

**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 2011**

**THE FIVE LAMPS ORGANISATION**  
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**FOR THE YEAR ENDED 31 MARCH 2011**

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**LEGAL AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**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:

**Nominated by Stockton-on-Tees Borough Council:**

Cllr. Ian Dalgarno (nomination ended May 2011)

Cllr. Sylvia Walmsley (nomination ended May 2011)

**Nominated by Tees Valley Churches Together:**

Richard Spruce (retired October 2011)

**Additional Members Appointed to the Council of Management:**

Philip Tucker (Chair - appointed February 2011)

Terence Murphy (Chair - resigned February 2011)

Derrick Brown (Vice Chair - retired October 2011)

Diane Patterson (resigned July 2011)

Ann Grubb (resigned July 2011)

Beryl Robinson (retired October 2011)

Patricia Chambers

Malcolm Bowstead (Treasurer - appointed November 2010)

Vivienne Holmes

Rebecca Hodgson (resigned January 2011)

Ian Wright

**Senior Management Team:**

Graeme Oram	Chief Executive
Sue Westerman	Head of Programmes & Development
William Erskine	Head of Finance & Enterprise
Len Junier	Divisional Manager (Employability)
Nichola Storr	Quality Manager
Nicola Hall	Executive Officer

**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:** Baines Jewitt  
Barrington House  
41-45 Yarm Lane  
Stockton-on-Tees  
TS18 3EA

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**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

The Directors/Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2011 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 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 three 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.

In April 2011, the Board appointed external consultants to facilitate a substantial review of our governance structures; skills and competencies; behaviours; processes and cultures. The brief for the work included:

- Develop a core competency framework for our Trustees. These competencies will be a set of descriptions of personal behaviours required by Trustees, in the Board and corporate governance arena, which help to underpin Five Lamps' culture and corporate values. They are behavioural skills which can be observed, evaluated and improved by development activities. The framework will facilitate business success through Board development, with the competencies linked to Five Lamps' mission, vision and values.
- Oversee a skills audit of our current Trustees and map the outcome, highlighting gaps in specialist knowledge which informs future Trustee development and recruitment.
- Develop a new framework for Trustee recruitment and induction.
- Review the Trustee Code of Conduct and introduce structured processes around key elements such as removal/dismissal of Trustees.
- Develop a structured Trustee appraisal process and review Board Performance Management.
- Consider future governance models and sub-structures which may best support the increasing complexity of Five Lamps, modernising the Articles of Association.
- Review the frequency of meetings; the time spent by Trustees on learning and social activities and the key interaction of Trustees with staff throughout the organisation.

The work undertaken also led to the production of an explicit statement of Board purpose and key responsibilities, as follows:

**Board Purpose**

To provide leadership, strategic direction, challenge and entrepreneurship, driving the business forward, keeping it under prudent control and acting responsibly towards employees, stakeholders and society as a whole.

**Key Responsibilities**

- 1. Managing organisational performance and risk**  
To continuously develop and review the organisation's strategy, objectives, performance, statutory compliance and risk, ensuring the measurement of impact on our customers and communities.
- 2. Leadership and strategy**  
To lead the development of the Five Lamps' vision, values and strategic direction.
- 3. Strategic planning and implementation**  
To create coherent, strategic plans and timetables, monitor performance and review outcomes and impact.
- 4. Leading and delivering change**  
To proactively and positively plan for strategic, transformational change and continuous service improvement in The Five Lamps Organisation's service delivery.

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**5. Business Finance Opportunity**

To assess and evaluate the key strategic, financial, commercial opportunity and investment issues facing The Five Lamps Organisation, in the context of the complex political, economic, sociological, technical and legal context in which it operates.

**6. Communication**

To promote the work of The Five Lamps Organisation to a variety of external partners, stakeholders and audiences. To proactively promote the strategy and work of the Board internally.

**7. Building Team and External Relationships**

To develop, maintain and support productive external, Board and internal networks, partnerships and relationships that produce positive outcomes for the organisation.

**8. Equality and Diversity**

To proactively champion equality and diversity in everything that it and the organisation does, particularly in the context of making people matter and working with some of the most disadvantaged people in society. This is inclusive of every aspect of equality - race, ethnic origin, religion or belief, sex, gender identity and gender reassignment, sex orientation, disability, age, marriage or civil partnership, pregnancy or maternity.

A Core Competency framework was produced introducing behavioural indicators and a detailed skills audit was undertaken.

In July 2011, the Chair recognised that the review of governance represented a watershed in the history of the organisation and that, moving forward, the Board 'will truly reflect the enormous potential and exciting opportunities facing Five Lamps'.

The Board have now agreed an implementation schedule with the aim of the new governance arrangements being fully operational by January 2012. The other key developments to be implemented include a Directors' Handbook; a structured Directors Appraisal process and a more formal Director induction process.

We have reviewed our Articles of Association and are currently seeking Charity Commission approval before their formal adoption by special resolution in November 2011. The revision includes an updating of our charitable objects and these are detailed later in this report.

The Articles no longer include nomination rights for any organisation. This means that the previous nomination of two individuals by Stockton-on-Tees Borough Council and the single nomination from Tees Valley Churches Together have ceased. The Board have also agreed that nobody in a remunerated elected member position in a local authority will hold the position of Director during their period of office, removing the risk of the Charity's political neutrality being compromised.

The Board are now actively recruiting new Directors within the frameworks established.

The Board now operates two formal sub-committees - Audit & Risk and Performance & Customer Service.

**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 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 two 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.

To further mitigate risk we have invested significantly in the physical amenity of our premises.

**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 8 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 strong senior management team which comprises the Chief Executive, the Head of Programmes & Development/Deputy CEO and the Head of Finance & Enterprise. The wider Senior Management Team includes the Divisional Manager (Employability), the Quality Manager and an Executive Officer.

In September 2011, the Board approved a revised senior management structure, to be fully implemented by March 2012. This structure will comprise four Business Divisions - Employability; Families; Financial Inclusion and Enterprise, and three Support Divisions - Finance; Contracts & Performance and Corporate Services.

The establishment of a Families division recognises the increasing integration of Five Lamps' services and adds our former Youth Services division to the emerging work that we are targeting in Early Years provision and in Health & Social Care. Our learning provision will also be included in the Families division.

In approving the changed structure the Board agreed that it:

- Clarifies key responsibilities and promotes accountability
- Better supports the Chief Executive and new governance structures
- Introduces an overt performance management culture
- Balances current priorities and services with future developments
- Builds on strengths of existing senior management team
- Promotes organisational re-design and market positioning
- Enables response to stakeholder needs, demands and aspirations on a broader front
- Enables new service design (systems, processes and technologies) to truly address customer need
- Is based on emerging service blueprints
- Builds on our strengths as an employer (IIP Gold, Sunday Times etc.)

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**Related Parties**

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

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

**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;
- 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.

The proposed updated Articles further refresh these objects and, in the light of the substantial growth experienced by the organisation, remove the geographic restriction of their predecessor.

Once the approval of the Charity Commission is secured, we will adopt the following via special resolution:

The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation, by all or any of the following means:

- a) The prevention or relief of poverty;
- b) The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- c) The advancement of education;
- d) The advancement of health or saving of lives;
- e) The advancement of citizenship or community development;
- f) The advancement of environmental protection or improvement;
- g) The advancement of the arts, culture, heritage or science;
- h) Any other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose.

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Main Activities & Achievements

The main activities of the organisation in 2010/2011 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 as we completed the journey from grant funded projects to earned income from 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, bringing the total value of contracts won to over £20million in revenue and capital since March 2009.

We delivered the majority of our strategic objectives.

Our three main business divisions achieved further service growth.

A surplus of £362,008 was achieved, before making increased provision for bad/doubtful debts. This excludes the extraordinary item i.e. the transfer of £2,652,643 loan fund from our DWP Growth Fund contract.

We now employ 90 people.

We featured at No.13 in the 2011 Sunday Times '100 Best Places to Work in the Public & Third Sector'.

Five Lamps was No.45 in the RBS Social Enterprise 100 Index for Growth (No.32 last year).

We produced our first set of Social Accounts early in 2011 and were short-listed for the 'Impact Champion' award at the 2011 RBS SE 100 Awards.

Our geographic reach expanded further with services now being delivered from the Scottish border to the bottom of Yorkshire.

We secured a DWP Prime Provider contract to deliver the New Enterprise Allowance Loan Service in the North East and Yorkshire.

The Helping Hand project which we deliver for the twelve North East local authorities is recognised as one of the best of its type in the country.

Our ambition to grow our financial inclusion service saw our proposal for a £3million bond included in the NESTA publication 'Twenty Catalytic Investments to Grow the Social Investment Market', which presents an exemplar portfolio of the type of projects which may be picked up by Big Society Capital.

We are now working with over 25,000 people per annum.

Five Lamps remains the fastest-growing personal lending Community Development Finance Institution (CDFI) in the country and will make circa 15,000 personal loans to financially excluded individuals in 2011/2012.

Our Enterprise activity grew considerably as our successful business coaching service built on the continued success of our business development team and in July 2011, working with our partners in NEEAL, we secured a NEA Mentoring Service sub-contract.

£2.6 million of Financial Inclusion Growth Fund capital became ours at the conclusion of our initial contracts and will continue to be loaned in the spirit of the Growth Fund.

One of our volunteers, Jodie Hind, won Volunteer of the Year at the North East VCS Awards; our Chief Executive Graeme Oram won in the 'Outstanding Leadership' category at the same awards; we were short-listed for a Centre for Social Justice award and won the 'Most Enterprising' category at the 2011 Catalyst awards.

We secured a DWP Work Programme sub-contract.

We commenced work on a substantial scale Social Investment Bond issue with our colleagues at Charity Bank and expect to issue a prospectus towards the end of 2011.

With the support of our colleagues at British Gas Energy Trust we have secured funding for two fuel poverty debt advisers.



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Our 'Capacity Builders' programme has worked with nearly 1,500 financially excluded people in the North East of England to build their financial capability and their resilience against financial pressures. We are also working with pre-release prisoners at HMP Kirkclevington Grange to remove financial barriers and reduce their risk of re-offending.

Five Lamps has recognised the need to develop new models of public service delivery and has developed a number of service delivery ideas for the future.

The Five Lamps integrated service 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'.

We continue to derive substantial benefit from our investment in a Quality Manager four years ago. Our Quality Manager, Nichola Storr, led the process of applying to the Sunday Times Best Companies 2011. The organisation was thrilled to feature at No.13 in the '100 Best Companies in the Public & Third Sector'. We scored 9<sup>th</sup> in Wellbeing and 16<sup>th</sup> in Leadership.

Our employees felt the strong sense of family in the organisation and we were top rated in that category, 85% felt that their team was fun to work with and we ranked third in the category around managers talking openly and honestly with staff. We also scored highly in staff believing that we provide a great service and in our staff saying that senior management truly live the values of Five Lamps.

We achieved seven icons out of a possible eight and only the top three companies achieved better. Not content with that achievement, our Board immediately launched a consultation with staff on the 'Fair Deal' category, the one where we scored least, we have agreed £200 per member of staff to offer some additional staff benefits and to support increased social activity, addressing staff priorities.

#### Employability

Five Lamps Employability service has had a very productive year. Following the successful 2009 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, and in the summer of 2011 secured a DWP sub-contract with Avanta, one of the two prime contractors for the North East.

Our Communities Fund delivery is performing strongly. This is despite the impact of the recession on the Tees Valley which has seen a significant 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. The numbers of people in our communities who are trapped in a cycle of insecure, short-term, low paid jobs, with the inevitability of cyclical unemployment and recurrent poverty is increasing. Five Lamps strives to systematically strip away the barriers that lock too many people into the low-pay, no-pay cycle.

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The Communities Fund contract has now engaged with over 2,650 people up to the end of September 2011, of whom 1,744 have agreed action plans and 938 have progressed into jobs. The contract is targeted towards those individuals farthest from the labour market. Our activities have engaged individuals from the following priority groups - lone parents; people with drug and alcohol issues including those receiving treatment; ex-offenders, including prolific offenders and high crime causers; people with health conditions; individuals from our black and minority ethnic communities and people presenting multiple barriers to employment.

One of our greatest successes is our capacity to reach people out of work for some time, indeed over a quarter of our engagements have been with individuals out of work for more than two years. In a report by the commissioner our performance has been recognised as being three times stronger than the mainstream Flexible New Deal. Job retention rates (26 week job sustainability) are currently 56%, again a very good return in comparison to mainstream programmes.

The interim report commissioned by Stockton Council concluded that, 'Overall, the Communities Fund is having a positive impact on levels of worklessness activity in the borough. The programme's achievements are particularly positive given the very difficult labour market conditions in which it has been delivered'.

During the year Five Lamps employed 16 Future Jobs Fund participants, contributing significantly to the Stockton programme. It is a source of considerable pride that we were able to progress half of those young people into permanent jobs in the organisation. We were disappointed that this programme was discontinued by the Coalition government and we remain keen to create a similar programme offering real jobs, apprenticeships and work placements in a social enterprise vehicle. We are also extremely interested in the concept of Work Academies recently launched by the Government.

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.

Our Employability service has featured regularly in local, sub-regional and regional media coverage during the year.

Skills Funding Agency ('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. From August 2011, following the Skills Funding Agency's minimum contract level exercise we are sub-contractors to Tees Achieve.

The early activity on our Work Programme contract is positive. Like many third sector sub-contractors we are mindful that the payment by results model, whereby 26 week job sustainability is the key trigger, carries a level of financial risk, notably in cash flow. We are confident in our ability to deliver positively against targets based on our extensive experience.

We are awaiting the outcome to the ESF Family Support tendering exercise. Our integrated service model has been written into a number of the prime contractor bids and may create some further geographic expansion of our employability offer.

### 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.

During the year we faced up to the challenge of transforming a very successful e2e programme into a similarly successful Foundation Learning programme. This transition was not fully completed until September 2011 when we completed the substantial redesign of our offer. We have created an achievement orientated programme which promotes the individuality of each young person.

Our contract has a significantly enhanced value for 2011/2012 and our capacity to engage the increasing numbers of young people not currently in education, employment or training is the key to success. The local Connexions service has a highly significant role to play in identifying and signposting NEET young people. Five Lamps is firmly of the view that the provision of Foundation Learning in non-standard, non-college settings is extremely important, particularly in expanding choice for young people. Not every young person would routinely choose a college environment, indeed many of our programme participants have had sub-optimal experiences in education.

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 and we are actively supportive of the Children & Young People Consortium which has been established this year. This initiative, facilitated by Catalyst, the strategic VCS infrastructure organisation for Stockton, has brought together a number of local service providers and created a delivery vehicle of some potential.

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We have always been supportive of the integrated youth service model in Stockton, but we see significant areas where its impact has been minimal. We are particularly keen to see a new model of service delivery for Early Years/SureStart services to reach those with greatest need and enable beneficiaries to derive the full benefit of our integrated service provision. The reduction of the Early Intervention Grant by some 25% is driving local authorities towards new models of delivery and there has recently been an extensive consultation undertaken by Stockton-on-Tees Borough Council. Other local authorities facing substantial financial pressures will inevitably follow suit. Five Lamps recognises that a good start in life is a key determinant of health, achievement and life chances and we are committed to building a new service.

Within the past year we have delivered an inter-generational project and a successful youth outreach programme. The 'All Stars' group, our successful project for 7-12 year olds remains the only such group locally.

We were delighted to receive confirmation from BBC Children in Need that our highly successful service for young people with disabilities 'Special Needs Youthy' would be funded for a further three years. This funding enables us to open on a second night.

It has become increasingly apparent that our youth services division will be better accommodated in a wider 'Families' Division and we will establish that new division by March 2012. This will enable us to maximise the benefits of service integration in relation to Early Years and Health & Social Care as well as reaching into the increasingly important Family Support arena.

#### Enterprise

Our Enterprise division continues to grow, delivering a broad range of support to new and early life businesses throughout the Tees Valley.

Our position as the only Tees Valley-based members of the National Enterprise Network (formerly the National Federation of Enterprise Agencies) and the exciting partnership (North East Enterprise Agencies Ltd) with the other north east enterprise agencies in a delivery consortium has continued to be of real significance. The consortium has continued to secure a range of contracts to deliver business start-up services to a broad range of target groups. These contracts typically cover the whole of the North East and we are responsible for a substantial portion, commonly all of the Tees Valley delivery. We have on most contracts achieved a greater level of success than pro rata to population.

The replacement of the Regional Development Agency, One North East, and the major changes around Business Link services, has seen the establishment of the Tees Valley Local Enterprise Partnership. Five Lamps is strongly supportive of the establishment of a Tees Valley LEP. The establishment of an Enterprise Zone for the Tees Valley is a tangible early success. We want to see a substantial growth in the scale and impact of social enterprise in the sub-region and are at the forefront of that work.

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. In the last twelve months we have seen the re-opening of the Regional Loan Fund, managed by our colleagues at Entrust, and that has added significantly to the access to finance arena. We were delighted that the Regional Growth Fund bid submitted by the Community Development Finance Association was successful, with £30million of funding from the Fund being matched by two mainstream banks to create a £60million fund for CDFIs to bid into. We are a stakeholder, subject to due diligence, for up to £750k over three years.

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, worth up to £1.15million over 30 months, addresses a range of need identified in the unsuccessful LEGI bids from 2006, notably community business coaching, accessible community services, integrated support and connection to mainstream business start-up services.

The target outcomes for the project are to give enterprise coaching to 900 people and create 180 businesses by 31 March 2012. Up to the end of September 2011 the Enterprise Gateways have provided a minimum of 3 hours of enterprise coaching to 959 residents and supported the creation of 218 businesses. Of those that have received enterprise coaching:

- 61% are men and 39% are women
- 15% are 18 – 24 years old and 14% are 50 + years old.
- 81% were jobless, with nearly 28% out of work for more than a year and 12% for more than 3 years

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Our intensive start-up support activity has supported 380 individuals/new businesses in the six months to the end of September 2011 against a profiled target of 300.

The interim evaluation has indicated that the project is having a very positive impact on enterprise in the local area, both in strengthening the enterprise culture (awareness and building on existing interest), and in increasing levels of enterprise activity. It is also generating positive economic impacts, including increases in local incomes and Gross Value Added (GVA). The evaluation also found that the Enterprise Gateways project provides good value for money in terms of supporting clients to start up businesses compared to other similar programmes and is being delivered and managed effectively. It also stated that the project is having positive impacts on individuals, improving their self-confidence, aspirations, skills, and health and well being.

The interim evaluation also confirmed that demand for the project from local people is high. The recession has been an important factor in this, with more people now considering self-employment as an alternative career route. However, it is possible that demand would have been high even without the recession, as there now few other support options to turn to following the reduction in service provided by Business Link.

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.

Our Enterprise provision has been expanded by our successful Prime Contractor tender to deliver the DWP New Enterprise Allowance Loan Service in the North East and Yorkshire and by the success of the NEEAL consortium in securing the tender to deliver the NEA Mentoring Service contract in County Durham and the Tees Valley.

We have built a very strong enterprise team and have positioned ourselves as a leading player in the Tees Valley. The conclusion of the Enterprise Gateway contract will present a number of challenges as we move forward.

#### Financial Inclusion

Since we entered the personal finance marketplace in June 2007, the growth of our service has been exceptional and we remain the fastest -growing personal lending CDFI in the country.

The initial loan fund of £80k, 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, has grown with the support of the DWP Financial Inclusion Growth Fund to over £2.6 million. Under the terms of these contracts the fund transferred to Five Lamps at 31 March 2011, strengthening our balance sheet and establishing what we hope to be a cornerstone for further investment.

Our original contracts with DWP ended at March 2011. The Government, recognising the need for further investment to tackle financial exclusion, announced a further four year programme. The initial stage, from April 2011, is a large scale Feasibility Study which is looking at a range of options to grow the credit union network. While we understand the Government's wish to raise the profile and impact of credit unions it is our contention that the step change that they seek cannot be achieved without the CDFI sector. It is likely that Five Lamps 2011 lending activity, by loan volume, will be more than three times the total of the north east credit unions over the last three years. Five Lamps has continued to receive revenue support from DWP to deliver our service and will receive this until the end of March 2012. It is envisaged that there will be a tendering exercise to target future funding.

The DWP Feasibility Study has ensured that there are stronger links between ourselves and our colleagues in participating credit unions and there is an obvious potential for the provision of centralised back office functions, risk sharing and the placement of funds under management.

We have now issued over 23,000 loans in just over four and a half years, over £7.4million. What sets our service apart is the integration with our other social and economic regeneration activities. Put simply, what other financial institution can you go to where in addition to a life-changing loan or financial education/advice, a customer may get their first-ever educational qualification; their first job for many years; turn a hobby into a business; access support for another family member or secure a volunteering opportunity. It is a unique and thoroughly compelling service offer.

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We continue to build towards our ambition of creating a large-scale multi-faceted loan fund. The 'The Great North Loan Fund' concept was set out in a business plan published in December 2010 and envisages a £20million fund by 2015. At present our personal lending pot is c£2.6million and we have £4.8million in the 'Helping Hand' fund which we manage on behalf of the twelve north east local authorities. We await an outcome on a £3million Regional Growth Fund bid to expand 'Helping Hand'; the NEA Loan Service contract provides for up to £5.3million of loans; we are stakeholders in the CDFAs business lending programme; we are at an advanced stage in negotiating additional capital for on-lending with a mainstream bank and are developing a prospectus for social investment. There is also an interest in our work from Big Society Capital and we also await the imminent launch of a community-facing loan fund by a major financial institution. We have continued to recognise that providing unsecured loans to low-income individuals excluded from mainstream financial services and consequently unable to access affordable credit is a risky business, hence the need to create a diverse and more balanced portfolio. Our success in securing the regional 'Helping Hand' contract to deliver secured loans to enable financially excluded owner occupiers to bring properties up to decent homes standard creates a greater balance.

The 'Helping Hand' contract has required the establishment of a 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. We are currently in discussion with the twelve local authorities to convert the funds currently covered by the debenture into a 20 year bond within the context of our Social Investment Note Programme.

We are delighted with performance on the 'Helping Hand' contract. We are consistently meeting the contract's quality and performance standards and a number of local authorities have committed additional capital in the light of the project's success.

It remains our view that 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), reflects little credit on policy formers. We view the current Feasibility Study being undertaken by DWP as a major step forward but would like other public services, notably the NHS, to bring something to the table.

Total income for the year to 31 March 2011 was £5,710,380 (£2,591,169 in 2009/2010). After adjustment for the extraordinary item turnover was £3,057,737 an increase of 18%. This position reflects the growth which has sustained over the last two and a half years and was recognised in last year's trustees' report plus our recognition in the RBS SE100 Index.

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.

2010/2011 has been perhaps our best year yet and we move forward with what we firmly believe to be the best-integrated range of social, economic and financial inclusion services in our sector in the region, with a much broader geographical coverage. Once again, this powerful record of achievement stands as an enduring testament to the efforts of a great team of talented and committed staff, motivated to create possibilities and truly change lives.

#### **Quantum of 2010/2011 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.

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During 2010/2011 the performance of Five Lamps' projects was strong. The following are the headline numbers for the majority of our core business activities:

	2007/08	2008/09	2009/10	2010/11
Businesses Supported	212	405	609	<b>623</b>
Business Start-Ups	109	123	171	<b>217</b>
Business Loans	62	66	34	<b>49</b>
Business Loans (£000)	110	98	178	<b>118</b>
Personal Loans	142	586	4,069	<b>9,872</b>
Personal Loans (£000)	81	245	1,475	<b>3,400</b>
Personal Finance Advice Clients	583	1,749	8,200	<b>14,000</b>
Into Employment	201	217	315	<b>364</b>
Achieving A Qualification	592	246	302	<b>466</b>
Receiving IAG	685	815	969	<b>1681</b>
CSCS Tests Passed	140	219	240	<b>390</b>
Foundation Learning Starts	41	52	91	<b>61</b>
Foundation Learning Progressions	21	28	36	<b>30</b>
Young People with Special Needs (visits)	350	447	552	<b>742</b>
People Accessing Community Activities	750	823	1,263	<b>1,417</b>
Helping Hand Loans (Volume)	-	-	-	<b>97</b>
Helping Hand Loans (£000)	-	-	-	<b>760</b>

### **Social Accounts**

We committed to publishing social accounts for the period to 31 December 2010 and invested in a substantial body of work aimed at demonstrating our impact. We engaged the services of a registered social auditor and fully engaged staff, stakeholders and our customers in the process.

We know that it's crucial to be healthy financially but, as a social enterprise, being able to demonstrate social impact is important too. As an enterprising charity, Five Lamps has wanted to provide a set of social accounts that demonstrate that impact and back up the feedback from our customers who regularly tell us that their interaction with our services has transformed their lives.

The Social Accounts can be found on our website [www.fivelamps.org.uk](http://www.fivelamps.org.uk)

A particularly powerful element of the Social Accounts was the assessment of the economic impact of our activities. We will develop this approach further in future years, utilising the full social return on investment model.

Five Lamps was one of only 11 out of the 409 enterprises in the RBS SE100 Index to score five out of five for Impact and we were short listed for the 'Impact Champion' Award. This is judged using a score out of five developed in association with the Social Return on Investment Network, supplemented by examination of quantitative and qualitative responses to an impact questionnaire as well as impact reports and the Social Accounts themselves.

The Board have given their commitment to the annual production of a set of social accounts and we look forward to building on the highly successful and informative baseline provided by this initial set.

### **Financial Review**

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2011 and associated notes are set out on pages 21 to 46.

It remains the Board's 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 2010/2011 was achieved throughout the year. More recently the Board has recognised the increased potential turbulence inherent in the contracted services marketplace, and consequently has sought to ensure that the organisation has an amount within free and designated reserves which is equivalent to at least one month's salaries.

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Financial performance again exceeded budget projections during 2010/2011 resulting in a surplus of £362,008 continuing the trend of strong profitability (£417,366 in 2009/2010). Excellent contract performance was achieved across all four business divisions.

At 31 March 2011 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 (£9,413) by transfer to unrestricted reserves. It should be noted that this represents a significantly improved position from previous years.

The balances of two further funds in deficit The Youthy and Future Jobs Fund (£34,153 and £19,882 respectively) are also to be written off by transfer to unrestricted reserves.

Two funds, Community Finance & Growth Fund - Personal Loans and Community Finance, 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 4a to the accounts.

The Board have approved the transfer of designated fund balances, in respect of the Five Lamps Extension; STCRC and STCRC Extension, to general unrestricted reserves. In future years the depreciation charge on these items will be allocated against general unrestricted reserves.

The exceptional item re the transfer of Growth Fund capital is now shown as a designated reserve with a net value, after providing for bad debt, of £2,027,643.

### **Organisational Performance**

The three year strategic direction published in March 2010 identifies six key strategic priorities for the period 2010-2013. The Board recognised the success of the previous three 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.

- Growing our four business divisions
- Winning Contracts
- Growing Our Asset Base
- Building Effective Partnerships
- Measuring Social & Economic Impact
- Building VCS Capacity & Infrastructure

The Business Plan for 2010/2011 was 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 were :

- 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 - *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 - A pilot proposal for an innovative first contact model has been submitted to Stockton-on-Tees Borough Council and an opportunity to bid for a commissioned service is awaited. In the meantime it is our intention to integrate our Health and Social Care provision into a larger 'Families' Division;*

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- 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 programme completed with further substantial investment continuing into 2011/2012;*
- Securing the transfer of ownership of Eldon Street and South Thornaby and a number of other public assets - *The outcome of a local authority review of assets and a subsequent consultation exercise was published in September 2011 and we are actively pursuing the transfer of our two main premises;*
- 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 of 'Capacity Builders' commenced in December 2010 and has now supported over 1500 individuals throughout the North East of England;*
- Development of up to 6 Social Enterprises - *Work remains firmly in progress to create a range of social enterprises which supplement our work and contribute to a step-change in the scale and impact of social enterprise in the Tees Valley;*
- '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 was published in March 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, including Facebook and You Tube interfaces, launched October 2010 with updated marketing strategy;*
- Consideration of family intervention projects, including the expansion of special needs Youthy and broad-based 'Teen Parent'-type model - *Awaiting the outcome of the local youth services review and a number of broader commissioning opportunities. Special Needs Youthy expanded following successful application to BBC Children in Need in July 2011. Family Intervention included in our potential sub-contractor role within ESF Family Support tenders in August 2011;*
- 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. - *Various elements of work in progress including community apprenticeships project in partnership with Nordic Pioneer;*
- Review the potential outward bound offer, associated qualifications and the case for a residential centre - *Initial review concluded that the current reduction in public spending, particularly on youth services and related activities, would compromise the financial viability of such a centre;*
- Consider the case for the introduction of incubator units/managed workspace and a leasing option for assets for new businesses - *Local need identified and an outline proposal submitted to Thornaby Town Council in August 2011. An ERDF bid will be submitted in December 2011. Proposal to secure funding for a range of options, including asset leasing, equity investment in social enterprises and general business lending, submitted to Big Society Investment Fund in June 2011 was initially unsuccessful;*
- Measurement of programme outcomes and customer distance travelled including new internal processes - *Included in Social Accounts and integrated into a number of our delivery models.*

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.

**Strategic Direction & Future Plans**

Our Vision	Creating Possibilities : Improving Lives
Our Mission	To Transform Lives, Raise Aspirations, Remove Barriers and Offer Choice
Our Business	Driving Social & Economic Impact Through Being A Leading Social Enterprise Focused On Service Quality , New Models of Public Service Delivery and Securing Social Investment
Delivered Through	Trusted Brand Quality Assured Services Making People Matter Innovative, Integrated Services Superior Contract Performance New Funding Models Measured Social Impact Brilliant Partnerships



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Five Lamps has a clear and coherent strategy. We will continue to drive stakeholder value through being a leading, quality-focused and customer-centred social enterprise, driven by our strong vision, mission and values.

Making People Matter	Service Matters	Performance Matters
Informed Choices	Sharing Success	Making Communities Matter

We have built a trusted brand and will continue to invest in it. We will continue to invest in our infrastructure, including advanced use of new technology. We will continue to be a sector-leading, cost-efficient organisation with recognised capabilities in reaching hard to reach and disadvantaged communities; helping people who are socially, economically and financially excluded and in forging outstanding external relationships.

### Strategic Priorities

Five Lamps sees excellent prospects to drive greater impact across each of our business divisions and from the continued integration of our service offer. We can increase our geographic reach and use our excellence and capacity for innovation to secure substantial social investment, create compelling growth opportunities, develop new delivery models which fully understand and meet the needs of our customers and truly influence market development.

We have positioned Five Lamps as a regional organisation, increasingly building a national reputation, and able to influence policy at local, regional and national levels.

Building on our strengths in the field of Financial Inclusion	Securing large-scale social investment
Maximising value from our partnerships and joint ventures	Measuring the social, economic and financial impact of our business
Extending the geographic reach of our business	Developing new models of public service delivery in each of our business divisions and in new areas such as health and social care and early years provision
Securing substantial scale asset transfer to open up opportunities for asset-backed investment	Continuing to invest in our people and our infrastructure

### Business Model

Our aim is to maintain growth and associated profitability to create the capacity to reinvest surpluses in furthering our business activities and charitable objects. It is important to continue to build a strong balance sheet capable of enabling investment at the point of growth.

Five Lamps has a simple business model.

Growing Our Asset Base	Maximising Revenue / Earned Income	Lowering Unit Costs	Driving Profitability to Enable Re-investment	Securing Substantial Social Investment
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Underpinned by:

Service Quality
Demonstrable Social & Economic Impact

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**Key Initiatives 2011 - 2014**

Great North Loan Fund	To continue the growth to scale and sustainability of the Great North Loan Fund, our regional financial inclusion initiative. We are seeking: <ul style="list-style-type: none"> <li>• Capital for on-lending to financially excluded individuals</li> <li>• Continued revenue support for our lending activity from DWP</li> <li>• Confirmation of support from local authorities for the continuation and growth of Helping Hand</li> <li>• The DWP contract to deliver the New Enterprise Allowance Loan Service in the north east and Yorkshire</li> <li>• Social investment from the 'Big Society Bank'</li> <li>• Social investment via bond issue</li> <li>• Continued support from the Northern Rock Bank Community Flagship Programme</li> </ul>
Social Investment Bond	To secure large-scale social investment through the Charity Bank/Investing for Good Note Programme, issuing a prospectus in December 2011. Target investors to include SRI funds, wealth managers, public and private foundations, public bodies, in denominations from £25k to £500k. A key element of the Note Programme is its social impact reporting. This investment would be unrestricted debt finance with no limitation on its use other than it would be in furtherance of Five Lamps' charitable objects.
Health & Social Care	Five Lamps commissioned a proposal paper for the establishment of a Health & Social Care division, during 2010. This paper has been well received in local authorities and we await upcoming commissioned service opportunities around first contact, personalisation and direct payments services.
Commissioned Services	Winning contracts remains a key element of Five Lamps strategic direction. We will continue to seek commissioned service opportunities across all of our business. Areas for new projects and programmes include youth services, family intervention, early years/SureStart, health improvement, social care, empty housing, supported accommodation and apprenticeships.
Asset Transfer	Dialogue is ongoing with Stockton Borough Council around transfer of our leased premises to full Five Lamps ownership and potential transfer of other assets.
Social Impact/Social Return on Investment	Five Lamps published our first set of Social Accounts in April 2011. It is our intention to build on that initial work moving forward to support the case for social and other investment.
Geographic Expansion	In recent years we have seen a considerable change in the geographic delivery of our services, primarily as our financial inclusion service has grown. There is a keen interest in our integrated service offer across the region and clear potential for future tenders to include Cumbria and Yorkshire.
Enterprise	We are increasingly recognised as an Enterprise Agency, being the only NfEA member organisation in the Tees Valley. The success of North East Enterprise Agencies Ltd (NEEAL) has created a new range of products and services which allied to our Enterprise Gateway provision in Stockton has built a strong service base. We are also able to integrate enterprise and employability activity. Other potential developments include: <ul style="list-style-type: none"> <li>• NEA Loan Service and associated mentoring. Loan service to include 5000 loans over two years in north east and Yorkshire</li> <li>• ERDF-funded enterprise coaching activity</li> <li>• £750k capital over 3 years via CDFR Regional Growth Fund bid</li> <li>• Capacity to refer to Regional Enterprise Loan Fund administered by Entrust</li> <li>• ISUS delivery and Lot2 workshops</li> <li>• Establishment of a range of social enterprises</li> <li>• Feasibility study for serviced Business Units &amp; review of 'Enterprise Arcade' pilot</li> </ul>
Regional Growth Fund	A second round bid focused on large-scale social enterprise growth in the Tees Valley will be submitted by 1 July 2011. A further bid seeking RGF support for Helping Hand will also be submitted to the same timescale.
Big Society	A key theme throughout this parliament will be Big Society. While Five Lamps has seen conspicuous success with our volunteer programme, we view the potential to design new models of public service delivery as creating even greater opportunities to build 'life changing' interventions.
Governance Review	It is of real importance that Five Lamps can demonstrate the highest standards of corporate governance. The review of Governance to be complete by July 2011, and fully implemented by January 2012, will identify new structures and governance models and identify core competencies for Trustees.

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Our delivery against these targets can be tracked by visiting our new and improved website [www.fivelamps.org.uk](http://www.fivelamps.org.uk)

**Approval**

This report was approved by the Board of Trustees on 25 October 2011 and signed on its behalf.

**P.N. Tucker**  
Chair of Trustees

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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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2011**

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2011 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 disclosure 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2011**

**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 2011, 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.

**J. 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**

**Dated: 25 October 2011**

**JL/AJD**

**THE FIVE LAMPS ORGANISATION**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	3(a)	44,435	22,217	66,652	74,441
Activities for generating funds	3(b)	-	2,550	2,550	2,550
Investment income	3(c)	464	6,984	7,448	6,867
<b>Incoming resources from charitable activities:</b>					
Contract performance and grant income	4(a)	2,926,847	-	2,926,847	2,428,787
Others	4(b)	49,262	2,154	51,416	54,095
<b>Other Incoming Resources</b>					
Interest generated by programme related investments		2,824	-	2,824	24,429
<b>TOTAL INCOMING RESOURCES</b>		<b>3,023,832</b>	<b>33,905</b>	<b>3,057,737</b>	<b>2,591,169</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Costs of generating voluntary income	5	-	2,930	2,930	2,780
Costs of fundraising activities	6	-	-	-	-
Investment management costs	7	-	1,635	1,635	1,485
Charitable activities	8	2,599,141	34,631	2,633,772	2,136,651
Governance costs	9	-	57,392	57,392	32,887
<b>TOTAL RESOURCES EXPENDED</b>		<b>2,599,141</b>	<b>96,588</b>	<b>2,695,729</b>	<b>2,173,803</b>
<b>Net Incoming/(Outgoing) Resources before Transfers</b>		<b>424,691</b>	<b>(62,683)</b>	<b>362,008</b>	<b>417,366</b>
<b>Gross Transfers Between Funds</b>	27	<b>56,962</b>	<b>(56,962)</b>	<b>-</b>	<b>-</b>
<b>Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses</b>		<b>481,653</b>	<b>(119,645)</b>	<b>362,008</b>	<b>417,366</b>
<b>Exceptional item</b>	13	<b>-</b>	<b>2,027,643</b>	<b>2,027,643</b>	<b>-</b>
<b>Other Recognised Gains and Losses</b>					
Unrealised loss on investments	21	-	(5)	(5)	(8)
<b>Net Movements in Funds</b>		<b>481,653</b>	<b>1,907,993</b>	<b>2,389,646</b>	<b>417,358</b>
<b>Reconciliation of Funds:</b>					
<b>Funds Brought Forward</b>	27	<b>707,349</b>	<b>899,771</b>	<b>1,607,120</b>	<b>1,189,762</b>
<b>FUNDS CARRIED FORWARD</b>	27 & 28	<b>1,189,002</b>	<b>2,807,764</b>	<b>3,996,766</b>	<b>1,607,120</b>

All incoming resources and resources expended are from continuing activities.

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

Included above is a net investment in the year of £1,089,481 in the carrying value of Programme Related Investments (note 19).

The notes on pages 26 to 46 form part of these financial statements

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

**BALANCE SHEET AS AT 31 MARCH 2011**

	Notes	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	18		<b>1,000,465</b>		1,093,711
Programme related investments	19		<b>2,389,085</b>		1,299,604
			<u><b>3,389,550</b></u>		<u>2,393,315</u>
<b>CURRENT ASSETS</b>					
Debtors	20	<b>703,635</b>		885,991	
Investments	21	<b>69</b>		74	
Cash at bank and in hand		<b>685,832</b>		938,747	
		<u><b>1,389,536</b></u>		<u>1,824,812</u>	
<b>CREDITORS: Amounts falling due within one year</b>	22	<b>(437,258)</b>		<b>(703,176)</b>	
			<u><b>952,278</b></u>		<u>1,121,636</u>
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>4,341,828</b></u>		<u>3,514,951</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	23		<b>(345,062)</b>		<b>(1,907,831)</b>
<b>NET ASSETS</b>			<u><u><b>3,996,766</b></u></u>		<u><u>1,607,120</u></u>
<b>FUNDS</b>					
Unrestricted funds	27		<b>2,807,764</b>		899,771
Restricted funds	27		<b>1,189,002</b>		707,349
<b>TOTAL FUNDS</b>			<u><u><b>3,996,766</b></u></u>		<u><u>1,607,120</u></u>

These financial statements were approved by the Board on 25 October 2011 and signed on its behalf by:

**P.N. Tucker**  
Chair of Trustees

**M. Bowstead**  
Trustee



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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	£	2011 £	£	2010 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	1		<b>412,001</b>		254,052
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	2		<b>(626,594)</b>		499,375
<b>CAPITAL EXPENDITURE</b>	2		<b>(39,477)</b>		(100,120)
<b>FINANCING</b>	2		<b>1,155</b>		14,397
<b>INCREASE/(DECREASE) IN CASH IN THE PERIOD</b>			<b>(252,915)</b>		667,704
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH</b>	3				
Increase/(decrease) in cash in the period		<b>(252,915)</b>		667,704	
Cash outflow from (increase)/decrease in debt and lease financing		<b>(1,155)</b>		(14,397)	
Change in net debt resulting from cash flows			<b>(254,070)</b>		653,307
<b>MOVEMENT IN NET CASH IN THE PERIOD</b>			<b>(254,070)</b>		653,307
<b>NET CASH AT 1 APRIL</b>			<b>893,164</b>		239,857
<b>NET CASH AT 31 MARCH</b>			<b>639,094</b>		893,164

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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	£	2011 £	£	2010 £
<b>1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>				
Net incoming/(outgoing) resources before exceptional item and other recognised gains and losses		362,008		417,366
Depreciation charges		101,933		101,499
Loss on disposal of fixed assets		30,790		35,300
Decrease/(increase) in debtors		182,356		(721,866)
(Decrease)/increase in creditors		(262,141)		445,446
Interest received		(1,998)		(1,343)
Interest paid		1,877		1,545
Interest element of finance lease payments		-		534
Interest from programme related investments		(2,824)		(24,429)
		<u>412,001</u>		<u>254,052</u>
<b>2. Analysis of Cash Flows for Headings Netted in the Cash Inflow Statement</b>				
<b>(a) Returns on investments and servicing of finance</b>				
Increase in programme related investments		(1,089,481)		(994,861)
(Decrease)/increase in funds under management	(1,567,701)		1,470,543	
Less: Exceptional item	<u>2,027,643</u>		<u>-</u>	
		459,942		1,470,543
Interest received		1,998		1,343
Interest paid		(1,877)		(1,545)
Interest from programme related investments		2,824		24,429
Interest element of finance lease payments		-		(534)
		<u>(626,594)</u>		<u>499,375</u>
<b>(b) Capital Expenditure</b>				
Purchase of tangible fixed assets		(39,477)		(100,120)
Sale of tangible fixed assets		-		-
		<u>(39,477)</u>		<u>(100,120)</u>
<b>(c) Financing</b>				
Capital repayments - loans		(18,084)		(13,831)
New hire purchase contracts		19,239		-
New loans		-		30,000
Capital repayments - finance lease contracts		-		(1,772)
		<u>1,155</u>		<u>14,397</u>

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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**3. Analysis of Changes in Net Debt**

	At 1.4.10	Cash Flow	At 31.3.11
	£	£	£
Net cash:			
Cash at bank and in hand	938,747	(252,915)	685,832
Bank overdraft	-	-	-
	<u>938,747</u>	<u>(252,915)</u>	<u>685,832</u>
Debt:			
Hire purchase	-	(19,239)	(19,239)
Debts falling due within one year	(18,162)	7,625	(10,537)
Debts falling due after one year	(27,421)	10,459	(16,962)
	<u>(45,583)</u>	<u>(1,155)</u>	<u>(46,738)</u>
<b>Total</b>	<u><b>893,164</b></u>	<u><b>(254,070)</b></u>	<u><b>639,094</b></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**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 applicable accounting standards 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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**

	<b>Restricted Funds £</b>	<b>Unrestricted Funds £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
(a) <b>Voluntary Income</b>				
Voluntary Sector Support Fund - grant	<u>44,435</u>	<u>22,217</u>	<u>66,652</u>	<u>74,441</u>
(b) <b>Activities for Generating Funds</b>				
Management fee to third parties	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>
(c) <b>Investment Income</b>				
Bank interest	464	1,534	1,998	1,343
Garage rental income	-	4,300	4,300	4,300
Dividends (and sale of rights) on UK quoted investments	-	-	-	45
Café rental income	<u>-</u>	<u>1,150</u>	<u>1,150</u>	<u>1,179</u>
	<u>464</u>	<u>6,984</u>	<u>7,448</u>	<u>6,867</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

4. **INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

(a) **Contract Performance and Grant Income**

	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2011 £	Total 2010 £
BBC Children in Need	-	-	-	-	9,989	9,989	-
Business Link	-	-	-	33,569	-	33,569	35,134
CD Centre	-	-	-	4,170	-	4,170	186,700
Communities Fund - capital grant	-	-	-	-	-	-	36,959
Communities Fund - running costs	-	-	466,336	-	-	466,336	466,337
Communities Fund - action plans	-	-	87,850	-	-	87,850	304,150
Communities Fund - outcomes	-	-	162,390	28,940	-	191,330	166,420
Communities Fund - sustainable income	-	-	62,475	4,025	-	66,500	21,700
Communities Fund - provisions income	-	-	281,931	-	-	281,931	156,691
Connexions	-	-	-	-	17,466	17,466	8,885
Department for Works and Pensions	-	-	-	656,728	-	656,728	359,395
Helping Hand	-	-	-	103,658	-	103,658	-
Learning & Skills Council	-	-	55,396	-	229,245	284,641	371,798
Middlesbrough Home Loans	-	-	-	4,750	-	4,750	-
National Institute of Adult Continuing Education	-	14,267	-	-	-	14,267	20,000
Neighbourhood Renewal Fund	-	-	-	-	-	-	22,931
New Opportunities fund	-	-	-	-	-	-	9,514
North East England Investment Centre	-	-	-	-	-	-	2,912
Northern Rock Foundation	-	-	20,419	-	-	20,419	35,000
One North East Income	-	-	-	93,636	-	93,636	-
Royal Bank of Scotland	-	-	-	5,000	-	5,000	-
Stockton Borough Council - Future Jobs Fund	-	-	115,595	-	-	115,595	24,124
Stockton Borough Council - Enterprise Gateway	-	-	-	393,984	-	393,984	120,036
Stockton Borough Council - Sundry Grants	-	-	-	-	6,780	6,780	-
Stockton Borough Council - React	-	-	-	-	14,999	14,999	-
Tyne and Wear Enterprise Trust	-	-	-	32,547	-	32,547	79,201
Skills for Life	-	-	2,100	-	-	2,100	-
First Light Movies Grant	-	-	-	-	6,977	6,977	-
Media Box Grant	-	-	-	-	9,250	9,250	-
Other Grant Income	-	-	2,375	-	-	2,375	900
	-	14,267	1,256,867	1,361,007	294,706	2,926,847	2,428,787

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

4. **INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - continued**

(b) <b>Other Income</b>	Unrestricted	----- Restricted -----						
	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2011 £	Total 2010 £	
Consultancy income	-	-	1,220	-	3,997	5,217	23,975	
Room hire	2,142	22,982	3,687	-	1,658	30,469	19,985	
Youth Club café/confectionary sales, subscriptions and activities	-	-	-	-	7,585	7,585	5,207	
Climbing wall	-	-	-	-	1,333	1,333	2,070	
Sundry other income	12	-	4,630	-	2,170	6,812	2,858	
	<u>2,154</u>	<u>22,982</u>	<u>9,537</u>	<u>-</u>	<u>16,743</u>	<u>51,416</u>	<u>54,095</u>	

**FOOTNOTE:**

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



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

5.	<b>COSTS OF GENERATING VOLUNTARY INCOME</b>	<b>2011</b> £	2010 £
	Direct project costs	-	-
	Staff costs	2,730	2,600
	Premises costs	100	95
	Office costs	60	50
	Central overheads	40	35
		2,930	2,780
		2,930	2,780
6.	<b>COSTS OF FUNDRAISING ACTIVITIES</b>	<b>2011</b> £	2010 £
	Direct project costs	-	-
	Staff costs	-	-
	Premises costs	-	-
	Office costs	-	-
	Central overheads	-	-
		-	-
		-	-
7.	<b>INVESTMENT MANAGEMENT COSTS</b>	<b>2011</b> £	2010 £
	Direct project costs	-	-
	Staff costs	-	-
	Premises costs	1,635	1,485
	Office costs	-	-
	Central overheads	-	-
		1,635	1,485
		1,635	1,485

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**8. RESOURCES EXPENDED - CHARITABLE ACTIVITIES**

**(a) Charitable Expenditure**

	Notes	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2011 £	Total 2010 £
Staff costs	10	-	31,148	500,626	557,272	178,435	1,267,481	885,930
Premises costs	11	-	52,888	20,966	70,936	42,807	187,597	146,182
General office costs	12	-	11,399	17,457	37,376	8,285	74,517	71,242
Grants payable to individuals to assist with removing barriers to employment		-	-	224,000	750	-	224,750	135,752
Bad debt provision - business loans	19	-	-	-	(95,000)	-	(95,000)	200,000
Direct project costs:								
- Depreciation	15	-	13,142	518	-	22,332	35,992	35,453
- Loss on disposal		-	-	-	30,790	(200)	30,590	15,426
- Publicity and promotion		-	171	3,530	38,197	4,767	46,665	23,625
- Tutor costs		-	-	13,581	8,500	-	22,081	21,461
- Training and accreditation costs		-	-	13,455	516	3,817	17,788	21,272
- Activities costs		-	-	(2,361)	7,358	19,592	24,589	21,089
- Creche costs		-	-	-	289	-	289	578
- Subscriptions/affiliations		-	146	772	31,979	562	33,459	24,333
- Books and publications		-	-	182	-	369	551	706
- Apprentices allowances/expenses		-	-	-	212	2,817	3,029	-
- Insurance		-	380	3,040	4,559	2,089	10,068	6,107
- Mobile phones		-	-	1,973	6,174	358	8,505	4,089
- Consultancy/facilitators fees		-	1,300	935	194,890	635	197,760	90,549
- Motor vehicle expenses		-	-	-	-	1,826	1,826	1,070
- Bank charges re loan funds		-	-	-	26,464	-	26,464	7,656
- Others		-	131	1,775	2,546	-	4,452	5,980
		-	110,705	800,449	923,808	288,491	2,123,453	1,718,500

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

8. **RESOURCES EXPENDED - CHARITABLE ACTIVITIES - continued**

(b) **Support Costs**

	Notes	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2011 £	Total 2010 £
Staff costs	10	375,998	-	-	-	-	375,998	314,470
Premises costs	11	46,319	-	-	-	-	46,319	33,332
General office costs	12	28,708	-	-	-	-	28,708	23,458
Professional fees		23,251	-	-	-	-	23,251	6,308
Subscriptions		4,860	-	-	-	-	4,860	6,093
Insurance		8,313	-	-	-	-	8,313	1,647
Depreciation	15	6,124	-	-	-	-	6,124	3,542
Loss on disposal of fixed assets		-	-	-	-	-	-	19,874
Loan interest		1,877	-	-	-	-	1,877	1,545
Bank charges re loan funds		2,605	-	-	-	-	2,605	2,569
Finance lease interest		-	-	-	-	-	-	534
Publicity and advertising		5,775	-	-	-	-	5,775	2,411
Others		6,489	-	-	-	-	6,489	2,368
<b>Allocation to activities of:</b>								
- Management and administration costs		(496,127)	9,756	207,760	223,865	54,746	-	-
- Staff costs		(25,322)	-	-	25,322	-	-	-
- Premises costs		(10,632)	(11,160)	14,232	7,560	-	-	-
- Office costs		(6,451)	(5,880)	8,160	4,171	-	-	-
		<u>(28,213)</u>	<u>(7,284)</u>	<u>230,152</u>	<u>260,918</u>	<u>54,746</u>	<u>510,319</u>	<u>418,151</u>
<b>GRAND TOTAL</b>		<u><u>(28,213)</u></u>	<u><u>103,421</u></u>	<u><u>1,030,601</u></u>	<u><u>1,184,726</u></u>	<u><u>343,237</u></u>	<u><u>2,633,772</u></u>	<u><u>2,136,651</u></u>

**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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9. **GOVERNANCE COSTS**

	2011	2010
	£	£
Staff costs	8,900	8,517
Premises costs	-	-
Office costs	335	320
Central overheads	48,157	24,050
	<u>57,392</u>	<u>32,887</u>

10. **STAFF COSTS AND TRUSTEES' REMUNERATION**

Total employment costs were as follows:

	2011	2010
	£	£
Gross pay	1,430,146	1,030,029
Employer's national insurance	118,752	83,103
Employer's pension	29,682	27,511
Training	28,566	16,066
Expenses	47,713	36,007
Insurances	250	-
Staff recruitment	-	18,801
	<u>1,655,109</u>	<u>1,211,517</u>

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

	2011	2010
	£	£
Charitable expenditure	1,267,481	885,930
Support costs	375,998	314,470
Costs of generating voluntary income	2,730	2,600
Costs of fundraising activities	-	-
Governance costs	8,900	8,517
	<u>1,655,109</u>	<u>1,211,517</u>

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

	2011	2010
	No.	No.
Direct charitable work	66	44
Administrative	14	12
	<u>80</u>	<u>56</u>

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**10. STAFF COSTS AND TRUSTEES' REMUNERATION - continued**

The number of employees earning £60,000 or more whose emoluments for the year fell within each band of £10,000 was as follows:

	<b>2011</b>	2010
	<b>No.</b>	No.
£60,000 to £70,000	<b>1</b>	1
	====	====

Of the total pension costs of £29,682 (2010: £27,511) £4,874 was outstanding at 31 March 2011 (2010: £3,994).

No remuneration was paid to trustees in the year (2010: £nil). No expenses were reimbursed to trustees in the year (2010: £nil).

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 £460 (2010: £576).

**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:

	<b>2011</b>	2010
	<b>£</b>	£
Utilities	<b>28,535</b>	43,344
Cleaning	<b>36,473</b>	31,603
Telephone	<b>46,910</b>	25,672
Fax	<b>10</b>	480
Internet	<b>433</b>	264
Maintenance - building	<b>38,835</b>	25,834
Maintenance - equipment	<b>6,603</b>	13,541
Maintenance - IT	<b>44,612</b>	10,674
Depreciation	<b>33,240</b>	29,682
Recharges to third parties	<b>-</b>	-
	-----	-----
	<b>235,651</b>	181,094
	=====	=====

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

	<b>2011</b>	2010
	<b>£</b>	£
Charitable expenditure	<b>187,597</b>	146,182
Support costs	<b>46,319</b>	33,332
Costs of generating voluntary income	<b>100</b>	95
Costs of fundraising activities	<b>-</b>	-
Investment management costs	<b>1,635</b>	1,485
Governance costs	<b>-</b>	-
	-----	-----
	<b>235,651</b>	181,094
	=====	=====

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**12. OFFICE RUNNING COSTS**

Total office running costs were as follows:

	2011 £	2010 £
Stationery	29,714	27,233
Postage	13,157	7,618
Office furniture and equipment	9,278	5,883
Photocopying	2,758	121
Maintenance - office equipment	-	297
Depreciation	26,577	32,822
Drinking water and refreshments	2,512	2,043
Office furniture	-	454
Office rent	15,647	11,866
Container hire	2,475	1,663
Office equipment leasing	1,502	5,070
Recharges to third parties	-	-
	<u>103,620</u>	<u>95,070</u>

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

	2011 £	2010 £
Charitable expenditure	74,517	71,242
Support costs	28,708	23,458
Costs of generating voluntary income	60	50
Costs of fundraising activities	-	-
Investment management costs	-	-
Governance costs	335	320
	<u>103,620</u>	<u>95,070</u>

**13. EXCEPTIONAL ITEM**

On 31 March 2011, the DWP funds under management (see note 19(d)) were transferred to The Five Lamps Organisation to facilitate future personal loans.

Total funds under management at 31 March 2011 were £2,652,643 comprising:	£
Funds under management at 31 March 2010 (as reported in accounts to 31 March 2010)	1,697,633
Further loan capital advanced by the DWP in the year to 31 March 2011	550,710
Interest received during year to 31 March 2011 in respect of personal loans funded by DWP income	404,300
Gross Exceptional Credit	<u>2,652,643</u>

Additional doubtful debt provision of £625,000 has been made against the above amount in arriving at the net exceptional credit of £2,027,643 reflected within the Statement of Financial Activities (page 21).

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**14. MOVEMENT IN TOTAL FUNDS FOR THE YEAR**

This is stated after charging:

	2011	2010
	£	£
Depreciation of tangible fixed assets - assets held under hire purchase and finance lease contracts	<b>6,108</b>	1,311
Depreciation of tangible fixed assets - owned assets	<b>95,825</b>	100,188
	<hr/>	<hr/>
	<b>101,933</b>	101,499
Depreciation adjustment on fixed assets written off	<b>30,590</b>	35,300
Trustees'/directors' emoluments	-	-
Auditors' remuneration - audit services	<b>12,000</b>	12,000
Auditors' remuneration - non-audit services	<b>3,000</b>	3,000
	<hr/> <hr/>	<hr/> <hr/>

**15. DEPRECIATION**

The charge for depreciation comprises:

	2011	2010
	£	£
The Youthy (freehold property)	<b>16,739</b>	16,347
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	<b>35,635</b>	35,636
Equipment and machinery	<b>6,678</b>	5,995
Fixtures and fittings	<b>7,433</b>	7,503
Office equipment	<b>30,638</b>	36,018
Motor vehicle (minibus)	<b>4,810</b>	-
	<hr/>	<hr/>
	<b>101,933</b>	101,499
	<hr/> <hr/>	<hr/> <hr/>

This has been allocated as follows:

	2011	2010
	£	£
Charitable expenditure	<b>35,992</b>	35,453
Support costs	<b>6,124</b>	3,542
Premises running costs	<b>33,240</b>	29,682
Office running costs	<b>26,577</b>	32,822
	<hr/>	<hr/>
	<b>101,933</b>	101,499
	<hr/> <hr/>	<hr/> <hr/>

**16. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
	£	£
Community Loan Fund	<b>1,877</b>	1,545
Hire purchase and finance lease charges	-	534
	<hr/>	<hr/>
	<b>1,877</b>	2,079
	<hr/> <hr/>	<hr/> <hr/>

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**17. ASSETS AND LIABILITIES HELD AS AN INTERMEDIARY AGENT**

The Private Housing Financial Assistance Programme was created to help local authorities in the north east of England to provide loans to needy homeowners for the purpose of helping them to improve their housing conditions.

Five Lamps was appointed to manage the above Programme on behalf of 12 local authorities, using Sunderland City Council as the contracting authority.

Five Lamps holds the relevant funds on behalf of the local authorities in a designated client bank account. This asset and the associated liability to the local authorities are excluded from Five Lamps' Balance Sheet. There is a debenture agreement dated 12 October 2010 in favour of Sunderland City Council solely in respect of these funds. This debenture does not apply to any other Five Lamps asset.

At 31 March 2011, the funds held on the above client bank account totalled £4,190,597 in addition to which a further £222,850 had already been advanced to beneficiaries under the Programme. There was an equal associated liability of £4,413,447 representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2011.

**18. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
<b>Cost</b>							
At 1 April 2010	833,804	549,155	178,833	89,683	199,599	-	1,851,074
Additions	-	-	2,254	-	17,984	19,239	39,477
Disposals	-	-	-	-	(61,264)	-	(61,264)
At 31 March 2011	<u>833,804</u>	<u>549,155</u>	<u>181,087</u>	<u>89,683</u>	<u>156,319</u>	<u>19,239</u>	<u>1,829,287</u>
<b>Depreciation</b>							
At 1 April 2010	130,776	307,028	160,852	67,168	91,539	-	757,363
Charge for the year	16,739	35,635	6,678	7,433	30,638	4,810	101,933
Disposals	-	-	-	-	(30,474)	-	(30,474)
At 31 March 2011	<u>147,515</u>	<u>342,663</u>	<u>167,530</u>	<u>74,601</u>	<u>91,703</u>	<u>4,810</u>	<u>828,822</u>
<b>Net Book Values</b>							
At 31 March 2011	<u>686,289</u>	<u>206,492</u>	<u>13,557</u>	<u>15,082</u>	<u>64,616</u>	<u>14,429</u>	<u>1,000,465</u>
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>



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**18. TANGIBLE FIXED ASSETS - Continued**

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

	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 April 2010	10,046	-	10,046
Additions	-	19,239	19,239
	<u>10,046</u>	<u>19,239</u>	<u>29,285</u>
At 31 March 2011	<u>10,046</u>	<u>19,239</u>	<u>29,285</u>
<b>Depreciation</b>			
At 1 April 2010	6,113	-	6,113
Charge for year	1,298	4,810	6,108
	<u>7,411</u>	<u>4,810</u>	<u>12,221</u>
At 31 March 2011	<u>7,411</u>	<u>4,810</u>	<u>12,221</u>
<b>Net Book Value</b>			
At 31 March 2011	<u>2,635</u>	<u>14,429</u>	<u>17,064</u>
At 31 March 2010	<u>3,933</u>	<u>-</u>	<u>3,933</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 unique nature of the building means that it is difficult to value it on a normal commercial basis. 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. 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 2011 of £686,289 (2010: £703,028). 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. This 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 that period.

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**18. 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 expenditure will be written off over the remainder of that period.

**19. 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). 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'.

**(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 was 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 in the year of £32,547 to assist with the running costs of this project.

**Personal Loans:**

**(c) Northern Rock Foundation**

In 2008 £80,000 was received from Northern Rock Foundation, which was to be used for 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'.

**(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 was 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.

Included in these accounts is revenue funding of £656,728 provided by the DWP to assist with the running costs of this project.

Until the contract end date on 31 March 2011, the DWP funded 'loan book', together with a minimum of 25% of any interest received, remained the property of the DWP.

At the end of the contract, the funds under management of £2,652,643 were transferred to the Five Lamps Organisation in order to facilitate future personal loans.

**(e) In the year to 31 March 2011, further amounts became available for 'on-lending' from other funds and these amounts are incorporated in the details of loan transactions at (f) below.**

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19. **PROGRAMME RELATED INVESTMENTS - continued**

(f) **Details of Loan Transactions (includes funding from all sources)**

	Business Loans £	Personal Loans £	Total 2011 £	Total 2010 £
Loans outstanding as at 1 April 2010 - before provision for doubtful debts	471,969	1,202,635	1,674,604	479,742
Net loans advanced in year	35,978	1,583,503	1,619,481	1,194,862
Loans outstanding as at 31 March 2011 - before provision for doubtful debts	507,947	2,786,138	3,294,085	1,674,604
Provision for doubtful debts:				
Brought forward	(250,000)	(125,000)	(375,000)	(175,000)
Movement in provision during year	95,000	(625,000)	(530,000)	(200,000)
Carried forward	(155,000)	(750,000)	(905,000)	(375,000)
Net Programme Related Investments as at 31 March 2011	352,947	2,036,138	2,389,085	1,299,604

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

The above provision for doubtful debts totalling £905,000 has been made based on the Organisation's knowledge of loans where problems with repayments are being experienced, and expectations as regards future receipts.

20. **DEBTORS**

	2011 £	2010 £
<b>Due within one year:</b>		
Contract income/grants receivable	156,118	294,673
Prepayments and accrued income	547,517	591,318
	703,635	885,991

21. **INVESTMENTS**

	2011 £	2010 £
<b>Quoted investments:</b>		
Market value at beginning of year	74	82
Loss on investments from change in value	(5)	(8)
Market value at end of year	69	74
Historic cost	NIL	NIL

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**22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Obligations under hire purchase contracts (see note 24)	3,848	-
Community Loan Fund (see note 25)	10,537	18,162
Trade creditors	134,950	74,264
Social security and other taxes	107,227	142,448
Accruals and deferred income	28,351	40,453
Contract income/grants received in advance	125,495	415,999
Grant income repayable	26,850	11,850
	<u>437,258</u>	<u>703,176</u>

**23. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011	2010
	£	£
Obligations under hire purchase contracts (see note 24)	15,391	-
Community Loan Fund (see note 25)	16,962	27,421
Funds under management:		
Department for Work and Pensions	-	1,697,633
Tyne & Wear Enterprise Trust	244,959	182,777
Middlesbrough Home Loans	67,750	-
	<u>312,709</u>	<u>1,880,410</u>
	<u>345,062</u>	<u>1,907,831</u>

**24. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	2011	2010
	£	£
Gross obligations repayable:		
Within one year	5,002	-
Between one and five years	20,008	-
	<u>25,010</u>	<u>-</u>
Finance charges repayable:		
Within one year	1,154	-
Between one and five years	4,617	-
	<u>5,771</u>	<u>-</u>
Net obligations repayable:		
Within one year	3,848	-
Between one and five years	15,391	-
	<u>19,239</u>	<u>-</u>

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**25. LOANS**

An analysis of the maturity of loans is given below:

	<b>2011</b>	2010
	<b>£</b>	£
Amounts falling due within one year or on demand:		
Community Loan Fund	<b>10,537</b>	18,162
	<u>=====</u>	<u>=====</u>
Amounts falling due within one and two years:		
Community Loan Fund	<b>6,026</b>	10,275
	<u>=====</u>	<u>=====</u>
Amounts falling due between two and five years:		
Community Loan Fund	<b>10,936</b>	17,146
	<u>=====</u>	<u>=====</u>

The Community Loan Fund comprises two separate loans of £50,000 and £30,000.

The loan of £50,000 is repayable by monthly instalments over five years from January 2007, with interest charged at 3.5% above base rate.

The loan of £30,000 is repayable by monthly instalments over five years from December 2009, with interest charged at 5% above base rate.

**26. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2011</b>	2010
	<b>£</b>	£
Obligations under hire purchase contracts	<b>19,239</b>	-
Community Loan Fund	<b>27,499</b>	45,583
	<u>=====</u>	<u>=====</u>

Obligations under hire purchase contracts are secured on the fixed assets to which they relate.

The loans obtained from the Community Loan Fund for the North East are secured by fixed and floating charges dated 10 November 2005 and 6 November 2009.

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27. **MOVEMENT IN FUNDS**

	Balance 1 April 2010 £	Movement in Resources		Transfers Between Funds and Investment Gains/(Losses) £	Balance 31 March 2011 £
		Incoming £	Outgoing £		
<b>RESTRICTED FUNDS:</b>					
<b>Communities and Health</b>					
South Thornaby CRC	-	45,198	54,611	9,413	-
IT Upgrade	24,920	14,267	11,556	-	27,631
Community interest	2,515	-	-	(2,515)	-
	27,435	59,465	66,167	6,898	27,631
<b>Employability and Learning</b>					
Guidance	445,680	1,085,641	847,526	-	683,795
CITB	15,654	6,316	6,094	-	15,876
Skills Funding Agency (Train to Gain)	16,387	58,716	41,504	-	33,599
Future Jobs Fund	-	115,595	135,477	19,882	-
	477,721	1,266,268	1,030,601	19,882	733,270
<b>Finance and Enterprise</b>					
NEEAL	98,645	4,170	(1,829)	-	104,644
Business Link	56,322	33,569	9,604	-	80,287
Enterprise	(58,971)	460,938	328,633	-	73,334
Community finance and growth fund					
- personal loans	(3,234)	658,575	657,694	-	(2,353)
Community finance	-	98,636	106,441	-	(7,805)
Helping Hands	-	103,793	83,403	-	20,390
Middlesbrough Home Loans	-	4,750	779	(3,971)	-
	92,762	1,364,431	1,184,725	(3,971)	268,497
<b>Young People</b>					
The Youthy	-	76,148	110,301	34,153	-
YPLA Foundation Learning (formerly E2E)	109,431	257,520	207,347	-	159,604
	109,431	333,668	317,648	34,153	159,604
<b>TOTAL RESTRICTED FUNDS</b>	<b>707,349</b>	<b>3,023,832</b>	<b>2,599,141</b>	<b>56,962</b>	<b>1,189,002</b>
<b>UNRESTRICTED FUNDS</b>					
<b>General Reserves</b>	26,996	33,905	33,744	71,773	98,930
<b>Designated Funds</b>					
Youth Empowerment Scheme (Capital)	706,781	-	25,590	-	681,191
The Five Lamps Extension	49,309	-	22,986	(26,323)	-
South Thornaby CRC Redevelopment	86,405	-	6,656	(79,749)	-
South Thornaby CRC Extension	30,280	-	7,612	(22,668)	-
	899,771	33,905	96,588	(56,967)	780,121
Growth Fund Exceptional Item	-	2,652,643	625,000	-	2,027,643
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>899,771</b>	<b>2,686,548</b>	<b>721,588</b>	<b>(56,967)</b>	<b>2,807,764</b>
<b>TOTAL FUNDS</b>	<b>1,607,120</b>	<b>5,710,380</b>	<b>3,320,729</b>	<b>(5)</b>	<b>3,996,766</b>

Transfers between funds are agreed by the Board.

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**FOR THE YEAR ENDED 31 MARCH 2011**

28. **ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Fixed Assets:		Net Current Assets/(Liabilities)	Long-Term Liabilities	Total
	Tangible	Programme Related Investments			
	£	£	£	£	£
Restricted Funds	65,917	2,389,085	(937,900)	(328,100)	1,189,002
Unrestricted Funds	934,548	-	1,889,578	(16,962)	2,807,764
	<u>1,000,465</u>	<u>2,389,085</u>	<u>952,278</u>	<u>(345,062)</u>	<u>3,996,766</u>

29. **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.

30. **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.

31. **CONTROLLING PARTY**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**32. 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:

	<b>2011</b>	2010
	<b>£</b>	£
Income from Regen School North East	<b>2,550</b>	2,550
	<u>          </u>	<u>          </u>

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

Payments to Regen School North East	<b>82,063</b>	55,050
	<u>          </u>	<u>          </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 2011 is £8 due from Regen School North East to Five Lamps (2010: £nil).

Included in creditors at 31 March 2011 is £15,725 due to Regen School North East from Five Lamps (2010: £1,375).

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

	<b>2011</b>	2010
	<b>£</b>	£
Transactions between Five Lamps and NEEAL during the year were as follows:		
Income from NEEAL	<b>37,739</b>	222,808
	<u>          </u>	<u>          </u>

This income is in respect of the delivery of services.

Included in debtors at 31 March 2011 is £1,378 due from NEEAL to Five Lamps (2010: £101,874).

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

	<b>2011</b>	2010
	<b>£</b>	£
Transactions between Five Lamps and Tees Credit Union during the year were as follows:		
Income from Tees Credit Union	<b>56,874</b>	80,660
	<u>          </u>	<u>          </u>

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

Included in debtors at 31 March 2011 is £3,980 due from Tees Credit Union to Five Lamps (2010: £9,425).