

Company Registration Number: 2441319

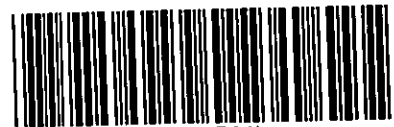
Charity Registration Number: 702314

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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AND BUSINESS ADVISERS

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THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)
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FOR THE YEAR ENDED 31 MARCH 2010

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**LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2010**

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:

Joyce Hallett (resigned October 2009)

Nominated by Stockton-on-Tees Borough Council:

Cllr Ian Dalgarno

Cllr Sylvia Walmsley (appointed April 2009)

Nominated by Churches Together in Thornaby:

Richard Spruce

Additional Members Appointed to the Council of Management:

Terence Murphy (Chair)

Derrick Brown (Vice Chair)

Diane Patterson (Treasurer)

Ann Grubb

Beryl Robinson

Peter Brennan (resigned July 2009)

Philip Tucker

Patricia Chambers (appointed August 2010)

Malcolm Bowstead (appointed August 2010)

Vivienne Holmes (appointed August 2010)

Rebecca Hodgson (appointed August 2010)

Ian Wright (appointed September 2010)

Senior Management Team:

Graeme Oram Chief Executive

Sue Westerman Head of Programmes & Development

William Erskine Head of Finance

Status

The Five Lamps Organisation is a company limited by guarantee, incorporated under the Companies Act 1985 on 9 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
TS17 7DJ

Bankers:

Unity Trust Bank
Nine Brindleyplace
4 Oozells Square
Birmingham
B1 2HB

Auditors:

Barnes Jewitt
Barrington House
41-45 Yarm Lane
Stockton-on-Tees
TS18 3EA

THE FIVE LAMPS ORGANISATION
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DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2010

The directors/trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2010 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 was 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 3 years after which they must be re-elected at the next Annual General Meeting. One-third of 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 to address those identified gaps.

Following a review in April 2010, 5 new Trustees were recruited.

Two Trustees are nominated by Stockton-on-Tees Borough Council and one is nominated by Churches Together. The Churches Together nomination is a recognition of their role in the formation of Thornaby Impasse, our progenitor organisation, 25 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 different 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 and board performance
- Bespoke training to address identified need (most recently focused on trustee roles and responsibilities and reviewing board performance) and attendance at relevant local, regional and national conferences, notably the NCVO Trustee conference
- 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

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Risk Management

The Management Committee maintains 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 risk through a range of insurance cover. The managed risk revolves around the short-term and non-recurring nature of some funding sources. Our strategic planning is targeted at winning contracts and building a broad project portfolio which has a range of funders, rather than being 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 all of our buildings. All of our sub-contractors must satisfy a health and safety check. The nature of our services, which often work with the most disadvantaged and marginalised groups, or with young people, necessitate either of the 2 levels of CRB disclosure. All of our staff appointments are subject to 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. During the year we undertook specific audits on compliance with extant Disability Discrimination Act legislation, making a number of investments in new equipment, and we also completed a major audit of our HR policies and procedures throughout the organisation. We also completed a number of risk assessments in relation to our delivery premises and made a range of physical improvements, particularly at The Youthy.

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 14 members drawn from our local communities and from a diverse range of professional backgrounds. A Chair, Vice-Chair, and Treasurer 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 & Development/Deputy CEO and the Head of Finance. They are supported by a Divisional Manager, for our Employability Service, a cohort of 5 Team Leaders plus an Executive Officer.

Related Parties

There are 3 organisations, Regen School North East, 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.

Objectives and Activities

The company'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,
- 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,

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DIRECTORS'/TRUSTEES' REPORT
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Objectives and Activities - continued

- 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 7 August 2006 and were passed via special resolution at our 2006 Annual General Meeting held on 1 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 second iteration of the strategy was published in March 2010.

Main Activities

The main activities of the organisation in 2009/2010 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.

The performance of the organisation during the year in both financial and non-financial terms was exceptional.

Contracts to deliver public services totalling over £8million were secured from a range of sources.

Each of our business divisions experienced service growth.

A surplus of £417,358 was achieved.

Five Lamps is now, after 25 years, officially a medium-sized business¹.

The number of employees has again grown significantly.

We secured the Investors in People Gold Award and achieved Customer First accreditation.

Five Lamps was No. 32 in the RBS Social Enterprise 100 Index for Growth.

Our geographic reach expanded with services now being delivered from Berwick-upon-Tweed to Scarborough.

We are now working with over 20,000 people per annum.

Five Lamps is the fastest-growing personal lending Community Development Finance Institution (CDFI) in the country and will make circa 11,000 personal loans to financially excluded individuals in 2010/2011.

Throughout the year we continued to operate our four business divisions, with 6 teams embedded in them - Employability (with 3 teams - Engagement, Employability and Employer Responsive), Enterprise, Financial Inclusion and Young People. From April 2010 our Employer Responsive team joined our Employability team.

These divisions and teams are our response to securing new and bigger contracts, significant service growth and the continued integration of services. Their success, and the associated increase in complexity, will drive a review of the organisation's governance and structures during the latter part of the 2010/2011 financial year. This may create several trading arms under the Five Lamps charity.

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**DIRECTORS'/TRUSTEES' REPORT
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The recession and the subsequent 'age of austerity' has hit many organisations in the regeneration sector, and also within the voluntary and community sector, as funding is reduced. Five Lamps, given the nature of our services and our target customer group, has continued to see increased demand for support in all service areas.

Our reputation and experience, plus our capacity to provide a 'whole family' service, has attracted strong interest at sub-regional, regional and national level and we are increasingly being asked to be members of bidding consortia and specific purpose vehicles responding to the broad range of commissioning opportunities.

The Five Lamps offer is a compelling one for public service commissioners, offering Quality, Effectiveness, Value and Innovation. There remains the inexorable shift towards public bodies procuring services via very large contracts, which Five Lamps recognises and seeks sub-contracting or support roles, as an engager, sign-poster or venue. We also recognise our role as the leader of a supply chain and we commit significant effort to building a network of quality assured, third sector sub-contractors.

Quality Assurance

Since 2003 Five Lamps has focused strongly on service quality and the associated investment in the personal and professional development of our workforce. Our initial Matrix accreditation was followed by Investors in People, Customer First and a Grade 2 from Ofsted.

In August 2010 we secured the Investors in People Gold Award, one of less than 2% of IIP recipients to reach that standard. This recognition is a tangible endorsement of our commitment to achieving the highest standards of service quality and developing our greatest asset, our staff and volunteers.

The Assessment Report concluded, 'Five Lamps is a focused and dedicated body which recognises that being a charity does not entitle you to an existence. Funders and contract holders these days expect to see delivery of promises by a professional, knowledgeable team. Through dedication, use of best practice, good leadership and a clear vision Five Lamps have achieved the respect of commissioners, but equally they know that this respect will only be retained if they continue to move forward and show that they remain the best option for future support. Maintaining staff commitment while enhancing their skills and knowledge is a prime part of this, and through their excellent people development practices and the continued use of well-developed external and internal quality monitoring, Five Lamps should continue to receive the enthusiastic support of both staff and customers. Five Lamps thoroughly deserve their Gold Level rating and should be proud to display it.'

Employability

Five Lamps' Employability service has had a challenging and productive year. Following the successful tender to deliver the 'Communities Fund', a visionary approach by the commissioners, Stockton Borough Council, to tackling unemployment in the borough, we restructured our delivery model.

The impact of the recession on the Tees Valley has seen a reduction in the number of 'entry level' jobs available and real pressure on the achievement of sustainable job outcomes, i.e. individuals remaining in employment for 26 continuous weeks. Increasing numbers of people in our communities are trapped in a cycle of insecure, short-term, low paid jobs, with the inevitability of cyclical unemployment and recurrent poverty. Five Lamps strives to systematically strip away the barriers that lock too many people into the low-pay, no-pay cycle. It's a big ask!

We are engaging more people than ever, receiving referrals from mainstream provision, and our flexible grant support opens doors to jobs, learning and skills, increased confidence and capacity and real possibility.

The service remains firmly focused on Stockton-on-Tees. During 2009/2010 we were strongly optimistic that the then forthcoming Flexible New Deal contracts for Northumbria, Tyne & Wear and County Durham would create further geographic expansion, as a number of the prime contract tenderers had written the Five Lamps integrated offer into the bids. The decision taken by the new coalition government to stop Flexible New Deal in favour of the Work Programme was initially disappointing but we believe that there are potentially greater opportunities. We have had real productive dialogue with many of the serious prime contractor candidates.

'Train to Gain' remains an important component of our Employability offer, although we recognise the shift towards apprenticeships will see the contract reduce in value.

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Last year we reported on our successful joint Community Asset Fund bid with Stockton Borough Council to refurbish a Grade II listed building in Dovecot Street, in Stockton Town Centre, to create a 'Community Economic Inclusion Centre'. The work was completed in November 2009. An accessible town centre focal point for our delivery has been a priority for some time and we are continuing to build the range of activity within the building. Our Employability, Financial Inclusion and Enterprise teams all support customers in Dovecot Street, which also provides space for Tees Credit Union and a range of other voluntary and community sector partners to deliver their services.

Young People

Our Young People service grouping embraces our youth service and our Foundation Learning Tier (formerly Entry to Employment (e2e)) provision, based in our purpose-built youth centre, The Youthy.

Yet again we have seen growth in the value of our contract. This is further testament to the strong performance of our programme. It is now nearly 3 years since our initial Ofsted inspection (Grade 2). Since then we have continued to improve our service in a number of different ways, including expanding the learning offer and substantial investment in the facilities available. Our team deliver a transformational service and, allied to the greater integration of Five Lamps' other support services, this presents a strong basis for expanding our work with 16-18 year olds who were not in education, employment or training at the time that they joined our programme, into other areas of the education system. These are most notably in 14-19 Diplomas and into Apprenticeships.

The youth service, based at The Youthy, remains the focal point of youth activity in Thornaby. It remains, as reported previously, a source of continued disappointment that we receive no recurring mainstream funding for our work. We see some real opportunities coming up with a commissioned service model being developed locally. We have been supportive of the integrated service model in Stockton, but we see significant areas where its impact has been minimal. Five Lamps is working on a potential pilot scheme which we will present to Stockton Council in the latter part of 2010, within which we will make the case for bringing a broad range of services, including SureStart and the former Connexions service under Five Lamps leadership and management to get the benefits of real integration with our core business divisions.

Within the past year we have delivered an inter-generational project, a successful youth outreach programme funded by the Eastern Area Partnership Board, worked closely with Cleveland Police, Connexions and the Local Authority, bid for and delivered a film project, developed and delivered a range of health activities, including teenage sexual health, healthy eating and healthy lifestyles. The 'All Stars' group, our successful project for 7-12 year olds, remains the only such group locally. Our BBC Children in Need funded service for young people with disabilities 'Special Needs Youthy' continues to thrive.

Many elements of our work fit the 'Big Society' banner and promote citizenship. While there are undoubtedly funding pressures impacting on youth projects, there are still interesting and innovative funding streams available. During the year we were successful with a second bid to the Mediabox initiative. The 4 short films made by the young people were premiered in August 2010 to considerable acclaim. These films focused on real issues such as youth homelessness, misconceptions about young people, aspiration and diversity. One film has led to the local authority reviewing its provision for young homeless people and the others have raised issues which are being factored into the development of Five Lamps service improvement proposals. We await the outcome of the ongoing youth services review.

We believe that our e2e and youth services can be at the heart of some new service paradigms locally and sub-regionally, particularly around extended schools, alternative curriculums, raising aspirations, health improvement and the Every Child Matters agenda. The Building Schools for the Future programme, which would have seen a new Academy built on the current Thornaby Community School site, has been withdrawn. The building of the new Academy has not yet been stopped completely but the future is uncertain. Five Lamps would like to be integrated into the delivery of the new school.

Stockton Borough Council, with Five Lamps as one of its named partners, was successful with a bid to the Big Lottery 'Myplace' programme to secure capital of up to £5million for the establishment of an iconic youth facility. The preferred location was to have been the site of the Building Schools for the Future-funded North Shore Academy. Delays/deferral of the BSF programme, and the fact that the capital funding carries no revenue to run the new premises, has led to a Council review of Myplace. Five Lamps is interested in leading delivery from the new facility and will be discussing our proposals with the Council and funders before the end of the year.

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Enterprise

Our Enterprise division continues to grow

Our position as the only Tees Valley-based members of the National Federation of Enterprise Agencies and the exciting partnership with the other north east enterprise agencies in a delivery consortium (NEEAL) continued to be of real significance. The consortium secured a range of Business Link/One NorthEast contracts to deliver a range of business start-up services to a broad range of target groups. These contracts are for Tees Valley-wide delivery and we are responsible for a substantial portion, greater than pro-rata to population, of regional activity. They include start-up workshops, a programme called 'Flexible Families', business planning and several other targeted programmes.

The replacement of the Regional Development Agency, One NorthEast, and the major changes around Business Link services, will see the creation of Local Enterprise Partnerships (LEPs). Five Lamps is strongly supportive of the establishment of a Tees Valley LEP. In addition to our enterprise agency status and our sub-regional delivery platform, we remain the only CDFI operating in the area. We are keen to expand our business lending activity to address identified market failure. Small businesses are unable to access bank support at present and the non-availability of funds to support investment at the point of growth is a major barrier which is stifling some promising enterprises. We currently receive referrals from mainstream and specialist banks for loan support. The Government must find ways of stimulating the banking sector's support for new and early life businesses. Within the LEP we are able to present the 'voice of enterprise'. We are keen to see the LEP benefit from innovative financing models, including borrowing against a range of surplus public sector assets which could have their ownership and/or management transferred to Five Lamps, either with free title or long-term lease. Strengthening our balance sheet is important to our future sustainability and in tune with the Government's plans to build a stronger civil society.

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. Last year we reported that the impact of the 'credit crunch' presented a threat to our loan fund given our focus on new starts, particularly those unable to access capital through mainstream channels. The 2009/2010 accounts show an increased provision for bad debt and a greater level of write-off. We have sustained our Phoenix capital longer than many recipients, now into its seventh year, and we continue to support a diverse range of new businesses. That original capital allocation of £200,000 has now supported circa £485,000 of loan activity.

In July 2009 we secured a further £180,000 capital for on-lending to new and early-life businesses. This capital is from the One NorthEast Regional Enterprise Loan Fund (RELFF), managed by Entrust. We had hoped that it would act as a precursor to further capital over the next few years, from the European-funded Jeremie programme, but that now seems unlikely. We did receive a further allocation of £109,000 capital in April 2010, to bridge the period until Jeremie was scheduled to kick in. The evaluation of the CDFI pilot has been excellent, with strong recognition of local impact. It is now apparent that we will have to create our own loan fund moving forward. We will signpost customers to the new RELFF where appropriate.

In August 2009, Five Lamps secured its largest-ever enterprise contract with a successful tender to Stockton-on-Tees Borough Council to deliver enterprise gateways across the borough and raise the awareness of enterprise within the community. This contract is worth up to £1.15 million over 30 months and addresses a range of need identified in the unsuccessful LEGL bids from 2006, notably community business coaching, accessible community services, integrated support and connection to mainstream business start-up services.

The leverage of European funding into the planned programme presented a range of logistical issues in the early part of the contract, but the programme is well under way with gateway provision established.

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 hope to transform into serviced enterprise gateways.

Financial Inclusion

Since we entered the personal finance marketplace in June 2007, the growth of our service has been exceptional. The initial loan fund of £80,000 from the Northern Rock Foundation, 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, will grow to nearly £2 million by December 2010.

We have secured contracts to deliver Financial Inclusion Growth Fund throughout the North East of England, from Berwick to Scarborough. In the current year we will make circa 11,000 loans at an average loan size of circa £420.

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There is no doubt that Five Lamps' experience of community development and social/economic regeneration contributes significantly to our success. We have a structured delivery model which targets the most disadvantaged communities with discreet advertising and progresses via free phone contact, through credit checking, a comprehensive financial review, a face-to-face meeting and approval within 7 days. Our team of loan officers and call handlers has grown significantly from 1 to 22 in just over 3 years.

The timeline for our financial inclusion service illustrates the rapid growth

July 2008 – awarded DWP Growth Fund contract to cover Stockton, Redcar & Cleveland, Scarborough & Whitby

February 2009 – awarded contract to cover Middlesbrough & Wear Valley

May 2009 – awarded contract to cover Gateshead, Derwentside and Chester-le-Street

September 2009 – awarded contract to deliver in Newcastle-upon-Tyne, Darlington, Easington, Sedgefield and Durham

February 2010 – awarded contract for Northumberland

March 2010 – secured 'Trusted Partner' status with the RBS Group

March 2010 – secured funding from the Third Sector Capacity Fund run by One North East to build the business case for a regional loan fund

May 2010 – awarded the 'Helping Hand' contract to deliver the regional private housing financial assistance programme

We will establish 'The Great North Loan Fund' across the North East and Cumbria from April 2011. We believe that our Fund will be making in excess of 25,000 loans per annum by 2013. Five Lamps will not receive revenue support from the Growth Fund beyond March 2011 but will retain the capital to continue to be loaned out 'in the spirit of the Growth Fund'. We are firmly of the view that the scale of financial exclusion in the North East necessitates a substantial new player. The full business case will be complete by Christmas 2010 and we envisage a prospectus for social investment being produced in January 2011. We are awaiting further guidance on the proposed 'Big Society Bank'. Our work on the business case is being supported by the Community Flagship Programme, a key element of the Northern Rock Bank's Corporate Social Responsibility activities. This programme provides access to high quality volunteers who bring specific professional expertise to the development process.

We are also progressing towards a ground-breaking Memorandum of Understanding with a world-class banking partner to provide additional capital for on-lending, a free impartial and independent education and awareness programme, co-located advisers and access to mainstream financial services for thousands of people throughout our region.

The regional service would ensure that 9 of the 25 'red areas' across the country, identified in the Financial Inclusion Task Force/Experian Report in 2007, were covered. An update of that report has concluded that 5 of the 13 'red areas' remain in our region.

We have recognised that providing unsecured loans to low-income individuals excluded from mainstream financial services and consequently unable to access affordable credit is a risky business and our portfolio is a tad unbalanced. Our success in securing the regional 'Helping Hand' contract to deliver secured loans creates a greater balance. Loans totalling circa £3million per annum will be made. The funds for 2010/2011 are secured but the future delivery will depend on the October 2010 Comprehensive Spending Review. 'Helping Hand' is delivered throughout the region with all 12 local authorities taking part.

The 'Helping Hand' contract has required the establishment of a new designated bank account and there is a fixed and floating charge debenture in place. This debenture provides security over the fund itself and the assets derived from the fund, primarily the charges on the individual properties which are being improved, and is not a charge on the general assets of the Charity.

Financial Exclusion has been the unseen and forgotten element of social and economic regeneration for far too long. The under-investment in credit unions, infrastructure and support agencies and the omission of the issue from health improvement strategies, area-based initiatives, employability programmes and, perhaps worst of all, from the range of indicators per Local Area Agreements (the closest proxy being the reduction in child poverty), is shameful.

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Five Lamps is a catalyst for new partnerships. We continue to support Tees Credit Union, and have 2 forward-thinking credit unions, Cestria, in Chester-le-Street and Gateshead, and Prince Bishops, in Derwentside, as sub-contractors. We want to see multi-agency financial inclusion forums in every area that we work in and we remain committed to embedding financial inclusion as a major cross-cutting theme in the Sustainable Communities Strategies.

Our work in the financial inclusion field has energised the organisation. We are unique among UK Community Development Finance Institutions in that we have a diverse service portfolio with the potential to offer 'whole family' support. We are the fastest-growing personal lending CDFI in the UK. In September 2010 we were visited by the Centre for Social Justice who described our financial inclusion activities and our integrated services as 'truly remarkable'.

Total income for the year to 31 March 2010 totalled £2,591,169 (£1,559,983 in 2008/2009) an increase of 66.1%. This position reflects the growth which had started towards the end of the previous financial year and was recognised in last year's Trustees' Report.

In the course of our activities we encourage volunteering, with up to 25 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 in other third sector organisations under the terms of our volunteering policy.

2009/2010 has been another highly successful year and we move forward with the best-integrated range of social, economic and financial inclusion services in our sector in the region, with a much broader geographical coverage. In many respects this has been our most successful year ever. This is testament to the efforts of a great team of talented and committed staff, motivated to create possibilities and truly change lives.

Quantum of 2009/2010 Activity

Five Lamps exists to provide services for 'the benefit of the public'. The continued growth of our project portfolio and our ability to offer an increasingly integrated range of life-changing possibilities to our customers, their families and communities demonstrates real public benefit.

During 2009/2010 the performance of Five Lamps' projects was strong. The following are the headline numbers for the majority of our core business activities:

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u> (Projected)
Businesses Supported	212	405	609	650
Business Start ups	109	123	171	225
Business Loans	62	66	34	24
Business Loans Value £000	110	98	178	110
Personal Loans	142	586	4,069	10,000
Personal Loans Value £000	81	245	1,475	4,200
Personal Finance Advice clients	583	1,749	16,000	24,000
Clients into Employment	201	217	315	415
Clients achieving a qualification	592	246	302	310
Clients receiving I A G	685	815	969	1,080
CSCS Tests passed	140	219	240	270
E2E Starts	41	52	91	90
E2E Progressions	21	28	36	50
Young People accessing services (12-16 Year old)	193	497	692	700
Young People accessing services (7-11 Year old)	235	690	756	800
Young people with Special Needs	35	447	552	600
People accessing community activities	750	823	1,263	1,400

We have committed to publishing social accounts for the period to 31 December 2010 and a substantial body of work aimed at demonstrating our impact has commenced using the services of a registered social auditor and fully engaging staff, stakeholders and our customers.

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FOR THE YEAR ENDED 31 MARCH 2010**

Financial Review

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2010 and associated notes are set out on pages 16 to 36

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 has been challenged by the fluctuations in contract income in the past but during 2009/2010 was achieved throughout the year.

Financial performance exceeded budget projections during 2009/2010 resulting in a surplus of £417,358 as against a loss of £157,292 in the previous year. Excellent contract performance was achieved across all four business divisions.

At 31 March 2010 there were some restricted funds which were in deficit. These funds had become overdrawn as expenditure had exceeded income received where the level of normal operating costs was not met by that income.

The deficit on South Thornaby Community Resource Centre results from the difficulty in replacing an anchor tenant since 2008 and the challenge of balancing open-access community use with revenue-generating activity. The Trustees have agreed to write off the balance on South Thornaby CRC (£28,621) by transfer to unrestricted reserves.

The balances of two further funds in deficit, The Youthy and Train to Work (£30,509 and £3,720 respectively) are also to be written off by transfer to unrestricted reserves.

Two funds, Enterprise Business Loans and Community Finance & Growth Fund - Personal Loans, were in deficit but will carry forward as they relate to ongoing trading activity and significant improvement is apparent during the new financial year. Principal funding sources are outlined in note 4(a) to the accounts.

Key Results

The 3 year strategic direction published in March 2010 identifies 6 key strategic priorities for the period 2010-2013:

- Growing our 4 business divisions: 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 trustees have recognised the success of the previous 3 years and these priorities remain unchanged. They are firmly in tune with the Government's plans to build a stronger civil society, particularly in opening up public services.

The key targets for 2009/2010 were approved by the Board of Trustees in April 2009 and were as follows:

- Secure additional capital to expand our financial inclusion services. *Achieved May 2009, September 2009 and March 2010*
- Secure new contract and complete implementation of new structures for delivery of Stockton 'Communities Fund' Employability contract. *Achieved May 2009*
- Start on site for refurbishment of 32 Dovecot Street. *Achieved June 2009*
- Secure Flexible New Deal sub-contract and delivery of Intermediate Labour Market-type project within the scope of Future Jobs Fund. *Achieved July 2009*
- Secure additional capital and new contracts for enterprise activity. *Achieved July 2009 and August 2009*
- Establishment of Neighbourhood Enterprise Gateways via 'Communities Fund' Enterprise. *Achieved December 2009 and Ongoing*
- Complete delivery plan for the creation of up to six new social enterprises. *This work remains ongoing*
- Secure support for the establishment of the Great North East Loan Fund, the first third sector-led, regional response to affordable credit/financial inclusion. *Achieved March 2010*

THE FIVE LAMPS ORGANISATION
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**DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2010**

Key Results - continued

- Complete feasibility study for a housing project, including evaluation of the Community Land Trust model *Deferred*
- Commence the implementation of the Business Plan for Stockton Community Interest Company *Deferred pending outcome of local authority asset review*
- Open 32 Dovecot Street *Achieved December 2009*
- Continue the growth of our services and their derivatives across the four business divisions, including commissioned services via the Stockton Children's Trust *Ongoing*
- Maintain balanced budget and positive cash flow at 31 March 2010 *Achieved surplus*

Future Plans

The Business Plan for 2010-2011 is reflected in the budget approved by the Board of Trustees at their February 2010 meeting. The full Plan was presented to the March 2010 Board Meeting and our staff and key stakeholders were consulted before final ratification in April 2010.

The key developments are

- Feasibility Study for Great North Loan Fund, including new products and branding *Funding secured April 2010 and work in progress including Trusted Partner status with RBS Group and work with the Northern Rock Bank Community Flagship Programme*
- Introduction of North East Private Housing Financial Assistance Programme 'Helping Hand' *Contract Awarded May 2010*
- Flexible New Deal sub-contract delivery in Newcastle, Gateshead and County Durham *Flexible New Deal Phase 2 to be replaced by The Work Programme*
- Enterprise Gateways *Gateways in Billingham, Stockton Town Centre and South Thornaby established*
- Increased Employer Engagement within Communities Fund delivery *Additional engagement activity commenced August 2010*
- Establishing a Health & Social Care Division *Work in progress-awaiting the Government's vision for adult social care which is expected to be published in November 2010*
- Growth Fund delivery in Northumberland *Team established in April 2010 and Morpeth office established*
- Investment in Infrastructure, including IT and Telephony, and Upgrading Premises *Investment ongoing*
- Securing the transfer of ownership of Eldon Street and South Thornaby and a number of other public assets *Awaiting the outcome of a local authority review of assets*
- A range of community facilities and services *Work in progress-a number of possible services and locations are being considered*
- Financial Awareness & Capability training and capacity building package *Delivery commencing October 2010*
- Development of up to 6 Social Enterprises *Work in progress*
- 'Customer First' and 'Change Matters' accreditation and Investors in People 'Gold Standard' to supplement previous Quality mark success *Customer First achieved April 2010 and IIP Gold achieved August 2010*
- Production of Social Accounts *First set of social accounts for year to 31 December 2010 will be published in February 2011*

Plus additional elements identified from staff seminars and planning workshops in April 2010 as follows

- Delivery of a Five Lamps marketing strategy which includes a substantially updated web presence including full use of social networking etc, creating an enhanced digital footprint *Fully revised website launched October 2010 and updated marketing strategy to be published in November 2010*
- Consideration of family intervention projects, including the expansion of Special Needs Youth and broad-based 'Teen Parent'-type model *Awaiting the outcome of the local youth services review and a number of broader commissioning opportunities December 2010*
- Engage in 14/19 Diploma/Apprenticeships offer, including reaching into schools to work with Y9, 10 and 11 young people and supporting re-integration into learning. Reviewing the skills/qualifications offer and linking to construction companies etc *January 2011*
- Evaluate Foundation Learning/e2e model in other locations where there is no/minimal current provision *February 2011*

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DIRECTORS'/TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2010

Future Plans - continued

- Develop the business case for a housing/hostel/life skills facility for homeless and/or other vulnerable groups *February 2011*
- Review the potential outward bound offer, associated qualifications and the case for a residential centre *March 2011*
- Consider the case for the introduction of incubator units/managed workspace and a leasing option for assets for new businesses *January 2011*
- Greater focus on young enterprise *Ongoing*
- Measurement of programme outcomes and customer distance travelled including new internal processes *Ongoing*
- Complete review of STCRC activities and usage, including multi-purpose gym, and develop sustainability strategy *March 2011*

These developments are tangible evidence of the success of our strategic direction, our capacity for continuous service improvement and the strength and quality of our service delivery

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

Approval

This report was approved by the Board of Trustees on 26 October 2010 and signed on its behalf



T.D. Murphy
Chair

THE FIVE LAMPS ORGANISATION
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Five Lamps Organisation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE FIVE LAMPS ORGANISATION
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2010**

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2010 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 Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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) and for being satisfied that the financial statements give a true and fair view 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. 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 the financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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 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 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
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2010**

OPINION

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010, 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 United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

Baines Jewitt

Jeremy Lester FCA (Senior Statutory Auditor)
for and on behalf of Baines Jewitt (Statutory Auditors)
Chartered Accountants
Barrington House
41-45 Yarm Lane
Stockton-on-Tees
TS18 3EA

26 October 2010

JL/AJD

THE FIVE LAMPS ORGANISATION
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**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3(a)	49,628	24,813	74,441	78,027
Activities for generating funds	3(b)	-	2,550	2,550	16,672
Investment income	3(c)	221	6,646	6,867	7,510
Incoming resources from charitable activities:					
Contract performance and grant income	4(a)	2,428,787	-	2,428,787	1,398,823
Others	4(b)	52,259	1,836	54,095	37,652
Other Incoming Resources					
Interest generated by programme related investments	2(e) & 16	24,429	-	24,429	21,299
TOTAL INCOMING RESOURCES		2,555,324	35,845	2,591,169	1,559,983
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	2,780	2,780	2,670
Costs of fundraising activities	6	-	-	-	1,260
Investment management costs	7	-	1,485	1,485	1,430
Charitable activities	8	2,050,752	85,899	2,136,651	1,683,294
Governance costs	9	-	32,887	32,887	27,645
TOTAL RESOURCES EXPENDED		2,050,752	123,051	2,173,803	1,716,299
Net Incoming/(Outgoing) Resources before Transfers		504,572	(87,206)	417,366	(156,316)
Gross Transfers Between Funds	22	62,850	(62,850)	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses		567,422	(150,056)	417,366	(156,316)
Other Recognised Gains and Losses					
Unrealised loss on investments	18	-	(8)	(8)	(976)
Net Movements in Funds		567,422	(150,064)	417,358	(157,292)
Reconciliation of Funds:					
Funds Brought Forward	22	139,927	1,049,835	1,189,762	1,347,054
FUNDS CARRIED FORWARD	22 & 23	707,349	899,771	1,607,120	1,189,762

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 investment in the year of £994,862 in the carrying value of Programme Related Investments (note 16)

The notes on pages 18 to 36 form part of these financial statements

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

BALANCE SHEET AS AT 31 MARCH 2010

	Notes	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	15		1,093,711		1,130,390
Programme related investments	16		1,299,604		304,743
			<u>2,393,315</u>		<u>1,435,133</u>
CURRENT ASSETS					
Debtors	17	885,991		164,125	
Investments	18	74		82	
Cash at bank and in hand		938,747		271,043	
		<u>1,824,812</u>		<u>435,250</u>	
CREDITORS. Amounts falling due within one year	19	(703,176)		(253,125)	
				<u></u>	
NET CURRENT ASSETS			<u>1,121,636</u>		<u>182,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,514,951</u>		<u>1,617,258</u>
CREDITORS: Amounts falling due after more than one year	20		(1,907,831)		(427,496)
			<u></u>		<u></u>
NET ASSETS			<u>1,607,120</u>		<u>1,189,762</u>
FUNDS					
Unrestricted funds	22		899,771		1,049,835
Restricted funds	22		707,349		139,927
			<u></u>		<u></u>
TOTAL FUNDS			<u>1,607,120</u>		<u>1,189,762</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to smaller companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the Board on 26 October 2010 and signed on its behalf by

T.D. Murphy
Trustee

D. Brown
Trustee

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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 April 2008) and the Companies Act 2006, 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) Contract Performance Income

Contract income is included in incoming resources when receivable, excluding VAT output tax where applicable

(ii) 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

(iii) 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

(iv) Investment Income

Investment income is included when receivable by the Charity

(v) 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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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
Leasehold buildings	Straight line over term of lease
Equipment and machinery	25% per annum straight line with effect from 1 April 2009 *
Fixtures and fittings	25% per annum straight line with effect from 1 April 2009 *
Office equipment	25% per annum straight line with effect from 1 April 2009 *
Motor vehicle	25% per annum reducing balance

* As from 1 April 2009, the written down values of existing assets within these categories, together with the cost of subsequent additions, are being written off over 4 years i.e. at a depreciation rate of 25% per annum on the straight line basis, which is considered to reflect a more appropriate estimate of useful lives. Prior to 31 March 2009, depreciation was provided on the reducing balance basis at 25%, 15% and 15% respectively.

(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 may 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 ongoing purpose.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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 leases 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 £	Total 2010 £	Total 2009 £
(a) Voluntary Income				
Voluntary Sector Support Fund - grant	49,628	24,813	74,441	75,641
Donations	-	-	-	2,386
	<u>49,628</u>	<u>24,813</u>	<u>74,441</u>	<u>78,027</u>
(b) Activities for Generating Funds				
Management fee to third parties	-	2,550	2,550	2,425
Rental income	-	-	-	14,247
	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>16,672</u>
(c) Investment Income				
Bank interest	221	1,122	1,343	2,028
Garage rental income	-	4,300	4,300	4,300
Dividends (and sale of rights) on UK quoted investments	-	45	45	61
Café rental income	-	1,179	1,179	1,121
	<u>221</u>	<u>6,646</u>	<u>6,867</u>	<u>7,510</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

(a) Contract Performance and Grant Income

	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2010 £	Total 2009 £
Accent Foundation	-	-	-	-	-	-	14,550
Business Link	-	-	-	35,134	-	35,134	134,724
CD Centre	-	-	-	186,700	-	186,700	-
Communities Fund - capital grant	-	-	36,959	-	-	36,959	-
Communities Fund - running costs	-	-	466,337	-	-	466,337	-
Communities Fund - action plans	-	-	304,150	-	-	304,150	-
Communities Fund - outcomes	-	-	166,420	-	-	166,420	-
Communities Fund - sustainable income	-	-	21,700	-	-	21,700	-
Communities Fund - provisions income	-	-	156,691	-	-	156,691	-
Connexions	-	-	-	-	8,885	8,885	-
Department for Works and Pensions	-	-	1,000	358,395	-	359,395	132,202
European Social Fund	-	-	-	-	-	-	4,822
Hartlepool Working Solutions	-	-	-	-	-	-	14,882
Igen	-	-	-	-	-	-	4,260
Learning & Skills Council	-	-	70,839	-	300,959	371,798	360,730
National Institute of Adult Continuing Education	-	20,000	-	-	-	20,000	22,500
Neighbourhood Renewal Fund	-	-	4,653	-	18,278	22,931	557,298
New Opportunities fund	-	-	-	-	9,514	9,514	12,635
North East England Investment Centre	-	-	-	2,912	-	2,912	49,000
Northern Rock Foundation	-	-	35,000	-	-	35,000	64,300
North Tees Primary Care Trust	-	-	-	-	-	-	10,250
Stockton Borough Council - Future Jobs Fund	-	-	24,124	-	-	24,124	-
Stockton Borough Council - Enterprise Gateway	-	-	-	120,036	-	120,036	-
Stockton Borough Council - Drug Action Team	-	-	-	-	-	-	12,000
Tyne and Wear Enterprise Trust	-	-	-	79,201	-	79,201	-
Other Grant Income	-	-	900	-	-	900	4,670
	-	20,000	1,288,773	782,378	337,636	2,428,787	1,398,823

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

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

5 COSTS OF GENERATING VOLUNTARY INCOME

	2010 £	2009 £
Direct project costs	-	-
Staff costs	2,600	2,490
Premises costs	95	95
Office costs	50	50
Central overheads	35	35
	<u>2,780</u>	<u>2,670</u>

6 COSTS OF FUNDRAISING ACTIVITIES

	2010 £	2009 £
Direct project costs	-	-
Staff costs	-	1,130
Premises costs	-	130
Office costs	-	-
Central overheads	-	-
	<u>-</u>	<u>1,260</u>

7 INVESTMENT MANAGEMENT COSTS

	2010 £	2009 £
Direct project costs	-	-
Staff costs	-	-
Premises costs	1,485	1,430
Office costs	-	-
Central overheads	-	-
	<u>1,485</u>	<u>1,430</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

8 RESOURCES EXPENDED - CHARITABLE ACTIVITIES

(a) Charitable Expenditure

	Notes	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2010 £	Total 2009 £
Staff costs	10	-	30,519	392,704	320,518	142,189	885,930	786,220
Premises costs	11	-	64,513	14,825	13,689	53,155	146,182	110,583
General office costs	12	-	10,006	21,810	32,645	6,781	71,242	33,102
Grants payable		-	-	133,792	1,960	-	135,752	137,798
Bad debt provision	16	-	-	-	200,000	-	200,000	75,000
Direct project costs		-	-	-	-	-	-	-
- Depreciation	14	-	13,144	312	-	21,997	35,453	38,693
- Depreciation adjustment on fixed assets written off		-	6,434	1,885	926	6,181	15,426	-
- Publicity and promotion		-	164	2,893	20,543	25	23,625	16,687
- Tutor costs		-	-	21,461	-	-	21,461	22,225
- Training and accreditation costs		-	-	15,396	1,950	3,926	21,272	1,668
- Activities costs		-	-	-	-	21,089	21,089	25,656
- Creche costs		-	-	-	-	578	578	98
- Subscriptions/affiliations		-	242	663	22,092	1,336	24,333	5,568
- Books and publications		-	-	252	-	454	706	788
- Apprentices allowances/expenses		-	-	-	-	-	-	27,811
- Insurance		-	859	1,813	2,576	859	6,107	6,266
- Mobile phones		-	-	1,909	2,180	-	4,089	3,036
- Consultancy/facilitators fees		-	2,609	900	86,824	216	90,549	75,714
- Motor vehicle expenses		-	-	-	-	1,070	1,070	1,657
- Bank charges re loan funds		-	-	-	7,656	-	7,656	-
- Others		-	(21)	286	4,736	979	5,980	4,702
		-	128,469	610,901	718,295	260,835	1,718,500	1,373,272

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

8 RESOURCES EXPENDED - CHARITABLE ACTIVITIES - continued

(b) Support Costs

	Notes	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2010 £	Total 2009 £
Staff costs	10	314,470	-	-	-	-	314,470	249,023
Premises costs	11	33,332	-	-	-	-	33,332	29,133
General office costs	12	23,458	-	-	-	-	23,458	11,694
Professional fees		6,308	-	-	-	-	6,308	3,611
Subscriptions		6,093	-	-	-	-	6,093	3,785
Insurance		1,647	-	-	-	-	1,647	1,218
Depreciation	14	3,542	-	-	-	-	3,542	5,472
Depreciation adjustment on fixed assets written off		19,874	-	-	-	-	19,874	-
Loan interest		1,545	-	-	-	-	1,545	2,624
Bank interest		-	-	-	-	-	-	46
Bank charges re loan funds		2,569	-	-	-	-	2,569	-
Finance lease interest		534	-	-	-	-	534	905
Publicity and advertising		2,411	-	-	-	-	2,411	1,542
Others		2,368	-	-	-	-	2,368	969
Allocation to activities of:								
- Management and administration costs		(392,803)	9,599	200,347	124,056	58,801	-	-
- Staff costs		(1,500)	-	-	1,500	-	-	-
- Premises costs		(6,144)	(9,000)	11,172	3,972	-	-	-
- Office costs		(4,380)	(612)	2,772	2,220	-	-	-
		<u>13,324</u>	<u>(13)</u>	<u>214,291</u>	<u>131,748</u>	<u>58,801</u>	<u>418,151</u>	<u>310,022</u>
GRAND TOTAL		13,324	128,456	825,192	850,043	319,636	2,136,651	1,683,294

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

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FOR THE YEAR ENDED 31 MARCH 2010**

9 GOVERNANCE COSTS

	2010 £	2009 £
Staff costs	8,517	8,350
Premises costs	-	-
Office costs	320	285
Central overheads	24,050	19,010
	<u>32,887</u>	<u>27,645</u>

10 STAFF COSTS AND TRUSTEES' REMUNERATION

Total employment costs were as follows

	2010 £	2009 £
Gross pay	1,030,029	864,501
Employer's national insurance	83,103	75,839
Employer's pension	27,511	31,668
Training	16,066	14,322
Expenses	36,007	21,636
Insurances	-	50
Staff from other organisations	-	15,401
Agency staff	-	9,151
Staff recruitment	18,801	-
Redundancy pay	-	14,645
	<u>1,211,517</u>	<u>1,047,213</u>

The above staff costs have been allocated to the various activities of the Charity as follows

	2010 £	2009 £
Charitable expenditure	885,930	786,220
Support costs	314,470	249,023
Costs of generating voluntary income	2,600	2,490
Costs of fundraising activities	-	1,130
Governance costs	8,517	8,350
	<u>1,211,517</u>	<u>1,047,213</u>

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

	2010 No.	2009 No.
Direct charitable work	44	37
Administrative	12	10
	<u>56</u>	<u>47</u>

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FOR THE YEAR ENDED 31 MARCH 2010

10 STAFF COSTS AND TRUSTEES' REMUNERATION - continued

No employees earned £60,000 or more

Of the total pension costs of £27,511 (2009 £31,668) £3,994 was outstanding at 31 March 2010 (2009 £3,608)

No remuneration was paid to trustees in the year (2009 £nil) No expenses were reimbursed to trustees in the year (2009 £72) The 2009 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 1 April 2004 The cost of the premium included in these financial statements is £576 (2009 £911)

11 PREMISES RUNNING COSTS

The Charity provides its services from four main centres plus a range of outreach centres, the total operating costs of which were as follows

	2010 £	2009 £
Utilities	43,344	35,490
Cleaning	31,603	28,438
Telephone	25,672	17,824
Fax	480	-
Internet	264	1,738
Maintenance - building	25,834	10,923
Maintenance - equipment	13,541	7,959
Maintenance - IT	10,674	10,351
Depreciation	29,682	28,648
Recharges to third parties	-	-
	<u>181,094</u>	<u>141,371</u>

The above premises running costs have been allocated to the various activities of the Charity as follows

	2010 £	2009 £
Charitable expenditure	146,182	110,583
Support costs	33,332	29,133
Costs of generating voluntary income	95	95
Costs of fundraising activities	-	130
Investment management costs	1,485	1,430
Governance costs	-	-
	<u>181,094</u>	<u>141,371</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

12 OFFICE RUNNING COSTS

The Charity provides its services from four main centres plus a number of outreach centres, the total office running costs of which were as follows

	2010 £	2009 £
Stationery	27,233	15,719
Postage	7,618	4,196
Office furniture and equipment	5,883	3,495
Photocopying	121	(129)
Maintenance - office equipment	297	-
Depreciation	32,822	10,940
Drinking water and refreshments	2,043	2,911
Office furniture	454	-
Office rent	11,866	7,085
Container hire	1,663	914
Office equipment leasing	5,070	-
Recharges to third parties	-	-
	<u>95,070</u>	<u>45,131</u>

The above office running costs have been allocated to the various activities of the Charity as follows

	2010 £	2009 £
Charitable expenditure	71,242	33,102
Support costs	23,458	11,694
Costs of generating voluntary income	50	50
Costs of fundraising activities	-	-
Investment management costs	-	-
Governance costs	320	285
	<u>95,070</u>	<u>45,131</u>

13 MOVEMENT IN TOTAL FUNDS FOR THE YEAR

This is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets	101,499	83,753
Depreciation adjustment on fixed assets written off	35,300	-
Trustees'/directors' emoluments	-	-
Auditors' remuneration	<u>15,000</u>	<u>11,500</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

14 DEPRECIATION

The charge for depreciation is made up as follows

	2010 £	2009 £
The Youthy (freehold property)	16,347	16,347
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	35,636	35,636
Equipment and machinery	5,995	11,155
Fixtures and fittings	7,503	6,468
Office equipment	36,018	13,929
Motor vehicle (minibus)	-	218
	<u>101,499</u>	<u>83,753</u>

This has been allocated as follows

	2010 £	2009 £
Charitable expenditure	35,453	38,693
Support costs	3,542	5,472
Premises running costs	29,682	28,648
Office running costs	32,822	10,940
	<u>101,499</u>	<u>83,753</u>

15 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
Cost							
At 1 April 2009	817,356	549,155	317,800	129,087	162,738	2,750	1,978,886
Additions	16,448	-	-	3,915	79,757	-	100,120
Disposals	-	-	(138,967)	(43,319)	(42,896)	(2,750)	(227,932)
At 31 March 2010	<u>833,804</u>	<u>549,155</u>	<u>178,833</u>	<u>89,683</u>	<u>199,599</u>	<u>-</u>	<u>1,851,074</u>
Depreciation							
At 1 April 2009	114,429	271,392	284,338	92,433	83,806	2,098	848,496
Charge for the year	16,347	35,636	5,995	7,503	36,018	-	101,499
Disposals	-	-	(129,481)	(32,768)	(28,285)	(2,098)	(192,632)
At 31 March 2010	<u>130,776</u>	<u>307,028</u>	<u>160,852</u>	<u>67,168</u>	<u>91,539</u>	<u>-</u>	<u>757,363</u>
Net Book Values							
At 31 March 2010	<u>703,028</u>	<u>242,127</u>	<u>17,981</u>	<u>22,515</u>	<u>108,060</u>	<u>-</u>	<u>1,093,711</u>
At 31 March 2009	<u>702,927</u>	<u>277,763</u>	<u>33,462</u>	<u>36,654</u>	<u>78,932</u>	<u>652</u>	<u>1,130,390</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

15 TANGIBLE FIXED ASSETS - Continued

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

	Fixtures and Fittings £	Office Equipment £	Total £
Cost			
At 1 April 2009	10,046	8,814	18,860
Disposals	-	(8,814)	(8,814)
	<u>10,046</u>	<u>-</u>	<u>10,046</u>
At 31 March 2010	<u>10,046</u>	<u>-</u>	<u>10,046</u>
Depreciation			
At 1 April 2009	4,802	4,213	9,015
Charge for year	1,311	-	1,311
Eliminated on disposals	-	(4,213)	(4,213)
	<u>6,113</u>	<u>-</u>	<u>6,113</u>
At 31 March 2010	<u>6,113</u>	<u>-</u>	<u>6,113</u>
Net Book Value			
At 31 March 2010	<u>3,933</u>	<u>-</u>	<u>3,933</u>
At 31 March 2009	<u>5,244</u>	<u>4,601</u>	<u>9,845</u>

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 some years ago at £500,000 for the purposes of securing bank facilities 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 31 March 2010 of £703,028 (2009 £702,927). All things considered, it is unlikely that The Youthy will have suffered material permanent impairment in value since it was originally built and, in the opinion of the trustees, a carrying value based on original cost less depreciation continues to be appropriate for accounting purposes.

Leasehold Land and Buildings

These comprise three 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 current lease with Stockton Borough Council 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 31 March 2000 and 31 March 2001.

(b) South Thornaby Community Resource Centre

The current lease with Stockton Borough Council is for a period of 25 years from February 2000 and any expenditure is being written off over the remainder of this period.

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**NOTES TO THE FINANCIAL STATEMENTS
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15 TANGIBLE FIXED ASSETS - Continued

(c) Dovecot Street Premises

The current lease with Stockton Borough Council is for a period of 99 years from January 2010 and any future expenditure will be written off over the remainder of this period

16 PROGRAMME RELATED INVESTMENTS

Business Loans:

(a) CDFI Project

The Charity provides last resort loan finance for small businesses by acting as a Community Development Finance Institution (CDFI) in accordance with a grant offer letter from the Small Business Service dated 12 May 2004. The original £200,000 funding of capital for on-lending came from the Phoenix Fund (Challenge Fund). This funding ceased on 31 March 2006. Since then, the repayments made on earlier loans have been used to fund further lending and the original CDFI loans are now part of the overall 'business lending' which includes funding via Tyne & Wear Enterprise Trust - see below

(b) Tyne & Wear Enterprise Trust Limited

In the year to 31 March 2010, the Charity entered into an agreement with Tyne & Wear Enterprise Trust whereby capital funding is provided in order to support a pilot project under which micro finance is made available to financially excluded micro and pre-start businesses in the north-east of England. This capital funding is known as the RELF Fund.

Under the terms of the contract, all repayments and interest earned on such repayments remain the property of Tyne & Wear Enterprise Trust.

Tyne & Wear Enterprise Trust have also provided revenue funding of £79,201 to assist with the running costs of this project.

The relevant assets and liabilities at 31 March 2010 in relation to this project were as follows

Programme Related Investments (before provision for doubtful debts)	£ 183,942
Debtors:	
Contract income/grants receivable	<u>27,882</u>
Creditors:	
Funds under management	<u>182,777</u>

Personal Loans:

(c) Northern Rock Foundation

In 2008 £80,000 was received from Northern Rock Foundation which was 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 31 March 2008. Since then, the repayments made have also been used to fund further lending and the original Northern Rock loans are now part of the overall 'personal lending' which incorporates the Growth Fund - see below

(d) Growth Fund

In the year ended 31 March 2009, the Charity entered into an agreement with the Department for Work and Pensions (DWP) whereby capital funding is provided in order to increase the number of affordable personal loans that are available to people on low incomes who live in areas of high financial exclusion.

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16 PROGRAMME RELATED INVESTMENTS - continued

(d) Growth Fund - continued

Until the contract end date on 31 March 2011, the DWP funded 'loan book', together with a minimum of 25% of any interest received, remains the property of the DWP. Up to 75% of interest received can be used by the Charity to support running costs or to develop the organisation in other ways, subject to obtaining prior agreement from the DWP. At 31 March 2010, the Charity had not requested agreement to use any of the interest received and therefore the interest received to date of £73,008 is included in creditors at that date as part of the balance held on behalf of the DWP - see note 20

Included in these accounts is revenue funding of £350,359 provided by the DWP to assist with the running costs of this project and £8,000 as a capital grant towards the purchase of equipment

The relevant assets/liabilities at 31 March 2010 in relation to the DWP element of this project were as follows

	£	£
Tangible Fixed Assets (at Net Book Value)		15,626
Programme Related Investments (before provision for doubtful debts)		1,131,460
Debtors.		
Contract income/grants receivable		<u>384,583</u>
Creditors		
DWP - funds under management	1,697,633	
Revenue grants received in advance	240,858	
Capital grant received in advance	11,800	
		<u>1,950,291</u>

At the end of the contract, provided that there have been no breaches of the terms and conditions, the funds under management of £1,697,633 (£409,867 at 31 March 2009) are to be transferred to the Five Lamps Organisation in order to facilitate future personal loans

By 31 March 2010, £1,624,625 of capital funding had been applied for by the organisation £1,560,500 of which had already been received with a further £64,125 (see above) included within debtors at that date

Details of Loan Transactions:

	Business Loans £	Personal Loans £	Total 2010 £	Total 2009 £
Loans outstanding as at 1 April 2009 - before provision for doubtful debts	302,696	177,046	479,742	314,008
New loans advanced in year	169,273	1,025,589	1,194,862	165,734
Loans outstanding as at 31 March 2010 - before provision for doubtful debts	471,969	1,202,635	1,674,604	479,742
Provision for doubtful debts	(250,000)	(125,000)	(375,000)	(175,000)
Balance carried forward per Balance Sheet	<u>221,969</u>	<u>1,077,635</u>	<u>1,299,604</u>	<u>304,742</u>

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

The above general provision for doubtful debts totalling £375,000 has been made based on the Organisation's knowledge of loans where problems with repayments are being experienced, and expectations as regards future receipts

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FOR THE YEAR ENDED 31 MARCH 2010

17 DEBTORS

	2010 £	2009 £
Due within one year:		
Contract income/grants receivable	294,673	4,999
Prepayments and accrued income	591,318	159,126
	<u>885,991</u>	<u>164,125</u>

18 INVESTMENTS

	2010 £	2009 £
Quoted investments:		
Market value at beginning of year	82	1,058
Loss on investments from change in value	(8)	(976)
	<u>74</u>	<u>82</u>
Market value at end of year	<u>74</u>	<u>82</u>
Historic cost	<u>NIL</u>	<u>NIL</u>

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Obligations under finance lease contracts	-	1,772
Community Loan Fund	18,162	11,785
Trade creditors	74,264	53,466
Social security and other taxes	142,448	22,162
Accruals and deferred income	40,453	38,298
Contract income/grants received in advance	415,999	113,792
Grant income repayable	11,850	11,850
	<u>703,176</u>	<u>253,125</u>

20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Community Loan Fund	27,421	17,629
Funds under management (see notes 16(b) and 16(d))		
Department for Work and Pensions	1,697,633	409,867
Tyne & Wear Enterprise Trust	182,777	-
	<u>1,880,410</u>	<u>409,867</u>
	<u>1,907,831</u>	<u>427,496</u>

21 SECURED DEBTS

The following secured debts are included within creditors

	2010 £	2009 £
Obligations under finance lease contracts	-	1,772
Community Loan Fund	45,583	29,414

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

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

A further loan of £30,000 was advanced on 11 November 2009 and is secured by a fixed and floating charge dated 6 November 2009

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

22 MOVEMENT IN FUNDS

	Balance 1 April 2009 £	Movement in Resources		Transfers Between Funds and Investment Gains £	Balance 31 March 2010 £
		Incoming £	Outgoing £		
RESTRICTED FUNDS.					
Communities and Health					
South Thornaby CRC	-	42,450	71,071	28,621	-
IT Upgrade	18,599	20,000	13,679	-	24,920
Community interest	2,515	-	-	-	2,515
	<u>21,114</u>	<u>62,450</u>	<u>84,750</u>	<u>28,621</u>	<u>27,435</u>
Employability and Learning					
Employability	(16,367)	1,187,882	725,835	-	445,680
CITB	15,766	7,139	7,251	-	15,654
Train to Gain	(3,538)	84,186	64,261	-	16,387
Train to Work	-	24,125	27,845	3,720	-
	<u>(4,139)</u>	<u>1,303,332</u>	<u>825,192</u>	<u>3,720</u>	<u>477,721</u>
Finance and Enterprise					
NEEAL	-	186,700	88,055	-	98,645
Business Link	38,807	38,046	20,531	-	56,322
Enterprise	25,608	208,593	293,172	-	(58,971)
Community finance and growth fund - personal loans	71,363	373,688	448,285	-	(3,234)
	<u>135,778</u>	<u>807,027</u>	<u>850,043</u>	<u>-</u>	<u>92,762</u>
Young People					
The Youthy	1,163	84,156	115,828	30,509	-
E2E	(13,989)	298,359	174,939	-	109,431
	<u>(12,826)</u>	<u>382,515</u>	<u>290,767</u>	<u>30,509</u>	<u>109,431</u>
TOTAL RESTRICTED FUNDS	<u>139,927</u>	<u>2,555,324</u>	<u>2,050,752</u>	<u>62,850</u>	<u>707,349</u>
UNRESTRICTED FUNDS					
General Reserves	104,484	35,845	50,475	(62,858)	26,996
Designated Funds					
Youth Empowerment Scheme (Capital)	735,650	-	28,869	-	706,781
The Five Lamps Extension	76,713	-	27,404	-	49,309
South Thornaby CRC Redevelopment	95,094	-	8,689	-	86,405
South Thornaby CRC Extension	37,894	-	7,614	-	30,280
	<u>1,049,835</u>	<u>35,845</u>	<u>123,051</u>	<u>(62,858)</u>	<u>899,771</u>
TOTAL UNRESTRICTED FUNDS	<u>1,049,835</u>	<u>35,845</u>	<u>123,051</u>	<u>(62,858)</u>	<u>899,771</u>
TOTAL FUNDS	<u>1,189,762</u>	<u>2,591,169</u>	<u>2,173,803</u>	<u>(8)</u>	<u>1,607,120</u>

Transfers between funds are agreed by the Board

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NOTES TO THE FINANCIAL STATEMENTS
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23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets		Net Current Assets/(Liabilities) £	Long-Term Liabilities £	Total £
	Tangible £	Programme Related Investments £			
Restricted Funds	100,713	1,299,604	1,187,442	(1,880,410)	707,349
Unrestricted Funds	992,998	-	(65,806)	(27,421)	899,771
	<u>1,093,711</u>	<u>1,299,604</u>	<u>1,121,636</u>	<u>(1,907,831)</u>	<u>1,607,120</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

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**NOTES TO THE FINANCIAL STATEMENTS
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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 respectively of Regen School North East

Transactions between Five Lamps and Regen School North East during the year were as follows

	2010 £	2009 £
Income from Regen School North East	<u>2,550</u>	<u>2,425</u>
This income is in respect of rent of property and accounting services provided		
Payments to Regen School North East	<u>55,050</u>	<u>54,675</u>

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

Included in debtors at 31 March 2010 is £nil due from Regen School North East to Five Lamps (2009 £1,525)

Included in creditors at 31 March 2010 is £1,375 due to Regen School North East from Five Lamps (2009 £4,320)

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

	2010 £	2009 £
Transactions between Five Lamps and NEEAL during the year were as follows		
Income from NEEAL	<u>222,808</u>	<u>140,480</u>

This income is in respect of the delivery of services

Included in debtors at 31 March 2010 is £101,874 due from NEEAL to Five Lamps (2009 £18,404)

Diane Patterson, former Vice Chair of the Charity, was employed by Tees Credit Union

Transactions between Five Lamps and Tees Credit Union during the year were as follows

	2010 £	2009 £
Income from Tees Credit Union	<u>80,660</u>	<u>60,725</u>
This income is in respect of salary costs initially borne by Five Lamps, which provides payroll services to Tees Credit Union		
Payments to Tees Credit Union	<u>-</u>	<u>450</u>

Included in debtors at 31 March 2010 is £9,425 due from Tees Credit Union to Five Lamps (2009 £5,381)

Included in creditors at 31 March 2010 is £nil due to Tees Credit Union from Five Lamps (2009 £450)