

THE FIVE LAMPS ORGANISATION
FINANCIAL STATEMENTS
31 MARCH 2017

(A company limited by guarantee)

Section Information insertion point

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

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THE FIVE LAMPS ORGANISATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017

Trustees

Patricia Chambers, Chair
Vivienne Holmes, Vice Chair
Ian Wright
Trevor Watson
Michael Poole (appointed 29 June 2016)

Company registered number

02441319

Charity registered number

702314

Registered office

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

Chief executive officer

Graeme Oram

Independent auditors

Armstrong Watson Audit Limited, York House, Thornfield Business Park, Northallerton, North Yorkshire, DL6 2XQ

Bankers

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

THE FIVE LAMPS ORGANISATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Directors/Trustees (the Board) present their report and the financial statements of the charitable company (the Charity) for the year ended 31 March 2017 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.

ACHIEVEMENTS AND PERFORMANCE

a. FINANCIAL REVIEW

The total income for the year to 31 March 2017 was £2,976,462 (2016: £3,196,592) a decrease of 7%.

The Statement of Financial Activities for the year, the Balance Sheet as at 31 March 2017 and associated notes are set out on pages 34 to 60.

It remains the Board's intention to hold not less than three months salary cost in free reserves. This policy is monitored quarterly by the Trustees and seeks to ensure that the Charity is able to manage its activities in the event of a significant drop in funding.

The current fee reserves are broadly inline with the policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Organisational structure and decision making

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

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

The 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.

In recognition of the wholly-owned subsidiary trading company expanding its lending operation into Scotland, the Trustees agreed to take the proactive step of registering as a Charity in Scotland. Following dialogue with the Office of the Scottish Charity Regulator, we agreed a revised wording for the Objects Clause and a minor amendment to Defined Terms. Once Charity Commission approval has been confirmed we will enact the amended version via special resolution and lodge them with both companies house and the Office of the Scottish Charities Regulator.

The proposed amendment to the Defined Terms is under the term 'charitable' which now means 'charitable in accordance with the law of England and Wales provided that it will not include any purpose which is not charitable in accordance with Section 7 of the Charities and Trustee Investment (Scotland) Act 2005. For the avoidance of doubt, the system of law governing the charity is the law of England & Wales'.

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

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

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FOR THE YEAR ENDED 31 MARCH 2017

- 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 favorable 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:

- a) to raise funds. In doing so, the charity must not undertake any taxable permanent trading activity and must comply with any relevant statutory regulations;
- b) to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;
- c) to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 36 and 37 of the Charities Act 1993, as amended by the Charities Act 2006;
- d) to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 38 and 39 of the Charities Act 1993, as amended by the Charities Act 2006, if it wishes to mortgage land;
- e) to co-operate with other charities, voluntary bodies and statutory authorities and to exchange information and advice with them;
- f) to establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects;

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- g) to acquire, merge with or enter into any partnership or joint venture arrangement with any other charity;
- h) to set aside income as a reserve against future expenditure but only in accordance with written policy about reserves;
- i) to employ and remunerate such staff as are necessary for carrying out the work of the charity. The charity may employ or remunerate a director only to the extent it is permitted to do so by article 7 and provided it complies with the conditions in that article;
- j) to deposit or invest funds; employ a professional fund manager and arrange for the investments or other property of the charity to be held in the name of a nominee in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000; and
- k) to provide indemnity insurance for the directors in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.

Future Governance Model

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

The review had concluded that Five Lamps would take steps to de-charitise i.e. to cease being a registered charity from April 2016. However, as that decision was about to be implemented the Senior Management Team and the Trustees recognised that the existence of our trading company, a wholly-owned subsidiary, created a less complicated change process and was an altogether better fit for the organisation, leaving all of our overtly charitable work in the charitable body with a strong thirty year heritage and national reputation, while transferring our lending activity alongside our empty homes work into the trading company.

At 1 April 2016 a number of our staff transferred to the trading company and the Senior Management Team and core support functions were designated as group positions. Three new non-executive directors were appointed to the trading company board. The trading company is now well-established and has ambitious plans for growth, securing a substantial contract to deliver unsecured personal loans in three local authority areas in Scotland, and issuing an Investment Memorandum to raise up to £5million of capital for on-lending.

Board Purpose

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

Key Responsibilities

1. Managing organisational performance and risk

To continuously develop and review the organisation's strategy, objectives, performance, statutory compliance and risk, ensuring the measurement of impact on our customers and communities.

2. Leadership and strategy

To lead the development of the Five Lamps' Vision, Values and Strategic Direction.

3. Strategic planning and implementation

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To create coherent, strategic plans and timetables, monitor performance and review outcomes and impact.

4. Leading and delivering change

To proactively and positively plan for strategic, transformational change and continuous service improvement in The Five Lamps Organisation's service delivery.

5. Business Finance Opportunity

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

6. Communication

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

7. Building Team and External Relationships

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

8. Equality and Diversity

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

The Board operated one formal sub-committee - Audit & Risk, in the year under review.

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

Audit & Risk Committee - Terms of Reference

1. Membership

- Committee of the Board
- At least 3 Board Members (2 constituting a quorum) with one appointed Chair
- One Member should be 'financial expert'
- Chief Executive not a Member
- Head of Finance & Economic Development not a Member
- External Auditors would normally attend by invitation

2. Objective

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

3. Meetings

- Minimum 3 meetings per annum
- Terms of Reference and Committee effectiveness to be reviewed annually with recommendations to 4. Board
- Reasonable notice of meetings and the business to be conducted shall be given to the members of the committee, the wider Board, the Chief Executive, Director of Finance & Economic Development and the External Auditor

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4. Responsibilities

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

5. Reporting

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

6. Review

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

At a joint meeting of the Charity and Trading Company Boards in May 2016, it was agreed that moving forward the full range of Audit & Risk items would be covered in respective Board meetings. It was also agreed that there would be two joint meetings each year, to receive the audit findings/management letter and annual statements and review audit performance at one, and to review financial strength and plans and set budgets at the other.

In September 2016, the Charity and Trading Company Boards agreed to the establishment of a joint Remuneration Committee.

Trustee Induction & Training

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

Trustees also benefit from:

- Regular presentations from project staff on each of our projects/programmes
- Themed Staff/Board meetings which address issues such as marketing and branding; organisational culture and working for Five Lamps
- Twice-yearly away days focused on strategy development and board performance, during the year one

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away day focused on succession planning and risk assessment and another on our future governance model

- 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.

Organisational Structure

As mentioned above, the Charity has a Board of Trustees who meet at least quarterly and are responsible for the strategic direction and policy of the charity. Currently there are 5 members from a diverse range of professional backgrounds. A Chair and Vice-Chair are appointed annually and have full voting rights. The organisation employs the services of a minute-taker.

Day to day responsibility for the provision of services and operation of the business rests with the Chief Executive. The organisation has a strong executive team which comprises the Chief Executive and three other Executive Director positions.

In recognition of the increased complexity of the organisation and the need to maintain our overtly charitable activities, a trading company, Five Lamps Trading Ltd which trades as 'Conduit' was established in 2012. It is a wholly-owned subsidiary which will gift aid relevant surpluses to the Charity. The role of the trading company was substantially expanded from 1 April 2016.

Financial Conduct Authority

Five Lamps was delighted to be the first UK personal lending CDFI to receive full Financial Conduct Authority permissions in August 2015, under FCA Reference 656112.

b. Related party relationships

There is one organisation - North East Enterprise Agencies Limited, which had a trading relationship with Five Lamps, and/or have Five Lamps staff or Trustees involved at Board level, during the 2016-17 financial year. There are no related party transactions in relation to our Trustees, who have all filed nil returns on request.

c. Risk Management

The Board maintains a continuous review of the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate identified risk. 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.

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

- Succession Planning
- The Impact of Welfare Reform
- The Impact of Brexit
- Failure to Deliver Externally-Funded Contracts/Sub-Contracts
- The Impact of Cuts in Public Spending
- Failure to Secure Future Finance including Social Investment
- Loss of Prime Contractor
- Failure to Manage Assets Effectively
- Failure to Deliver Customer Satisfaction
- Failure to Demonstrate Social Impact
- Failure to Maintain Reputation & Trusted Brand
- Failure to Comply with Regulatory Requirements

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- Failure to Plan For/Respond Effectively to any Major Incident
- Failure to Maintain Corporate Governance including Board Skills
- Failure to Effectively Update Strategic Plans & Growth Strategy
- Failure to Manage a Number of Small Events Occurring Simultaneously

The outcome of the June 2016 referendum on EU membership and the potential turbulence in the economy and future funding for organisations like Five Lamps added a new range of risk issues for the business. The Trustees have asked for regular updates on the impact of 'Brexit', not least as we have recently been successful in accessing the Youth Employment Initiative which is European funded and have some further exposure to ESF and ERDF on enterprise programmes.

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

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

During the year we undertook specific audits on compliance with extant legislation, making a number of investments and changes as required. We also carry out a continuous audit of our HR policies and procedures throughout the organisation, with specialist support from Croner Assist.

d. PRINCIPAL ACTIVITIES

2016-17 was another productive year for the organisation as our service portfolio grew further with the addition of a new domiciliary homecare service. It was also the year where we took a major step in strengthening our trading company, with over twenty staff formally transferring over at 1 April 2016.

Our work continues to have a real relevance in the ongoing economic climate, irrespective of the further constriction of public spending at national and local levels. We remain focused on building a stronger balance sheet and to generate a greater proportion of revenue from our own assets.

Like many other organisations in our sector we retain a keen interest in the ongoing Brexit conversation. The uncertainty over the likely continuation of a range of initiatives previously funded from ESF and ERDF sources is recognised as a risk in our risk register. Our exposure to a downturn in funding from European sources is limited and we have clear plans in place.

We still hope to see significant progress on the government's Life Chances agenda. This is founded on the work of the Centre for Social Justice's 'Five Pathways to Poverty' (family breakdown, educational failure, addiction, serious personal debt and worklessness) and we are aware of significant Cabinet Office interest in our work, not just in the financial inclusion space. We have also hosted a visit from the Inclusive Economy Unit during the year.

In 2016-17 we achieved the large majority of our strategic objectives.

An operating surplus of £94,056 (2016: £376,159) after provisions and bad debt write-off.

We now employ 87 people (61 last year)

Over 17000 people accessed our services and support in 2016-17.

Five Lamps commenced lending from the £750k of Regional Growth Fund capital secured by the CDFA in July 2013. The initial funding cycle ran to March 2016 at which point it was envisaged that the non-bank element

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would transfer to Five Lamps' balance sheet. It appears that BIS are looking to rewrite the initial agreement to see one further cycle of the funding and put in place a reporting requirement until 2021. That capital completed a unique ladder of financial support to our enterprise customers with New Enterprise Allowance; Start-Up loans and RGF with loans available from £1k - £100k. We are still awaiting confirmation of the required match funding to enable us to lend the recycled RGF capital. We would like to see our offer more strongly linked to the Tees Valley Business Compass, the local enterprise growth hub, and to the Northern Powerhouse Investment Fund (NPIF), which was launched earlier this year and includes a micro-finance element. We are strongly of the view that our proposed Tees Valley Enterprise Fund addresses continued market failure and supports new and early life businesses which would not be eligible for NPIF.

The last year has seen a continuation of challenging times for our business start-up customers with a number requiring considerable support and flexibility to repay their loans. Five Lamps recognises that the availability of bank finance for start-ups will be restricted for the foreseeable future and that Responsible Finance Providers have a major role to play in addressing the market failure our customers experience. The Northern Powerhouse Investment Fund will make a little difference, but there has already been a dilution of the likely fund size and we predict a greater demand for our finance. We were part of a consortium of enterprise lenders who were working on the establishment of a new national loan pot, but this initiative has not progressed. We are initial investors in a new enterprise lending platform. Ask-If, which has four leading enterprise lending CDFIs as initial investors, is seeking to grow the scale and impact of enterprise lending, while establishing an industry-standard platform, bespoke reporting and access to substantial new capital. The pilot stage commenced in July 2017.

We continued to deliver New Enterprise Allowance mentoring and access to finance. The mentoring service was retendered during the year, being retained by Gateshead Council. The operation of the contract remains problematic with inconsistent and falling referrals alongside a sub-optimal payment profile. We no longer make NEA loans directly. The national service transferred to Newable from April 2017.

During 2016-17 our Employability service continued to deliver a Work Programme sub-contract for People First, formerly Avanta. The levels of activity continued to fall, in common with the national experience. The sub-contract came to an end at the end of June 2017 and our two remaining advisers transferred to the prime contractor. We will continue to derive income from job sustainability payments until April 2018.

Employability work has been a cornerstone of Five Lamps' service offer for the whole life of the organisation, so it is disappointing that, in common with an increasing number of third sector deliverers, we are not going to be engaged in the next iteration of the national programme. We remain keen to support customers into employment via the Youth Employment Initiative and smaller targeted initiatives. During the year we successfully delivered two local projects, one funded by Warburton's Foundation and the other by Trans Pennine Express.

Our Youthy has now passed its 15th birthday and remains the focal point for open access youth work locally. In April 2017 our colleagues at the Cornerhouse Youth Project and ourselves were confirmed as the joint accountable body for open access youth services across the Borough of Stockton. We then led a consultation process with young people to create a new brand 'YUS' (Youth United Stockton) which has been well-received.

In November 2016 we commenced delivery of a new Domiciliary Home Care Service via contract to Stockton-on-Tees Borough Council. The new service is designed to utilise a social enterprise model which provides considerable added value. Having received the go-ahead by the Council Cabinet in late May 2016, we recruited a Registered Manager in August and secured our Care Quality Commission approval two months later. The team is based at South Thornaby Community Centre and took its first referrals in late November. By September 2017 the new service is delivering over 500 hours of care each week. The next stage of the service's development will be to secure a place on the Council's Care At Home Framework when it is next tendered.

The new Home Care service has seen us create 25 new jobs. The large majority of these jobs have been filled by local people, with many being recruited through a new sector-based work academy which we have established with local partners, including Stockton Riverside College. In October 2017 we will commence a new Home from Hospital service, supporting people on discharge from the local general hospital back into their own home. This is funded via the Health Initiatives Fund and will run initially for 12 months. We are also establishing a range of lunch clubs and other activities to add value to our service, working with partners including Age UK and Stockton Riverside College.

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Our personal lending service made just over 6000 loans in 2016-17, maintaining similar volumes to the last three years. We are in the final stages of implementing our new decision engine following a considerable investment over the last two and a half years. We are now seeing geographic growth in service provision and an increasing demand. We are expecting to see closer to 13000 loans made in the next year and have issued an Investment Memorandum to raise the capital needed to enable that growth. We have now passed 70000 loans totalling nearly £30million since making our first loan 10 years ago.

We now have an on-line application portal with automated credit checking and decision-making which is capable of handling the scale of applications that we aspire to and of interfacing with the API functionality of other initiatives within which we operate as a lending partner. We have also integrated e-sign and have a largely paperless operation, driving out a range of time-consuming manual processes and information requests, utilising industry-standard validation and verification systems. These changes have substantially improved our operating efficiency, reducing our cost base, and enabled us to make same day payments if required.

The Investment Memorandum issued in April 2017 is seeking to raise c£5million of new capital from a broad range of foundations and social investors. The proposition has been well received by investors and it is envisaged that the offer will close in October 2017 with an initial draw down of at least £1.5million followed by two further tranches at a similar level. The production of the Investment Memorandum was led by our colleagues at Social Finance, the leading consultancy in the social investment space, and funded via a grant from the Big Lottery Fund initiative 'Big Potential'.

Our lending activity in 2017-18 will be driven by planned growth of at least 50% in our core lending activity; 1500 loans via our Conduit Scotland brand delivering the new service in Fife, Falkirk and West Lothian and an additional 2500 loans funded from the new capital investment. This is a challenging target which would be a 120% growth on last year.

We were delighted to secure the contract to deliver the new service in Fife, Falkirk and West Lothian, following a tender process. The contract saw us open four shops in Falkirk, Bathgate, Dunfermline and Kirkcaldy, during July and August 2017. We will also be developing a range of pop-up locations and have launched a separately-branded on line service 'Conduit Scotland'. The Dunfermline shop will operate as our head office in Scotland. Community development is a key element of our work in Scotland and we have recruited a leading-edge community development professional as our Contract Manager.

The work in Scotland is rooted in the game-changing report produced by the Carnegie Trust in 2015 'Gateway to Affordable Credit'. We are delighted that Carnegie are a positive partner in the new service.

This contract has seen us recruit 15 staff, many of whom are returning to employment. We also plan to recruit an apprentice to each shop before the end of the year.

We have been a lending partner in Sheffield Money since its launch in September 2015 once it had secured an FCA Brokerage Licence. The local delivery vehicle, Finance for Sheffield IPS Ltd, had come about through a fairness commission in the city. A town centre shop had been open for enquiries and advice since March 2015. Since opening the levels of lending had been disappointing, representing a small fraction of the numbers envisaged when the programme was being developed following the 'Fairness Review'. In early 2017 we were advised by Finance For Sheffield Limited that they were in a difficult financial position and we agreed to look at ways of helping them sustain their business. In May 2017 we concluded that there was no short term remedy and at that point the Directors of the Company agreed to its liquidation. There are no residual liabilities for Five Lamps. Our role was simple to make loans to customers, brokered by the Company. We are working on ensuring that a service is still available to residents of Sheffield in the future, engaging positively with the City Council and Key Fund Investments Limited.

The Affordable Lending Portal project which came out of a Cabinet Office/CDFA review was launched as a pilot in September 2016. The company Affordable Lending Limited has been formed and our partners Experian have designed an industry-standard front end. The project takes referrals directly from the Asda Money website and identifies community lenders able to lend to the customer. The referral will progress through our loan portal as an on-line application. Five Lamps has, since February 2017, provided full national coverage, having originally been limited to Newcastle and Sunderland activity as well as Greater Manchester and London. Activity has been

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below expectations but the landing page is on target to receive 60000 hits in its first year. This has the potential to be an exciting new national vehicle. The engagement of Experian and Asda Money in the pilot creates major added value. Discussion is ongoing with both of these companies to grow lending volumes particularly in the light of the launch of the new Asda Money lending platform.

Having successfully re-tendered to deliver 'Helping Hand', the North East Regional Private Housing Financial Assistance Service on behalf of ten NE Local Authorities, through to April 2019, demand continues to fall below expectations. The service has now made over 850 loans totalling over £7million. There continues to be a strong level of satisfaction with service delivery and a number of authorities continue to put additional capital into the programme.

Quality Assurance

Since 2003 Five Lamps has focused strongly on service quality and the associated investment in the personal and professional development of our workforce. Our initial Matrix accreditation has been followed by Investors in People, Customer First, Ofsted, Financial Conduct Authority and, since October 2016, Care Quality Commission registration for our new Home Care service. While changes in our service portfolio have meant that we no longer require Matrix or Ofsted inspection, we continue to take pride in our Investors in People Gold (since 2010) and Customer First accreditation. We were reaccredited by Customer First in July 2016 and were reaccredited for a third time as meeting the IIP Gold standard in September 2016.

Social Impact Reporting

We committed to publishing social accounts back in 2010 and published an initial set in March 2011 for the period to 31 December 2010. We engaged the services of a registered social auditor and fully engaged staff, stakeholders and our customers in the process. We published our second and more comprehensive set in October 2012. Our third set was published, once again after scrutiny by an expert Social Audit Panel in October 2013. Our most recent report was published without convening a Panel. It is our intention to go through the full Panel process every third year, while still publishing annual reports.

The most recent Social Impact Report can be found on our website www.fivelamps.org.uk

The strength of our commitment to social impact reporting has seen us recognised consistently at a national level. Having been shortlisted in 2011, we were delighted to win the RBS SE100 'Impact Champion' prize in 2012 and we followed that in February 2014, winning the CDFA Citi Microentrepreneurship 'Impact Award'. We continue to score 10/10 in the SE100 methodology. Indeed, one of the key factors in the decision of the Stockton Borough Council cabinet decision to support a Five Lamps-delivered home care service, was our ability not just to deliver a number of value-adding elements but to measure their impact.

PLANS FOR THE FUTURE

a. Strategic direction and future plans

The following mission, vision and values have sustained the Charity for many years. In March 2016, they were adopted almost fully by the Board of the Trading Company. The sole exception was in the 'Our Business' section as noted in the table below.

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

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Our Business

The Trading Company.

A wholly-owned subsidiary of the Five Lamps Organisation (the Charity), Five Lamps Trading Limited delivers services as a commercial company to secure profits and, after retention of funds to enable continued trading, pay these to the Charity.

The Charity and Trading Company.

Nationally-recognised social and community enterprises working with excluded individuals and families in the most disadvantaged communities.

A leading responsible lender, providing fair-cost loans to individuals and businesses unable to secure mainstream finance.

A quality-driven enterprise agency; youth service; employability provider and welfare assistance contractor.

Regenerating communities through refurbishing empty properties.

Delivered Through

- Trusted Brand(s)
- Quality Assured Services
- Making People Matter
- Superior Contract Performance
- Measured Social Impact
- Social Investment
- Skilled & Motivated Workforce
- Revenue Generated via a Stronger Balance Sheet

Corporate Value

What this means

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

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

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
- 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 an annual Social Impact Report
- Measuring customer and stakeholder experiences and feedback
- Collecting social, performance and environmental data across the full range of our business
- Publishing a range of good news stories and case studies

Strategic Priorities 2017-20

Five Lamps has continued to position itself at the leading-edge of its sector and to plan strategically for long-term growth across a number of fronts. Events during the past year continue to remind us of the challenges faced by our sector particular in accessing investment at the point of growth, the continuation of austerity agenda and the uncertainty over European funding following the Brexit referendum. In addition we have seen at first hand the impact of changes to contracts, where new prime contractors or changes to eligibility criteria can cause considerable change to delivery models. There are also fewer opportunities for organisations like us to tender for contracts at local or sub-regional levels and, where these do present themselves, we find the need for match funding or a requirement to cashflow the new work for often up to six months, to be unsustainable.

It is also the case that in many of the programmes that we deliver, we don't control the referrals in and have little ability to market the service. NEA (Loans and Mentoring) and 'Helping Hand' are obvious examples. All of the above serve to remind us of the need to build the respective balance sheets of the trading company and the Charity, continuing the move away from reliance on contracts to take control of our own future.

The production of the Investment Memorandum and the high levels of interest in it from social investors and foundations reminds us of the prominent position that we hold within the UK Responsible Finance marketplace.

THE FIVE LAMPS ORGANISATION
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

We are powerfully placed with a substantial platform for growth on to a national footing. The new contract to move into Scotland for the first time is a major step forward. Our involvement in the national Affordable Lending Portal initiative, a partnership with Experian, Asda Money and four other responsible finance providers is exciting, if we can increase the lending volumes through greater web visibility.

The greatest challenge for us in the strategic window is to secure the capital of up to £10million which will take us to a position of long-term financial sustainability with a capacity to make upwards of 25000 loans per annum. The Investment Memorandum targeting the first £5million of that capital pot was launched in April 2017 and will close in September 2017. It was developed with the support of sector experts Social Finance, with funding from Big Potential Advanced. The excellent relationship that we have with Unity Trust Bank will continue to be a cornerstone of our funding-base but we recognise the need to diversify as we grow. Five Lamps is now positioned as a multi-regional organisation, with a clearly differentiated service offer, increasingly building a national reputation, and able to influence policy at local regional and national levels.

Building on our strengths in the Financial Inclusion field as a leading responsible lender, creating new routes to market and enabling greater access to fair-cost finance.

Securing large-scale investment/ social investment from specialist sources, notably Unity Trust Bank; Big Society Capital/North East Social Investment Fund and issuing an investment prospectus in mid-2017.

Growing our enterprise agency credentials to build a broad range of access to finance, supplemented by coaching, mentoring and specialist, intensive start-up support, and development of managed workspace.

Measuring the social, economic and financial impact of our business and publishing annual Social Impact Reports.

Evaluating the expansion of our Empty Homes work, following review of best practice, and focusing on a purchase & repair model.

Securing growth through strategically appropriate mergers and acquisitions, particularly in the community finance sector.

Securing substantial scale asset transfer to open up further opportunities for asset-backed investment.

Continuing to invest in our people and our infrastructure – functionally suitable premises; contemporary IT; social media; building new models of public services.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

THE FIVE LAMPS ORGANISATION
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

irregularities.

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 _____ and signed on their behalf by:

P Chambers
Trustee

T G Watson
Trustee

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

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

We have audited the financial statements of The Five Lamps Organisation for the year ended 31 March 2017 which comprise the group Statement of financial activities, the group Summary income and expenditure account, the group and company Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Joanna Gray (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Northallerton
Date:

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:					
Donations and legacies	2	11	-	11	27,687
Charitable activities	4	192,066	526,276	718,342	1,413,885
Other trading activities		1,102,303	-	1,102,303	128,622
Investments	3	26,409	-	26,409	26,147
Other income	5	-	1,129,397	1,129,397	1,600,251
TOTAL INCOME		1,320,789	1,655,673	2,976,462	3,196,592
EXPENDITURE ON:					
Raising funds		39,832	-	39,832	51,096
Charitable activities	6,8	1,280,366	1,562,208	2,842,574	2,769,325
TOTAL EXPENDITURE	11	1,320,198	1,562,208	2,882,406	2,820,421
NET INCOME BEFORE INVESTMENT LOSSES		591	93,465	94,056	376,171
Net losses on investments		-	-	-	(12)
NET INCOME BEFORE TRANSFERS		591	93,465	94,056	376,159
Transfers between Funds	20	114,331	(114,331)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		114,922	(20,866)	94,056	376,159
NET MOVEMENT IN FUNDS		114,922	(20,866)	94,056	376,159
RECONCILIATION OF FUNDS:					
Total funds brought forward		3,205,238	852,635	4,057,873	3,681,714
TOTAL FUNDS CARRIED FORWARD		3,320,160	831,769	4,151,929	4,057,873

The notes on pages 37 to 59 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Total funds 2017 £	<i>Total funds 2016 £</i>
GROSS INCOME IN THE REPORTING PERIOD		2,976,462	3,067,957
Less: Total expenditure		2,882,406	(2,820,421)
NET INCOME FOR THE FINANCIAL YEAR	20	<u>208,387</u>	<u>5,888,378</u>

The notes on pages 37 to 59 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		850,760		895,897
Programme related investments	15		4,735,645		7,150,132
Other investments	15		14,000		-
			<u>5,600,405</u>		<u>8,046,029</u>
CURRENT ASSETS					
Debtors	16	256,599		330,979	
Investments	17	80		80	
Cash at bank and in hand		516,259		1,196,280	
			<u>772,938</u>		<u>1,527,339</u>
CREDITORS: amounts falling due within one year	18	(1,015,858)		(589,764)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(242,920)</u>		<u>937,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,357,485</u>		<u>8,983,604</u>
CREDITORS: amounts falling due after more than one year	19		(1,205,556)		(4,925,731)
NET ASSETS			<u><u>4,151,929</u></u>		<u><u>4,057,873</u></u>
CHARITY FUNDS					
Restricted funds	20		831,769		852,635
Unrestricted funds:					
Unrestricted funds	20	3,291,174		3,176,252	
Revaluation reserve		28,986		28,986	
Total unrestricted funds			<u>3,320,160</u>		<u>3,205,238</u>
TOTAL FUNDS			<u><u>4,151,929</u></u>		<u><u>4,057,873</u></u>

The financial statements were approved and authorised for issue by the Trustees on **Complete 'ACCOUNTS COMPLETION' section** and signed on their behalf, by:

The notes on pages 37 to 59 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 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Shares in group undertakings			2		2
Tangible assets	14		800,760		845,897
Programme related investment	15		4,735,645		7,150,132
			<u>5,536,407</u>		<u>7,996,031</u>
CURRENT ASSETS					
Debtors	16	445,712		400,239	
Investments	17	80		80	
Cash at bank and in hand		500,448		1,136,811	
		<u>946,240</u>		<u>1,537,130</u>	
CREDITORS: amounts falling due within one year	18	(961,547)		(578,543)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(15,307)</u>		<u>958,587</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,521,100</u>		<u>8,954,618</u>
CREDITORS: amounts falling due after more than one year	19		(1,398,156)		(4,925,731)
NET ASSETS			<u>4,122,944</u>		<u>4,028,887</u>
CHARITY FUNDS					
Restricted funds			831,967		1,106,092
Unrestricted funds			3,290,977		2,922,795
TOTAL FUNDS			<u>4,122,944</u>		<u>4,028,887</u>

The financial statements were approved and authorised for issue by the Trustees on **Complete 'ACCOUNTS COMPLETION' section** and signed on their behalf, by:

The notes on pages 37 to 59 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	22	<u>3,371,090</u>	<u>(1,342,676)</u>
Cash flows from investing activities:			
Movement in loan book		2,414,486	(365,127)
Purchase of investments		<u>(14,000)</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>2,400,486</u>	<u>(365,127)</u>
Cash flows from financing activities:			
Repayments of borrowings		(209,418)	(214,024)
Cash inflows from new borrowing		<u>500,000</u>	<u>815,000</u>
Net cash provided by financing activities		<u>290,582</u>	<u>600,976</u>
Change in cash and cash equivalents in the year		<u>(680,022)</u>	<u>(1,106,827)</u>
Cash and cash equivalents brought forward		<u>1,196,281</u>	<u>2,303,108</u>
Cash and cash equivalents carried forward	23	<u><u>516,259</u></u>	<u><u>1,196,281</u></u>

The notes on pages 37 to 59 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 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)). the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Information on the impact of the first-time adoption of FRS 102 is given in note 27.

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

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

1.2 Company status

The company is a registered charity and company limited by guarantee. The members of the company are the Trustees named on page 15. 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.

1.3 Fund accounting

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

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

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

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

Contract Performance Income:

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

Grants and Donations:

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

(a) When donors specify that donations and grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.

(b) When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre conditions for use have been met.

When donors specify that grants and donations, including capital grants are for particular restricted purposes, which do not amount to pre conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

(i) Investment Income

Investment income is included when receivable by the Charity.

(ii) 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.

(ii) Commercial Trading Operations

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

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

1.5 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 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.

1.6 Going concern

The accounts have been prepared on a going concern basis notwithstanding the net current liabilities of £242,920 shown on the balance sheet. The programme related investments relate to social loans made by the charity in furtherance of its objectives. A significant proportion of these loans are due for repayment within 12 months and therefore the cash flow generated from the repayments will far surpass the amount of net current liabilities.

The programme related investments are considered to be fixed asset investments due to the long term nature of the customer base which use the social loans. These loans are often made continually to the same, albeit growing, customer base – which is in line with the sub prime loan market which the organisation is trying to socially address.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

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

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

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

1.8 Other Investments

Fixed asset programme related investments are accounted for on the basis of estimated net realisable values (i.e. capital amounts recoverable) at each balance sheet date. Interest receivable on these investments is recognised within the Statement of Financial Activities 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.

Investments in unlisted investments are stated at cost less impairment.

1.9 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.

1.10 Leasing and hire purchase

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

1.11 Operating leases

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

1.12 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.

1.13 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.

1.14 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.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.15 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 within interest payable and similar charges.

1.16 Pensions

Contributions payable to a group personal pension and individual personal pension schemes are charged to the Statement of Financial Activities in the period to which they relate.

1.17 Financial instruments

The company 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.

1.18 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.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations and other voluntary income	11	-	11	27,687
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<hr/> 27,687 <hr/>	<hr/> - <hr/>	<hr/> 27,687 <hr/>	

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Garage rental income	5,400	-	5,400	5,160
Cafe rental income	19,302	-	19,302	19,045
Bank interest	1,707	-	1,707	1,942
	<u>26,409</u>	<u>-</u>	<u>26,409</u>	<u>26,147</u>
<i>Total 2016</i>	<u>26,147</u>	<u>-</u>	<u>26,147</u>	

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Management and administration	-	-	-	727
Health and communities	110,692	25,433	136,125	34,645
Employability and learning	114,592	8,680	123,272	159,630
Finance and enterprise	(33,468)	426,875	393,407	1,145,115
Young people	250	65,288	65,538	73,768
	<u>192,066</u>	<u>526,276</u>	<u>718,342</u>	<u>1,413,885</u>
<i>Total 2016</i>	<u>-</u>	<u>1,413,885</u>	<u>1,413,885</u>	

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FOR THE YEAR ENDED 31 MARCH 2017**

5. OTHER INCOMING RESOURCES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest generated by programme related investment	-	1,131,104	1,131,104	1,386,814
Exceptional VAT refund	-	-	-	213,437
Subtotal	-	1,131,104	1,131,104	1,600,251
Other other incoming resources	-	(1,707)	(1,707)	-
	-	1,129,397	1,129,397	1,600,251
<i>Total 2016</i>	213,437	1,386,814	1,600,251	

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Management and administration	721,839	-	721,839	942,040
Health and communities	407,528	145,810	553,338	26,183
Employability and learning	2,886	117,034	119,920	157,769
Finance and enterprise	-	1,299,364	1,299,364	1,474,884
Young people	103,432	-	103,432	94,858
Depreciation re Properties	44,681	-	44,681	45,538
	1,280,366	1,562,208	2,842,574	2,741,272
<i>Total 2016</i>	963,672	1,744,211	2,707,883	

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7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Management and administration	661,180	60,659	721,839	942,040
Health and communities	553,338	-	553,338	26,183
Employability and learning	119,920	-	119,920	157,769
Finance and enterprise	1,299,364	-	1,299,364	1,474,884
Young people	103,432	-	103,432	94,858
Depreciation re Properties	44,681	-	44,681	45,538
Total 2017	<u>2,781,915</u>	<u>60,659</u>	<u>2,842,574</u>	<u>2,741,272</u>
Total 2016	<u>1,843,305</u>	<u>897,967</u>	<u>2,741,272</u>	

8. GOVERNANCE COSTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Staff costs	-	-	-	10,400
Office costs	-	-	-	14,433
Legal and professional costs	-	-	-	3,220
	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,053</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. DIRECT COSTS

	Mgmt and admin £	Health £	Employa- bility £	Finance £
Trading company expenses	511,535	-	-	-
Finance income and expenses	128,087	-	-	-
Staff costs	-	117,172	91,801	286,905
Premises costs	20,876	16,816	13,701	3,486
General office costs	-	3,185	10,014	754,721
Grants payable to individuals to assist with employment	-	-	2,887	6,348
Bad and doubtful debts	-	-	-	240,813
Depreciation	-	-	180	276
Publicity and advertising	-	3,581	76	121
Tutor costs	-	-	-	6,000
Activities costs	-	1,642	-	-
Cafe/vending costs	-	1,155	-	-
Subscriptions/affiliations	-	145	-	315
Apprentices allowances/expenses	-	-	578	-
Insurance	-	313	-	-
Mobile phones	-	-	239	751
Consultancy/facilitators fees	-	3,060	-	-
Bank loan interest	-	-	-	(372)
Motor expenses	682	-	-	-
Others	-	385	444	-
Motor expenses	-	405,884	-	-
	661,180	553,338	119,920	1,299,364
<i>At 31 March 2016</i>	45,005	26,183	157,769	1,473,952

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9. DIRECT COSTS (continued)

	Young people £	Dep'n £	Total 2017 £	Total 2016 £
Trading company expenses	-	-	511,535	33,390
Finance income and expenses	-	-	128,087	-
Staff costs	21,329	-	517,207	816,952
Premises costs	52,296	-	107,175	60,539
General office costs	23,449	-	791,369	52,151
Grants payable to individuals to assist with employment	-	-	9,235	405,273
Bad and doubtful debts	-	-	240,813	304,175
Depreciation	-	44,681	45,137	51,205
Publicity and advertising	805	-	4,583	14,933
Tutor costs	-	-	6,000	2,030
Activities costs	3,753	-	5,395	10,914
Cafe/vending costs	10	-	1,165	1,787
Subscriptions/affiliations	146	-	606	4,806
Apprentices allowances/expenses	-	-	578	1,806
Insurance	-	-	313	10,669
Mobile phones	1,308	-	2,298	5,832
Consultancy/facilitators fees	-	-	3,060	62,308
Bank loan interest	-	-	(372)	-
Motor expenses	-	-	682	1,981
Others	336	-	1,165	2,555
Motor expenses	-	-	405,884	-
	103,432	44,681	2,781,915	1,843,306
<i>At 31 March 2016</i>	94,858	45,538	1,843,305	

10. SUPPORT COSTS

	Mgmt and admin £	Total 2017 £	Total 2016 £
Staff costs	-	-	465,552
Premises costs	2,381	2,381	24,006
General office costs	43,782	43,782	60,915
Depreciation	-	-	3,658
Publicity and advertising	160	160	2,324
Subscriptions	-	-	9,800
Professional fees	11,098	11,098	213,915
Bank charges re loan funds	6	6	41,526
Loan interest	-	-	69,497
Finance lease charges	-	-	1,844
Others	3,232	3,232	4,930
	60,659	60,659	897,967
<i>At 31 March 2016</i>	897,967	897,967	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. SUPPORT COSTS (continued)

11. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Commercial trading operation	-	39,832	39,832	51,096
Costs of generating funds	-	39,832	39,832	51,096
Management and administration	-	721,839	721,839	942,040
Health and communities	405,884	147,454	553,338	26,183
Employability and learning	-	119,920	119,920	157,769
Finance and enterprise	-	1,299,364	1,299,364	1,474,884
Young people	-	103,432	103,432	94,858
Depreciation re properties	-	44,681	44,681	45,538
Charitable activities	405,884	2,436,690	2,842,574	2,741,272
	-	-	-	28,053
	405,884	2,476,522	2,882,406	2,820,421
<i>Total 2016</i>	-	2,820,421	2,820,421	

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charitable group	45,137	52,669

During the year, no Trustees received any remuneration (2015 - £NIL).
During the year, no Trustees received any benefits in kind (2016 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

13. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,750	15,072

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. TANGIBLE FIXED ASSETS

	Freehold property £	L/Term Leasehold Property £	Equipment and machinery £	
Group				
Cost or valuation				
At 1 April 2016 and 31 March 2017	883,804	687,157	202,582	
Depreciation				
At 1 April 2016	231,206	444,318	202,582	
Charge for the year	16,738	27,939	-	
At 31 March 2017	247,944	472,257	202,582	
Net book value				
At 31 March 2017	635,860	214,900	-	
At 31 March 2016	652,598	242,839	-	
	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Group				
Cost or valuation				
At 1 April 2016 and 31 March 2017	14,428	128,693	186,751	2,103,415
Depreciation				
At 1 April 2016	14,428	128,693	186,291	1,207,518
Charge for the year	-	-	460	45,137
At 31 March 2017	14,428	128,693	186,751	1,252,655
Net book value				
At 31 March 2017	-	-	-	850,760
At 31 March 2016	-	-	460	895,897

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. TANGIBLE FIXED ASSETS (continued)

Company	Freehold property £	L/Term Leasehold Property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £
Cost					
At 1 April 2016 and 31 March 2017	<u>833,804</u>	<u>687,157</u>	<u>202,582</u>	<u>14,428</u>	<u>128,693</u>
Depreciation					
At 1 April 2016	<u>231,206</u>	<u>444,318</u>	<u>202,582</u>	<u>14,428</u>	<u>128,693</u>
Charge for the year	<u>16,738</u>	<u>27,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>247,944</u>	<u>472,257</u>	<u>202,582</u>	<u>14,428</u>	<u>128,693</u>
Net book value					
At 31 March 2017	<u>585,860</u>	<u>214,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2016	<u>602,598</u>	<u>242,839</u>	<u>-</u>	<u>-</u>	<u>-</u>
				Office equipment £	Total £
Company					
Cost					
At 1 April 2016 and 31 March 2017				<u>186,751</u>	<u>2,053,415</u>
Depreciation					
At 1 April 2016				<u>186,291</u>	<u>1,207,518</u>
Charge for the year				<u>460</u>	<u>45,137</u>
At 31 March 2017				<u>186,751</u>	<u>1,252,655</u>
Net book value					
At 31 March 2017				<u>-</u>	<u>800,760</u>
At 31 March 2016				<u>460</u>	<u>845,897</u>

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14. 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 2017 of £585,860 (2016: £602,598). All in all, it is considered unlikely that The Youthy will have suffered material permanent impairment in value since it was originally built and, in the opinion of the trustees, a carrying value based on original cost less depreciation continues to be appropriate for accounting purposes.

Investment property

Included in freehold land and buildings is an investment property valued at £50,000. In the opinion of the directors this is a reasonable estimate of the market value at 31 March 2017.

If investment properties had not been revalued they would have been included at the historical cost of £21,014 (2016: £21,014).

Leasehold Land and Buildings

These comprise three buildings from which the Charity runs its management/ administration and various projects. The terms of the leases on these properties, over which the expenditure is written off, are as follows:

(a) The Five Lamps Centre

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

(b) South Thornaby Community Resource Centre

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

(c) Dovecot Street Premises

The current lease with Stockton Borough Council is for a period of 99 years from January 2010 and any expenditure will be written off over 50 years.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. PROGRAMME RELATED INVESTMENTS

Group	Loan book £	Unlisted investments £	Total £
Gross Cost			
At 1 April 2016	7,927,436	-	7,927,436
New loans / additions	1,933,005	14,000	1,947,005
Repayments/ disposals	(4,490,341)	-	(4,490,341)
At 31 March 2017	5,370,100	14,000	5,384,100
Provisions			
At 1 April 2016	777,304	-	777,304
Movement in year	(142,849)	-	(142,849)
At 31 March 2017	634,455	-	634,455
Net book value			
At 31 March 2017	4,735,645	14,000	4,749,645
At 31 March 2016	7,150,132	-	7,150,132

Company	Loan book £
Gross Cost	
At 1 April 2016	7,927,436
Additions	1,933,005
Disposals	(4,490,341)
At 31 March 2017	5,370,100
Provisions	
At 1 April 2016	777,304
Charge for the year	(142,849)
At 31 March 2017	634,455
Net book value	
At 31 March 2017	4,735,645
At 31 March 2016	7,150,132

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**NOTES TO THE FINANCIAL STATEMENTS
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16. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	3,179	-	-	-
Other debtors	25,992	220,568	8,939	289,828
Prepayments and accrued income	4,842	1,992	-	1,992
Amounts due from subsidiary undertakings	-	-	214,187	-
Grants Receivable	222,586	108,419	222,586	108,419
	<u>256,599</u>	<u>330,979</u>	<u>445,712</u>	<u>400,239</u>

17. CURRENT ASSET INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	2017	2016	2017	2016
	£	£	£	£
Listed investments	80	80	80	80

Group listed investments

The market value of the listed investments at 31 March 2017 was £80 (2016: £80)).

Company listed investments

The market value of the listed investments at 31 March 2017 was £80 (2016 £80).

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**NOTES TO THE FINANCIAL STATEMENTS
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18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	871,296	353,195	871,296	353,195
Payments received on account	8,124	-	-	-
Trade creditors	53,309	160,834	47,356	158,242
Other taxation and social security	38,069	44,573	31,287	40,114
Other creditors	8,633	11,471	94	8,051
Accruals and deferred income	36,427	19,691	11,514	18,941
	1,015,858	589,764	961,547	578,543

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

Bank loans £871,296 (2016: £353,195)

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

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	1,185,259	1,412,778	1,185,259	1,412,778
Other loans	-	-	192,600	-
Funds under management	20,297	3,512,953	20,297	3,512,953
	1,205,556	4,925,731	1,398,156	4,925,731

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

Bank loans £1,185,259 (2016: £1,412,778)

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

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NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds					
Youth empowerment scheme	589,770	-	(16,738)	-	573,032
Growth fund	1,108,536	-	-	-	1,108,536
	<u>1,698,306</u>	<u>-</u>	<u>(16,738)</u>	<u>-</u>	<u>1,681,568</u>
General funds					
General funds	1,506,932	1,859,082	(1,301,951)	114,331	2,178,394
Other General funds	-	(538,293)	(1,509)	-	(539,802)
	<u>1,506,932</u>	<u>1,320,789</u>	<u>(1,303,460)</u>	<u>114,331</u>	<u>1,638,592</u>
Total Unrestricted funds	<u>3,205,238</u>	<u>1,320,789</u>	<u>(1,320,198)</u>	<u>114,331</u>	<u>3,320,160</u>
Restricted funds					
Health and communities	8,001	113,427	(42,137)	(2,364)	76,927
Employability and learning	(243,473)	123,273	(119,966)	(100,009)	(340,175)
Finance and enterprise	1,094,497	1,381,796	(1,315,604)	(11,958)	1,148,731
Young people	(6,390)	38,884	(86,010)	-	(53,516)
Other Restricted funds	-	(1,707)	1,509	-	(198)
	<u>852,635</u>	<u>1,655,673</u>	<u>(1,562,208)</u>	<u>(114,331)</u>	<u>831,769</u>
Total of funds	<u>4,057,873</u>	<u>2,976,462</u>	<u>(2,882,406)</u>	<u>-</u>	<u>4,151,929</u>

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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 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2016 £</i>
Designated funds						
Youth empowerment scheme	589,770	-	-	-	-	589,770
Growth fund	1,108,536	-	-	-	-	1,108,536
	<u>1,698,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698,306</u>
General funds						
	1,192,660	395,894	(81,610)	-	(12)	1,506,932
	<u>1,192,660</u>	<u>395,894</u>	<u>(81,610)</u>	<u>-</u>	<u>(12)</u>	<u>1,506,932</u>
Total Unrestricted funds	<u>2,890,966</u>	<u>395,894</u>	<u>(81,610)</u>	<u>-</u>	<u>(12)</u>	<u>3,205,238</u>
Restricted funds						
Health and communities	(456)	34,645	(26,188)	-	-	8,001
Employability and learning	(245,336)	159,629	(157,766)	-	-	(243,473)
Finance and enterprise	1,021,840	2,532,656	(2,459,999)	-	-	1,094,497
Young people	14,700	73,768	(94,858)	-	-	(6,390)
	<u>790,748</u>	<u>2,800,698</u>	<u>(2,738,811)</u>	<u>-</u>	<u>-</u>	<u>852,635</u>
Total of funds	<u>3,681,714</u>	<u>3,196,592</u>	<u>(2,820,421)</u>	<u>-</u>	<u>(12)</u>	<u>4,057,873</u>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds	1,698,306	-	(16,738)	-	1,681,568
General funds	1,506,932	1,320,789	(1,303,460)	114,331	1,638,592
	<u>3,205,238</u>	<u>1,320,789</u>	<u>(1,320,198)</u>	<u>114,331</u>	<u>3,320,160</u>
Restricted funds	852,635	1,655,673	(1,562,208)	(114,331)	831,769
	<u>4,057,873</u>	<u>2,976,462</u>	<u>(2,882,406)</u>	<u>-</u>	<u>4,151,929</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2016 £</i>
Designated funds	1,698,306	-	-	-	1,698,306
General funds	1,192,660	395,894	(81,610)	-	1,506,932
	<u>2,890,966</u>	<u>395,894</u>	<u>(81,610)</u>	<u>-</u>	<u>3,205,238</u>
Restricted funds	790,748	2,800,698	(2,738,811)	-	852,635
	<u>3,681,714</u>	<u>3,196,592</u>	<u>(2,820,421)</u>	<u>-</u>	<u>4,057,873</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	850,760	-	850,760
Fixed asset investments	14,000	-	14,000
Programme related investments	4,735,644	-	4,735,644
Current assets	772,937	-	772,937
Creditors due within one year	(1,015,857)	-	(1,015,857)
Creditors due in more than one year	(1,205,555)	-	(1,205,555)
	<u>3,320,160</u>	<u>831,769</u>	<u>4,151,929</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	895,897	-	895,897
Programme related investments	7,150,131	-	7,150,131
Current assets	1,527,339	-	1,527,339
Creditors due within one year	(589,762)	-	(589,762)
Creditors due in more than one year	(4,925,732)	-	(4,925,732)
	<u>4,057,873</u>	<u>-</u>	<u>4,057,873</u>

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group
	2017
	2016
	£
Net income for the year (as per Statement of Financial Activities)	94,056
Adjustment for:	
Loss on investments	-
Depreciation	45,137
(Increase)/decrease in debtors	5,121
(Decrease) /increase in creditors	3,515,404
Net cash used in operating activities	3,371,090

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group
	2017
	2016
	£
Cash in hand	516,259
Total	516,259

24. RELATED PARTY TRANSACTIONS

Mr G Oram (Chief Executive of the Charity) and Mr W Erskine (Director of Finance and Economic Development) are the Chair and Company Secretary respectively of Regen School North East.

Transactions between Five Lamps and Regen School North East during the year were as follows:

Payments made to Regen School North East £Nil (2016: £10,000).

Mr G Oram is also a Director of North East Enterprise Agency Limited (NEEAL). Transactions between Five Lamps and NEEAL during the year were as follows:

Income from NEEAL £50,609 (2016: £34,037).

Included in Debtors at 31 March 2017 is £667 (2016: £12,600) due from NEEAL to Five Lamps.

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

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

During the year Five Lamps Trading gifted £16,692 (2016: £51,870) as a donation to The Five Lamps Organisation.

A guarantee limited to £250,000 is in place in favour of Unity Trust bank given by The Five Lamps Organisation for Five Lamps Trading Limited.

THE FIVE LAMPS ORGANISATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

25. CONTROLLING PARTY

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

26. 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 2017, the funds held on the above client bank account totalled £1,331,525 (2016: £1,545,322) in addition to which a further £4,540,163 (2016: £7,891,284) had been advanced to beneficiaries under the Programme. There was an equal associate liability of £5,871,688 (2016: £9,436,607) representing the total capital funding held within the Programme on behalf of the local authorities at 31 March 2017.

27. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted the funds or SOFA.