

**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 2012**

**Baines Jewitt**  
CHARTERED ACCOUNTANTS  
AND BUSINESS ADVISERS

[www.bainesjewitt.co.uk](http://www.bainesjewitt.co.uk)

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**FOR THE YEAR ENDED 31 MARCH 2012**

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**LEGAL AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**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)  
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)  
Vivienne Holmes  
Ian Wright  
Trevor Watson (appointed January 2012)  
Carole Richardson (appointed June 2012)

**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 & Continuous Improvement Manager
Nicola Hall	Executive Officer

**Status:** The Five Lamps Organisation is a company limited by guarantee, incorporated on 9 November 1989 under the Companies Act 1985, 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

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

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

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**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

The Directors/Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2012 and confirm that they comply with current statutory requirements, the company's governing documents and the provisions of the latest Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

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

**Structure, Governance and Management**

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

The Directors of the company are also charity trustees for the purposes of charity law and, under the company's articles, are known as Members of the Management Committee. Under the requirements of the Memorandum and Articles of Association, the Members of the Management Committee are elected to serve for a period of 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.

**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 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.

**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 environment 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.

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

Their terms of reference are summarised below.

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**FOR THE YEAR ENDED 31 MARCH 2012**

**Performance & Customer Service Committee - Terms of Reference**

**Membership**

- A Committee of the Board.
- At least three Board Members (two constituting a quorum) with one appointed Chair.

**Objective**

- To be accountable to the Board and assist the Board in carrying out its obligations to ensure the continued high-quality of services to Five Lamps' various customer groups.

**Meetings**

- Minimum three meetings per annum.
- Terms of Reference and Committee effectiveness to be reviewed annually with recommendations to Board
- Reasonable notice of meetings and the business to be conducted to be given to the members of the committee, the wider Board, the Chief Executive and Senior Management Team.

**Responsibilities**

- Scrutiny of performance management information and reports with specific reference to quantitative and qualitative Key Performance Indicators.
- Review of service user engagement and community development activities.
- Ensure that all customer services promote and deliver equality and diversity.
- Ensure that appropriate systems and review processes are in place for all quality assurance and continuous improvement activities, setting customer service standards and dealing with customer complaints.
- Establishing a service user/customer panel to act as a barometer for performance and gather intelligence.
- Overview of social impact and annual social accounting processes.

**Reporting**

- The Committee Chair to report formally to the Board at the meeting following the Committee on all matters within its area of responsibility.
- The Committee to make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is needed.
- The Committee is authorised by the Board to investigate any activity within its terms of reference, seeking information from any employee. All Five Lamps employees are to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain, at Five Lamps' expense, external legal or other such professional advice as it considers necessary.

**Review**

- The Committee will undertake an annual self-review of its objectives and responsibilities, its own performance and its constitution.

**Audit & Risk Committee - Terms of Reference**

**Membership**

- Committee of the Board.
- At least three Board Members (two constituting a quorum) with one appointed Chair.
- One Member should be a 'financial expert'.
- Chief Executive not a Member.
- Head of Finance & Enterprise not a Member.
- External Auditors would normally attend by invitation.

**Objective**

- To assist the Board in carrying out its duties in regard to financial duties and legal/statutory compliance.

**Meetings**

- Minimum three meetings per annum.
- Terms of Reference and Committee effectiveness to be reviewed annually with recommendations to Board.
- Reasonable notice of meetings and the business to be conducted shall be given to the members of the committee, the wider Board, the Chief Executive, Head of Finance and the External Auditor.

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**Responsibilities**

- Annual review of the financial strength of the organisation.
- Liaison with internal and external auditors.
- Review the performance of external auditors including review of plan and determining scope.
- Ongoing review of audit cost effectiveness and periodic tender.
- Review of Audit Findings, the Management Letter and the Annual Financial Statements, including management's response.
- Review of interim financial information/management accounts.
- Review of Accounting Policies and other organisational policies deemed to be relevant e.g. whistle-blowing or complaints regarding accounting, internal controls, or auditing matters.
- Review the Appointment of Auditors and their fees.
- Monitoring of corporate risk assessment, and the organisation's processes for risk management and internal control, including financial risk but also IT security, fraud, HR, reputation, funding streams, health and safety and insurable risk to fully understand risk exposure, appetite and profile/timing.
- Receive regular reports on significant litigation, financial commitments and potential liability for the organisation.
- Supervision of any specific/special investigation that may be referred on from the Board.

**Reporting**

- The Committee Chair to report formally to the Board at the meeting following the Committee on all matters within its area of responsibility.
- The Committee shall make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is needed.
- The Committee is authorised by the Board to investigate any activity within its terms of reference, seeking information from any employee. All Five Lamps employees are to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain, at Five Lamps' expense, external legal or other such professional advice as it considers necessary.

**Review**

- The Committee will undertake an annual self-review of its objectives and responsibilities; its own performance and its constitution.

**Trustee Induction & Training**

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

Trustees also benefit from:

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

**Risk Management**

The Board maintains a continuous review of the major risks to which the charity is exposed, primarily within the terms of reference of its Audit & Risk Committee. 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.

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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 check.

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, including the replacement of the lift at our Eldon Street headquarters, and we also completed a major audit of our HR policies and procedures throughout the organisation. We also completed a number of risk assessments in relation to our delivery premises and made a range of physical improvements, particularly at The Youthy.

### **Organisational Structure**

As mentioned above, the Charity has a Management Committee who meet at least quarterly and are responsible for the strategic direction and policy of the charity. Currently there are seven 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 & Continuous Improvement Manager and an Executive Officer.

In September 2011, the Board approved a revised senior management structure, to be implemented during 2012/2013. 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. The increased focus in supporting families with complex needs and tackling multiple disadvantage is also a good fit with this division.

### **Related Parties**

There are three organisations, Regen School North East, Tees Credit Union and North East Enterprise Agencies Limited, which have a trading relationship with Five Lamps, and/or have Five Lamps staff or Trustees involved at Board level. Related party transactions during the year are detailed on page 45 of the financial statements and there were no other reportable transactions in the period under review.

### **Objectives and Activities**

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

- a) the relief of financial hardship;
- b) the relief of unemployment;
- c) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- d) the provision of financial assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help i) in setting up their own business or ii) to existing businesses;
- e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;
- f) the provision of housing for those who are in conditions of need, and the improvement of housing in the public sector or in charitable ownership, provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to improve housing;

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- 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.

Following the recent Governance Review, we are in the process of finalising revised Memorandum & Articles with Charity Commission approval. 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.

### **Main Activities & Achievements**

The main activities of the organisation in 2011/2012 continued to focus on broadening our range of social and economic regeneration projects. The range of these activities continued to reflect the organisation's 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 remained strong.

We delivered the majority of our strategic objectives.

Our three main business divisions achieved further service growth.

A surplus of £77,459 was achieved on increased turnover of £3,979,952.

We now employ 78 people.

In June 2012 Five Lamps secured £1.276million from the Department of Communities & Local Government 'Empty Homes Community Grants Programme' to refurbish 75 currently empty properties in Darlington and Co. Durham by March 2015.

Other achievements include:

Featured at No.65 in the 2012 Sunday Times '100 Best Not-For-Profit Organisations To Work For'. This followed our placing at No.13 in the 2011 '100 Best Places to Work in the Public & Third Sector'. We scored 3rd for staff feeling they can contribute to our success, 6th for staff being excited about where we are going and 11th for leadership. Chief Executive Graeme Oram scored 4th.

Won circa £8million (revenue and capital) of contracts to deliver public services, bringing the total value of contracts won since 2009 to over £20million.

Supported over 600 Stockton residents into jobs giving a total of 1,239 over the last three years with nearly 60% being sustained for more than six months.



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Secured DWP Prime contract to deliver the New Enterprise Allowance Loan Service throughout the North East and Yorkshire.

Were awarded the biggest Children In Need grant in the Tees Valley to increase our VIBE club for young people with special needs to two nights per week.

Delivered our Capacity Builders financial education and support programme to over 1,500 people from Berwick to Scarborough and to pre-release clients in HMP Kirkclevington.

Featured at No. 45 in the RBS SE100 Index for Growth (32 in previous year).

Secured sub-contracts to deliver DWP Work Programme and ESF Family Support 'FamilyWise' with our partners Avanta and The Wise Group respectively.

Started 341 New Businesses with Five Lamps support. 499 received start-up loan finance through our NEA loans and a total of 700 businesses were supported.

Won 'Partner of the Year' in the 2012 Avanta Awards.

Working with the 12 NE Local Authorities we made nearly 250 'Helping Hand' loans totalling £2million.

The Government recognised our work in key documents 'Social Justice : Transforming Lives' and its Social Investment Strategy.

Our Financial Inclusion service made nearly 12,000 loans to financially excluded people throughout the region.

Secured a further £1million of capital for on-lending in the biggest ever single bank funding deal for a personal-lending UK CDFI from Unity Trust Bank.

Jodie Hind won 'Outstanding Volunteer' at the NE VCS Awards and Graeme Oram won 'Outstanding Leadership' on a great night where Stockton won the majority of the awards.

Showcased in the NESTA publication '20 Catalytic Investments to Grow the Social Investment Market' - an exemplar portfolio of investments.

Won the 'Most Enterprising' Award at the 2011 Catalyst Awards.

Purchased a 'MyBnK' franchise, only the second outside London, to expand the financial inclusion work that we do in schools and with young people from vulnerable and disadvantaged groups.

Published our first set of Social Accounts and were shortlisted for 'Impact Champion' at the 2011 RBS SE100 Awards.

Were shortlisted for 'Company of the Year' in the Tees Valley section of the 2012 NE Business Awards.

Supported nearly 450 people to achieve qualifications and a further 400 through CSCS tests.

Completed a major redesign of our Foundation Learning service to support local young people not in education, employment or training.

Were stakeholders in two national Regional Growth Fund bids bringing up to £750k of new loan capital for new and early life businesses and more than £120k to support business plan development in Stockton and Hartlepool.

Working to issue a prospectus for a Social Investment Bond, to be listed on the Luxembourg MTF Bond Exchange, in late 2012 to grow our Helping Hand, Financial Inclusion and Empty Homes activities.

Shortlisted for CDFA and Centre for Social Justice Awards.

Coming up for 10 years of The Youthy with more young people than ever accessing our services, including a new youth club for young people from our local Muslim community.

Increased community access at our excellent premises at South Thornaby.

Over 20,000 people each year receive Five Lamps support.

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Five Lamps remains the fastest-growing personal lending Community Development Finance Institution (CDFI) in the country and will make circa 20,000 personal loans to financially excluded individuals in 2012/2013. Five Lamps now account for 55% of the total personal loans made by UK CDFIs as reported in 'Inside Community Finance : Annual Survey of CDFIs in the UK' published in June 2012.

Our Enterprise activity grew considerably as our 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.

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.

### Five Lamps' Services

Five Lamps' supports communities through four operating divisions:

- Employability - supporting hard to reach individuals into employment;
- Enterprise - delivering 'business start-up' training, coaching and one-to-one support to progress Five Lamps' customers into self-employment;
- Financial Inclusion - providing affordable loans to customers who are financially excluded from mainstream financial services and cannot access affordable credit and who may have had to resort to using high-cost lenders;
- Young People - delivering Foundation Learning to 16 to 18 year olds who are not in education, employment or training and delivering evening and weekend activities for young people from ages seven to 18 years.

<b>Social, Economic &amp; Financial Inclusion</b>	<b>How Five Lamps Make A Difference</b>
<p>There are over 700,000 Empty Homes in England (46,000 in the North East), with over 300,000 having been empty for over 6 months</p> <p>(Source: 'Laying The Foundations'- A Housing Strategy for England, HM Government 2011)</p>	<ul style="list-style-type: none"> <li>• £1.3million refurbishment programme for first 75 empty properties</li> <li>• Work placements and tasters for 16-18 year olds and apprenticeships</li> <li>• Supply chain opportunities for new and early life businesses</li> </ul>
<p>8million people (15% of the population) are 'underbanked' i.e. excluded from mainstream financial services and affordable credit</p> <p>(Source: 'Shark Bait' The Economist, 8 October 2011)</p> <p>38% of 'underbanked' people turn to high cost lenders</p> <p>(Source: CDFA 'Just Finance' 2012)</p>	<ul style="list-style-type: none"> <li>• Access to affordable credit</li> <li>• First-stage debt advice</li> <li>• Signposting to bank accounts and credit union support</li> <li>• Financial Literacy and Awareness programmes</li> <li>• Support for disadvantaged and vulnerable groups, including troubled families with complex needs</li> <li>• Personal loans and business loans</li> </ul>
<p>There are 968,000 (16%) Young People (16-24) in England not in Education, Employment or Training (NEET). 10.3% of 16-18 year olds are recorded as NEET</p> <p>(Source: Department of Education August 2012)</p>	<ul style="list-style-type: none"> <li>• Foundation Learning provision</li> <li>• 'Get On In Life' programme</li> <li>• Information, Advice and Support</li> <li>• Confidence &amp; Capacity Building</li> </ul>
<p>There are 2.157million (8% of population) Unemployed People in England with 134,000 (10.4%, the highest for any UK region) Unemployed in the North East</p> <p>(Source: Office for National Statistics, Labour Market Statistics, Regional Summary August 2012)</p>	<ul style="list-style-type: none"> <li>• Routes into Employment</li> <li>• Skills support for Unemployed and those facing Redundancy</li> <li>• Business animation and support into self-employment</li> <li>• Information, Advice &amp; Support</li> <li>• Targeted support for individuals and whole families</li> </ul>

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**Five Lamps Activity Summary 2007 - 2012**

	2007/08	2008/09	2009/10	2010/11	2011/12
Businesses Supported	212	405	609	623	704
Business Start-Ups	109	123	171	217	236
Business Loans	62	66	34	49	499
Business Loans (£000)	110	98	178	118	480
Personal Loans	142	586	4,069	9,872	11,742
Personal Loans (£000)	81	245	1,475	3,400	3,800
Personal Finance Advice Clients	583	1,749	8,200	14,000	15,800
Into Employment	201	217	315	364	619
Achieving A Qualification	592	246	302	466	448
Receiving IAG	685	815	969	1,681	1,925
CSCS Tests Passed	140	219	240	390	414
Foundation Learning Starts	41	52	91	61	32
Foundation Learning Progressions	21	28	36	30	9
Young People with Special Needs (visits)	350	447	552	742	799
People Accessing Community Activities	750	823	1,263	1,417	1,720
Helping Hand Loans (Volume)	-	-	-	103	247
Helping Hand Loans (£000)	-	-	-	197	1,984

### 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 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.

We continue to derive substantial benefit from our investment in a Quality Manager five years ago. Our Quality & Continuous Improvement Manager, Nichola Storr, again led the process of applying to the Sunday Times Best Companies 2012.

In May 2012 we were awarded a Grade 3 by Ofsted for our Foundation Learning and Adult Skills activities.

### Employability

Five Lamps Employability service has had a very productive year in 2011/2012. The 'Communities Fund' contract with Stockton Borough Council ended at 31 March 2012, although we will continue to be paid for job sustainability until 30 September 2012. We supported 619 people into jobs during the year and the contract exceeded its challenging targets, with over 1,200 people, typically more than six months unemployed and facing multiple barriers, securing jobs over the three year period.

During the year we secured two new sub-contracts to deliver national programmes, DWP Work Programme (Avanta are the prime contractor) and 'FamilyWise', the ESF-funded family support programme (The Wise Group are the prime contractor). The two new contracts are both on a 'payment by results' basis and in both instances we are not able to directly influence referrals.

Work Programme activity has yet to reach the levels anticipated, and like many third sector providers we are not entirely comfortable with the cash flow implications of this Government programme. The initial attachment payment is followed by further payment only at 26 weeks job sustainability, and even then only while the beneficiary remains off related benefits.

'FamilyWise' is a contract which plays much more strongly to Five Lamps' strengths and integrated support. The payment by results is based on the achievement of a range of progress measures, identified at an initial assessment, which address the broad range of complex needs faced by individuals and their wider family. Referrals come through established local authority partnerships. The contract commenced in February 2012 and is not expected to yield a cash flow until September 2012. Referrals are above profile up to the end of August 2012.

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'Train to Gain'/Adult Skills had been a core component of our employability offer for several years. In August 2011, following the Skills Funding Agency's minimum contract level exercise we became sub-contractors to Tees Achieve. When we were advised of the likely value of our 2012/2013 contract the Board agreed that it was no longer economically viable to deliver the service and, while honouring all of our commitments to learners on the programme, that we would end our involvement in Adult Skills.

The budget for 2012/2013 reflects a substantial drop in the revenues accruing to our employability division following the end of Communities Fund. In August 2012 we secured a sub-contract to deliver 'Skills Support for Unemployed' (SSU) and 'Skills Support for Redundancy' (SSR). This work plays to our strengths in a number of ways and embraces our learning, advice and guidance, CSCS testing, enterprise awareness and financial inclusion activities.

### **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 ongoing 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 had a significantly enhanced value for 2011/2012 but the redesign, difficulties in recruiting in an increasingly competitive marketplace and the incoherence of local 14-19 services prevented us from realising the potential for growth. The 2012/2013 contract is set at a substantially lower level although it carries the potential for increased value.

Ofsted reviewed our service in May 2012 and we were awarded a Grade 3 – Satisfactory.

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.

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 'VIBE' our youth club for young people with special needs would be funded for a further three years. This funding enables us to open on a second night and was the largest individual grant made by Children in Need in the Tees Valley last year.

In early 2012 we were contacted by a small charitable trust who manage a legacy fund and we will receive £15,000 over three years to help NEET young people into employment.

### **Enterprise**

Our Enterprise division continues to thrive, delivering a broad range of support to new and early life businesses throughout the Tees Valley and filling many of the gaps created by the demise of 'Business Link'.

Our position as a member of the National Enterprise Network 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.

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.

**THE FIVE LAMPS ORGANISATION**  
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**FOR THE YEAR ENDED 31 MARCH 2012**

The Stockton 'Enterprise Gateway' contract ended at 31 March 2012. In its final year we started nearly 240 new businesses. The establishment of a local enterprise service with a focus on community coaching was a well-evidenced success and we were disappointed that there was no continuation of funding, particularly as Gateway branding had become highly visible.

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 was expanded in July 2011 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. Our NEA Loan Service contract has now supported well over 1,000 individuals leaving benefits to move into self-employment with more than £1.1million of loans made. This makes us one of the best-performing NEA loan contracts in the UK at present, although we continue to face the challenges of being paid on results when the key referrers, Jobcentre staff, seem to have a patchy understanding of how the service works. A recent mapping of referrals has highlighted some major disparities in referral patterns between jobcentres.

We have secured a number of other contracts including ESF-funded activity and are supporting the local 'Enterprise Arcade'.

#### **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, with our activity accounting for 55% of total activity by CDFA members. Nearly 12,000 loans were made in 2011/2012 and we are on target to achieve over 18,000 in 2012/2013.

Revenue support from DWP ended at 31 March 2012 and moving forward we will be reliant on service fees and interest receivable. In common with most CDFIs across the UK we will charge more for loans in 2012/2013. Having capped our rates at 29.9% while in receipt of government funding, we are increasing these to 49.9% for first loans and 39.9% for top-ups/subsequent loans. A £10 fee per loan will apply. This still positions our service at a fraction of the market rate APR, typically 300%, charged by our most obvious competitor the doorstep lender and an even smaller fraction of the rates of payday lenders, Wonga etc. It is likely that credit unions will be able to charge 3% per month (41.6% APR) from later this year.

Following the national feasibility study undertaken by DWP, a tendering exercise has been launched in September 2012, seeking prime contractors to lead consortia of credit unions and CDFIs with the overarching aim of doubling credit union membership in the UK by 2019. Five Lamps expects to be a member of one of these consortia, bringing our customer base plus our loan fund to the table. It is envisaged consortia members will be paid for new customers, loans made and deposits lodged. While at present we are not able to take deposits, or be an authorised bill payer, we are currently evaluating whether there is a business advantage in taking appropriate steps to do so. This is particularly important given the advent of universal credit and new products emerging, such as the 'jam jar' budgeting account.

In June 2012 we completed the due diligence process on a further £1million of capital for on-lending from Unity Trust Bank. This will enable substantial growth in lending activity and represents, we believe, the largest-ever, single bank deal with a UK personal lending CDFI.

We continue to build towards our ambition of creating a large-scale multi-faceted loan fund. '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 over £3million and we have nearly £7million in the 'Helping Hand' fund which we manage on behalf of the twelve North East local authorities. The NEA Loan Service contract provides for up to £5.3million of loans and we are stakeholders in the CDFA business lending programme, expecting £750k of capital over three years. We are well on target to achieve our vision.

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We are still working towards a prospectus for social investment to secure further capital for on-lending as well as for the growth of Helping Hand and Empty Homes delivery. We are also integral to the work on Social Investment being led by the Northern Rock Foundation which may lead to a structured regional bid to Big Society Capital.

The 'Helping Hand' contract is widely regarded as an exemplar of its type and made 247 loans in 2011/2012. The contract requires a designated bank account and there is a fixed and floating charge debenture in place over the fund itself and the assets derived from the fund, primarily the charges on the individual properties which are being improved. It 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 zero coupon 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.

In July 2012 we secured £16,000 from Northern Rock Foundation to undertake a feasibility study into the growth of scale and impact of Tees Credit Union.

The localisation of DWP Social Fund, comprising Crisis Loans and Community Care Grants, from April 2013, sees local authorities taking accountability for delivery. Five Lamps is firmly of the belief that we are in a strong position to be commissioned to deliver the localised service, bringing substantial added value. There are strong synergies between respective customer bases and potentially economies of scale. We are in discussion with six local authorities and hope to present our credentials via tenders. Delivery for six authorities could see over £6million of transactions being made and create over 30 jobs.

Total income for the year to 31 March 2012 was £3,979,952 (£3,057,737 in 2010/2011) continuing the organisational growth sustained over the last four years.

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.

2011/2012 has exceeded a great year in 2010/2011 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. There is however a major change in the nature of our contract income, being largely predicated on payment by results, and we must grow our capacity to generate revenues from our own assets, notably our loan fund plus our plans for empty homes and business units. 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.

### **Social Accounts**

We committed to publishing social accounts back in 2010 and published our initial set in March 2011 for the period to 31 December 2010. We engaged the services of a registered social auditor and fully engaged staff, stakeholders and our customers in the process. We will publish our second set at the end of September 2012 following their review by a Social Audit Panel on 20 September 2012.

We know that it's crucial to be healthy financially but, as a social enterprise, being able to demonstrate that social impact is important too. As an enterprising charity, Five Lamps has wanted for some time 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 2011/2012 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. The Social Audit Panel have recognised the progress made in determining economic impact in our second set of Social Accounts.

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Five Lamps was one of only 11 out of the 409 enterprises in the 2011 RBS SE100 Index to score five out of five for Impact and we were shortlisted 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.

**Financial Review**

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2012 and associated notes are set out on pages 20 to 45.

It remains the Board's intention to hold not less than one month's salary cost 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 2011/2012 was achieved throughout the year. The Board has recognised the increased potential turbulence inherent in the contracted services marketplace.

Financial performance again exceeded budget projections during 2011/2012 resulting in a surplus of £77,459 continuing the trend of profitability (£362,008 in 2010/2011).

At 31 March 2012 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, the ending of some local authority grant funding 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 (£50,768) by transfer to unrestricted reserves. It should be noted that this represents a substantially worse position than 2010/2011. The Trustees are considering the approval of a range of further efficiency measures to minimise the costs of operating this building.

The balances on two further funds in deficit, The Youthy and Community Finance (£91,175 and £2,459 respectively) have also been written off by transfer to unrestricted reserves.

Four funds, Family Wise, Enterprise, Middlesbrough Home Loans and NEA Loans were also in deficit but have been carried 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.

**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

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**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**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

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 Informed Choices	Service Matters Sharing Success	Performance Matters Making Communities Matter
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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



**THE FIVE LAMPS ORGANISATION**  
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**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**Key Initiatives 2011 - 2015**

<b>Priority</b>	<b>Planned Actions</b>	<b>Achievements 2011/2012</b>
Great North Loan Fund	<p>To continue the growth to scale and sustainability of the Great North Loan Fund, our planned £20million multi-faceted loan fund/regional financial inclusion initiative. We are seeking:</p> <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>• Design service delivery model ahead of Social Fund localisation</li> </ul>	<p>Secured £1million capital in largest ever single bank deal for a UK personal CDFI. Secured support for 2011/2012.</p> <p>Received additional contributions taking fund value to nearly £7million.</p> <p>Secured prime contract and associated geographical expansion with up to £5.3million capital available.</p> <p>Continuing consideration of a bid while participating in a regional feasibility study. See below</p> <p>Model designed and initial discussion held with local authorities.</p>
Social Investment Bond	<p>To secure large-scale social investment through the Charity Bank/Investing for Good Note Programme, issuing a prospectus in late 2012. 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.</p>	<p>Continued progress towards a bond issued in three tranches - Helping Hand, Empty Homes and Financial Inclusion.</p>
Empty Homes	<p>To secure funding to enable a substantial Empty Homes initiative in Tees Valley and County Durham refurbishing currently vacant properties and managing future tenancies.</p>	<p>Bid to DCLG Empty Homes Community Grants Programme submitted in February 2012 and confirmed as successful in June 2012. £1.28million will enable over 75 properties to be brought back into productive use by March 2015.</p>
Commissioned Services	<p>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/complex needs, Early Years/SureStart, health improvement, social care, empty housing, localised social fund, supported accommodation and apprenticeships.</p>	<p>Continued to enjoy success in securing new contracts/sub-contracts, including NEA loans and mentoring; enterprise coaching; Warm Homes Healthy People; Work Programme; 'Family Wise' ESF Family Support.</p>
Asset Transfer	<p>Dialogue is ongoing with Stockton Borough Council around transfer of our leased premises to full Five Lamps ownership and potential transfer of other assets.</p>	<p>This remains work in progress</p>
Social Impact/ Social Return on Investment	<p>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.</p>	<p>A second set of Social Accounts, covering the 2011/2012 financial year, will be published in September 2012.</p>

**THE FIVE LAMPS ORGANISATION**  
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**FOR THE YEAR ENDED 31 MARCH 2012**

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.	Achieved growth into Yorkshire with the successful NEA loans tender and working on substantial expansion of financial inclusion activity. Empty Homes activity includes South West Durham.
Enterprise	<p>We are increasingly recognised as an Enterprise Agency, being one of only two NEN (National Enterprise Network) member organisations in the Tees Valley. The success of North East Enterprise Agencies Ltd (NEEAL) has created a new range of products and services which give us a strong service base. We are also able to integrate enterprise and employability activity. Other potential developments include:</p> <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 CDFA Regional Growth Fund bid</li> <li>• Capacity to refer to Regional Enterprise Loan Fund administered by Entrust</li> </ul>	<p>Commenced delivery in July 2011.</p> <p>Commenced delivery in April 2012. Expected to commence due diligence in September/October 2012.</p> <p>Started referrals in April 2011.</p>
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 implemented by January 2012, will identify new structures and governance models and identify core competencies for Trustees.	New Board sub-structure implemented, including two sub-committees - Performance & Customer Service and Audit & Risk.

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

**Approval**

This report was approved by the Board of Trustees on 10 October 2012 and signed on its behalf.



**P.N. Tucker**  
Chair

**THE FIVE LAMPS ORGANISATION**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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

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

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

Insofar as the trustees are aware:

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

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

**THE FIVE LAMPS ORGANISATION**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2012**

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE FIVE LAMPS ORGANISATION  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2012**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

*Baines Jewitt*

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

**Dated: 10 October 2012**

**JL/AJD**

**THE FIVE LAMPS ORGANISATION**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	3(a)	-	-	-	66,652
Activities for generating funds	3(b)	-	1,800	1,800	2,550
Investment income	3(c)	457	7,445	7,902	7,448
<b>Incoming resources from charitable activities:</b>					
Contract performance and grant income	4(a)	3,412,483	-	3,412,483	2,926,847
Others	4(b)	77,305	2,095	79,400	51,416
<b>Other Incoming Resources</b>					
Interest generated by programme related investments		478,367	-	478,367	2,824
<b>TOTAL INCOMING RESOURCES</b>		<b>3,968,612</b>	<b>11,340</b>	<b>3,979,952</b>	<b>3,057,737</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Costs of generating voluntary income	5	-	3,220	3,220	2,930
Costs of fundraising activities	6	-	-	-	-
Investment management costs	7	-	1,700	1,700	1,635
Charitable activities	8	3,834,388	20,925	3,855,313	2,633,772
Governance costs	9	-	42,260	42,260	57,392
<b>TOTAL RESOURCES EXPENDED</b>		<b>3,834,388</b>	<b>68,105</b>	<b>3,902,493</b>	<b>2,695,729</b>
<b>Net Incoming/(Outgoing) Resources before Transfers</b>		<b>134,224</b>	<b>(56,765)</b>	<b>77,459</b>	<b>362,008</b>
<b>Gross Transfers Between Funds</b>	27	<b>144,402</b>	<b>(144,402)</b>	<b>-</b>	<b>-</b>
<b>Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses</b>		<b>278,626</b>	<b>(201,167)</b>	<b>77,459</b>	<b>362,008</b>
<b>Exceptional item</b>	13	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,027,643</b>
<b>Other Recognised Gains and Losses</b>					
Unrealised loss on investments	21	-	(29)	(29)	(5)
<b>Net Movements in Funds</b>		<b>278,626</b>	<b>(201,196)</b>	<b>77,430</b>	<b>2,389,646</b>
<b>Reconciliation of Funds:</b>					
<b>Funds Brought Forward</b>	27	<b>1,189,002</b>	<b>2,807,764</b>	<b>3,996,766</b>	<b>1,607,120</b>
<b>FUNDS CARRIED FORWARD</b>	27 & 28	<b>1,467,628</b>	<b>2,606,568</b>	<b>4,074,196</b>	<b>3,996,766</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 £608,448 in the carrying value of Programme Related Investments (note 19).

The notes on pages 25 to 45 form part of these financial statements

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

**BALANCE SHEET AS AT 31 MARCH 2012**

	Notes	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	18		941,311		1,000,465
Programme related investments	19		2,997,533		2,389,085
			<u>3,938,844</u>		<u>3,389,550</u>
<b>CURRENT ASSETS</b>					
Debtors	20	599,778		703,635	
Investments	21	40		69	
Cash at bank and in hand		1,046,282		685,832	
		<u>1,646,100</u>		1,389,536	
<b>CREDITORS: Amounts falling due within one year</b>	22	<u>(643,585)</u>		<u>(437,258)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,002,515</u>		<u>952,278</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,941,359</u>		<u>4,341,828</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	23		<u>(867,163)</u>		<u>(345,062)</u>
<b>NET ASSETS</b>			<u>4,074,196</u>		<u>3,996,766</u>
<b>FUNDS</b>					
Unrestricted funds	27		2,606,568		2,807,764
Restricted funds	27		1,467,628		1,189,002
<b>TOTAL FUNDS</b>	27 & 28		<u>4,074,196</u>		<u>3,996,766</u>

These financial statements were approved by the Board on 10 October 2012 and signed on its behalf by:



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

**T. Watson**  
Trustee

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	£	2012 £	£	2011 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	1		28,047		412,001
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	2		407,184		(626,594)
<b>CAPITAL EXPENDITURE</b>	2		(55,323)		(39,477)
<b>FINANCING</b>	2		(19,458)		1,155
<b>INCREASE/(DECREASE) IN CASH IN THE PERIOD</b>			<u>360,450</u>		<u>(252,915)</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH</b>	3				
Increase/(decrease) in cash in the period		360,450		(252,915)	
Cash outflow from (increase)/decrease in debt and lease financing		<u>25,138</u>		<u>(1,155)</u>	
Change in net debt resulting from cash flows			<u>385,588</u>		<u>(254,070)</u>
<b>MOVEMENT IN NET CASH IN THE PERIOD</b>			385,588		(254,070)
<b>NET CASH AT 1 APRIL</b>			<u>639,094</u>		<u>893,164</u>
<b>NET CASH AT 31 MARCH</b>			<u>1,024,682</u>		<u>639,094</u>



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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	£	2012 £	£	2011 £
<b>1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>				
Net incoming resources before exceptional item and other recognised gains and losses		77,459		362,008
Depreciation charges		114,477		101,933
Loss on disposal of fixed assets		-		30,790
Decrease in debtors		103,857		182,356
Increase/(decrease) in creditors		210,839		(262,141)
Interest from programme related investments		(478,367)		(2,824)
Other interest received		(2,452)		(1,998)
Interest element of finance lease payments		1,154		-
Other interest paid		1,080		1,877
		<u>28,047</u>		<u>412,001</u>
<b>Net Cash Inflow from Operating Activities</b>				
<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		(608,448)		(1,089,481)
Increase/(decrease) in funds under management	537,047		(1,567,701)	
Less: Exceptional item	-		<u>2,027,643</u>	
		<u>537,047</u>		459,942
Interest from programme related investments		478,367		2,824
Other interest received		2,452		1,998
Interest element of finance lease payments		(1,154)		-
Other interest paid		(1,080)		(1,877)
		<u>407,184</u>		<u>(626,594)</u>
<b>Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance</b>				
<b>(b) Capital Expenditure</b>				
Purchase of tangible fixed assets		(55,323)		(39,477)
Sale of tangible fixed assets		-		-
		<u>(55,323)</u>		<u>(39,477)</u>
<b>Net Cash Outflow from Capital Expenditure</b>				
<b>(c) Financing</b>				
Capital repayments - loans		(15,610)		(18,084)
New hire purchase contracts		-		19,239
New loans		-		-
Capital repayments - finance lease contracts		(3,848)		-
		<u>(19,458)</u>		<u>1,155</u>
<b>Net Cash Inflow/(Outflow) from Financing</b>				

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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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

	At 1.4.11 £	Cash Flow £	At 31.3.12 £
Net cash:			
Cash at bank and in hand	685,832	360,450	1,046,282
Bank overdraft	-	-	-
	<u>685,832</u>	<u>360,450</u>	<u>1,046,282</u>
Debt:			
Hire purchase	(19,239)	9,528	(9,711)
Debts falling due within one year	(10,537)	4,511	(6,026)
Debts falling due after one year	(16,962)	11,099	(5,863)
	<u>(46,738)</u>	<u>25,138</u>	<u>(21,600)</u>
<b>Total</b>	<u><b>639,094</b></u>	<u><b>385,588</b></u>	<u><b>1,024,682</b></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**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 2012**

**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 2012**

**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 2012</b>	<b>Total 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>(a) Voluntary Income</b>				
Voluntary Sector Support Fund - grant	-	-	-	<u>66,652</u>
<b>(b) Activities for Generating Funds</b>				
Management fee to third parties	-	<u>1,800</u>	<u>1,800</u>	<u>2,550</u>
<b>(c) Investment Income</b>				
Bank interest	457	1,995	2,452	1,998
Garage rental income	-	4,300	4,300	4,300
Café rental income	-	1,150	1,150	1,150
	<u>457</u>	<u>7,445</u>	<u>7,902</u>	<u>7,448</u>

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

(a) Contract Performance and Grant Income	Management and Administration £	Health & Communities £	Employability & Learning & Learning £	Finance & Enterprise £	Young People £	Total 2012 £	Total 2011 £
Avanta	-	-	114,963	-	-	114,963	-
BBC Children in Need	-	-	-	-	27,472	27,472	9,989
British Gas - fuel poverty grant	-	-	-	47,430	-	47,430	-
Business Link	-	-	-	52,522	-	52,522	33,569
CD Centre	-	-	-	-	-	-	4,170
Communities Fund - running costs	-	-	470,336	-	-	470,336	466,336
- action plans	-	-	-	-	-	-	87,850
- outcomes	-	-	192,675	43,175	-	235,850	191,330
- sustainable income	-	-	83,125	14,175	-	97,300	66,500
- provisions income	-	-	617,305	-	-	617,305	281,931
- bonus	-	-	198,293	-	-	198,293	-
Connexions	-	-	-	-	-	-	17,466
Department for Works and Pensions	-	-	-	684,077	-	684,077	656,728
Helping Hand	-	-	-	155,524	-	155,524	103,658
Learning & Skills Council	-	-	39,247	-	71,225	110,472	284,641
Middlesbrough Home Loans	-	-	-	-	-	-	4,750
National Institute of Adult Continuing Education	-	-	-	-	-	-	14,267
Northern Rock Foundation	-	-	-	-	-	-	20,419
One North East Income	-	-	-	25,626	-	25,626	93,636
Royal Bank of Scotland	-	-	-	38,479	-	38,479	5,000
Stockton Borough Council - Future Jobs Fund	-	-	-	527,889	-	527,889	115,595
- Enterprise Gateway	-	-	-	-	-	-	393,984
- Sundry Grants	-	-	-	-	-	-	6,780
- React	-	-	-	-	-	-	14,999
- Debt Energy Grant	-	-	-	8,000	-	8,000	-
Tyne and Wear Enterprise Trust	-	-	-	-	-	-	32,547
Skills for Life	-	-	-	-	-	-	2,100
First Light Movies Grant	-	-	-	-	-	-	6,977
Media Box Grant	-	-	-	-	945	945	9,250
Other Grant Income	-	-	-	-	-	-	2,375
	<u>-</u>	<u>-</u>	<u>1,715,944</u>	<u>1,596,897</u>	<u>99,642</u>	<u>3,412,483</u>	<u>2,926,847</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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

	Unrestricted		----- Restricted -----					Total 2011 £
	Management and Administration £	£	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2012 £	
Kirklevington	-	-	-	-	6,000	-	6,000	-
Consultancy income	-	-	-	-	-	-	-	5,217
Room hire	80	25,158	-	2,700	-	2,155	30,093	30,469
Youth Club café/confectionary sales, subscriptions and activities	-	-	-	-	-	8,923	8,923	7,585
Climbing wall	-	-	-	-	-	2,755	2,755	1,333
Jodie Hind grant funding	-	-	-	10,583	-	-	10,583	-
Delivery of Recovery Walks	-	-	-	6,708	-	-	6,708	-
Sundry other income	2,015	-	-	7,500	2,006	2,817	14,338	6,812
	<u>2,095</u>	<u>25,158</u>	<u>-</u>	<u>27,491</u>	<u>8,006</u>	<u>16,650</u>	<u>79,400</u>	<u>51,416</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 2012**

<b>5. COSTS OF GENERATING VOLUNTARY INCOME</b>	<b>2012</b> <b>£</b>	2011 £
Direct project costs	-	-
Staff costs	3,000	2,730
Premises costs	110	100
Office costs	65	60
Central overheads	45	40
	<u>3,220</u>	<u>2,930</u>
<b>6. COSTS OF FUNDRAISING ACTIVITIES</b>	<b>2012</b> <b>£</b>	2011 £
Direct project costs	-	-
Staff costs	-	-
Premises costs	-	-
Office costs	-	-
Central overheads	-	-
	<u>-</u>	<u>-</u>
<b>7. INVESTMENT MANAGEMENT COSTS</b>	<b>2012</b> <b>£</b>	2011 £
Direct project costs	-	-
Staff costs	-	-
Premises costs	1,700	1,635
Office costs	-	-
Central overheads	-	-
	<u>1,700</u>	<u>1,635</u>



**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**8. RESOURCES EXPENDED - CHARITABLE ACTIVITIES**

(a) Charitable Expenditure	Notes	Management and Administration £	Depreciation re Properties (Designated Funds) £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2012 £	Total 2011 £
Staff costs	10	-	-	54,676	463,668	718,248	219,719	1,456,311	1,267,481
Premises costs	11	-	23,956	35,146	35,081	39,252	50,763	184,198	187,597
General office costs	12	-	696	10,562	17,205	58,528	6,706	93,697	74,517
Grants payable to individuals to assist with removing barriers to employment	19	-	-	-	541,170	600	-	541,770	224,750
Bad and doubtful debts	-	-	-	-	-	462,560	-	462,560	(95,000)
Direct project costs:									
- Audit fees	15	-	37,378	-	-	450	4,763	42,669	35,992
- Depreciation	-	-	-	-	528	-	-	450	-
- Loss on disposal	-	-	-	-	-	-	-	-	30,590
- Publicity and promotion	-	-	-	-	771	38,470	915	40,156	46,665
- Tutor costs	-	-	-	-	3,569	3,018	-	6,587	22,081
- Course materials	-	-	-	-	1,329	553	4,569	6,451	-
- Training and accreditation costs	-	-	-	-	10,003	-	4,593	14,596	17,788
- Activities costs	-	-	-	-	1,693	6,271	9,917	17,881	24,589
- Creche costs	-	-	-	-	-	-	-	-	289
- Subscriptions/affiliations	-	-	-	146	1,019	16,712	848	18,725	33,459
- Books and publications	-	-	-	-	-	-	114	114	551
- Apprentices allowances/expenses	-	-	-	-	2,884	4	1,457	4,345	3,029
- Insurance	-	-	-	547	3,426	5,486	2,449	11,908	10,068
- Mobile phones	-	-	-	-	2,009	7,259	376	9,644	8,505
- Consultancy/facilitators fees	-	-	-	-	5,546	337,910	648	344,104	197,760
- Motor vehicle expenses	-	-	-	-	-	-	1,689	1,689	1,826
- Bank charges re loan funds	-	-	-	-	15	37,973	-	37,988	26,464
- Finance charges	-	-	-	-	-	-	1,154	1,154	-
- Others	-	-	-	(135)	204	8,596	1,684	10,349	4,452
		-	<u>62,030</u>	<u>100,942</u>	<u>1,090,120</u>	<u>1,741,890</u>	<u>312,364</u>	<u>3,307,346</u>	<u>2,123,453</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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

(b) Support Costs	Notes	Management and Administration £	Depreciation re Properties (Designated Funds) £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2012 £	Total 2011 £
Staff costs	10	419,375	-	-	-	-	-	419,375	375,998
Premises costs	11	40,378	-	-	-	-	-	40,378	46,319
General office costs	12	38,125	-	-	-	-	-	38,125	28,708
Professional fees		7,353	-	-	-	-	-	7,353	23,251
Subscriptions		4,543	-	-	-	-	-	4,543	4,860
Insurance		8,176	-	-	-	-	-	8,176	8,313
Depreciation		5,566	-	-	-	-	-	5,566	6,124
Loan interest	15	1,080	-	-	-	-	-	1,080	1,877
Bank charges re loan funds		3,665	-	-	-	-	-	3,665	2,605
Publicity and advertising		15,997	-	-	-	-	-	15,997	5,775
Others		3,709	-	-	-	-	-	3,709	6,489
<b>Allocation to activities of:</b>									
- Management and administration costs		(562,348)	-	3,611	247,847	294,099	16,791	-	-
- Premises costs		(19,716)	-	(19,728)	14,364	25,080	-	-	-
- Office costs		(7,008)	-	(864)	2,436	5,436	-	-	-
		<u>(41,105)</u>	<u>-</u>	<u>(16,981)</u>	<u>264,647</u>	<u>324,615</u>	<u>16,791</u>	<u>547,967</u>	<u>510,319</u>
<b>GRAND TOTAL</b>		<b>(41,105)</b>	<b>62,030</b>	<b>83,961</b>	<b>1,354,767</b>	<b>2,066,505</b>	<b>329,155</b>	<b>3,855,313</b>	<b>2,633,772</b>

**FOOTNOTES:**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**9. GOVERNANCE COSTS**

	2012 £	2011 £
Staff costs	9,700	8,900
Premises costs	-	-
Office costs	350	335
Central overheads	32,210	48,157
	<u>42,260</u>	<u>57,392</u>

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

Total employment costs were as follows:

	2012 £	2011 £
Gross pay	1,590,392	1,430,146
Employer's national insurance	133,575	118,752
Employer's pension	33,143	29,682
Training	47,604	28,566
Expenses	61,663	47,713
Insurances	-	250
Redundancy costs	22,009	-
	<u>1,888,386</u>	<u>1,655,109</u>

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

	2012 £	2011 £
Charitable expenditure	1,456,311	1,267,481
Support costs	419,375	375,998
Costs of generating voluntary income	3,000	2,730
Costs of fundraising activities	-	-
Governance costs	9,700	8,900
	<u>1,888,386</u>	<u>1,655,109</u>

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

	2012 No.	2011 No.
Direct charitable work	69	66
Administrative	15	14
	<u>84</u>	<u>80</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**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:

	2012 No.	2011 No.
£60,000 to £70,000	-	1
£70,000 to £80,000	<u>1</u>	<u>-</u>

Of the total pension costs of £33,143 (2011: £29,682) £4,588 was outstanding at 31 March 2012 (2011: £4,874).

No remuneration was paid to trustees in the year (2011: £nil). No expenses were reimbursed to trustees in the year (2011: £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 (2011: £460).

**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:

	2012 £	2011 £
Utilities	39,411	28,535
Cleaning	31,792	36,473
Telephone	54,679	46,910
Fax	22	10
Internet	-	433
Maintenance - building	35,239	38,835
Maintenance - equipment	10,831	6,603
Maintenance - IT	21,213	44,612
Depreciation	33,199	33,240
	<u>226,386</u>	<u>235,651</u>

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

	2012 £	2011 £
Charitable expenditure	184,198	187,597
Support costs	40,378	46,319
Costs of generating voluntary income	110	100
Investment management costs	1,700	1,635
Governance costs	-	-
	<u>226,386</u>	<u>235,651</u>

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**12. OFFICE RUNNING COSTS**

Total office running costs were as follows:

	2012 £	2011 £
Stationery	42,409	29,714
Postage	18,234	13,157
Office furniture and equipment	8,281	9,278
Photocopying	3,518	2,758
Depreciation	33,043	26,577
Drinking water and refreshments	3,750	2,512
Office rent	19,773	15,647
Container hire	1,777	2,475
Office equipment leasing	-	1,502
Office furniture	1,452	-
	<u>132,237</u>	<u>103,620</u>

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

	2012 £	2011 £
Charitable expenditure	93,697	74,517
Support costs	38,125	28,708
Costs of generating voluntary income	65	60
Governance costs	350	335
	<u>132,237</u>	<u>103,620</u>

**13. EXCEPTIONAL ITEM 2011**

On 31 March 2011, the DWP funds under management (see note 19(e)) 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 was made against the above amount in arriving at the net exceptional credit of £2,027,643 reflected within the 2011 Statement of Financial Activities (page 20).

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

This is stated after charging:

	2012	2011
	£	£
Depreciation of tangible fixed assets :		
Assets held under hire purchase and finance lease contracts	6,080	6,108
Owned assets	108,397	95,825
	<u>114,477</u>	<u>101,933</u>
Depreciation adjustment on fixed assets written off	-	30,590
Trustees'/directors' emoluments	-	-
Auditors' remuneration - audit services	13,000	12,000
Auditors' remuneration - non-audit services	3,800	3,000
Auditors' remuneration - under provision re previous year	1,000	-
	<u>114,477</u>	<u>101,933</u>

**15. DEPRECIATION**

The charge for depreciation comprises:

	2012	2011
	£	£
The Youthy (freehold property)	16,739	16,739
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	35,129	35,635
Equipment and machinery	12,152	6,678
Fixtures and fittings	14,285	7,433
Office equipment	31,410	30,638
Motor vehicle (minibus)	4,762	4,810
	<u>114,477</u>	<u>101,933</u>

This has been allocated as follows:

	2012	2011
	£	£
Charitable expenditure	42,669	35,992
Support costs	5,566	6,124
Premises running costs	33,199	33,240
Office running costs	33,043	26,577
	<u>114,477</u>	<u>101,933</u>

**16. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£	£
Community Loan Fund	1,080	1,877
Hire purchase and finance lease charges	1,154	-
	<u>2,234</u>	<u>1,877</u>

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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 2012, the funds held on the above client bank account totalled £3,122,160 (2011: £4,190,597) in addition to which a further £2,167,384 (2011: £222,850) had been advanced to beneficiaries under the Programme. There was an equal associated liability of £5,289,544 (2011: £4,413,447) representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2012.

**18. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £	Short Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
<b>Cost</b>							
At 1 April 2011	833,804	549,155	181,087	89,683	156,319	19,239	1,829,287
Additions	-	-	21,496	26,982	6,845	-	55,323
Disposals	-	-	-	-	-	-	-
At 31 March 2012	<u>833,804</u>	<u>549,155</u>	<u>202,583</u>	<u>116,665</u>	<u>163,164</u>	<u>19,239</u>	<u>1,884,610</u>
<b>Depreciation</b>							
At 1 April 2011	147,515	342,663	167,530	74,601	91,703	4,810	828,822
Charge for the year	16,739	35,129	12,152	14,285	31,410	4,762	114,477
Disposals	-	-	-	-	-	-	-
At 31 March 2012	<u>164,254</u>	<u>377,792</u>	<u>179,682</u>	<u>88,886</u>	<u>123,113</u>	<u>9,572</u>	<u>943,299</u>
<b>Net Book Values</b>							
At 31 March 2012	<u>669,550</u>	<u>171,363</u>	<u>22,901</u>	<u>27,779</u>	<u>40,051</u>	<u>9,667</u>	<u>941,311</u>
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>

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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:

	Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 April 2011 and 31 March 2012	<u>10,046</u>	<u>19,239</u>	<u>29,285</u>
<b>Depreciation</b>			
At 1 April 2011	7,411	4,810	12,221
Charge for year	<u>1,318</u>	<u>4,762</u>	<u>6,080</u>
At 31 March 2012	<u>8,729</u>	<u>9,572</u>	<u>18,301</u>
<b>Net Book Value</b>			
At 31 March 2012	<u>1,317</u>	<u>9,667</u>	<u>10,984</u>
At 31 March 2011	<u>2,635</u>	<u>14,429</u>	<u>17,064</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 in November 2011 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 2012 of £669,550 (2011: £686,289). All in all, it is considered 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.

(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.



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**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. During the year, the balance outstanding on the original CDFI loans has been written off as no repayments have been received for some time.

**(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.

**(c) New Enterprise Allowance Loan Service**

During the year, the charity entered into an agreement with the Department for Work and Pensions (DWP) whereby capital funding was provided in order to support a scheme to help move job seekers from claiming benefits and into self-employment. Under the terms of the contract, all repayments and two-thirds of the interest recovered must be returned to the DWP.

**Personal Loans:**

**(d) 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. During the year, the small balance outstanding on the original loans was written off as bad as no repayments have been received for some time.

**(e) 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.

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. As from 1 April 2011, the date the funds were transferred to the Five Lamps Organisation, any interest received belongs to the Charity.

Total interest received in the year from all programme related investments amounted to £478,367 which primarily related to the Growth Fund.

At the end of the contract on 31 March 2011, the funds under management of £2,652,643 were transferred to the Five Lamps Organisation in order to facilitate future personal loans.

Included in these accounts is revenue funding of £618,398 provided by the DWP to assist with the running costs of this project.

**(f) 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 (g) below.**

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19. **PROGRAMME RELATED INVESTMENTS - continued**

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

	Business Loans £	Personal Loans £	Total 2012 £	Total 2011 £
Loans outstanding as at 1 April 2011 - before provision for doubtful debts	507,947	2,786,138	3,294,085	1,674,604
Net loans advanced in year	449,382	621,626	1,071,008	1,619,481
Loans outstanding as at 31 March 2012 - before provision for doubtful debts/bad debts written off	957,329	3,407,764	4,365,093	3,294,085
<b>Less:</b>				
Bad debts written off	(267,047)	(800,513)	(1,067,560)	-
Provision for doubtful debts:				
Brought forward	(155,000)	(750,000)	(905,000)	(375,000)
Movement in provision during year	155,000	450,000	605,000	(530,000)
Carried forward	-	(300,000)	(300,000)	(905,000)
Net Programme Related Investments as at 31 March 2012	690,282	2,307,251	2,997,533	2,389,085

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

During the year, a detailed exercise was carried out to identify the loan balances that were regarded as 'bad' and as such needed to be written off. The result was that £1,067,560 of loans were written off as irrecoverable.

The above provision for doubtful debts totalling £300,000 was then made based on the Organisation's knowledge of loans where problems with repayments are being experienced, and expectations as regards future receipts.

20. **DEBTORS**

	2012 £	2011 £
<b>Due within one year:</b>		
Contract income/grants receivable	583,256	700,658
Other debtors and prepayments	16,522	2,977
	<u>599,778</u>	<u>703,635</u>

21. **INVESTMENTS**

	2012 £	2011 £
<b>Quoted investments:</b>		
Market value at beginning of year	69	74
Loss on investments from change in value	(29)	(5)
Market value at end of year	<u>40</u>	<u>69</u>
Historic cost	<u>NIL</u>	<u>NIL</u>

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

	2012	2011
	£	£
Obligations under hire purchase contracts (see note 24)	3,848	3,848
Community Loan Fund (see note 25)	6,026	10,537
Trade creditors	157,568	134,950
Social security and other taxes	119,859	107,227
Accruals and deferred income	40,844	28,351
Contract income/grants received in advance	10,333	125,495
Grant income repayable	305,107	26,850
	<u>643,585</u>	<u>437,258</u>

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

	2012	2011
	£	£
Obligations under hire purchase contracts (see note 24)	11,543	15,391
Community Loan Fund (see note 25)	5,863	16,962
Funds under management:		
Department for Work and Pensions	637,736	-
Tyne & Wear Enterprise Trust	144,271	244,959
Middlesbrough Home Loans	67,750	67,750
	<u>849,757</u>	<u>312,709</u>
	<u>867,163</u>	<u>345,062</u>

**24. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	2012	2011
	£	£
Gross obligations repayable:		
Within one year	5,002	5,002
Between one and five years	15,006	20,008
	<u>20,008</u>	<u>25,010</u>
Finance charges repayable:		
Within one year	1,154	1,154
Between one and five years	3,463	4,617
	<u>4,617</u>	<u>5,771</u>
Net obligations repayable:		
Within one year	3,848	3,848
Between one and five years	11,543	15,391
	<u>15,391</u>	<u>19,239</u>

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**25. LOANS**

These comprise amounts due to the Community Loan Fund.

An analysis of the maturity of loans is given below:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand (see note 22)	<b><u>6,026</u></b>	<b><u>10,537</u></b>
Amounts falling due within one and two years (see note 23)	<b><u>5,863</u></b>	<b><u>6,026</u></b>
Amounts falling due between two and five years (see note 23)	<b><u>-</u></b>	<b><u>10,936</u></b>

The original 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>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Obligations under hire purchase contracts	<b>15,391</b>	19,239
Community Loan Fund	<b><u>11,889</u></b>	<b><u>27,499</u></b>

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 6 November 2009.

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## 27. MOVEMENT IN FUNDS

	Balance 1 April 2011 £	Movement in Resources		Transfers Between Funds and Investment Gains/(Losses) £	Balance 31 March 2012 £
		Incoming £	Outgoing £		
<b>RESTRICTED FUNDS:</b>					
<b>Health and Communities</b>					
South Thornaby CRC	-	25,158	75,926	50,768	-
IT Upgrade	27,631	-	8,035	-	19,596
	<u>27,631</u>	<u>25,158</u>	<u>83,961</u>	<u>50,768</u>	<u>19,596</u>
<b>Employability and Learning</b>					
Guidance	683,795	1,513,911	1,192,607	-	1,005,099
CITB	15,876	7,103	6,504	-	16,475
Skills Funding Agency (Train to Gain)	33,599	107,460	126,478	-	14,581
Family Wise	-	-	622	-	(622)
Avanta work programme	-	96,263	14,923	-	81,340
Avanta Community Task Fund	-	18,700	13,633	-	5,067
	<u>733,270</u>	<u>1,743,437</u>	<u>1,354,767</u>	<u>-</u>	<u>1,121,940</u>
<b>Finance and Enterprise</b>					
NEEAL	104,644	52,785	11,604	-	145,825
Business Link	80,287	-	-	-	80,287
Enterprise	73,334	585,705	689,414	-	(30,375)
Community finance and growth fund					
- personal loans	(2,353)	1,135,473	1,075,534	-	57,586
Community finance	(7,805)	31,364	26,018	2,459	-
Helping Hands	20,390	156,578	147,315	-	29,653
Middlesbrough Home Loans	-	-	5,107	-	(5,107)
NEA Loans	-	66,390	69,849	-	(3,459)
British Gas	-	55,430	41,664	-	13,766
	<u>268,497</u>	<u>2,083,725</u>	<u>2,066,505</u>	<u>2,459</u>	<u>288,176</u>
<b>Young People</b>					
The Youthy	-	45,067	136,242	91,175	-
YPLA Foundation Learning	159,604	71,225	192,913	-	37,916
	<u>159,604</u>	<u>116,292</u>	<u>329,155</u>	<u>91,175</u>	<u>37,916</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>1,189,002</u>	<u>3,968,612</u>	<u>3,834,388</u>	<u>144,402</u>	<u>1,467,628</u>
<b>UNRESTRICTED FUNDS</b>					
<b>General Reserves</b>	98,930	11,340	42,848	318,129	385,551
<b>Designated Funds</b>					
Youth Empowerment Scheme (Capital)	681,191	-	25,257	-	655,934
Growth Fund Exceptional Item	2,027,643	-	-	(462,560)	1,565,083
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>2,807,764</u>	<u>11,340</u>	<u>68,105</u>	<u>(144,431)</u>	<u>2,606,568</u>
<b>TOTAL FUNDS</b>	<u>3,996,766</u>	<u>3,979,952</u>	<u>3,902,493</u>	<u>(29)</u>	<u>4,074,196</u>

Transfers between funds are agreed by the Board.

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28. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets:		Net Current Assets/(Liabilities) £	Long-Term Liabilities £	Total £
	Tangible £	Programme Related Investments £			
Restricted Funds	51,279	2,997,533	(719,884)	(861,300)	1,467,628
Unrestricted Funds	890,032	-	1,722,399	(5,863)	2,606,568
	<u>941,311</u>	<u>2,997,533</u>	<u>1,002,515</u>	<u>(867,163)</u>	<u>4,074,196</u>

29. FUNDS OF THE CHARITY

Unrestricted funds comprise those 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 those 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.

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**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>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Income from Regen School North East	<u><b>1,800</b></u>	<u><b>2,550</b></u>

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

Payments to Regen School North East	<u><b>54,825</b></u>	<u><b>82,063</b></u>
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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 2012 is £360 due from Regen School North East to Five Lamps (2011: £8).

Included in creditors at 31 March 2012 is £4,500 due to Regen School North East from Five Lamps (2011: £15,725).

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

Transactions between Five Lamps and NEEAL during the year were as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Income from NEEAL	<u><b>27,552</b></u>	<u><b>37,739</b></u>

This income is in respect of the delivery of services.

Included in debtors at 31 March 2012 is £nil due from NEEAL to Five Lamps (2011: £1,378).

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

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Income from Tees Credit Union	<u><b>50,030</b></u>	<u><b>56,874</b></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 2012 is £4,710 due from Tees Credit Union to Five Lamps (2011: £3,980).