

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 2013**



**Baines Jewitt**  
CHARTERED ACCOUNTANTS  
AND BUSINESS ADVISERS

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

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

**CONTENTS TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<b>Pages</b>
<b>Legal and Administrative Information</b>	<b>1</b>
<b>Directors'/Trustees' Report</b>	<b>2 to 16</b>
<b>Statement of Trustees' Responsibilities</b>	<b>17</b>
<b>Independent Auditors' Report</b>	<b>18 to 19</b>
<b>Statement of Financial Activities</b>	<b>20</b>
<b>Balance Sheet</b>	<b>21</b>
<b>Cash Flow Statement</b>	<b>22</b>
<b>Notes to the Cash Flow Statement</b>	<b>23 to 24</b>
<b>Notes to the Financial Statements</b>	<b>25 to 45</b>

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

**LEGAL AND ADMINISTRATIVE INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2013**

<b>Directors/Trustees:</b>	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:	
	Philip Tucker	(Chair)
	Patricia Chambers	
	Malcolm Bowstead	(Treasurer)
	Vivienne Holmes	
	Ian Wright	
	Trevor Watson	
	Carole Richardson	(appointed June 2012)
<b>Executive Team:</b>	Graeme Oram	Chief Executive
	Sue Westernman	Director of Corporate Services
	William Erskine	Director of Finance & Economic Development
	Nicola Hall	Director of Communications & Performance
<b>Status:</b>	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.	
<b>Governing Documents:</b>	Memorandum and Articles of Association	
<b>Company Registration Number:</b>	2441319	
<b>Charity Registration Number:</b>	702314	
<b>Registered Office:</b>	Eldon Street Thornaby Stockton-on-Tees TS17 7DJ	
<b>Auditors:</b>	Baines Jewitt LLP Barrington House 41-45 Yarm Lane Stockton-on-Tees TS18 3EA	
<b>Bankers:</b>	Unity Trust Bank Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB	

## THE FIVE LAMPS ORGANISATION

(A Company Limited by Guarantee)

### DIRECTORS'/TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Directors/Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2013 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.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Their terms of reference are summarised below:

**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 directed 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 obligations 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 to be given to the members of the committee, the wider Board, the Chief Executive, Head of Finance and the External Auditor.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 directed 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, organisational culture 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.
- 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.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Fourteen key risk areas have so far been identified and monitored. These are:

- The impact of welfare reform.
- Failure to deliver externally-funded contracts/sub-contracts.
- The impact of cuts in public spending.
- Failure to secure future finance including social investment.
- Loss of prime contractor.
- Failure to manage assets effectively.
- Failure to deliver customer satisfaction.
- Failure to demonstrate social impact.
- Failure to maintain reputation and trusted brand.
- Failure to comply with regulatory requirements.
- Failure to plan for/respond effectively to any major incident.
- Failure to maintain corporate governance including board skills.
- Failure to effectively update strategic plans & growth strategy.
- Failure to manage a number of small events occurring simultaneously.

A Health & Safety Committee, which has both staff and trustee membership, meets regularly to ensure statutory compliance across all of our areas of operation. All of our sub-contractors must satisfy a health and safety check. The nature of our services, which often work with the most disadvantaged and marginalised groups, or with young people, necessitate either of the two levels of CRB disclosure. All of our staff appointments are subject to satisfactory enhanced CRB checks.

Our insurance cover spans public and employers liability, professional indemnity, directors and officers liability, buildings and contents and specialist cover such as lift installations and a climbing wall. These are all subject to review and market testing on a regular basis.

During the year we undertook specific audits on compliance with extant legislation, making a number of investments in new equipment, and we also completed a major audit of our HR policies and procedures throughout the organisation, with specialist support from Croner Assist. We also completed a number of risk assessments in relation to our delivery premises and made a range of physical improvements.

#### **Organisational Structure**

As mentioned above, the Charity has a Board of Trustees 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 executive team which comprises the Chief Executive and four Executive Director positions - Director of Corporate Services; Director of Finance & Economic Development; Director of Financial Inclusion & Housing and Director of Communications & Performance. The wider Senior Management Team includes three Operations Managers - Financial Inclusion & Housing; Economic Development and Quality & Improvement.

In April 2013, the Board approved the revised senior management structure, recognising the expanding organisation. This structure, which followed a comprehensive job evaluation and benchmarking undertaken by Croner Reward, established the four Director-titled positions highlighted in the previous paragraph. This structure reduces the number of Business Divisions from four to two - Economic Development and Financial Inclusion & Housing, while retaining three support divisions - Finance; Corporate Services and Communications & Performance. Our young people's provision is managed within Corporate Services.

In recognition of the increased complexity of the organisation, and the need to maintain our overtly charitable activities, a trading company called Conduit has been established, which will be a wholly-owned subsidiary and will gift-aid relevant surpluses to the Charity.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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. The Synergy Consortium will become a related party during 2013/2014 following a successful tender through which we secured funding to deliver 'Healthways'.

**Objectives and Activities**

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

- a) the relief of financial hardship;
- b) the relief of unemployment;
- c) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- d) the provision of financial assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help i) in setting up their own business or ii) to existing businesses;
- e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;
- f) the provision of housing for those who are in conditions of need, and the improvement of housing in the public sector or in charitable ownership, provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to improve housing;
- g) the maintenance, improvement and provision of public amenities;
- h) the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances, have need of such facilities;
- i) the protection or conservation of the environment;
- j) the provision of public health facilities and childcare;
- k) the promotion of public safety and prevention of crime;
- l) the development of the capacity and skills of the members of socially and economically disadvantaged communities in the North East of England in as much as they are better able to identify and help meet their needs and to participate more fully in society;
- m) such other means as may from time to time be determined, subject to the prior written consent of the Charity Commissioners for England and Wales.

The above objects received the consent of the Charity Commission under section 64 of the Charities Act 1993 on 7 August 2006 and were passed via special resolution at our 2006 Annual General Meeting held on 1 November 2006.

Following previous review, we are in the process of securing final legal opinion on a substantial updating of our Memorandum & Articles with Charity Commission approval. The proposed updated Articles further refresh the above 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 objects 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) the provision of housing or dwellings and/or the refurbishment of such housing or dwellings for those who are in conditions of need;
- i) any other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose."



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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**Main Activities & Achievements**

In 2012/2013, we delivered the majority of our strategic objectives, although it was a particularly challenging year.

At 31 March 2012, three substantial contracts, which had contributed nearly 55% (circa £2.2million) of our 2011/2012 turnover, came to an end. Despite exceptional performance on all three there was no continuation of these specific initiatives which spanned Employment (Stockton Communities Fund); Enterprise (Stockton Enterprise Gateway) and Financial Inclusion (DWP Financial Inclusion Transition). The Board, in full cognisance of the position, set a deficit budget (which anticipated an operating loss of circa £340k) for the first time in eight years, and delegated full responsibility for the identification and implementation of a programme of efficiency measures to the Chief Executive and Senior Management Team.

There are few organisations in our sector, indeed in many other business sectors, who could have traded through such a position, which reflects the difficulty social enterprises experience in securing growth and sustainability, and also the strength of Five Lamps diverse service portfolio and strong recent financial performance.

Despite the loss of the three contracts above, we had plans to secure Empty Homes funding and to expand our Financial Inclusion division through securing additional capital for on-lending. We had also targeted the localisation of the DWP Social Fund as a service which we could deliver successfully. Our enterprise service had aspiration to expand lending activity and we planned to access Regional Growth Fund and Start-Up loans sub-contracts through our trade organisation the CDFA. All of these initiatives came to fruition during the year.

The review of our operations, and our subsequent programme of efficiency measures, led to the phased discontinuation of two of our long-standing services. Adult Skills (formerly Train to Gain) had seen diminishing returns since the introduction of minimum contract levels and our absorption into a sub-contract with Tees Achieve, and Foundation Learning (formerly Entry to Employment) had experienced similar reduction in revenues, as the programme became a more academic model better suited to colleges and further education establishments.

The number of staff in post by the end of the financial year was actually marginally in excess of that at 1 April 2012 and reflected our success in securing new work and investment. We currently employ 84 people (compared with 78 at this time last year).

The scale of financial change experienced during the year highlighted the appropriateness of our financial and business growth strategies. Our ambition to grow our balance sheet, and to generate a greater proportion of revenue from our own assets, is entirely correct.

Having planned a deficit in 2012/2013 we are now projecting a return to surplus in 2013/2014.

Over 23,000 people received our support in 2012/2013.

In the summer of 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. We are currently looking to lever in circa £250k of ECO funding to enable 17 properties in Evenwood, Co. Durham to benefit from external wall insulation and a biomass heating system. Our partners have secured the funding and we are working with the property owners to finalise the scheme.

In January 2013, we commenced delivery of Start-Up Loans, a major Government initiative to support entrepreneurs under the age of 30 into self-employment. In the first six months of lending we have issued 140 loans and expect to lend circa £1million in 2013/2014.

We supplemented our personal lending capital by securing £1million from Unity Trust Bank in June 2012. This represented a landmark deal for Unity, being their first such investment in the personal lending arena and the largest single bank deal with a UK personal lending CDFI.

Five Lamps commenced lending from the £750k of Regional Growth Fund capital secured by the CDFA in July 2013. This capital completes a unique ladder of financial support to our enterprise customers which now spans New Enterprise Allowance, Start-Up loans and RGF, with loans available from £1k-£50k.

By the conclusion of the Stockton Community Fund contract in September 2012 (the main contract ended at 31 March 2012 but we were still supporting customers to achieve six month sustainability) we had achieved 1,239 jobs over the life of the contract with over 55% being sustained for more than six months.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Performance on the DWP Prime contract, to deliver the New Enterprise Allowance Loan Service throughout the North East and Yorkshire, was among the best in the country across a wide variety of indicators. By August 2013 over 2,500 loans had been issued to individuals coming off benefits to start a business. This represents nearly one in four of all NEA Loans in the country. The strong performance of NEA Loans has seen the programme extended by DWP through to December 2014.

In December 2012, the excellence of our Social Accounts (second set published in October 2012) was recognised in Five Lamps being awarded the RBS SE100 'Impact Champion' award for 2012. We also featured in the SE100 Growth Index for the third time.

Our Employability service continues to deliver a Work Programme sub-contract and 'FamilyWise' the ESF-funded family support service. In June 2012, our 'FamilyWise' delivery extended to include both Redcar & Cleveland and Middlesbrough, with a contract which runs to December 2015.

Following three successful tenders we are now delivering local Welfare Assistance programmes in Stockton-on-Tees, Northumberland and County Durham. These contracts deliver the localised social fund, with grant pots of circa £4million, and commenced at 1 April 2013. The three delivery models have some slight differences but the common feature is our call handling and assessment which saw us create 15 new jobs in a new contact centre facility. In Durham, we are working in partnership with the systems-provider Civica and Family Fund, while in Northumberland our partners are Dawn Advice and Voices for Northumberland. In Stockton and Northumberland our partners in fulfilling awards are Smarterbuys, a Northern Housing Consortium-led initiative to provide alternatives to high-cost High Street home furnishing and white goods outlets.

Our personal lending service made over 13,000 loans in 2012/2013 and projects further growth in 2013/2014. We are responsible for circa 40% of all CDFA member lending by loan volume (source: 'Inside Community Finance' The CDFI Industry in the UK 2012 - CDFA March 2013). The continued economic situation is placing considerable pressure on financial inclusion services and there is a corresponding challenge to manage delinquency. We have increased our provision for bad and doubtful debt to reflect that. We have also increased our interest rates to reflect sector norms (not sector average) while remaining substantially lower than doorstep and internet-based lending. We would like to develop a payday-type product but it is difficult to reduce the cost of credit to what may be viewed as an acceptable level. Customers will be able to submit online applications from September 2013.

'Helping Hand', the regional Private Housing Financial Assistance Service which we deliver for the 12 North East Local Authorities, has now made over 500 loans totalling £5.1million. A further £1million is now committed and the fund totals £9.1million. There is a strong level of satisfaction with service delivery and the Partnership Board has agreed that the current contract, now in its fourth and final year, will be rolled forward for a further twelve months from April 2014. In the meantime, Five Lamps and the Partnership Board are exploring options for the longer-term, including the leverage of bank finance to enable the fund to continue its growth.

Our 'MyBnK' franchise, only the second outside London, has continued to grow its reach and revenue generation. The inclusion of financial education in the national curriculum has generated considerable interest in the range of MyBnK products.

We have continued to work towards securing substantial social investment. There are a number of potential sources under consideration, particularly Big Society Capital. Our previous plan to pursue a social investment bond and issue a prospectus in late 2012 was deferred as a consequence of our success in securing additional lending capital and the Empty Homes grant funding, both the topic of separate tranches of investment in the bond. In the meantime there are exciting possibilities emerging in the shape of a regional bid to Big Society Capital. We have been engaged in the design of the fund, provisionally called 'The North East Social Investment Fund' and are seeking to enable over £20million of lending by 2019, working with regional finance intermediaries under the leadership of the Northern Rock Foundation.

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. We are engaged in productive dialogue with local authorities on asset transfer, co-production (enabled by the Social Value Act) of new services, including homecare, personal budgets, children's centres and more.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

In July 2013, with partners, we secured £150k from GP commissioners to deliver 'Healthways', an initiative aimed at engaging more people in health and health-related activities.

In August 2012, we were reaccredited by Customer First and our commitment to service quality continues unabated. In September 2013, we hope to be reaccredited at Investors in People Gold and later we hope to figure prominently in the Sunday Times Best Companies 2014.

In June 2013, Graeme Oram, our Chief Executive, was recognised as Social Entrepreneur of the Year in the North of England section of the highly prestigious Ernst & Young 'Entrepreneur of the Year' Awards. He now progresses, along with the three other regional winners, to the national finals in October 2013.

The Board and Executive Team are in the midst of a full refresh of the strategic direction of the organisation and this will be published in the near future.

### **Five Lamps' Services**

Five Lamps' supports communities through two business divisions:

Economic Development which includes:

- Employability - supporting hard to reach individuals and individuals from families with complex needs into employment; delivery of the DWP 'Work Programme'; CSCS tests;
- Enterprise - delivering 'business start-up' training, coaching and one-to-one support to progress Five Lamps' customers into self-employment; New Enterprise Allowance mentoring; a tiered business loan offer which spans NEA Loans, typically £1k, Start-Up Loans, up to £10k, and RGF Loans of up to £50k.

Financial Inclusion & Housing:

- 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; financial education;
- Housing - refurbishment of empty properties; tenancy management; work placements and tasters.

Our services for young people are managed within our Corporate Services division and currently include work with NEET young people; evening and weekend activities for young people between the ages of 7 and 18 years including VIBE, our special needs provision funded by BBC Children in Need and our work with young men from the Thornaby Muslim community.

The following table was first introduced within our 2011/2012 Trustees' Report and, on review this year, remains as fresh as it did 12 months ago. We have therefore reproduced it.

<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 six months</p> <p>(Source: 'Laying The Foundations' - A Housing Strategy for England, H.M. 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: CDFI '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>

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

<b>Social, Economic &amp; Financial Inclusion</b>	<b>How Five Lamps Make A Difference</b>
<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 and support</li> <li>• Targeted support for individuals and whole families</li> </ul>

**Five Lamps Activity Summary 2007 - 2013**

	Note	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Businesses Supported		212	405	609	623	704	536
Business Start-Ups		109	123	171	217	236	152
Business Loans		62	66	34	49	499	1,447
Business Loans (£000)		110	98	178	118	480	1,406
Personal Loans		142	586	4,069	9,872	11,742	12,240
Personal Loans (£000)		81	245	1,475	3,400	3,800	5,201
Personal Finance Advice Clients		583	1,749	8,200	14,000	15,800	15,360
Into Employment	(1)	201	217	315	364	619	105
Achieving A Qualification	(2)	592	246	302	466	448	547
Receiving IAG		685	815	969	1,681	1,925	498
Foundation Learning Starts	(3)	41	52	91	61	32	22
Foundation Learning Progressions	(3)	21	28	36	30	9	21
Young People with Special Needs (visits)		350	447	552	742	799	949
People Accessing Community Activities		750	823	1,263	1,417	1,720	2,330
Helping Hand Loans (Volume)		-	-	-	103	247	143
Helping Hand Loans (£000)		-	-	-	197	1984	1,998

Notes to the above table:

- (1) Stockton Communities Fund ended at 31 March 2012.
- (2) Adult Skills/Train to Gain was a significant contributor to the number of qualifications gained by our customers. We gave notice of our intention to discontinue such activity from September 2012.
- (3) 2012/2013 was the final year of delivery of our Foundation Learning contract. We notified the funding body of our intention to discontinue service delivery from November 2012.

**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 were re-accredited in September 2013.

We were also re-accredited by Customer First in August 2012, delivering strongly against all elements of the standard.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

We continue to derive substantial benefit from our investment in a Quality Manager six years ago. Our Quality & Improvement Manager, Nichola Storr, continues to oversee a programme of quality audits, leads on securing customer feedback, co-ordinates our accreditation and re-accreditation work, provides a key interface to our social impact measurement activities and supports our Performance & Customer Service sub-committee.

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

### **Volunteering**

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.

### **The Future**

2012/2013 was a year of substantial challenge and change for Five Lamps; a year where some of the services which had sustained us for some time came to an end and new and exciting opportunities in empty homes, welfare assistance and enterprise lending have come forward. Five Lamps is nearer to being self-sustaining from its own balance sheet than previously and our credentials at a national level remain positive. We are an exemplar CDFI, contributing substantially to our sector, and have achieved recognition for our excellence in social accounting and impact measurement. We have a reputation as a strong and willing partner and as innovators, building new models of service delivery and addressing real need in our communities.

Five Lamps remains fiercely ambitious. We have what we believe to be the best-integrated range of social, economic and financial inclusion services in our sector in the region, possibly in the North of England. We see real potential in geographic expansion.

Once again, despite the financial challenges encountered in 2012/2013, this report highlights a powerful record of achievement. It stands as further testament to the efforts of a great team of talented and committed staff, motivated to create possibilities and truly change lives, led by a particularly strong Executive Team.

### **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 review by a Social Audit Panel on 20 September 2012. Our third set will be published in October 2013.

We know that it is crucial to be healthy financially but, as a social enterprise, being able to demonstrate social impact is important too. As an enterprising charity, Five Lamps has wanted 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) and the 2012/2013 social accounts will be available there from November 2013.

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.

Having been shortlisted in 2011, we were delighted to win the RBS SE100 'Impact Champion' prize in 2012. The judges were impressed with the step changes that Five Lamps made from their first set of social accounts to the second, much more detailed report. They also felt that Five Lamps had embraced social accounting as a business tool to win business and sharpen their approach to tendering.

### **Financial Review**

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

Total income for the year under review reflects a reduction of £1,717,312 from last year's £3,979,952 down to £2,262,640 resulting in an overall revenue deficit of £868,032 compared with last year's revenue surplus of £77,430. These results are after accounting for revenue account write-offs and provisions for delinquent loan balances of £687,247 for 2012/2013 and £462,560 for 2011/2012.

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2013 and associated notes are set out on pages 20 to 45.

Operational financial performance, before provisions, exceeded the budget projections during 2012/2013, albeit within the context of a deficit budget set to manage the impact of the ending of three substantial contracts at 31 March 2012. The operating deficit of £180,785 followed the recent positive trend of operating profitability which had seen like for like surpluses of £539,990 in 2011/2012 and £267,008 in 2010/2011.

A year end revenue adjustment of £687,247 has been made at 31 March 2013 to write off bad debts and revise provisions in relation to our personal lending activities, in addition to which a further £206,401 of delinquent debt has, with the agreement of the funders, been written off against Balance Sheet Funds Under Management. These amounts include cumulative adjustments for loans made between April 2011 and March 2013 which had previously been referred to collection agents. Early in 2013 our collection agents TNC advised us that they considered the work being undertaken on our behalf to be uneconomic and they returned the exercise to ourselves. A substantial proportion of these loans had been made in 2011/2012, the final year in which we had DWP revenue, and the action taken to recover was in line with extant DWP policy. Delinquency on Five Lamps' personal lending continues to perform better than sector norms. A new debt collection agency has since been appointed and has commenced recovery action on our behalf.

At 31 March 2013, there were some restricted funds which were in deficit. These funds had become overdrawn as allocated expenditure had exceeded income received, where the level of normal operating costs was not met by that income.

The continuing 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 of £61,155 by transfer to unrestricted general reserves. The position moving forward will hopefully be improved by a range of efficiency measures implemented in 2012/2013 and the re-siting of several services in the building.

The balances of two further funds in deficit, The Youthy and Train to Gain (£42,631 and £2,658 respectively) have also been written off by transfer to unrestricted reserves.

Three funds - Credit Union Development Fund (£3,420), FamilyWise (£62,053) and NEA Loans (£6,321) were also in deficit but have been carried forward as they relate to ongoing trading activity within the new financial year.

Restricted fund credit balances brought forward under NEEAL and Business Link have been combined under the Enterprise heading this year. Finally, the debit balance of £574,148 on Personal Loans has been written off against the Growth Fund unrestricted designated fund balance brought forward at 1 April 2012.

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 was challenged by the fluctuations in contract income during 2012/2013. The Board has recognised the increased potential for turbulence inherent in the contracted services marketplace, exemplified during 2012/2013.

### **Organisational Performance**

The three year strategic direction published in March 2010 identifies six key strategic priorities for the period 2010-2013 (see below). 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 and economic impact
- Building VCS capacity and infrastructure

The Board and Executive are currently refreshing the Strategic Direction 2013-2016 and the overview is as follows:

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**Strategic Direction & Future Plans**

Our Vision	Creating Possibilities : Improving Lives
Our Mission	To Transform Lives, Raise Aspirations, Remove Barriers and Offer Choice
Our Business	Building a Stronger Balance Sheet and 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	Service Matters	Performance Matters
Informed Choices	Sharing Success	Making Communities Matter

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

**Strategic Priorities**

Five Lamps sees excellent prospects to drive greater impact across each of our business divisions and from the continued integration of our service offer. We can increase our geographic reach and use our excellence and capacity for innovation to secure substantial social investment, create compelling growth opportunities, developing 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, with a clearly differentiated service offer, 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 and establishing 'The Great North Loan Fund'	Securing large-scale social investment
Maximising value from our partnerships and joint ventures	Measuring the social, economic and financial impact of our business and publishing social accounts
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

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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 Balance Sheet	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
Investment in Our People and Infrastructure

**Key Initiatives 2013 - 2016**

Priority	Planned Actions	Achievements 2012-2013
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>• Further capital for on-lending to financially excluded individuals to incrementally grow our personal lending pot</li> <li>• Confirmation of support from local authorities for the continuation and growth of 'Helping Hand' beyond the current contract with leverage of bank finance and/or social investment</li> <li>• Extension to DWP contract to deliver the New Enterprise Allowance Loan Service in the North East and Yorkshire</li> <li>• Social investment from 'Big Society Capital' to grow personal lending and other loan pots, plus empty homes refurbishment</li> <li>• Expand service delivery model for Social Fund localisation/Welfare Assistance schemes</li> <li>• Secure growth in enterprise lending.</li> </ul>	<p>Secured £1m capital in June 2012 from Unity Trust Bank in the largest-ever single bank deal for a UK personal lending CDFI. Over 12,000 loans made (40% of CDFA member loans nationally by volume) totalling £5.2million.</p> <p>Secured 12 month extension to current contract from 1 April 2014. Received additional contributions taking fund value to nearly £9.1million.</p> <p>2,500 loans made by August 2013 and extension secured to December 2014.</p> <p>Participation in the feasibility of a regional fund, 'The North East Social Investment Fund', a fund leveraging in £20m of funding by 2019.</p> <p>Model designed and three contracts secured.</p> <p>New contracts secured to deliver Start-Up Loans (£1.25m by April 14) and RGF Loans (£750k by 2015)</p>



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

**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

<b>Priority</b>	<b>Planned Actions</b>	<b>Achievements 2012-2013</b>
Social Investment	<p>To secure large-scale social investment through the Big Society Capital, social investors etc. via bond or traditional unrestricted debt finance. The North East Social Investment Fund looks to be the most obvious route. We will target unsecured capital to meet the identified gap in the supply of finance regionally, typically on 10 year terms.</p> <p>To produce a detailed investment prospectus by December 2013, securing ICRF support.</p>	Continued progress across a broad front notably in developing and designing NESIF, dialogue with potential investors and intermediaries. Targeting investment across three areas - Helping Hand; Empty Homes and Financial Inclusion.
Empty Homes	<p>To secure further funding to enable a substantial Empty Homes initiative in Tees Valley and Co. Durham, refurbishing currently vacant properties and managing future tenancies. Additional funding to enable 'purchase and repair' option to sit alongside the grant-funded 'lease and repair' option.</p> <p>To grow scale of activity from planned 75 to 150 by March 2016.</p> <p>To secure EU Structural Fund support within the 2014-2020 programme.</p> <p>To create 100 jobs and apprenticeships by March 2016.</p> <p>To build a productive strategic alliance with a Housing Association to develop models for community-led regeneration.</p>	Successful bid to DCLG Empty Homes Community Grants Programme. £1.28million will enable over 75 properties to be brought back into productive use by March 2015.
Commissioned Services	Winning contracts remains a key element of Five Lamps strategic direction. We will continue to seek commissioned service opportunities across all of our business. Areas for new projects and programmes include youth services, family intervention/complex needs, Early Years/SureStart, health improvement, social care/homecare, housing and apprenticeships.	Continued to enjoy success in securing new contracts/sub-contracts, including Welfare Assistance; Start-Up loans; Warm Homes Healthy People; 'Family Wise' ESF Family Support.
Asset Transfer	<p>We will seek to secure large-scale asset transfer to further our business, grow our balance sheet and leverage additional funds.</p> <p>Asset transfer may also be a key component of any social inclusion/community-led development activities undertaken.</p>	Commissioned feasibility study for specific transfer.
Social Impact/ Social Return on Investment	<p>Five Lamps published its first set of social accounts in April 2011 and a more comprehensive second set in October 2012.</p> <p>To support our planned growth we will produce annual social accounts.</p>	Published second set of social accounts in October 2012. Won RBS SE100 'Impact Champion' award in December 2012.
Geographic Expansion	<p>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 both Cumbria and Yorkshire, but there is no reason why almost all of Five Lamps' services cannot be available nationally.</p> <p>To secure geographic growth of Five Lamps services incrementally throughout the strategy period.</p>	Following the growth into Yorkshire with the successful NEA loans tender, we have seen considerable expansion into North Yorkshire by our financial inclusion service. Smarterbuys activity has placed us on to a national footing and our Start-Up Loans activity likewise. FamilyWise has expanded into Redcar & Cleveland and Middlesbrough.

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

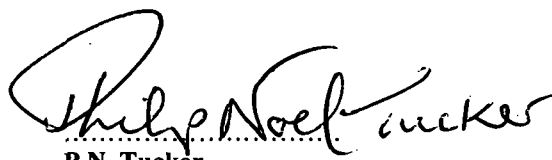
**DIRECTORS'/TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Priority	Planned Actions	Achievements 2012-2013
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. We are also able to integrate enterprise and employability activity within our new Economic Development division.</p> <p>To continue growth in our enterprise activities we are seeking:</p> <ul style="list-style-type: none"> <li>• Expansion of our business-lending CDFI activity to a £5million loan fund by 2016.</li> <li>• Development of a social enterprise hub, a thriving community of social enterprises by September 2015.</li> <li>• Creation of business and incubation space for our business start-up customers.</li> <li>• Transfer of local authority-owned enterprise space to enable leverage of EU structural funds and other programme related investment opportunities.</li> <li>• Securing further contracts to deliver coaching and mentoring plus access to finance initiatives</li> </ul>	<p>Secured Start-Up contract plus RGF capital and extension of NEA Loan contract to December 2014.</p> <p>Commissioned feasibility study in March 2013.</p> <p>Feasibility study and dialogue with LEP as potential project for EU Structural Funds from 2014.</p>
Governance Review	<p>It is of real importance that Five Lamps can demonstrate the highest standards of corporate governance. The review of Governance was fully implemented by January 2012, and identified new structures and core competencies for Trustees.</p>	<p>New Board sub-structure fully implemented, including two sub-committees - Audit &amp; Risk and Performance &amp; Customer Service.</p>

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 25 September 2013 and signed on its behalf.

  
P.N. Tucker  
Chair

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

**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**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2013**

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2013 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 17, 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 2013 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**  
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE FIVE LAMPS ORGANISATION FOR THE YEAR ENDED 31 MARCH 2013**

**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.

*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: 25 September 2013**

**JL/AJD**

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

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	3(a)	-	-	-	-
Activities for generating funds	3(b)	-	1,800	1,800	1,800
Investment income	3(c)	1,679	11,801	13,480	7,902
<b>Incoming resources from charitable activities:</b>					
Contract performance and grant income	4(a)	1,351,180	1,477	1,352,657	3,412,483
Others	4(b)	228,203	10,260	238,463	79,400
<b>Other Incoming Resources</b>					
Interest generated by programme related investments		656,240	-	656,240	478,367
<b>TOTAL INCOMING RESOURCES</b>		<b>2,237,302</b>	<b>25,338</b>	<b>2,262,640</b>	<b>3,979,952</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Costs of generating voluntary income	5	-	-	-	3,220
Costs of fundraising activities	6	-	-	-	-
Investment management costs	7	-	-	-	1,700
Charitable activities	8	3,048,681	46,906	3,095,587	3,855,313
Governance costs	9	-	35,103	35,103	42,260
<b>TOTAL RESOURCES EXPENDED</b>		<b>3,048,681</b>	<b>82,009</b>	<b>3,130,690</b>	<b>3,902,493</b>
<b>Net Incoming/(Outgoing) Resources before Transfers</b>		<b>(811,379)</b>	<b>(56,671)</b>	<b>(868,050)</b>	<b>77,459</b>
<b>Gross Transfers Between Funds</b>	26	<b>681,592</b>	<b>(681,592)</b>	<b>-</b>	<b>-</b>
<b>Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses</b>		<b>(129,787)</b>	<b>(738,263)</b>	<b>(868,050)</b>	<b>77,459</b>
<b>Other Recognised Gains and Losses</b>					
Unrealised loss on investments	20	-	18	18	(29)
<b>Net Movements in Funds</b>		<b>(129,787)</b>	<b>(738,245)</b>	<b>(868,032)</b>	<b>77,430</b>
<b>Reconciliation of Funds:</b>					
<b>Funds Brought Forward</b>	26	<b>1,467,628</b>	<b>2,606,568</b>	<b>4,074,196</b>	<b>3,996,766</b>
<b>FUNDS CARRIED FORWARD</b>	26 & 27	<b>1,337,841</b>	<b>1,868,323</b>	<b>3,206,164</b>	<b>4,074,196</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.

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

**BALANCE SHEET AS AT 31 MARCH 2013**

	Notes	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	17		870,879		941,311
Programme related investments	18		4,868,104		2,997,533
			<u>5,738,983</u>		<u>3,938,844</u>
<b>CURRENT ASSETS</b>					
Debtors	19	871,579		599,778	
Investments	20	58		40	
Cash at bank and in hand		1,030,065		1,046,282	
		<u>1,901,702</u>		<u>1,646,100</u>	
<b>CREDITORS: Amounts falling due within one year</b>	21	(1,476,302)		(643,585)	
<b>NET CURRENT ASSETS</b>			<u>425,400</u>		<u>1,002,515</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,164,383</u>		<u>4,941,359</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	22		(2,958,219)		(867,163)
<b>NET ASSETS</b>			<u>3,206,164</u>		<u>4,074,196</u>
<b>FUNDS</b>					
Unrestricted funds	26 & 27		1,868,323		2,606,568
Restricted funds	26 & 27		1,337,841		1,467,628
<b>TOTAL FUNDS</b>	26 & 27		<u>3,206,164</u>		<u>4,074,196</u>

These financial statements were approved by the Board on .....  
and signed on its behalf by:

*25th September 2013*

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

*T. Watson*  
T. Watson  
Trustee

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	£	2013 £	£	2012 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	1		<b>(1,100,835)</b>		<b>28,047</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	2		<b>272,455</b>		<b>407,184</b>
<b>CAPITAL EXPENDITURE</b>	2		<b>(33,789)</b>		<b>(55,323)</b>
<b>FINANCING</b>	2		<b>845,952</b>		<b>(19,458)</b>
<b>INCREASE/(DECREASE) IN CASH IN THE PERIOD</b>			<b><u>(16,217)</u></b>		<b><u>360,450</u></b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH</b>	3				
Increase/(decrease) in net cash in the period		<b>(16,217)</b>		<b>360,450</b>	
Cash outflow/(inflow) from (increase)/ decrease in debt and lease financing		<b><u>(851,632)</u></b>		<b><u>25,138</u></b>	
Change in net debt resulting from cash flows			<b><u>(867,849)</u></b>		<b><u>385,588</u></b>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>			<b>(867,849)</b>		<b>385,588</b>
<b>NET CASH/(DEBT) AT 1 APRIL</b>			<b><u>1,024,682</u></b>		<b><u>639,094</u></b>
<b>NET CASH/(DEBT) AT 31 MARCH</b>			<b><u><u>156,833</u></u></b>		<b><u><u>1,024,682</u></u></b>



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

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

	2013	2012
	£	£
<b>1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>		
Net incoming/(outgoing) resources	(868,050)	77,459
Depreciation charges	104,221	114,477
Loss on disposal of fixed assets	-	-
Decrease/(increase) in debtors	(271,801)	103,857
Increase in creditors	575,421	210,839
Interest from programme related investments	(656,240)	(478,367)
Other interest received	(7,971)	(2,452)
Interest element of hire purchase payments	1,154	1,154
Other interest paid	22,431	1,080
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<u>(1,100,835)</u>	<u>28,047</u>
<b>2. Analysis of Cash Flows for Headings Netted in the Cash Inflow Statement</b>		
<b>(a) Returns on investments and servicing of finance</b>		
Increase in programme related investments	(1,870,571)	(608,448)
Increase in funds under management	1,502,400	537,047
Interest from programme related investments	656,240	478,367
Other interest received	7,971	2,452
Interest element of hire purchase payments	(1,154)	(1,154)
Other interest paid	(22,431)	(1,080)
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>	<u>272,455</u>	<u>407,184</u>
<b>(b) Capital Expenditure</b>		
Purchase of tangible fixed assets	(33,789)	(55,323)
Sale of tangible fixed assets	-	-
<b>Net Cash Outflow from Capital Expenditure</b>	<u>(33,789)</u>	<u>(55,323)</u>
<b>(c) Financing</b>		
Capital repayments - loans	(150,200)	(15,610)
New loan advanced in year	1,000,000	-
Capital repayments - hire purchase contracts	(3,848)	(3,848)
<b>Net Cash Inflow/(Outflow) from Financing</b>	<u>845,952</u>	<u>(19,458)</u>

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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

	At 1.4.12 £	Cash Flow £	At 31.3.13 £
Net cash:			
Cash at bank and in hand	1,046,282	(16,217)	1,030,065
Bank overdraft	-	-	-
	<u>1,046,282</u>	<u>(16,217)</u>	<u>1,030,065</u>
Debt:			
Hire purchase	(9,711)	(1,832)	(11,543)
Debts falling due within one year	(6,026)	(257,296)	(263,322)
Debts falling due after one year	(5,863)	(592,504)	(598,367)
	<u>(21,600)</u>	<u>(851,632)</u>	<u>(873,232)</u>
<b>Total</b>	<u>1,024,682</u>	<u>(867,849)</u>	<u>156,833</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013**

**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 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 2013**

**2. ACCOUNTING POLICIES - continued**

**(h) Operating Leases**

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

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

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

**3. INCOMING RESOURCES FROM GENERATED FUNDS**

	Restricted Funds	Unrestricted Funds	Total 2013	Total 2012
	£	£	£	£
<b>(a) Voluntary Income</b>	-	-	-	-
<b>(b) Activities for Generating Funds</b>				
Management fee - Regen School NE	-	1,800	1,800	1,800
<b>(c) Investment Income</b>				
Bank interest	1,679	6,294	7,973	2,452
Garage rental income	-	4,300	4,300	4,300
Café rental income	-	1,207	1,207	1,150
	<u>1,679</u>	<u>11,801</u>	<u>13,480</u>	<u>7,902</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

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

	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	Total 2013 £	Total 2012 £
Avanta	-	-	166,912	-	-	166,912	114,963
BBC Children in Need	-	-	-	-	27,472	27,472	27,472
British Gas - fuel poverty grant	-	-	-	16,333	-	16,333	47,430
Business Link	-	-	-	-	-	-	52,522
Communities Fund - running costs	-	-	-	-	-	-	470,336
- outcomes	-	-	-	-	-	-	235,850
- sustainable income	-	-	26,950	28,350	-	55,300	97,300
- provisions income	-	-	-	-	-	-	617,305
- bonus	-	-	-	-	-	-	198,293
Department for Works and Pensions	-	-	-	143,461	-	143,461	684,077
Empty Homes programme	-	-	-	255,150	-	255,150	-
Family Wise	-	-	28,450	-	-	28,450	-
Helping Hand	-	-	-	147,444	-	147,444	155,524
Learning & Skills Council	-	-	32,259	-	180,323	212,582	110,472
Middlesbrough Home Loans	-	-	-	3,600	-	3,600	-
New College Durham - skills support	-	-	6,970	-	-	6,970	-
ERDF - NEEAL	-	-	-	57,943	-	73,420	-
North East Mentoring	-	-	-	70,296	-	54,819	-
Northern Rock Foundation	-	16,000	-	-	-	16,000	-
One North East	-	-	-	-	-	-	25,626
Royal Bank of Scotland	-	-	-	-	-	-	38,479
Start Up Loan Fund	-	-	-	31,717	-	31,717	-
Stockton Borough Council - E Commerce	-	-	-	3,500	-	3,500	-
- Employment Initiative	1,477	-	5,842	11,046	7,837	26,202	-
- Enterprise Gateway	-	-	-	-	-	-	527,889
- Debt Energy Grant	-	-	-	-	-	-	8,000
- Warm Homes	-	-	-	35,000	-	35,000	-
- The Youthy	-	-	-	-	12,000	12,000	-
Tristar - Growing Fit programme	-	-	-	-	6,800	6,800	-
Welfare Assistance - local authorities	-	-	25,000	-	-	25,000	-
Media Box Grant	-	-	-	-	-	-	945
Other Grant Income	-	-	25	-	4,500	4,525	-
	<u>1,477</u>	<u>16,000</u>	<u>292,408</u>	<u>803,840</u>	<u>238,932</u>	<u>1,352,657</u>	<u>3,412,483</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

(b) Other Income	Unrestricted	Restricted				Total	Total
	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £	2013 £	2012 £
Administration fees	-	-	-	132,863	-	132,863	-
Donations	-	-	-	-	6,900	6,900	0
RBS - Social Enterprise Award	10,000	-	-	-	-	10,000	-
Kirklevington	-	-	-	9,000	-	9,000	6,000
Room hire/Cafe	240	22,503	4,000	-	933	27,676	30,093
Youth Club café/confectionary sales, subscriptions and activities	-	-	-	-	6,952	6,952	8,923
Climbing wall	-	-	-	-	330	330	2,755
Jodie Hind grant funding	-	-	15,938	-	-	15,938	10,583
Delivery of Recovery Walks	-	-	7,696	-	-	7,696	6,708
Bad debts recovered	-	-	-	2,522	-	2,522	-
Sundry other income	20	2	9,485	5,731	3,348	18,586	14,338
	<u>10,260</u>	<u>22,505</u>	<u>37,119</u>	<u>150,116</u>	<u>18,463</u>	<u>238,463</u>	<u>79,400</u>

**FOOTNOTE:**

Projects have been grouped together in categories of major activities under which they can best be classified. The above column headings reflect those categories/activities which existed throughout the year ended 31 March 2013. Changes with effect from 1 April 2013 are described within the Directors'/Trustees' Report on page 9.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**5. COSTS OF GENERATING VOLUNTARY INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Direct project costs	-	-
Staff costs	-	3,000
Premises costs	-	110
Office costs	-	65
Central overheads	-	45
	<u>-</u>	<u>3,220</u>

**6. COSTS OF FUNDRAISING ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Direct project costs	-	-
Staff costs	-	-
Premises costs	-	-
Office costs	-	-
Central overheads	-	-
	<u>-</u>	<u>-</u>

**7. INVESTMENT MANAGEMENT COSTS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Direct project costs	-	-
Staff costs	-	-
Premises costs	-	1,700
Office costs	-	-
Central overheads	-	-
	<u>-</u>	<u>1,700</u>

(Page included for prior year comparative information only.)



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013 £	Total 2012 £
Staff costs	10	-	-	52,639	297,865	644,800	167,089	1,162,393	1,456,311
Premises costs	11	-	4,241	31,773	19,516	21,486	33,303	110,319	184,198
General office costs	12	-	695	10,212	16,343	46,229	6,845	80,324	93,697
Grants payable to individuals to assist with removing barriers to employment		-	-	-	10,408	50	1,233	11,691	541,770
Bad and doubtful debts	18	-	-	-	-	687,247	-	687,247	462,560
Direct project costs:									
- Audit fees		-	-	-	-	-	-	-	450
- Depreciation	14	-	35,598	-	528	-	4,836	40,962	42,669
- Loss on disposal		-	-	-	-	-	-	-	-
- Publicity and promotion		-	-	-	297	15,788	27	16,112	40,156
- Tutor costs		-	-	-	5,560	-	1,070	6,630	6,587
- Course materials		-	-	-	564	-	2,278	2,842	6,451
- Training and accreditation costs		-	-	-	5,338	-	2,329	7,667	14,596
- Activities costs		-	-	-	4,274	6,647	10,143	21,064	17,881
- Creche costs		-	-	-	-	-	-	-	-
- Subscriptions/affiliations		-	-	146	-	39,954	646	40,746	18,725
- Books and publications		-	-	-	-	-	26	26	114
- Apprentices allowances/expenses		-	-	-	6,961	-	2,138	9,099	4,345
- Insurance		-	-	1,047	4,221	7,312	7,049	19,629	11,908
- Mobile phones		-	-	-	1,889	7,009	517	9,415	9,644
- Consultancy/facilitators fees		-	-	15,370	39,515	157,552	708	213,145	344,104
- Motor vehicle expenses		-	-	-	-	-	429	429	1,689
- Bank charges re loan funds		-	-	-	15	43,639	5	43,659	37,988
- Bank loan interest		-	-	-	-	21,996	-	21,996	-
- Finance lease charges		-	-	-	-	-	1,154	1,154	1,154
- Others		-	-	514	1,603	2,726	66	4,909	10,349
		-	40,534	111,701	414,897	1,702,435	241,891	2,511,458	3,307,346

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013 £	Total 2012 £
Staff costs	10	434,581	-	-	-	-	-	434,581	419,375
Premises costs	11	46,389	-	-	-	-	-	46,389	40,378
General office costs	12	47,477	-	-	-	-	-	47,477	38,125
Professional fees		12,071	-	-	-	-	-	12,071	7,353
Subscriptions		4,477	-	-	-	-	-	4,477	4,543
Insurance		3,886	-	-	-	-	-	3,886	8,176
Depreciation	14	136	-	-	-	-	-	136	5,566
Loan interest		435	-	-	-	-	-	435	1,080
Bank charges re loan funds		15,155	-	-	-	-	-	15,155	3,665
Publicity and advertising		13,138	-	-	-	-	-	13,138	15,997
Others		6,384	-	-	-	-	-	6,384	3,709
<b>Allocation to activities of:</b>									
- Management and administration costs		(566,290)	-	9,746	83,407	407,987	65,150	-	-
- Premises costs		(7,984)	-	(9,360)	873	16,471	-	-	-
- Office costs		(3,483)	-	(972)	756	3,699	-	-	-
		<u>6,372</u>	<u>-</u>	<u>(586)</u>	<u>85,036</u>	<u>428,157</u>	<u>65,150</u>	<u>584,129</u>	<u>547,967</u>
<b>GRAND TOTAL</b>		<u>6,372</u>	<u>40,534</u>	<u>111,115</u>	<u>499,933</u>	<u>2,130,592</u>	<u>307,041</u>	<u>3,095,587</u>	<u>3,855,313</u>

**FOOTNOTES:**

1. Projects have been grouped together in categories of major activities under which they can best be classified. The above column headings reflect those categories/activities which existed throughout the year ended 31 March 2013. Changes with effect from 1 April 2013 are described within the Directors'/Trustees' Report on page 9.
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 2013**

**9. GOVERNANCE COSTS**

	2013 £	2012 £
Staff costs	10,000	9,700
Premises costs	-	-
Office costs	350	350
Central overheads	24,753	32,210
	<u>35,103</u>	<u>42,260</u>

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

Total employment costs were as follows:

	2013 £	2012 £
Gross pay	1,379,938	1,590,392
Employer's national insurance	115,913	133,575
Employer's pension	25,622	33,143
Training	15,137	47,604
Expenses	43,083	61,663
Redundancy costs	27,281	22,009
	<u>1,606,974</u>	<u>1,888,386</u>

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

	2013 £	2012 £
Charitable expenditure	1,162,393	1,456,311
Support costs	434,581	419,375
Costs of generating voluntary income	-	3,000
Costs of fundraising activities	-	-
Governance costs	10,000	9,700
	<u>1,606,974</u>	<u>1,888,386</u>

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

	2013 No.	2012 No.
Direct charitable work	60	69
Administrative	16	15
	<u>76</u>	<u>84</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**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:

	2013 No.	2012 No.
£60,000 to £70,000	-	-
£70,000 to £80,000	<u>1</u>	<u>1</u>

Of the total pension costs of £25,622 (2012: £33,143) £3,344 was outstanding at 31 March 2013 (2012: £4,588).

No remuneration was paid to trustees in the year (2012: £nil). £103.95 of expenses were reimbursed to trustees in the year (2012: £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 £325 (2012: £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:

	2013 £	2012 £
Utilities	37,121	39,411
Cleaning	31,715	31,792
Telephone	31,179	54,679
Fax	11	22
Maintenance - building	19,130	35,239
Maintenance - equipment	5,581	10,831
Maintenance - IT	15,283	21,213
Depreciation	16,688	33,199
	<u>156,708</u>	<u>226,386</u>

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

	2013 £	2012 £
Charitable expenditure	110,319	184,198
Support costs	46,389	40,378
Costs of generating voluntary income	-	110
Investment management costs	-	1,700
Governance costs	-	-
	<u>156,708</u>	<u>226,386</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**12. OFFICE RUNNING COSTS**

Total office running costs were as follows:

	2013 £	2012 £
Stationery	28,254	42,409
Postage	24,711	18,234
Office furniture and equipment	3,067	8,281
Photocopying	2,152	3,518
Depreciation	46,435	33,043
Drinking water and refreshments	3,491	3,750
Office rent	18,264	19,773
Container hire	1,777	1,777
Office furniture	-	1,452
	<u>128,151</u>	<u>132,237</u>

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

	2013 £	2012 £
Charitable expenditure	80,324	93,697
Support costs	47,477	38,125
Costs of generating voluntary income	-	65
Governance costs	350	350
	<u>128,151</u>	<u>132,237</u>

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

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets :		
Assets held under hire purchase and finance lease contracts	4,834	6,080
Owned assets	99,387	108,397
	<u>104,221</u>	<u>114,477</u>
Depreciation adjustment on fixed assets written off	-	-
Trustees'/directors' emoluments	-	-
Auditors' remuneration - audit services	13,640	13,000
Auditors' remuneration - non-audit services	4,000	3,800
Auditors' remuneration - under provision re previous year	-	1,000
	<u>121,861</u>	<u>132,277</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**14. DEPRECIATION**

The charge for depreciation comprises:

	2013 £	2012 £
The Youthy (freehold property)	16,739	16,739
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	13,182	35,129
Equipment and machinery	12,096	12,152
Fixtures and fittings	17,218	14,285
Office equipment	40,152	31,410
Motor vehicle (minibus)	4,834	4,762
	<u>104,221</u>	<u>114,477</u>

This has been allocated as follows:

	2013 £	2012 £
Charitable expenditure	40,962	42,669
Support costs	136	5,566
Premises running costs	16,688	33,199
Office running costs	46,435	33,043
	<u>104,221</u>	<u>114,477</u>

**15. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013 £	2012 £
Bank loan	21,996	-
Community Loan Fund	435	1,080
Hire purchase and finance lease charges	1,154	1,154
	<u>23,585</u>	<u>2,234</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**16. 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 2013, the funds held on the above client bank account totalled £3,279,170 (2012: £3,122,160) in addition to which a further £4,026,790 (2012: £2,167,384) had been advanced to beneficiaries under the Programme. There was an equal associated liability of £7,305,960 (2012: £5,289,544) representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2013.

**17. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
<b>Cost</b>							
At 1 April 2012	833,804	549,155	202,583	116,665	163,164	19,239	1,884,610
Additions	-	-	-	12,028	21,761	-	33,789
Disposals	-	-	-	-	-	-	-
At 31 March 2013	<u>833,804</u>	<u>549,155</u>	<u>202,583</u>	<u>128,693</u>	<u>184,925</u>	<u>19,239</u>	<u>1,918,399</u>
<b>Depreciation</b>							
At 1 April 2012	164,254	377,792	179,682	88,886	123,113	9,572	943,299
Charge for the year	16,739	13,182	12,096	17,218	40,152	4,834	104,221
Disposals	-	-	-	-	-	-	-
At 31 March 2013	<u>180,993</u>	<u>390,974</u>	<u>191,778</u>	<u>106,104</u>	<u>163,265</u>	<u>14,406</u>	<u>1,047,520</u>
<b>Net Book Values</b>							
At 31 March 2013	<u>652,811</u>	<u>158,181</u>	<u>10,805</u>	<u>22,589</u>	<u>21,660</u>	<u>4,833</u>	<u>870,879</u>
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>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**17. TANGIBLE FIXED ASSETS - Continued**

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

	<b>Motor Vehicles £</b>
<b>Cost</b>	
At 1 April 2012 and 31 March 2013	<u>19,239</u>
<b>Depreciation</b>	
At 1 April 2012	9,572
Charge for year	4,834
At 31 March 2013	<u>14,406</u>
<b>Net Book Value</b>	
At 31 March 2013	<u>4,833</u>
At 31 March 2012	<u>9,667</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 2013 of £652,811 (2012: £669,550). 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**

There is no current lease in place for this property. Expenditure relates to extension work that was carried out in the years to 31 March 2000 and 31 March 2001 and has been fully written off for accounts purposes.

**(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.



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**18. 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. The balance outstanding on the original CDFI loans was written off in 2012 as no repayments had 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**

In the year to 31 March 2012, 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.

**(d) Start Up Loan Fund**

During the year, the charity entered into an agreement with the Community Development Finance Association (CDFA) to provide finance to young people aged between 18 and 24 wishing to establish their own business.

Under the terms of the contract, all repayments and interest must be returned to the CDFA.

**Personal Loans:**

**(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.

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.

**(f) Middlesbrough Home Loans**

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

**(g) Five Lamps Fund**

During the year, the charity obtained a bank loan of £1million for the purpose of making personal loans to disadvantaged individuals.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**18. PROGRAMME RELATED INVESTMENTS - continued**

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

	Business Loans £	Personal Loans £	Total 2013 £	Total 2012 £
Loans outstanding as at 1 April 2012 - before provision for doubtful debts/bad debts written off	957,329	3,407,764	4,365,093	3,294,085
Net loans advanced in year	952,600	744,059	1,696,659	1,071,008
Loans outstanding as at 31 March 2013 - before provision for doubtful debts/bad debts written off	1,909,929	4,151,823	6,061,752	4,365,093
<b>Less:</b>				
Bad debts written off	(86,988)	(666,660)	(753,648)	(1,067,560)
Provision for doubtful debts:				
Brought forward	-	(300,000)	(300,000)	(905,000)
Movement in provision during year	(100,000)	(40,000)	(140,000)	605,000
Carried forward	(100,000)	(340,000)	(440,000)	(300,000)
Net Programme Related Investments as at 31 March 2013	1,722,941	3,145,163	4,868,104	2,997,533

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 £753,648 of loans were written off as irrecoverable.

The above provision for doubtful debts totalling £440,000 was then made based on the Organisation's knowledge of loans where problems with repayments are being experienced, and expectations as regards future receipts.

Of the above bad debts written off of £753,648 and increased provision for doubtful debts of £140,000, a total of £206,401 has been charged against Funds Under Management in relation to the Entrust, NEA/DWP and Middlesbrough Home Loan Funds.

**19. DEBTORS**

	2013 £	2012 £
<b>Due within one year:</b>		
Contract income/grants receivable	851,427	583,256
Other debtors and prepayments	20,152	16,522
	<u>871,579</u>	<u>599,778</u>

**20. INVESTMENTS**

	2013 £	2012 £
<b>Quoted investments:</b>		
Market value at beginning of year	40	69
Profit/(loss) on investments from change in value	18	(29)
Market value at end of year	<u>58</u>	<u>40</u>
Historic cost	<u>NIL</u>	<u>NIL</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

	2013 £	2012 £
Bank loans and overdrafts	257,874	-
Obligations under hire purchase contracts (see note 23)	3,848	3,848
Community Loan Fund (see note 24)	5,448	6,026
Trade creditors	75,876	157,568
Social security and other taxes	44,605	119,859
Accruals and deferred income	39,219	40,844
Contract income/grants received in advance	950,756	10,333
Grant income repayable	98,676	305,107
	<u>1,476,302</u>	<u>643,585</u>

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

	2013 £	2012 £
Bank loans and overdrafts	598,367	-
Obligations under hire purchase contracts (see note 23)	7,695	11,543
Community Loan Fund (see note 24)	-	5,863
Funds under management:		
Department for Work and Pensions	1,983,394	637,736
Tyne & Wear Enterprise Trust	34,866	144,271
Middlesbrough Home Loans	91,180	67,750
Start Up Loan Fund	242,717	-
	<u>2,352,157</u>	<u>849,757</u>
	<u>2,958,219</u>	<u>867,163</u>

**23. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	2013 £	2012 £
Gross obligations repayable:		
Within one year	5,002	5,002
Between one and five years	10,004	15,006
	<u>15,006</u>	<u>20,008</u>
Finance charges repayable:		
Within one year	1,154	1,154
Between one and five years	2,309	3,463
	<u>3,463</u>	<u>4,617</u>
Net obligations repayable:		
Within one year	3,848	3,848
Between one and five years	7,695	11,543
	<u>11,543</u>	<u>15,391</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**24. LOANS**

These comprise amounts due to the Community Loan Fund.

An analysis of the maturity of loans is given below:

	2013 £	2012 £
Amounts falling due within one year or on demand (see note 21)		
- Bank loan	257,874	-
- Community Loan Fund	5,448	6,026
	<u>263,322</u>	<u>6,026</u>
Amounts falling due within one and two years (see note 22)		
- Bank loan	268,881	-
- Community Loan Fund	-	5,863
	<u>268,881</u>	<u>5,863</u>
Amounts falling due between two and five years (see note 22)		
- Bank loan	329,486	-

The Community Loan Fund loan is repayable by monthly instalments over five years from December 2009, with interest charged at 5% above base rate.

The bank loan is repayable by monthly instalments over four years from June 2012, with interest charged at 2.25% above base rate, subject to a minimum charge of 4% per annum.

**25. SECURED DEBTS**

The following secured debts are included within creditors:

	2013 £	2012 £
Obligations under hire purchase contracts	11,543	15,391
Community Loan Fund	5,448	11,889
Bank loan	<u>856,241</u>	<u>-</u>

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

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

The bank loan is secured by various fixed and floating charges including a first legal charge over 'The Youthy', Thornaby Road, Thornaby and the client loan portfolio.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**26. MOVEMENT IN FUNDS**

	Balance 1 April 2012 £	Movement in Resources		Transfers Between Funds and Investment Gains/(Losses) £	Balance 31 March 2013 £
		Incoming £	Outgoing £		
<b>RESTRICTED FUNDS:</b>					
<b>Health and Communities</b>					
South Thornaby CRC	-	22,505	83,660	61,155	-
Credit Union Development Fund	-	16,000	19,420	-	(3,420)
IT Upgrade	19,596	-	8,035	-	11,561
	<u>19,596</u>	<u>38,505</u>	<u>111,115</u>	<u>61,155</u>	<u>8,141</u>
<b>Employability and Learning</b>					
Guidance	1,005,099	67,596	135,614	22,035	959,116
CITB	16,475	4,909	4,416	(16,968)	-
Skills Funding Agency (Train to Gain)	14,581	32,760	50,999	3,658	-
Family Wise	(622)	28,450	89,881	-	(62,053)
Welfare Assistance	-	25,500	14,210	-	11,290
Avanta work programme	81,340	170,312	204,813	-	46,839
Avanta Community Task Fund	5,067	-	-	(5,067)	-
	<u>1,121,940</u>	<u>329,527</u>	<u>499,933</u>	<u>3,658</u>	<u>955,192</u>
<b>Finance and Enterprise</b>					
Empty Homes	-	255,150	65,632	-	189,518
NEEAL	145,825	-	-	(145,825)	-
Business Link	80,287	-	-	(80,287)	-
Enterprise	(30,375)	171,179	294,387	226,112	72,529
Personal loans	57,586	787,522	1,419,256	574,148	-
Community finance	-	9,000	2,728	-	6,272
Helping Hands	29,653	147,797	153,296	-	24,154
Middlesbrough Home Loans	(5,107)	3,600	(4,195)	-	2,688
NEA Loans	(3,459)	154,577	157,439	-	(6,321)
Start Up Loan Fund	-	31,717	15,109	-	16,608
British Gas	13,766	51,333	26,940	-	38,159
	<u>288,176</u>	<u>1,611,875</u>	<u>2,130,592</u>	<u>574,148</u>	<u>343,607</u>
<b>Young People</b>					
The Youthy	-	69,448	112,079	42,631	-
YPLA Foundation Learning	37,916	187,947	194,962	-	30,901
	<u>37,916</u>	<u>257,395</u>	<u>307,041</u>	<u>42,631</u>	<u>30,901</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>1,467,628</u>	<u>2,237,302</u>	<u>3,048,681</u>	<u>681,592</u>	<u>1,337,841</u>
<b>UNRESTRICTED FUNDS</b>					
<b>General Reserves</b>	385,551	25,338	56,300	(107,426)	247,163
<b>Designated Funds</b>					
Youth Empowerment Scheme (Capital)	655,934	-	25,709	-	630,225
Growth Fund	1,565,083	-	-	(574,148)	990,935
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>2,606,568</u>	<u>25,338</u>	<u>82,009</u>	<u>(681,574)</u>	<u>1,868,323</u>
<b>TOTAL FUNDS</b>	<u>4,074,196</u>	<u>2,262,640</u>	<u>3,130,690</u>	<u>18</u>	<u>3,206,164</u>

Transfers between funds are agreed by the Board.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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

	Fixed Assets:		Net Current Assets/(Liabilities) £	Long-Term Liabilities £	Total £
	Tangible £	Programme Related Investments £			
Restricted Funds	32,517	4,868,104	(612,257)	(2,950,523)	1,337,841
Unrestricted Funds	838,362	-	1,037,657	(7,696)	1,868,323
	<u>870,879</u>	<u>4,868,104</u>	<u>425,400</u>	<u>(2,958,219)</u>	<u>3,206,164</u>

**28. 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.

**29. 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.

**30. CONTROLLING PARTY**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**31. 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>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Income from Regen School North East	<b><u>1,800</u></b>	<b><u>1,800</u></b>

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

Payments to Regen School North East	<b><u>41,500</u></b>	<b><u>54,825</u></b>
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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 2013 is £1,800 due from Regen School North East to Five Lamps (2012: £360).

Included in creditors at 31 March 2013 is £3,000 due to Regen School North East from Five Lamps (2012: £4,500).

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>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Income from NEEAL	<b><u>57,943</u></b>	<b><u>27,552</u></b>

This income is in respect of the delivery of services.

Included in debtors at 31 March 2013 is £5,103 due from NEEAL to Five Lamps (2012: £nil).