

Reports and Financial Statements

For the year ended 31 December 2005

Vineyard Churches UK

Company Registration Number 4839046

Charity Registration Number 1099748



Vineyard Churches UK

Charity information and administrative details

National Director

John Mumford

Council (and Members of the Association)

Steve & Juliet Barber	Southend Vineyard
Jeremy & Elaine Cook	Hull Vineyard
David & Alison Flowers	Wharfedale Vineyard
Andy & Sue Larkin	South Liverpool Vineyard
Andrew & Rosie McNeil	South Birmingham Vineyard
John & Ele Mumford	S W London Vineyard
Mike & Maggie Pearson	Mercy Vineyard Southampton
Chris & Natasha Simmons	Brighton Vineyard
Linda Spicer	attends Bristol Vineyard
Peter & Rosemary Sturrock	Associate Leaders, S W London Vineyard
Andrew & Roz Wallis	Bristol Vineyard
Rick & Lulu Williams	Riverside Vineyard
John & Debby Wright	Trent Vineyard

Task Force Leaders

Steve & Juliet Barber	Church Planting
Andy & Sue Larkin	Church Transitions
Andrew & Rosie McNeil	Missions
Mike & Maggie Pearson	Pastoral Care & Oversight

Trustees

Jeremy Cook	Appointed 15/11/05
John Mumford (Chairman)	
Bill Quirke	Appointed 15/11/05
Andrew Wallis	
Peter Sturrock	Retired by rotation 15/11/05
Steve Daykin	Retired by rotation 15/11/05

Company Secretary

Peter Sturrock

Name

Vineyard Churches UK

Principal and registered office

The Vineyard Centre
23 Blagdon Road
New Malden
Surrey
KT3 4AH

Vineyard Churches UK

Charity information and administrative details (continued)

Bankers	Bank of Scotland 14-16 Cockspur Street London SW1Y 3EL
Auditors	Mazars LLP Times House Throwley Way Sutton Surrey SM1 4JQ
Insurers	Ansvar Insurance Company Ltd Ansvar House St Leonards Road Eastbourne East Sussex BN21 3UR
Independent Financial Advisor	Soloman's Elm House 35 Elm Road New Malden Surrey KT3 3HB
Registration Number:	
Charity	1099748
Company	4839046
Data Controller	Z8211138

Vineyard Churches UK

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Vineyard Churches UK Trustees' Report

The trustees and directors of the company present their report and the audited financial statements for the year ended 31 December 2005 under the Companies Act 1985 and the Charities Act 1993. The financial statements comply with the Companies Act 1985 and the memorandum and articles of association and with SORP 2005.

Structure, Governance and Management

Vineyard Churches UK (hereinafter referred to as "VCUK") was incorporated as a company limited by the guarantee of its members on 21 July 2003 and is a registered charity No.1099748. The memorandum and articles of association of the company were adopted as the governing document of the company on 12 November 2003. Vineyard Churches UK took over the assets and liabilities of Association of Vineyard Churches (UK) Trust in 2003 (see note 3).

During the year VCUK continued to be led by John Mumford, the National Director, who is appointed by the members and remunerated for his role, namely to set the vision and direction of VCUK and give spiritual oversight to the growing family of Vineyard churches in the United Kingdom.

John was supported by the Council who comprise the members of the company. Responsibility for implementing significant elements of the objectives and activities of the charity is delegated to smaller groups known as Task Forces usually led by a member of the Council. Task forces report to John and the full Council, and function in a flexible way and are thus easily formed and disbanded.

The trustees are set out on page (i). They are elected to office by resolution of the members at the Annual General Meeting. Trustees are appointed on the bases of expertise and need, to manage the financial and legal administration and the property and funds. The majority of trustees lead Vineyard churches and the group as a whole consult widely with experts about emerging issues affecting VCUK.

The trustees delegate the day-to-day control and management of the administration to the Chairman and the Company Secretary. This is monitored by regular reports to the Board of Trustees, so that all decisions made under delegated powers can be ratified by the full Board.

A formal risk management process is in place to assess on going business risks and implement risk management strategies. This has involved identifying the major strategic, operational and financial risks to which VCUK is exposed, prioritising them in terms of potential impact and likelihood of occurrence. Plans and procedures have been established to mitigate those risks. The action plan is reviewed annually as required to ensure its validity. As part of this process the trustees have reviewed the risk to VCUK's reputation and image, and a comprehensive process has been established to mitigate the risks we face in this area.

Objectives and Activities

The primary object of VCUK as stated in its statutes is "the advancement of the Christian faith including missionary activities in the United Kingdom and Overseas, including, but not limited to, the planting of new churches".

Vineyard Churches UK Trustees' Report

This is achieved by:

- Planting new churches, organisations and congregations to (a) provide public Christian worship, (b) propagate Christian beliefs to bring hope and reason to those in need, (c) spread ethical values beneficial to society as a whole, (d) make a significant social contribution through their commitment to voluntary service and social action;
- Supporting, assisting and strengthening our Vineyard church leaders in their public role as clergy and the mainstream of ministry with the general public by providing (a) training, (b) resources, (c) relationship, (d) general counsel, and (e) opportunities for collaborative action (for example cross cultural missions (at home and overseas) and bringing renewal to the wider-church);
- Being an ecclesiastical body to provide pastoral oversight and care, governance and discipline, to a growing number of Vineyard Senior Pastors and church planters (and the affiliated Vineyard churches that they lead) in mainstream ministry with the general public.

Within the objects of the company we currently focus on four key activities:

- Pastoral oversight of the members and associate members of VCUK;
- Providing training and resources to members and associate members of VCUK;
- Overseeing the planting of new Vineyard congregations in the United Kingdom and Ireland; including missionary activities in the United Kingdom; and
- International ministry.

In meeting our objectives, there are five main values we adhere to:

- Spiritual authority rather than structural authority; our understanding is that authority resides in the spiritual and relational aspect of ministry as well as in the structural side of it.
- Relationships; developing relationships amongst leaders who like to be together and work together is key to maintaining a highly relational movement. If we do that, we have the pleasure of serving God with our contemporaries, equals, friends and colleagues.
- Autonomy of the local church; we want the local churches to be free to express and govern themselves, within the context of the values and theology of VCUK. This means churches that enjoy local autonomy, that are registered or recognised charities in their own right and are able to establish their own policies and priorities within that context.
- Low profile; VCUK's role is to help, support and encourage pastors and leaders and to provide resources to the movement. Its profile needs to be high enough to accomplish these goals, but not so high that it violates our organisational values.
- Minimal bureaucracy; our organisational structure is built on people who, for as long as possible, continue to remain in the role of Senior Pastor. By maintaining a system where those in church government are also on the front line in pastoral ministry, we hope to avoid losing the vision in the process of carrying it out.

Vineyard Churches UK

Trustees' Report

Achievements and Performance

Pastoral Oversight

This year Andrew and Roz Wallis, who lead the Bristol Vineyard, took leadership of a new Task Force set up to train and develop Overseers of Senior Pastors. The purpose was to train in the detailed scope of the role of an overseer to promote healthy accountability in the lives of Senior Pastors and to ensure that problems are detected early so that help and remedial support can be given.

It is intended to train overseers to take an interest in all aspects of the Senior Pastors' lives as well as their churches. Training is to be organised probably on a regional basis going forward.

The support that has been in place to oversee Senior Pastors has continued to be built upon and developed. The aim is to have every senior pastor proactively and effectively overseen by another pastor.

Resources and equipping

Training

In January, we hosted the National Leaders' Conference in Bournemouth with 460 people attending from 88 Vineyards and 9 Continental European Vineyards. It provided training and a forum for exchange of ideas along with ample opportunity for sharing vision and bringing encouragement to one another and hearing wonderful accounts of what God is doing in our midst in some of our churches. This conference builds and strengthens relationships across the family of churches.

In April, Trent Vineyard, Nottingham hosted a Preaching Conference for us which was attended by 415 people. Don Williams, Rich Nathan and David Parker, each prominent Vineyard leaders and pastors taught the conference which was tremendously instructive and helpful to pastors wishing to communicate more effectively in preaching the gospel.

In the autumn we continued the gatherings of people to Vineyard Leaders' Days in Winchester, Nottingham and additionally Edinburgh this year. These events attracted a growing number of people and the feedback received indicated that they were very useful. We plan to continue with these events annually in the autumn.

Two summer camps took place, Refresh in the South and, for the first time, Revive in the North. Both events were very well attended and were greatly enjoyed by all. It is planned to repeat them in 2006.

Vineyard Records (formerly Vineyard Music), hosted weekend training events for Worship leaders as well as a range of weekend training events in worship for adults and for children in Causeway Coast, Ireland, and also in Southend, Oxford and Edinburgh.

A training seminar in Child Protection run by VCUK and hosted by South Birmingham Vineyard took place in June at which David and Dawn Pearson from Churches Child Protection Service taught and trained pastors, leaders and workers in "Facing the Unthinkable", a basic programme designed by CCPAS to give awareness and competence to people in this area.

Vineyard Churches UK Trustees' Report

Looking ahead, we have plans to devolve more of the training of leaders to the regions. This will make it more manageable to provide essential training in a range of ministry and compliance matters, such as Child and Vulnerable Adult Protection and Trustee training.

Provision of resources

In line with previous years, and in addition to providing grants to new church plants (see Church Planting below), we have also provided grants to individuals and other causes. We have funded the Taskforces and provided funds for a variety of causes; for example our commitment to support the Refresh conference.

We have plans to develop the Vineyard Web Portal further to provide senior pastors with a doorway onto the "world wide web" and to facilitate communication amongst Vineyard pastors and churches nationally and internationally, and to make available information, services and resources.

The Vineyard Churches UK Website is a significant part of the public face of Vineyard Churches UK and provides, amongst others, useful information about the movement, a church directory with links to churches and other useful resource links for the wider church and general public. We have continued to develop it during the year.

We continue to distribute Vineyard teaching to local Vineyard churches and the wider church by mail order under the brand Vineyard Direct. We are satisfied that the operation must continue but professional advice confirms that the scale of the operation does not merit the overhead of a trading company. As a result Vineyard Churches UK documents and distributes teaching material on a not-for-profit basis and will do so until the sales are such that the operation can viably operate as a trading subsidiary or within another legal identity.

Church Planting

During the year four churches were planted in the United Kingdom and at the end of the period there were 89 Vineyard churches in the United Kingdom and Ireland. There are plans to plant 10 more churches in 2006. We have provided grants to support church plants, details of which are shown in Note 6 to the financial statements.

The Church Planting Taskforce led by Steve Barber (Senior Pastor, Southend Vineyard) is putting in place several strategies which are designed to increase the stream of new church plants across the country in the next five years. It is anticipated that this will require further investment.

The Church Planting School run at Southend Vineyard in May was very well attended as was the following conference "Finding your Life's Call" led by Steve Nicholson. It provided a huge boost for potential church planters and also helped to identify and train some more potential church planters.

Steve Barber has plans to further raise the profile of church planting in the movement and specifically with local church pastors in 2006 by hosting church planting lunches at Revive and Refresh, by hosting a conference to promote church planting amongst the working classes (called Urban church planting) and by visiting Area Days to talk about church planting, to host orientation days in Leeds and Belfast to invite Steve Nicholson back to do another conference "Toolkit for Life" and to run a Church Planting School in September.

Vineyard Churches UK Trustees' Report

He also plans to re-categorise church plants into established churches comprising those with 70 adults or more, church plants in progress and satellites.

Pastoral oversight

Mike Pearson (Senior Pastor, Mercy Vineyard, Southampton) was appointed as Church Growth Facilitator in February 2005 for a period of eighteen months in order to help church planters overcome barriers that were preventing growth after the initial gathering phase. Mike made contact with churches of less than 50 people and of these he visited 25 in the year, and held 3 retreats to spend time with some of the people in smaller numbers in order to help them grow their churches. He also began work compiling a church development manual for this type of situation. In the space of the year the feedback about Mike and this role has been very positive and it is clear that he is succeeding in envisioning, encouraging and equipping churches to grow and he is succeeding in doing so. The plans for the coming year are to continue with retreats and one to one visits to pastors and to recruit help from key pastors and work with the emerging system for coaching pastors to provide effective help to more churches.

In addition to this we have continued with high levels of church visits by Council Members and overseers as part of the ongoing pastoral oversight of the movements.

International ministry

We estimate that over a third of Vineyard churches in the UK are actively involved in supporting overseas missions in some way and several of these churches have formed partnerships together to co-ordinate and spearhead missionary activities abroad. Andrew and Rosie McNeil lead the Missions Task Force and they attend the Global Missions Gathering held in Thailand during the year at which the key leaders of mission work from Vineyard churches worldwide.

In his International role as a Board Member of the Vineyard International Consortium (VIC), the name given to the gathering of the National Directors of Vineyard Church movements around the world, and, in effect, its General Secretary, John Mumford organised the annual VIC meeting, which took place in New Zealand in February 2005.

At this meeting a number of key decisions were made, primarily that VIC had run its useful life as a decision making body, and though the National Directors would continue to meet on a collegiate basis, international initiatives and mission would be implemented by way of partnerships as and when required. Although John Mumford's role as the VIC facilitator has come to an end, the level of international ministry and expenditure in the future will not be diminished.

Vineyard Churches UK Trustees' Report

Future developments

John Mumford is actively supported and encouraged by the Council and trustees of Vineyard Churches UK in making plans for the next five years. John has identified a number of areas where energy and resource must be put. These are:

- Further development of activities to the regions throughout the UK;
- Cross-cultural mission in the UK and overseas;
- Theological training of pastors and leaders;
- Training of leaders across a variety of church disciplines;
- Recovery help for "burnt out" pastors;
- Church growth;
- Church oversight; and
- Developmental of Task Forces.

The trustees undertook a strategic review of the operation in order to facilitate the development of ministry in the aforesaid areas. Consequently, the Council of VCUK has decided to change the way in which it carries out its objectives by becoming more of a grant-making body and the trustees' responsibility will be to define the purpose of grants and to demonstrate public benefit there from focusing upon "deliverables" – ends rather than means.

It is anticipated that in 2006 the Council will reduce in number and Area Leaders will be commissioned to encourage the healthy growth and development of existing churches and to help the multiplication of new ones, through collaborative team work in their different areas.

It is anticipated that grants will be made to develop church planting and church growth in 2006 by making grants to specific churches whose Senior Pastors will be thereby resourced and partially released from their responsibilities in the local church to give more time to these key areas of development.

In reviewing future needs and the greater emphasis on grant making staff levels have been reduced in line with the strategic review.

The trustees have given thought to the future and ongoing needs of VCUK for administrative and legal support and anticipate appointing a part time compliance officer in 2006.

Financial Review

Incoming resources for the period amounted to £383,426, none of which was restricted as to its use and therefore all could be applied to general purposes. During the year the Charity expended resources of £413,275 (of which £25,584 was designated) leaving reserves at the year end £29,849 lower than last year at £347,529.

Vineyard Churches UK

Trustees' Report

Income

The Trust's principal stream of income is contributions from affiliated Vineyard churches, supplemented by one-off gifts. We usually aim to use one-off gifts as funding to initiate new projects, whilst we use the regular church contributions to fund our ongoing national and international ministries.

Our view regarding contributions from affiliated Vineyard Churches is: "...Since the time of the New Testament, it has always been the case that ministry costs money. So, if the Association wants to help new church plants financially, to have pastoral oversight and some sort of minimal administrative structure, then, in our perception, contributing financially is simply an expression of belonging to the Vineyard family. By inviting local Vineyard churches to give money to the Association, we see it as an invitation to participate in the current ministry of the Association and as a further expression of our mutual commitment to one another (alongside their time and energy). We also regard such giving as an investment. We are paying for or buying up the future, based on the biblical principle that fathers lay up for children and grandchildren. We hope that succeeding generations will enjoy the blessing and the fruit of their predecessors' ministry, whilst not being deflected from what God has called them to do among their contemporaries..."

Restricted Funds

On the incorporation of Vineyard Churches UK, the terms of gifts from affiliated churches were reviewed and now gifts no longer have restrictions upon them.

Reserves Policy

In line with Charity Commission guidance, the Trustees have reviewed their policy on the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') and find that the charity should have a mixture of 'fixed reserves' and 'strategic reserves'.

'Fixed reserves' (or an Emergency Operating Reserve) should be maintained at a level equivalent to between 6-12 months of annual resources expended plus rationalisation costs, equating to £150,000 - £300,000 in general funds. Fixed reserves would be used to provide:

- Funds to restructure the charity in event of the income sharply dropping;
- 6-12 month foundation for security of ministry and to meet contractual obligations; and
- Sufficient time to "switch off" its complex activities; Vineyard Churches UK is an organisation with international responsibilities, whose activities are more complex and difficult, requiring more time to stop.

The charity is almost entirely dependent for income upon generous contributions from affiliated Vineyard churches, supplemented by one-off gifts, so our income is inevitably subject to fluctuations and it requires protection against and the ability to continue operating and not governed by short term constraints. The Trustees are confident that this policy should allow the charity to continue.

'Strategic reserves' will be specifically set aside and built up year-on-year in order to meet our medium and long term plans. Our medium to long term plans are currently under review and in due course strategic reserves will be designated. Current funds in excess of fixed reserve levels are therefore being accumulated for the purpose.

Vineyard Churches UK Trustees' Report

Investment Policy

In the current uncertain investment climate, our reserves policy has been to keep reserves on fixed (30 day) deposit at the highest rate of interest that can be earned safely and ethically. We consider 4% interest acceptable.

Grant Making

Details of grants and gifts made during 2005 are shown in Note 6 of the financial statements.

In future, probably starting during 2006 with the change in approach, a number of significant grants will be given to associated churches (and task forces) in order to execute more efficiently the objects of the charity. This will allow VCUK to utilize effectively existing overhead and resources of our larger churches in fulfilling their objects, and thus VCUK can run on minimal central administration and bureaucracy.

Financial report

The financial statements for the period ended 31 December 2005 comply with statutory requirements and the requirements of the charity's governing instruments and other additional information required by law. This year we have incorporated into this report the developments in accounting standards and reporting practice contained in the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 and The Charities (Accounts and Reports) Regulations 2005. All investments held by the company fall within those permitted by the Memorandum and Articles.

Responsibilities of the Board of Trustees

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 affairs of the charity and of its incoming resources and resources expended for the period. In preparing those financial statements, the Board of Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 and to enable them to ensure that the financial statements comply with the Charities Act 1993 and Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that the charity complies with relevant laws and regulations.

Vineyard Churches UK Trustees' Report

As part of their continuing responsibility, the trustees have endeavoured to ensure that reasonable internal control procedures are in place as appropriate for the development of the charity and that the systems of internal control are designed to provide reasonable assurance against material misstatement or loss. They include:

- An annual budget approved by the Trustees;
- Monthly consideration by the Trustees of: financial results and variances from budgets for both the year-to-date and month end; year end forecast of outturn;
- Delegation of day-to-day management authority and segregation of duties; and
- Identification and management of risks.

The Board of Trustees, who are Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out under Charity information and administrative details.

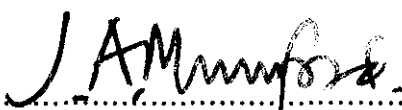
Auditors

Mazars LLP continue to act as the charity's auditors. A resolution to appoint Mazars LLP as auditors to the Company and to authorise the trustees to fix their remuneration was agreed at the Annual General Meeting on 15 November 2005.

The trustees confirm that as far as each is aware there is no relevant audit information of which the auditors are unaware, and that they have taken all reasonable steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Directors/Trustees on 13th Oct. 2006

and signed on their behalf by



J.A. Mumford, Chairman

Independent Auditors' Report to the members of Vineyard Churches UK

We have audited the financial statements for the year ended 31 December 2005 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 Churches UK for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 198; and
- the information given in the Trustees' Report is consistent with the financial statements.


Mazars LLP

Date: 16 October 2006

Chartered Accountants
and Registered Auditors
Times House
Throwley Way
Sutton, Surrey SM1 4JQ

Vineyard Churches UK

Statement of financial activities For the year ended 31 December 2005

				12 months ended 31 December 2005	17 months ended 31 December 2004 (as restated see note 1.9)
	Note	Unrestricted Funds £	Designated Funds £	Total Funds £	Total £
Incoming resources	2				
Incoming resources from generated funds					
Grant received from Association of Vineyard Churches (UK) Trust	3	-	-	-	281,202
Members' donations		295,378	-	295,378	336,513
Other gifts		6,747	-	6,747	71,478
Investment income	4	15,350	-	15,350	15,493
Incoming resources from charitable activities					
Conferences		61,000	-	61,000	39,651
Vineyard Direct		4,372	-	4,372	3,768
Publications		579	-	579	706
Total incoming resources		383,426	-	383,426	748,811
Resources expended					
Charitable activities	5	363,643	25,584	389,227	349,241
Governance costs	7	24,048	-	24,048	22,192
Total resources expended		387,691	25,584	413,275	371,433
Net (resources expended)/incoming resources for the period and net movement in funds		(4,265)	(25,584)	(29,849)	377,378
Total funds brought forward		351,794	25,584	377,378	-
Balance carried forward at 31 December 2005		347,529	-	347,529	377,378

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The deficit for the year for Companies Act 1985 purposes comprises net incoming resources/(resources expended) plus realised gains/(losses) on investments and was £29,849 (2004: £377,378 surplus).

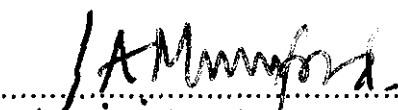
Vineyard Churches UK

Balance sheet as at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible fixed assets	10	2,803	9,809
		<u>2,803</u>	<u>9,809</u>
Current assets			
Debtors	11	23,995	17,890
Cash at bank and in hand		335,383	384,922
		<u>359,378</u>	<u>402,812</u>
Creditors: amounts falling due within one year	12	(14,652)	(35,243)
Net current assets		<u>344,726</u>	<u>367,569</u>
Net assets		<u>347,529</u>	<u>377,378</u>
Funds	14		
Unrestricted Fund		347,529	351,794
Designated Funds		-	25,584
Total funds		<u>347,529</u>	<u>377,378</u>

Approved by the trustees on 15th Dec 2006

and signed on their behalf by


 J. A. Mumford, Chairman of the Trustees

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985. The company has taken advantage of the exemption in Financial Reporting Standard 1 'Cashflow Statements' which allows small companies not to prepare a cashflow statement.

1.2 Funds accounting

- Unrestricted funds are those which are not subject to any special restrictions and they can be used as the Trustees decide in furtherance of the general objectives of the charity. Designated funds are part of unrestricted funds and are amounts the Trustees have set aside to cover particular expenditure.
- Restricted funds are those where the donor has imposed restrictions on how the fund may be used, but which do not prevent the fund being spent. At 31 December 2005 Vineyard Churches UK had no restricted funds.
- Endowment funds are those where there is a requirement imposed by the donor to retain capital, but which allows income arising to be used. At 31 December 2005 Vineyard Churches UK held no endowment funds.

1.3 Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of donations and gifts and is included in the Statement of Financial Activities on a receipts basis. Tax recoverable on gift aid donations is recognised in the same period as the gift to which it relates.
- The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable activities is recognised when the activity occurs.

1.4 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

- Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and service for beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. As noted in the Trustees' Report the charity's principal activities are Church Planting, International Ministry, Pastoral Oversight and Resourcing and equipping members. All strategies and separate activities are deemed to fall under these principal activities and are analysed on this basis – see note 6 for further detail.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

1.5 Fixed assets

Fixed assets are depreciated over their estimated useful lives so as to write off their costs less estimated residual value. Depreciation rates vary according to the class of asset and are:-

Computer equipment	- 50% per annum on written down value
Furnishings	- 25% per annum on written down value
Office equipment	- 25% per annum on written down value
Motor vehicles	- 25% per annum on written down value

1.6 Pensions

The charity makes contributions to personal money purchase schemes. Contributions are accounted for in accordance with Financial Reporting Standard 17 'Retirement Benefits'.

1.7 Restatement of comparatives

In March 2005 the Charity Commission published a revised Statement of Recommended Practice 'Accounting and Reporting by Charities', superseding the previous Statement of Recommended Practice issued in 2000. The charity has adopted the revised Statement of Recommended Practice and, where appropriate, comparatives have been restated for consistency. There is no impact on the result for the previous period.

2 Income and expenditure

Income and related expenditure is wholly attributable to the charity's principal activities.

The whole of the income arises in the UK.

3 Grant received from Association of Vineyard Churches (UK) Trust

On 31 October 2003 the assets and liabilities of Association of Vineyard Churches (UK) Trust were transferred to the charity. These assets were recognised as a grant of £281,202, of which £15,782 related to restricted funds. All restricted funds were utilised in the subsequent period to 31 December 2004.

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	14,676	-	14,676
Debtors	8,915	-	8,915
Cash at bank	258,860	15,782	274,642
Current liabilities	(17,031)	-	(17,031)
	<u>265,420</u>	<u>15,782</u>	<u>281,202</u>

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

4 Investment income

	12 months ended 31 December 2005 Total £	17 months ended 31 December 2004 Total £
Interest receivable	15,350	15,493

5 Total resources expended

	Basis of allocation	Church planting	Mission	Pastoral oversight	Resources and equipping	12 months ended 31 December 2005 Total charitable activities	17 months ended 31 December 2004 Total
	£	£	£	£	£	£	£
Costs directly allocated to activities							
Grants and gifts	Direct	7,500	14,116	2,012	12,000	35,628	57,765
Other direct costs	Direct	16,843	38,845	22,693	89,226	167,607	117,364
Staff costs	Time	35,501	8,875	33,342	7,238	84,956	124,697
		<u>59,844</u>	<u>61,836</u>	<u>58,047</u>	<u>108,464</u>	<u>288,191</u>	<u>299,826</u>
Support costs allocated to activities							
Staff costs	Time	16,663	4,166	6,388	54,080	81,297	21,995
General office administration	Usage	-	7,929	-	7,930	15,859	23,204
Other support costs	Usage	827	207	317	1,196	2,547	4,216
Loss on disposal of fixed assets	Usage	-	-	1,333	-	1,333	-
		<u>17,490</u>	<u>12,302</u>	<u>8,038</u>	<u>63,206</u>	<u>101,036</u>	<u>49,415</u>
		<u>77,334</u>	<u>74,138</u>	<u>66,085</u>	<u>171,670</u>	<u>389,227</u>	<u>349,241</u>

Grants and gifts of £14,116 (2004: £8,582) were paid out of designated funds. Support costs allocated to activities includes costs of £11,468 (2004: £2,949) from designated funds.

The net movement in funds for the year is stated after charging depreciation of £1,199 (2004: £4,867), included in General office administration costs.

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

6 Grants

	Unrestricted	Designated	12 months ended 31 December 2005 Total Funds	17 months to 31 December 2004 Total
	Funds £	Funds £	£	£
Grants and gifts made during the period were as follows:				
Church planting				
VCF North Thames	2,000	-	2,000	-
VCF Raleigh	1,000	-	1,000	-
VCF Gateway	1,000	-	1,000	-
VCF Dungannon	2,000	-	2,000	-
VCF Portsmouth	-	-	-	2,000
VCF Riverside	-	-	-	250
VCF North Leeds	-	-	-	5,000
VCF Ipswich	-	-	-	1,000
VCF South Birmingham	-	-	-	5,000
VCF New Forest	1,500	-	1,500	12,702
VCF East Fife	-	-	-	2,000
VCF Compass	-	-	-	1,000
Pastoral oversight				
Individuals (7)	2,012	-	2,012	-
VCF Southend	-	-	-	2,073
Resourcing and equipping				
VCF South Liverpool	2,000	-	2,000	-
VCF Reading	10,000	-	10,000	-
VCF Bristol	-	-	-	5,237
Jazz Team Ministries	-	-	-	240
International ministry				
Pass-it-on-Ministry	-	7,284	7,284	15,297
AVC Benelux	-	1,809	1,809	-
AVC Norden	-	5,023	5,023	-
AVC Australia	-	-	-	3,000
AVC South Africa	-	-	-	2,086
AVC DACH	-	-	-	880
	<u>21,512</u>	<u>14,116</u>	<u>35,628</u>	<u>57,765</u>

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

7 Governance costs

	12 months ended 31 December 2005 Total £	17 months ended 31 December 2004 Total £
Staff costs	12,706	10,414
Professional fees	4,456	394
Auditors' fees - audit	4,465	4,113
Auditors' fees – non audit	1,762	7,009
Meeting costs	304	162
Other	355	100
	<u>24,048</u>	<u>22,192</u>

8 Taxation

Vineyard Churches UK is a registered charity and is accordingly exempt from taxation on its charitable activities.

9 Staff costs

	12 months ended 31 December 2005 £	17 months ended 31 December 2004 £
Staff costs were made up of:		
Wages and salaries	150,340	132,008
Social security costs	16,853	15,165
Pension costs	10,160	6,873
Other staff costs	1,606	3,060
Total	<u>178,959</u>	<u>157,106</u>
	Number	Number
The average number of persons employed by the charity during the period was:	<u>6</u>	<u>4</u>
Transactions with trustees		
	2005	2004
	£	£
Trustee's emoluments (J.A. Mumford)	49,307	49,421
Pension contributions (J.A. Mumford)	4,172	-
	<u>53,479</u>	<u>49,421</u>

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

9 Staff costs (continued)

During the year, J.A. Mumford was reimbursed expenses of £6,210 (2004: £4,803). These expenses relate mostly to travel and pastoral support. The charity also sold a motor vehicle to J.A. Mumford at market value, although the sale resulted in a book loss of £1,333.

Other trustees were reimbursed expenses totalling £6,209 (2004: £162). Expenses related primarily to travel expenses, including overseas conferences reflecting the increase in international ministry by Council members who are also trustees.

During the year payments of £2,180 (2004: £1,475) were made to Paul Sturrock for graphic design and website maintenance and design. Paul Sturrock is the son of Peter Sturrock, a trustee.

Pension costs represent amounts payable to personal pension plans on behalf of 3 employees.

10 Tangible Fixed assets

	Computers £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
As at 1 January 2005	25,543	6,362	16,572	13,915	62,392
Additions	-	45	-	-	45
Disposals	-	-	-	(13,915)	(13,915)
As at 31 December 2005	25,543	6,407	16,572	-	48,522
Depreciation					
As at 1 January 2005	24,706	4,751	15,063	8,063	52,583
Charge for the period	419	403	377	-	1,199
Disposals	-	-	-	(8,063)	(8,063)
As at 31 December 2005	25,125	5,154	15,440	-	45,719
Net book values					
As at 31 December 2004	418	1,253	1,132	-	2,803
As at 31 December 2004	837	1,611	1,509	5,852	9,809

All fixed assets are for the use of the charity.

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

11 Debtors

31 December 2005 £	31 December 2004 £
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Prepayments	23,995	17,890
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12 Creditors – Amounts falling due within one year

31 December 2005 £	31 December 2004 £
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Income in advance	3,542	27,232
Accruals	11,110	8,011
	14,652	35,243

13 Analysis of net assets between funds

Fixed assets £	Current assets £	Current liabilities £	Total funds £	
Unrestricted funds	2,803	359,378	(14,652)	347,529
Designated funds	-	-	-	-
	2,803	359,378	(14,652)	347,529

14 Funds

Balance at 31 December 2004 £	Incoming amount £	Amounts expended £	Transfers £	Balance at 31 December 2005 £
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Unrestricted: General Fund	351,794	383,426	(387,691)	-	347,529
Designated: Overseas Fund	25,584	-	(25,584)	-	-
	377,378	383,426	(413,275)	-	347,529

The Overseas Fund represents funds set aside by the trustees for overseas work.

Vineyard Churches UK

Notes to the financial statements For the year ended 31 December 2005

15 Related parties

Vineyard Churches UK objectives and activities includes the provision of support and other services to Vineyard Church leaders and pastors and to the affiliated or Vineyard churches that they lead. These Vineyard Churches are usually established as independent charities in their own right, but have common charitable objectives. The charity's trustees and Council members are drawn from the senior pastors and members of these churches.

Members' donations disclosed on the face of the Statement of Financial Activities represents donations received from such member churches.

The charity shares the use of its premises with SW London Vineyard, a Vineyard Church and separate registered charity. Certain members of staff provide services to both organisations. Costs are allocated on an equitable basis: in respect of property-related items, costs are apportioned according to the relative floor space occupied by each charity; in respect of staff, costs are apportioned to time spent. Each charity pays its proportion of costs direct. There are no management charges between the two organisations.