

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE FIVE LAMPS ORGANISATION
(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 2021

Trustees	Patricia Chambers, Chair Vivienne Holmes, Vice Chair Jamie Houlders Ian Wright (resigned 31 December 2020) Trevor Watson
Company registered number	02441319
Charity registered number	702314
Registered office	Eldon Street Thornaby Stockton on Tees TS17 7DJ
Chief executive officer	Lisa Pickard
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors York House Northallerton North Yorkshire DL6 2XQ
Bankers	Unity Trust Bank 4 Brindley Place Birmingham B1 2JB

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees are delighted to present their annual report providing an overview of the year past and plans for the future.

ACHIEVEMENTS AND PERFORMANCE

a) Financial Review

The total income for the year to 31 March 2021 was £4,225,694. This reflects a change to our prior year position of £2,899,857. The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2021 and associated notes are set out on pages 27 to 57.

It is the Board's intention to hold not less than £100k in accessible cash balances. This policy is monitored quarterly by the Trustees and seeks to ensure that the Charity can manage its activities in the event of a significant drop in funding. The current cash balances are in line with the policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a) Organisational structure and decision making

The Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2021 and confirm that they comply with current statutory requirements, the company's governing documents and the provisions of the latest Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

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

b) Structure, Governance and Management

The Five Lamps Organisation (FLO) 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.

Five Lamps Trading Limited (FLT) is a wholly owned trading subsidiary of The Five Lamps Organisation. FLT is a Limited Company by Shares.

The Directors of the company (FLT) 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 impact of Covid 19 on the charity as a whole and in particular its trading entity FLT that delivers affordable personal loans through our Conduit Brand, has been significant and the business plan has been updated to reflect the significant change in operating environment as a result. To ensure the integrity and ongoing viability of the updated business plan and Conduit lending model the charity commissioned an independent review from JCCA which concluded in June 2021. The review concluded the trading model to be commercially viable, the lending model to be reliable and the bad debt provision prudent. The review provided Trustees and Social Investment Lenders (noteholders) with an independent assurance as to the on-going value of the charities social lending activities in meeting its charitable objectives and social purpose.

The Trustees continuously review governing documents. The most recent formal amendment approved by the Charity Commission was in December 2013 which provided for the extension of operations to the whole of England.

Since October 2017, FLO has been registered with the Office of the Scottish Charity Regulator, under reference SC047839.

c) Charitable Objects

Our charitable objects provide for operation 'within England and Scotland' to reflect the continued geographic

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growth of the organisation and its services. Our objects promote for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation, within England and Scotland, by all or any of the following means:

- a) The relief of financial hardship among people living or working within England and Scotland 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 now 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 to raise funds. In doing so, the charity must not undertake any taxable permanent trading activity and must comply with any relevant statutory regulations.

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

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d) Governance

The Trustees of Five Lamps Organisation retained a focus in 2020/21 on the charitable business, whilst retaining overall oversight of the wholly owned Trading Company 'Five Lamps Trading Limited'.

Five Lamps Trading has its own Board of Directors, which includes Social Investment Lenders representatives appointed as non executive Directors. During the course of the independent review the trustees paused its lending activities in the trading entity. The positive outcome of the review has resulted in an updated lending model and structural changes to support the new mechanism. The changes made have the full support of Social Investment Lenders and provides for a more resilient business going forward. We continue to work with eight Social Investment Lenders under a Loan Note Instrument issued by FLT whereby we have secured a £5million investment fund.

The Charity and Trading Company structure enables the organisation to deliver unsecured affordable personal lending within the Limited Company and the Charity that responds to our financial inclusion charitable objectives. The asset lock is unchanged by the new lending model ensuring that 100% of any profit generated via investments in the Trading Company is reinvested back into the business, either through increased personal lending and/or gift aid direct to the Charity for deliverance of our charitable objectives specifically financial inclusion.

e) Board Purpose

The Five Lamps Organisation Board of Trustees, and the Five Lamps Trading Board of Directors' purpose is to ensure the delivery of its aims and objectives and business plans by providing leadership, strategic direction, and challenge, and at the same time ensuring effective control and oversight of the business and its operations whilst acting responsibly towards employees, stakeholders, and society.

f) Board 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 plan for strategic, transformational change and continuous service improvement proactively and positively 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

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context of making people matter and working with some of the most disadvantaged people in society. This is inclusive of every aspect of equality – race, ethnic origin, religion or belief, sex, gender identity and gender reassignment, sex orientation, disability, age, marriage or civil partnership, pregnancy, or maternity.

An Audit & Risk Committee is established to ensure there are effective controls and oversight of the business to further strengthen governance. Membership of the Audit & Risk Committee is made up of Trustees and Directors. They have delegated responsibility with the independent support of the external auditors, to receive, scrutinise and recommended the adoption and signing of the Accounts and Financial Statements to the Trustees and Directors. The Audit & Risk Committee have a delegated remit to monitor the Risk Register and Risk Management log. Both Boards consider risk as part of their ordinary agendas and specifically at the joint meetings. This reflects the significance the business places on managing risk and ensuring continued business viability.

A minimum of two Joint board meetings are held each year to:

- 1) receive the audit findings, management letter and annual statements and review audit performance and
- 2) to review financial strength and future forecasts and set budgets.

We continue to operate a joint Remuneration Committee which has delegated responsibility for oversight and decision making on Director's remuneration although this has not met in the financial year as there has been no changes to remuneration.

g) Trustee & Director Training

Appointments to the Boards are based on a skills matrix and business needs analysis. Induction as well as ongoing training for new and existing Directors and Trustees is integrated into the business. Trustees and Directors are encouraged to become familiar with the work of the organisation in several different ways. Induction mirrors our staff Induction process which is part of a range of Human Resource policies as well as bespoke induction depending on the skills analysis and competency framework. All Directors and Trustees also benefit from an ongoing basis:

- Away days focussing on strategy development, board performance, succession planning and risk assessment and future governance models
- Bespoke training to address identified need and attendance at relevant local, regional, and national conferences
- A structured appraisal system is in place for Trustees
- The Charity and Trading Company boards have joint meetings twice per annum
- As part of a Governance review a formal Board Development plan is also to be agreed.

h) Organisational Structure

The Charity has a Board of Trustees who meet a minimum of four times a year, usually quarterly. Currently there are 5 members from a diverse range of professional backgrounds reflecting the ethos of the charity. A Chair and Vice Chair are appointed annually and have full voting rights. Plans for further recruitment of Trustees in 2021 were put on hold during the pandemic and is expected to resume later in the year. 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 Group Chief Executive. During the course of the year the executive team comprising of the Group Chief Executive and the Director of Corporate Services was increased to include an Executive Director of Finance.

i) Related party relationships

The Trustees have all filed nil returns confirming that there are no related party transactions in the Charity. Northeast Enterprise Agencies limited, had a trading relationship with Group Chief Executive being on their Board. She has subsequently resigned from this Board in 2021.

Two Trading Board Directors can be appointed from the Social Investment Lenders, in line with the loan instrument, one has been in place and has a related party transaction in terms of the social investment loan their

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companies has in the Trading Company. The security trustee of the loan instrument is a non executive director.

j) Risk Management

The Boards of Trustees and the Trading Company maintain a continuous review of the major risks to which each company and the charity is exposed to. Identified risks are included in a Risk Management Matrix that, where appropriate, includes details of systems, policies, procedures, or new management actions to control and mitigate the impact of risk if it materialises. The organisation seeks to manage some of these risks via 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.

Each Board has its own robust risk management matrix that is updated and reviewed at each Audit & Risk Committee, which meets at least four times per annum. Currently there are 26 specific risks in FLO and 22 in FLT, which are being monitored and management actions taken to mitigate.

We added a new risk for both the Charity and Trading Company 'Failure to deal with the impact of COVID – 19' in light of the Coronavirus pandemic. Covid19 has significantly impacted on Five Lamps and our customers. Financially, the Boards have agreed a comprehensive review of bad debt policy and provision resulting in significant additional bad debt provision added to the balance sheets on 31st March 2021 to mitigate for increased losses on personal loans. The approach to bad debt provisioning has been strengthened to plan for increased exposure to bad debts.

In Charity, all front facing services have been comprehensively risk assessed and subject to ongoing monitoring and due diligence. The Trustees have ensured a standalone risk map for our Home Care service, which has been subject to PPE and other infection control challenges. Our Conduit personal lending product was significantly impacted, and revenue income drastically reduced. Risk has been mitigated through the new lending model which has been subject to independent review and a restructuring of interest payments with the full support of Social Investment Lenders.

Covid19 has affected how we deliver products and services. Excepting home care, all of our services were temporarily moved to home working. New risk registers have been implemented for this.

Despite the pandemic, both the Five Lamps Board of Trustees and the Five Lamps Trading Board of Directors have maintained a high level of governance and oversight with Board meetings being held virtually.

An internal staff led Health & Safety Committee meets regularly to ensure statutory compliance across all of our buildings. All our sub contractors must satisfy a health and safety check. The nature of our services, which often work with the most disadvantaged and marginalised groups, or with young and older people, necessitate either of the two levels of disclosure. All our staff appointments are subject to satisfactory enhanced disclosure. Risks identified are reported to the Audit & Risk Committee via the risk register

Our insurance cover spans public and employer's liability, professional indemnity, directors and officer's liability, buildings and contents and specialist cover such as lift Installations and a climbing wall. These are all subject to review and market testing on a regular basis with the latest review taking place in February 2021 where further Increases in cover were agreed to Increase the Insurance and Indemnity for the business.

Audits on compliance with external legislation are completed each year and we have strengthened the role of our Quality Manager, adding more emphasis on Risk and Assurance across the business. Continuous improvement audits of our HR policies and procedures throughout the organisation are routinely completed with specialist support from Croner Assist ensuring we remain compliant and working according to good practice. Whilst our HR activities are underwritten by an employment indemnity, we also ensure we minimise the risk of any claims through regularly updates, training and briefings.

k) Quality Assurance & Statutory Regulators

Five Lamps has a strong focus on service quality and the associated investment in the personal and professional

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development of our workforce.

We are regulated as follows:

- Care Quality Commission (CQC) – Five Lamps is regulated by the Care Quality Commission for its domiciliary home care services. We are registered under Five Lamps Home Care (Eldon Street) and in July 2020 also became registered under Parkside Court Extra Care Scheme.
- Financial Conduct Authority (FCA) – Both FLO (FCA Reference 656112) and FLT (FCA Reference 791848) are authorised and regulated by the FCA.

During the year there have been no regulatory breaches or adverse regulatory issues to report.

Five Lamps participated in an FCA Forbearance survey including some on site assessment and verification of our processes and no areas of non or partial compliance were identified.

In March 2021, our Five Lamps Home Care Service was subject to an inspection and received a grade of 'Good' across all aspects of the inspection, an improvement on the initial CQC inspection undertaken in 2018 reflecting the significant progress and development we have made in this area.

PRINCIPAL ACTIVITIES

2020/21 was a challenged yet transformational year for the organisation with significant changes to its executive management team and a comprehensive review of our services and products against a review of our long term strategic goals. We are proud to have survived the pandemic and the financial and social impact this has had on our charity and still be in a position of strength as we move into a period of recovery.

With the arrival of a new finance director in February 2021, an in depth audit of our financial management systems and reporting was completed to improve the transparency of our management accounts and introduced a new approach to cash flow monitoring. All products, services or assets that were not making a return on investment have been evaluated and have plans in place, or now completed to manage the risk. Given the risks associated with affordability for our social lending client group in the light of the economic impact current and future we have robustly reviewed our bad debt provision and adopted a proactive and supporting approach to affordability checking and repayment plans.

The consolidated operating deficit of £456,894 includes an additional provision of £714,796 to reflect increased bad debt risk and uncertainty due to the Covid 19 pandemic.

Excluding this, the Group reported a £257,903 operating surplus compared to an operating loss of £699,035 in 2019/20. (The surplus was made up of £655,710 surplus from FLO less the £397,807 deficit FLT)

It should also be noted that the unity bank CDFI loan was discharged in full during the year.

A brief summary of our achievements during the year is included below. A separate social impact report covering all of the Group's activities will be produced.

a) Five Lamps Organisation the charity

We are exceptionally proud of the resilience and strength of the charity during unprecedented times and recovery from two consecutive years of loss-making activities. This has been achieved due to the determination and success of our highly skilled and committed workforce. We make particular thanks to all of our colleagues including those who have been placed on Furlough Leave as it has been a one organisation approach and team effort to ensure Five Lamps remains stable and sustainable for the future.

Home Care

We could not be prouder of the dedication and professionalism of our care team maintaining critical services to our clients throughout the pandemic. Throughout the period they put others first and ensured critical personal care plans were in place and maintained for those in need. Our Home Care service has proven innovative and

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resilient finding solutions to the various barriers and issues faced during this time, with one goal always in mind; providing excellent quality home care services and support for service users, who for many, we were their only contact during the lengthy lock downs.

- delivered over 2,000 hours of care per week to support individuals to live independently within their own homes.
- Maintained primary provider status on Stockton on Tees Borough Council's Care at Home Framework through a competitive tendering process which began in March 2020. We now provide care across the South of Stockton on Tees via: Care at Home, Community care –primary provider and secondary provider status & Parkside Court Extra Care Scheme – became care provider in July 2020 and TUPE transferred 24 staff
- Hospital Discharge/ Rapid a rapid care service supporting people on their discharge from hospital for up to 14 days while their primary provider package is being established.
- End of Life Continuing Health Care provide end of life care to service users within their homes, working with a team of professionals to meet the care needs and wishes of service users and their families
- Private home care – provide care to service users under private care packages
- 2021 Care Quality Commission (CQC) inspection was a 'Good' status. This was an excellent result from what was basically a start-up pilot home care service in 2017/28
- Developed and grew an in-house Training Service to ensure the highest standards of training for care staff, and the ability to deliver Emergency First Aid at Work to the wider team.
- Were awarded a certificate from the Mayor of Stockton for our contribution to Dementia Friends within the organisation and also in the wider community.
- We established a weekly PCR COVID-testing site at Eldon Street to protect our Care Assistants and service users and supported the council to host pop up community Covid Testing centres.

PAMMS (Provider Assessment and Market Management Solution) Inspection completed in March 2021 confirmed that all of the 6 standards requiring improvement identified in October had all been addressed with an ongoing improvement plan and confirmed a positive outcome reflecting 10 standards as 'good'.

Support for our care workers has been a priority. We recognise the invaluable and challenging role they have played during the pandemic. There has been extensive initiatives and support put in place including:

- 15 electric bikes were purchased with grant support from the Banks Group, to ensure staff could travel to service users homes quicker and therefore able to visit, support and provide care for more people within their shift.
- All care colleagues were provided a Five Lamps rucksack with thermo mugs to ensure they had refreshments during busy shifts when many shops and cafes were closed.
- Relocated the home case base to our head office to provide better facilities.

Youth Services

Our ability to deliver youth services through our bespoke youth services facility (The Youthy), were severely impacted during Covid as the centre was closed for the entire year. Colleagues were furloughed and kept in employment as we remained committed and positive about the future reopening of the centre.

Despite being unable to offer the usual quality in person youth support groups, we adapted our service offer increasing our digital reach and engagement with established young people and formed new relationships with other local people and their families who needed our support during difficult times.

During the pandemic, it was more important than ever that the young people and their families who we usually supported were continued to be supported. Five Lamps delivered alternative and innovative detached youth work with:

- 33 virtual holiday breakfast clubs
- pop up activities supporting 70 young people each receiving a Christmas gift
- 300 young people engaged in the Spooky bus campaign for HalloweenCOVID

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Employability & Enterprise

Our Employability and Enterprise Team deliver the Youth Employability Initiative which targets 15-29 year olds who are not in employment, education or training. Our experienced Advisors work with them to remove their barriers to employment and self-employment to prepare them for the world of work or business enterprise. To protect jobs, the majority of the team were on Furlough Leave throughout 2020/21 due to the inability to support people face to face and because the young people were limited in opportunities to overcome the barriers.

Despite this, with a reduced workforce and innovative ways of working we continued to deliver the project and supported 153 people into employment/self-employment.

We continued to deliver the New Enterprise Allowance project receiving referrals from Job Centre Plus for customers claiming Job Seekers Allowance needing support to move into self-employment. 145 local people received an individual assessment and tailored support with 37% (54 customers) setting up their own business and becoming self-employed.

Through the European Regional Development Fund (ERDF) contract, we have also supported 19 business start-ups in 20/21.

Helping Hands.

We are now approaching our 12th year of delivering 'Helping Hand' on behalf of Northeast local authorities. Since the scheme began, we have assisted 860 households with a loan, mainly to bring owner occupied properties up to a Decent Living Standard as well as to renovate empty homes, undertake disabled facilities adaptations and to support relocations due to compulsory purchase.

Empty properties

We currently have a portfolio of 39 lease and repair and 2 purchase and repair properties, ranging from 2-bedroom flats to 4-bedroom houses. These were among 48 long-term empty properties which we brought back into use through the Empty Homes Community Grants Programme in conjunction with Durham & Darlington Councils in 2013-15. Many of our properties are in socially challenging areas, however, through close partnership working we have been able to house a number of people with complex needs whilst still maintaining an occupancy rate of over 85%.

b) Five Lamps Trading – Conduit & Conduit Scotland

2020/21 was a challenging financial year delivering personal lending in our wholly owned Trading Company which like other CDFI's was significantly impacted on by a downturn in lending and pressure on the economy. A separate detailed report from the Director of Five Lamps Trading to the Trustees and that forms part of the standalone FLT accounts is included below.

FLT Directors Report to Trustees and to accompany FLT accounts for filing

The principal activities of the company are responsible lending and property management.

We are pleased to present our 2020/21 Directors report included as part of the Five Lamps' Group Financial Statements and to complement the Trustees report, which includes an overview of Five Lamps Trading Ltd and our Affordable Lending Brand Conduit and Conduit Scotland.

The Trustee Report is signed jointly by the Chair of Five Lamps Trustees, Pat Chambers and Vivienne Holmes, Vice Chair who is also a Trustee.

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Business Activity 2020/21

Summary

2020/21 was an especially challenging year for the Group, delivering unsecured personal loans through Five Lamps Trading as a solely owned subsidiary of Five Lamps Organisation; to those in financial need during a global pandemic that has significantly impacted on jobs and the economy.

Maintaining extensive dialogue with our Social Investment Lenders, we have strived to maintain and secure a sustainable position that enables us to continue to deliver financial inclusion activities primarily through the delivery of affordable lending in keeping with our charitable objectives.

We are delighted to report that unlike many others, we have managed to sustain the unprecedented pressures and pleased to update that as a result of our resilience, risk management and support from Social Investment Lenders, we file our accounts in a stronger position for the future and remain resolute in our commitment to continue to grow our affordable lending and financial inclusion activities.

Millions of people are unable to access mainstream credit and are financially excluded, experience financial inequality 'poverty premium' and are vulnerable to high cost or unregulated lending. Access to ethical finance is even more important during periods of national and personal economic uncertainty. During this period of uncertainty, those who need it most have found the market less available as high street lending criteria has tightened and we have seen the demise of high-profile high-cost short term lenders.

Following the year end, the Trustees of the Charity commissioned a robust independent review of our updated lending model and associated assumptions. We are delighted to report this delivered significant assurance enabling our Social Investment Lenders to confirm their support for our updated business plan. The Directors wish to acknowledge the unwavering determination of the charity to the highest standards of transparency and assurance to all Social Investment Lenders during this period of uncertainty. Also, to thank our Social Investment Lenders for their continued support and to take this opportunity to reiterate our optimism for the future, a future where we continue to deliver much needed affordable lending to those in need.

The following highlights are worthy of note.

- We have put in place a new lending and financial model agreed with Social Investment Lenders to better reflect customer demand and to support scale up and future growth.
- We have invested in technology and updated our processes to enable easier access to our services and have plans for further enhancement in 21/22.
- In the year to 31st March 2021, we supported 6980 households with an affordable personal loan, disbursing a total of £4.95 million.
- This generated £1.745m social impact (based on an average saving of £250 per loan)
- Our marketing investment of almost £200k helped ensure that we met our ambition to deliver more than £5million in loans and raised awareness of CDFI's and affordable alternatives to high-cost credit. Further work is required in this area, and it is not something we can do in isolation.
- Our Conduit loan product was made available on several cost comparison sites as part of our strategy to disrupt high-cost credit and achieve scale up.
- Continued to benefit from grant funding and support from Fair4allFinance to support our research and delivery through cost comparison sites.
- Reflecting on the financial risks arising specifically from Covid 19, the Directors made an exceptional one-off provision for bad debts to offset the increased risk against our historical loan book totalling £714,796

Financially, the Directors of FLT report a year end loss of £ 1,112,604 (£369,594 2020). Excluding exceptional items (one off bad debt provision)*, the loss would have been £602,192 (£283,475 2020). These losses were supported by the Board of Trustees (Charity) in pursuant of the longer-term charitable objectives.

Partnerships & Social Investment Lenders

Five Lamps does not work in isolation. We know that the viability of our business and ability to deliver our goals is best achieved through partnerships and innovation.

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Despite a pandemic, we did not stand still. As well as investing in existing partnerships, we sourced new partnerships and support in particular supported Five Lamps Organisation in securing a £500k grant from Scottish Government to raise awareness of and increase access to affordable lending across Scotland.

We have received additional grant and in-kind support from Fair4allFinance that has enabled us to complete an extensive treasury review and independent due diligence of our business model and operating assumptions.

At a time when others were pulling back from the unsecured personal lending market; we entered into new partnerships with cost comparison sites to respond to changing customer behaviours.

Despite a financial year with lockdowns and homeworking we have again made significant changes and improvements to systems, infrastructure investment into technology, new ways of working and creating a new norm as well as identifying and making new routes to market happen. In response to changing need, we worked with a number of partners to identify different loan products and as Directors agree the future strategy for financial inclusion.

In 2020/21 our commitment and approach to partnership working has been pivotal in strengthening our future. Specifically:

The Directors would like to thank our eight Social Investment Lenders and ten noteholders for their continued support. In 2020/21 a number of activities have been undertaken:

- £750k new loan notes were subscribed and drawn down in the year. These have been received thanks to additional support from Social Investment Scotland and the Affordable Loan Fund and Big Issue Invest.
- A total of £187,250 loan notes is now unsubscribed, and the Directors are considering options to bring in this funding plus future funding to support growth.
- Supported and approved a new financial model reflecting the current market and planning for future growth.
- Agreed to waive the financial covenants which technically breached whilst the new model was being designed and agreed.
- Agreed to vary the loan instrument to move to bullet repayments for the capital by July 2024 and deferred interest payments due to future years to support cashflow; both decisions ensured improved outcomes in the financial model and improved liquidity.
- Extensive investment, both financial and leadership resource has been contributed into the social investment partnership to improve its effectiveness and as a result a positive relationship is now in place working together to find solutions, innovate for growth and importantly focus on the delivery of social impact

Covid-19

The Directors have welcomed the Government support packages made available to businesses including a CBILS loan of £500k secured in July 2020 and £110,400 via the furlough scheme grant during the period.

Throughout the financial year, Covid19 has significantly impact on our customers and our business.

- all FLT colleagues were mobilised to work remotely within several days of the lockdown announcement that has ensured the continued delivery of lending services throughout the pandemic.
- A new way of working is emerging from this as we support our colleagues and their families as well as future proof our business to adapt to operating with Covid.
- Front facing roles that could not be relocated into home working works were furloughed to protect jobs and businesses although in March 2021 we took the decision to exit shop based and face to face lending in Scotland resulting in the redundancy of 4 colleagues.
- The £500k Covid Business Interruption Loan was secured in July 2020 to partially bridge the lost and irrecoverable revenue from a collapse in the lending market during the 1st lockdown.
- The approach to bad debt provisioning was overhauled to manage the uncertain risk for future lending against a new economic backdrop volatile to the impact of Covid. This resulted in a policy change increasing our provision to between 12% and 15% of capital disbursed. The Directors expect this to be prudent but until the market recovers or resets it is the preference to manage risk in this area.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

- As well as increasing the provision method for new loans, the Directors agreed to an extraordinary provision of £714,796 to provide for increased risk of loan defaults for existing loans at 31.3.21. This considered the FCA requirement to offer customers payment holidays.

Leadership Team

During the year, we made further changes to our Executive team structure and capacity with the addition of a new Strategic Finance Director and a Head of Finance role. This reflected the importance on strategic planning, cash flow management, liquidity and to ready the company for future funding opportunities. In addition, the Directors secured the outsourced support from Ellison Ray for affordable lending and financial modelling expertise. Subsequent to the success of these changes and to complement the newly approved lending model and reinvigorated commitment to scaled up lending, it has been agreed to further strengthen the senior team and build capacity by creating a new Director of Conduit Operations for the group.

Future

Since the year end, the Directors have agreed with the Noteholders and approved by the Charity Trustees, that all lending will be delivered within the lending permissions held by the Charity as this enables the Group to deliver loans exceeding 100% APR which is critical to meet changing needs and increased risks. The Director of FLT will continue to remain the Issuers of the Loan Note Instrument that underpins the partnership we have with 8 Social Investment Lenders.

The Trustees remain committed to personal lending and its pivotal role in addressing financial exclusion and the poverty premium impacts having an inability to access mainstream credit has on the people and communities we support.

To this end, as well as the activity within FLT, the charity submitted a bid to the Scottish Governments Affordable Lending fund and received a grant of £500k to increase access to affordable credit in Scotland. Alongside this, Fair4allFinance supported FLT with a further £20k grant to invest into strategic finance director expertise which has been invaluable in managing the perfect storm associated with Covid19.

c) Social Impact Reporting

Five Lamps is passionate about its ability to deliver social impact and an 18-month social impact report is to be published for the Group detailing not only the social impact we have made but capturing the resilience and outcomes achieved during the pandemic. The Trustees could not be prouder of the impact that has been made and at a time when our services and support were needed the most, we have showcased our continued commitment to 'Make People Matter and Change Lives'

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

PLANS FOR THE FUTURE

Strategic direction and future plans

Five Lamps has a 35-year history of delivering and forging partnership to promote and deliver social, financial, and economic inclusion and to invest in the local communities particularly across Stockton on Tees and Teesside and through our financial inclusion work we have a specific focus in Scotland and throughout the UK. We are committed to retaining and building on our heritage and using this experience to grow where our services and products can help change people's lives.

We have a proven track record of being versatile and able to respond to new initiatives and opportunities and have increasingly become well placed at influencing and helping to bring about change. Never has this been more apparent than in the last financial year. To weather the storm and deliver a surplus for the first time in 3 years is testament to the innovation, determination and resilience of the organisation and its workforce. Whilst we have always been positive about the future, this outcome, and the emerging reality of increasing need for our services and support due to social and economic changes, has reinvigorated the charity's passion to ensure we remain viable and successful delivering positive social impact and outcomes for a further 35 years.

To this end and as part of the Executive Team and both Boards keeping themselves abreast of developments at national, regional, and local level across a broad range of thematic and geographical issues the strategic priorities for 2021/22 and the future include:

1. Reset & refocus our financial inclusion work through:

- a. innovating and growing the Conduit brand with different products and services to meet changing needs and circumstances. This will be to support us to reach more people experiencing financial hardship and exclusion to improve their financial health and eliminate the reliance on high-cost unaffordable short-term lending.
- b. Working in partnership with existing and new local authorities and housing providers to raise awareness and increase access to affordable alternative credit products; in addition to being a deliverer, we want to collaborate and raise awareness through campaigning and supporting new initiatives.
- c. Embarking on a journey of customer engagement and experience to build on our extensive consumer insight policy

2. Build on our Youth Inclusion focus.

- a. With a new enhanced role of Youth Inclusion Manager, we plan to revitalise The Youthy and make this the hub of our youth inclusion and tackling child poverty. In 2022, our Youthy will be 20 years old; we plan to use this as a catalyst to reposition ourselves as a leading local charity delivering support and providing hope and aspirations for local young people.

3. Grow our Home Care service, both in numbers, brand, and geographical location

- a. We plan to achieve great economies of scale and added value by doing more of what we do well and will be targeting grow across Teesside in the first instance, ensuring we remain a key partner for Stockton Borough Council as well as Continuing Health Care (CHC).
- b. Intend to develop, brand and market our private home care services specifically for those who are not eligible for adult social services financial or other support and to link this to our focus on loneliness and isolation.
- c. Develop the best staff team possible; working within the social care sector financial constraints we want to our care staff are rewarded fairly and see us as the best care provider to work with.
- d. We aspire to receiving excellence through both CQC and PAMSS assessments
- e. We will be a greater voice championing investment and new ways of working for home care services and home from hospital support.

4. Refocus our Enterprise and Employability stream.

- a. To take tough decisions to address legacy issues that do not make best use of the charities reserves and use this opportunity to start from a smaller base and discover / shape our niche role in the market, particularly in

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

terms of Youth employability and support for small or new businesses.

b. The Trustees have identified that all our future enterprise activities need to be self-funding or able to bring in charitable funds and support.

5. Recognised brand and purpose for our charity.

a. We know the services and products we provide are needed more now than ever. We plan to ensure our brand and activities are better marketed and well known. We will be recruiting a new Charity and Fundraising Manager to support this ambition.

b. Moving from charitable activities that are reliant on grant and other funding, we plan to build on and make our fundraising activities an integral part of what we do.

6. Ensure our assets and value

a. We will be consolidating our premises and assets to build on the Eldon Street head office being the hub of the charity with the Youthy being the hub for youth engagement and inclusion.

b. We will conclude plans to purchase the Eldon Street office and increase its value within the local community.

7. Our people : we want to be an employer who people enjoy working with and want to work for

a. A new cultural strategy is to be implemented with the values of the organisation being updated and future proofed.

b. We are reviewing our terms and conditions to ensure where we are able to, we support our colleagues to cope with increasing inflation, rising cost of living and increased tax and NI contributions.

c. Mental health and a healthy workforce are a priority for us to ensure that our staff are supported and happy in their work.

d. Continue to develop our agile working policy and support colleagues, where they can, to work flexibly and remotely, being trusted and accountable for their delivery and performance.

8. Governance

a. Recruit new Trustees with specific skills and experiences to help us deliver our vision, ensure the oversight and achievement of the future targets and to complement the existing Trustees.

b. Complete a Governance review started in April 2021 and deferred until the investment priorities and financial model were finalised. This will include:

i. A review of the FLT Governance structure and Board of Directors as their terms of office come to an end.

ii. A review of the governance structure across the Group to ensure the right balance of focus and challenge is centred in the areas to best manage risk and support new opportunities.

9. Financial Health & Resilience.

We have survived some of the biggest challenges Five Lamps has ever experienced. We want to build on this to ensure we have reserves in the tank for the future and as well as being able to survive future risks and challenges, we are best placed to pursue new opportunities.

a. Complete a financial health check and independent support on future refinancing and funding opportunities

b. Ensure regular market and funding potential assessment to ensure Five Lamps accesses and benefits from relevant funds and grants that complement our priorities.

c. Undertake a value-added assessment of all of our functions and activities.

10. Carbon Neutral

a. We recognise the pressure and necessity to protect our planet and ensure its viable for future generations. As part of this, in 21/22 we embark on our first assessment of our carbon footprint and impact we have on the environment and publish our plans for reducing our impact. We have started this through electric bikes for our care staff but will be looking to take this further and at the same time explore initiatives that can

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

support the customers and communities we serve with improved affordability as result of carbon neutral activities.

11. Digital Transformation.

a. We plan to ensure our services and contracts are accessible via evolving digital channels and technology. We plan to develop a digital shift strategy to outline how we can become more effective through digital innovation and technology as well as improve the social, financial, and economic impact we make.

12. Social Impact

a. Everything we do is about delivering a positive social, financial, or economic impact and Making People Matter. This year we plan to showcase some of the brilliant work we have done and plan to do and use this as a foundation and catalyst to refocus and grow the Five Lamps Charity.

c) Strategic direction and future plans

Our Mission: To Transform Lives, Raise Aspirations and Remove Barriers to Social, Economic & Financial Inclusion

Our Business : A nationally recognised charitable business working with excluded individuals and families in the most disadvantaged communities.

Delivered Through:

- Trusted Brand
- Quality Assured Services
- Making People Matter
- Superior Contract Performance
- Measured Social Impact
- Social Investment
- Skilled & Motivated Workforce
- Expanding Geographic Reach
- Revenue Generated via Stronger Balance Sheet

Making People Matter

- Treating people with respect
- Releasing potential
- Keeping confidentiality
- Enabling and empowering people to help themselves
- Challenging self perceptions and encouraging self worth

Performance Matters

- 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

- Assuring quality and achieving contemporary quality standards
- Pursuing and achieving continuous service improvement
- Investing in our people, our systems and our buildings

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

- Marketing and promoting our products and services effectively

Making Communities Matter

- 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

- Producing regular Social Impact Reports
- 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

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 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 was approved by the Trustees, on 04 November 2021 and signed on their behalf by:



P Chambers
Trustee



V Holmes
Trustee

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report including the 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 . 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 Group and the Company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of The Five Lamps Organisation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION
(CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- the parent charitable company has not kept adequate and sufficient 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.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION
(CONTINUED)

Responsibilities of trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector the company operates in;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FIVE LAMPS ORGANISATION
(CONTINUED)

Use of our report

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 opinions we have formed.

A handwritten signature in black ink, appearing to read 'Simon Turner', is written over a horizontal line.

Simon Turner (Senior Statutory Auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Northallerton

Date: 11 November 2021

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 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	24,159	586,068	610,227	2,037
Charitable activities	5	1,224,192	236,213	1,460,405	1,116,661
Other trading activities		1,520,874	-	1,520,874	1,697,416
Investments	6	5,700	14,000	19,700	24,700
Other income	7	414,149	200,339	614,488	59,043
Total income		3,189,074	1,036,620	4,225,694	2,899,857
Expenditure on:					
Raising funds		97,610	-	97,610	273,854
Charitable activities	8	3,338,601	531,581	3,870,182	3,325,039
Exceptional expenses	9	714,796	-	714,796	160,382
Total expenditure		4,151,007	531,581	4,682,588	3,759,275
Net (expenditure)/income		(961,933)	505,039	(456,894)	(859,418)
Transfers between funds	20	(436,496)	436,496	-	-
Net movement in funds		(1,398,429)	941,535	(456,894)	(859,418)
Reconciliation of funds:					
Total funds brought forward		1,499,889	(427,868)	1,072,021	1,931,439
Net movement in funds		(1,398,429)	941,535	(456,894)	(859,418)
Total funds carried forward		101,460	513,667	615,127	1,072,021

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)
REGISTERED NUMBER: 02441319

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	686,877	724,858
Investments	15	4,185,950	4,786,311
Investment property	14	32,500	32,500
		<u>4,905,327</u>	<u>5,543,669</u>
Current assets			
Debtors	16	178,382	188,667
Investments	17	80	80
Cash at bank and in hand		1,917,916	525,170
		<u>2,096,378</u>	<u>713,917</u>
Creditors: amounts falling due within one year	18	<u>(1,242,272)</u>	<u>(1,112,727)</u>
Net current assets / liabilities		<u>854,106</u>	<u>(398,810)</u>
Total assets less current liabilities		<u>5,759,433</u>	<u>5,144,859</u>
Creditors: amounts falling due after more than one year	19	(5,144,306)	(4,072,838)
Total net assets		<u><u>615,127</u></u>	<u><u>1,072,021</u></u>
Charity funds			
Restricted funds	20	513,667	(427,868)
Unrestricted funds	20	101,460	1,499,889
Total funds		<u><u>615,127</u></u>	<u><u>1,072,021</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 04 November 2021 and signed on their behalf by:

Patricia Chambers
Trustee



Vivienne Holmes
Trustee



The notes on pages 27 to 57 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	686,877	724,858
Investments	15	2,580,737	2,767,776
		<u>3,267,614</u>	<u>3,492,634</u>
Current assets			
Debtors	16	160,970	185,770
Investments	17	80	80
Cash at bank and in hand		607,370	102,316
		<u>768,420</u>	<u>288,166</u>
Creditors: amounts falling due within one year	18	(1,515,738)	(1,916,713)
Net current liabilities		<u>(747,318)</u>	<u>(1,628,547)</u>
Total assets less current liabilities		<u>2,520,296</u>	<u>1,864,087</u>
Total net assets		<u><u>2,520,296</u></u>	<u><u>1,864,087</u></u>
Charity funds			
Restricted funds	20	513,667	(427,867)
Unrestricted funds	20	2,006,629	2,291,954
Total funds		<u><u>2,520,296</u></u>	<u><u>1,864,087</u></u>


The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf by:

Patricia Chambers
Trustee



Vivienne Holmes
Trustee



The notes on pages 27 to 57 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	48,450	(859,417)
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	330	-
Purchase of tangible fixed assets	(7,676)	-
Net movement in loan book	600,361	(517,454)
Net cash provided by/(used in) investing activities	593,015	(517,454)
Cash flows from financing activities		
Cash inflows from new borrowing	751,280	-
Repayments of borrowings	-	463,510
Net cash provided by financing activities	751,280	463,510
Change in cash and cash equivalents in the year	1,392,745	(913,361)
Cash and cash equivalents at the beginning of the year	525,170	1,438,531
Cash and cash equivalents at the end of the year	1,917,915	525,170

The notes on pages 27 to 57 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 2021

1. General information

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Five Lamps Organisation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2.2 Company status

The company is a registered charity and company limited by guarantee. The members of the company are the Trustees named on page . 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.

The company is a charitable company domiciled in England and Wales, registration number 02441319 and charity number 702314.

The registered office is Eldon Street, Thornaby, Stockton-on-Tees, TS17 7DJ.

2.3 Going concern

The Trustees have prepared the financial statements on a going concern basis. This is having taken account of the historic losses of the group/company, covenant waivers in the year and the impact of the COVID 19 pandemic.

In reaching their conclusion, the Trustees have considered cash flow forecasts covering a period of at least 12 months from the date of sign off. These include sensitivities analysis that focus on the key uncertainties within the business model, namely receipt of capital and interest on funds previously disbursed and a renegotiated funding position.

Management forecasts show financial headroom and confidence that funding will be renegotiated with more favourable covenants, alongside strong cash recovery.

Whilst aware that a change in key assumptions could have a material impact on the future financial performance of the Group/company the Trustees/Directors feel that the model used to assess going concern is balanced and as such have prepared the accounts on a going concern basis accordingly

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.5 Incoming resources

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

(i) 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.

(ii) Investment Income

Investment income is included when receivable by the Charity.

(iii) 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.

(iv) 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 including rental income from external sources.

2.6 Resources expended

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and governance costs are costs incurred on the company's educational

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.6 Resources expended (continued)

operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

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.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.7 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

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Long-term leasehold property	- Straight line over term of lease or 2% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line

2.9 Other investments

Fixed asset programme related investments (loan book) 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 when earned.

Programme related investments are reviewed at least annually for impairment, 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

(i) Associated undertakings

Investments in unlisted investments are stated at cost less impairment.

2.10 Investment properties

Investment properties whose fair value can be measured reliably without undue cost or effort shall be measured at fair value recognised in profit and loss

2.11 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term

2.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

2.13 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.14 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.15 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

2.16 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.17 Significant judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The loan book is reviewed on an annual basis for impairment based on an expectation of recoverability of the outstanding balance.

2.18 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.19 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 Group 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 Group 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.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. Critical accounting estimates and areas of judgment

Management consider there to be an element of judgement and uncertainty in determining the carrying value of the loan debtor book. Accordingly management has assessed the performance of each debtor based on available financial and management information. Where that information shows a net realisable value less than carrying management recognise an impairment against said asset accordingly.

The management team routinely monitor and review loan debtors and investments on a monthly basis and present to the directors on a quarterly basis for consideration. Provision for identified recovery issues are made on a case by case basis with additional provision to reflect historic loss rate experience. In light of ongoing effects of COVID-19 these reviews are more detailed with regards to identifying concerns which may give rise to a bad and doubtful debt, with careful and thorough assessment reports provided to the directors.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Donations and other voluntary income	24,159	586,068	610,227

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations and other voluntary income	112	1,925	2,037

5. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Health and communities	1,224,192	-	1,224,192
Finance and enterprise	-	191,602	191,602
Young people	-	44,611	44,611
Total 2021	1,224,192	236,213	1,460,405

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Health and communities	81	893,799	893,880
Finance and enterprise	-	109,960	109,960
Young people	-	112,821	112,821
Total 2020	81	1,116,580	1,116,661

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Investment income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Garage rental income	5,700	-	5,700
Cafe rental income	-	14,000	14,000
	<u>5,700</u>	<u>14,000</u>	<u>19,700</u>

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Garage rental income	5,700	-	5,700
Cafe rental income	-	19,000	19,000
	<u>5,700</u>	<u>19,000</u>	<u>24,700</u>

7. Other incoming resources

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Interest generated by programme related investment (loan debtor book)	-	36,839	36,839
Grant income	267,119	96,786	363,905
Furlough income	146,655	66,502	213,157
Sundry income	375	212	587
	<u>414,149</u>	<u>200,339</u>	<u>614,488</u>

	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Interest generated by programme related investment (loan debtor book)	<u>59,043</u>	<u>59,043</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Management and administration	2,236,647	-	2,236,647
Health and communities	654,358	228,055	882,413
Finance and enterprise	402,268	203,708	605,976
Young people	-	99,818	99,818
Depreciation re properties	45,328	-	45,328
	<u>3,338,601</u>	<u>531,581</u>	<u>3,870,182</u>

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Management and administration	1,486,243	-	1,486,243
Health and communities	-	860,044	860,044
Finance and enterprise	-	770,898	770,898
Young people	-	164,185	164,185
Depreciation re properties	43,669	-	43,669
	<u>1,529,912</u>	<u>1,795,127</u>	<u>3,325,039</u>

9. Exceptional items

	Unrestricted funds 2021 £	Total funds 2021 £
Additional bad debt provision	714,796	714,796

The group for several years has taken a prudent view with regards to portfolio provisions, given the nature and inherent risks of the organisations in which it invests. With the emergence of COVID-19, the portfolio and related provisions have been closely reviewed and an additional provision of £714,796 has been raised in the current accounting year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. Exceptional items (continued)

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Additional bad debt provision	68,619	91,763	160,382

10. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Management and administration	1,742,069	494,578	2,236,647
Health and communities	882,414	-	882,414
Finance and enterprises	605,975	-	605,975
Young people	99,818	-	99,818
Depreciation re properties	45,328	-	45,328
	<u>3,375,604</u>	<u>494,578</u>	<u>3,870,182</u>

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Management and administration	987,230	499,012	1,486,242
Health and communities	860,044	-	860,044
Finance and enterprises	770,898	-	770,898
Young people	164,185	-	164,185
Depreciation re properties	43,669	-	43,669
	<u>2,826,026</u>	<u>499,012</u>	<u>3,325,039</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Mgmt and admin 2021 £	Health 2021 £	Finance 2021 £	Young people 2021 £
Staff costs	299,785	802,680	518,112	75,221
Premises costs	28,477	7,846	1,048	17,888
General office costs	26,850	12,133	4,321	2,618
Trading company expenses	623,064	-	-	-
Grants payable to individuals to assist with individuals	-	-	1,233	2,732
Finance income and expenses	742,277	-	7,829	-
Bad debts write off	-	-	29,038	-
Publicity and advertising	31	42	-	290
Training and activities	1,186	5,065	-	-
Activities costs	-	18,515	-	410
Cafe and vending costs	-	2	-	-
Subscriptions/affiliations	-	11,745	-	194
Motor expenses	1,155	-	-	-
Mobile phones	5,100	9,714	726	465
Other costs	11,968	5,051	43,668	-
Consultancy/facilitators fees	2,176	9,621	-	-
	<u>1,742,069</u>	<u>882,414</u>	<u>605,975</u>	<u>99,818</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	Dep'n 2021 £	Total funds 2021 £
Staff costs	-	1,695,798
Premises costs	-	55,259
General office costs	-	45,922
Trading company expenses	-	623,064
Grants payable to individuals to assist with individuals	-	3,965
Finance income and expenses	-	750,106
Bad debts write off	-	29,038
Publicity and advertising	-	363
Depreciation	45,328	45,328
Training and activities	-	6,251
Activities costs	-	18,925
Cafe and vending costs	-	2
Subscriptions/affiliations	-	11,939
Motor expenses	-	1,155
Mobile phones	-	16,005
Other costs	-	60,687
Consultancy/facilitators fees	-	11,797
	<hr/> 45,328 <hr/>	<hr/> 3,375,604 <hr/>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Mgmt and admin 2020 £</i>	<i>Health 2020 £</i>	<i>Finance 2020 £</i>	<i>Young people 2020 £</i>
Staff costs	13,920	775,683	651,206	107,562
Premises costs	(2,939)	23,349	3,941	12,785
General office costs	52,509	17,501	1,824	15,556
Trading company expenses	633,682	-	-	-
Grants payable to individuals to assist with individuals	-	-	-	10,603
Finance income and expenses	280,871	-	-	-
Bad and doubtful debts	-	-	(3,528)	-
Publicity and advertising	-	1,862	32	895
Training and accreditation costs	-	10,721	400	9,414
Activities costs	-	5,596	-	7,059
Cafe and vending costs	-	194	-	-
Subscriptions/affiliations	8,143	-	-	-
Motor expenses	1,044	-	-	-
Mobile phones	-	12,344	450	311
Other costs	-	878	114,573	-
Consultancy/facilitators fees	-	11,916	2,000	-
	<u>987,230</u>	<u>860,044</u>	<u>770,898</u>	<u>164,185</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Dep'n 2020 £</i>	<i>Total funds 2020 £</i>
Staff costs	-	1,548,371
Premises costs	-	37,136
General office costs	-	87,390
Trading company expenses	-	633,682
Grant payable to individuals to assist with employment	-	10,603
Finance income and expenses	-	280,871
Bad and doubtful debts	-	(3,528)
Publicity and advertising	-	2,789
Depreciation	43,669	43,669
Training and accreditation costs	-	20,535
Activities costs	-	12,655
Cafe/vending costs	-	194
Subscriptions/affiliations	-	8,143
Motor expenses	-	1,044
Mobile phones	-	13,105
Other costs	-	115,451
Consultancy/facilitators fees	-	13,916
	<hr/> 43,669	<hr/> 2,826,026
	<hr/> <hr/>	<hr/> <hr/>

Analysis of support costs

	Mgmt and admin 2021 £	Total funds 2021 £
Staff costs	426,098	426,098
Premises costs	4,283	4,283
General office costs	22,197	22,197
Publicity and advertising	229	229
Bank charges re loan funds	6,109	6,109
Professional fees	35,662	35,662
	<hr/> 494,578	<hr/> 494,578
	<hr/> <hr/>	<hr/> <hr/>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Mgmt and admin 2020 £</i>	<i>Total funds 2020 £</i>
Staff Costs	421,878	421,878
Publicity and advertising	1,592	1,592
Bank charges	8,234	8,234
Professional fees	65,640	65,640
Others	1,668	1,668
	<u>499,012</u>	<u>499,012</u>

11. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>16,000</u>	<u>15,000</u>

12. Staff costs

In the current and previous accounting year, no trustees received any remuneration, benefits in kind or reimbursement of expenses. As part of the main insurance taken out by this company, insurance is taken out to protect the trustees against any loss arising from neglect or default of its trustees and officers.

One of the trustees was paid remuneration of £6,000 (2020: £6,000) in the year ended 31 March 2021 and this was paid by the subsidiary company,

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Wages and salaries	1,903,415	1,502,295	1,502,295	1,221,596
Employer NI	126,838	110,641	96,129	74,566
Contribution to defined contribution pension schemes	45,569	52,452	37,032	33,947
	<u>2,075,822</u>	<u>1,665,388</u>	<u>1,635,456</u>	<u>1,330,109</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
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Staff costs (continued)

The average number of persons employed by the Group during the year was as follows:

	Group 2021 No.	<i>Group 2020 No.</i>	Company 2021 No.	<i>Company 2020 No.</i>
Direct charitable work	92	<i>91</i>	92	<i>80</i>
Administration	38	<i>37</i>	10	<i>11</i>
	130	<i>128</i>	102	<i>91</i>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2021 No.	<i>Group 2020 No.</i>
In the band £60,001 - £70,000	1	<i>-</i>
In the band £70,001 - £80,000	-	<i>1</i>
In the band £80,001 - £90,000	1	<i>-</i>

Costs incurred in relation to key management personnel were £173,837 in total (2020: £213,175).

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 April 2020	884,277	687,157	202,582	14,428	128,693	69,947	1,987,084
Additions	-	-	5,205	-	-	2,471	7,676
Disposals	-	-	(348)	-	-	-	(348)
At 31 March 2021	<u>884,277</u>	<u>687,157</u>	<u>207,439</u>	<u>14,428</u>	<u>128,693</u>	<u>72,418</u>	<u>1,994,412</u>
Depreciation							
At 1 April 2020	297,777	548,799	202,582	14,428	128,693	69,947	1,262,226
Charge for the year	17,748	25,920	905	-	-	754	45,327
On disposals	-	-	(19)	-	-	-	(19)
At 31 March 2021	<u>315,525</u>	<u>574,719</u>	<u>203,468</u>	<u>14,428</u>	<u>128,693</u>	<u>70,701</u>	<u>1,307,534</u>
Net book value							
At 31 March 2021	<u>568,752</u>	<u>112,438</u>	<u>3,971</u>	<u>-</u>	<u>-</u>	<u>1,717</u>	<u>686,878</u>
At 31 March 2020	<u>586,500</u>	<u>138,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,858</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 April 2020	884,277	687,157	202,582	14,428	128,693	69,947	1,987,084
Additions	-	-	5,205	-	-	2,471	7,676
Disposals	-	-	(348)	-	-	-	(348)
At 31 March 2021	884,277	687,157	207,439	14,428	128,693	72,418	1,994,412
Depreciation							
At 1 April 2020	297,777	548,799	202,582	14,428	128,693	69,947	1,262,226
Charge for the year	17,748	25,920	905	-	-	754	45,327
On disposals	-	-	(19)	-	-	-	(19)
At 31 March 2021	315,525	574,719	203,468	14,428	128,693	70,701	1,307,534
Net book value							
At 31 March 2021	568,752	112,438	3,971	-	-	1,717	686,878
At 31 March 2020	586,500	138,358	-	-	-	-	724,858

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13. 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 2021 of £568,753 (2020: £586,501). 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 £37,500. In the opinion of the directors this is a reasonable estimate of the market value at 31 March 2021.

If investment properties had not been revalued they would have been included at the historical cost of £21,014 (2020: £21,014).

Leasehold Land and Buildings

These comprise two 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 (Carrying value - £Nil)

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 (Carrying value - £112,436)

The current lease with Stockton Borough Council is for a period of 25 years from February 2000 and any expenditure is being written off over the remainder of that period.

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14. Investment property

Group

	Freehold investment property £
Valuation	
At 1 April 2020	32,500
At 31 March 2021	<u>32,500</u>

The investment property has been valued in the 2020 accounting year by Allied Surveyors & Valuers at £32,500 and the directors have reviewed these valuations and concur that it is based upon the key assumptions that relate to the investment portfolio and their experience of the property market at the current balance sheet date.

15. Fixed asset investments

Group	Loan book £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2020	5,699,866	14,000	5,713,866
Additions	5,025,643	-	5,025,643
Disposals	(4,507,402)	-	(4,507,402)
At 31 March 2021	<u>6,218,107</u>	<u>14,000</u>	<u>6,232,107</u>
Impairment			
At 1 April 2020	927,555	-	927,555
Charge for the year	1,118,602	-	1,118,602
At 31 March 2021	<u>2,046,157</u>	<u>-</u>	<u>2,046,157</u>
Net book value			
At 31 March 2021	<u>4,171,950</u>	<u>14,000</u>	<u>4,185,950</u>
<i>At 31 March 2020</i>	<u>4,772,311</u>	<u>14,000</u>	<u>4,786,311</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. Fixed asset investments (continued)

Company	Investments in subsidiary companies £	Loan book £	Total £
Cost or valuation			
At 1 April 2020	850,002	2,413,852	3,263,854
Disposals	-	(156,129)	(156,129)
At 31 March 2021	850,002	2,257,723	3,107,725
Impairment			
At 1 April 2020	-	496,078	496,078
Charge for the year	-	30,910	30,910
At 31 March 2021	-	526,988	526,988
Net book value			
At 31 March 2021	850,002	1,730,735	2,580,737
<i>At 31 March 2020</i>	<i>850,002</i>	<i>1,917,774</i>	<i>2,767,776</i>

Principal subsidiaries

The following was a subsidiary undertaking of the Company:

Name	Company number	Registered office or principal place of business	Principal activity
Five Lamps Trading Limited	08029251	Same as the The Five Lamps Organisation	Lending and property management
Class of shares	Holding	Included in consolidation	
Ordinary	100%	Yes	

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15. Fixed asset investments (continued)

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
Five Lamps Trading Limited	1,520,874	2,632,938	(1,112,064)	(1,055,167)

16. Debtors

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Due within one year				
Trade debtors	50,012	64,332	48,597	64,330
Other debtors	18,905	5,693	6,300	5,694
Prepayments and accrued income	34,496	80,973	31,104	78,077
Grants receivable	74,969	37,669	74,969	37,669
	178,382	188,667	160,970	185,770

17. Current asset investments

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Listed investments	80	80	80	80

Group listed investments

The market value of the listed investments at 31 March 2021 was £80 (2020 :£80).

Company listed investments

The market value of the listed investments at 31 March 2021 was £80 (2020 :£80).

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18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	-	375,149	-	375,149
Trade creditors	99,269	122,351	85,749	90,894
Amounts owed to group undertakings	-	-	852,276	939,333
Other taxation and social security	50,208	28,151	43,057	19,472
Pension fund loan payable	1,689	2,265	-	-
Other creditors	637,733	436,318	433,326	411,819
Accruals and deferred income	453,373	148,493	101,330	80,046
	1,242,272	1,112,727	1,515,738	1,916,713

The following liabilities disclosed under creditors due within one year are secured by the company:

Bank loans £Nil (2020: £375,149)

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

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19. Creditors: Amounts falling due after more than one year

	Group 2021 £	<i>Group 2020 £</i>	<i>Company 2020 £</i>
Other loans	4,824,218	4,072,838	-
Other creditors	320,088	-	-
	<u>5,144,306</u>	<u>4,072,838</u>	<u>-</u>

The following liabilities disclosed under creditors due after more than one year are secured by the company:

Other loans £4,824,818 (2020: £4,072,828)

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

None of the other loans outstanding are repayable over five years.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Unrestricted funds					
Designated funds					
Youth empowerment scheme	556,293	-	-	(556,293)	-
Growth fund	1,108,536	-	-	(1,108,536)	-
	<u>1,664,829</u>	<u>-</u>	<u>-</u>	<u>(1,664,829)</u>	<u>-</u>
General funds					
General Funds - all funds	(164,940)	3,189,074	(4,151,007)	1,228,333	101,460
	<u>(164,940)</u>	<u>3,189,074</u>	<u>(4,151,007)</u>	<u>1,228,333</u>	<u>101,460</u>
Total Unrestricted funds	<u>1,499,889</u>	<u>3,189,074</u>	<u>(4,151,007)</u>	<u>(436,496)</u>	<u>101,460</u>
Restricted funds					
Health and communities	57,201	170,854	(228,055)	-	-
Employability and training	(361,676)	-	-	361,676	-
Finance and enterprise	(27,093)	744,468	(203,708)	-	513,667
Young people	(96,300)	121,298	(99,818)	74,820	-
	<u>(427,868)</u>	<u>1,036,620</u>	<u>(531,581)</u>	<u>436,496</u>	<u>513,667</u>
Total of funds	<u>1,072,021</u>	<u>4,225,694</u>	<u>(4,682,588)</u>	<u>-</u>	<u>615,127</u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 March 2020 £</i>
Unrestricted funds				
Designated funds				
Youth empowerment scheme	556,293	-	-	556,293
Growth fund	1,108,536	-	-	1,108,536
	<u>1,664,829</u>	<u>-</u>	<u>-</u>	<u>1,664,829</u>
General funds				
General Funds - all funds	4,136	1,703,309	(1,872,385)	(164,940)
	<u>1,668,965</u>	<u>1,703,309</u>	<u>(1,872,385)</u>	<u>1,499,889</u>
Total Unrestricted funds				
Restricted funds				
Health and communities	21,773	893,799	(858,371)	57,201
Employability and training	(361,676)	-	-	(361,676)
Finance and enterprise	648,551	189,928	(865,572)	(27,093)
Young people	(46,174)	112,821	(162,947)	(96,300)
	<u>262,474</u>	<u>1,196,548</u>	<u>(1,886,890)</u>	<u>(427,868)</u>
Total of funds	<u>1,931,439</u>	<u>2,899,857</u>	<u>(3,759,275)</u>	<u>1,072,021</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Designated funds

In prior years, the Trustees designated funds for the following purposes:

1. Youth Empowerment Scheme
2. Growth Fund

The Trustees have decided to release the designated funds back to the general funds to enable maximum flexibility for the Charity to direct its resources to where the need is greatest. The Trustees will review this policy every year and designate funds when they see fit.

Restricted Funds

Health and Communities

The charity operates a Homecare service, the Parkside Court Extra Care Scheme and several other related care services with private clients, NHS and local authorities. During the year to 31 March 2021 the Charity has benefitted from a number of grants to enhance this service and provide greater support during the COVID pandemic.

Employability and Training

In prior years the charity has operated Employability and Training activities. These activities are now complete and the transfer on the fund from unrestricted funds is to clear a negative balance from an overspend on this activity in prior years.

Finance and Enterprise

The charity operates several Financial Inclusion and Enterprise Activities. The balance on the fund at 31 March 2021 includes £500k received from Social Investment Scotland.

Young People

The charity operates a variety of Youth Services from its youth club "The Youthy" and by outreach and community programmes. The transfer from general funds is to clear the negative balance brought forward on the fund which is due to overspends in prior years.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Designated funds	1,664,829	-	-	(1,664,829)	-
General funds	(164,940)	3,189,074	(4,151,007)	1,228,333	101,460
Restricted funds	(427,868)	1,036,620	(531,581)	436,496	513,667
	<u>1,072,021</u>	<u>4,225,694</u>	<u>(4,682,588)</u>	<u>-</u>	<u>615,127</u>

Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Balance at 31 March 2020 £
Designated funds	1,664,829	-	-	1,664,829
General funds	4,136	1,703,309	(1,872,385)	(164,940)
Restricted funds	262,474	1,196,548	(1,886,890)	(427,868)
	<u>1,931,439</u>	<u>2,899,857</u>	<u>(3,759,275)</u>	<u>1,072,021</u>

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	686,877	-	686,877
Fixed asset investments	4,185,950	-	4,185,950
Investment property	32,500	-	32,500
Current assets	1,582,711	513,667	2,096,378
Creditors due within one year	(1,242,272)	-	(1,242,272)
Creditors due in more than one year	(5,144,306)	-	(5,144,306)
Total	<u>101,460</u>	<u>513,667</u>	<u>615,127</u>

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22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	724,858	-	724,858
Fixed asset investments	5,214,179	(427,868)	4,786,311
Investment property	32,500	-	32,500
Current assets	713,916	-	713,916
Creditors due within one year	(1,112,725)	-	(1,112,725)
Creditors due in more than one year	(4,072,838)	-	(4,072,838)
Total	<u>1,499,890</u>	<u>(427,868)</u>	<u>1,072,022</u>

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2021 £	<i>Group 2020 £</i>
Net expenditure for the year (as per Statement of Financial Activities)	(456,894)	(859,418)
Adjustments for:		
Depreciation charges	45,327	43,669
Decrease in debtors	10,283	82,552
Increase/(decrease) in creditors	449,734	(121,319)
Revaluation of investment property	-	17,500
Net cash provided by/(used in) operating activities	<u>48,450</u>	<u>(837,016)</u>

24. Analysis of cash and cash equivalents

	Group 2021 £	<i>Group 2020 £</i>
Cash in hand	1,917,915	525,170
Total cash and cash equivalents	<u>1,917,915</u>	<u>525,170</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

25. Analysis of changes in net debt

	At 1 April 2020	Cash flows	At 31 March 2021
	£	£	£
Cash at bank and in hand	525,170	1,392,745	1,917,915
Bank overdrafts repayable on demand	(375,149)	375,149	-
Debt due within 1 year	(2,265)	575	(1,690)
Debt due after 1 year	(4,072,838)	(751,380)	(4,824,218)
Liquid investments	80	-	80
	<u>(3,925,002)</u>	<u>1,017,089</u>	<u>(2,907,913)</u>

26. Controlling party

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

27. Related party transactions

Lisa Pickard was also a Director of North East Enterprise Agency Limited (NEEAL) during the year ended 31 March 2021.

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

Income from NEEAL is £41,348 (2020: £49,148) in the year ended 31 March 2021.

Included in Debtors at 31 March 2021 is £Nil (2020: £Nil) due from NEEAL to Five Lamps.

The charity owns 100% of the share capital of Five Lamps Trading Limited, company number 08029251.

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

During the year Five Lamps Trading gifted £NIL (2020: £Nil) as a donation to The Five Lamps Organisation.

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28. 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 2021, the funds held on the above client bank account totalled £1,421,374 (2020: £1,274,969) and this is returnable to the local authorities.

The accounting for these assets and liabilities are presented in notes 15,18 and 19 within these financial statements.