

Company Registration Number: 2441319

Charity Registration Number: 702314

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2008



THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

YEAR ENDED 31ST MARCH 2008

C O N T E N T S

	Pages
Legal and Administrative Information	1
Directors'/Trustees' Report	2 to 9
Statement of Trustees' Responsibilities	10
Independent Auditors' Report	11 to 12
Statement of Financial Activities	13
Balance Sheet	14
Notes to the Financial Statements	15 to 33

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2008**

Directors/Trustees:	The directors/trustees who held office during and subsequent to the above year, all of whom served on the Council of Management, were as follows:	
	Original Subscribers:	
	Alan Robson	(Life President) (Secretary)
	Joyce Hallett	
	Nominated by Stockton-on-Tees Borough Council:	
	Cllr. Ian Dalgarno	
	Cllr. David Harrington	(May 2007 - December 2007)
	Nominated by Churches Together in Thornaby:	
	Richard Spruce	
	Additional Members Appointed to the Council of Management:	
	Terence Murphy	(Chair)
	Diane Patterson	(Vice-Chair)
	Ed Kirkham	(resigned December 2007)
	Derrick Brown	(Treasurer)
	Ken Craggs	(resigned April 2008)
	Marie Devine	(resigned June 2008)
	John Lynch	(Stockton Council Nominee to May 2007)
	Ann Grubb	(appointed July 2007)
	Tracey Stott	(appointed February 2008)
	Beryl Robinson	(appointed February 2008)
	Peter Brennan	(appointed February 2008)
	Philip Tucker	(appointed June 2008)
Senior Management Team:	Graeme Oram	Chief Executive
	Sue Westerman	Head of Programmes and Development
	William Erskine	Head of Finance and Enterprise
Status:	The Five Lamps Organisation is a company limited by guarantee, incorporated under the Companies Act 1985 on 9th November 1989, and is also a registered charity.	
Governing Documents:	Memorandum and Articles of Association	
Company Registration Number:	2441319	
Charity Registration Number:	702314	
Registered Office:	Eldon Street Thornaby Stockton-on-Tees Cleveland TS17 7DJ	
Bankers:	Unity Trust Bank Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB	
Auditors:	Baines Jewitt Barrington House 41-45 Yarm Lane Stockton-on-Tees Cleveland TS18 3EA	

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

The directors/trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31st March 2008 and confirm that they comply with current statutory requirements, the company's governing documents and the provisions of the latest Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

The legal and administrative information on page 1 forms part of this report.

Structure, Governance and Management

The Five Lamps Organisation is a registered charity and a company limited by guarantee. The company is registered under a Memorandum of Association, which established the objects and powers of the charitable company and its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

The directors of the company are also charity trustees for the purposes of charity law and, under the company's articles, are known as Members of the Management Committee. Under the requirements of the Memorandum and Articles of Association the Members of the Management Committee are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting. One-third of the trustees retire and may stand for re-election each year.

There may be up to 20 trustees at any time. The growth in the geographic coverage of our services and our commitment to the social and economic regeneration of the Tees Valley has created an enhanced potential pool of trustees. We have previously placed discreet advertisements in the local press and, on occasions, we have recruited some of the beneficiaries of our broad project portfolio as trustees. We have a strong balance of community representatives, business-people and individuals with expertise in the management and delivery of a broad range of voluntary and community sector projects. We regularly review the range of skills of our trustees and have often approached individuals to offer themselves for election in order to address identified skills gaps.

Two trustees are nominated by Stockton-on-Tees Borough Council and one is nominated by Churches Together in Thornaby. The Churches Together nomination is in recognition of their role in the formation of Thornaby Impasse, our progenitor organisation, over 20 years ago. Five Lamps is not a faith-based organisation.

Trustee Induction & Training

Trustees are encouraged to become familiar with the work of the organisation in a number of ways. Trustee induction mirrors our staff induction process which is part of a range of Investors in People-accredited human resource policies.

Trustees also benefit from:

- Regular presentations from project staff on each of our projects;
- Quarterly themed staff/board meetings which address issues such as marketing and branding and working for Five Lamps;
- Twice-yearly away days focused on strategy development;
- Bespoke training to address identified need (most recently paralegal-type training) and attendance at relevant local, regional and national conferences;
- Participation in a range of sub-groups and committees e.g. as a member of the organisation's panel which approves lending to new and early-life businesses, our quality working group or health and safety committee;
- Protected time for trustees to discuss key issues.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

Risk Management

The trustees and Senior Management Team maintain a continuous review of the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate identified risk. The organisation seeks to manage some of these risks, while transferring others through a range of insurance cover. The managed risk revolves around the short-term and non-recurring nature of certain funding sources. Our strategic planning is targeted at winning contracts and building a broad project portfolio which has a range of funders, rather than continuing to be grant-reliant. Internal controls are in place and are subject to annual audit using compliance and substantive testing. A Health & Safety Committee, which has both staff and trustee membership, meets regularly to ensure statutory compliance across our three buildings. All of our sub-contractors must satisfy a health and safety check. The nature of our services, in that we often work with the most disadvantaged and marginalised groups, or with young people, also necessitates either of the two levels of CRB disclosure. All of our staff appointments are subject to obtaining satisfactory enhanced CRB checks. Our insurance cover spans public and employers liability, professional indemnity, directors and officers liability, buildings and contents and specialist cover such as lift installations and a climbing wall. These are all subject to review and market testing on a regular basis, usually annually. During the year, we undertook specific audits on compliance with extant Disability Discrimination Act legislation, making a number of investments in new equipment. We also completed a number of risk assessments in relation to the new services to be delivered in 32 Dovecot Street, Stockton, which is subject to some ambitious development plans detailed later in this report.

Organisational Structure

As mentioned above, the Charity has a Management Committee of up to 20 members who meet on a monthly basis (except August) and are responsible for the strategic direction and policy of the charity. Currently, there are 13 members drawn from our local communities and from a diverse range of professional backgrounds. A Chair, Vice-Chair, Treasurer and Secretary are appointed annually and have full voting rights. The organisation employs the services of a minute-taker.

Day to day responsibility for the provision of services and operation of the business rests with the Chief Executive. The organisation has a Senior Management Team which comprises the Chief Executive, the Head of Programmes and Development/Deputy CEO and the Head of Finance & Enterprise.

Related Parties

There are three organisations, Regen School North, Tees Credit Union and North East Enterprise Agencies Limited, which have a trading relationship with Five Lamps, and have Five Lamps staff or trustees involved at board level.

The Five Lamps Organisation is committed to the highest standards of partnership working and views itself as a catalyst for major change in the voluntary and community sector and the social enterprise sector in the Tees Valley.

Objectives and Activities

The Charity's objects and principal activities are the promotion, for the benefit of the public, of urban or rural regeneration in areas of social and economic deprivation, in particular in the North-East of England, by all or any of the following means:

- a) the relief of financial hardship;
- b) the relief of unemployment;
- c) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- d) the provision of financial assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help (i) in setting up their own business or (ii) to existing businesses;
- e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

Objectives and Activities - Continued

- f) the provision of housing for those who are in conditions of need, and the improvement of housing in the public sector or in charitable ownership, provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to improve housing;
- g) the maintenance, improvement and provision of public amenities;
- h) the provision of recreational facilities for the public at large or those who, by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances, have need of such facilities;
- i) the protection or conservation of the environment;
- j) the provision of public health facilities and childcare;
- k) the promotion of public safety and prevention of crime;
- l) the development of the capacity and skills of the members of socially and economically disadvantaged communities in the North East of England in as much as they are better able to identify and help meet their needs and to participate more fully in society;
- m) such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales.

The above objects received the consent of the Charity Commission under section 64 of the Charities Act 1993 on 7th August 2006 and were passed by special resolution at our 2006 Annual General Meeting held on 1st November 2006. This significant revision completed a comprehensive strategic review process initiated by the Board in 2004 and underpinned the development of the Five Lamps' 2007-2010 Strategic Direction which was published in June 2007.

The main activities of the organisation in 2007/2008 continued to focus on broadening our range of social and economic regeneration projects. The range of these activities continued to reflect the organisations strategic priorities and the progressive movement from grant-funded projects to contracts. Our four division business model is now firmly embedded and is increasingly recognised by our funders. These four divisions are Guidance Employability & Learning; Young People; Finance & Enterprise; and Health & Communities.

The establishment of our Guidance Employability & Learning service followed a major operational review and grouped together eight different projects, supported by six different funders, into a single integrated service. Full implementation was completed in November 2006, creating one of the largest cohorts of advice and guidance professionals in the voluntary and community sector in the North East. The new service, under a new manager and for the first time including a Quality Manager with an organisation-wide remit, secured re-accreditation to the 'industry-standard' *matrix* in November 2006 and has a current portfolio of six contracts. The integration of services and our increasingly prominent position in the Tees Valley sub-region has positioned Five Lamps particularly well to secure a 'prime provider'-type contract. However we find ourselves, like many organisations in our sector, to be disadvantaged by the procurement processes of large government agencies. Moving forward, we are most likely to enjoy success as a sub-contractor on bigger, regional contracts or as a specialist provider.

Our two major contracts funded by the Learning & Skills Council (LSC) North East – 'Breaking Barriers' and 'Working Together' ended in July 2008. Both had initially proved extremely challenging for our transitional Guidance & Support service but contract performance improved strongly in 2007/2008 and contributed to the impressive financial recovery detailed later in this report. Both contracts were for sub-regional delivery. A key element in our recovery plan for these contracts was the return of Five Lamps to direct learning delivery, primarily basic and key skills in numeracy, literacy and information and computer technology. Our learning activity has been a catalyst in service integration and is now a very significant component in our service portfolio. We have been frustrated by the disjointed nature of commissioning of basic skills learning, particularly in the failure of the LSC to ensure that successful ESF-funded projects are transferred into their mainstream-funded activities. Our frustration has been compounded by the dissonance inherent in the on-line tendering portal which has created significant delays in notifying outcomes, various procurements being discontinued after providers have submitted tenders and the limitations of prime provider contracts. Five Lamps has supported the LSC-commissioned development of a new VCS contracting model in the North East.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

Our guidance projects continue to have a positive record of success, reflecting the organisation's ability to engage the hardest to reach individuals in our communities; develop services based on need, including a guidance and jobs project for substance misusers; wrap a largely unprecedented range of support around our clients and provide a high-quality public service. We recruited an employer engagement officer in November 2007 and are committed to developing stronger and better links with employers in future. To this end, we have been successful in applying to join the Quality Improvement Agency 'World Class Skills' Programme to support a period of organisational development in enhancing our employer responsive provision. This is a key development opportunity for the organisation.

We have submitted bids to become a mainstream 'Train to Gain' provider. 'Train to Gain' is the flagship LSC programme for workforce skills development and we believe that our Guidance Employability & Learning service is an excellent fit with the core programme elements, including basic skills. This would also enable the next stage in the expansion of our direct learning delivery into NVQ type qualifications. While the majority of our work will be focused on the voluntary and community sector, we are hopeful that our improved employer engagement will see an influx of private sector-employed clients. We are also delighted to see the expansion of 'Train to Gain' to include volunteers.

We have expressed keen interest in being a specialist provision sub-contractor on Flexible New Deal. These DWP contracts are targeting a key Five Lamps client group and are looking for the integration and innovation that has become Five Lamps' trademark. The outcome will be known late in 2008. Unusually this contract will cover Tees Valley and North & East Yorkshire and the Humber (instead of the traditional North East boundaries) and our new financial inclusion work in Scarborough & Whitby may be advantageous.

In March 2008 we received confirmation that our joint Community Asset Fund bid with Stockton Borough Council, to refurbish a Grade II listed building in Stockton Town Centre and create a 'Community Economic Inclusion Centre', had been successful. The project for 32 Dovecot Street is one of only 30 successful projects nationwide and enables £363,000 of Big Lottery funding, plus up to £80,000 from Five Lamps, to be spent on upgrading the premises ahead of a 99 year lease being granted to ourselves. This is a hugely significant project, which is directly linked to the government's ambitions to facilitate the transfer of ownership and management of public assets to community anchor organisations like Five Lamps.

Our Young People service grouping embraces our youth service and our Entry to Employment (e2e) provision.

In January 2008, our e2e service was visited for the first time by an Ofsted inspection team. The outcome was a Grade 2 – Good overall, in each of the inspection areas – effectiveness of provision; capacity to improve; achievements and standards; quality of provision; leadership and management; equality of opportunity and preparation for life and work. This result was the reward for the transformational work of our e2e team, and the excellent integration of other Five Lamps services into supporting 16-18 year olds who were not in education, employment or training at the time that they joined our programme.

Ofsted identified a range of key strengths, notably the very good progressions into employment, training and further education. During 2007/2008, and into the current year, the Five Lamps e2e service was consistently one of the strongest performing in County Durham and Tees Valley. This high level of performance, allied to the strength of our service offer, has resulted in a successful tender for a new e2e contract. We hope to extend our service into Middlesbrough and Darlington, securing new delivery premises and supporting up to three times as many beneficiaries as we do at present.

The youth service, based at The Youthy, remains the focal point of youth activity in Thornaby. It is a source of continued disappointment that we receive no recurring mainstream funding for this work, although we are strongly supportive of the proposed integrated service model and commissioning processes being developed by the Children's Trust in Stockton. During 2007/2008, we delivered a successful youth outreach programme and worked closely with Cleveland Police, Connexions and the Local Authority. A range of health activities also took place within the Communities for Health (C4H) initiative, including teenage sexual health, healthy eating and healthy lifestyles. The 'All Stars' group, our hugely successful project for 7-12 year olds, goes from strength to strength with very high numbers and positive results. We also secured funding from Children in Need and started a new service for young people with disabilities. The proposal for a youth café in Thornaby energised our staff and young people, particularly with the opportunity to create a new range of services in our premises at South Thornaby. The location of the new café in a local secondary school was disappointing.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

We believe that our e2e and youth services can be at the heart of some new service paradigms locally and sub-regionally. There are a number of major funding initiatives around at present which present many possibilities for us, notably around extended schools, alternative curriculums, raising aspirations, health improvement and the Every Child Matters agenda.

2007/2008 was a year of dynamic change for our Finance & Enterprise division.

Building on the loan fund initially established in 2004 and the work funded by Stockton Borough Council Neighbourhood Renewal Fund, we are the only Tees Valley-based members of the National Federation of Enterprise Agencies. Working with other Enterprise Agencies, we are part of a delivery consortium which secured a Business Link/One North East contract to deliver a range of business start-up workshops. This contract allows us Tees Valley-wide delivery and we are responsible for nearly one third of all activity on the contract. This contract is now extended until 2010 and we hope to secure a further business planning contract from the same source from October 2008. We secured Working Neighbourhoods Funding for a transitional year for 2008-2009 to continue our local start-up activities and are working with the local employability consortium led by Stockton Council to agree a further contract through to 2012.

Our trustees have continued their commitment to ring-fence the original 'Phoenix Fund' capital for the foreseeable future, recognising that the loan product is unique in the sub-region. The impact of the 'credit crunch' presents both opportunities and threats to our loan fund and we will monitor activity and potential default closely.

We remain interested in developing a range of business start-up units which can be accessed by our start-up clients. There are several potential sites locally which we will evaluate during 2008.

June 2007 saw the long-awaited expansion of our Community Development Finance Initiative activities into personal lending, following confirmation of grant support from the Northern Rock Foundation. We secured an initial pool of £80,000 to provide personal loans to low income individuals who are unable to access mainstream financial services and are consequently reliant on unaffordable credit and the services of an ever-increasing array of predatory lenders. We recruited an FSA accredited financial adviser and developed strong partnerships with local advice and support agencies. Our work in establishing the 'Tandem' brand, a partnership with Erimus Housing (the housing stock transfer company in Middlesbrough) has been recognised with a nomination for the Best Partnership Award at the National Housing Federation Neighbourhood Awards.

The impact of the personal lending project also allowed us to secure some further funding from the DWP 'Now Let's Talk Money' campaign to promote financial literacy and awareness.

In August 2008, we successfully tendered to the DWP Financial Inclusion Growth Fund to expand our services in Stockton and to move into Redcar & Cleveland, Scarborough and Whitby. This will expand our capital pot to circa £700,000 by April 2011. Our new work in Scarborough and Whitby affords real business expansion opportunities and also the potential to take a positive role in the establishment of a new county-wide credit union in North Yorkshire.

Five Lamps remains strongly supportive of the process to create a single credit union for Stockton-on-Tees and to embed financial inclusion as a major cross-cutting theme in the new Sustainable Communities Strategy in the borough. We believe that we are at the forefront of this critical agenda in the Tees Valley and hope to be considered to be a host for the new 'Financial Inclusion Champions' initiative.

The Health & Communities service grouping includes our health improvement activity, our Community Centre-type activity, Community Empowerment, and space rental. We secured Communities for Health (C4H) funding in January 2007, to deliver a range of public-facing health activities in Thornaby, and delivered a range of classes/sessions throughout the year. Our community centre activity remains strong and during the year we continued to sub-let part of South Thornaby Community Resource Centre to the Local Authority Day Care Service. They will be pulling out at the end of 2008 and we are already formulating plans for new uses for the space. The extension to South Thornaby, which was completed in March 2006, is still not used to its full potential and we are seeking to develop some new services, primarily around youth work, our health activities and possibly establishing a community gym/fitness facility. We are also stepping up the use of our outreach venues within our Guidance Employability & Learning service. This will see our staff increasingly deployed closer to target communities and job centres, particularly in Stockton, Thornaby and Billingham.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

Total income for project-related activities in the year to 31st March 2008 totalled £1,577,443 (£810,717 in 2006/2007) (see note 4a to the attached financial statements).

In the course of our activities we encourage volunteering, with up to 25 volunteers supporting our work at any one time. We have a group of volunteer mentors, some of whom are former beneficiaries of our services. The community café at South Thornaby is also staffed by volunteers. Our staff are able to work voluntarily in other voluntary and community sector organisations under the terms of our volunteering policy. We are also strongly committed to the building of capacity in the voluntary sector generally and provided a range of learning opportunities within our LSC 'Working Together' contract for volunteers and unemployed people who are progressing into volunteering. We hope to continue that work into 'Train to Gain' delivery from December 2008.

The organisation's commitment to service quality and investment in the personal and professional development of our staff was recognised in a successful Investors in People review in July 2007. The report included the following statement :

'The Five Lamps Organisation has established a clear vision and purpose, with one of the striking features of the organisation being the extent to which personnel at all levels, including volunteers, are committed to, and actively working towards, the achievement of that vision. It is not unusual to find high levels of commitment within organisations in the Voluntary & Community Sector but in the case of Five Lamps, the degree and all consuming nature of this commitment is truly exceptional'.

We continue to focus on the quality of our services and build on our matrix, IIP and Ofsted recognition. In the summer of 2008, we committed to securing 'Customer First' accreditation, joined the LSC 'Framework for Excellence' programme and the QIA 'World Class Skills' programme.

2007/2008 has been a very successful year and we move forward with confidence.

Quantum of 2007/2008 Activity

Below is a summary of the number of individuals/businesses who have benefited from our various programmes:

Achievement	Number
Businesses supported	212
Business start-ups	109
Business loans	62
Personal loans	142
Jobs obtained	201
Qualifications	592
C.S.C.S. tests passed	140
Youthly attendees	757
All Stars attendees	968
e2e starts	41
e2e progressions	21

Financial Review

The Statement of Financial Activities for the year, the Balance Sheet as at 31st March 2008 and associated notes are set out on pages 13 to 33.

It remains the trustees' intention to hold not less than £50,000 in free reserves. This policy is monitored monthly by the trustees and seeks to ensure that the charity is able to manage its activities in the event of a significant drop in funding. This policy was tested by the reduction in contract income during 2006/2007. A significant recovery in the charity's financial position, income levels and profitability during 2007/2008 saw cash reserves reinstated in excess of the desired level, and cash placed on deposit, while total unrestricted reserves remained high although based on building values rather than liquidity.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008

Financial performance exceeded budget projections during 2007/2008 resulting in a surplus of £160,963 as against a deficit of £210,780 in the previous year.

At 31st March 2008 there were some restricted funds which were in deficit. These funds had become overdrawn as expenditure had exceeded income received i.e. the level of normal operating costs was not covered by income received. This reflects the pressure of maintaining service continuation while operating in a world of short-term programme funding. The two largest deficits i.e. The Youthy and South Thornaby Community Resource Centre, both reflect the ending of area-based initiative funding and delays in new finance streams coming on line. The position on both projects is expected to improve in 2008/2009 as a revised overhead apportionment methodology and a changed organisational policy for allocating Voluntary Sector Support Fund are implemented. The Youthy will also benefit from increased income from our new e2e contract. NRF funding, now replaced by Working Neighbourhoods Fund, benefits our youth service and, in the case of South Thornaby, we have benefited from a sub-let. The trustees have agreed to write off the balances on South Thornaby CRC; The Youthy and e2e by way of transfer to unrestricted reserves in the total amount of £79,414. The trustees have also agreed to transfer the remaining balances on some previously restricted funds to unrestricted, now that the underlying projects have come to an end. These were Health Assets; Tees Valley Works/Works for Women; Train to work; DAF; Ngage and Now in the total amount of £61,373. Similarly, the remaining credit balances on Working Together and Guidance, in that they reflect agreed funding by reference to project activity/expenditure to 31st March 2008, have also been transferred to unrestricted general reserve funds in the total amount £233,985.

Principal funding sources are outlined in note 4(a) to the accounts.

Future Plans

The three year strategic direction published in May 2007 identifies six key strategic priorities for the period 2007-2010.

- Growing our four business divisions : Guidance Employability & Learning; Finance & Enterprise; Young People; Health & Community
- Winning Contracts
- Growing Our Asset Base
- Building Effective Partnerships
- Measuring Social & Economic Impact
- Building VCS Capacity & Infrastructure.

The strategic direction also identified a range of key results for 2007-2008.

- Publication of Strategic Direction 2007-2010 by 31st May 2007 *Achieved*
- Commence CDFI Personal Lending activity by 31st July 2007 *Achieved*
- Neighbourhood Enterprise and Employment Gateway site to be identified by 31st July 2007 *Achieved in CAF submission November 2007*
- Secure One NorthEast Business Start-Up contract by 31st July 2007 *Achieved*
- Complete strategic plan for 'Harry's Farm' by 31st July 2007 *Identified plan – seeking funding sources*
- Investors in People reaccreditation by 31st July 2007 *Achieved*
- Formation of Stockton Community Interest Company with Five Lamps as a founding partner by 30th September 2007 *Achieved*
- Complete review of learning premises by 30th September 2007 *Achieved*
- Resubmission of Adventure Capital Fund bid proposal by 30th September 2007 *Did not proceed pending CAF submission*
- Complete consultation and report on service delivery and capital investment opportunities for Ingleby Barwick by 31st October 2007 *Deferred until October 2008*
- Secure growth to e2e service by 31st October 2007 *Achieved limited growth in 2007/2008 contract*
- Complete business plan for housing Intermediate Labour Market project by 30th November 2007 *Deferred*
- Contribute to third round Local Enterprise Growth Initiative bid for Stockton/Middlesbrough by 31st December 2007 *No third round bids invited*
- Continued growth of existing products and services and their derivatives by 31st March 2008 *Achieved*
- Expanding our range of training and development provision, including successful tenders to LSC/Jobcentre Plus by 31st March 2008 *Achieved and ongoing*

**THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)**

**DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2008**

Future Plans - Continued

The key targets agreed by the Board for 2008/2009 are :

- Secure additional capital for expansion of our personal finance project across Tees Valley and into North Yorkshire by 31st July 2008;
- Successful tender to expand our Entry to Employment (e2e) service by 30th August 2008;
- Final submission to Big Lottery 'Community Asset Fund' re 32 Dovecot Street by 26th September 2008;
- Secure sub-regional 'Train to Gain' contract, primarily focused on VCS workforce development, by 30th September 2008;
- Review community services, including youth provision, and identify future service opportunities in Ingleby Barwick by 31st October 2008;
- Establish service base in Whitby/Scarborough by 31st October 2008;
- Secure 'Flexible New Deal' sub-contract for delivery in Stockton-on-Tees, Redcar & Cleveland and Scarborough by 31st December 2008;
- Start on site at 32 Dovecot Street by 31st March 2009;
- Continued growth of our services and their derivatives across our four business divisions, including securing contracts via Children's Trust commissioning, Working Neighbourhoods Fund and a range of other sources by 31st March 2009;
- Maintain balanced budget and positive cash flow by 31st March 2009.

Our delivery against these targets can be tracked by visiting our website www.fivelamps.org.uk

Audit Information

In accordance with company law, and as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the Charity's auditors are unaware;
- as the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Approval

This report was approved by the Board of Trustees on 30th September 2008 and signed on its behalf.

D. Patterson
Vice Chair

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are required by law to prepare financial statements for each financial year which give a true and fair view of the financial activities of the Charity and of its financial position at the end of that year. In preparing those financial statements the trustees are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention of fraud and other irregularities.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31ST MARCH 2008**

We have audited the financial statements of The Five Lamps Organisation (the Charity) for the year ended 31st March 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the Charity'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 Charity's members those matters that 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 Charity and the Charity'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

The Trustees' (who are also the directors of The Five Lamps Organisation for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Charity 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 other transactions is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity'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 that 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.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31ST MARCH 2008**

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the Charity's affairs as at 31st March 2008, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Baines Jewitt

BAINES JEWITT
CHARTERED ACCOUNTANTS
and Registered Auditors

STOCKTON ON TEES

30th September 2008

JL/AJD

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2008**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3(a)	4,599	74,662	79,261	76,262
Activities for generating funds	3(b)	18,996	12,819	31,815	68,989
Investment income	3(c)	394	8,217	8,611	5,720
Incoming resources from charitable activities:					
Grants	4(a)	1,576,928	515	1,577,443	810,717
Others	4(b)	25,096	2,044	27,140	23,494
Other Incoming Resources					
Interest generated by programme related investments	2(e) & 16	16,723	-	16,723	12,434
TOTAL INCOMING RESOURCES		1,642,736	98,257	1,740,993	997,616
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	2,520	2,520	2,358
Costs of fundraising activities	6	-	3,480	3,480	3,550
Investment management costs	7	-	1,375	1,375	1,100
Charitable activities	8	1,415,872	127,800	1,543,672	1,168,425
Governance costs	9	-	28,062	28,062	33,126
TOTAL RESOURCES EXPENDED		1,415,872	163,237	1,579,109	1,208,559
Net Incoming/(Outgoing) Resources before Transfers		226,864	(64,980)	161,884	(210,943)
Gross Transfers Between Funds	22	(215,944)	215,944	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses		10,920	150,964	161,884	(210,943)
Other Recognised Gains and Losses					
Gains/(losses) on investments unrealised	18	-	(921)	(921)	163
Net Movements in Funds		10,920	150,043	160,963	(210,780)
Reconciliation of Funds:					
Funds Brought Forward	22	220,549	965,542	1,186,091	1,396,871
FUNDS CARRIED FORWARD	22 & 23	231,469	1,115,585	1,347,054	1,186,091

There were no other recognised gains or losses other than those included in the Statement of Financial Activities.

The above restricted funds include a net reduction of £72,025 in the carrying value of Programme Related Investments (note 16).

The notes on pages 15 to 33 form part of these financial statements

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

BALANCE SHEET AS AT 31ST MARCH 2008

	Notes	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible assets	15		1,175,105		1,243,330
Programme related investments	16		214,008		141,983
			<u>1,389,113</u>		<u>1,385,313</u>
CURRENT ASSETS					
Debtors	17	187,113		111,332	
Investments	18	1,058		1,979	
Cash at bank and in hand		75,766		8,065	
		<u>263,937</u>		<u>121,376</u>	
CREDITORS: Amounts falling due within one year	19	(274,534)		(273,865)	
NET CURRENT LIABILITIES			<u>(10,597)</u>		<u>(152,489)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,378,516</u>		<u>1,232,824</u>
CREDITORS: Amounts falling due after more than one year	20		<u>(31,462)</u>		<u>(46,733)</u>
NET ASSETS			<u>1,347,054</u>		<u>1,186,091</u>
FUNDS					
Unrestricted funds	22		1,115,585		965,542
Restricted funds	22		231,469		220,549
TOTAL FUNDS			<u>1,347,054</u>		<u>1,186,091</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the Board on 30th September 2008 and signed on its behalf by:

T.D. Murphy
Chair

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and the Companies Act 1985 and following the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice (the Charities SORP)* issued in March 2005.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are as follows:

(a) Incoming Resources

(i) Grants and Donations

Income from grants and donations, including capital grants, is included in incoming resources when receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that grants and donations, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

(ii) Intangible Income

Intangible income is included at a valuation which reflects the financial cost, estimated where appropriate, borne by the donor where such cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party.

(iii) Investment Income

Investment income is included when receivable by the charity.

(iv) Fees and Similar Income

Fees receivable and charges for services provided and for the use of premises are accounted for in the period in which the service is provided.

(b) Resources Expended

Resources expended are accounted for on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure on grants is recorded once there is an unconditional commitment to pay the grant or the grant has been paid, whichever is the earlier.

Certain expenditure is directly attributable to specific activities and has been apportioned to the costs of those activities as follows:

- Management and administration costs - by reference to the total income generated by each project.
- Staff costs - by reference to the estimated time spent by staff on each project.
- Premises costs and office costs - by reference to the estimated floor space (and related room rental value) occupied by each project.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

2. ACCOUNTING POLICIES - continued

(c) Tangible Fixed Assets

Fixed assets are included at cost less depreciation unless details of cost were not available. Where details of cost were not available, fixed assets are included at an estimated value. Where neither details of cost nor estimated values have been available, fixed assets have not been shown in the financial statements.

Fixed assets are not capitalised if they have a value of less than £500.

(d) Depreciation

Tangible fixed assets are depreciated over their estimated useful lives as follows:

Freehold land	Nil
Freehold buildings	2% straight line
Short leasehold buildings	Straight line over term of lease
Equipment and machinery	25% reducing balance
Office equipment and furniture	15% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

(e) Investments

Fixed asset programme related investments are accounted for on the basis of estimated net realisable values (i.e. capital amounts recoverable) at each balance sheet date. Interest receivable on these investments is recognised within the Statement of Financial Activities on a cash receipts basis only.

Programme related investments are reviewed at least annually for impairment and an adjustment is made to reduce the value to the recoverable amount where there is evidence that the loans may not be repaid in full.

Current asset investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses on revaluations and disposals throughout the year.

(f) Pensions Costs

Contributions payable to a group personal pension and individual personal pension schemes are charged to the Statement of Financial Activities in the period to which they relate.

(g) Fund Accounting

Funds held by the Charity are either:

- *unrestricted funds* - these are funds which can be used in accordance with the objects of the Charity at the discretion of the Trustees. They include designated funds which have been set aside by the Trustees for particular purposes.
- *restricted funds* - these are funds which can only be used for particular restricted purposes within the objects of the Charity; whether it be for the purchase or construction of a fixed asset or in respect of a specific project. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Once the restrictions imposed by the provider of the grant/the donor have been observed, the fund is then transferred to unrestricted funds but designated where relating to a specific on-going purpose.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

2. **ACCOUNTING POLICIES - continued**

(h) **Operating Leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against revenue on a straight line basis over the period of the lease.

(i) **Hire Purchase and Finance Lease Commitments**

Assets obtained under hire purchase contracts or on finance lease are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

3. **INCOMING RESOURCES FROM GENERATED FUNDS**

	Restricted Funds £	Unrestricted Funds £	2008 £	2007 £
(a) Voluntary Income:				
Voluntary Sector Support Fund - grant	-	74,622	74,622	73,883
Donations	4,599	40	4,639	2,379
	<u>4,599</u>	<u>74,662</u>	<u>79,261</u>	<u>76,262</u>
(b) Activities for Generating Funds:				
Management fee to third parties	-	8,569	8,569	20,348
Rental income	18,996	4,250	23,246	48,641
	<u>18,996</u>	<u>12,819</u>	<u>31,815</u>	<u>68,989</u>
(c) Investment Income:				
	Restricted Funds £	Unrestricted Funds £	Total 2008 £	Total 2007 £
Bank interest	394	2,625	3,019	638
Garage rental income	-	4,300	4,300	4,135
Dividends from UK quoted investments	-	84	84	72
Café rental income	-	1,208	1,208	875
	<u>394</u>	<u>8,217</u>	<u>8,611</u>	<u>5,720</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

(a) Grant Income	Note	Management and Administration Income £	Communities and Health £	Guidance, Employability and Learning £	Finance and Enterprise £	Young People £	Total 2008 £	Total 2007 £
Business Link		-	-	-	55,353	-	55,353	-
Connexions		-	-	-	-	44,956	44,956	10,177
Department for Works and Pensions		-	-	79,700	45,499	-	125,199	-
European Social Fund		-	-	11,008	-	-	11,008	-
Hartlepool Working Solutions		-	-	13,214	-	-	13,214	-
Igen		-	-	39,152	-	-	39,152	27,360
Learning & Skills Council		-	-	388,203	-	98,085	486,288	23,864
Neighbourhood Renewal Fund		-	49,216	347,504	86,542	57,750	541,012	148,688
Newtown		-	22,826	-	-	-	22,826	405,765
Northern Rock Foundation *	16	-	-	33,337	108,500	-	141,837	-
Phoenix Revenue		-	-	-	56,865	-	56,865	31,250
Stockton Borough Council - Delivery of Trocan Level 2		-	-	-	-	-	-	110,386
Stockton Borough Council - Communities for Health		-	20,000	-	-	10,000	10,000	7,922
Stockton Riverside College		515	-	-	-	-	20,000	16,500
Tudor Trust		-	-	-	-	-	515	2,184
Other Grant Income		-	-	1,050	1,500	6,668	6,668	19,997
		<u>515</u>	<u>92,042</u>	<u>913,168</u>	<u>354,259</u>	<u>217,459</u>	<u>1,577,443</u>	<u>810,717</u>

* This includes £80,000 in respect of funds to be used for on-lending to individuals under the Community Finance Project (see note 16).

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - Continued

(b) Other Income

	Management and Administration Income £	Communities and Health £	Guidance, Employability and Learning £	Finance and Enterprise £	Young People £	Total 2008 £	Total 2007 £
Room hire	1,225	9,559	-	-	1,909	12,693	10,045
Rental income	-	-	-	-	-	-	750
Hire of minibuses	-	-	-	-	-	-	200
Youth Club café/confectionary sales and subscriptions	-	-	-	-	6,104	6,104	4,887
Climbing wall	-	-	-	-	1,380	1,380	1,390
Sundry other income	819	-	5,718	-	426	6,963	6,222
	2,044	9,559	5,718	-	9,819	27,140	23,494
GRAND TOTAL	2,559	101,601	918,886	354,259	227,278	1,604,583	834,211

FOOTNOTE:

Projects have been grouped together in categories of major activities under which they can best be classified.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

5. COSTS OF GENERATING VOLUNTARY INCOME

	2008 £	2007 £
Direct project costs	-	-
Staff costs	2,370	2,238
Premises costs	80	75
Office costs	40	20
Central overheads	30	25
	<u>2,520</u>	<u>2,358</u>

6. COSTS OF FUNDRAISING ACTIVITIES

	2008 £	2007 £
Direct project costs	-	-
Staff costs	3,300	3,300
Premises costs	180	250
Office costs	-	-
Central overheads	-	-
	<u>3,480</u>	<u>3,550</u>

7. INVESTMENT MANAGEMENT COSTS

	2008 £	2007 £
Direct project costs	-	-
Staff costs	-	-
Premises costs	1,375	1,100
Office costs	-	-
Central overheads	-	-
	<u>1,375</u>	<u>1,100</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

8. RESOURCES EXPENDED - CHARITABLE ACTIVITIES

(a) Charitable Expenditure

	Notes	Management and Administration £	Communities and Health £	Guidance, Employability and Learning £	Finance and Enterprise £	Young People £	Total 2008 £	Total 2007 £
Staff costs	10	-	76,627	366,801	86,258	154,922	684,608	591,799
Premises costs	11	-	52,676	12,484	1,537	39,236	105,933	93,165
General office costs	12	-	4,439	14,609	2,488	5,520	27,056	22,237
Grants payable	15	15	-	75,549	45,578	-	121,142	23,283
Bad debt provision	16	-	-	-	60,000	-	60,000	-
Direct project costs:								
- Depreciation	14	-	15,701	95	-	28,206	44,002	47,046
- Publicity and promotion		-	215	4,715	5,750	49	10,729	9,564
- Tutor costs		-	-	27,281	-	-	27,281	26,007
- Course materials		-	-	4,788	2,102	33	6,923	-
- Training and accreditation costs		-	-	63,118	86	456	63,660	-
- Activities costs		-	-	100	-	11,951	12,051	6,842
- Crèche costs		-	-	766	-	-	766	4,429
- Subscriptions/affiliations		-	-	27	1,604	636	2,267	2,396
- Books and publications		-	-	2,443	-	222	2,665	1,088
- Apprentices allowances/expenses		-	122	543	1,139	3,380	5,184	8,426
- Insurance		-	1,138	2,972	1,248	4,827	10,185	10,720
- Mobile phones		-	143	2,862	456	334	3,795	2,868
- Consultancy/facilitators fees		-	8,695	-	28,676	-	37,371	6,000
- Motor vehicle expenses		-	2,031	-	-	-	2,031	1,670
- Others		-	(1,109)	353	778	231	253	549
		15	160,678	579,506	237,700	250,003	1,227,902	858,089

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

8. RESOURCES EXPENDED - CHARITABLE ACTIVITIES - Continued

(b) Support Costs

	Notes	Management and Administration £	Communities and Health £	Guidance, Employability and Learning £	Finance and Enterprise £	Young People £	Total 2008 £	Total 2007 £
Staff costs	10	228,982	-	-	-	-	228,982	229,906
Premises costs	11	26,579	-	-	-	-	26,579	37,034
General office costs	12	11,013	-	-	-	-	11,013	11,316
Professional fees		3,805	-	-	4,168	-	7,973	4,126
Subscriptions		3,705	-	-	-	-	3,705	3,756
Insurance		1,815	-	-	-	-	1,815	-
Depreciation	14	5,604	-	-	-	-	5,604	7,583
Loss on disposal of fixed assets		6,865	-	-	-	-	6,865	-
Loan interest		4,175	-	-	-	-	4,175	4,038
Bank interest		-	-	-	-	-	-	4,185
Finance lease interest		1,757	-	-	-	-	1,757	1,756
Publicity and advertising		15,089	-	-	-	-	15,089	3,410
Others		2,213	-	-	-	-	2,213	3,226
Allocation to activities of:								
- Management and administration costs		(202,520)	16,096	115,828	40,296	30,300	-	-
- Staff costs		(39,000)	-	(9170)	21,300	26,870	-	-
- Premises costs		(5,265)	550	3,396	1,161	158	-	-
- Office costs		(7,382)	375	5,851	951	205	-	-
		<u>57,435</u>	<u>17,021</u>	<u>115,905</u>	<u>67,876</u>	<u>57,533</u>	<u>315,770</u>	<u>310,336</u>
GRAND TOTAL		57,450	177,699	695,411	305,576	307,536	1,543,672	1,168,425

FOOTNOTES:

1. Projects have been grouped together in categories of major activities under which they can best be classified.
2. Management and administration costs have been allocated by reference to the total income generated by each project.
3. Staff costs have been allocated by reference to the estimated time spent by staff on each project.
4. Premises costs and office costs have been allocated by reference to the estimated floor space (and related room rental value) occupied by each project.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

9. GOVERNANCE COSTS

	2008 £	2007 £
Staff costs	8,050	7,748
Premises costs	-	-
Office costs	270	250
Central overheads	19,742	25,128
	<u>28,062</u>	<u>33,126</u>

10. STAFF COSTS AND TRUSTEES' REMUNERATION

Total employment costs were as follows:

	2008 £	2007 £
Gross pay	765,688	708,701
Employer's national insurance	70,462	62,217
Employer's pension	31,970	21,031
Training	4,667	7,350
Expenses	21,705	15,321
Insurances	515	831
Staff from other organisations	10,855	16,402
Agency staff	21,448	3,138
	<u>927,310</u>	<u>834,991</u>

The above Staff Costs have been allocated to the various activities of the Charity as follows:

	2008 £	2007 £
Charitable expenditure	684,608	591,799
Support costs	228,982	229,906
Costs of generating voluntary income	2,370	2,238
Costs of fundraising activities	3,300	3,300
Governance costs	8,050	7,748
	<u>927,310</u>	<u>834,991</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

10. STAFF COSTS AND TRUSTEES' REMUNERATION - Continued

The average weekly number of staff employed by the Charity during the year was as follows:

	2008 No.	2007 No.
Direct charitable work	35	32
Administrative	10	10
	<hr/>	<hr/>
	45	42
	<hr/>	<hr/>

No employees earned £60,000 or more.

Of the total pension costs of £31,970 (2007: £21,031) £4,586 was outstanding at 31st March 2008 (2007: £3,684).

No remuneration was paid to Trustees in the year (2007: Nil). The aggregate amount of expenses reimbursed to five Trustees in the year amounted to £153 (2007: £258). The expenses consisted of travelling and subsistence costs of Trustees necessarily incurred in the performance of their duties.

The Charity has had indemnity insurance on behalf of the Trustees, Officers and Directors as from 1st April 2004. The cost of the premium included in these financial statements is £751 (2007: £711).

11. PREMISES RUNNING COSTS

The Charity provides its services from three Centres, the total operating costs of which were as follows:

	2008 £	2007 £
Utilities	34,731	33,495
Cleaning	27,690	26,626
Telephone and fax	14,370	13,399
Internet	3,035	3,092
Maintenance - building	10,352	4,758
Maintenance - equipment	5,557	7,352
Maintenance - IT	8,235	11,612
Depreciation	30,177	31,290
Recharges to third parties	-	-
	<hr/>	<hr/>
	134,147	131,624
	<hr/>	<hr/>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

11. PREMISES RUNNING COSTS - Continued

The above Premises Running Costs have been allocated to the various activities of the Charity as follows:

	2008 £	2007 £
Charitable expenditure	105,933	93,165
Support costs	26,579	37,034
Costs of generating voluntary income	80	75
Costs of fundraising activities	180	250
Investment management costs	1,375	1,100
Governance costs	-	-
	<hr/>	<hr/>
	134,147	131,624
	<hr/>	<hr/>

12. OFFICE RUNNING COSTS

The Charity provides its services from three Centres, the total Office Running Costs of which were as follows:

	2008 £	2007 £
Stationery	16,219	12,272
Postage	3,619	2,795
Office furniture and equipment	1,601	114
Photocopying	572	1,904
Maintenance - office equipment	70	245
Depreciation	3,547	4,252
Drinking water and refreshments	3,362	2,051
Office furniture	93	112
Office rent	8,376	9,161
Container hire	920	917
Office equipment leasing	-	-
Recharges to third parties	-	-
	<hr/>	<hr/>
	38,379	33,823
	<hr/>	<hr/>

The above Office Running Costs have been allocated to the various activities of the Charity as follows:

	2008 £	2007 £
Charitable expenditure	27,056	22,237
Support costs	11,013	11,316
Costs of generating voluntary income	40	20
Costs of fundraising activities	-	-
Investment management costs	-	-
Governance costs	270	250
	<hr/>	<hr/>
	38,379	33,823
	<hr/>	<hr/>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

13. MOVEMENT IN TOTAL FUNDS FOR THE YEAR

This is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets	83,330	90,171
Loss on disposal of fixed assets	6,865	-
Trustees'/directors' emoluments	-	-
Auditors' remuneration:		
- audit fee:		
- current year	15,275	15,275
- under-provision re 2006	-	3,525
	<u>83,330</u>	<u>90,171</u>

14. DEPRECIATION

The charge for depreciation is made up as follows:

	2008 £	2007 £
The Youthy (freehold property)	16,347	16,347
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	34,713	35,635
Equipment and machinery	14,873	20,915
Fixtures and fittings	7,486	9,041
Office equipment	9,621	7,847
Motor vehicle (minibus)	290	386
	<u>83,330</u>	<u>90,171</u>

This has been allocated as follows:

	2008 £	2007 £
Charitable expenditure	44,002	47,046
Support costs	5,604	7,583
Premises running costs	30,177	31,290
Office running costs	3,547	4,252
	<u>83,330</u>	<u>90,171</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

15. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Short Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
Cost							
At 1st April 2007	817,356	549,155	350,248	132,814	107,401	2,750	1,959,724
Additions	-	-	-	-	21,970	-	21,970
Disposals	-	-	32,448	4,426	4,972	-	41,846
	<u>817,356</u>	<u>549,155</u>	<u>317,800</u>	<u>128,388</u>	<u>124,399</u>	<u>2,750</u>	<u>1,939,848</u>
At 31st March 2008	<u>817,356</u>	<u>549,155</u>	<u>317,800</u>	<u>128,388</u>	<u>124,399</u>	<u>2,750</u>	<u>1,939,848</u>
Depreciation							
At 1st April 2007	81,735	201,043	287,518	81,576	62,932	1,590	716,394
Charge for the year	16,347	34,713	14,873	7,486	9,621	290	83,330
Disposals	-	-	29,208	3,097	2,676	-	34,981
	<u>98,082</u>	<u>235,756</u>	<u>273,183</u>	<u>85,965</u>	<u>69,877</u>	<u>1,880</u>	<u>764,743</u>
At 31st March 2008	<u>98,082</u>	<u>235,756</u>	<u>273,183</u>	<u>85,965</u>	<u>69,877</u>	<u>1,880</u>	<u>764,743</u>
Net Book Values							
At 31st March 2008	<u>719,274</u>	<u>313,399</u>	<u>44,617</u>	<u>42,423</u>	<u>54,522</u>	<u>870</u>	<u>1,175,105</u>
At 31st March 2007	<u>735,621</u>	<u>348,112</u>	<u>62,730</u>	<u>51,238</u>	<u>44,469</u>	<u>1,160</u>	<u>1,243,330</u>

Included above are the following amounts in respect of fixed assets held under finance lease contracts:

	Fixtures and Fittings £	Office Equipment £	Total £
Cost			
At 1st April 2007 and 31st March 2008	<u>10,046</u>	<u>8,814</u>	<u>18,860</u>
Depreciation			
At 1st April 2007	2,788	2,446	5,234
Charge for year	<u>1,089</u>	<u>955</u>	<u>2,044</u>
At 31st March 2008	<u>3,877</u>	<u>3,401</u>	<u>7,278</u>
Net Book Value			
At 31st March 2008	<u>6,169</u>	<u>5,413</u>	<u>11,582</u>
At 31st March 2007	<u>7,258</u>	<u>6,368</u>	<u>13,626</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

15. TANGIBLE FIXED ASSETS - continued

Freehold Land and Buildings

This comprises the building known as The Youthy which was built primarily for the young people of Thornaby. Due to the unique design of The Youthy and the purpose for which it was built, there is no readily available method of arriving at a realistic market value. The Youthy was valued at £500,000 for the purposes of securing a loan from the Community Loan Fund but this figure is not considered to be appropriate to use as the carrying value in the financial statements. The unique nature of the building means that it is difficult to value it on a normal commercial basis. An alternative method is to measure its 'value in use' at an amount based upon expected future cash flows, but this alternative method is also considered not to be appropriate. One further alternative which is more relevant to this property, is to use replacement cost which exceeds the carrying value at 31st March 2008 of £719,274. It is considered unlikely that The Youthy will have suffered any permanent impairment in value within the relatively short time since it was built and that a carrying value based on original cost less depreciation continues to be appropriate for accounting purposes.

Short Leasehold Land and Buildings

These comprise two buildings from which the charity runs its management/administration and various projects. The terms of the leases on these properties, over which the expenditure is written off, are as follows:

(a) The Five Lamps Centre

The lease is for a period of seven years from April 2005 and any expenditure is being written off over the remainder of this period. The expenditure relates to extension work that was carried out in the years to 31st March 2000 and 31st March 2001.

(b) South Thornaby Community Resource Centre

The current lease runs from February 2000 for a term of 25 years and this is the period over which any expenditure is being written off.

16. PROGRAMME RELATED INVESTMENTS (the CDFI Project)

The Charity provides last resort loan finance for small businesses throughout the most disadvantaged areas of the Tees Valley by acting as a Community Development Finance Institution (CDFI), in accordance with a grant offer letter from the Small Business Service dated 12th May 2004. The original funding of capital for on-lending came from the Phoenix Fund (Challenge Fund). This funding ceased on 31st March 2006. Since then, the repayments made on earlier loans have been used to fund further lending.

During the year under review, an additional £80,000 was received from Northern Rock Foundation to be used for similar on-lending to individuals under the Community Finance Project initiative. The whole of this amount had been advanced by way of personal loans by 31st March 2008.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

16. PROGRAMME RELATED INVESTMENTS (the CDFI Project) - Continued

Details of loan transactions:

	CDFI Project £	Community Finance £	Total 2008 £	Total 2007 (CDFI only) £
Balance brought forward - before provision for doubtful debts	181,983	-	181,983	186,733
Loans advanced - from grants received (Note 4(a))	-	80,000	80,000	-
- from re-cycling of repayments	110,875	1,021	111,896	31,050
Capital repayments	(37,806)	(22,065)	(59,871)	(35,800)
	<u>255,052</u>	<u>58,956</u>	<u>314,008</u>	<u>181,893</u>
Provision for doubtful debts	(80,000)	(20,000)	(100,000)	(40,000)
	<u>175,052</u>	<u>38,956</u>	<u>214,008</u>	<u>141,893</u>
Balance carried forward per Balance Sheet	<u>175,052</u>	<u>38,956</u>	<u>214,008</u>	<u>141,893</u>
Interest received per Statement of Financial Activities	<u>12,765</u>	<u>3,958</u>	<u>16,723</u>	<u>12,434</u>

Capital repayments and interest received are to be used to fund further lending.

The above general provision for doubtful debts totalling £100,000 has been made based on the Organisation's knowledge of loans where problems with repayments are being experienced and expectations as regards future receipts.

17. DEBTORS

	2008 £	2007 £
Due within one year:		
Grants receivable	38,810	56,531
Prepayments and accrued income	148,303	54,801
	<u>187,113</u>	<u>111,332</u>

18. INVESTMENTS

	2008 £	2007 £
Quoted investments:		
Market value at 31st March	1,979	1,816
(Loss)/gain on investments from change in value	(921)	163
	<u>1,058</u>	<u>1,979</u>
Market value at 31st March	<u>1,058</u>	<u>1,979</u>
Historical cost at 31st March	<u>NIL</u>	<u>NIL</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank overdraft	623	75,623
Obligations under finance lease contracts	4,883	4,883
Community Loan Fund	10,185	8,400
Trade creditors	165,662	81,179
Social Security and other taxes	22,392	21,249
Accruals and deferred income	27,626	23,636
Grants received in advance	43,163	58,895
	<u>274,534</u>	<u>273,865</u>

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Obligations under finance lease contracts	1,772	6,655
Community Loan Fund	29,690	40,078
	<u>31,462</u>	<u>46,733</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	2008 £	2007 £
Bank overdraft	623	75,623
Obligations under finance lease contracts	6,655	11,538
Community Loan Fund	39,875	48,478

The bank overdraft is secured by a legal charge over the Charity's freehold property.

Obligations under finance lease contracts are secured on the fixed assets to which they relate.

The loan of £50,000 obtained from the Community Loan Fund for the North-East is secured by a fixed and floating charge dated 10th November 2005.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

22. MOVEMENT IN FUNDS

	Balance 1st April 2007 £	Movement in Resources		Transfers Between Funds and Investment Gains £	Balance 31st March 2008 £
		Incoming £	Outgoing £	(See footnotes)	
RESTRICTED FUNDS:					
Communities and Health					
South Thornaby CRC	-	28,554	62,445	33,891	-
IT Upgrade	14,137	-	3,306	-	10,831
Health Assets	21,708	42,826	18,971	(45,563)	-
Stockton on Line	-	49,218	52,991	-	(3,773)
	<u>35,845</u>	<u>120,598</u>	<u>137,713</u>	<u>(11,672)</u>	<u>7,058</u>
Guidance, Employability and Learning					
Working Together	31,264	153,778	124,579	(60,463)	-
Guidance	-	697,681	524,159	(173,522)	-
Works and Women	7,075	13,214	10,777	(9,512)	-
CITB	-	43,473	26,545	-	16,928
Train to Work	-	11,008	9,351	(1,657)	-
	<u>38,339</u>	<u>919,154</u>	<u>695,411</u>	<u>(245,154)</u>	<u>16,928</u>
Finance and Enterprise					
CDFI - capital	141,983	-	-	33,069	175,052
CDFI - revenue	-	197,316	231,180	(33,069)	(66,933)
DAF business start up	-	-	(300)	(300)	-
Business Link	-	55,353	20,130	-	35,223
Community finance - capital	-	80,000	-	(41,044)	38,956
Community finance - revenue	-	38,707	54,566	41,044	25,185
	<u>141,983</u>	<u>371,376</u>	<u>305,576</u>	<u>(300)</u>	<u>207,483</u>
Young People					
Ngage	4,382	6,668	8,943	(2,107)	-
Now	-	43,870	41,636	(2,234)	-
The Youthy	-	82,985	116,029	33,044	-
E2E	-	98,085	110,564	12,479	-
	<u>4,382</u>	<u>231,608</u>	<u>277,172</u>	<u>41,182</u>	<u>-</u>
TOTAL RESTRICTED FUNDS	<u>220,549</u>	<u>1,642,736</u>	<u>1,415,872</u>	<u>(215,944)</u>	<u>231,469</u>
UNRESTRICTED FUNDS					
General Reserves	(113,413)	98,257	92,887	213,234	105,191
Designated Funds					
Youth Empowerment Scheme (Capital)	792,985	-	30,364	-	762,621
The Five Lamps Extension	124,945	-	24,430	-	100,515
South Thornaby CRC Redevelopment	107,652	-	5,912	-	101,740
South Thornaby CRC Extension	53,131	-	7,613	-	45,518
Others	242	-	2,031	1,789	-
	<u>965,542</u>	<u>98,257</u>	<u>163,237</u>	<u>215,023</u>	<u>1,115,585</u>
TOTAL UNRESTRICTED FUNDS	<u>965,542</u>	<u>98,257</u>	<u>163,237</u>	<u>215,023</u>	<u>1,115,585</u>
TOTAL FUNDS	<u>1,186,091</u>	<u>1,740,993</u>	<u>1,579,109</u>	<u>(921)</u>	<u>1,347,054</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

22. MOVEMENT IN FUNDS - Continued

Transfers between funds are agreed by the Board.

With the exception of Stockton on Line, where the debit balance is expected to be cleared during the current financial year, the Board has decided to transfer any funds in deficit at 31st March 2008 to general unrestricted reserves as it is unlikely that these deficits will be covered by additional funding in the future. The Board has also agreed to transfer to general unrestricted reserves the credit balances in respect of projects that had come to an end during the year and the credit balances on the Working Together and Guidance projects at 31st March 2008 (in that they reflect agreed funding by reference to project activity/expenditure to that date). This has resulted in a credit balance on general reserves of £105,191 at 31st March 2008 (2007: £113,413). Further details regarding transfers between restricted and unrestricted funds are included in the Trustees' Report.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets:		Net Current Assets/(Liabilities) £	Long-Term Liabilities £	Total £
	Tangible £	Programme Related Investments £			
Restricted Funds	31,948	214,008	(14,487)	-	231,469
Unrestricted Funds	1,143,157	-	3,890	(31,462)	1,115,585
	<u>1,175,105</u>	<u>214,008</u>	<u>(10,597)</u>	<u>(31,462)</u>	<u>1,347,054</u>

24. FUNDS OF THE CHARITY

Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the charitable objects, although the Trustees may decide to designate part of these funds for specific purposes.

Restricted funds are funds which have been given for particular purposes and projects.

25. TAXATION

H.M. Revenue & Customs have approved the charitable status of The Five Lamps Organisation and its income is therefore exempt from tax under Sections 505 and 506 of The Taxes Act 1988, provided that such income is applied for charitable purposes.

26. CONTROLLING PARTY

Throughout the year, the Charity was under the control of the Board.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008**

27. RELATED PARTY TRANSACTIONS **£**

Mr. G. Oram (Chief Executive of the Charity) and Mr. W. Erskine (Head of Finance and Enterprise) are the Chair and Company Secretary of Regen School North East.

During the year, transactions between Five Lamps and Regen School North East were as follows: **£**

Income from Regen School North East	8,698
-------------------------------------	-------

This income is in respect of rent of property and accounting services provided.

Payments to Regen School North East	19,100
-------------------------------------	--------

These payments reflect the purchase of consultancy services from Regen School North East in order to deliver Lot2 Projects. Alternative suppliers were considered but they were more expensive and would have given rise to additional VAT costs.

Included in debtors is £6,500 due from Regen School North East to Five Lamps at 31st March 2008.

Mr. G. Oram is also a director of North East Enterprise Agency Limited (NEEAL).

During the year, transactions between Five Lamps and NEEAL Ltd. were as follows: **£**

Income from NEEAL Ltd.	39,309
------------------------	--------

This income is in respect of the delivery of services.

Included in debtors is £35,763 due from NEEAL Ltd. to Five Lamps at 31st March 2008.

Diane Patterson, Vice-Chair of the Charity, was employed by Thornaby Credit Union.

During the year, transactions between Five Lamps and Thornaby Credit Union were as follows: **£**

Income from Thornaby Credit Union	36,958
-----------------------------------	--------

This income is in respect of salary costs initially borne by Five Lamps, which provided payroll services to Thornaby Credit Union.

Included in debtors is £3,378 due from Thornaby Credit Union to Five Lamps at 31st March 2008.