

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

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FOR THE YEAR ENDED 31 MARCH 2014

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LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014

Directors/Trustees: The Directors/Trustees who held office during and subsequent to the above year, all of whom served on the Council of Management, were as follows:

Philip Tucker (Chair)
Patricia Chambers (Vice Chair)
Malcolm Bowstead (Treasurer)
Vivienne Holmes
Ian Wright
Trevor Watson
Carole Richardson

Executive Team:

Graeme Oram	Chief Executive
Sue Westerman	Director of Corporate Services
William Erskine	Director of Finance & Economic Development
Nicola Garrett	Director of Communications & Performance
Kath Heathcote	Director of Financial Inclusion & Housing (to Sept 2014)

Status: The Five Lamps Organisation is a company limited by guarantee, incorporated on 9 November 1989 under the Companies Act 1985, and is also a registered charity.

Governing Documents: Memorandum and Articles of Association

Company Registration Number: 2441319

Charity Registration Number: 702314

Registered Office: Eldon Street
Thornaby
Stockton-on-Tees
TS17 7DJ

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

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

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DIRECTORS'/TRUSTEES' REPORT (including the Strategic Report)
FOR THE YEAR ENDED 31 MARCH 2014

The Directors/Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2014 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.

During 2013 the trustees completed a review of governance with the adoption of revised Articles of Association (by special resolution dated 11 December 2013) which were subsequently registered with both the Charity Commission and Companies House.

The revised Articles essentially modernise the organisation's charitable objects; extend the Members from the original subscribers back in 1989 to include the current Board of Trustees and provide clarity on the processes/circumstances around the appointment/termination of directors/trustees.

The charitable objects now provide for operation 'within England' to reflect the continued geographic growth of the organisation and its services. They now read as follows:

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

- a) The relief of financial hardship among people living or working within England by providing such persons with goods and/or services which they could not otherwise afford through lack of means;
- b) The prevention and relief of poverty by providing education, goods and services to individuals in need;
- c) The relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment;
- d) The advancement of education, training or retraining particularly among socially, economically and financially excluded people and the provision of work experience for unemployed people;
- e) The provision of financial assistance, technical assistance, business advice or consultancy in order to provide training and employability for unemployed people in cases of financial or other charitable need through help in setting up their own business or to existing businesses;
- f) The creation of training and employment opportunities by the provision of workspace, buildings or land for use on favourable terms;
- g) The provision of housing for those who are in conditions of need and/or the refurbishment of such housing;
- h) The provision of public health facilities and childcare;
- i) The provision of recreational facilities for the public or those who by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances, have need of such facilities;
- j) The development of skills and capacity in those living in socially and economically disadvantaged communities to enable them to better identify and help meet their needs and to participate more fully in society; and
- k) Any other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose.

The powers of the charity are now as follows:

The charity has the power to do anything which is calculated to further its object(s) or is conducive or incidental to doing so. In particular, the charity has the power:

- a) to raise funds. In doing so, the charity must not undertake any taxable permanent trading activity and must comply with any relevant statutory regulations;
- b) to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;

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- c) to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 36 and 37 of the Charities Act 1993, as amended by the Charities Act 2006;
- d) to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 38 and 39 of the Charities Act 1993, as amended by the Charities Act 2006, if it wishes to mortgage land;
- e) to co-operate with other charities, voluntary bodies and statutory authorities and to exchange information and advice with them;
- f) to establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the objects;
- g) to acquire, merge with or enter into any partnership or joint venture arrangement with any other charity;
- h) to set aside income as a reserve against future expenditure but only in accordance with written policy about reserves;
- i) to employ and remunerate such staff as are necessary for carrying out the work of the charity. The charity may employ or remunerate a director only to the extent it is permitted to do so by article 7 and provided it complies with the conditions in that article;
- j) to deposit or invest funds, employ a professional fund manager and arrange for the investments or other property of the charity to be held in the name of a nominee in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000; and
- k) to provide indemnity insurance for the directors in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.

Board Purpose

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

Key Responsibilities

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

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The Board operates one formal sub-committee - Audit & Risk. The trustees agreed that the work of the former Customer Service & Performance sub-committee would be better integrated into more regular interaction with staff at all levels within the organisation and in a range of set piece events.

The terms of reference of the Audit & Risk Committee are summarised below.

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 'financial expert'.
- Chief Executive not a Member.
- Head of Finance & Economic Development 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 shall be given to the members of the committee, the wider Board, the Chief Executive, Director of Finance & Economic Development and the External Auditor.

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 will be 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.

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Trustees also benefit from:

- Regular presentations from project staff on each of our projects/programmes.
- Twice-yearly 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 and our health and safety committee.
- Protected time for trustees to discuss key issues.
- From December 2014 a structured appraisal system will be put in place for trustees.

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.

Fourteen key risks 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 & 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.

In recognition of the increased complexity of the organisation, and the need to maintain our overtly charitable activities, a trading company, Five Lamps Trading Ltd (which trades as 'Conduit') has been established. It is a wholly-owned subsidiary which will gift-aid relevant surpluses to the Charity.

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Related Parties

There are four organisations - Regen School North East, Five Lamps Trading Ltd, North East Enterprise Agency Limited and Synergy - which had a trading relationship with Five Lamps, and/or had Five Lamps staff or trustees involved at Board level, during the 2013/2014 financial year. Synergy was a related party for the period up to June 2014, at which time the Five Lamps staff member stood down as a director. There are no related party transactions in relation to our trustees, who have all filed nil returns on request.

Main Activities and Achievements

2013/2014 was a year of change for the organisation. While not presenting quite the challenges of the previous year when three substantial contracts which had contributed nearly 55% (circa £2.2million) of 2011/2012 turnover came to an end, we had to embed new contracts and services into our portfolio. These new contracts included three local authority welfare assistance schemes; a Start Up Loan Company sub-contract via the Community Development Finance Association, the acceleration of our Empty Homes programme and the first enterprise loans from our Regional Growth Fund pot.

We continue to reflect on the fact that there are few organisations in our sector, indeed in many other business sectors, who could have traded through the loss of three contracts of such scale and restored turnover to similar levels within 12 to 18 months.

The continued 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, although the impact of the Government's welfare reforms on our core financial inclusion customer group has created a challenging operating environment for that service.

In 2013/2014 we delivered the majority of our strategic objectives including:

Net incoming resources of £197,823 before bad debt write offs and provisions.

A 59.4% increase in total income.

Progression towards sustainable operation for our lending activity.

Over £8.1million of lending.

Publication of our third set of social accounts.

Strong contract performance across the majority of our portfolio.

Embedding of Empty Homes, Start Up Loans and RGF Loans into our service offer.

Geographic growth.

We now employ 79 people (84 last year) and over 21,000 people accessed our services and support in 2013/2014.

Following a successful bid, back in September 2012, Five Lamps secured £1.276million from the Department of Communities & Local Government 'Empty Homes Community Grants Programme'. We are on target to deliver close to 50 refurbished properties with 110 bed spaces before the programme ends in March 2015. We had hoped to secure funding to establish a biomass heating system and provide external wall insulation for up to 17 properties in Evenwood, County Durham, but were unable to create a viable scheme with our various bid partners. The 'lease and repair' model, which has been used on all but one of our properties, remains a long, often drawn-out process. We have also seen our pipeline comprise of long-term empty properties (often six years plus) with substantially greater dilapidation and refurbishment costs than may have been envisaged. It remains to be seen whether Five Lamps will undertake further work in this field beyond this current programme.

We commenced delivery of Start Up Loans, a major Government initiative to support entrepreneurs, initially under the age of 30 but later to all ages, into self-employment, in early 2013. We have now loaned over £1.39million to over 320 new businesses since January 2013. While the majority of our lending remains to North East customers we have supported customers from as far away as Kent.

We had 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 at the time. Having repaid half of the initial borrowing, we have agreed to extend the loan facility back to its original level from August 2014. This will finance planned growth in our personal lending activities.

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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. We are keen to see our access to finance offer firmly embedded in the range of support advertised by the Tees Valley business growth hub 'Business Compass'. We are looking to secure further funding of circa £1.5million from RGF, again within a CDFA-led consortium, in the sixth round, which closed to applications in September 2014.

Our 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. Nearly 4,000 new businesses have been established by people coming off benefits. The programme has been extended to 2015 and has transferred from DWP to the Start Up Loan Company. This is to align both NEA and Start-up loan products. These are two distinct loan-types and we are concerned that alignment of eligibility and process, particularly credit policy, will see substantially reduced activity and markedly fewer loans. We were responsible for better than one in five of all NEA Loans in the country up to March 2014.

In February 2014 we were awarded the inaugural CDFA Citi Microentrepreneurship Impact Award for our work in the CDFI arena and the demonstrable impact that we make. This builds on our earlier recognition in winning the 2012 RBS SE100 'Impact Champion' award.

Our Employability service continues to deliver a Work Programme sub-contract and 'FamilyWise', the ESF-funded family support service. In June 2013 our 'FamilyWise' delivery extended to include both Redcar & Cleveland and Middlesbrough, in addition to our delivery in Stockton-on-Tees. 'FamilyWise' is an example of the kind of programme which frustrates social enterprises, in that it is paid by results as customers achieve key progress measures and hopefully move into employment; it requires clear referral routes; it should have a clarity of cash flow and it should have high quality IT and data systems. In reality it has had to cope with diluted referral numbers, particularly as a consequence of the close proximity, in terms of its target client group, to the government's Troubled Families programme, set up by the Ministry of Justice and with less demanding targets and coherent payments. In addition the over-financing of progress measures and their subsequent validation has created a lengthy time-lag for payments, exacerbated by the IT and data systems being slow to be implemented. Recent improvements and an extension for new referrals to April 2015 will improve the overall performance of this contract in both financial and outcome terms.

We are into the second year of delivering local Welfare Assistance programmes in Stockton-on-Tees, Northumberland and County Durham. These contracts deliver the localised social fund, with significant grant pots, and commenced in 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. On all three contracts we are delighted with our achievement of the challenging quality standards and timescales. Nationally, local authorities have invoked substantially tighter criteria than the predecessor DWP Social Fund and consequently the demand on the new services has been markedly lower than before. This is certainly the case on our delivery. Disappointingly the government has announced that the funding ceases to be ring-fenced from April 2015 and many local authorities are looking to end their programmes of support or absorb them into existing similar call-centre based services. We have been advised that our Stockton-on-Tees 'Back On Track' contract will end at 31 March 2015. The 'NETs' service in Northumberland will continue and we are not certain as to the future of County Durham's 'HAND' service. Once again we see vulnerable and excluded people, the large majority of whom are also likely to be disadvantaged by the welfare reforms, facing new challenges to source crisis and resettlement support.

Our personal lending service made over 10,000 loans in 2013/2014. This is down on the previous year and reflects the changing face of the personal lending market, the impact of welfare reforms on our customers and a general tightening of our lending policy in response to a climb in delinquency. We have an on-line application portal with automated credit checking and decision-making ready for full implementation from October 2014. This will enable paperless operation, driving out a range of manual processes and information requests, utilising industry-standard validation and verification systems. We have remodelled our delivery and substantially reduced our cost base, as well as piloting the use of social media in marketing. We are now able to target new geography and remove any postcode restrictions that had applied previously. Two major projects are in the pipeline and substantial growth is planned. The continued economic situation is placing considerable pressure on financial inclusion services and there is a corresponding challenge to manage delinquency. It is widely recognised that the welfare reforms, notably bedroom tax and benefits changes, have adversely impacted our customers. 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 and will benefit from the full year effect of that change in 2014/2015, having implemented it initially from October 2013. We are planning a payday-type loan, probably over three months, for launch as early as November 2014. A new debt recovery partner, Daniels Silverman, was appointed in July 2014.

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'Helping Hand', the regional Private Housing Financial Assistance Service which we deliver for the 12 North East Local Authorities has now made over 600 loans totalling £6.5million. The funds under our management on this contract now total £9.1million. There continues to be a strong level of satisfaction with service delivery and the Partnership Board agreed a final one year extension from April 2014. This is the legal maximum for this type of contract and it will be retendered in late 2014. It has been disappointing that a number of initiatives led by Five Lamps and specifically aimed at expanding the capital pot available for on-lending, have so far not been supported by the Partnership Board.

Our 'MyBnK' franchise, only the second outside London, has continued to grow its reach. With support from J.P. Morgan this year we can offer 'fully funded' sessions to schools and youth groups. The inclusion of financial education in the national curriculum has generated considerable interest in the range of MyBnK products.

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 were reaccredited at Investors in People Gold, one of only 2% of IIP accredited companies to achieve the standard and, in February 2014, we featured at number 28 in the 2014 Sunday Times '100 Best Not for Profit Companies to work for', the third time that we have featured in this list.

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, 'FamilyWise'; delivery of the DWP 'Work Programme'.
- 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 up to £2.5k; Start-Up Loans up to £10k, although potentially higher with the dual authority of the Start-Up Loan Company; and RGF Loans of up to £50k, again potentially higher with appropriate authority.

Financial Inclusion & Housing:

- Financial Inclusion - providing affordable fair-cost 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.
- Housing - refurbishment of empty properties; tenancy management.

Our services for young people are managed within our Corporate Services division and currently include work with NEET young people, via the YES project; evening and weekend activities for young people from ages seven to 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.

Five Lamps Activity Summary 2007 - 2014

	Note	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Businesses Supported	(1)	212	405	609	623	704	536	4,141
Business Start-Ups		109	123	171	217	236	152	209
Business Loans		62	66	34	49	499	1,447	1,687
Business Loans (£000)		110	98	178	118	480	1,406	2,617
Personal Loans		142	586	4,069	9,872	11,742	12,240	10,780
Personal Loans (£000)		81	245	1,475	3,400	3,800	5,201	4,036
Into Employment		201	217	315	364	619	105	100
Receiving IAG		685	815	969	1,681	1,925	498	488
NEET Young People		41	52	91	61	32	22	44
NEET Young People Positive Progressions		21	28	36	30	9	21	52
Young People with Special Needs (visits)		350	447	552	742	799	949	845
People Accessing Community Activities		750	823	1,263	1,417	1,720	2,330	2,445
Helping Hand Loans (Volume)		-	-	-	103	247	143	131
Helping Hand Loans (£000)		-	-	-	197	1,984	1,998	1,471
Welfare Assistance Customers		-	-	-	-	-	-	3,020
Young People attending MyBnK workshops		-	-	-	-	-	-	1,003
Empty Homes - refurb		-	-	-	-	-	-	8
- work in progress		-	-	-	-	-	-	24

Note to the above table:

- (1) Businesses supported includes 275 NEA Mentoring; 2102 NEA Loan applicants; 633 Non-NEA coaching and mentoring; 756 attending enterprise workshops; 366 start-up loan applicants and nine RGF applicants. In previous years, the table contained our non-NEA coaching and mentoring clients.

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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 2014, delivering strongly against all elements of the standard.

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

Social Accounts

We committed to publishing social accounts back in 2010 and published an 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 published our second and more comprehensive set in October 2012. Our third set was published, once again after scrutiny by an expert Social Audit Panel, in October 2013.

We know that it is crucial to be financially healthy but, as a social enterprise, being able to demonstrate our social impact is important too. As an enterprising charity, Five Lamps had 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 2012/2013 social accounts can be found on our website www.fivelamps.org.uk and the 2013/2014 version will be available there from December 2014.

A particularly powerful element of the social accounts is the assessment of the economic impact of our activities. The Social Audit Panel have recognised the progress made in determining economic impact in our third set of social accounts. We are committed to a social return on investment-type calculation but recognise that the changing nature of our service portfolio makes meaningful comparison difficult.

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. We picked up our second impact award in February 2014, winning the CDFI Citi Microentrepreneurship Impact Award. This award recognised the substantial impact that we make as a CDFI. The cash prize, given generously by the sponsors Citi, has enabled us to develop our on-line offer and improve our service delivery.

Financial Review

The total income for the year to 31 March 2014 was £3,607,243 (£2,262,640 in 2012/2013) an increase of 59.4%.

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2014 and associated notes are set out on pages 17 to 42.

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.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT (including the Strategic Report)
FOR THE YEAR ENDED 31 MARCH 2014

Operational financial performance, before bad debt write offs and provisions, exceeded the budget projections during 2013/2014. Unlike in the previous year, where the Board prudently approved a deficit budget, the development of new projects and the continued search for service efficiencies enabled a surplus to be planned. Net incoming resources before bad debt write offs and provisions was £197,823 against net outgoing resources of £180,785 in 2012/2013.

A year end adjustment totalling £904,647 has been made, in order to write off further bad debts and revise provisions in relation to our lending activities. This includes a cumulative adjustment for loans made as far back as 2009 which had previously been referred to collection agents. Of the above total, £484,309 has been charged within the Balance Sheet against creditors for Funds under Management and the remaining £420,338 has been charged within the Statement of Financial Activities.

At 31 March 2014 certain surplus and deficit balances on some restricted funds have been written off against unrestricted funds by the Board, as reflected in note 24 on page 40 of these financial statements. In relation to funds in deficit, these funds had become overdrawn as expenditure had exceeded income received where the level of normal operating costs was not met by that income. In relation to funds in credit, these transfers relate to long-standing projects which have now ended and to 'payment by results' contracts where earned income is now by definition unrestricted.

A summary of these write offs between the restricted and unrestricted funds is as follows:

Restricted Fund	Transfer from/(to) Unrestricted Funds £
South Thornaby CRC	32,764
IT Upgrade	(11,561)
Guidance	(951,240)
Family Wise	185,417
Avanta work programme	(48,903)
Empty Homes	34,298
Enterprise	22,622
Community finance	(13,746)
NEA Loans	(33,691)
Start Up Loan Fund	(88,925)
British Gas	(38,159)
The Youthy	23,252
YPLA Foundation Learning	(30,901)
	<u>=====</u>

Strategic Direction & Future Plans

Our Vision	Creating Possibilities : Improving Lives
Our Mission	To Transform Lives, Raise Aspirations and Remove Barriers to Social, Economic & Financial Inclusion
Our Business	<p>Nationally-recognised social enterprise working with excluded individuals and families in the most disadvantaged communities.</p> <p>A leading provider of fair-cost loans to individuals and businesses unable to secure mainstream finance.</p> <p>A quality-driven enterprise agency; youth service; employability provider and welfare assistance contractor.</p> <p>Regenerating communities through refurbishing empty properties.</p>
Delivered Through	<p>Trusted Brand</p> <p>Quality Assured Services</p> <p>Making People Matter</p> <p>Superior Contract Performance</p> <p>Measured Social Impact</p> <p>Social Investment</p> <p>Skilled & Motivated Workforce</p> <p>Revenue Generated via a Stronger Balance Sheet</p>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT (including the Strategic Report)
FOR THE YEAR ENDED 31 MARCH 2014

Corporate Value	What This Means
Making People Matter	<ul style="list-style-type: none"> • Treating people with respect • Releasing potential • Keeping confidentiality • Enabling and empowering people to help themselves • Challenging self-perceptions and encouraging self-worth
Performance Matters	<ul style="list-style-type: none"> • Strength of performance wins contracts • Taking personal accountability within delegated authority • Maintaining high standards, skills, credibility and ethics • Demonstrating personal, individual and team commitment to corporate goals • Respecting and promoting a positive corporate culture • Everyone contributes to the 'bottom line' • We are all Five Lamps ambassadors
Quality Matters	<ul style="list-style-type: none"> • Assuring quality and achieving contemporary quality standards • Pursuing and achieving continuous service improvement • Investing in our people, our systems and our buildings • Marketing and promoting our products and services effectively
Making Communities Matter	<ul style="list-style-type: none"> • Understanding communities and their needs • Enabling access to services via a range of route ways embracing 21st century technologies • Including everyone and removing geographic barriers • Designing new services to meet identified need • Regenerating communities - restoring the sense of 'place'
Measuring Impact Matters	<ul style="list-style-type: none"> • Producing an annual Social Impact Report • Measuring customer and stakeholder experiences and feedback • Collecting social, performance and environmental data across the full range of our business • Publishing a range of good news stories and case studies

Strategic Priorities 2014-2017

Five Lamps is strategically well-positioned to drive substantial growth in the scale and impacts of our service portfolio, particularly in the fields of community development finance and enterprise development. This does not mean that we will not continue to strive for greater service integration or indeed new business in new fields. We seek to be socially enterprising but more than that we strive to be a successful business. We are increasing our geographic reach, through on-line capability and new projects, and through our capacity to make strong partnerships and to innovate, we hope to secure substantial social and other investment. Our new delivery model within financial inclusion, predicated on an on-line portal, is capable of supporting local initiatives throughout the country from our back-office and call-handling teams in Thornaby. Modifying our systems also enables us to meet the needs of our customers and truly influence market development in the CDFI arena.

We have now positioned Five Lamps as a multi-regional organisation, with a clearly differentiated service offer, increasingly building a national reputation, and able to influence policy at local regional and national levels.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT (including the Strategic Report)
FOR THE YEAR ENDED 31 MARCH 2014

The following table lists our 'big ticket' priorities:

Building on our strengths in the field of Financial Inclusion and building 'The Great North Loan Fund', growing access to fair-cost finance.	Securing large-scale investment/ social investment from specialist sources, notably Unity Trust Bank; Big Society Capital/North East Social Investment Fund; ESF/ERDF 2014-2020 and via Bond Issues.
Growing our enterprise agency credentials to build a broad range of access to finance, supplemented by coaching, mentoring and specialist, intensive start-up support, and development of managed workspace.	Measuring the social, economic and financial impact of our business and publishing annual Social Impact Reports.
Expanding our Empty Homes programme via both lease & repair and purchase & repair models.	To secure growth through strategically appropriate mergers and acquisitions, particularly in the community finance sector.
Securing substantial scale asset transfer to open up opportunities for asset-backed investment.	Continuing to invest in our people and our infrastructure - functionally suitable premises; contemporary IT; social media.

The following table sets out in greater detail the significant targets, actions and milestones for the delivery of our strategic direction through to 2017.

Strategy Priority	Milestones/Targets
Financial Inclusion	<ul style="list-style-type: none"> • Additional Capital for On Lending - Unity Trust Bank by September 2014 • Full implementation of online portal - October 2014 • Successful Application to FCA for Full Permissions Authorisation - November 2014 • Lending Partner to FRC Homemaker Pilot Phase - December 2014 • Successful Re-tender for Helping Hand service - December 2015 • CDFI Partner - Sheffield Money - January 2015 • Sheffield Money - Capital Raising (with Partners) - January to April 2015 • Business Case to NESIF for up to £2million capital for on-lending - March 2015 • Bid to TV ESIFS 2014-2020 - Access to Finance - March 2015 • Bid to TV ESIFS 2014-2020 - Social Inclusion : Financial Education - March 2015 • Consideration of Homemaker Expansion (4-20 stores) - September 2015 - 2017 • Further Capital Raising for Portfolio Growth - 2015-2017

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

DIRECTORS'/TRUSTEES' REPORT (including the Strategic Report)
FOR THE YEAR ENDED 31 MARCH 2014

Strategy Priority	Milestones/Targets
Enterprise	<ul style="list-style-type: none"> • Successful re-tender for NEA Mentoring (Gateshead Council/NEEAL) - October 2014 • Additional Capital ex CDFA RGF (circa £500k) - December 2014 • Additional Capital ex CDFA RGF6 Bid - January 2015 • Bid to TV ESIFS 2014-2020 - SME Competitiveness/Managed Workspace - March 2015 • Secure role in TV Business Growth Hub 'Business Compass' - mid 2015
Empty Homes	<ul style="list-style-type: none"> • Evaluation of Business Case for Bid to Big Issue Invest/NESIF/HCA for Capital to Expand Empty Homes Activity - 20 properties per annum - 2015-2017 - April 2015
Social Investment	<ul style="list-style-type: none"> • Evaluation of bonds, crowdfunding and other social finance vehicles - June 2015
Social Impact	<ul style="list-style-type: none"> • Annual publication of Social Impact Report - 2014-2017
Mergers & Acquisitions	<ul style="list-style-type: none"> • Market Analysis and Identification of Targets - October 2014 • Agreed Plan for Growth - January 2015
People & Infrastructure	<ul style="list-style-type: none"> • Completion of Buildings Review - November 2014 • Publish Buildings Rationalisation Plan - January 2015
Asset Transfer	<ul style="list-style-type: none"> • Case for Transfer of Eldon Street - September 2014 • Submission of Case for Transfer of Stockton Business Centre - January 2015

Approval

This report was approved by the Board of Trustees on 12 November 2014 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 2014

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2014 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 14, 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 2014 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 (including the Strategic 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 2014

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: 12 November 2014

JL/AJD

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3(a)	20,000	-	20,000	-
Activities for generating funds	3(b)	1,800	-	1,800	1,800
Investment income	3(c)	9,566	1,199	10,765	13,480
Incoming resources from charitable activities:					
Contract performance and grant income	4(a)	12,529	2,328,822	2,341,351	1,352,657
Other income	4(b)	161	273,330	273,491	238,463
Other Incoming Resources					
Interest generated by programme related investments		-	959,836	959,836	656,240
TOTAL INCOMING RESOURCES		44,056	3,563,187	3,607,243	2,262,640
RESOURCES EXPENDED					
Costs of generating funds:					
Charitable activities	5	34,719	3,755,824	3,790,543	3,095,587
Governance costs	6	39,245	-	39,245	35,103
TOTAL RESOURCES EXPENDED		73,964	3,755,824	3,829,788	3,130,690
Net Incoming/(Outgoing) Resources before Transfers		(29,908)	(192,637)	(222,545)	(868,050)
Gross Transfers Between Funds	24	918,773	(918,773)	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses		888,865	(1,111,410)	(222,545)	(868,050)
Other Recognised Gains and Losses					
Unrealised loss on investments	18	30	-	30	18
Net Movements in Funds		888,895	(1,111,410)	(222,515)	(868,032)
Reconciliation of Funds:					
Funds Brought Forward	24	1,868,323	1,337,841	3,206,164	4,074,196
FUNDS CARRIED FORWARD	24 & 25	2,757,218	226,431	2,983,649	3,206,164

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 2014

	Notes	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		820,066		870,879
Shares in group undertaking	15		2		-
Programme related investments	16		6,420,568		4,868,104
			<u>7,240,636</u>		<u>5,738,983</u>
CURRENT ASSETS					
Debtors	17	409,069		871,579	
Investments	18	88		58	
Cash at bank and in hand		803,922		1,030,065	
			<u>1,213,079</u>	<u>1,901,702</u>	
CREDITORS: Amounts falling due within one year	19	(790,639)		(1,476,302)	
NET CURRENT ASSETS			<u>422,440</u>		<u>425,400</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,663,076</u>		<u>6,164,383</u>
CREDITORS: Amounts falling due after more than one year	20		(4,679,427)		(2,958,219)
NET ASSETS			<u>2,983,649</u>		<u>3,206,164</u>
FUNDS					
Unrestricted funds	24 & 25		2,757,218		1,868,323
Restricted funds	24 & 25		226,431		1,337,841
TOTAL FUNDS	24 & 25		<u>2,983,649</u>		<u>3,206,164</u>

These financial statements were approved by the Board on 12 November 2014 and signed on its behalf by:

P.N. Tucker
Chair of Trustees

T.G. Watson
Trustee

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1	(1,319,879)	(1,100,835)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2	1,235,888	272,455
CAPITAL EXPENDITURE	2	(11,681)	(33,789)
FINANCING	2	(130,471)	845,952
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>(226,143)</u>	<u>(16,217)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH	3		
Increase/(decrease) in net cash in the period		(226,143)	(16,217)
Cash outflow/(inflow) from (increase)/ decrease in debt and lease financing		<u>130,471</u>	<u>(851,632)</u>
Change in net debt resulting from cash flows		<u>(95,672)</u>	<u>(867,849)</u>
MOVEMENT IN NET DEBT IN THE PERIOD		(95,672)	(867,849)
NET CASH/(DEBT) AT 1 APRIL		<u>156,833</u>	<u>1,024,682</u>
NET CASH/(DEBT) AT 31 MARCH		<u><u>61,161</u></u>	<u><u>156,833</u></u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	£	£
1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities		
Net incoming/(outgoing) resources	(222,545)	(868,050)
Depreciation charges	62,492	104,221
Loss on disposal of fixed assets	-	-
Decrease/(increase) in debtors	462,510	(271,801)
Increase/(decrease) in creditors	(692,475)	575,421
Interest from programme related investments	(959,836)	(656,240)
Other interest received	(2,686)	(7,971)
Interest element of hire purchase payments	1,685	1,154
Other interest paid	30,976	22,431
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Operating Activities	(1,319,879)	(1,100,835)
	<hr/> <hr/>	<hr/> <hr/>
2. Analysis of Cash Flows for Headings Netted in the Cash Inflow Statement		
(a) Returns on investments and servicing of finance		
Increase in programme related investments	(1,552,464)	(1,870,571)
Increase in funds under management	1,858,491	1,502,400
Interest from programme related investments	959,836	656,240
Other interest received	2,686	7,971
Interest element of hire purchase payments	(1,685)	(1,154)
Other interest paid	(30,976)	(22,431)
	<hr/>	<hr/>
Net Cash Inflow from Returns on Investments and Servicing of Finance	1,235,888	272,455
	<hr/> <hr/>	<hr/> <hr/>
(b) Capital Expenditure		
Purchase of tangible fixed assets	(11,679)	(33,789)
Sale of tangible fixed assets	-	-
Purchase of investment in subsidiary undertaking	(2)	-
	<hr/>	<hr/>
Net Cash Outflow from Capital Expenditure	(11,681)	(33,789)
	<hr/> <hr/>	<hr/> <hr/>
(c) Financing		
Capital repayments - loans	(264,996)	(150,200)
New loan advanced in year	139,849	1,000,000
Capital repayments - hire purchase contracts	(5,324)	(3,848)
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Financing	(130,471)	845,952
	<hr/> <hr/>	<hr/> <hr/>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

3. Analysis of Changes in Net Debt

	At 1.4.13	Cash Flow	At 31.3.14
	£	£	£
Net cash:			
Cash at bank and in hand	1,030,065	(226,143)	803,922
Bank overdraft	-	-	-
	<u>1,030,065</u>	<u>(226,143)</u>	<u>803,922</u>
Debt:			
Hire purchase	(11,543)	(4,525)	(16,068)
Debts falling due within one year	(263,322)	(4,841)	(268,163)
Debts falling due after one year	(598,367)	139,837	(458,530)
	<u>(873,232)</u>	<u>130,471</u>	<u>(742,761)</u>
Total	<u>156,833</u>	<u>(95,672)</u>	<u>61,161</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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 2014

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 provide for amounts considered to be irrecoverable, but only once normal recovery procedures have been followed and no further repayments have been made.

Other fixed asset investments are stated at cost.

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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**

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
(a) Voluntary Income				
CDFFA Citi prize	<u>20,000</u>	-	<u>20,000</u>	-
(b) Activities for Generating Funds				
Management fee - Regen School NE	<u>1,800</u>	-	<u>1,800</u>	1,800
(c) Investment Income				
Bank interest	1,487	1,199	2,686	7,973
Garage rental income	5,016	-	5,016	4,300
Café rental income	1,668	-	1,668	1,207
Loan interest	1,395	-	1,395	-
	<u>9,566</u>	<u>1,199</u>	<u>10,765</u>	<u>13,480</u>

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FOR THE YEAR ENDED 31 MARCH 2014

4. **INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

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

	----- Restricted -----					Total 2014 £	Total 2013 £
	Unrestricted	Management and Administration £	Health & Communities £	Employability & Learning £	Finance & Enterprise £		
Avanta	-	-	168,240	-	-	168,240	166,912
BBC Children in Need	-	-	-	-	27,472	27,472	27,472
British Gas - fuel poverty grant	-	-	-	-	-	-	16,333
Communities Fund - sustainable income	-	-	-	-	-	-	55,300
Credit Union Development Fund	-	-	42,000	-	-	42,000	-
Department for Works and Pensions	-	-	-	175,466	-	175,466	143,461
Empty Homes programme	-	-	-	425,250	-	425,250	255,150
Family Wise	-	-	54,736	-	-	54,736	28,450
Helping Hand	-	-	-	129,339	-	129,339	147,444
Middlesbrough Home Loans	-	-	-	-	-	-	3,600
New College Durham - skills support	-	-	-	-	-	-	6,970
ERDF - NEEAL	-	-	-	75,661	-	75,661	73,420
North East Mentoring	-	-	-	66,888	-	66,888	54,819
Northern Rock Foundation	-	-	-	-	-	-	16,000
Regional Growth Fund	-	-	-	130,000	-	130,000	-
Start Up Loan Fund	-	-	-	125,300	-	125,300	31,717
Stockton Borough Council - E Commerce	-	-	-	3,000	-	3,000	3,500
- Employment Initiative	12,529	5,949	1,378	923	927	21,706	26,202
- Warm Homes	-	19,000	-	-	-	19,000	35,000
- The Youthy	-	-	-	-	-	-	12,000
- YES Project	-	-	-	-	37,336	37,336	212,582
Synergy	-	-	100,660	-	-	100,660	-
Tristar - Growing Fit programme	-	-	-	-	-	-	6,800
Welfare Assistance - local authorities	-	-	-	732,457	-	732,457	25,000
Future Jobs Fund	-	-	3,770	-	-	3,770	-
Other grant income	-	-	870	2,000	200	3,070	4,525
	12,529	24,949	371,654	1,866,284	65,935	2,341,351	1,352,657

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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 £	Total 2014 £	2013 £	
Administration fees	-	-	-	189,892	-	189,892	132,863	
Donations	-	-	-	-	5,500	5,500	6,900	
RBS - Social Enterprise Award	-	-	-	-	-	-	10,000	
Kirklevington	-	-	9,250	-	-	9,250	9,000	
Room hire/Cafe	30	31,250	7,020	-	3,390	41,690	27,676	
Youth Club café/confectionary sales, subscriptions and activities	-	-	-	-	7,932	7,932	6,952	
Climbing wall	-	-	-	-	1,000	1,000	330	
DAT grant funding	-	-	-	-	-	-	15,938	
Delivery of Recovery Walks	-	-	-	-	-	-	7,696	
Bad debts recovered	-	-	-	1,071	-	1,071	2,522	
Other income	131	-	4,650	10,041	2,334	17,156	18,586	
	<u>161</u>	<u>31,250</u>	<u>20,920</u>	<u>201,004</u>	<u>20,156</u>	<u>273,491</u>	<u>238,463</u>	

FOOTNOTE:

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

5. RESOURCES EXPENDED - CHARITABLE ACTIVITIES

(a) Charitable Expenditure

	Notes	----- Unrestricted -----		----- Restricted -----				Total 2014 £	Total 2013 £
		Management and Administration £	Depreciation re Properties (Designated Funds) £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £		
Staff costs	7	-	-	36,338	269,057	806,458	52,904	1,164,757	1,162,393
Premises costs	8	-	-	33,417	22,605	39,505	21,029	116,556	110,319
General office costs	9	-	16,740	3,284	4,711	46,490	1,518	72,743	80,324
Grants payable to individuals to assist with removing barriers to employment		-	-	228	9,332	331,944	-	341,504	11,691
Bad and doubtful debts	15	-	-	-	-	420,338	-	420,338	687,247
Direct project costs:									
- Audit fees		-	-	-	-	750	-	750	-
- Depreciation	14	-	13,139	40	-	-	-	13,179	40,962
- Publicity and promotion		-	-	1,401	975	14,133	-	16,509	16,112
- Tutor costs		-	-	-	-	150	43	193	6,630
- Course materials		-	-	-	-	140	-	140	2,842
- Training and accreditation costs		-	-	-	5,061	-	-	5,061	7,667
- Activities costs		-	-	(6)	-	(701)	5,399	4,692	21,064
- Café/vending costs		-	-	1,706	-	-	-	1,706	-
- Subscriptions/affiliations		-	-	146	917	47,656	146	48,865	40,746
- Books and publications		-	-	-	68	-	-	68	26
- Apprentices allowances/expenses		-	-	-	6,471	20	-	6,491	9,099
- Insurance		-	-	762	2,172	10,106	762	13,802	19,629
- Mobile phones		-	-	-	1,200	5,271	296	6,767	9,415
- Consultancy/facilitators fees		-	-	32,690	79,909	214,325	193	327,117	213,145
- Empty Homes		-	-	-	-	561,518	-	561,518	-
- Motor vehicle expenses		-	-	-	-	-	-	-	429
- Bank charges re loan funds		-	-	-	-	12,902	-	12,902	43,659
- Bank loan interest		-	-	-	-	30,839	-	30,839	21,996
- Finance lease charges		-	-	-	-	-	96	96	1,154
- Others		-	-	30	47	209	9	295	4,909
		-	29,879	110,036	402,525	2,542,053	82,395	3,166,888	2,511,458

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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

(b) **Support Costs**

	Notes	----- Unrestricted -----		----- Restricted -----				Total 2014 £	Total 2013 £
		Management and Administration £	Depreciation re Properties (Designated Funds) £	Health & Communities £	Employability & Learning £	Finance & Enterprise £	Young People £		
Staff costs	7	454,757	-	-	-	-	-	454,757	434,581
Premises costs	8	36,688	-	-	-	-	-	36,688	46,389
General office costs	9	44,871	-	-	-	-	-	44,871	47,477
Professional fees		6,679	-	-	-	-	-	6,679	12,071
Subscriptions		5,068	-	-	-	-	-	5,068	4,477
Insurance		7,003	-	-	-	-	-	7,003	3,886
Depreciation	14	7,812	-	-	-	-	-	7,812	136
Loan interest		137	-	-	-	-	-	137	435
Bank charges re loan funds		47,097	-	-	-	-	-	47,097	15,155
Publicity and advertising		7,426	-	-	-	-	-	7,426	13,138
Finance lease charges		1,589	-	-	-	-	-	1,589	
Others		4,528	-	-	-	-	-	4,528	6,384
Allocation to activities of:									
- Management and administration costs		(605,543)	-	16,660	57,882	516,398	14,603	-	-
- Premises costs		(9,996)	-	(10,908)	384	16,884	3,636	-	-
- Office costs		(3,276)	-	(972)	144	3,780	324	-	-
		<u>4,840</u>	<u>-</u>	<u>4,780</u>	<u>58,410</u>	<u>537,062</u>	<u>18,563</u>	<u>623,655</u>	<u>584,129</u>
GRAND TOTAL		<u>4,840</u>	<u>29,879</u>	<u>114,816</u>	<u>460,935</u>	<u>3,079,115</u>	<u>100,958</u>	<u>3,790,543</u>	<u>3,095,587</u>

FOOTNOTES:

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

6. GOVERNANCE COSTS

	2014 £	2013 £
Staff costs	10,200	10,000
Premises costs	-	-
Office costs	400	350
Central overheads	28,645	24,753
	<u>39,245</u>	<u>35,103</u>

7. STAFF COSTS AND TRUSTEES' REMUNERATION

Total employment costs were as follows:

	2014 £	2013 £
Gross pay	1,424,093	1,379,938
Employer's national insurance	110,606	115,913
Employer's pension	25,695	25,622
Training	13,751	15,137
Expenses	47,888	43,083
Redundancy costs	7,681	27,281
	<u>1,629,714</u>	<u>1,606,974</u>

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

	2014 £	2013 £
Charitable expenditure	1,164,757	1,162,393
Support costs	454,757	434,581
Governance costs	10,200	10,000
	<u>1,629,714</u>	<u>1,606,974</u>

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

	2014 No.	2013 No.
Direct charitable work	64	60
Administrative	17	16
	<u>81</u>	<u>76</u>

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NOTES TO THE FINANCIAL STATEMENTS
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7. 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:

	2014	2013
	No.	No.
£60,000 to £70,000	-	-
£70,000 to £80,000	1	1
	<u>=====</u>	<u>=====</u>

Of the total pension costs of £25,695 (2013: £25,622) £4,004 was outstanding at 31 March 2014 (2013: £3,344).

No remuneration was paid to trustees in the year (2013: £nil). Expenses totalling £121.50 were reimbursed to trustees in the year (2013: £103.95).

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 £400 (2013: £325).

8. 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:

	2014	2013
	£	£
Utilities	32,255	37,121
Cleaning	31,710	31,715
Telephone	41,418	31,190
Maintenance - building	10,708	19,130
Maintenance - equipment	11,892	5,581
Maintenance - IT	18,481	15,283
Depreciation	6,780	16,688
	<u>=====</u>	<u>=====</u>
	153,244	156,708

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

	2014	2013
	£	£
Charitable expenditure	116,556	110,319
Support costs	36,688	44,579
Costs of generating voluntary income	-	110
Investment management costs	-	1,700
	<u>=====</u>	<u>=====</u>
	153,244	156,708

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

9. **OFFICE RUNNING COSTS**

Total office running costs were as follows:

	2014 £	2013 £
Postage and stationery	42,905	52,965
Office furniture and equipment	1,123	3,067
Photocopying	5,181	2,152
Depreciation	34,721	46,435
Drinking water and refreshments	3,641	3,491
Office rent	28,622	18,264
Container hire	1,821	1,777
	<u>118,014</u>	<u>128,151</u>

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

	2014 £	2013 £
Charitable expenditure	72,743	80,324
Support costs	44,871	47,412
Costs of generating voluntary income	-	65
Governance costs	400	350
	<u>118,014</u>	<u>128,151</u>

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

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets :		
Assets held under hire purchase and finance lease contracts	7,295	4,834
Owned assets	55,197	99,387
	<u>62,492</u>	104,221
Depreciation adjustment on fixed assets written off	-	-
Trustees'/directors' emoluments	-	-
Auditors' remuneration - audit services	15,072	13,640
Auditors' remuneration - non-audit services	6,700	4,000
	<u>6,700</u>	<u>4,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. DEPRECIATION

The charge for depreciation comprises:

	2014 £	2013 £
The Youthy (freehold property)	16,740	16,739
South Thornaby Community Resource Centre and Five Lamps Centre (leasehold properties)	13,181	13,182
Equipment and machinery	5,400	12,096
Fixtures and fittings	9,756	17,218
Office equipment	12,581	40,152
Motor vehicle (minibus)	4,834	4,834
	<u>62,492</u>	<u>104,221</u>

This has been allocated as follows:

	2014 £	2013 £
Charitable expenditure	13,179	40,962
Support costs	7,812	136
Premises running costs	6,780	16,688
Office running costs	34,721	46,435
	<u>62,492</u>	<u>104,221</u>

12. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank loan	30,839	21,996
Community Loan Fund	137	435
Hire purchase and finance lease charges	1,685	1,154
	<u>32,661</u>	<u>23,585</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

13. 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 2014, the funds held on the above client bank account totalled £3,342,039 (2013: £3,279,170) in addition to which a further £5,512,815 (2013: £4,026,790) had been advanced to beneficiaries under the Programme. There was an equal associated liability of £8,854,854 (2013: £7,305,960) representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2014.

14. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment and Machinery £	Fixtures and Fittings £	Office Equipment £	Motor Vehicle £	Total £
Cost							
At 1 April 2013	833,804	549,155	202,583	128,693	184,925	19,239	1,918,399
Additions	-	-	-	-	11,679	-	11,679
Disposals	-	-	-	-	-	-	-
At 31 March 2014	<u>833,804</u>	<u>549,155</u>	<u>202,583</u>	<u>128,693</u>	<u>196,604</u>	<u>19,239</u>	<u>1,930,078</u>
Depreciation							
At 1 April 2013	180,993	390,974	191,778	106,104	163,265	14,406	1,047,520
Charge for the year	16,740	13,181	5,400	9,756	12,582	4,833	62,492
Disposals	-	-	-	-	-	-	-
At 31 March 2014	<u>197,733</u>	<u>404,155</u>	<u>197,178</u>	<u>115,860</u>	<u>175,847</u>	<u>19,239</u>	<u>1,110,012</u>
Net Book Values							
At 31 March 2014	<u>636,071</u>	<u>145,000</u>	<u>5,405</u>	<u>12,833</u>	<u>20,757</u>	<u>-</u>	<u>820,066</u>
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>

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NOTES TO THE FINANCIAL STATEMENTS
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14. **TANGIBLE FIXED ASSETS - Continued**

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

	Office Equipment	Motor Vehicles	Total
	£	£	£
Cost			
At 1 April 2013	-	19,239	19,239
Additions	9,849	-	9,849
	<hr/>	<hr/>	<hr/>
At 31 March 2014	9,849	19,239	29,088
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 April 2013	-	14,406	14,406
Charge for year	2,462	4,833	7,295
	<hr/>	<hr/>	<hr/>
At 31 March 2014	2,462	19,239	21,701
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value			
At 31 March 2014	7,387	-	7,387
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2013	-	4,833	4,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2014 of £636,071 (2013: £652,811). 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.

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15. **SHARES IN GROUP UNDERTAKING**

	31.3.14
	£
Acquired 1 April 2013	2
Profit/(loss) on change in value	-
	—
Market value as at 31 March 2014	<u>2</u>

The Charity's investments at the Balance Sheet date were as follows:

Five Lamps Trading Ltd

Nature of business: Property Refurbishment

Class of shares: **% holding**

Ordinary 100

	31.3.14
	£
Aggregate capital and reserves	24,667
Loss for the period	(4,321)
	=====

16. **PROGRAMME RELATED INVESTMENTS**

Business Loans:

(a) **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.

(b) **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.

(c) **Start Up Loan Fund**

In the year to 31 March 2013, 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. In the year to 31 March 2014, the age restrictions which applied previously were lifted.

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

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NOTES TO THE FINANCIAL STATEMENTS
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16. PROGRAMME RELATED INVESTMENTS - continued

(d) New Enterprise Allowance - Start Up Loans

In the year to 31 March 2014, the delivery of the New Enterprise Allowance Loan Service transferred from DWP (see 16(b) above) to The Start Up Loan Company to continue to support a scheme to move jobseekers from claiming benefits into self-employment.

All repayments and interest received are returned to The Start Up Loan Company.

(e) RGF

In the year to 31 March 2014, Five Lamps entered into an agreement with the CDFA, Unity Trust Bank and Co-operative Bank to secure capital for on-lending to enterprises.

Fifty percent of the funds are grant with the other fifty percent being repayable loans.

Personal Loans:

(f) 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.

(g) 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 (k) below.

(h) Five Lamps Fund

In the year to 31 March 2013, the charity obtained a bank loan of £1million for the purpose of making personal loans to disadvantaged individuals.

(i) Refurnish Ltd.

In the year to 31 March 2014, Five Lamps entered into an agreement with Refurnish Ltd. to provide personal loans to individuals who are unable to access affordable credit.

Five Lamps receive an annual fee for service delivery and all repayments, including interest, are returned to Refurnish Ltd.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

16. **PROGRAMME RELATED INVESTMENTS - continued**

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

	Business Loans £	Personal Loans £	Total 2014 £	Total 2013 £
Loans outstanding as at 1 April 2013 - before provision for doubtful debts/bad debts written off	1,909,929	4,151,823	6,061,752	4,365,093
Net loans advanced/(repaid) in year	2,049,101	(345,638)	1,703,463	1,696,659
Loans outstanding as at 31 March 2014 - before provision for doubtful debts/bad debts written off	3,959,030	3,806,185	7,765,215	6,061,752
Less:				
Bad debts written off	(434,983)	(619,664)	(1,054,647)	(753,648)
Provision for doubtful debts:				
Brought forward	(100,000)	(340,000)	(440,000)	(300,000)
Movement in provision during year	(40,000)	190,000	150,000	(140,000)
Carried forward	(140,000)	(150,000)	(290,000)	(440,000)
Net Programme Related Investments as at 31 March 2014	3,384,047	3,036,521	6,420,568	4,868,104

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

During the year, a detailed exercise was carried out to identify those loan balances that were regarded as 'bad' and as such needed to be written off. The result was that £1,054,647 of loans were written off as irrecoverable.

The above provision for doubtful debts totalling £290,000 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 £1,054,647 and reduced provision for doubtful debts of £150,000 a total of £484,309 has been charged against Funds Under Management in relation to the Entrust, NEA/DWP and Middlesbrough Home Loan Funds.

17. **DEBTORS**

	2014 £	2013 £
Due within one year:		
Contract income/grants receivable	245,554	851,427
Other debtors and prepayments	15,032	20,152
VAT recoverable	77,471	-
Amount due from subsidiary undertaking	71,012	-
	<u>409,069</u>	<u>871,579</u>

The loan to the subsidiary undertaking is repayable in full on 31 March 2015 and carries interest at a rate of 4% per annum.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

18. **INVESTMENTS**

	2014	2013
	£	£
Quoted investments:		
Market value at beginning of year	58	40
Profit/(loss) on investments from change in value	30	18
	<hr/>	<hr/>
Market value at end of year	88	58
	<hr/> <hr/>	<hr/> <hr/>
Historic cost	Nil	Nil
	<hr/> <hr/>	<hr/> <hr/>

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

	2014	2013
	£	£
Bank loans and overdrafts	268,881	257,874
Obligations under hire purchase contracts (see note 21)	5,818	3,848
Community Loan Fund (see note 22)	(718)	5,448
Trade creditors	65,999	75,876
Social security and other taxes	32,629	44,605
Accruals and deferred income	54,241	39,219
Contract income/grants received in advance	351,939	950,756
Grant income repayable	11,850	98,676
	<hr/>	<hr/>
	790,639	1,476,302
	<hr/> <hr/>	<hr/> <hr/>

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

	2014		2013
	£	£	£
Bank loans and overdrafts	458,530		598,367
Obligations under hire purchase contracts (see note 21)	10,250		7,695
Funds under management:			
Department for Work and Pensions	2,888,974	1,983,394	
Tyne & Wear Enterprise Trust	(1,373)	34,866	
Middlesbrough Home Loans	81,854	91,180	
Start Up Loan Fund	798,719	242,717	
NEA Start Up Loans	437,458	-	
Refurnish	5,015	-	
	<hr/>	<hr/>	
	4,210,647		2,352,157
	<hr/> <hr/>		<hr/> <hr/>
	4,679,427		2,958,219
	<hr/> <hr/>		<hr/> <hr/>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

21. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE CONTRACTS

	2014	2013
	£	£
Gross obligations repayable:		
Within one year	7,546	5,002
Between two and five years	13,271	10,004
	<u>20,817</u>	<u>15,006</u>
Finance charges repayable:		
Within one year	1,728	1,154
Between two and five years	3,021	2,309
	<u>4,749</u>	<u>3,463</u>
Net obligations repayable:		
Within one year	5,818	3,848
Between two and five years	10,250	7,695
	<u>16,068</u>	<u>11,543</u>

22. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand (see note 19)		
- Bank loans	268,881	257,874
- Community Loan Fund	(718)	5,448
	<u>268,163</u>	<u>263,322</u>
Amounts falling due between one and two years (see note 20)		
- Bank loans	279,837	268,881
Amounts falling due between two and five years (see note 20)		
- Bank loan	178,693	329,486
	<u>458,530</u>	<u>598,367</u>

The Community Loan Fund loan was fully repaid during the year. Interest was charged at 5% above base rate. The overpayment of £718 was repaid to the Charity in May 2014.

The above bank loans comprise:

An initial Unity Trust Bank loan advanced in an earlier year, 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; and

Further Unity Trust and Co-operative Bank loans advanced during the year under review, on an interest only basis through to October 2017 when the capital balances are repayable in full. Interest is charged on both loans at 3.5% above base rate.

23. SECURED DEBTS

The following secured debts are included within creditors:

	2014	2013
	£	£
Obligations under hire purchase and finance lease contracts	16,068	11,543
Community Loan Fund	-	5,448
Bank loans	727,411	856,241
	<u>743,487</u>	<u>873,232</u>

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

24. **MOVEMENT IN FUNDS**

	At 1 April 2013 £	Movement in Resources		Transfers Between Funds and Investment Gains/(Losses) £	At 31 March 2014 £
		Incoming £	Outgoing £		
RESTRICTED FUNDS:					
Health and Communities					
South Thornaby CRC	-	37,199	69,963	32,764	-
Credit Union Development Fund	(3,420)	42,000	35,118	-	3,462
Warm Homes	-	19,000	9,732	-	9,268
IT Upgrade	11,561	-	-	(11,561)	-
	8,141	98,199	114,813	21,203	12,730
Employability and Learning					
Guidance	959,116	10,519	18,395	(951,240)	-
Family Wise	(62,053)	54,863	178,227	185,417	-
Avanta work programme	46,839	175,283	173,219	(48,903)	-
Healthways	-	100,660	91,096	-	9,564
	943,902	341,325	460,937	(814,726)	9,564
Finance and Enterprise					
Welfare Assistance	11,290	734,387	727,609	-	18,068
Empty Homes	189,518	425,250	649,066	34,298	-
RGF	-	137,842	29,580	-	108,262
Enterprise	72,529	165,196	260,347	22,622	-
Personal loans	-	1,096,400	1,049,354	-	47,046
Community finance	6,272	9,000	1,526	(13,746)	-
Helping Hand	24,154	129,857	134,325	-	19,686
Middlesbrough Home Loans	2,688	-	-	-	2,688
NEA Loans	(6,321)	219,063	179,051	(33,691)	-
Start Up Loan Fund	16,608	120,577	48,260	(88,925)	-
British Gas	38,159	-	-	(38,159)	-
	354,897	3,037,572	3,079,118	(117,601)	195,750
Young People					
The Youthy	-	48,546	71,798	23,252	-
YES	-	37,545	29,158	-	8,387
YPLA Foundation Learning	30,901	-	-	(30,901)	-
	30,901	86,091	100,956	(7,649)	8,387
TOTAL RESTRICTED FUNDS	<u>1,337,841</u>	<u>3,563,187</u>	<u>3,755,824</u>	<u>(918,773)</u>	<u>226,431</u>
UNRESTRICTED FUNDS					
General Reserves	247,163	44,056	57,224	801,202	1,035,197
Designated Funds					
Youth Empowerment Scheme (Capital)	630,225	-	16,740	-	613,485
Growth Fund	990,935	-	-	117,601	1,108,536
TOTAL UNRESTRICTED FUNDS	<u>1,868,323</u>	<u>44,056</u>	<u>73,964</u>	<u>918,803</u>	<u>2,757,218</u>
TOTAL FUNDS	<u>3,206,164</u>	<u>3,607,243</u>	<u>3,829,788</u>	<u>30</u>	<u>2,983,649</u>

Transfers between funds are agreed by the Board, as reflected in the Trustees' Report.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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

	----- Fixed Assets: -----					
	Tangible	Investments	Programme Related Investments	Net Current Assets/ (Liabilities)	Long-Term Liabilities	Total
	£	£	£	£	£	£
Restricted Funds	16,622	-	6,420,568	(1,541,582)	(4,669,177)	226,431
Unrestricted Funds	803,444	2	-	1,964,022	(10,250)	2,757,218
	820,066	2	6,420,568	422,440	(4,679,427)	2,983,649

26. **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.

27. **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.

28. **CONTROLLING PARTY**

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

29. **VALUE ADDED TAX REVIEW**

At the date of approval of these financial statements, the Organisation is involved in an ongoing review of its VAT position, which it is conducting in conjunction with a visiting Officer from HM Revenue & Customs. The outcome of this review, once concluded, is expected to clarify and, if necessary, amend the current and past VAT treatment of:

- transactions between the The Five Lamps Organisation and its wholly-owned subsidiary Company, Five Lamps Trading Ltd;
- income received (and related expenditure incurred) between 2008 and the present date, in connection with certain Department for Work & Pensions funded schemes; and
- the overall impact of the above on the organisation's partial-exemption VAT recovery position.

Until such time as various matters have been formally agreed in principle, it has not been possible to accurately quantify the likely financial outcome of this review although provisional in-house calculations, prepared on a sample test-basis, suggest that a net VAT refund will ultimately be due to the Organisation.

These accounts do not include any debtor or creditor provisions, at the balance sheet date, in connection with this matter.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

30. RELATED PARTY TRANSACTIONS

Mr. G. Oram (Chief Executive of the Charity) and Mr. W. Erskine (Director of Finance and Economic Development) 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:

	2014	2013
	£	£
Income from Regen School North East	1,800	1,800
	<u> </u>	<u> </u>

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

Payments to Regen School North East	29,000	41,500
	<u> </u>	<u> </u>

These payments reflect the purchase of consultancy services from Regen School North East in order to deliver Lot2 Projects. Alternative suppliers were considered but they were more expensive.

Included in debtors at 31 March 2014 is £2,610 due from Regen School North East to Five Lamps (2013: £1,800).

Included in creditors at 31 March 2014 is £nil due to Regen School North East from Five Lamps (2013: £3,000).

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:

	2014	2013
	£	£
Income from NEEAL	75,662	57,943
	<u> </u>	<u> </u>

This income is in respect of the delivery of services.

Included in debtors at 31 March 2014 is £17,200 due from NEEAL to Five Lamps (2013: £5,103).

Mr. G. Oram and Mr. W. Erskine are both directors of Five Lamps Trading Ltd, a wholly owned subsidiary of The Five Lamps Organisation.

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

	2014	2013
	£	£
Invoiced from Five Lamps Trading Ltd to Five Lamps	561,518	-
	<u> </u>	<u> </u>

Included in debtors is a loan of £71,012 due from Five Lamps Trading Ltd (2013: £nil). This loan carries interest at a rate of 4% per annum.

Included in creditors at 31 March 2014 is £25,308 due to Five Lamps Trading Ltd (2013: £nil).

Mrs. S. Westerman (Director of Corporate Services) was also a director of Synergy during the year to 31 March 2014.

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

	2014	2013
	£	£
Grant income received by Five Lamps from Synergy	150,000	-
	<u> </u>	<u> </u>

Included in creditors are grants received in advance from Synergy at 31 March 2014 totalling £49,340 (2013: £nil).