

THE FIVE LAMPS ORGANISATION
FINANCIAL STATEMENTS
31 MARCH 2015

(A company limited by guarantee)

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(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2015**

Trustees

Philip Tucker, Chair
Patricia Chambers, Vice Chair
Malcolm Bowstead, Treasurer (resigned 19 December 2014)
Vivienne Holmes
Ian Wright
Trevor Watson
Carole Richardson (resigned 13 February 2015)

Company registered number

02441319

Charity registered number

702314

Registered office

Eldon Street, Thornaby, Stockton-on-Tees, TS17 7DJ

Chief executive officer

Graeme Oram

Independent auditors

Armstrong Watson Audit Limited, Fairview House, Victoria Place, Carlisle, Cumbria, CA1 1HP

Bankers

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

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Five Lamps Organisation (the company and the group) for the year ended 31 March 2015. The Trustees confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

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

The Directors of the company are also charity trustees for the purposes of charity law and under the company's articles are known as members of the Management Committee.

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 state:

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;
- 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 the Charities Act 2011;
- 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 the Charities Act, if it wishes to mortgage land;

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- 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;
- 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 the Charities Act 2011.

Future Governance Model

In October 2014, as a continuation of the Trustee's review of corporate governance and legal structure, the Trustees asked the Senior Management Team to seek appropriate legal advice on alternative structures. The governance review had identified three key issues where there were concerns that charitable status was a limiting factor for the organisation. These three issues were Five Lamps' ability to raise capital through equity-type investment; the challenge in continuing to deliver services with a high social impact while pushing at the very boundaries of charitable status, and the need to engage increasingly Trustees with a specialist knowledge, and to remunerate them.

The review is still ongoing and any changes would be with effect from April 2016.

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 and commercial opportunities and investment issues facing The Five Lamps Organisation, in the context of the complex political, economic, sociological, technical and legal context in which it operates.

6. Communication

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

7. Building team and external relationships

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

8. Equality and diversity

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

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reassignment, sex orientation, disability, age, marriage or civil partnership, pregnancy or maternity.

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 duties in regard to financial duties and legal/statutory compliance

Meetings

- Minimum three meetings per annum
- Terms of Reference and Committee effectiveness to be reviewed annually with recommendations to the 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 eg 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

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Review

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

b. Method of appointment of election of trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

c. Policies adopted for the induction and training of trustees

Trustee Induction & Training

Trustees are encouraged to become familiar with the work of the organisation in a number of different ways.

Trustee induction mirrors our staff induction process which is part of a range of Investors in People-accredited Human Resource policies.

Trustees also benefit from:

- Regular presentations from project staff on each of our projects/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, during the year one away day focused on succession planning and risk assessment
- Bespoke training to address identified need and attendance at relevant local, regional and national conferences.
- Participation in a range of sub-groups and committees eg 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
- In December 2014 a structured appraisal system was introduced for Trustees

d. Organisational structure and decision making

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 5 members drawn from our local communities and from a diverse range of professional backgrounds. A Chair and Vice-Chair 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 three other Executive Director positions.

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

e. Related party relationships

Related Parties

There are three organisations - Regen School North, Tees Credit Union and North East Enterprise Agencies Limited which had a trading relationship with Five Lamps, and/or have Five Lamps staff or Trustees involved at Board level, during the 2014-2015 financial year. The Synergy Consortium Ltd 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

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party transactions in relation to our Trustees, who have all filed nil returns on request.

Financial Conduct Authority

Until 31 March 2014, Five Lamps delivered its lending operations under a Consumer Credit Licence, issued and regulated by the Office of Fair Trading. On 1 April 2014, the Financial Conduct Authority (FCA) took over the regulatory role. Five Lamps applied for, and were granted Interim Permission to continue to offer consumer credit. In common with all other firms in receipt of Interim Permission, Five Lamps was required to apply for Full FCA Permission within an allocated application period.

Five Lamps' application was submitted in November 2014. This contained the following requested activities:

- Credit Broking
- Entering into Regulated Credit Agreements as lender (excluding high-cost short-term credit, bill of sale agreement and home collected credit agreement)
- Exercising or having the right to exercise lender's rights and duties under a Regulated Credit Agreement (exclusions as above)

The FCA confirmed that our Application is considered complete for the purposes of Section 55A of the Financial Services and Markets Act 2000, on 4 March 2015, and as such, the 6 month period for consideration of the complete application has started and will be complete by 3 September 2015.

Five Lamps views the progression to Full FCA Permissions as a hugely positive step for ourselves and for the Community Finance sector generally. We take great pride in the governance, quality and delivery of our services and treating customers fairly is at the very heart of our work.

Responsible Finance

As a leading player in the UK Community Finance sector Five Lamps has been increasingly frustrated by the challenges of communicating the Community Development Finance Institute (CDFI) message and we have recognised the extent to which the way our sector brands itself has limited its growth in both scale and impact.

We are extremely pleased that the Community Development Finance Association (CDFA) will shortly be rebranded/renamed, Responsible Finance. The new name is a better statement of intent and purpose and reflects the work that we do, as a member.

Five Lamps is a provider of Responsible Finance. We work to increase access to fair and affordable finance. We aim to build hope, create opportunity and change lives by providing access to finance to people who are typically excluded. We bring social and economic benefits to people, places and businesses.

Such is our commitment to the concept of Responsible Finance, that we will incorporate this term into a new Executive role during the summer of 2015, and modify our marketing and promotional materials to further embed it. We have already commenced the updating of our website.

f. 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.

There are currently fourteen key risks areas identified and monitored. These are:

- The Impact of Welfare Reform
- Failure to Deliver Externally-Funded Contracts/Sub-Contracts

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- 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

ACHIEVEMENTS AND PERFORMANCE

a. Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

b. Review of activities

Main Activities & Achievements

2014-15 was a year of further change for the organisation. We did not have the challenge of embedding new contracts to the same extent as the previous year, when we picked up 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, but we continued to drive out substantial efficiencies in our operation as well undertaking a widespread review of our personal lending operation. This review was fuelled by the obvious impact on our customers as a consequence of bedroom tax and other welfare reforms.

We invested in new on-line systems with automated decision-making, utilising industry-standard decision logic. This key piece of work saw us ease off on the promotion of our personal lending while we effected the change and prepared ourselves for three key initiatives which will all launch in the early part of 2015-2016. These are our role as the finance partner in 'Our House', an ethical household goods retail initiative launched by leading Liverpool-based social enterprise, FRC Group; as a lending partner in Sheffield Money, an affordable finance and financial inclusion initiative which came out of a Fairness Commission in the city, and as a community lender in a national Affordable Lending Portal to be established by a partnership of community lenders (CDFIs and credit unions), Experian, Asda Money, The Cabinet Office and Barclays. These initiatives, which could create a combined increase in loan volumes of c20000 loans per annum, and have clear potential for further growth through franchise-type models, will be covered in greater detail later in this report.

The continued change experienced during the year is further testament to the relevance of our work in the current economic climate and to the vision and ambition 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 continued impact of the Government's welfare reforms on our core financial inclusion customer group has created a challenging operating environment for that service.

In 2014-15 we delivered the large majority of our strategic objectives.

An operating surplus of £673,404 after provisions and bad debt write-off.

A 22.1% increase in turnover, following the 59.4% achieved in 2013-14.

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Further progression towards sustainable operation for our lending activity, despite reduced personal lending activity pending systems changes and new initiatives.

Over £6.5million of lending.

Publication of our fourth set of social accounts.

Achievement of 49 refurbished Empty Homes.

Geographic growth.

We now employ 69 people (78 last year).

Over 23000 people accessed our services and support in 2014-15.

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'. The programme ended at the end of March 2015 and Five Lamps hit our revised target of 49 properties (121 bed spaces) refurbished across County Durham and Darlington. That outcome is fully compliant with the programme's value-for-money criteria. This was the first time that Five Lamps had undertaken a housing project of this nature and there have been a number of key learning issues. All but one of the properties was secured on a lease and repair basis, therefore creating little balance sheet growth for the organisation. The properties brought forward by our local authority partners were typically in a much more dilapidated state than expected, creating a higher unit cost for refurbishment. The entire lease and repair process requires a greater level of labour intensity and other public bodies and utility companies are not sufficiently geared up to working with this kind of initiative. Five Lamps retains an appetite for further work in the field but we would want to see a greater focus on purchase and repair.

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 £1.6 million to 362 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 agreed to extend the loan facility back to its original level from August 2014. This will finance planned growth in our personal lending activities on completion of our new on-line portal.

Five Lamps commenced lending from the £750k of Regional Growth Fund (RGF) 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 - £100k. 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 were, in common with the wider CDFI sector, bitterly disappointed that the CDFA-led consortium bid for further RGF funding in Round 6, was not supported by BIS in February 2015. We had been hopeful that the conspicuous success of the earlier programme, with its compelling value-for-money statistics, would have ensured further support. Five Lamps were seeking £1.5million from that failed bid.

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 4000 new businesses have been established by people coming off benefits. The programme was initially extended and then 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 were 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. The new contract saw our geographic coverage reduced to the North East, with a commensurate reduction in activity and, when the mentoring contract, with its revised operation, was re-tendered in late 2014, we saw a further reduction in activity. While all parties recognise the reduced levels of activity, no properly integrated solution has been found.

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Five Lamps suggested to DWP that the capital that we had collected from the original contract could be used to support some of the riskier NEA loans, rather than be returned to DWP, but they insisted on repayment and an opportunity to support up to 1000 new business start-ups was lost.

In March 2015 we won the CDFA Citi Micro-entrepreneurship 'New Horizons' Award for our work on 'Our House', the ethical household goods initiative in partnership with FRC Group, for which we secured £2.6million from Unity Trust Bank. This follows our success in February 2014 when we were awarded the inaugural CDFA Citi Micro-entrepreneurship 'Impact' Award for our work in the CDFI arena and the demonstrable impact that we make, building on our earlier recognition in winning the 2012 RBS SE100 'Impact Champion' award. The substantial prize money generously put forward by Citi has enabled us to invest in our on-line capability and to engage industry risk experts to build an automated decision-making process. This work is the cornerstone for our future delivery.

During 2014-15 our Employability service continued to deliver a Work Programme sub-contract and 'FamilyWise' the ESF-funded family support service. The Work Programme activity remains low, reflecting our role as a sub-contractor in Stockton-on-Tees. 'FamilyWise' ends at 30 June 2015. The last six months of the programme have seen an upturn in revenue generated but, right across the North East, and nationally, this has been a difficult programme to deliver, almost entirely due to DWP monitoring, a fundamental over-financing of the delivery model and the competition for a similar client group from the Troubled Families initiative. Two government programmes with similar targets, different payment structures, payment by results etc is a recipe for major problems, and this was no exception. The government must realise that while social enterprises and community organisations are likely to play a key role in future service delivery to excluded and vulnerable groups, they cannot be expected to shoulder substantial revenue losses as a consequence of a lack of joined-up government. We communicated our disappointment to the Minister for Civil Society on a visit to Five Lamps in November 2014. Interestingly, he showcased a Five Lamps 'FamilyWise' in a keynote speech that he made a few months later!

The second year of delivering local Welfare Assistance programmes in Stockton-on-Tees, Northumberland and County Durham, proved extremely successful with consistent achievement of the very challenging performance targets. These contracts deliver the localised social fund, which replaced the national service in April 2013. The three delivery models had some differences but the common feature is our call handling and assessment which saw us create 15 new jobs in a new contact centre facility. Disappointingly the government announced that the funding is no longer ringfenced from April 2015 and, in common with many local authorities who immediately looked to end their programmes of support or absorb them into existing similar call-centre based services, both Stockton and Durham informed us that they were reverting to in-house delivery from April 2015. The NETs service in Northumberland is continuing. Interestingly, a number of local authorities are re-tendering their services and it is likely that Five Lamps will tender for some of these, alongside our fulfilment partner Smarterbuys.

Our personal lending service made just under 7000 loans in 2014-15. This is down by some 3000 on the previous year and reflects the work we have been undertaking on our systems, 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, largely arising from the welfare changes. We have an on-line application portal with automated credit checking and decision-making which is now ready for full implementation. 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 many of the postcode restrictions that had applied previously.

We are about to embark on three substantial new initiatives which will create a level of growth in scale and impact which will place us at the forefront of the UK personal lending CDFI marketplace:

1) The first 'Our House' store opened in Oldham in June 2015 and further stores in Burnley, Bootle and two in the West Midlands, will open before the end of the year. The role of lending partner takes Five Lamps into a new market, hire purchase, and, having submitted a detailed business case and progressed through the requisite due diligence, we secured a loan facility from our bankers, Unity Trust Bank, to provide the capital require for this proof of concept stage. The first five stores could be followed by up to ten more in the first three years and our partners at FRC are actively investigating an on-line offer. The stores are all located in prominent positions in

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retail centres and customers benefit from savings of at least 30% on ticket prices compared to BrightHouse, as well as further savings on insurances, extended warranties and punitive missed payment fees. The social impact credentials of ourselves and FRC, two of the first three RBS SE100 Impact Champions, are very strong and we have committed to a range of joint working to demonstrate the social impact of the new service.

2) Sheffield Money has been ready to launch since March 2015 but has been delayed by the approval of the FCA Brokerage Licence, required by the local delivery vehicle, Finance for Sheffield IPS Ltd. There is currently no definitive timescale on the approval. The town-centre Sheffield Money shop is fully fitted out and the staff team are in place. Sheffield Money is certainly franchisable and replicable across many cities in the UK. The third big project is the Affordable Lending Portal which has emerged from a joint piece of work undertaken by the cabinet Office and the CDFA. The proposed project will take referrals from the Asda Money website and identify community lenders. The referral will progress through our loan portal as an on-line application. Five Lamps is the community lender identified for Newcastle and Sunderland activity and is in further discussion to cover the Manchester area alongside Manchester Credit Union. The project involves setting up a FCA-approved Newco of community lenders to govern the initiative. This is a potentially huge national vehicle. The engagement of Experian in the project creates a major element of added value. Across all three initiatives we can already see the realisation of strong added value from our investment in our technology. While it is great to see the enormous potential of these initiatives, the greatest challenge continues to be growing our pot of capital for on-lending. It is likely that the next phase of our growth will require £5-8million of new capital. We are actively pursuing a number of possible sources. There has been very little penetration into our sector by Big Society Capital and/or the mainstream banks. Equally, social investment via bonds or more innovative new models is rare. There would appear to be a compelling case for the government to help to form a new market, similar to the £35million invested in the Credit Union Expansion Programme, but without the inevitable wastage of money on IT and infrastructure. In the case of CDFIs the money would hit the street immediately and could fund one million loans in the first ten years.

3) We successfully retendered for the contract to deliver 'Helping Hand' the regional Private Housing Financial Assistance Service which we deliver for the NE Local Authorities, through to April 2019. The service has now made over 800 loans totalling over £7million. The funds under our management on this contract totalled over £9million at 31 March 2015. Two authorities Durham and Middlesbrough opted to withdraw from the new contract reverting to in-house operation. There continues to be a strong level of satisfaction with service delivery.

Our 'MyBnK' franchise, only the second outside London, continued to grow its reach during 2014-15, working with just short of 3000 young people. Despite this growth the programme experienced a number of operating difficulties and we notified MyBnK of our decision to withdraw from the service in April 2015.

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 No.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 main business groupings:

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

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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. During 2014-15 we introduced a new project working with key local agencies, including Cleveland Police, to support young people to reduce offending.

Five Lamps Activity Summary 2007 – 2015

	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Businesses Supported	212	405	609	623	704	536	4141	2994 (1)
Business Start-Ups	109	123	171	217	236	152	209	765
Business Loans	62	66	34	49	499	1447	1687	794
Business Loans (£000)	110	98	178	118	480	1406	2617	2054
Personal Loans	142	586	4069	9872	11742	12240	10780	6529
Personal Loans (£000)	81	245	1475	3400	3800	5201	4036	3095
Into Employment	201	217	315	364	619	105	100	86
Receiving IAG	685	815	969	1681	1925	498	488	297
NEET Young People	41	52	91	61	32	22	44	30
NEET Young People Positive Progressions	21	28	36	30	9	21	52	30
Young People with Special Needs (visits)	350	447	552	742	799	949	845	1194
People Accessing Community Activities	750	823	1263	1417	1720	2330	2445	2584
Helping Hand Loans (Volume)	-	-	-	103	247	143	131	187
Helping Hand Loans (£000)	-	-	-	197	1984	1998	1471	1364
Welfare Assistance Customers	-	-	-	-	-	-	3020	3183
Young People attending MyBnK workshops	-	-	-	-	-	-	1003	2778
Empty Homes - Refurb	-	-	-	-	-	-	8	41
Work In Progress	-	-	-	-	-	-	24	

Notes to table above

1. Businesses supported includes 218 NEA Mentoring; 1326 NEA Loan applicants; 521 Non-NEA coaching and mentoring; 573 attending enterprise workshops; 342 start-up loan applicants and 14 RGF applicants. In previous years the table contained our non-NEA coaching and mentoring clients.

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 reaccredited in September 2013. In 2014 we were a finalist in the 'Excellence in Social Responsibility' category at the Investors in People Awards and in 2015 we are a finalist in the 'Excellence in the Third Sector' category.

We were reaccredited by Customer First in August 2014, delivering strongly against all elements of the standard.

THE FIVE LAMPS ORGANISATION
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

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, coordinates our accreditation and reaccreditation work and provides a key interface to our social impact measurement activities.

Our strong commitment to quality and continuous improvement is also a major component of our approach to the compliance regime required in relation to our application for full FCA Permissions.

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 published our most recent report in November 2014, this time without convening a Panel. It is our intention to go through the full Panel process in every second year, while still publishing annual reports.

The 2013-14 Social Accounts can be found on our website www.fivelamps.org.uk

A particularly powerful element of the Social Accounts is the assessment of the economic impact of our activities. Successive Social Audit Panels have recognised the progress made in determining economic impact in our 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 CDFA 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.

a. FINANCIAL REVIEW

The Total Income for the year to 31 March 2015 was £4,401,132 (£3,937,409 in 2013-14) an increase of 11.8%.

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2015 and associated notes are set out on pages 21 to 45..

It remains the Board's intention to hold not less than three months salary and utility costs in free reserves. This amount is estimated as £400k. This policy is monitored quarterly 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. At 31 March 2015 there was circa £1.2million in free reserves. However due to the nature of the charities activities a large working capital balance is needed in order for the charity to operate effectively, therefore the free reserves are considered to be in line with the reserves policy.

Operational financial performance, before provisions, exceeded the budget projections during 2014-15. The operating surplus before provisions for 2014-15 was £678,970 (£832,102) in 2013-14.

At 31 March 2014 there were some restricted funds which were in deficit. These funds had become overdrawn as expenditure had exceeded income received where the level of normal operating costs was not met by that income. The funds in deficit were written off as follows:

The deficit on South Thornaby Community Resource Centre in the Finance and Enterprise restricted fund included where results from the difficulty in replacing an anchor tenant since 2008, the ending of some local authority grant funding and the challenge of balancing open-access community use with revenue-generating activity. The Trustees have agreed to write off the balance on South Thornaby CRC (£32,764) by transfer to

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

unrestricted reserves. This position is an improvement on previous years and highlights the significantly increased operational efficiency of the building.

The deficit on The Youthy in The Young People restricted fund (£23,252) is also to be written off by transfer to unrestricted reserves.

The Trustees have also approved further transfers of funds to unrestricted reserves in the sum of £862,757, bringing the total transfer to £918,773. These transfers relate to long-standing projects which have now ended and to payment by results contracts where earned income is by definition unrestricted. The deficit on the current 'Family Wise' contract was included in this transfer.

PLANS FOR THE FUTURE

a. Strategic direction and 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 responsible lender, providing 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
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

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 routeways 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 2015-18

Five Lamps continues to be 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. During 2014-15 we were engaged in some leading edge initiatives which will begin to realise significant revenue

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

in the new financial year, notably 'Our House', the Affordable Lending Portal and Sheffield Money. The strength of our position in the Community Finance/Responsible Lending sector offers huge potential for progression on to a national footing, with expected growth over the next five years on each of these major new initiatives and the potential for franchise-type models to be developed. There is an obvious opportunity for Sheffield Money to be replicated in major towns and cities and for our investment in our portal-based on-line capacity, as well as our intellectual property to be recognised. While our community finance and enterprise activities remain drivers for growth, 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. The new projects above will significantly expand our geographic reach, through on-line capability and physical location, 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.

Potentially the greatest challenge for us in the strategic window is to secure the capital of up to £6million which will take us to a position of long-term financial sustainability with a capacity to make upwards of 25000 loans per annum. We continue to explore a number of options and are in productive discussions with a number of lenders from both the social investment and mainstream finance fields.

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 following table lists our 'big ticket' priorities:

Building on our strengths in the Financial Inclusion field as a leading responsible lender, creating new routes to market and enabling greater 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.	Securing growth through strategically appropriate mergers and acquisitions, particularly in the community finance sector.
Securing substantial scale asset transfer to open up further 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 2018.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

Strategy Priority	Milestones/Targets
Financial Inclusion	<ul style="list-style-type: none"> • Secure Additional Capital for On Lending – Unity Trust Bank by September 2014 (Personal Lending) and December 2014 ('Our House')- £1m and £2.6m achieved. • Full implementation of online portal – June 2015 • Successful Application to FCA for Full Permissions Authorisation – submitted November 2014 • Lending Partner to FRC Homemaker Pilot Phase – First store June 2015 • Successful Re-tender for Helping Hand service – December 2014 commenced April 2015 • CDFI Partner – Sheffield Money – June 2015 • Sheffield Money – Capital Raising (with Partners) – June to September 2015 • Business Case to NESIF for up to £2million capital for on-lending – August 2015 • Participation in Affordable Lending Portal pilot – October 2015 • Consideration of Homemaker Expansion (4-20 stores) – April 2016 • Further Capital Raising for Portfolio Growth– 2015-2017
Enterprise	<ul style="list-style-type: none"> • Successful re-tender for NEA Mentoring (Gateshead Council/NEEAL) – December 2014 • Additional Capital ex CDFA RGF (c£500k) – December 2014 • Bid to TV ESIFS 2014-2020 – SME Competitiveness Business Compass Start-Up – May 2015 • Tender to Deliver CDFA SULCo Back Office – May 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 – mid 2015
Social Investment	<ul style="list-style-type: none"> • Evaluation of bonds, crowdfunding and other social finance vehicles – July 2015

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

Social Impact	<ul style="list-style-type: none">• Annual publication of Social Impact Report – 2015-2018
Mergers & Acquisitions	<ul style="list-style-type: none">• Market Analysis and Identification of Targets – July 2015• Agreed Plan for Growth – August 2015
Asset Transfer, People & Infrastructure	<ul style="list-style-type: none">• Completion of Buildings Review – July 2015• Agree asset transfer of Eldon Street – February 2015 (Cabinet approval secured)• Publish Buildings Strategy – September 2015
Governance	<ul style="list-style-type: none">• De-charitise and become a Community Interest Company – April 2016

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Five Lamps Organisation for the purposes of company law) are responsible for preparing the Trustees' report (including the Group strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- 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 presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

AUDITORS

The auditors, Armstrong Watson Audit Limited, who were appointed as auditors on 22 April 2015 have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Group strategic report, was approved by the Trustees, in their capacity as company directors, on _____ and signed on their behalf by:

P N Tucker
Trustee

T G Watson
Trustee

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2015 which comprise the group Statement of financial activities, the group and company Balance sheets, the group 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, 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's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Group 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 AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION

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:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Armstrong Watson Audit Limited

Chartered Accountants

Carlisle

Date:

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated Total funds 2014 £</i>
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	156,776	-	156,776	20,000
Activities for generating funds	3	19,751	-	19,751	1,800
Investment income	4	27,280	-	27,280	9,404
Incoming resources from charitable activities	5	25	2,829,313	2,829,338	2,614,882
Other incoming resources	6	-	1,367,987	1,367,987	1,291,323
TOTAL INCOMING RESOURCES		203,832	4,197,300	4,401,132	3,937,409
RESOURCES EXPENDED					
Costs of generating funds:					
Commercial trading operations		-	569,201	569,201	564,518
Charitable activities		70,308	3,063,778	3,134,086	3,560,512
Governance costs	9	24,441	-	24,441	39,245
TOTAL RESOURCES EXPENDED	12	94,749	3,632,979	3,727,728	4,164,275
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR					
		109,083	564,321	673,404	(226,866)
Total funds at 1 April 2014		2,781,883	226,431	3,008,314	3,235,180
TOTAL FUNDS AT 31 MARCH 2015		2,890,966	790,752	3,681,718	3,008,314

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 46 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)
REGISTERED NUMBER: 02441319

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	16		948,567		870,065
Investments	17		6,785,008		6,420,568
			<u>7,733,575</u>		<u>7,290,633</u>
CURRENT ASSETS					
Debtors	18	273,491		336,663	
Investments	19	92		88	
Cash at bank and in hand		2,303,108		1,149,746	
			<u>2,576,691</u>	<u>1,486,497</u>	
CREDITORS: amounts falling due within one year	20		<u>(1,405,584)</u>	<u>(1,089,389)</u>	
NET CURRENT ASSETS			<u>1,171,107</u>		397,108
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,904,682</u>		<u>7,687,741</u>
CREDITORS: amounts falling due after more than one year	21		<u>(5,222,964)</u>		<u>(4,679,427)</u>
NET ASSETS			<u><u>3,681,718</u></u>		<u><u>3,008,314</u></u>
CHARITY FUNDS					
Restricted funds	22		790,752		226,431
Unrestricted funds:					
Unrestricted income funds	22	2,861,980		2,752,897	
Revaluation reserve		28,986		28,986	
Total unrestricted funds			<u>2,890,966</u>	<u>2,781,883</u>	
TOTAL FUNDS			<u><u>3,681,718</u></u>		<u><u>3,008,314</u></u>

The financial statements were approved by the Trustees on behalf, by:

and signed on their

P N Tucker

T G Watson

The notes on pages 25 to 46 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)
REGISTERED NUMBER: 02441319

COMPANY BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Shares in group undertakings			2		2
Tangible assets	16		898,567		820,065
Investments	17		6,785,008		6,420,568
			<u>7,683,577</u>		<u>7,240,635</u>
CURRENT ASSETS					
Debtors	18	354,434		409,070	
Investments	19	92		88	
Cash at bank and in hand		<u>2,282,827</u>		<u>803,922</u>	
		2,637,353		1,213,080	
CREDITORS: amounts falling due within one year	20	<u>(1,445,233)</u>		<u>(790,639)</u>	
NET CURRENT ASSETS			<u>1,192,120</u>		422,441
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,875,697</u>		<u>7,663,076</u>
CREDITORS: amounts falling due after more than one year	21		<u>(5,222,964)</u>		<u>(4,679,427)</u>
NET ASSETS			<u><u>3,652,733</u></u>		<u><u>2,983,649</u></u>
CHARITY FUNDS					
Restricted funds	22		790,752		226,431
Unrestricted funds	22		2,861,981		2,757,218
TOTAL FUNDS			<u><u>3,652,733</u></u>		<u><u>2,983,649</u></u>

The financial statements were approved by the Trustees on behalf, by:

and signed on their

The notes on pages 25 to 46 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	24	(190,801)	(953,151)
Returns on investments and servicing of finance	25	1,046,944	1,235,922
Capital expenditure and financial investment	25	(128,143)	(32,693)
CASH INFLOW BEFORE FINANCING		728,000	250,078
Financing	25	425,362	(130,471)
INCREASE IN CASH IN THE YEAR		1,153,362	119,607

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £	2014 £
Increase in cash in the year	1,153,362	119,607
Cash outflow from decrease in debt and lease financing	(425,362)	130,471
	-	-
MOVEMENT IN NET FUNDS IN THE YEAR	728,000	250,078
Net funds at 1 April 2014	406,355	156,277
NET FUNDS AT 31 MARCH 2015	1,134,355	406,355

The notes on pages 25 to 46 form part of these financial statements.

**STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE
FOR THE YEAR ENDED 31 MARCH 2015**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated Total funds 2014 £</i>
Net movement in funds for the year	109,083	564,321	673,404	(226,866)
NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES	109,083	564,321	673,404	(226,866)

The notes on pages 25 to 46 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

Contract Performance Income:

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

Grants and Donations:

Income from grants and donations, including capital grants, is included in incoming resources when receivable, except as follows:

(a) 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.

(b) 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.

(vi) Commercial Trading Operations

Income from commercial trading operations is included in the period in which the group is entitled to receipt, and comprises the turnover of the trading subsidiary from external sources.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.5 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 estimate floor space (and related room rental value) occupied by each project.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
L/Term Leasehold Property	-	Straight line over term of lease or 2% straight line
Equipment and machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line

1.7 Other 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.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.8 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Trustees, necessary in order to give a true and fair view of the financial position of the company and the group.

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Pensions

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.

1.11 Prior year adjustment

During the year the accounting treatment of interest due on loans has been reviewed. In previous years interest due on loans which were considered to be doubtful, was not included in income or added to the loan balance. Therefore the amount provided for the doubtful loans due was only in relation to the capital element.

After review of this treatment it has been considered that the full interest due should be accrued as income, as this is what the charity should be earning on its programme related investments. These amounts will also then be included within the loan balance and then subsequently provided for within the bad debt provision. This will enable the charity to monitor more closely the impact of doubtful debts on the charity.

The previous years figures have been updated to reflect this change. There has been no impact on the surplus during the current or previous years, neither has there been an impact on the fund balances in either year. The loan balances have not changed as although the additional amounts are shown, these are also then fully provided. There has however been an increase in income from the programme related investments of £331,487 and an increase in costs of £331,487 due to the additional bad debt provision.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	138,000	-	138,000	-
CDFA Citi prize and other voluntary income	18,776	-	18,776	20,000
	<u>156,776</u>	<u>-</u>	<u>156,776</u>	<u>20,000</u>

3. FUNDRAISING INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Management fees	19,751	-	19,751	1,800
	<u>19,751</u>	<u>-</u>	<u>19,751</u>	<u>1,800</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Garage rental income	5,825	-	5,825	5,016
Cafe rental income	20,509	-	20,509	1,668
Bank interest	825	-	825	2,720
Bank and other interest receivable	121	-	121	-
	<u>27,280</u>	<u>-</u>	<u>27,280</u>	<u>9,404</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Management and administration	25	138,205	138,230	12,730
Health and communities	-	72,813	72,813	56,199
Employability and learning	-	345,119	345,119	392,574
Finance and enterprise	-	2,198,724	2,198,724	2,067,288
Young people	-	74,452	74,452	86,091
	<u>25</u>	<u>2,829,313</u>	<u>2,829,338</u>	<u>2,614,882</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated Total funds 2014 £</i>
Interest generated by programme related investment	-	1,367,987	1,367,987	1,291,323

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated Total funds 2014 £</i>
Management and administration	57,126	96,303	153,429	4,840
Health and communities	-	133,290	133,290	114,816
Employability and learning	-	428,381	428,381	460,935
Finance and enterprise	-	2,300,626	2,300,626	2,849,084
Young people	-	105,178	105,178	100,958
Depreciation re Properties	13,182	-	13,182	29,879
	<u>70,308</u>	<u>3,063,778</u>	<u>3,134,086</u>	<u>3,560,512</u>

SUMMARY BY EXPENDITURE TYPE

	Other costs 2015 £	<i>Total 2014 £</i>
Management and administration	153,429	4,840
Health and communities	133,290	114,816
Employability and learning	428,381	460,935
Finance and enterprise	2,300,626	2,849,084
Young people	105,178	100,958
Depreciation re Properties	13,182	29,879
	<u>3,134,086</u>	<u>3,560,512</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	(Note 10) Activities undertaken directly 2015 £	(Note 11) Support costs 2015 £	Total 2015 £	<i>Total</i> 2014 £
Management and administration	122,545	30,884	153,429	4,840
Health and communities	114,888	18,402	133,290	114,816
Employability and learning	339,454	88,927	428,381	460,935
Finance and enterprise	1,791,053	509,573	2,300,626	2,849,084
Young people	90,429	14,749	105,178	100,958
Depreciation re properties	13,182	-	13,182	29,879
Total	2,471,551	662,535	3,134,086	3,560,512

9. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated</i> <i>Total</i> <i>funds</i> 2014 £
Staff costs	10,400	-	10,400	10,200
Office costs	14,041	-	14,041	400
Central overheads	-	-	-	28,645
	24,441	-	24,441	39,245

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. DIRECT COSTS

	Management and administrative £	Health and communities £	Employability and learning £	Finance and enterprise £
Trading company expenses	115,439	-	-	-
Staff costs	-	32,259	233,516	752,218
Premises costs	-	30,847	16,869	25,408
General office costs	4,096	8,423	8,058	33,280
Grants payable to individuals to assist with employment	-	-	18,042	451,359
Bad and doubtful debts	-	-	-	185,304
Audit fees	-	-	-	-
Depreciation	1,720	1,644	175	5,744
Publicity and advertising	-	280	386	5,668
Tutor costs	-	-	600	2,430
Course materials	-	-	-	296
Training and accreditation costs	556	130	723	5,394
Activities costs	-	(42)	23	60
Cafe/vending costs	-	1,782	-	-
Subscriptions/affiliations	-	146	83	12,013
Books and publication	-	-	94	-
Apprentices allowances/expenses	-	-	3,431	-
Insurance	-	725	2,729	9,786
Mobile phones	-	-	859	5,376
Consultancy/facilitators fees	-	38,062	53,354	199,430
Bank charges re loan funds	-	-	-	57,937
Bank loan interest	-	-	-	38,911
Finance lease charges	-	-	-	-
Motor expenses	734	-	-	-
Others	-	632	512	439
	<u>122,545</u>	<u>114,888</u>	<u>339,454</u>	<u>1,791,053</u>

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. DIRECT COSTS (continued)

	Young people £	Depreciatio n re Properties £	Total 2015 £	Total 2014 £
Trading company expenses	-	-	115,439	-
Staff costs	47,609	-	1,065,602	1,164,757
Premises costs	21,237	-	94,361	116,556
General office costs	3,695	-	57,552	72,743
Grants payable to individuals to assist with employment	-	-	469,401	341,504
Bad and doubtful debts	-	-	185,304	751,825
Audit fees	-	-	-	750
Depreciation	13,441	13,182	35,906	13,179
Publicity and advertising	275	-	6,609	16,509
Tutor costs	110	-	3,140	193
Course materials	-	-	296	140
Training and accreditation costs	1,156	-	7,959	5,061
Activities costs	1,714	-	1,755	4,692
Cafe/vending costs	50	-	1,832	1,706
Subscriptions/affiliations	146	-	12,388	48,865
Books and publication	-	-	94	68
Apprentices allowances/expenses	-	-	3,431	6,491
Insurance	831	-	14,071	13,802
Mobile phones	165	-	6,400	6,767
Consultancy/facilitators fees	-	-	290,846	327,117
Bank charges re loan funds	-	-	57,937	12,902
Bank loan interest	-	-	38,911	30,839
Finance lease charges	-	-	-	96
Motor expenses	-	-	734	-
Others	-	-	1,583	295
	<u>90,429</u>	<u>13,182</u>	<u>2,471,551</u>	<u>2,936,857</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11. SUPPORT COSTS

	Basis of Allocation	Management and administration £	Health and communities £	Employability and learning £
Staff costs		448,122	-	-
Premises costs		22,623	-	-
General office costs		53,151	-	-
Depreciation		15,983	-	-
Publicity and advertising		2,529	-	-
Subscriptions		6,877	-	-
Insurance		2,426	-	-
Professional fees		35,982	-	-
Bank charges re loan funds		26,772	-	-
Loan interest		-	-	-
Finance lease charges		1,844	-	-
Wages recharge		(141,850)	2,651	21,452
Overheads recharge		(489,801)	15,751	67,475
Others		46,226	-	-
		<u>30,884</u>	<u>18,402</u>	<u>88,927</u>
		<u>30,884</u>	<u>18,402</u>	<u>88,927</u>
	Finance and enterprise £	Young people £	Total 2015 £	Total 2014 £
Staff costs	-	-	448,122	454,757
Premises costs	-	-	22,623	36,688
General office costs	-	-	53,151	44,871
Depreciation	-	-	15,983	7,812
Publicity and advertising	-	-	2,529	7,426
Subscriptions	-	-	6,877	5,068
Insurance	-	-	2,426	7,003
Professional fees	-	-	35,982	6,679
Bank charges re loan funds	-	-	26,772	47,097
Loan interest	-	-	-	137
Finance lease charges	-	-	1,844	1,589
Wages recharge	114,217	3,530	-	-
Overheads recharge	395,356	11,219	-	-
Others	-	-	46,226	4,528
	<u>509,573</u>	<u>14,749</u>	<u>662,535</u>	<u>623,655</u>
	<u>509,573</u>	<u>14,749</u>	<u>662,535</u>	<u>623,655</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

12. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Other costs 2015 £	<i>Total</i> 2014 £
Commercial trading operation	569,201	564,518
Costs of generating funds	<u>569,201</u>	<u>564,518</u>
Management and administration	153,429	4,840
Health and communities	133,290	114,816
Employability and learning	428,381	460,935
Finance and enterprise	2,300,626	2,849,084
Young people	105,178	100,958
Depreciation re properties	13,182	29,879
Charitable activities	<u>3,134,086</u>	<u>3,560,512</u>
Governance	<u>24,441</u>	<u>39,245</u>
	<u><u>3,727,728</u></u>	<u><u>4,164,275</u></u>

13. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	49,648	55,197
- held under finance leases	-	7,295
	<u>49,648</u>	<u>62,492</u>

During the year, no Trustees received any remuneration (2014 - £400).

During the year, no Trustees received any benefits in kind (2014 - £400).

During the year, no Trustees received any reimbursement of expenses (2014 - £122).

14. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	12,500	15,072
Fees payable to the company's auditor and its associates in respect of:		
All other non-audit services not included above	-	6,700
	<u>12,500</u>	<u>21,772</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

15. TRUSTEES' REMUNERATION

	2015 £	2014 £
Remuneration	-	400

16. TANGIBLE FIXED ASSETS

	Freehold property £	L/Term Leasehold Property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	
Group							
Cost or valuation							
At 1 April 2014	883,804	549,155	202,582	19,239	128,693	196,604	
Additions	-	138,000	-	-	-	(9,850)	
At 31 March 2015	<u>883,804</u>	<u>687,155</u>	<u>202,582</u>	<u>19,239</u>	<u>128,693</u>	<u>186,754</u>	
Depreciation							
At 1 April 2014	197,733	404,155	197,178	19,239	115,860	175,847	
Charge for the year	16,734	13,181	5,404	-	9,811	4,518	
At 31 March 2015	<u>214,467</u>	<u>417,336</u>	<u>202,582</u>	<u>19,239</u>	<u>125,671</u>	<u>180,365</u>	
Net book value							
At 31 March 2015	<u>669,337</u>	<u>269,819</u>	<u>-</u>	<u>-</u>	<u>3,022</u>	<u>6,389</u>	
At 31 March 2014	<u>686,071</u>	<u>145,000</u>	<u>5,404</u>	<u>-</u>	<u>12,833</u>	<u>20,757</u>	
Group							Total £
Cost or valuation							
At 1 April 2014							1,980,077
Additions							128,150
At 31 March 2015							<u>2,108,227</u>
Depreciation							
At 1 April 2014							1,110,012
Charge for the year							49,648
At 31 March 2015							<u>1,159,660</u>
Net book value							
At 31 March 2015							<u>948,567</u>
At 31 March 2014							<u>870,065</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

16. TANGIBLE FIXED ASSETS (continued)

Company	Freehold property £	L/Term Leasehold Property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
Cost						
At 1 April 2014	833,804	549,155	202,582	19,239	128,693	196,604
Additions	-	138,000	-	-	-	(9,850)
At 31 March 2015	<u>833,804</u>	<u>687,155</u>	<u>202,582</u>	<u>19,239</u>	<u>128,693</u>	<u>186,754</u>
Depreciation						
At 1 April 2014	197,733	404,155	197,178	19,239	115,860	175,847
Charge for the year	16,734	13,181	5,404	-	9,811	4,518
At 31 March 2015	<u>214,467</u>	<u>417,336</u>	<u>202,582</u>	<u>19,239</u>	<u>125,671</u>	<u>180,365</u>
Net book value						
At 31 March 2015	<u>619,337</u>	<u>269,819</u>	<u>-</u>	<u>-</u>	<u>3,022</u>	<u>6,389</u>
At 31 March 2014	<u>636,071</u>	<u>145,000</u>	<u>5,404</u>	<u>-</u>	<u>12,833</u>	<u>20,757</u>

Company	Total £
Cost	
At 1 April 2014	1,930,077
Additions	128,150
At 31 March 2015	<u>2,058,227</u>
Depreciation	
At 1 April 2014	1,110,012
Charge for the year	49,648
At 31 March 2015	<u>1,159,660</u>
Net book value	
At 31 March 2015	<u>898,567</u>
At 31 March 2014	<u>820,065</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

16. TANGIBLE FIXED ASSETS (continued)

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 2015 of £619,337 (2014: £637,448). 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.

Investment property

Included in freehold land and buildings is an investment property valued at £50,000. In the opinion of the directors this is a reasonable estimate of the market value at 31 March 2015.

If investment properties had not been revalued they would have been included at the historical cost of £21,014 (2014 £21,014).

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 had 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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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

17. PROGRAMME RELATED INVESTMENTS

Group	Loans £
Market value	
At 1 April 2014	6,710,568
Additions	1,411,951
Disposals	(864,382)
	7,258,137
Impairment	
At 1 April 2014	290,000
Charge for the year	183,129
	473,129
Net book value	
At 31 March 2015	6,785,008
At 31 March 2014	6,420,568

Valuation

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 £849,421 of loans were written off as irrecoverable.

The above provision for doubtful debts totalling £295,566 was then made based on the Organisation's knowledge of loans where problems with repayments are being experienced, and expectations as regards future receipts.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

17. PROGRAMME RELATED INVESTMENTS (continued)

Company	Loans
	£
Market value	
At 1 April 2014	6,710,568
Additions	1,411,951
Disposals	(864,382)
	<hr/>
At 31 March 2015	7,258,137
	<hr/>
Impairment	
At 1 April 2014	290,000
Charge for the year	183,129
	<hr/>
At 31 March 2015	473,129
	<hr/>
Net book value	
At 31 March 2015	6,785,008
	<hr/> <hr/>
At 31 March 2014	6,420,568
	<hr/> <hr/>

18. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other debtors	11,237	91,109	28,627	92,504
Prepayments and accrued income	12,223	-	1,868	-
Amounts due from subsidiary undertakings	-	-	73,908	71,012
Grants Receivable	250,031	245,554	250,031	245,554
	<hr/>	<hr/>	<hr/>	<hr/>
	273,491	336,663	354,434	409,070
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

19. CURRENT ASSET INVESTMENTS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Listed investments	92	88	92	88

Group listed investments

The market value of the listed investments at 31 March 2015 was £92 (2014 - £88).

Company listed investments

The market value of the listed investments at 31 March 2015 was £92 (2014 - £88).

**20. CREDITORS:
Amounts falling due within one year**

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Bank loans and overdrafts	232,999	268,881	232,999	268,881
Payments received on account	48,424	-	-	-
Net obligations under finance leases and hire purchase contracts	3,848	5,818	3,848	5,818
Trade creditors	964,209	374,774	1,063,013	65,999
Community loan fund	-	(718)	-	(718)
Other taxation and social security	44,697	44,907	37,192	32,629
Other creditors	80,112	351,939	76,886	351,939
Accruals and deferred income	31,295	31,938	31,295	54,241
Grant income repayable)	-	11,850	-	11,850
	1,405,584	1,089,389	1,445,233	790,639

**21. CREDITORS:
Amounts falling due after more than one year**

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Bank loans	931,998	458,530	931,998	458,530
Net obligations under finance leases and hire purchase contracts	-	10,250	-	10,250
Funds under management	4,290,966	4,210,647	4,290,966	4,210,647
	5,222,964	4,679,427	5,222,964	4,679,427

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21. CREDITORS:
Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between one and five years	-	10,250	-	10,250
	-	10,250	-	10,250

22. STATEMENT OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Carried Forward
	£	£	£	£
Designated funds				
Youth empowerment scheme	613,485	-	(23,715)	589,770
Growth fund	1,108,536	-	-	1,108,536
	1,722,021	-	(23,715)	1,698,306
General funds				
General funds	1,059,862	203,832	(71,034)	1,192,660
Total Unrestricted funds	2,781,883	203,832	(94,749)	2,890,966
Restricted funds				
Health and communities	12,730	75,375	(88,561)	(456)
Employability and learning	9,564	920,135	(1,175,035)	(245,336)
Finance and enterprise	195,750	3,109,392	(2,283,302)	1,021,840
Young people	8,387	92,398	(86,081)	14,704
	226,431	4,197,300	(3,632,979)	790,752
Total of funds	3,008,314	4,401,132	(3,727,728)	3,681,718

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SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Designated funds	1,722,021	-	(23,715)	1,698,306
General funds	1,059,862	203,832	(71,034)	1,192,660
	<u>2,781,883</u>	<u>203,832</u>	<u>(94,749)</u>	<u>2,890,966</u>
Restricted funds	226,431	4,197,300	(3,632,979)	790,752
	<u>3,008,314</u>	<u>4,401,132</u>	<u>(3,727,728)</u>	<u>3,681,718</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Restated</i> <i>Total</i> <i>funds</i> 2014 £
Tangible fixed assets	931,946	16,622	948,568	870,066
Programme related investments	-	6,785,008	6,785,008	6,420,568
Current assets	2,576,691	-	2,576,691	1,486,496
Creditors due within one year	(593,005)	(787,914)	(1,380,919)	(1,089,389)
Creditors due in more than one year	-	(5,222,964)	(5,222,964)	(4,679,427)
Five Lamps Trading reserves	(24,666)	-	(24,666)	-
	<u>2,890,966</u>	<u>790,752</u>	<u>3,681,718</u>	<u>3,008,314</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	Continuing £	Discontinued £	2015 Total £	2014 £
Net incoming resources before revaluations	673,404	-	673,404	(226,866)
Returns on investments and servicing of finance	(1,046,944)	-	(1,046,944)	(1,235,922)
Interest from programme related investments	(284,130)	-	(284,130)	305,953
Depreciation of tangible fixed assets	49,648	-	49,648	62,492
Decrease in debtors	63,891	-	63,891	534,917
Increase/(decrease) in creditors	353,330	-	353,330	(393,725)
Net cash outflow from operations			<u>(190,801)</u>	<u>(953,151)</u>

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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Increase in programme related investments	(364,440)	(1,552,464)
Interest received from programme related investments	1,367,987	959,836
Interest paid	(38,851)	(30,976)
Hire purchase interest	(1,913)	(1,685)
Other interest received	3,842	2,720
Increase in funds under management	80,319	1,858,491
	1,046,944	1,235,922
	1,046,944	1,235,922
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(138,000)	(11,679)
Sale of tangible fixed assets	9,857	-
Purchase of investment properties	-	(21,014)
	(128,143)	(32,693)
	(128,143)	(32,693)
	2015 £	2014 £
Financing		
Increase / (Decrease) in bank borrowing in year	437,582	(125,147)
Repayment of other loans	(12,220)	(5,324)
	425,362	(130,471)
	425,362	(130,471)

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand:	1,149,746	1,153,362	-	2,303,108
Liquid resources:				
Current asset investments	88	4	-	92
Debt:				
Finance leases	(16,068)	-	12,220	(3,848)
Debts due within one year	(268,881)	-	35,882	(232,999)
Debts falling due after more than one year	(458,530)	-	(473,468)	(931,998)
	406,355	1,153,366	(425,366)	1,134,355
	406,355	1,153,366	(425,366)	1,134,355

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27. 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:

Income from Regen School North East £0 (2014 £1,800)

Payments made to Regen School North East £27,250 (2014 £29,000)

Included in Debtors at 31 March 2015 is £0 (2014 £2,610) due from Regen School North East to Five Lamps.

Included in Creditors at 31 March 2015 is £1,500 (2014 £0) due to Regen School North East from Five Lamps.

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:

Income from NEEAL £72,083 (2014 £75,662)

Included in Debtors at 31 March 2015 is £730 (2014 £17,200) due from NEEAL to Five Lamps.

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:

Invoiced from Five Lamps Trading Ltd to Five Lamps £689,859 (2014 £561,518).

Included in Debtors is a loan of £73,908 (2014 £71,012) due from Five Lamps Trading Ltd. This loan carries interest at a rate of 4% per annum.

Included in Creditors at 31 March 2015 is £149,350 (2014 £25,303) due to Five Lamps Trading Ltd.

Mrs S Westerman (Director of Corporate Services) was a Director of Synergy during the year to 31 March 2015.

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

Grant income received by Five Lamps from Synergy £54,340 (2014 £150,000).

28. CONTROLLING PARTY

Throughout the year the Charity was under the control of the board.

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29. ASSETS AND LIABILITIES HELD AS AN INTERMEDIARY AGENT - GROUP AND CHARITY

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 assets.

At 31 March 2015, the funds held on the above client bank account totalled £2,749,539 (2014: £3,342,039) in addition to which a further £5,512,815 (2014: £5,512,815) had been advanced to beneficiaries under the Programme. There was an equal associate liability of £8,854,854 (2014: £8,854,854) representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2015.