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**Report and financial statements  
For the year ended 31 December 2003**

**Vineyard Music UK  
Limited**

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# **Vineyard Music UK Limited**

## **Officials and Advisors**

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### **Members of the Trustees**

J Mumford  
J Cook  
C Whitelock  
A McNeil  
S Barber  
C J Wright

### **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**

Mazars  
Norwich Union House  
High Street  
Huddersfield  
HD1 2LN

### **Solicitors**

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

### **Registered Charity Number**

1087771

# Vineyard Music UK Limited

## Report of the trustees For the year ended 31 December 2003

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The trustees submit herewith their second Annual Report together with audited financial statements for the year ended 31 December 2003.

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.

### 1. Legal Status

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 distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association.

The trustees are treated as directors for Companies Act purposes.

### 2. Principal Activities

The principal activity of the company was the promotion of knowledge of the Christian faith by sale of Christian literature and audio materials by mail order.

### 3. Trustees

The trustees who served the company during the year are set out below:

J Mumford	
J Cook	
C Whitelock	
A McNeil	(appointed 10 November 2003)
S Barber	(appointed 10 November 2003)
C J Wright	(appointed 10 November 2003)

New trustees are invited to serve by the Vineyard Music UK Limited Board from time to time as they see appropriate.

### 4. Statement of Trustees' Responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the movement of funds for the period then ended.

In preparing those financial statements, the trustees are required to select suitable accounting policies as described on page 10 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The trustees must also 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 which 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 1985. 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.

# Vineyard Music UK Limited

## Report of the trustees (continued) For the year ended 31 December 2003

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### 5. Review of activities and future developments

During the period of these accounts the trustees noted a decline in sales of worship CDs and cassettes due partly to the industry-wide phenomena of economic slow-down and the continued increase in music pirating. Vineyard Music (UK) Ltd is committed to selling CDs and cassettes via direct sales and marketing in addition to all its training, teaching and conference activities.

The trustees are confident that the Vineyard Music brand is still growing in reputation and quality and 2003 saw the release of four new albums:

- Great Big God 2 in February – the follow up album to the successful Children's album, Great Big God,
- Lord Reign in Me in July – a compilation of the Best of British over the past 5 years,
- Hold On in October – from VCF Trent, Nottingham's worship band,
- Set Me Free in October – recording of a live youth worship event.

The trustees are pleased to report that the revenue from publishing and licensing royalties on earlier released albums continues to remain strong and forms the majority of the income of the company.

The trustees overall record a satisfactory performance in light of the industry wide downturn.

During the year the annual Worship Leaders conference was held in June, the event was fully booked with 130 delegates and was considered a great success.

Also a tour promoting the new children's album took place in October and November visiting venues in Birmingham, Ealing, Chelmsford, Leeds and Sheffield, all these events were well attended, with over a 100 children attending each event, which has been an increase on previous events.

In April, the Great Big God band went to South Africa where they promoted the album and trained other worship leaders. The 2 training events were attended by over 150 people on each occasion; the promotional events for the album were attended on average by 300 children. Two church services were attended and performed at as well.

The property of 252 Cottingham Road was received into the hands of Vineyard Music UK Limited via a gift from Vineyard Ministries International (UK) Trust in July 2003. The trustees are delighted to receive this property adding a valuable asset to the balance sheet.

The Trustees note the continued growing relationship between the Vineyard Churches within the UK, which has been increased following a Pastors lunch at the National Pastors and Leaders conference in Bournemouth and it's umbrella organisation, Vineyard Churches UK.

The Trustees are pleased to announce a gift to Vineyard Churches UK, of £50,000, for the development of the Vineyard Church in the UK.

Decisions for the Charity are made on a day to day basis by Christopher Whitelock, General Manager in conjunction with Jeremy Cook, Chairman of the Board. Medium and long term decisions, together with policy and vision for the charity are decided by the full board as and when they meet.

The trustees are pleased to note Christopher Whitelock's continued dual role of General Manager of Vineyard Music UK Limited and as International Development Coordinator.

# Vineyard Music UK Limited

## Report of the trustees (continued) For the year ended 31 December 2003

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### 6. The company's financial transactions and position in 2003

The total incoming resources were £833,075 (2002 - £821,596). Total expenditure was £488,988 (2002 - £709,562).

The company's financial position is considered adequate to fulfil its future project obligations.

### 7. Reserves and investment policy

Any reserves are held both for new recording projects and general future funding requirements or are to be given away to the wider Vineyard movement for new church planting in the UK and worldwide. The trustees do not seek to hold other external investments with surplus reserves.

### 8. Risks policy

The trustees have reviewed the risks associated with the charity. The main risks identified are computer failure, business slow down, health and safety and fire issues. The trustees have put systems in place to manage and mitigate these risks.

### 9. General

The Company is a registered Charity and is therefore exempt from Corporation Tax and Income Tax.

### 10. Charitable donations

During the year the company made charitable donations of £50,538 (2002 - £2,168).


### 11. Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Mazars, will be deemed to be reappointed for each succeeding financial year.

### 12. Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

By order of the Trustees

  
J Cook

26 May 2004  
Date

# **Vineyard Music UK Limited**

## **Independent auditors' report To the members of Vineyard Music UK Limited**

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We have audited the financial statements for the year ended 31 December 2003 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As described in the Statement of Trustees' Responsibilities the trustees, who are also the directors of Vineyard Music UK Limited for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the trustees is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Report of the trustees and consider the implications for our report if we become aware of any apparent misstatement within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

# Vineyard Music UK Limited

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

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### Opinion

In our opinion the financial statements give a true and fair view of state of the charitable company's affairs as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars

Mazars  
Chartered Accountants  
and Registered Auditors  
Huddersfield

28 May 2004

Date

# Vineyard Music UK Limited

## Statement of Financial Activities For the year ended 31 December 2003

		Year ended 31 December 2003			Period from 20 July 2001 to 31 December 2002
	Notes	Unrestricted Funds £	Designated Funds £	Total £	£
<b>Incoming resources</b>	<b>2</b>				
Donations and gifts	3	101,100	250,000	351,100	2,035
Activities in furtherance of the charity's objects:					
Royalties receivable		359,090	-	359,090	576,486
Sales		120,899	-	120,899	242,046
Activities for generating funds:					
Investment income	4	1,986	-	1,986	1,029
<b>Total incoming resources</b>		<u>583,075</u>	<u>250,000</u>	<u>833,075</u>	<u>821,596</u>
<b>Resources expended</b>					
Direct charitable expenditure		472,432	1,396	473,828	695,001
Management and administration		15,160	-	15,160	14,561
<b>Total resources expended</b>	<b>5</b>	<u>487,592</u>	<u>1,396</u>	<u>488,988</u>	<u>709,562</u>
<b>Net Movement in Funds</b>		95,483	248,604	344,087	112,034
<b>Balances brought forward at 1 January 2003</b>		112,034	-	112,034	-
<b>Balances carried forward at 31 December 2003</b>		<u>207,517</u>	<u>248,604</u>	<u>456,121</u>	<u>112,034</u>

The company has no recognised gains or losses other than the results as set out above.

All the company's activities are classed as continuing.



# Vineyard Music UK Limited

## Statement of Financial Activities For the year ended 31 December 2003

### Statement of changes in resources applied for fixed assets for charity use for the year ended 31 December 2003

	Year ended 31 December 2003			Period from 20 July 2001 to 31 December 2002
	Unrestricted Funds £	Designated Funds £	Total £	£
Net movement in funds for the year	95,483	248,604	344,087	112,034
Resources used for net acquisitions of tangible fixed assets	4,101	( 248,604)	( 244,503)	( 21,333)
Net movement in funds available for future activities	<u>99,584</u>	<u>-</u>	<u>99,584</u>	<u>90,701</u>


# Vineyard Music UK Limited

## Balance Sheet As at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	11	265,836	21,333
<b>Current assets</b>			
Stock		16,977	17,799
Debtors	12	145,887	184,855
Cash at bank and in hand		<u>278,390</u>	<u>164,971</u>
		441,254	367,625
<b>Creditors : amounts falling due within one year</b>	13	<u>( 250,969)</u>	<u>( 276,924)</u>
<b>Net current assets</b>		<u>190,285</u>	<u>90,701</u>
<b>Total assets less current liabilities</b>		<u>456,121</u>	<u>112,034</u>
<b>Reserves</b>			
General reserve	15	207,517	112,034
Designated funds	15	248,604	-
	16	<u>456,121</u>	<u>112,034</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the Trustees on 12 MAY 2004 and are signed on their behalf by:

  
C. Whitelock

# Vineyard Music UK Limited

## Notes to the financial statements For the year ended 31 December 2003

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### 1. Accounting policies

#### a) Accounting convention

The financial statements are prepared under the historical cost convention, except for land and buildings which are included at valuation, and have been drawn up in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985.

#### 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 receivable.

*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:

*Direct charitable expenditure* - all direct charitable expenditure relates to the operation of the activities of the charity.

*Management and administration* - all other expenditure not directly allocated above, including professional fees. Where costs cannot be directly attributed to a particular heading, they have been allocated on a basis consistent with use of the resources.

#### d) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition, other than donated freehold land and buildings which is included at valuation at the date of the donation.

Depreciation is provided on all tangible fixed assets other than land at rates calculated to write off the cost or revalued amount on a straight line basis over their expected useful economic lives as follows:

Freehold buildings	2% per annum
Computer equipment	over 2 years
Fixtures, fittings and equipment	over 4 years

#### e) Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value.

#### f) Pension costs

The pension costs charged in the financial statements represent the contributions payable by the charity during the year.

# Vineyard Music UK Limited

## Notes to the financial statements For the year ended 31 December 2003

### 1. Accounting policies (continued)

#### g) Foreign currencies

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 SOFA.

#### h) Fund accounting

Funds held by the charity are either:

*Unrestricted general funds* – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees,

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

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

### 2. Incoming resources

The percentage of sales attributable to geographical markets outside the United Kingdom was 10.43%. In the period ended 31 December 2002 the percentage of incoming resources attributable to geographical markets outside the United Kingdom was 19.16%.

From the current accounting period worldwide royalties receivable have been collected centrally and paid to the company therefore there is no geographical analysis of royalties available.

### 3. Donations and gifts

	2003 £	2002 £
Individuals	-	35
Charitable foundations	101,100	2,000
Gifts in kind	250,000	-
	<u>351,100</u>	<u>2,035</u>

Gifts in kind represent the donation by Vineyard Ministries International (UK) Trust of the property at 252, Cottingham Road, Hull which is used by the charity for its own occupation. The property was valued by an independent estate agent in August 2003 at £250,000 and has been included above at this valuation.

Included in donations and gifts from charitable foundations is a cash donation of £101,000 from Vineyard Ministries International (UK) Trust made during the year.

# Vineyard Music UK Limited

## Notes to the financial statements (continued) For the year ended 31 December 2003

### 4. Investment income

	2003	2002
	£	£
Bank interest	<u>1,986</u>	<u>1,029</u>

### 5. Total resources expended

	Year ended 31 December 2003				Period ended 31 December 2002
	Staff costs	Other direct costs	Other allocated costs	Total	
	£	£	£	£	£
Direct charitable expenditure	96,077	377,751	-	473,828	695,001
Management and administration	<u>8,564</u>	<u>6,596</u>	<u>-</u>	<u>15,160</u>	<u>14,561</u>
Total resources expended	<u>104,641</u>	<u>384,347</u>	<u>-</u>	<u>488,988</u>	<u>709,562</u>

### 6. Staff costs

	2003	2002
	£	£
Wages and salaries	94,230	125,469
Social security costs	8,268	10,790
Pension costs	<u>2,143</u>	<u>2,623</u>
	<u>104,641</u>	<u>138,882</u>

There are no employees earning more than £50,000 per annum

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2003 Number	2002 Number
Charitable activities	4	3
Management and administration	<u>2</u>	<u>2</u>
	<u>6</u>	<u>5</u>

# Vineyard Music UK Limited

## Notes to the financial statements (continued) For the year ended 31 December 2003

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### 7. Trustees' remuneration

Mr C Whitelock, a trustee, received emoluments of £37,824 (2002 - £52,261) during the period and company pension contributions of £875 (2002 - £963) were also made on his behalf. This is in accordance with the Memorandum and Articles of Association of the company.

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

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

Mrs E Cook, the wife of Mr J Cook, a trustee, was reimbursed £0 (2002 - £50) for expenditure incurred on office improvements.

Mr A Cook, the son of Mr J Cook, a trustee, was paid £0 (2002 - £1,840) for maintenance work done on the offices during the period.

Mr N Cook, the son of Mr J Cook, a trustee, was paid £1,266 (2002 - £1,978) for cleaning work during the period.

Out of pocket expenses were reimbursed to trustees as follows:

Mr J Cook was reimbursed £0 (2002 - £168) for travel and £0 (2002 - £1,689) for other expenses.

Mr C Whitelock was reimbursed £2,176 (2002 - £3,129) for travel and £423 (2002 - £108) for other expenses. Mr C Whitelock also reimbursed the company £3,657 (2002 - £4,872) for payment of personal credit card expenses.

### 8. Indemnity Insurance

The trust pays an annual premium for indemnity insurance. The premium in the year was £1,929 (2002 - £1,913), including general insurances.

### 9. Surplus before taxation

Surplus on ordinary activities is arrived at after charging:

	2003 £	2002 £
Auditors' remuneration		
Audit fee	4,750	5,500
Other services	706	1,350
Depreciation	10,300	6,229
Loss on disposal of fixed assets	146	-

# Vineyard Music UK Limited

## Notes to the financial statements (continued) For the year ended 31 December 2003

### 10. Taxation on ordinary activities

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

### 11. Tangible fixed assets

	Freehold land and buildings £	Fixtures, Fittings and Equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2003	-	27,562	27,562
Additions	250,000	4,949	254,949
Disposals	-	(250)	(250)
At 31 December 2003	<u>250,000</u>	<u>32,261</u>	<u>282,261</u>
<b>Depreciation</b>			
At 1 January 2003	-	6,229	6,229
Charge for year	1,396	8,904	10,300
Disposals	-	(104)	(104)
At 31 December 2003	<u>1,396</u>	<u>15,029</u>	<u>16,425</u>
<b>Net book value</b>			
At 31 December 2003	<u>248,604</u>	<u>17,232</u>	<u>265,836</u>
At 31 December 2002	<u>-</u>	<u>21,333</u>	<u>21,333</u>

Freehold land and buildings were donated to the company during the year and have been included at valuation. They were valued by independent estate agents in August 2003.

### 12. Debtors

	2003 £	2002 £
Trade debtors	18,468	15,394
Prepayments	2,195	6,152
Accrued income	<u>125,224</u>	<u>163,309</u>
	<u>145,887</u>	<u>184,855</u>

# Vineyard Music UK Limited

## Notes to the financial statements (continued) For the year ended 31 December 2003

### 13. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	6,680	19,131
Taxation and social security costs	3,681	8,780
Other creditors	136,134	69,372
Accruals	104,474	177,444
Deferred income	-	2,197
	<u>250,969</u>	<u>276,924</u>

Other creditors includes £134,791 (2002 – nil) owed to VM Global, a US company which acts as head of the worldwide Vineyard network. This includes £72,257 (2002 – nil) which is held in a bank account in the company name but is controlled by VM Global for the purpose of payment of royalties and £62,352 (2002 – nil) which was received on behalf of VM Global before the year end and not paid over to them until after the year end.

### 14. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,143 (2002 - £2,623). No contributions were owing to or by the charity at the period end.

### 15. Statement of funds

	At 1 January 2003 £	Income £	Expenditure £	Investment gains £	Transfers £	At 31 December 2003 £
General reserve	112,034	581,089	(487,592)	1,986	-	207,517
Total unrestricted funds	<u>112,034</u>	<u>581,089</u>	<u>(487,592)</u>	<u>1,986</u>	<u>-</u>	<u>207,517</u>
Total designated funds	<u>-</u>	<u>250,000</u>	<u>(1,396)</u>	<u>-</u>	<u>-</u>	<u>248,604</u>
Total Funds	<u>112,034</u>	<u>831,089</u>	<u>(488,988)</u>	<u>1,986</u>	<u>-</u>	<u>456,121</u>

The General reserve represents the free funds of the charity which are not designated for particular purposes.

The Designated fund represents the property donated during the year which the charity uses for its own occupation. Depreciation on the property is charged to this designated fund.



## Vineyard Music UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2003

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#### 16. Analysis of net assets between funds

	<b>Tangible fixed assets £</b>	<b>Current assets £</b>	<b>Current liabilities £</b>	<b>Total £</b>
Designated funds	248,604	-	-	248,604
Unrestricted funds	17,232	441,254	(250,969)	207,517
	<u>265,836</u>	<u>441,254</u>	<u>(250,969)</u>	<u>456,121</u>