year the Company recharged staff time to Vineyard Churches UK & Ireland totalling £8,579 (2013 - £6,642). At the year end the company was owed £6 (2013 - £Nil) by Vineyard Churches UK & Ireland, this amount is included in trade debtors.

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2014

7. Trustees and related parties (continued)

Hull Vineyard is a related party due to one of the five Trustees of Vineyard Music (UK) Limited also being a Trustee of Hull Vineyard and due to the charities sharing key management personnel. The Hull Vineyard Church office continues to rent the second floor of the Vineyard Music (UK) Limited office at 252 Cottingham Road. A monthly rent of £200 is paid by Hull Vineyard as well as half the utility bills which amounted to £2,369 (2013 - £2,310). A proportion of Mrs I Houghton's salary (who is the sister in law of Mr J Cook, a trustee) was recharged to Vineyard Music UK totalling £540 (2013 - £2,704). This arrangement was ended on 31st March 2014, the charge represents the first quarter of the year. The Company recharged staff time totalling £2,244 (2013 - £2,193) to Hull Vineyard. At the year end the company was owed £1,349 (2013 - £1,745) by Hull Vineyard, this amount is included in trade debtors.

Mr J Cook, a Trustee, received emoluments of £33,595 (2013 - £33,595) during the year and company pension contributions of £1,008 (2013 - £1,008) were also made on his behalf, £84 (2013 - £84) 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 £1,253 (2013 - £1,736) for travel and £337 (2013 - £179) for other expenses.

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

C Whitelock - £Nil (2013 - £104), A McNeil - £Nil (2013 - £104), S Barber - £104 (2013 - £104), C J Wright - £Nil (2013 - £104), A J Wallis - £Nil (2013 - £104), N Briggs - £104 (2013 - £Nil), N Hemming - £104 (2013 - £Nil).

Vineyard Music (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2014

8. Employees

The average number of employees during the year was:

	2014 Number	2013 Number
Charitable activities	2	2
Management and administration	3	3
	<u>5</u>	<u>5</u>

	2014 £	2013 £
Wages and salaries	145,775	141,044
Social security costs	12,672	13,978
Pension costs	4,250	4,156
	<u>162,697</u>	<u>159,178</u>

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

The Charity was recharged for the time spent by employees in other Vineyard charities on Vineyard Music (UK) Limited business, the total amount recharged in the year was £Nil (2013 - £14,178).

During the year a number of employees' time was reimbursed from connected organisations; the Finance Manager gave 20% of his time to the finances of Vineyard Churches UK&I and the Media Marketing Assistant gave 11% of his time to the media requirements of the Hull Vineyard Church, a total of £10,236 (2013 - £8,835) 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

	2014 £	2013 £
Net movement in funds is arrived at after charging:		
Auditors' remuneration		
Audit fee	6,687	6,154
Other operating leases	2,800	3,319
Foreign exchange losses	264	29
Depreciation	14,164	12,107
Profit on disposal of fixed assets	<u>(1,034)</u>	<u>(1,651)</u>

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2014

11. Tangible fixed assets

	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2014	267,962	42,045	29,730	7,017	346,754
Additions	-	7,634	-	3,334	10,968
Disposals	-	(2,295)	-	-	(2,295)
At 31 December 2014	<u>267,962</u>	<u>47,384</u>	<u>29,730</u>	<u>10,351</u>	<u>355,427</u>
Depreciation					
At 1 January 2014	36,213	26,521	25,316	4,874	92,924
Charge for year	3,709	6,860	1,285	2,310	14,164
Eliminated on disposal	-	(1,688)	-	-	(1,688)
At 31 December 2014	<u>39,922</u>	<u>31,693</u>	<u>26,601</u>	<u>7,184</u>	<u>105,400</u>
Net book value					
At 31 December 2014	<u>228,040</u>	<u>15,691</u>	<u>3,129</u>	<u>3,167</u>	<u>250,027</u>
At 31 December 2013	<u>231,749</u>	<u>15,524</u>	<u>4,414</u>	<u>2,143</u>	<u>253,830</u>

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

12. Investments

	Property £	Total £
Cost		
At 31 December 2014 and 31 December 2013	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

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

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2014

13. Debtors

	2014 £	2013 £
Trade debtors	3,553	4,448
VAT	2,417	4,125
Prepayments	5,932	6,851
	<u>11,902</u>	<u>15,424</u>

14. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,752	1,217
Taxation and social security costs	4,777	4,341
Other creditors	16,451	15,190
Accruals	7,058	7,418
	<u>30,038</u>	<u>28,166</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 £4,250 (2013 - £4,156). Contributions amounting to £754 (2013 - £589) were owing at the year end.

Vineyard Music (UK) Limited

Notes to the accounts (continued) For the year ended 31 December 2014

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

	Balance at 1 January 2014 £	Incoming resources £	Expended resources £	Gross transfer between funds £	Balance at 31 December 2014 £
Unrestricted funds	386,426	524,292	(537,934)	-	372,784
Designated funds	231,749	-	(3,709)	-	228,040
	<u>618,175</u>	<u>524,292</u>	<u>(541,643)</u>	<u>-</u>	<u>600,824</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 uses 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 2014 are represented by:			
Tangible fixed assets	21,987	228,040	250,027
Investments	30,000	-	30,000
Current assets	350,835	-	350,835
Creditors: amounts falling due within one year	(30,038)	-	(30,038)
	<u>372,784</u>	<u>228,040</u>	<u>600,824</u>

18. Commitments under operating leases

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Between two and five years	2,760	-
More than five years	-	2,760
	<u>2,760</u>	<u>2,760</u>

Management information
For the year ended 31 December 2014

Vineyard Music (UK) Limited

Vineyard Music (UK) Limited

Detailed income and expenditure account For the year ended 31 December 2014

	2014		2013	
	£	£	£	£
Income				
Voluntary income		20		-
Royalties received		434,767		470,209
Sales		78,581		78,527
Bank interest		2,297		2,508
Other incoming resources		8,627		2,727
		<u>524,292</u>		<u>553,971</u>
Direct charitable expenditure				
Opening stock	19,689		16,048	
Purchases	27,348		27,424	
Postage, freight and customs duty	9,277		10,303	
Conference expenses	34,969		31,879	
Royalties paid	198,189		217,227	
Pre-production costs	48,201		37,554	
Commission payable	2,957		4,318	
Salaries	112,180		107,449	
Reimbursement of salaries	(10,236)		(8,835)	
Employers NIC contributions	12,672		13,978	
Pension contributions	3,242		3,087	
Directors remuneration	33,595		33,595	
Directors pension	1,008		1,069	
Rent and rates	962		940	
Insurance	5,419		5,513	
Light and heat	2,390		2,425	
Printing, postage and stationery	2,342		1,860	
Advertising	2,741		2,168	
Telephone	4,234		3,527	
Travel and subsistence	7,918		18,179	
Office equipment	4,434		5,479	
Office repairs	2,802		2,584	
Charitable donations	1,205		2,169	
Staff expenses	549		583	
Entertaining	1,703		2,320	
Sundries	102		414	
Website	5,326		5,739	
Bank charges	3,109		2,624	
Leasing charges	2,800		3,319	
Depreciation	14,164		12,107	
Profit on sale of fixed assets	(1,034)		(1,651)	
Exchange differences	264		29	
Recording studio	1,908		2,938	
Outsourcing	-		14,178	
Closing stock	(22,130)		(19,689)	
		<u>534,299</u>		<u>562,851</u>
		(10,007)		(8,880)

Vineyard Music (UK) Limited

Detailed income and expenditure account For the year ended 31 December 2014

	2014		2013	
	£	£	£	£
Governance				
Information Commissioner	35		35	
Audit and accountancy	6,687		6,154	
Companies House fees	13		13	
HR Services	354		634	
CRB				
PRS	90		90	
CMPA	65		58	
	100		100	
		7,344		7,084
Net deficit for the period				
		(17,351)		(15,964)