

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

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

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

1. TRUSTEES RESPONSIBILITIES STATEMENT

The Trustees are pleased to present their Annual Report providing an overview of the period ending 31st March 2022 (2021/22) and setting out plans for the future.

2.1 ACHIEVEMENTS AND PERFORMANCE

2.1.1 Overview

Five Lamps continued to experience the ongoing impacts of the Covid-19 pandemic during 2021/22 as well as sought to ensure the Charity could recover and be sustainable for the future. In addition, the global economic pressures added to the challenging national economic landscape have placed many of our services under more strain than ever before.

These Statements report a consolidated loss of £539,899 reducing the net asset value of the Charity to £75,229.

During the last quarter of the financial year to March 2022, the Directors of Five Lamps Trading Ltd (FLT) and the Trustees entered into discussions with the Social Investment Lenders to address the financial impact resulting in the delays incurred in 2021/22 which it was accepted had a negative impact on the performance of FLT in 2021/22 as well as the charity. These discussions continued into the new financial year and were finally concluded in December 2022. As a result, the holders of the Tranche B Loan Notes have agreed to waive the interest charged for the financial years ending March 2021 and March 2022, totalling £416,219. This interest liability has been recorded in both the Five Lamps Trading financial statements and the consolidated Group accounts in both 2021/22 (£185,795) and the prior year (£230,425).

Had the agreements been reached prior to the end of the financial year the Trustees would be reporting a consolidated loss of £488,962 as shown below, and positive net assets of £491,508.

FLT Accounts	2021/22 £	2020/21 £
Reported Loss for the financial year	(1,049,590)	(1,112,604)
Interest waived	185,795	230,425
Restated Loss for the financial year	(863,795)	(882,179)

Group Accounts (Charity)	2021/22 £	2020/21 £
Reported Loss for the financial year	(539,899)	(456,894)
Interest waived	185,795	230,425
Restated Loss for the financial year	(354,104)	(226,169)

During 2021/22, the Trustees changed the Corporate structure and delivery model to better manage these risks and ensure continuity of services for our customers and their changing needs.

The most significant change relates to our wholly owned Limited Company with Shares, Five Lamps Trading (FLT) Limited company number 08029251. This company files its own Financial Statements but sits within the Five Lamps Organisation; its trading activity is consolidated and included within these Financial Statements and Trustees report. Separate Directors' report and Financial Statements are filed for FLT. The negative net asset position within FLT has worsened in the year to £2,104,798 as a result of a pre-tax loss of £1,049,590. This is due to three primary factors: -

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- In November 2021, the Trustees with support from our Social Investment Funders 'Investors', agreed to transfer all new personal lending activity into the Charity to operate under the Financial Conduct Authority (FCA) registration number 65611. New income into FLT ceased.
- Cash balances were moved from FLT into Five Lamps Organisation by means of an Upstreaming Loan to enable personal lending to be delivered by the Charity.
- Investor Interest and staff costs remained within the Trading Company.

As a result of these changes the Social Investment Funder Loan Notes activity combines FLT and a ringfenced activity within charity. The aggregate of like for like comparison to operating periods reported 2021/22 income at £882,600 and a loss before taxation of £896,600. This activity increased its provision for bad debts by £249,000 against a net loan book of £2,000,494 and a negative net asset position of £2,104,000.

Upstreaming was critical to the future delivery of affordable lending as a CDFI (Community Development Finance Institution) and to ensure Five Lamps remain viable into the future and is able to repay the loan notes at a future date. It does however make the presentation and year on year comparison of the Charities standalone performance more complex. However, the Trustees present this as a Statement to the consolidated accounts. Whilst the FLT accounts will be filed with a worsening outlook, the consolidated accounts reflect the sum of all activity and therefore present a like for like comparison.

2.1.2 Financial Review

The Statement of Financial Activities for the year, the Balance Sheet as of 31 March 2022 and associated notes are set out on pages 27 to 57.

The total income for the year to 31st March 2022 was £3,129,545 (2020/21- £4,225,694). Group net assets reduced from £615,127 to £75,229 due to a reported loss of £896,000 in our Investor funded activity as reported above. The impact of post-year end Investor interest changes is also reported above. Excluding the aforementioned loss, the charity made a surplus of £96,101 compared to £344,290 in 2020/21.

The Trustees' intention is to hold not less than £100,000 at any point in time in accessible and unrestricted cash balances to ensure the Charity can manage its activities and discharge its operating liabilities in the event of a significant drop in funding. Cash balances throughout 2021/22 and in the intervening period between filing these accounts have remained above £100,000. This policy is monitored quarterly by the Trustees with the threshold increased to £200,000 to mitigate the risks associated with continued economic uncertainty.

2.2 STRUCTURE, GOVERNANCE AND MANAGEMENT

2.2.1 Organisational structure and decision making

In presenting the Trustee report and financial statements of the charitable company (the Charity) for the year ended 31 March 2022, the Trustees hereby 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.

2.2.2 Structure, Governance and Management

The Five Lamps Organisation (FLO) is a Registered Charity (702314) and Company Limited by Guarantee (2441319) The company was registered under a Memorandum of Association which established the objects and powers of the charitable company and Its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Five Lamps Trading Limited (FLT) (08029251) is a wholly owned trading subsidiary of The Five Lamps Organisation. FLT is a Limited Company by Shares.

The Directors of the FLT 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.

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The Trustees continuously review governing documents. The most recent formal amendment approved by the Charity Commission was In December 2013 which provided for the extension of operations to the whole of England. Since October 2017, The Five Lamps Organisation has also been registered with the Office of the Scottish Charity Regulator, under reference SC047839.

2.2.3 Charitable Objects

Our charitable objects provide for operations and charitable activities 'within England and Scotland' to reflect the geographic growth and diversity of the organisation and its services. Our Objects promote for 'the benefit of the public of urban or rural regeneration in areas of social and economic deprivation, within England and Scotland' by all or any of the following means:

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

The Powers of the charity now state:

The charity has the power to do anything which is calculated to further its Object(s) or is conducive or incidental to doing so. In particular, the charity has the power to raise funds. In doing so, the charity must not undertake any taxable permanent trading activity and must comply with any relevant statutory regulations.

- a. to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use.
- b. to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 36 and 37 of the Charities Act 1993, as amended by the Charities Act 2006.
- c. to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 38 and 39 of the Charities Act 1993, as amended by the Charities Act 2006, if it wishes to mortgage land.
- d. to cooperate with other charities, voluntary bodies, and statutory authorities and to exchange information and advice with them.

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

2.2.4 Governance

The Trustees of Five Lamps Organisation retain overall oversight of the strategy and operations across the whole organisation. Whilst FLT has its own Board of Directors, the Trustees retain oversight of its activities and outturns. During 2021/22, the Trustees entered into an Upstream Loan agreement with FLT and subsequently agreed to ringfence former FLT activity into a specific Charity account held with Unity Bank. This account has been securitized to the Social Investment Funders. This ensures a like for like arrangement to that entered into since 2018. At the same time, it protects the Charitable activities and liquidity.

Five Lamps Trading (FLT) has its own Board of Directors and presents a Directors report to accompany the financial statements. The report is included within the Trustees Statement. The Board of FLT also includes a non-executive Director appointment for both Tranche A and Tranche B Social Investment Funders. Due to the A noteholders not nominating a Director to the Board, since 31st March 2022, the Trustees and Directors agreed to an additional Observer arrangement rotating between the relevant A noteholders. This strengthens governance and builds effective partnerships and transparent management of risk and opportunity.

The Governance structure also includes an Audit & Risk Committee with delegated responsibility for the Charities Risk Register and matrix; as well as ensuring the delivery of the Organisation's audited accounts and financial statements. Due to Covid19 and current economic uncertainty, this Committee is delegated to scrutinize and ensure the robustness of the organisation's bad debt provision to ensure it is sufficient to mitigate risk and cover exposure. The Trustees are pleased to confirm that following the one-off adjustment to the 2020/21 accounts and subsequent effective management, more than 36% of the loan book is provided for. Trustees have confidence that the charity could in the event of another major economic event, withstand a further 5% of the loan book being provided for.

During 2021, the Trustees with financial support from the Social Investment Funders, commissioned an independent review of its affordable lending activities and specifically the delivery and future viability of the loan note instrument and financial model underpinning the lending operations. This independent review gave assurance that the charities approach to bad debt provisioning and management of bad debts was robust and fit for purpose, with no recommendations for change.

The review was commissioned to inform strategic decisions around the future of lending, Five Lamps Trading and the relationship with the Social Investment Funders. In April 2021, FLT suspended its new lending activity pending the review outcome. The preferred route was to reconfigure FLT to be able to deliver at cost lending however Company Law did not support a move from a Limited Company with Shares structure to either a Limited Company by Guarantee or a CiC (Community Interest Company). The risk and likelihood of delays in obtaining the required FCA permissions to lend in a new entity, the Trustees varied the Governance structure and inter-company relations to deliver lending within the charity, with its relevant permissions.

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In July 2021, an interim upstream loan was put in place between FLT and FLO to enable lending to recommence. The full upstream and new lending structure took effect from November 2021.

In December 2021, the Trustees amended the governance structure to include a new Lending Committee. Standing independent to the FLT Board and reporting to the Trustees, this Committee has oversight of all lending activity, lending risk and is delegated to ensure compliance with and delivery of the upstream loan agreement.

The charities governance structure enables effective decision making, scrutiny and risk management at the right level in the business. The Trustees are satisfied, following its internal self-assessment, that the structure is more than fit for purpose to deliver against the Charity Commissions Trustees Responsibilities as well as to discharge Companies House expectations. The addition of the new Lending Committee further strengthens this.

Whilst all new lending activity currently sits within FLO, FLT remains able to lend and deliver financial inclusion, within our structure. The established asset lock principal in FLT that ensures 100% of profit is reinvested back into the business, either through increased personal lending and/or gift aid direct to the Charity (for delivery of our charitable objectives and specifically financial inclusion) remains in place. Any forecast profit from the personal lending activities remains within the charity.

2.2.5 Board Purpose

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

2.2.6 Board Key Responsibilities

Managing organisational performance and risk.

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

Leadership and strategy

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

Strategic planning and implementation

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

Leading and delivering change

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

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.

Communication

To promote the work of The Five Lamps Organisation to a variety of external partners, stakeholders, and other parties.

The Board employs the services of a minute taker.

Day to day responsibility for the provision of services and operation of the business rests with the Group Chief Executive.

During the course of 2021/22 the Executive team comprised of the Group Chief Executive, Director of Strategic Finance and the Director of Corporate Services. In August 2021, the Director of Corporate Services left the

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Charity. Two new roles were created and appointed to the Executive Team: a) Director of Conduit Operations and b) Head of Business Development and Assurance.

2.2.6 Related party relationships

The Trustees and Directors have all filed nil returns confirming that there no related party transactions in the Charity.

Two non-executive Board Directors can be appointed to the FLT Board from the Social Investment Funders in line with the loan instrument. One is in place and have a related party transaction in terms of the social investment loan and relevant loan note their Company, Big Issue Invest has in the Trading Company. [The Security Trustee of the executed loan note instrument is also a non-executive director.]

3.0 Risk Management

The Trustees ensure risk identification and risk management are a key priority. The external events of the last few years have highlighted the exposure of significant risks outside the Trustees direct control. To ensure the Charity is best placed to mitigate ongoing and future such risks, the Trustees have strengthened risk management to ensure tighter control and reporting on risks we can influence to provide confidence and a cushion to deal with unexpected risks materialising.

The Board of Trustees and the Directors of the Trading Company maintain a continuous review of the major risks to which each company, each service area and cost centre and the charity is exposed to. Identified risks are included in a Risk Register and a Risk Management Matrix that, where appropriate, includes details of systems, policies, procedures, or new management actions to control and mitigate the impact of risk if it materialises. The governance structure includes an Audit & Risk Committee that has delegated responsibility for monitoring and ensuring management of the risk register and matrix as well as identifying and reporting new risks to the Boards.

During 2021/22 the Scheme of Delegations and Internal Financial Controls were reviewed and updated and are now subject to annual reviews as well as spot checks and internal testing.

The Charity seeks to manage some of these risks through a range of Insurance cover. Our insurance cover spans public and employer's liability, professional indemnity, directors and officer's liability, buildings and contents and specialist cover such as lift Installations and a climbing wall. These are all subject to review and market testing on a regular basis with the latest review taking place in January 2022. Our insurance cover includes the following: -

Cover	Amount Insured
Public/Products Liability	£10m
Professional liability	£2m
Management Liability	£1m
Entity Defence	£250K
Employers Liability	£10m

Our Insurance policies includes cover for Directors' responsibility, crime and cybercrime.

Each Board identifies and agrees its own risk management matrix that is then delegated to and updated and reviewed at each Audit & Risk Committee, which meets at least four times per annum. Currently there a 54 specific risks across the organisation, which are being monitored and management actions taken to mitigate. The Executive Team review these monthly and a number are cascaded into operational risk management plans to ensure a three lines of defence approach to risk management and governance. Risks identified across the business are reported to the Audit & Risk Committee via the risk register.

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A specific risk map is in place for our Home Care service. As well as PPE and other infection control challenges, this service is exposed to greater risks due to the clients we provide care to, safeguarding issues as well as CQC regulatory and commissioning body requirements. The delay in the reform of Adult Social Care and the conclusion of the fair cost of care review has increased the financial and reputational risk to the charity. The bespoke risk map and regular risk reviews has ensured that no major risk has materialised.

An internal staff led Health & Safety Committee meets regularly to ensure statutory compliance across all of our buildings. All Five Lamps sub-contractors must satisfy a health and safety check as part of a 12-month due diligence check and update of all of their relevant policies and insurance schedules.

The nature of our services, which often work with the most disadvantaged and marginalised groups, or with young and older people, necessitate either of the two levels of disclosure. All our staff appointments are subject to satisfactory enhanced disclosure.

3.1 Covid 19 Pandemic

In 2020/21 a new risk for both the Charity and Trading Company was added 'Failure to deal with the impact of COVID. Covid-19 has and continues to significantly impact on Five Lamps and our customers. At the start of the pandemic all of our services, excepting Homecare were temporarily moved to home working and amended risk registers were implemented for this. During 2022 the organisation has returned to office-based working but implemented a hybrid working philosophy to support colleagues and to minimise the risk of spread of infection which disproportionately impacts on the business. Our home care service was exposed to the greatest risk during Covid. As reported above, a standalone risk map was successfully implemented and managed during this time.

Conduit Loans, our personal lending product was significantly impacted. Revenue income was drastically reduced, and consumer market fell during periods of lockdown. The risk has been mitigated through the new lending model which includes an interest deferral and interest repayment schedule agreed with the Social Investment Lenders. All of this has been independently verified through the independent review concluded in August 2021. Subsequent to the year end, 31st March 2022 further agreement has been reached to waive interest to expedite the recovery of the lending model and to reduce the risk to refinancing due in 2024/25.

The Trustees maintained a high level of governance and oversight during the Pandemic, with Board and committee meeting held virtually with increased communication between meetings and routine risk updates produced for Trustees and Directors. During the Pandemic, the Trustees ensured a comprehensive review of all major financial risks to the charity including the independent review of lending, a growth strategy for homecare and a value for money review of all cost centres and service areas. The Trustees are pleased to report that as a result, all service areas excepting lending are now self-sufficient or contributing to a charitable service.

3.2 Emerging Risks

Whilst in the recovery phase of the risk management plan, further new risks have emerged:

Cost of living crisis

- o Customers: given the nature of the charitable objectives, our customer demographic is significantly impacted by high inflation and cost of living pressures. This is changing how our customers access and pay for all of our services.
- o Income & Fundraising: Similar to other charities and VCSE's, donations, fundraising and access to charitable grants is become more challenging as people have less to give. Threats to the charity income streams has increased on the risk register
- o Employment: the cost of increasing pay, terms and conditions to reflect external market pressures.

Energy Crisis

As well as impacting on our customers and directly impacting on increasing financial exclusion, the instability and cost of the energy market is directly impacting on the operating costs of the charity.

Employment Risks

As well as the risk of maintaining salaries commensurate with inflation, the current employment market is

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destabilising the organisation's workforce, with talented colleagues being recruited by other organisations able to pay premium rates and offer conditions of employment Five Lamps cannot match. As a small organisation, higher than expected staff turnover has a disproportionate impact on the day-to-day operations and strategic progress of the charity.

Bad Debt Risk

All three of these new risks can, if not managed, negatively impact on the charities bad debt policy and provision. Following the one-off adjustment to reflect the Covid-19 risk in 2020/21, the routine monitoring, review and stress testing of the bad debt provision has been comprehensively embedded across the business. Due to the financial impact of Covid and other factors on the Charity's balance sheet and net worth, the Trustees recognise that prudent and timely provisioning is essential as the cushion to make retrospective amends becomes less. The approach to bad debts that provides at the point of loan disbursement, has been independently evaluated and confirmed as fit for purpose and robust. During 2021/22 the provisioning approach has been further developed and strengthened. With £2,087,779 provided at 31st March 2022 equivalent to 35.4% of the loan book, the Trustees are satisfied that this is sufficient to mitigate the risk of current exposure and the policy is sufficient to mitigate the risk of increased exposure to bad debts. At the time of signing the Financial Statements and Accounts, Trustees revisited the current position; 37% of the group's loan book (£2,439,000) is provided for and the balance of the loan book that was in place at 31st March 2022 is now provided for at 43.2%

In addition, the following risks have been uplifted in the risk register:

Adult Social Care: the lack of funding to cover the actual cost of care including paying a fair wage to home care assistants is a major risk for the charity as staff turnover remains high as we lose colleagues to non-care employers who can pay more than the charity and offer guaranteed contracts.

Regulation: increased burden of regulation:

- Pressures on CQC are widely reported however the increased expectation on care providers is a financial and regulatory risk
- FCA: increased regulatory reporting plus requests for information and the new Consumer Duty; all of which place pressure on resource within the charity.

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

3.3 Quality Assurance & Statutory Regulators

Five Lamps has a strong focus on service quality and compliance and has invested significantly as part of our risk management strategy and commitment to customer experience and social impact.

In 2021/22 a new role of Head of Business Development and Assurance was created and appointed to the Executive Team along with a Director of Conduit Operations. Both of these new roles have regulatory and statutory compliance embedded with a focus on quality.

We are regulated by the:

- Care Quality Commission (CQC) - Five Lamps is regulated by the Care Quality Commission for its domiciliary home care services with registrations for a) Five Lamps Home Care (Eldon Street) and b) Parkside Court Extra Care Scheme
- Financial Conduct Authority (FCA) - Both FLO (FCA Reference 656112) and FLT (FCA Reference 791848) are authorised and regulated by the FCA.

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

The Domiciliary home care service is currently recorded as 'Good' following a CQC inspection in June 2021.

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Since the year end a separate CQC inspection was held at our Parkside Court Extra Care scheme. The initial assessment identified some areas 'Requires Improvement', but this outcome remains under review.

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

4.0 PRINCIPAL ACTIVITIES

During the financial year, 2021/22, the Charity continued to be disproportionately affected by continuing and longer than anticipated Covid-19 pandemic. This continued to be a challenge for management and staff and delayed the planned financial recovery. We are proud to have survived the pandemic. We are proud to have sustained the significant financial and social impact and be able to continue to deliver against all of our charitable objectives and strategic aims.

Whilst the financial implications have been greater than initially forecast, the Trustees have ensured the Charity is in the best possible position to rebuild its financial strength and retain and build on its reputation both as a local charity invested in its local communities, and as a national charity playing a lead role in tackling financial exclusion and poverty premium challenges.

Since our last Trustees Statement and Principal Activities, we have continued to punch above our weight and find new and innovative ways to complement what we already do to continue to deliver charitable services and products. A few highlights are included below and will be accompanied by a 2020 – 2022 Charity report including our next social impact report.

4.1 Five Lamps Organisation the charity

We are exceptionally proud of the resilience and strength of the charity during these unprecedented times achieved through the determination our highly skilled and committed workforce. Five Lamps has been in existence for 35 years. We know the threat to viability many charities are facing. Despite the reduced net asset value in our group accounts (£75,299) this has been carefully managed throughout the year to ensure maximum use of our assets to deliver during the year and to plan for continued recovery and growth in future years. Since the year end, the balance sheet position has changed due to the agreement noted above. Had that agreement been in place at Balance Sheet date the net assets would have been £491,508. Whilst it is disappointing this could not be included within the actual accounts as the decision was made post 31st March 2022, it does significantly improve our financial viability which will be evidenced in the 2022/23 accounts.

During 2021/22 we received donations and grants of £381,520 which went direct into the delivery of services. The Trustees record their formal appreciation to all our partners, organisations and supporters who share our vision and determination to continue to be able to deliver charitable services and support in the future.

4.2 Youth Services

Covid-19 resulted in the temporary closure of our bespoke youth services facility, The Youthy, as we could not deliver the much-needed face to face engagement and support. The Trustees are pleased that with the support of furlough funding, we were able to sustain all of the youth worker posts who returned to work in September 2021 and have been instrumental in rebuilding the service. During lockdown we adapted and delivered services to local young people in their communities with a particular focus on ICT support, food poverty and loneliness and isolation. Since re-opening, we have begun the implementation of our strategic objective to revitalise The Youthy and as it moves into its 21st year to refocus it as a community hub.

4.3 Home Care & Health and Social Care

Despite working in the most unique and unprecedented operating environment, against the backdrop of the risks associated with Covid-19, we are delighted that our commitment to providing domiciliary home care to support local people to live independently within their own homes and to alleviate the pressure on both the NHS and social care services has been and continues to be realised. Delivering more than 3000 hours of care and support is a significant achievement. Our Domiciliary Care team have put our service users central at even at the most challenging times, we have pulled the stops out to ensure personal care plans were maintained. As a charity, we went the extra mile to ensure isolated and vulnerable service users had the support they needed.

During the year, we were delighted to maintain the Primary Care Provider status with Stockton on Tees Borough

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Council and now provide home care services across the South of Stockton including Thornaby, Ingleby Barwick, Yarm and Eaglescliffe as well as spot contracts where we know we can provide the service under the secondary provider status which was also retained. Similarly, we retained primary care provider for an Extra Care scheme at Parkside Court.

We recognise the invaluable importance of training to ensure we have a skilled and professional home care workforce. In 2021, we invested into our in-house training service, which with the help of bespoke training rooms and role play service user environments, we have ensured all new colleagues complete an in-house training and induction programme and all existing home care colleagues have regular refresher training. This team also deliver bespoke Emergency First Aid at Work training to the wider Charity team.

The original vision for this service was to provide it for other organisations to generate income but also to ensure a high standard of care provision across the area. Due to Covid, this did not materialise, but it forms parts of our plans for 2022/23.

As a Charity, we commit to 'Make People Matter'. This includes our colleagues as well as our service users. The Trustees are exceptionally concerned at the delays in tackling the health and social care crisis and specifically resolved the actual cost of care exercise to ensure care is paid for at the right price. Our partnership with Stockton Borough Council has ensured we can put our care staff central, and we are grateful for their continued support & investment. In the meantime, the Trustees and Executive will continue to lobby, and use lived experiences to build a strong case for change and investment into social care and to tackle health inequality.

In November 2021 we expanded and now have a spot contract with Middlesbrough Council. In addition to the home care services we provide, under our Health & Social Care remit, we also deliver:

- A Hospital Discharge and Home from Hospital Service. This is a rapid care service supporting people on their discharge from hospital for up to 14 days while their primary provider package is being established.
- End of Life Continuing Health Care. We provide end of life care to service users within their homes, working with a team of professionals to meet the care needs and wishes of service users and their families
- Private home care packages for families who are not eligible for adult social care funded support but still need support to live independently and safely.

4.4 Employability & Enterprise

Our Employability and Enterprise Team deliver the Youth Employability Initiative which support 15–29-year old's who are not in employment, education or training. Our experienced Advisors work with them to remove the barriers to employment to prepare them for the world of work or business enterprise.

During the pandemic we adapted our service to continue to deliver and supported 153 people into employment or self-employment making a positive impact to the Teesside economy.

During the year our longstanding contracts with the Northeast Enterprise Agency Limited and Hartlepool Borough Council came to an end. We are delighted that in total 380 people received our support, with 148 going on to employment or self-employment.

4.5 Helping Hands.

We have been delivering the 'Helping Hand' scheme on behalf of Northeast local authorities for more than 12 years. During that time, we have assisted more than 860 households with a loan, mainly to bring owner occupied properties up to a decent living standard as well as to renovate empty homes, undertake disabled facilities adaptations and to support relocations due to compulsory purchase. In 2021/22 we provided this service in Northumberland, North Tyneside, Gateshead, Sunderland, Hartlepool, Redcar & Cleveland, Stockton and Darlington

4.6 Empty Homes

The funding for this Empty Homes Community Grants Programme concluded in 2015 bringing 48 long term empty homes back into use across Durham and Darlington councils.

Our balance sheet reflects that we own two former purchase and repair properties, and our Statement of

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Consolidated Financial Activities reflect the income.

4.7 Conduit Loans

Conduit Loans is the brand name for our affordable personal loans. Both the charity and the trading company can operate under this brand.

Since inception in 2018, the lending delivered utilising the social investment loan notes of c£4.8m has been undertaken within Five Lamps Trading as a separate entity albeit owned by the 100% shareholder, the Five Lamps Organisation, the charity.

During 2021/22 and following the independent review of our investor lending model and associated activity, it was agreed that FLT would no longer issues new loans although it would continue to manage its existing loan book. A total of £2million was upstreamed from FLT to FLO via an Upstream Loan Agreement into a securitised and ring-fenced Unity Bank account where lending activity is now trading. Whilst the upstream agreement was between FLT and FLO, the social investment lenders security trustee was party to the Agreement. Five Lamps also agreed to a variation to the Debenture held over the Charity to include a replication of the arrangements held in FLT for the new ringfenced account. The social investment lenders interest in the ringfenced account along with the loan book value of all loans disbursed from and collected into this account is secured through an identical charge over the asset.

Historically, the Social Investment Funders required all lending went through the trading company; this included historical lending and new opportunities delivered by the charity, including for example our Conduit Scotland activity. The standalone accounts for FLT no longer include any activity funded by the charity or other sources. Where FLO is delivering Conduit Loans in its own right and using funds other than investor loan notes, these transactions all sit within the charity and outside the ringfence arrangements.

During the year, the Trustees are delighted that, with support from the Scottish Government and £500,000 grant funding, the charity has been able to deliver lending to tackle financial exclusion and to help alleviate the financial pressures on the charity. Whilst this has been slow to take off, it provided an invaluable lifeline to continue lending and to utilise overheads when the FLT lending was paused.

We are delighted to report that unlike many others, we have managed to sustain the unprecedented pressures associated with delivering unsecured personal loans during a period of significant economic instability and reduced consumer confidence. Whilst these accounts evidence an operating loss on our lending activity that has depleted our net asset value, we recognise that lending is a cash intensive business and relies on cash being disbursed to generate the income and to recycle cash for on lending. The Trustees planned and budgeted for a further operating loss in lending in 2022/23 confident in the knowledge the file our statements in a stronger position for the future that will enable us to manage the loss in advance of the profitability commencing in 2023/24. This has been achieved as a result of our resilience, risk management and support from our Social Investment Lenders. The Trustees remain resolute in our charitable aim to continue to grow our affordable lending and financial inclusion activities.

This will be central to our future activity, investment and plans for diversification as we respond to the worsening financial exclusion with millions of people unable to access mainstream credit and experience financial inequality 'poverty premium' and are vulnerable to high cost or unregulated lending. Added to this the impact of rising cost of living, more people are becoming financially excluded. Access to ethical finance is even more important during periods of national and personal economic uncertainty. Five Lamps is determined to prove that our affordable lending activities are commercially viable and attractive for future investment and support alongside showcasing the invaluable social impact and positive difference a Conduit Loan makes.

Key successes include:

- £2,077,341 of loans were disbursed to 2,928 households in 2021/22 generating a social impact of c£682k (calculate based on £225 per loan)
- Maintained and marginally improved loan collection and bad debt performance ensuring it does not exceed the maximum 16% threshold at any given time.
- Ensuring Sign off of a new lending and financial model agreed with Social Investment Lenders to better reflect customer demand and to support scale up and future growth.

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TRUSTEES' REPORT (CONTINUED)
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- Made the Conduit Loan available on cost comparison sites, securing two new partnerships for growth.
- Invested £50k to update our systems and processes and to develop our first and new Conduit Lending App that will give our customers increased control of their loan and enable us to support customers to repay their loan. It will also be used to enable different loan product applications to be made, assessed, disbursed and evaluated.

4.8 Partnerships & Social Investment Lenders

Five Lamps does not and cannot work in isolation. The ongoing viability of the charity and our ability to deliver our charitable objectives is best achieved through partnerships and innovation.

Our thanks go to our eight social investment lenders who have been supportive, patient and flexible as we have navigated the risks faced over the last few years. Similarly, our appreciation goes to Big Society Capital for the Covid Business Interruption Loan Scheme (CBILS) which enabled us to recover from the pause in lending and unexpected impact of an extended pandemic.

As well as our financial partnerships, the Trustees recognise that everything we do in the charity is made better through partnerships ranging from partnerships with the local authority, with membership organisations including Responsible Finance and Catalyst, with other voluntary sector or charity groups such as Little Sprouts and consortia of charities including Cornerhouse, and Cultivate Tees Valley that work together with us to deliver Youth Services across the Borough. In yet another challenging and unprecedented year, partnerships have been pivotal and there are too many to specifically mention but the Trustees recognise the added value of each individual and organisation.

The Trustee Report is signed jointly by Patricia Chambers (Chair of Five Lamps Trustees) and Vivienne Holmes (Vice Chair).

5. Five Lamps Trading: Directors Report to the Trustees and to accompany the standalone accounts for filing

The principal activities of Five Lamps Trading Company (FLT) is affordable personal loans for those unable to access mainstream funding and to alleviate the impact of financial hardship (charitable object).

We are pleased to present our 2021/22 Directors report to complement the Trustees report and to be included in the Five Lamps' Group Financial Statements. The Directors report provides an overview of business activity and accompanies the financial statements related to FLT registered with Companies House number 08029251.

Five Lamps Trading is a separate company that sits as a subsidiary within the Five Lamps Organisation and whilst a separate Limited Company with Shares, it is owned by the charity as the 100% shareholder. Its activities are included in the Charities consolidated accounts and Trustees report. To comply with Company House requirements, the Directors also have to file the FLT accounts excluding the charitable activities.

This Directors report serves both purposes. For those accessing the FLT accounts via Companies House please refer to the full Trustees report at www.fivelamps.org.uk or the Charities Commission.

5.1 Business Activity 2021-22 Summary

2020/21 has been an extraordinary year for Five Lamps Trading Limited. Significant structural and trading changes have been made to:

- Reduce the future losses from the lending activity
- Protect the charity against higher than expected reduction in its net worth
- Improve the potential of future refinancing in two years' time
- Adapt our lending product to meet the changing needs of customers including a higher APR rate to increase eligibility and access.
- Agree a new strategic recovery and growth plan for Conduit Loans.

By 31st March 2022, FLT had been reconfigured to only focus on affordable lending utilising the Social

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Investment Lenders loan notes of c£4.9m. Given the whole of FLT is held in security against the loan notes, all non-related activity is now managed within the Five Lamps Organisation charity.

During 2020/21 the Directors identified that the corporate structure of FLT as a Company Limited by Shares prohibited us from delivering true purpose of a Community Development Finance Institution and affordable loans as an alternative to high cost short term lenders. The 2020/21 review clearly identified that the current product was not covering the on costs to deliver the loan.

Other CDFI's are able to offer loans with a representative APR higher than 100% with exemptions from the Financial Conduct Authority (FCA). The FCA would not grant FLT an exemption as it is not a charity or CiC (Community Interest Company) even though it is solely owned by Five Lamps Organisation, a charity and is subject to a 100% asset lock.

The Directors along with the Trustees explored a range of options including setting up a new CiC or charity within the Five Lamps Organisation to ringfence the social investment lenders activity. This remains the preferred route but was not achievable within the timescale needed to protect the viability of the Charity and to stem losses.

In April 2021, the Directors paused all lending within FLT to mitigate the risk. Together with the Trustees and the support plus some funding from the Social Investment Lenders, an independent review of FLT and specifically the lending model was commissioned. This concluded in July with the final report received in August 2021 which confirmed that the lending model and business strategy, with all its relevant assumptions was fit for purpose. Subsequently a decision was taken to Upstream funds from FLT into FLO to replicate the investor relationship within the Charity and for all loans to be disbursed by Five Lamps Organisation.

An Upstreaming Agreement for the sum of £2m loaned money from FLT to FLT was enacted in November 2021. This is a no interest bearing loan.

From August 2021 with an initial upstream of £500k, lending activity previous managed in FLT was undertaken in FLO.

Five Lamps Trading :

- o Collects and manages the existing loan book up to 31.3.21.
- o Accrues the liability and is responsible for the payment of investor interest
- o Accounts for the Conduit staffing costs.
- o Report to the Social Investment Funders on the combined value and operating performance of both entities: FLT and the ringfenced activity in FLO.

Five Lamps Organisation:

- o Disburses and collects principal and interest from all new loans.
- o Covers the majority of the delivery costs
- o Provides a designated ringfenced bank account for all transactions and the management of the £2m upstream loan that is securitized to the Social Investment Funders.
- o Is obligated to ensure that FLT has sufficient liquid funds to discharge its liabilities. FLO transfers cash to FLO to maintain positive cash balances.
- o Produces the hybrid accounts to enable the FLT Directors to report against the delivery of the Loan Note Instrument and against the new approved lending (recovery model).
- o Trustees monitor progress against the model and set maximum tolerances for risk appetite and loss.

From a Social Investment lender perspective, they receive the same information. For the purpose of filing Statutory Accounts and Financial Statements, the accounts only include the activity contained within. The loss in FLT is presentationally worse than the sum of both ringfenced activities and disproportionately worse than 2020/21.

At 31st March 2022, the FLT Board of Directors report a year end loss of £1,049,590 compared to £1,112,604.

Had FLT been able to continue to deliver lending, the loss for 2021/22 would have been reduced to £896,590. However, the surplus of £153,000 sits within the Five Lamps Organisation as a result of the changes resulting from negotiations with our Social investment Funders.

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- £2,077,341 of loans were disbursed to 2,928 households in 2021/22 generating a social impact of c£682k
- Maintained and marginally improved loan collection and bad debt performance ensuring it does not exceed the maximum 16% threshold at any given time.
- Ensuring Sign off of a new lending and financial model agreed with Social Investment Lenders to Lenders to better reflect customer demand and to support scale up and future growth.
- Made the Conduit Loan available on cost comparison sites, securing two new partnerships for growth
- Invested £50k to update our systems and processes and to develop our first and new Conduit Lending App that will give our customers increased control of their loan and enable us to support customers to repay their loan. It will also be used to enable different loan product applications to be made, assessed, disbursed and evaluated.

The Directors also report that subsequent to the 2021/22, the Tranche B Social Investment Funders have agreed to waive their interest owing up to 31.3.22. Had this been agreed in the reporting year, the loss in FLT would have been £863,795 and on all of Social Investment Funder activity would have been £710,795

At the year end, the net liability position of FLT was £2,104,758.

These losses have been supported by the Board of Trustees (Charity) in pursuance of its longer term charitable objectives and to mitigate the risk of the Social Investment Lender Debenture being evoked in the future.

5.2 Leadership Team

During the year, the Executive team included the Group Chief Executive who is a Director of the company, a Director of Corporate Services and an Interim Strategic Finance Director. In August 2021 following the departure of the Director of Corporate Services, two new roles were created a) Head of Business Development and Assurance and b) Director of Conduit Operations. To complement the increased focus on strategic financial planning, these roles increased the focus on quality, risk management and delivery of a growth agenda for lending.

The Directors continued to utilise outsourced support from Ellison Ray for their affordable lending and financial modelling expertise.

5.3 Future

The Directors continue to oversee the financial performance of the FLT company whilst noting it will continue to deteriorate until such time as the loan notes are refinanced as the income and profit sits outside of the trading entity.

In addition, the Directors will continue to oversee delivery against the Loan Note Instrument and the financial lending model as well as discharge its responsibility to report on covenant compliance.

Since the year end, the Directors as well as the Trustees have continued to engage with the Social Investment Lenders to secure more efficient ways to expedite recovery and to generate profit in the last few years of the Loan Notes. The Directors would like to thank all eight lenders for their flexibility and agreement reached to deferral and reschedule interest payments from 2022 to 2025.

Furthermore, the Directors expressly wish to thank the majority B note lenders who have agreed to waive the interest accrued to 31st March 2022 totalling £416,220 to improve the financial health and resilience of both FLT and lending.

Finally, the Directors wish to thank the Board of Trustees who remain committed to personal lending and its pivotal role in addressing financial exclusion and the poverty premium impacts having an inability to access mainstream credit has on the people and communities we support. The charity has invested significantly in FLT and lending and absorbed losses within the consolidated balance sheet. Covid-19 and the cost-of-living crisis has directly impacted and pushed back the forecast lending profit by two years. With the support of Trustees and Social Investment Lenders, the lending business is now back on track to realise a profit in 2023/24.

6. Social Impact Reporting

Five Lamps is passionate about its ability to deliver and evidence social impact. The planned 18-month social

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

impact report due in 2022 was delayed. A new communications strategy has been agreed along with investment into two new roles a) Performance and Data analyst who will extract the data and evidence to showcase social impacts and b) Executive Support and Marketing Officer who will work with the Chief Executive and Executive team to produce and publish a social impact report early in 2023.

Whilst a formal document has not been published in the reporting year, social impact reports are provided to our lenders on a monthly basis, and we publish good news stories and real examples of the difference our services and products have made to people's lives when supporting financial, economic or social inclusion.

7. PLANS FOR THE FUTURE

7.1 Strategic direction and future plans

Five Lamps has a 35-year history of delivering and forging partnerships to promote and deliver social, financial; and economic inclusion and to invest in the local communities particularly across Stockton on Tees and across Teesside. Nationally we are committed to being a leading CDFI supporting financial inclusion high-cost short term credit and / or the lack of access of affordable credit.

We are committed to retaining and building on our heritage and using this experience to grow where our services and products can help change people's lives.

We have a proven track record of being versatile and able to respond to new initiatives and opportunities and have become well placed at influencing and helping to bring about change.

Surviving the unprecedented challenges of the last few years and seeing the impact this has also had on individuals, families, businesses and communities we know that our charitable activities and services and needed now more than ever. With a clear and strengthened financial footing, the Executive Team, Trustees and Directors share a renewed passion to build on our successes and innovate to improve social, economic and financial inclusion.

In 2022/23 we will be publishing our new 5-year Corporate plan which will revisit and expand on the priorities agreed for 2022 as follows:

1. Recognised brand and purpose for our charity.

- We know the services and products we provide are needed more now than ever. We plan to ensure our brand and activities are better marketed and well known. We will be creating a new Community Events position.
- Moving from charitable activities that are reliant on grant and other funding, we plan to build on and make our fundraising activities an integral part of what we do.

2. Ensure our assets and value

- We will be consolidating our premises and assets to build on the Eldon Street head office being the hub of the charity with the Youthy being the hub for youth engagement and inclusion.
- We have secured the purchase of Eldon Street and will be investing to strengthen its value.

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

- A new cultural strategy is to be implemented with the values of the organisation being updated and future proofed.
- We are reviewing our terms and conditions to ensure where we are able to, we support our colleagues to cope with increasing inflation, rising cost of living and increased tax and NI contributions.
- Mental health and a healthy workforce are a priority for us to ensure that our staff are supported and happy in their work.
- Continue to develop our agile working policy and support colleagues, where they can, to work flexibly and remotely, being trusted and accountable for their delivery and performance.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

4. Governance

- Recruit new Trustees with specific skills and experiences to help us deliver our vision, ensure the oversight and achievement of the future targets and to complement the existing Trustees, including a new Audit and Risk Chair.
- A review of the FLT Governance structure and Board of Directors as their terms of office come to an end.
- A review of the governance structure across the Group to ensure the right balance of focus and challenge is centred in the areas to best manage risk and support new opportunities.

5. Financial Health & Resilience.

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

- Complete a financial health check and independent support on future refinancing and funding opportunities
- Ensure regular market and funding potential assessment to ensure Five Lamps accesses and benefits from relevant funds and grants that complement our priorities.
- Undertake a value-added assessment of all of our functions and activities.

6. Carbon Neutral

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

7. Digital Transformation.

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

8. Social Impact

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

STRATEGIC DIRECTION AND FUTURE PLANS

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

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

Delivered Through:

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

- Keeping confidentiality
- Enabling and empowering people to help themselves Challenging self-perceptions and encouraging self-self-worth

Our values are:

- To make **people matter**, by releasing their potential and encouraging self-worth
- **Performance matters**, by achieving targets and meeting quality standards
- **Quality matters**, by assuring quality and achieving contemporary quality standards
- To make **communities matter**, by understanding neighbourhoods and their needs including everyone
- **Measuring impact matters**, by collecting social and economic data across the full range of our business and producing an annual Social Impact Report

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, and signed on their behalf by:



P Chambers
Trustee

20/12/22



V Holmes
Trustee

20/12/22

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the Trustees to prepare financial statements for each financial 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 Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

Opinion

We have audited the financial statements of The Five Lamps Organisation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

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

Use of our report

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



Simon Turner (Senior Statutory Auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Northallerton

Date: 21/12/2022

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 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Income from:					
Donations and legacies	4	258,942	-	258,942	610,227
Charitable activities	5	1,560,649	27,228	1,587,877	1,460,405
Other trading activities		480,564	-	480,564	1,520,874
Investments	6	25,696	40	25,736	19,700
Other income	7	719,588	56,882	776,470	614,488
		<u>3,045,439</u>	<u>84,150</u>	<u>3,129,589</u>	<u>4,225,694</u>
Total income					
Expenditure on:					
Raising funds		77,282	-	77,282	97,610
Charitable activities	8	3,571,218	260,988	3,832,206	3,870,182
Exceptional expenses	9	-	-	-	714,796
		<u>3,648,500</u>	<u>260,988</u>	<u>3,909,488</u>	<u>4,682,588</u>
Total expenditure					
Net movement in funds before other recognised gains					
		<u>(603,061)</u>	<u>(176,838)</u>	<u>(779,899)</u>	<u>(456,894)</u>
Other recognised gains:					
Gains on revaluation of fixed assets		240,000	-	240,000	-
		<u>(363,061)</u>	<u>(176,838)</u>	<u>(539,899)</u>	<u>(456,894)</u>
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward		101,460	513,667	615,127	1,072,021
Net movement in funds		(363,061)	(176,838)	(539,899)	(456,894)
		<u>(261,601)</u>	<u>336,829</u>	<u>75,228</u>	<u>615,127</u>
Total funds carried forward					

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	900,665	686,877
Investments	15	3,739,329	4,185,950
Investment property	14	32,500	32,500
		4,672,494	4,905,327
Current assets			
Debtors	16	229,296	178,383
Investments	17	80	80
Cash at bank and in hand		1,959,925	1,917,916
		2,189,301	2,096,379
Creditors: amounts falling due within one year	18	(845,511)	(1,242,272)
		1,343,790	854,107
Net current assets / liabilities			
		6,016,284	5,759,434
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	19	(5,941,055)	(5,144,307)
		75,229	615,127
Total net assets		75,229	615,127
Charity funds			
Restricted funds	20	336,829	513,667
Unrestricted funds	20	(261,600)	101,460
		75,229	615,127
Total funds		75,229	615,127

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

The financial statements were approved and authorised for issue by the Trustees on 20/12/2022 and signed on their behalf by: Pat Chambers (Chair) and Vivienne Holmes (Vice Chair)





20/12/2022

The notes on pages 29 to 57 form part of these financial statements.

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

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £	2021 £
Fixed assets				
Tangible assets	13		900,665	686,877
Investments	15		3,731,459	2,580,737
			4,632,124	3,267,614
Current assets				
Debtors	16	212,357	160,971	
Investments	17	80	80	
Cash at bank and in hand		1,708,314	607,370	
		1,920,751	768,421	
Creditors: amounts falling due within one year	18	(3,522,886)	(1,515,738)	
Net current liabilities			(1,602,135)	(747,317)
Total assets less current liabilities			3,029,989	2,520,297
Total net assets			3,029,989	2,520,297
Charity funds				
Restricted funds	20		241,971	513,667
Unrestricted funds	20		2,788,018	2,006,630
Total funds			3,029,989	2,520,297

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

The financial statements were approved and authorised for issue by the Trustees on 20/12/2022 and signed on their behalf by: Pat Chambers (Chair) and Vivienne Holmes (Vice Chair)

  20/12/22

The notes on pages 29 to 57 form part of these financial statements.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net cash used in operating activities	(382,128)	48,450
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	-	330
Purchase of tangible fixed assets	(22,484)	(7,676)
Net movement in loan book	446,621	600,361
	<hr/>	<hr/>
Net cash provided by investing activities	424,137	593,015
	<hr/>	<hr/>
Cash flows from financing activities		
Cash inflows from new borrowing	-	751,280
	<hr/>	<hr/>
Net cash provided by financing activities	-	751,280
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	42,009	1,392,745
Cash and cash equivalents at the beginning of the year	1,917,915	525,170
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	1,959,924	1,917,915
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 57 form part of these financial statements

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

2.2 Company status

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

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

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

2.3 Going concern

The Trustees have prepared the financial statements on a going concern basis. This is having taken account of the historic losses of the group / company as well as covenant waivers in the year.

In reaching their conclusion the Trustees have considered cash flow forecasts up to at least 31st March 2024 and considered monthly and quarterly trends and at all times, cash is expected to remain above £500k and therefore able to withstand any delays or changes to income.

Trustees have considered the forecasts for both FLO and FLT including ringfenced lending activity and subject these to challenging sensitivity tests around income. All of these tests can be mitigated and / or ensure cash balances do not fall below £200k minimum level. None of these tests would create a loss that would result in a negative net asset. The Trustees are satisfied of the going concern status; as the assumption in the lending model, previously a cause for uncertainty have been independently validated in the year and reported as reasonable and feasible. This has given the Trustees enhanced confidence in the forecasts to deliver improving net assets over the next two operating period 22/23 and 23/24.

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Taxation

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

2.5 Incoming resources

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

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

(i) Grants and Donations:

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

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

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

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

(ii) Investment Income

Investment income is included when receivable by the Charity.

(iii) Fees and Similar Income

Fees receivable and charges for services provided and for the use of premises are accounted for in the period in which the service is provided.

(iv) Commercial Trading Operations

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

2.6 Resources expended

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.6 Resources expended (continued)

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

Resources expended are accounted for on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure on grants is recorded once there is an unconditional commitment to pay the grant or the grant has been paid, whichever is the earlier.

Certain expenditure is directly attributable to specific activities and has been apportioned to the costs of those activities as follows:

- Management and administration costs – by reference to the total income generated by each project.
- Staff costs – by reference to the estimated time spent by staff on each project.
- Premises costs and office costs – by reference to the estimate floor space (and related room rental value) occupied by each project.

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

2.7 Fund accounting

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

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

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

2.8 Tangible fixed assets and depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation (continued)

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

Depreciation is provided on the following bases:

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

2.9 Other investments

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

Programme related investments are reviewed at least annually for impairment, an adjustment is made to provide for amounts considered to be irrecoverable, but only once normal recovery procedures have been followed and no further repayments have been made.

Other fixed asset investments are stated at cost.

Current asset investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses on revaluations and disposals throughout the year

(i) Associated undertakings

Investments in unlisted investments are stated at cost less impairment.

2.10 Investment properties

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

2.11 Operating leases

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

2.12 Interest receivable

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

2.13 Debtors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.14 Cash at bank and in hand

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

2.15 Liabilities and provisions

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

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

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

2.16 Financial instruments

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

2.17 Significant judgements

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

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

2.18 Pensions

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

2.19 Fund accounting

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

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

3. Critical accounting estimates and areas of judgment

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

The management team routinely monitor and review loan debtors and investments on a monthly basis and present to the directors on a quarterly basis for consideration. Provision for identified recovery issues are made on a case by case basis with additional provision to reflect historic loss rate experience.

The Trustees have undertaken sensitivity analysis on Groups net assets and its ability to withstand further macro-economic impacts. An increase in the provision equivalent to 5% of the gross loan book (c£295k) would not prevent the Charity from retaining its going concern and continued viability. As at December 2022, an extraordinary addition to the balance sheet would change the Group's net assets to c£200k.

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations and other voluntary income	258,942	-	258,942
	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Donations and other voluntary income	24,159	586,068	610,227

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Health and communities	1,460,339	-	1,460,339
Finance and enterprise	100,310	27,228	127,538
Young people	-	-	-
Total 2022	1,560,649	27,228	1,587,877

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Income from charitable activities (continued)

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

6. Investment income

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Garage rental income	5,225	-	5,225
Cafe rental income	13,533	-	13,533
Other income	6,934	-	6,934
Interest income	4	40	44
	<u>25,696</u>	<u>40</u>	<u>25,736</u>

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

7. Other incoming resources

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Furlough income	79,536	-	79,536
Interest generated by programme related investment (loan debtor book)	430,484	13,176	443,660
Grant income	207,296	43,706	251,002
Bad debts recovered	2,272	-	2,272
	<u>719,588</u>	<u>56,882</u>	<u>776,470</u>
	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Interest generated by programme related investment (loan debtor book)	-	36,839	36,839
Grant income	267,119	96,786	363,905
Furlough income	146,655	66,502	213,157
Other income	375	212	587
	<u>414,149</u>	<u>200,339</u>	<u>614,488</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Management and administration	3,522,355	5,160	3,527,515
Finance and enterprise	222	255,828	256,050
Depreciation re properties	48,641	-	48,641
	<u>3,571,218</u>	<u>260,988</u>	<u>3,832,206</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

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

9. Exceptional items

	Total funds 2022 £
One off bad debt provision	<u>-</u>

In the current accounting year there is no exceptional item for bad debts as the provision has solely accrued in line with the Groups bad debt policy.

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
One off bad debt provision	<u>714,796</u>	<u>714,796</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Management and administration	2,977,936	549,579	3,527,515
Finance and enterprises	256,049	-	256,049
Depreciation re properties	48,641	-	48,641
	<hr/> 3,282,626 <hr/>	<hr/> 549,579 <hr/>	<hr/> 3,832,206 <hr/>
	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Management and administration	1,742,069	494,578	2,236,647
Health and communities	882,414	-	882,414
Finance and enterprises	605,975	-	605,975
Young people	99,818	-	99,818
Depreciation re properties	45,328	-	45,328
	<hr/> 3,375,604 <hr/>	<hr/> 494,578 <hr/>	<hr/> 3,870,182 <hr/>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Mgmt and admin 2022 £	Health 2022 £	Finance 2022 £	Young people 2022 £
Staff costs	2,015,771	-	54,199	-
Premises costs	70,900	-	222	-
General office costs	59,401	-	-	-
Trading company expenses	769,223	-	-	-
Grants payable to individuals to assist with individuals	878	-	2,519	-
Bad debts write off	-	-	198,655	-
Publicity and advertising	6,417	-	48	-
Activities costs	9,746	-	-	-
Subscriptions/affiliations	13,559	-	-	-
Motor expenses	558	-	-	-
Mobile phones	15,944	-	407	-
Consultancy/facilitators fees	15,539	-	-	-
	<u>2,977,936</u>	<u>-</u>	<u>256,050</u>	<u>-</u>

	Dep'n 2022 £	Total funds 2022 £
Staff costs	-	2,069,970
Premises costs	-	71,122
General office costs	-	59,401
Trading company expenses	-	769,223
Grants payable to individuals to assist with individuals	-	3,397
Bad debts write off	-	198,655
Publicity and advertising	-	6,465
Depreciation	48,641	48,641
Activities costs	-	9,746
Subscriptions/affiliations	-	13,559
Motor expenses	-	558
Mobile phones	-	16,351
Consultancy/facilitators fees	-	15,539
	<u>48,641</u>	<u>3,282,627</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

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

Analysis of support costs

	Mgmt and admin 2022 £	Total funds 2022 £
Staff costs	406,416	406,416
Premises costs	5,295	5,295
General office costs	1,588	1,588
Publicity and advertising	85	85
Bank charges re loan funds	12,621	12,621
Professional fees	123,574	123,574
	<u>549,579</u>	<u>549,579</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

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

11. Auditors' remuneration

	2022 £	<i>2021 £</i>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>16,000</u>	<u>16,000</u>

12. Staff costs

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Wages and salaries	1,856,170	1,903,415	1,509,220	1,502,295
Employer NI	150,309	126,838	121,306	96,129
Contribution to defined contribution pension schemes	44,718	45,569	37,597	37,033
	<u>2,051,197</u>	<u>2,075,822</u>	<u>1,668,123</u>	<u>1,635,457</u>

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Staff costs (continued)

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

	Group 2022 No.	<i>Group 2021 No.</i>	Company 2022 No.	<i>Company 2021 No.</i>
Direct charitable work	112	92	112	92
Administration	18	38	-	10
	130	130	112	102

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

One of the trustees was paid remuneration of £6,000 (2021: £6,000) in the year ended 31 March 2022 and this was paid by the subsidiary company. The remuneration paid was due to a trustee being a director of the subsidiary company, Five Lamps Trading Limited.

Costs incurred in relation to key management personnel were £228,900 in total (2021: £173,837).

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

	Group 2022 No.	<i>Group 2021 No.</i>
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets

Group	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 April 2021	884,277	687,157	207,439	14,428	128,693	72,418	1,994,412
Additions	14,089	-	670	-	5,254	2,471	22,484
Revaluations	240,000	-	-	-	-	-	240,000
At 31 March 2022	1,138,366	687,157	208,109	14,428	133,947	74,889	2,256,896
Depreciation							
At 1 April 2021	315,525	574,719	203,469	14,428	128,693	70,701	1,307,535
Charge for the year	17,748	25,920	1,842	-	872	2,314	48,696
At 31 March 2022	333,273	600,639	205,311	14,428	129,565	73,015	1,356,231
Net book value							
At 31 March 2022	805,093	86,518	2,798	-	4,382	1,874	900,665
At 31 March 2021	568,752	112,438	3,970	-	-	1,717	686,877

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets (continued)

Company	Freehold property £	Long-term leasehold property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 April 2021	884,277	687,157	207,439	14,428	128,693	72,418	1,994,412
Additions	14,089	-	670	-	5,254	2,471	22,484
Revaluations	240,000	-	-	-	-	-	240,000
At 31 March 2022	1,138,366	687,157	208,109	14,428	133,947	74,889	2,256,896
Depreciation							
At 1 April 2021	315,525	574,719	203,469	14,428	128,693	70,701	1,307,535
Charge for the year	17,748	25,920	1,842	-	872	2,314	48,696
At 31 March 2022	333,273	600,639	205,311	14,428	129,565	73,015	1,356,231
Net book value							
At 31 March 2022	805,093	86,518	2,798	-	4,382	1,874	900,665
At 31 March 2021	568,752	112,438	3,970	-	-	1,717	686,877

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets (continued)

Freehold Land and Buildings

This comprises the building known as The Youthy which was built primarily for the young people of Thornaby. Due to the unique design of The Youthy and the purpose for which it was built, there is no readily available method of arriving at a realistic market value. The unique nature of the building means that it is difficult to value it on a normal commercial basis. The Youthy was valued in November 2011 at £500,000 for the purposes of securing bank facilities but this figure is not considered to be appropriate to use as the carrying value in the financial statements. An alternative method is to measure its 'value in use' at an amount based upon expected future cash flows, but this alternative method is also considered not to be appropriate. One further alternative, which is more relevant to this property, is to use replacement cost which exceeds the carrying value at 31 March 2021 of £551,005 (2021: £568,753). 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.

At the end of the financial year the charity purchased the property known as The Five Lamps Centre which had been leased from Stockton Borough Council for a total cost of £14,089. The property was revalued on purchase giving rise to a revaluation surplus of £240,000. This property will continue to be used for its management and administration and the operation of various projects.

Investment property

Included in freehold land and buildings is an investment property valued at £32,500. In the opinion of the directors this is a reasonable estimate of the market value at 31 March 2022.

If investment properties had not been revalued they would have been included at the historical cost of £21,014 (2021: £21,014).

Leasehold Land and Buildings

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

South Thornaby Community Resource Centre (Carrying value - £86,516)

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.

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Investment property

Group

	Freehold investment property £
Valuation	
At 1 April 2021	32,500
At 31 March 2022	32,500

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

15. Fixed asset investments

	Loan book £	Unlisted investments £	Total £
Group			
Cost or valuation			
At 1 April 2021	6,115,440	14,000	6,129,440
Additions	1,872,862	-	1,872,862
Disposals	(2,120,827)	-	(2,120,827)
At 31 March 2022	5,867,475	14,000	5,881,475
Impairment			
At 1 April 2021	1,943,491	-	1,943,491
Charge for the year	198,655	-	198,655
At 31 March 2022	2,142,146	-	2,142,146
Net book value			
At 31 March 2022	3,725,329	14,000	3,739,329
<i>At 31 March 2021</i>	<i>4,171,949</i>	<i>14,000</i>	<i>4,185,949</i>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Fixed asset investments (continued)

Company	Investments in subsidiary companies £	Loan book £	Total £
Cost or valuation			
At 1 April 2021	850,002	2,257,723	3,107,725
Additions	-	1,872,862	1,872,862
Disposals	-	(523,485)	(523,485)
At 31 March 2022	850,002	3,607,100	4,457,102
Impairment			
At 1 April 2021	-	526,988	526,988
Charge for the year	-	198,655	198,655
Unallocated amounts	-	1	1
At 31 March 2022	-	725,644	725,644
Net book value			
At 31 March 2022	850,002	2,881,456	3,731,458
<i>At 31 March 2021</i>	<i>850,002</i>	<i>1,730,735</i>	<i>2,580,737</i>

Principal subsidiaries

The following was a subsidiary undertaking of the Company:

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

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Fixed asset investments (continued)

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
Five Lamps Trading Limited	480,564	(1,530,154)	(1,049,590)	(2,104,758)

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	67,694	50,012	67,694	48,597
Other debtors	120,126	18,905	104,870	6,300
Prepayments and accrued income	16,922	34,497	15,239	31,105
Grants receivable	24,554	74,969	24,554	74,969
	<u>229,296</u>	<u>178,383</u>	<u>212,357</u>	<u>160,971</u>

17. Current asset investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Listed investments	<u>80</u>	<u>80</u>	<u>80</u>	<u>80</u>

Group listed investments

The market value of the listed investments at 31 March 2022 was £80 (2021 :£80).

Company listed investments

The market value of the listed investments at 31 March 2022 was £80 (2021 :£80).

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade creditors	224,338	99,269	96,159	85,749
Amounts owed to group undertakings	-	-	3,050,000	852,276
Other taxation and social security	62,123	50,208	53,464	43,057
Pension fund loan payable	1,517	1,689	-	-
Other creditors	488,368	637,733	263,872	433,326
Accruals and deferred income	69,165	453,373	59,391	101,330
	845,511	1,242,272	3,522,886	1,515,738

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

Bank loans £Nil (2021: £Nil).

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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

	Group 2022 £	<i>Group 2021 £</i>
Bank loans	500,000	320,088
Other loans	4,812,500	4,824,219
Accruals and deferred income	628,555	-
	<u>5,941,055</u>	<u>5,144,307</u>

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

Other loans £4,812,500 (2021: £4,824,818) and are split between Tranche A Noteholders = £1,937,500 (capital) and Tranche B Noteholders = £2,875,000 (capital).

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

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

THE FIVE LAMPS ORGANISATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds					
General Funds	<u>101,460</u>	<u>3,045,436</u>	<u>(3,648,500)</u>	<u>240,004</u>	<u>(261,600)</u>
Restricted funds					
Finance and enterprise	<u>513,667</u>	<u>84,110</u>	<u>(260,988)</u>	<u>40</u>	<u>336,829</u>
Total of funds	<u><u>615,127</u></u>	<u><u>3,129,546</u></u>	<u><u>(3,909,488)</u></u>	<u><u>240,044</u></u>	<u><u>75,229</u></u>

THE FIVE LAMPS ORGANISATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. Statement of funds (continued)

Statement of funds - prior year

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

20. Statement of funds (continued)

Designated funds

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

1. Youth Empowerment Scheme
2. Growth Fund

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

Restricted Funds

Health and Communities

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

Employability and Training

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

Finance and Enterprise

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

Young People

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

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Summary of funds

Summary of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2022 £
General funds	101,460	3,045,436	(3,648,500)	240,004	(261,600)
Restricted funds	513,667	84,110	(260,988)	40	336,829
	<u>615,127</u>	<u>3,129,546</u>	<u>(3,909,488)</u>	<u>240,044</u>	<u>75,229</u>

Summary of funds - prior year

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

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	900,665	-	900,665
Fixed asset investments	3,739,329	-	3,739,329
Investment property	32,500	-	32,500
Current assets	1,852,471	336,829	2,189,300
Creditors due within one year	(845,510)	-	(845,510)
Creditors due in more than one year	(5,941,055)	-	(5,941,055)
Total	<u>(261,600)</u>	<u>336,829</u>	<u>75,229</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	686,877	-	686,877
Fixed asset investments	4,185,950	-	4,185,950
Investment property	32,500	-	32,500
Current assets	1,582,712	513,667	2,096,379
Creditors due within one year	(1,242,272)	-	(1,242,272)
Creditors due in more than one year	(5,144,307)	-	(5,144,307)
Total	<u>101,460</u>	<u>513,667</u>	<u>615,127</u>

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

	Group 2022 £	<i>Group 2021 £</i>
Net expenditure for the year (as per Statement of Financial Activities)	(779,899)	(456,894)
Adjustments for:		
Depreciation charges	48,696	45,327
Decrease/(increase) in debtors	(35,117)	10,283
Increase in creditors	384,192	449,734
Net cash provided by/(used in) operating activities	<u>(382,128)</u>	<u>48,450</u>

24. Analysis of cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>
Cash in hand	1,959,924	1,917,915
Total cash and cash equivalents	<u>1,959,924</u>	<u>1,917,915</u>

THE FIVE LAMPS ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

25. Analysis of changes in net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	1,917,916	42,009	1,959,925
Debt due within 1 year	(1,690)	173	(1,517)
Debt due after 1 year	(5,144,307)	(168,193)	(5,312,500)
Liquid investments	80	-	80
	<u>(3,228,001)</u>	<u>(126,011)</u>	<u>(3,354,012)</u>

26. Controlling party

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

27. Related party transactions

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

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

During the year Five Lamps Trading gifted £NIL (2021: £Nil) as a donation to The Five Lamps Organisation.

28. Assets and Liabilities held as an intermediary agent - group and charity

The Private Housing Financial Assistance Programme was created to help local authorities in the north east of England to provide loans to needy homeowners for the purpose of helping them to improve their housing conditions.

Five Lamps was appointed to manage the above Programme on behalf of 12 local authorities, using Sunderland City Council as the contracting authority.

Five Lamps holds the relevant funds on behalf of the local authorities in a designated client bank account. This asset and the associated liability to the local authorities are excluded from Five Lamps' Balance Sheet. There is a debenture agreement dated 12 October 2010 in favour of Sunderland City Council solely in respect of these funds. This debenture does not apply to any other Five Lamps assets.

At 31 March 2022, the funds held on the above client bank account totalled £1,391,969 (2021: £1,421,374) and this is returnable to the local authorities.

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