

**THE FIVE LAMPS ORGANISATION**  
(A Company Limited by Guarantee)  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

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**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

<b>Trustees</b>	Patricia Chambers, Chair Vivienne Holmes, Vice Chair Jamie Houlders (resigned 31 July 2023) Trevor Watson
<b>Company registered number</b>	02441319
<b>Charity registered number</b>	702314
<b>Registered office</b>	Eldon Street Thornaby Stockton on Tees TS17 7DJ
<b>Chief executive officer</b>	Lisa Pickard
<b>Independent auditors</b>	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors York House Northallerton North Yorkshire DL6 2XQ
<b>Bankers</b>	Unity Trust Bank 4 Brindley Place Birmingham B1 2JB

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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## **1. TRUSTEES RESPONSIBILITIES STATEMENT**

The Trustees are pleased to present their Annual Report providing an overview of the period ending 30th September 2023.

This report and financial statements cover an 18 month operating period from 1st April 2022 to 30th September 2023 (approved by Companies House) that amended our financial year end from 31st March to 30th September. This strategic decision was made to allow our subsidiary company, Five Lamps Trading Limited, to complete an options appraisal and for its directors to reach decisions on the future of the Limited Company by Shares and make recommendations to the Trustees, given The Five Lamps Organisation is the sole shareholder.

The Trustees are fully aware of their responsibilities and the importance of making strategic decisions that protect the Charity and support it to continue to deliver its Charitable aims and objectives.

FRP UK were appointed by the Trustees and Directors in June 2023. Following their independent specialist review, the decision was taken in September 2023, to pursue an orderly wind down of the Limited Company, Five Lamps Trading, through a negotiated agreement with its Creditors.

Until the wind down is concluded the Trustees continue to report for the consolidated group including both The Five Lamps Organisation (02441319) and Five Lamps Trading Limited (08029251).

Whilst the Trustees have concluded negotiations and are delivering against an agreement to divest itself of Five Lamps Trading and its non-profitable loan books; the legal documentation, agreed in principle by all parties, has not, at the time of signing these accounts, been formally entered into. This legal contract undertakes the secured creditors (loan note holders) will release any security held against the assets of the Charity and will not seek further repayment than any gains on divestment. Whilst the probability of the agreement not being formally entered into is exceptionally low, until it is, the Group technically holds material liabilities where the means of future settlement is materially uncertain. To this end, the Trustees must file accounts with material uncertainty.

The Trustee's focus has been to protect the Charity, its beneficiaries, demonstrate a continued going concern into the future, simplify the company structure and launch a new standalone five year strategic plan.

As part of this the Trustees have approved budgets and cash forecasts to 31 December 2025 which illustrate a small but realistic operating cash surplus. This forecast does not include any cash inflows or growth arising from the sale of unutilised tangible fixed assets; new or additional care contracts that are in the process of being bid for in 2025; (the Trustees are confident that growth in one or more of these areas will be successful but do not wish to include this for purposes of going concern; any upside on collection of the (FLO owned) loan book or any other new opportunities. The Trustees resolved to ensure an operational going concern that did not rely on any factors other than those guaranteed so as to reduce the possibility of material uncertainty and keep this dependent only on the orderly wind down of FLT.

The Trustees also wish to recognise that these Financial Statements have been filed late. Whilst recognising this causes concerns for stakeholders the Trustees could not file accurate accounts without the future of its subsidiary being resolved. It had been anticipated that the secured creditor negotiations would be concluded, and the orderly wind down progressed before 30th September 2024. This was delayed.

The Trustees commenced the delivery of the wind down process and expected the legal contracts to be resolved by 31st December 2024. Whilst in their final form, the legal contracts were not formally signed by this date. The Trustees are therefore filing these Financial Statements late and with material uncertainty. There has been full transparency with our stakeholders, bankers, Companies House and the Charities Commission with statements issued on our website.

In making the decision to file the 2022/23 accounts with material uncertainty, the Trustees are committed to ensuring the next suite of Financial Statements for the period ending 30th September 2024 are concluded and filed in advance of the filing note to ensure the most up to date information is in the public domain. It is expected that the legal framework for the orderly wind down will be formally entered into in February 2025 therefore the 2023/24 reporting will be able to reflect this.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

## **2.1 ACHIEVEMENTS AND PERFORMANCE**

Due to the complexities of the intercompany arrangements and the presentation of the consolidated Financial Statements, the Trustees have set out a summary position to reassure stakeholders on the reported position on 30th September 2023 and the expected future position.

The consolidated position opened with a positive net asset of £75,230 at 1st April 2022 which reduced to £1,020 at 30th September 2023. The Trustees note marginal positive net worth is not ideal however this is due to negative value of Five Lamps Trading, which remains included in the consolidated accounts. To achieve a positive balance sheet, albeit marginal, reflects the viability of the charity as well as evidences the appropriateness of the Trustees (and Directors') decision to enter into an orderly wind down in advance of these Statements.

The reported net worth of £1,020 is the sum of the consolidation of the Five Lamps Organisation reported at £6,040,312 and Five Lamps Trading Limited at (£6,039,290). These are the balance sheet outcomes for the individual entities. This report, including the Five Lamps Trading Directors' report, sets out the accounting treatments and adjustments.

The Trustees particularly highlight that at the point the 2021/22 were last filed in December 2022, these were on a Going Concern basis with a viable 12 month forward plan (to December 2023). These financial statements evidence that the 2021/22 forecast was not only successful but continued for an additional 13 months. With positive cash flow and going concern validated until at least 31st December 2025, the Five Lamps Organisation has demonstrated its resilience and viability.

### **2.1.1 Overview**

In readiness for the disinvestment of Five Lamps Trading, the Trustees with support from our appointed auditors have approved adjustments to the Statements to reflect the reality of the consolidated position. This results in a significantly increased positive net asset for the Charity (£6,040,312) and a significantly increased negative net asset for Five Lamps Trading (£6,039,390). The consolidated position remains £1,020.

The Trustees wish to clarify that the Charity as a standalone entity does not have a net worth of £6,040,312. This sum includes the material value of a loan book securitised to the secured creditors. It is expected that its net value, after a collect out period and any subsequent debt sale, will be offset against the negative net asset in Five Lamps Trading, where the secured creditors' liability is held and reported.

In 2021, an upstream loan was agreed to transfer funds from Five Lamps Trading to Five Lamps Organisation to deliver personal loans through the Conduit product. Both the Trustees and Directors approved the write off of this intercompany loan to reflect the strategy to wind the trading company up. The value of the intercompany loan was less than the netbook value ringfenced for Five Lamps Trading and its secured creditors.

The Trustees report that excluding the value of ringfenced net assets, the restated split of the £1,020 would be approximately:

- £2,945k      Five Lamps Organisation
- (£2,944k)    Five Lamps Trading

This cannot be included in the Financial Statements until the legal documentation is entered into. The table below summarises the actual movement from 2021/22 to 2022/23 and illustrates what the approximate net worth of each entity would be with the ringfenced assets in FLO included in the FLT reports.

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	<b>Net worth 31.3.2022</b>	<b>Net worth 30.9.23</b>	<b>Approx adjusted net worth at 30.9.23 post</b>
<b>FLO</b>	£3,029,988	£6,040,312	£2,945k
<b>FLO excluding share investment in FLT.</b>	£2,179,988	n/a	£2,945k
<b>FLT</b>	(£2,104,758)	(£6,039,290)	(£2,944k)
<b>Consolidated</b>	£75,230	£1,020	£1,020

It should also be noted that the reported net worth of the Five Lamps Trading company (£6,039,290) includes £383,357 of accrued investor interest. This interest has been waived however the decision was made after the end of the reporting period and cannot be reflected in the Statements. Had this been adjusted, the trading company's net worth would be c (£5,655,933) and the consolidated position approximately £384k.

Highlighted below are key decisions that have been reflected in these consolidated accounts.

- The Trustees approved the impairment of the £850k historic share value held by Five Lamps Organisation and included on the Five Lamps Trading balance sheet. This transaction was considered in the FRP report due to the lack of funds post settlement with secured creditors. This decision was also taken to prepare the accounts for the future deconsolidation. Note this transaction is illustrated as a reduction in the Charity assets. In the Trading accounts it is included as a deduction from the intercompany loan (see below) which has also been impaired in both organisations. This has the net impact of increasing the loss in Five Lamps Trading by £1,184,213 (£2,034,213 owed from FLO minus £850k owed to FLO).
- The Directors decision to write off the intercompany loan totalling £2,034,213 in the Charity accounts was made due to the pending wind down arrangements. The combined value of ringfenced assets exceeded the creditor / debtor totals in the respective balance sheets. This decision improved the Charity's profit for 22/23 and further increased the Trading company's loss. The two movements resulted in no change to the consolidated outcome.
- Recognising the Charity' total bad debt provision was overstated once the provisions for the ringfence loans was removed and included in the Trading Company's provision, the Trustees approved an entity reduction of £625,756 in Five Lamps Organisation and a £292,151 increase in the Five Lamps Trading company provision, resulting in a consolidated reduction of group provision of c£334k. These decisions were made following a detailed review of the performance of both company's loan books against independent recommendations.
- The starting position presented the Charity as a 25.6% provision and the Trading Company with a 66.3% provision for bad debts. The combined position of the Trading Company with the loan book ringfenced in the Charity was equivalent to 41.63%.

The Trustees resolved that:

- o The provision for the charity funded loan book would be sufficient at 28%, reflecting the two different types of loan books. The Trustees approved a £126k increase to achieve this.
- o The combined FLT and ringfenced loans should equate to 36% provision based on the FRP report given lending continued for 12 months post this report. This required a reduction in the provision.
- o The provision for the ringfenced loan book held in the Charity should be 'transferred' to the

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Trading Company, effectively reducing the provision in charity (and increasing its net worth) and increasing the provision in the trading company (and increasing its negative net value).

- Added to this and to conform with accounting practices, the Directors resolved that the Trading Company provision should as a standalone entity, equate to 90% reflecting the aged loan book and the pending debt sale. The Trustees (and Directors) are satisfied that the bad debt provisioning strategy is robust and adequate and note that once the orderly wind down is entered into, the provisioning approach in the trading company will change.
- Post year end, the Five Lamps Trading Directors also report the impairment of a £14k historic share held with Ask that is no longer trading.

### **3.0 FINANCIAL REVIEW**

The Statement of Financial Activities for the period, the Balance Sheet as of 30th September 2023 and associated notes are set out on pages 27 to 57. These financial statements are for an 18 month operating period therefore caution should be exercised in comparing 22/23 to 21/22. Where the movement is material, a note is included. The 23/24 accounts will include a movement summary from 2020 to 2024.

The total income for the 18 month period year ending 30th September was £5,884,365 (21/22 £3,129,545). A 12 month average is £3,922,910 is £793k greater than the previous reporting period, equivalent to 25.3% growth since 2021/22.

Expenditure totalled £5,986,073 compared to £3,909,488 in 2021/22. Similarly, 12 months comparable would be £3,990,715, reflecting a 2.08% increase (c£81k.) since the last filed accounts. A 2.08% increase in expenditure to deliver a 25.3% increase in income, during a period of economic uncertainty and widely reported high inflation rates is a notable success.

As reported above, Group net assets dropped from £75,229 to £1,002.

The Trustees report that an accrual of investor interest remains on the Five Lamps Trading account totalling £384,377, due to confirmation of the decisions being received outside of the accounting period, once removed this will reduce the negative net asset value of the Trading Company and improve its consolidated position. The Trustees and Directors thank our social investment funders for their support in delivering applicable changes in the financial statements.

The Trustees' intention is to hold cash balances not less than £100,000 at any point in time in accessible and unrestricted cash 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 2022/23 and in the intervening period between filing these accounts have remained above £100,000. This policy is monitored by the Trustees and has been considered as part of the Charity's 12 month cash flow forecast for going concern.

The Trustees have approved a 2025 budget (for the Charity entity) that forecasts a c£67k surplus in the 2024/25 operating period and ensures the cash balances remain above £100k throughout. Overseeing the wind down of its subsidiary, Five Lamps Trading, the Trustees' priority is to ensure a positive consolidated net worth and in parallel ensure the improved net worth of the Charity to be resilient to future risks and also secure new opportunities.

### **4.0 ACHIEVEMENTS & PERFORMANCE.**

The Trustees decided that, given the 2023/24 Financial Statements will be filed by June 2025, this section of our 22/23 report should include only a high level summary of key achievements between April 2022 and September 2023. A comprehensive report will accompany our 23/24 report and statements along with a Social Impact statement and an updated strategy and five year plan. In accordance with our Charitable Articles, our achievements are split across our 3 main activities for the benefit of local people.

#### **4.1 Health & Social Care**

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Since 2017, the provision of health and social care for local people has been a priority. Our primary focus has been the efficient delivery of care at home services provided under a contract with Stockton Borough Council. This was originally a 5 year contract extended for several years including a final extension through to 2024.

In July 2022, the Council independently inspected our services and awarded a 'Good' through their Provider Assessment and Market Management Solution (PAMMS) inspection regime. The improvement action plans for this inspection were all signed off within 6 months further demonstrating the quality service to our service users.

Throughout 22/23 we supported more than 130 local people with care at home to enable them to stay independent as well as delivering end of life support meeting the wishes of local people to remain at home. On average we delivered 2000 hours of care each week including home care delivered in an extra care scheme based in Thornaby. The Trustees are keen that we employ local people and as a result of bespoke recruitment strategies, 96% of all of our care staff lived and / or were born and bred in the area. Our service users told us this was important to them, and this influenced the 98% overall satisfaction with the quality of service being provided.

In November 2022, our Home Care team won the NE Care Awards for 'Team of the Year' following a rigorous assessment. They selected Five Lamps homecare due to our commitment to social care and local people. This award also reflected our decision to rescue a small private care company that had chosen to exit the sector. Five Lamps stepped in, employed the care colleagues, and provided continuity of care to its service users.

The Trustees remain very concerned about the state of adult social care and the impact under investment and increasing demand is having on the care at home services. We wish to support local communities as well as local health providers and the NHS to enable people to live independently at home for longer as well as stay in hospital for the shortest amount of time. In 2022/23 we continued to deliver our Home from Hospital scheme with funding from Stockton Borough Council. This supported 116 individuals to return to their own homes from hospital with an 88% success rate of no readmissions. The funding for this ceased, however the Trustees are committed to Five Lamps sourcing new funds and campaigning for greater integration and partnership working between Health and social care providers.

## **4.2 Youth & Community**

We remain exceptionally proud that The Youthy, our bespoke facility owned by the Charity, remained viable and able to continue its recovery and rebuild following the Covid 19 pandemic. This is a focal point of the local community and has been rebranded as The Youthy and Community hub. This recognises the importance our service and building has not just for local young people, but their families, our locally based colleagues and wider community. Throughout the year we have continued to grow our Youth Inclusion services, with an increased focus on tackling child poverty, specifically holiday hunger. Supporting local people and making the building more accessible has been a priority including developing a new service specifically for young people and young adults with disabilities.

We also have:

- Launched our HAF (Holidays are Fun) and HEP (Holiday Enrichment Programme) with funding received from Stockton Borough Council (SBC) and Catalyst from July 2022. This enabled the Youthy to be opened during the day and has seen the service grow from an average of 30 attendees all aged between 5 and 16 years and eligible for school meals through to 50 in 2024.
- Reestablished and grown all four evening sessions held at the Youthy (VIBE, All Stars, seniors and Club VIBE and including new bespoke sessions for children and Introduced community events including 'pop-ups' to support local people to access clothing, food, toys and childrens supplies as well as to connect with each other and the team.
- We continued the successful delivery of the Youth Employment Initiative (YEI) which also included supporting young people to set up their own business. The European Social Fund ceased in August 2023 however we retain the skills and commitment to this service area and regularly review funding opportunities as this is such an impactful work stream,



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#### **4.3 Financial Inclusion.**

From April 2022 to 30th September 2023, we supported 8,865 individuals and families disbursing affordable personal loans totalling £5,661,071. At an average of £639 per loan over an average loan period of 10 months, our personal loans help individuals who cannot access mainstream credit. This scale returned us to and exceeded pre-covid lending levels.

With more than 400 customers helped every month, we estimate social impact throughout the reporting period of c£1.7million (based on the interest savings made obtaining a Conduit Loan rather than a high cost short term or an illegal money lender loan). Aside from the financial savings we know that our loans help people when they need them the most and with 45% of our customers in receipt of some form of benefit; and more than 60% supporting households with children, we know that these products change lives.

In 2025, we will be publishing a social impact report specifically focused on our Conduit products and our financial inclusion activities. This will serve two main purposes a) to provide our social investment funders with a summary as to how their investment has delivered social impact and change and b) to support a business case to secure new financial support to continue lending within the Charity but with a revised focus of becoming a locality based CDFI (Community development finance institution.)

Since 2017 Five Lamps has offered loans on a UK wide basis; however, with increasing risks, the Trustees have decided to refocus and return to our roots of supporting communities within the Northeast and specifically Teesside. In addition, the Trustees have pledged to continue to support Scottish communities should this be required.

During 2022/23, 48% of all loan applications were made direct to Five Lamps. With almost £2.8m disbursed through this pathway, we are mindful of the impact our strategy will have on people living outside our primary area of operation. The Trustees are delighted to report that a) personal lending continued throughout 2023/24 and in 2024/25 a ground breaking partnership backed by innovative technology will automatically protect these customers interest and divert them to a similar reputable provider of their choice; with the aim to ensure these customers do not fall out of the system and fall back into the markets we have been successful disrupting.

We also:

- Secured £85k business development grant from Nat West bank to research why loans applications are declined and to explore how to bring out financial inclusion ladder to life. With the decisions made in 22/23, we agreed to hand back this project, but we thank Nat West for agreeing to let us transfer the balance of this grant into helping us scope and shape our new locality based lending model.
- Delivered hardship grants of £100 each to 400 families, who were in need of short term support and were not able to access affordable credit. The Trustees thank Nat West bank for providing us with £41,160 in 2023.
- Secured £30k grant from Fair 4 all Finance to contribute to the cost of an independent options appraisal of Five Lamps Trading and its secured creditors undertaken by FRP.
- Completed a comprehensive review of the Groups bad debt provision, securing a second independent validation that the levels were more than sufficient and the methodology robust. These statements reflect this opinion.

#### **4.4 Governance & Support**

Throughout 2022/23 The Trustees focused on the survival, continued recovery and future resilience of the Charity and procured independent opinion, advice, and support to strengthen governance and decision making. This mitigated governance risks whilst we remain below the number of Trustees we aspire to achieve.

No new Trustees have been appointed since Jamie Houlders resigned in July 2023. Several adverts and recruitment campaigns delivered no suitable candidates to complement the skills gap identified by the Boards. Whilst this situation is not ideal, we recognise that it is unfair to bring Trustees onto the Board whilst there

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remains uncertainty with the Limited Company and the consolidated accounts present a chronological worsening position. Once the 2023/24 accounts are signed off, plans are in place to reinvigorate and strengthen the Charity Board as it moves into a new era of being a standalone Charity organisation with no limited company subsidiaries. During this operating period, we have:

- Appointed RSM UK limited in March 2023 who supported the extension to the year end and 18 month operating period and have been overseeing and independently producing the management accounts information since.
- It was proposed that RSM UK would complete the financial statement aspect of the 2022/23 audited accounts. However, in August 2024, this reverted to Armstrong Watson who retained the full oversight and processing of our Audit and Financial Statement.
- Appointed and secured partner level support from FRP to evaluate the position with our secured creditors and the options to close down or exit Five Lamps Trading and / or the national lending model with minimal risk or impact to the Charity.
- Appointed Third Sector Solutions to review the Charity's operations and future viability to help us prepare our new structure and focus. The Trustees valued the assurance that the organisation was being well run and took TSS's advice and recommendations including making a Board referral to the Charities Commission about historic and legacy transactions. The referral was made in June 2024, and dialogue remains open with the Charities Commission. The Trustees are pleased that the Charity can demonstrate its ongoing viability and going concern going forward.
- Retained the invaluable support, expertise and independent financial modelling services provided by Ellison Ray. Experts in affordable lending solutions as well as actual and scenario based modelling; they have provided continued independent assurance and triangulation for data to the Trustees.

All of these partnerships as well as others has enabled the Trustees to maintain oversight and good governance and overcome the challenges of not being able to recruit new Trustees. Having independent oversight has been a real benefit and built assurance and enabled effective decision making with clear evidence to support this and demonstrate the Trustees have discharged their responsibilities.

## **5.0 STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Organisational structure and decision making**

In presenting the Trustee report and financial statements of the charitable company (the Charity) for the year ended 30th September 2023, 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.

### **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 Guarantee. 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.

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

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Scottish Charity Regulator, under reference SC047839.

## **6.0 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 people 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 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 also 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.
- To buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use.
- 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.
- 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.
- To cooperate with other charities, voluntary bodies, and statutory authorities and to exchange information and advice with them.
- To establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects.
- To acquire, merge with or enter into any partnership or joint venture arrangement with any other charity.
- To set aside income as a reserve against future expenditure but only in accordance with the written policy about reserves.
- 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.

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- 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
- To provide indemnity insurance for the directors in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.

## **7.0 GOVERNANCE**

The Trustees of the 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 an oversight of its activities and outturn. During 2022/23, the Trustees approved the appointment of FRP to undertake an independent options appraisal for the future of Five Lamps Trading and the management of its secured creditors. Following this report, the Trustees and Directors resolved that FLT should be subject to an orderly wind down. Five Lamps Trading (FLT) has its own Board of Directors and presents a director's report to accompany the financial statements. The report is included within the Trustees Statement.

The Governance structure no longer includes an Audit & Risk Committee due to the resignation of its Chair, reported in the FLT statement. As new Trustees have not been recruited, the responsibility for the Charities Risk Register and matrix; as well as ensuring the delivery of the Organisation's audited accounts and financial statements has returned to the respective Boards, with the Trustees receiving and signing off the consolidated group statements. The Trustees will review the Governance structure once FLT is resolved, and Five Lamps organisation returns to a single entity. .

As part of the post audit review and ensuring both entities reflect the current position and adequately manage the risks, adjustments were made to the upstream (intercompany) loan, £850k share investment and bad debts with the provision in FLT increasing by c£292,151 playing a material part in its increased operating loss. The Charity reduced its bad debt provision by £625,746 to reflect the loan book owned by the Charity. Both provisions continue to fulfil the bad debt provision assumptions independently verified by FRP and previously Johnson Carmichael in 2021.

The Trustees would have preferred to have included the orderly wind down outcomes in these Statements. As the legal contracts were not in place 15 months post the year end of 30th September 2023, taking into account the increasing risk associated with late filing, including financial penalties, partnership and reputational risk, both the Trustees and Directors concluded to present the best case financial statements moving towards to deconsolidation whilst only including decisions within the governance remit, or entered into during the reporting period and / or satisfying the audit guidelines and accounting practices. As reported, this has resulted in low consolidated net asset (£1,020) but robust governance and oversight has assured the Trustees, and our auditors, that Five Lamps remains a going concern. As a standalone charity, we are satisfied we have a positive cash flow for a minimum of 12 months, and we have assets and opportunities which risk mitigation and opportunities. Whilst we recognise that the probability of the orderly wind down not proceeding is low, given we are informally entered into this, our Trustees' obligations and responsibilities require us to demonstrate this risk. This is why the financial statements are presented as a Going Concern with a material risk. The Trustees are aware that two in ten businesses are filing with this status and recognise that many third sector and voluntary sector organisations face similar challenges we face particularly with changes to the employer's national insurance contributions.

The Charity's governance structure enables effective decision making, scrutiny and risk management at the right level in the business. The Trustees have highlighted concerns about the low number of Trustees and inability to recruit whilst there is a period of material uncertainty; however the Trustees are satisfied, following its internal self-assessment, that the structure is fit for purpose to deliver against the Charity Commissions Trustees Responsibilities as well as to discharge Companies House expectations. The plans to deliver the 2023/24 financial statements then recruit new Trustees will ensure more robust compliance.

### **7.1 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

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operations whilst acting responsibly towards employees, stakeholders, and society.

## **7.2 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 and raise awareness of its Charitable purpose and impact.

## **7.3 Operations**

Day to day responsibility for the provision of services and operation of the business rests with the Group Chief Executive who leads the Executive function and team. During the course of 2022/23 the Executive team comprised of the Group Chief Executive, a Director of Strategic Finance, and the Director of Charity Operations. Following the resignation of the Director of Conduit Operations, the role was not replaced due to uncertainty relating to FLT and future lending.

Throughout 2022/23, the Trustees have reviewed their approach to financial management and have, as many charities have, struggled to appoint and retain a high calibre of finance director. For more than 12 months, this role was outsourced to a consultant Finance Director. In May 2023, the Trustees appointed RSM UK to oversee the production and delivery of the Management Accounts. The Charity no longer employs a Finance Director and retains a small in house Accounts and Payroll function.

The Board employs the services of a minute taker to ensure a segregation of duty from the Executive Officers and Board.

## **7.4 Related party relationships**

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

Two non-executive Directors can be appointed to the Five Lamps Trading Board from the Social Investment Funders in line with the loan instrument. One is in place and has 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.

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During 22/23 it was agreed that a representative from the Tranche A social investment funders could observe the Trading Board with this having the ability to rotate. Since the signing of these accounts, the Directors have agreed that this observer role can continue to oversee but not assume director responsibility of the wind down process and collect out of the remaining loan book.

## **8. RISK MANAGEMENT**

The Trustees ensure risk identification and risk management are a key priority. External events of the last few years have highlighted the exposure to 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 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.

During 2022/23 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 subjects to review and market testing on a regular basis with the latest review taking place in January 2025. Our insurance cover includes the following: -

<b>Cover</b>	<b>Amount Insured</b>
Public/Products Liability	£10m
Professional liability	£2m
Management Liability	£1m
Entity Defence	£250K
Employers Liability	£10m
Employment Law Protection	£500,000

Our insurance policies include cover for Directors' responsibility, crime, and cybercrime. The 2025 annual insurance premium is £32,289 and includes combined excesses across all of the policies of £18k.

Each Board identifies and approves its own risk management matrix that, until December 2022, was delegated to the group's Audit & Risk Committee. This committee ceased when the Chair, a Director of the Trading board, resigned and the review and monitoring reverted back to the respective Board, with the Trustees maintaining oversight across the whole charity and its subsidiary.

Currently there 43 specific risks being monitored with management actions in place to mitigate. The Executive Team reviews these monthly and cascade them into operational risk management plans to ensure three lines of defence approach to risk management and governance. Risks identified across the business are reported to the Boards via the risk register.

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Due to the specialist risks associated with Health and Care, 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 beneficiaries 'clients' we provide services to and care for and bespoke issues such as safeguarding and CQC and commissioning bodies regulatory and local requirements. Continued delays to reform Adult Social Care is a significant risk to Five Lamps Organisation. Whilst we continue to prioritise meeting need and supporting local people, the Trustees recognise that the threats to the direct payment and local authority care entitlement are a major risk.

An internal staff led by the Health & Safety Committee meets quarterly, or when there is a specific issue 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 updating 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.

### **8.1 Emerging Risks**

The Trustees file this Financial Statement with material uncertainty. Until the orderly wind down is formally entered into with Five Lamps Trading's' secured creditors, the Trustees recognise that there remains a risk, albeit low, that the liability for Five Lamps Trading could be pursued through the Charity. Whilst all parties agree that protecting the charity is a primary outcome, until this is ratified through a legal agreement, the Trustees need to highlight and manage this risk. As identified in our Statements, the Five Lamps Organisation does not have the financial ability to meet the Trading Company's liabilities as set out in the debenture held over the Charity.

Other new risks being monitored by the Trustees include:

- Ongoing impact of cost of living but also removal of winter fuel allowances and changes to benefit threshold. Given the nature of our charitable objectives, our customer demographic is significantly impacted. This is changing how our customers access and pay for all of our services.
- 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 have increased on the risk register.
- Employment: the cost of increasing pay and providing terms and conditions to reflect external market pressures. Recruitment into financial roles has become more challenging with the relocation of key Government Departments to Darlington. Less than 10 miles away, this has placed pressure on the jobs market and pushed up salary expectations. The Trustees are particularly concerned about the impact of the new Employer National Insurance Contributions and have reduced overheads in order to ensure these additional costs can be afforded.
- Adult Social Care and Reform. The continued delays in resolving this increasing crisis are a risk for Five Lamps. With increasing demand, increasing care needs and adult social care budgets struggling to cover costs, the hourly rate paid for those receiving direct payment services from Five Lamps homecare remains precariously low. The Trustees allocate c68% of all income to the actual salary for our home care front line colleagues however, the risk is this is not sufficiently competitive and with rising financial pressures, individuals are likely to source other higher paid jobs.
- With reducing workforce availability, it is becoming higher risk and more challenging to recruit and retain the right level of workforce.
- Regulatory pressures continue to change. Notable to a smaller charity function with reductions in overheads to manage finances, both the FCA and CQC regulatory regimes are a pressure on resources. No and short notice inspections are a real risk for operational delivery. The impact of the FCA's Consumer Duty is being closely considered. As the Charity moves to become a locally based CDFI providing loans for local people rather than the national remit we have previously held, there is a

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risk that the regulatory requirements are not cost effective, and the future of lending will need reviewed.

- Access to capital and new funding. To achieve growth and to secure the continued recovery of the Charity, the Trustees need to source secured funding streams. The delay in the orderly wind down of FLT and release of the general debenture across the whole Charity is restricting this objective. It is a risk that the publication of late accounts with material concern could affect stakeholders' confidence in the Charity, albeit in the short term.
- 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 employment indemnity, we also ensure we minimise the risk of any claims through regular updates, training, and briefings.

## **8.2 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 2022/23 the role of Head of Business Development and Assurance was uplifted to Director of Charity operations and retained the lead ensuring a robust focus on 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 Five Lamps Home Care (Eldon Street). During the 2022/23 financial year we continued to have a CQC registration for Parkside Court Extra Care Scheme. This ceased in October 2024 as the management of the scheme was transferred to a different provider.
- Financial Conduct Authority (FCA) - Both FLO (FCA Reference 656112) and FLT (FCA Reference 791848) are authorised and regulated by the FCA.

During the 22/23 accounting year there have been no regulatory breaches or adverse regulatory issues to report with either body, and none have been raised in the period from 30th September 2023 to signing these accounts. The Domiciliary home care service is currently recorded as 'Good' following a CQC inspection in June 2021.

## **9.0 PARTNERSHIPS**

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 in reaching an in principle agreement relating to Five Lamps Trading and the secured creditors.

The decisions around our future strategy could not have been achieved without the enormous support of Third Sector Solutions and FRP UK. We also note our thanks to Fair 4 all Finance for their grant support towards the appointment of FRP UK and we thank Nat West plc for their grant support to explore how we better support loan applicants that are declined and also to explore the future options of a locality based CDFI. We express our thanks to Responsible Finance who supported access to this funding and have continued to act on behalf of all CDFI's with negotiations with the FCA, the Financial Ombudsman and raising awareness of the need for affordable credit.

As well as our financial and national partnerships, our local partnerships are essential. We particularly express our thanks and appreciation to Stockton Borough Council, Catalyst and with other voluntary sector or charity groups such as Little Sprouts, Cornerhouse, and Cultivate Tees Valley who work with us to deliver Youth Services across the Borough. We were involved and committed to the embryonic development of the Youth



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United Stockton Alliance partnership, which is a collective of key partners who have come together to form an alliance to support the sustainability of high-quality open access youth provision across Stockton-on-Tees.

Our strong partnership with Catalyst enabled us to access Holiday Activity Programmes to deliver first class activities to our young people attending both HAF and HEP in the schools holidays, including healthy food options, dance and climbing wall to name but a few.

Our commitment to grow our Home Care service has included the development of partnership working with Middlesbrough Council and Continuing Health Care (CHC).

Our reinvigorated commitment to the local community has involved us creating new partnerships with Tesco, Coop and utilising our previous connections with the Asda Community Champion. This has made a significant difference to our ability to deliver our charitable objects for the benefit of local people.

Our supplier partnerships have included outsourced IT provision to High Tide and various new contracts to reduce costs and save on efficiencies such as internet supplier and utilities. Throughout the year we have developed our partnership and received invaluable HR, Contractual and company law support from Endeavour Law. Ellison Ray consultancy have continued to play a pivotal role in our viability and success, providing specialist financial modelling and affordable lending advice.

In yet another challenging 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 Trustees do, however, wish to express thanks to Armstrong Watson for supporting us in delivering our most complex and challenging financial statements and to position ourselves for the future.

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

**10. FIVE LAMPS TRADING: DIRECTORS REPORT TO THE TRUSTEES AND TO ACCOMPANY THE STANDLAONE ACCOUNTS.**

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).

Our 2022/23 Directors report complements the report produced by the Trustees of The Five Lamps Organisation and is included in the Five Lamps' Group (Consolidated Company) 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.

The 2022/23 Financial Statements and this accompanying report relate to an extraordinary 18 month trading period from 1st April 2022 to 30th September 2023. This one off period was to allow the completion of a viability review into the trading company and options for secured creditors.

The Directors appointed FRP UK Limited to provide an independent review which was undertaken from June to August 2023 and reported on before the end of the 22/23 financial year. The Directors approved the 18 month accounting period and change to the financial year end to enable strategic decisions to be made and to accurately reflect on these with an overriding priority to protect the parent company, The Five Lamps Organisation, a registered charity.

The Directors are aware these Financial Statements and Director reports are filed late. This was due to a number of factors including unfortunate delays in reaching agreement from secured creditors to implement the independent report findings. With the support of the parent charity Trustees, the Directors further delayed the filing in anticipation that the legal agreement underpinning the agreement reached in principle with the secured creditors for the orderly wind down would be signed in 2024. This is now expected after the end of January 2025. To this end, the Directors concluded to file the accounts noting the intention but accepting the legal contracts have not been entered into. This has resulted in increased losses in FLT and the consolidated accounts has resulted in a material uncertainty due to the residual risk that plans are not agreed in the parent Charity financial

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statements.

The Directors have agreed to pursue an orderly wind down of the Trading Company. It was expected this would be concluded by 30th September 2024 but extenuating circumstances outside the control of the Directors and Company have led to a minimum 6 month delay.

The Directors report and sign off these Financial Statements in full knowledge the company is not a going concern and will be subject to an orderly wind down. This winddown is expected to be completed before 30th September 2025. A further set of Financial Statements will be produced for the 2023/24 accounting period ending 30th September 2024 which will also confirm the company as not being a going concern. The Directors have observed and acted in accordance with their Director Responsibilities to in line with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice),

Five Lamps Trading is a separate company that sits as a subsidiary within The Five Lamps Organisation (Charity). Whilst it is a separate Limited Company with Shares, it is owned 100% by the charity as the sole shareholder. Its activities are therefore included in the Charities consolidated Financial Statements and Trustees report alongside more detailed explanation and narrative relating to the Financial Statements and losses. The Trustees are fully supportive of the decision to wind down the Five Lamps Trading Company.

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](http://www.fivelamps.org.uk) or the Charities Commission.

#### **Business Activity 2022/23 (18 months) Summary**

As reported in our 2021/22 Financial Statements, the primary activity within the Five Lamps Trading Company is the provision of low cost affordable loans underpinned through a c£4.8m social investment fund, included as secured creditors in the company's balance sheet.

Business activity within FLT is limited with no material income reported for the 22/23 period because from August 2021, all affordable loans were disbursed through the parent company utilising an upstream loan of funds held in FLT to the parent, FLO. The administrative costs remained in FLT with the Trustees undertaking to ensure the trading company had sufficient liquidity to meet its obligations and ongoing liabilities.

This has the net impact of worsening the losses in FLT from £1,049,500 in 21/22 to £3,934,533. Noting this is an 18 month loss, the comparable annual figure of £2,623,022 is an increase of c150%. The loss is greater due to the significantly reduced income of £64,219 compared to £480,554 in the previous year. This is as reported due to the new activity being held in Five Lamps Organisation.

The activity generated from the upstream intercompany loan is ringfenced and securitised to the Trading Companies' creditors (social investment funders) and cannot be used for any other activity. This includes the cash held in a ringfenced bank account, which receives income from loan disbursements, capital repayments and also recycles capital for continued lending as well as transferring cash to the trading company to meet its liabilities. The secured creditors hold a charge over this bank account. In addition, the gross value of the loan book generated using the upstream funds totalled £3,186,233 at 30th September. This is also held on charge to the secured creditors and the collect out from these loans will be transferred into FLT towards the repayment of secured creditors.

A summary of the key responsibilities and split resulting from the upstream loan is below.

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 Accounts for the delivery and contract costs of managing and increasing the loan book.
- o Report to the Social Investment Funders on the combined value and operating performance of both entities: FLT and the ringfenced activity in FLO.

The Five Lamps Organisation:

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- o Disburses and collects principal and interest from all new loans.
- o Provides a designated ringfenced bank account for all transactions and the management of the £2m upstream loan that is securitised 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.

Given that part of the assets (required to repay the secured creditors) sit within the charity and forms part of the orderly wind down calculations that all parties have agreed in principle, the Directors resolved to write off the upstream loan. This has no bearing on the consolidated accounts and was taken to simplify the accounts and prepare both companies for the orderly wind down. This decision presents no risk to the trading company or the secured creditors as the assets are secured and ringfenced from all other charity activities. It should be noted that the value of the secured loan book held in FLO is greater than the upstream loan.

In presenting these statements, the Directors are aware that the Trading Company in isolation is reporting a negative net asset of £ 6,039,290 however due to Accounting policies and for the purpose of the entity Financial Statements, the assets held in the parent (£3,095k after provision) will effectively be offset against the negative net asset improving the position as at 30.9.23 to £2,944k .

It would reduce the net assets in FLO as an entity to c£2,945k and deliver the consolidated net value of £1,020.

For the 18 month period ending 30th September 2023, the FLT Board of Directors report a loss of £ 3,934,533 compared to £1,049,590 for the period ending 31.3.22. This is an 18 month loss, so it is not comparable to the previously reported 12 month losses. This loss is materially affected by the Directors' decision to write off the upstream loan into the Five Lamps Organisation and increase the bad debt provision to £292,151.

The Directors also report that the Tranche B Social Investment funders have waived all of their interest owing since 31.3.22 although noted one minority B note holder did not confirm within the audit period however a reasonable assumption was made to exclude this as it would be subject to a majority B noteholder vote, as previously achieved in 2021/22. Following the conclusion of the independent FRP UK report, Tranche A investors have also agreed to a similar treatment to the accrued and pending interest.

At the year end, there was investor interest owing of £254,208 which is in accruals in creditors over one year.

At the year end, the net liability position of FLT was £6,039,290 compared to the previously reported £2,104,758. In reality this is a negative net asset of c£2,944k when the secured loan book held in FLO is taken into consideration.

The Board of Trustees (Charity) and 100% shareholders have approved these decisions, and accounting treatments, to ensure the continued delivery of its charitable objects and to mitigate potential risk of the Social Investment funders' debenture or security being enacted in the future. At the time of signing these accounts, it is anticipated that all trading using investor funds will cease after 31st March 2025 at a date to be agreed, with the orderly wind down and release of all security being concluded before 30th September 2025.

Other points to report:

- The Chair of the Board of Directors ceased being a remunerated Director in 2023 but retains the same responsibilities.
- The Board is operating and compliant with two Directors. Due to the pending orderly wind down of the trading company, a decision was taken not to recruit new Directors recognizing that this would be a moot exercise.
- Staff in post at 30th September 2023 was equivalent to 12 full time equivalents. The Director of Conduit Loans left in September 2022 and the Directors resolved not to replace the role given the need to control costs and move to an orderly wind down. A Head of Lending role was created and is included in the Key Management Personnel.
- Since the end of this reporting period, to mitigate losses, and continue to meet need and deliver social

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impact, lending activity continued until 30th September 2024. In this period the business has implemented a redundancy programme and is now operating with the number of staff required to effectively deliver correct out of the loan book ahead of an orderly wind down.

- To minimise risk to the Trading Company and to ensure ongoing provision and support for its customers (current and future), the Charity are where appropriate providing loans for repeat customers as this mitigates the risk of existing borrowers not repaying their debt.
- The Charity has on our behalf, brokered a deal to signpost new applicants who fall outside the geographical lending boundaries, to other responsible providers. This was delivered using Five Lamps Organisations FCA broker status. This partnership ensures greater protection for our customer base.
- During 2023, RSM UK Limited were appointed to prepare and report on the management accounts for the Trading Company (and the Charity) and also to provide Directors with the 'hybrid' accounts that show the combined activity of FLT with the ringfenced activity within the Charity. This enabled the Directors as well as the Trustees to track performance and ensure the consolidated position was not threatened.
- The Directors wish to record their thanks to the Trustees of the Five Lamps Organisation for their support in achieving a decision for an orderly wind down and eventual cessation of the Trading Company.

## **11. PLANS FOR THE FUTURE**

Due to the timeliness of these statements and recognising that the plans for the future are already being delivered in the 16 months since the accounting period end, the Trustees agreed that it would not add value to our beneficiaries, partners, stakeholders, funders or anyone reading this report, to include retrospective and in many cases, already ongoing and delivered plans.

The Trustees have already commenced work on the 2023/24 financial statements to the period ending 30th September 2024 and as reported, we plan to publish these in Spring 2025 and at the same time, publish a two to three year social impact report and present the five year strategy from 2025 to 2030. The future plans depend on the delivery of an effective orderly wind down of Five Lamps Trading. With the legal agreements entered into, the material uncertainty will be satisfied, and the Trustees will be able to present their plans for the future.

The Trustees have already resolved that the future plans include:

- Continued youth services and support aligned with an increased and responsive community presence within the Teesside region and specifically Stockton on Tees.
- Preservation and enhancement of assets including investment into our Youthy & Community hub and an options appraisal for head office, which is also owned outright by the Charity.
- Delivery of quality care services through the local authority commissioning and investing in our direct payment model of domiciliary home care services. Our vision is to showcase how charity led services provide choices and confidence to service users when delivered by local people for local people.
- Launch and scale up of a locality based CDFI, offering our Conduit loan products to local people (who qualify) and to provide financial inclusion support to aid improvements in financial health for those who not only secure a personal loan but those who are declined.

To deliver these and our emerging five year strategy our plans must include:

- Recruiting and retaining people who share our passion and values and who want to deliver multi-faceted charitable services.
- Ensuring Five Lamps is a great place to work with excellent terms and conditions.
- Strengthening our Board of Trustees and bringing in additional complementary skills to support future strategy and enhance the financial resilience and governance of the Charity.

**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.

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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**

30/01/2025



**V Holmes  
Trustee**

30/01/2025

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

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

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

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

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

**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 30 September 2023 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 30 September 2023 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.

**Material uncertainty related to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

We draw attention to note 2.3 in the financial statements. The note details key assumptions adopted by management including the on-going renegotiation of debt and uncertainty in the receipt of capital repayments from service users. These assumptions indicate a material uncertainty over the ability of the Group to remain a going concern. Our opinion is not modified in respect of this matter.

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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



**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

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

**Responsibilities of trustees**

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

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

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

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

Auditors' Report.

**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: 30/01/2025

**THE FIVE LAMPS ORGANISATION**  
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
<b>Income from:</b>					
Donations and legacies	4	99,953	-	99,953	258,942
Charitable activities	5	3,134,652	-	3,134,652	1,587,877
Other trading activities		64,219	-	64,219	480,564
Investments	6	19,293	-	19,293	25,736
Other income	7	2,332,501	233,747	2,566,248	776,470
		<u>5,650,618</u>	<u>233,747</u>	<u>5,884,365</u>	<u>3,129,589</u>
<b>Total income</b>					
<b>Expenditure on:</b>					
Raising funds		366,227	-	366,227	77,282
Charitable activities	8	5,560,182	59,664	5,619,846	3,832,206
		<u>5,926,409</u>	<u>59,664</u>	<u>5,986,073</u>	<u>3,909,488</u>
<b>Total expenditure</b>					
<b>Net movement in funds before other recognised gains</b>					
		<u>(275,791)</u>	<u>174,083</u>	<u>(101,708)</u>	<u>(779,899)</u>
<b>Other recognised gains:</b>					
Gains on revaluation of fixed assets		27,500	-	27,500	240,000
		<u>(248,291)</u>	<u>174,083</u>	<u>(74,208)</u>	<u>(539,899)</u>
<b>Net movement in funds</b>					
<b>Reconciliation of funds:</b>					
Total funds brought forward		(261,600)	336,828	75,228	615,127
Net movement in funds		(248,291)	174,083	(74,208)	(539,899)
		<u>(509,891)</u>	<u>510,911</u>	<u>1,020</u>	<u>75,228</u>
<b>Total funds carried forward</b>					

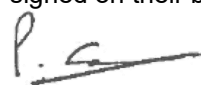
**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 02441319**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Note	30 September 2023 £	31 March 2022 £
<b>Fixed assets</b>			
Tangible assets	12	786,759	900,665
Investments	14	4,624,686	3,739,329
Investment property	13	60,000	32,500
		5,471,445	4,672,494
<b>Current assets</b>			
Debtors	15	685,867	229,295
Investments	16	80	80
Cash at bank and in hand		372,469	1,959,925
		1,058,416	2,189,300
Creditors: amounts falling due within one year	17	(962,133)	(845,511)
		96,283	1,343,789
<b>Net current assets / liabilities</b>			
		5,567,728	6,016,283
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	18	(5,566,708)	(5,941,055)
		1,020	75,228
<b>Total net assets</b>		1,020	75,228
<b>Charity funds</b>			
Restricted funds	19	510,911	336,828
Unrestricted funds	19	(509,891)	(261,600)
		1,020	75,228
<b>Total funds</b>		1,020	75,228

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 30 January 2025 and signed on their behalf by:



P Chambers



V Holmes

The notes on pages 30 to 59 form part of these financial statements.

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

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Note		30 September 2023 £	31 March 2022 £
<b>Fixed assets</b>				
Tangible assets	12		786,759	900,665
Investments	14		4,429,820	3,731,459
			5,216,579	4,632,124
<b>Current assets</b>				
Debtors	15	660,842	212,356	
Investments	16	80	80	
Cash at bank and in hand		335,041	1,708,313	
		995,963	1,920,749	
Creditors: amounts falling due within one year	17	(172,230)	(3,522,885)	
<b>Net current assets / liabilities</b>			<b>823,733</b>	<b>(1,602,136)</b>
<b>Total assets less current liabilities</b>			<b>6,040,312</b>	<b>3,029,988</b>
<b>Total net assets</b>			<b>6,040,312</b>	<b>3,029,988</b>
<b>Charity funds</b>				
Restricted funds	19		510,911	336,829
Unrestricted funds	19		5,529,401	2,693,159
<b>Total funds</b>			<b>6,040,312</b>	<b>3,029,988</b>

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 30 January 2025 and signed on their behalf by:



P Chambers



V Holmes

The notes on pages 30 to 59 form part of these financial statements.

**THE FIVE LAMPS ORGANISATION**  
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<b>(679,582)</b>	<b>(382,128)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(8,516)</b>	<b>(22,484)</b>
Net movement in loan book	<b>(899,357)</b>	<b>446,621</b>
	<hr/>	<hr/>
<b>Net cash (used in)/provided by investing activities</b>	<b>(907,873)</b>	<b>424,137</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the period</b>	<b>(1,587,455)</b>	<b>42,009</b>
Cash and cash equivalents at the beginning of the period	<b>1,959,924</b>	<b>1,917,915</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>372,469</b>	<b>1,959,924</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 59 form part of these financial statements

**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**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**

Trustees have prepared budgets and cash forecasts to 31 December 2025 which show a small operating cash surplus. This model does not include any cash inflows from the sale of unutilised tangible fixed assets, additional care contracts that are being bid for in 2025; the Trustees are confident that these tenders will be successful; nor any upside on collection of the loan book.

However, the trading of legacy loan books and contracts has not been as anticipated. Accordingly the Trustees have commenced negotiations to divest itself of certain non profitable loan books through orderly wind up. This negotiations have not yet been fully approved by loan note holders. In doing so it is anticipated that at that event, current loan note holders will release any security held against the assets of the Charity and will not seek further repayment than any gains on divestment. If this were not to occur then the Group holds material liabilities where the means of future settlement is materially uncertain.



**THE FIVE LAMPS ORGANISATION**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**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 PERIOD ENDED 30 SEPTEMBER 2023**

**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 PERIOD ENDED 30 SEPTEMBER 2023**

**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 PERIOD ENDED 30 SEPTEMBER 2023**

**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 period.

**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 PERIOD ENDED 30 SEPTEMBER 2023**

**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£353k) would not prevent the Charity from retaining its going concern and continued viability.

**4. Income from donations and legacies**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Donations and other voluntary income	99,953	<b>99,953</b>
	<hr/> <hr/>	<hr/> <hr/>
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Donations and other voluntary income	258,942	258,942
	<hr/> <hr/>	<hr/> <hr/>

**5. Income from charitable activities**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Health and communities	3,049,522	<b>3,049,522</b>
Finance and enterprise	85,130	<b>85,130</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total 2023</b>	<b>3,134,652</b>	<b>3,134,652</b>

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**5. Income from charitable activities (continued)**

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Health and communities	1,460,339	-	1,460,339
Finance and enterprise	100,310	27,228	127,538
<i>Total 2022</i>	<u>1,560,649</u>	<u>27,228</u>	<u>1,587,877</u>

**6. Investment income**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Garage rental income	9,225	<b>9,225</b>
Other sundry income	10,065	<b>10,065</b>
Interest income	3	<b>3</b>
	<u>19,293</u>	<u><b>19,293</b></u>

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Garage rental income	5,225	-	5,225
Cafe rental income	13,533	-	13,533
Investment income - subsidiaries, associates and connected companies	6,934	-	6,934
Investment income - other foreign investments	4	40	44
	<u>25,696</u>	<u>40</u>	<u>25,736</u>

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**7. Other incoming resources**

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Interest generated by programme related investment (loan debtor book)	2,277,174	161,455	<b>2,438,629</b>
Grant income	55,327	72,292	<b>127,619</b>
	<u>2,332,501</u>	<u>233,747</u>	<u><b>2,566,248</b></u>

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Other operating 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
Furlough income	2,272	-	2,272
	<u>719,588</u>	<u>56,882</u>	<u>776,470</u>

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Management and administration	5,429,317	-	<b>5,429,317</b>
Finance and enterprise	-	59,664	<b>59,664</b>
Depreciation re properties	130,865	-	<b>130,865</b>
	<u>5,560,182</u>	<u>59,664</u>	<u><b>5,619,846</b></u>

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**8. Analysis of expenditure on charitable activities (continued)**

**Summary by fund type (continued)**

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
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>

**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2023 £</b>	<b>Support costs 2023 £</b>	<b>Total funds 2023 £</b>
Management and administration	4,947,074	482,243	<b>5,429,317</b>
Finance and enterprises	59,664	-	<b>59,664</b>
Depreciation re properties	130,865	-	<b>130,865</b>
	<u>5,137,603</u>	<u>482,243</u>	<u><b>5,619,846</b></u>

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
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
	<u>3,282,626</u>	<u>549,579</u>	<u>3,832,206</u>



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**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Mgmt and admin 2023 £</b>	<b>Employabili ty 2023 £</b>	<b>Finance 2023 £</b>
Staff costs	3,442,656	-	-
Premises costs	78,307	-	-
General office costs	128,417	-	-
Trading company expenses	1,178,925	-	-
Bad debts write off	-	-	59,664
Publicity and advertising	5,097	-	-
Training and activities	(3,552)	-	-
Activities costs	27,549	-	-
Subscriptions/affiliations	12,553	-	-
Motor expenses	13,434	-	-
Mobile phones	24,116	-	-
Consultancy/facilitators fees	39,572	-	-
	4,947,074	-	59,664
		<b>Dep'n 2023 £</b>	<b>Total funds 2023 £</b>
Staff costs		-	<b>3,442,656</b>
Premises costs		-	<b>78,307</b>
General office costs		-	<b>128,417</b>
Trading company expenses		-	<b>1,178,925</b>
Bad debts write off		-	<b>59,664</b>
Publicity and advertising		-	<b>5,097</b>
Depreciation		130,865	<b>130,865</b>
Training and activities		-	<b>(3,552)</b>
Activities costs		-	<b>27,549</b>
Subscriptions/affiliations		-	<b>12,553</b>
Motor expenses		-	<b>13,434</b>
Mobile phones		-	<b>24,116</b>
Consultancy/facilitators fees		-	<b>39,572</b>
		130,865	<b>5,137,603</b>

**THE FIVE LAMPS ORGANISATION**  
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**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs (continued)**

	<i>Mgmt and admin 2022 £</i>	<i>Employability 2022 £</i>	<i>Finance 2022 £</i>
Staff costs	2,015,771	252,854	-
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	-
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>256,050</u>	<u>-</u>
		<i>Dep'n 2022 £</i>	<i>Total funds 2022 £</i>
Staff costs		-	2,268,625
Premises costs		-	71,122
General office costs		-	59,401
Trading company expenses		-	769,223
Grant payable to individuals to assist with employment		-	3,397
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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Mgmt and admin 2023 £</b>	<b>Total funds 2023 £</b>
Staff costs	76,336	<b>76,336</b>
General office costs	42,681	<b>42,681</b>
Publicity and advertising	158	<b>158</b>
Bank charges re loan funds	47,553	<b>47,553</b>
Professional fees	315,515	<b>315,515</b>
	<u>482,243</u>	<u><b>482,243</b></u>

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

**10. Auditors' remuneration**

	<b>2023 £</b>	<b>2022 £</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u><b>25,000</b></u>	<u>16,000</u>

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**11. Staff costs**

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>	<b>Company 30 September 2023 £</b>	<i>Company 31 March 2022 £</i>
Wages and salaries	3,523,700	1,856,170	3,080,727	1,509,220
Employer NI	255,420	150,309	217,626	121,306
Contribution to defined contribution pension schemes	63,183	44,718	54,300	37,597
	<b>3,842,303</b>	<i>2,051,197</i>	<b>3,352,653</b>	<i>1,668,123</i>

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

	<b>Group 2023 No.</b>	<i>Group 2022 No.</i>	<b>Company 2023 No.</b>	<i>Company 2022 No.</i>
Direct charitable work	129	112	129	112
Administration	15	18	-	-
	<b>144</b>	<i>130</i>	<b>129</b>	<i>112</i>

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 £7,818 (2022: £6,000 in year ended 31 March 2022) in the eighteen months ended 30 September 2023 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 £375,722 in total for the 18 month period ended 30 September 2023 (2022: £228,900 for 12 months ended 31 March 2022) and £29,070 (2022: £64,417) of the total related to the Five Lamps Trading Limited.

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

	<b>Group 2023 No.</b>	<i>Group 2022 No.</i>
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-
In the band £90,001 - £100,000	-	1
In the band £130,001 - £140,000	1	-

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**12. Tangible fixed assets**

**Group**

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>							
At 1 April 2022	1,138,366	687,157	208,109	14,428	133,947	74,889	2,256,896
Additions	-	-	-	-	700	7,816	8,516
Disposals	4,487	(424,316)	-	-	-	-	(419,829)
At 30 September 2023	<u>1,142,853</u>	<u>262,841</u>	<u>208,109</u>	<u>14,428</u>	<u>134,647</u>	<u>82,705</u>	<u>1,845,583</u>
<b>Depreciation</b>							
At 1 April 2022	333,273	600,639	205,311	14,428	129,565	73,015	1,356,231
Charge for the period	34,182	86,518	2,628	-	2,300	5,569	131,197
On disposals	(4,288)	(424,316)	-	-	-	-	(428,604)
At 30 September 2023	<u>363,167</u>	<u>262,841</u>	<u>207,939</u>	<u>14,428</u>	<u>131,865</u>	<u>78,584</u>	<u>1,058,824</u>
<b>Net book value</b>							
At 30 September 2023	<u><u>779,686</u></u>	<u><u>-</u></u>	<u><u>170</u></u>	<u><u>-</u></u>	<u><u>2,782</u></u>	<u><u>4,121</u></u>	<u><u>786,759</u></u>
At 31 March 2022	<u><u>805,093</u></u>	<u><u>86,518</u></u>	<u><u>2,798</u></u>	<u><u>-</u></u>	<u><u>4,382</u></u>	<u><u>1,874</u></u>	<u><u>900,665</u></u>

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**12. Tangible fixed assets (continued)**

**Company**

	Freehold property £	Long-term leasehold property £	Equipment and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>							
At 1 April 2022	1,138,366	687,157	208,109	14,428	133,947	74,889	2,256,896
Additions	-	-	-	-	700	7,816	8,516
Disposals	4,487	(424,316)	-	-	-	-	(419,829)
At 30 September 2023	<u>1,142,853</u>	<u>262,841</u>	<u>208,109</u>	<u>14,428</u>	<u>134,647</u>	<u>82,705</u>	<u>1,845,583</u>
<b>Depreciation</b>							
At 1 April 2022	333,273	600,639	205,311	14,428	129,565	73,015	1,356,231
Charge for the period	34,182	86,518	2,628	-	2,300	5,569	131,197
On disposals	(4,288)	(424,316)	-	-	-	-	(428,604)
At 30 September 2023	<u>363,167</u>	<u>262,841</u>	<u>207,939</u>	<u>14,428</u>	<u>131,865</u>	<u>78,584</u>	<u>1,058,824</u>
<b>Net book value</b>							
At 30 September 2023	<u>779,686</u>	<u>-</u>	<u>170</u>	<u>-</u>	<u>2,782</u>	<u>4,121</u>	<u>786,759</u>
At 31 March 2022	<u>805,093</u>	<u>86,518</u>	<u>2,798</u>	<u>-</u>	<u>4,382</u>	<u>1,874</u>	<u>900,665</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. 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 30 September 2023 of £524,383 (2022: £551,005). 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 previous 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 use for it management and administration and the operation of various projects.

Investment property

Included in freehold land and buildings is an investment property valued at £60,000. In the opinion of the directors this is a reasonable estimate of the market value at 30 September 2023.

If investment properties had not been revalued they would have been included at the historical cost of £21,014 (2022: £21,014).

Leasehold Land and Buildings

These comprise two a 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 - £Nil)

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**13. Investment property**

**Group**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 April 2022	<b>32,500</b>
Revaluation	<b>27,500</b>
At 30 September 2023	<b>60,000</b>

The investment property has been valued in the 2023 accounting period by Allied Surveyors & Valuers at £60,000 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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Fixed asset investments**

<b>Group</b>	<b>Loan book £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2022	5,867,475	14,000	5,881,475
Additions	8,521,721	-	8,521,721
Settlements	(7,111,445)	-	(7,111,445)
Transfers	(209,540)	-	(209,540)
<b>At 30 September 2023</b>	<b>7,068,211</b>	<b>14,000</b>	<b>7,082,211</b>
<b>Impairment</b>			
At 1 April 2022	2,142,146	-	2,142,146
Charge for the year	510,919	14,000	524,919
Transfers	(209,540)	-	(209,540)
<b>At 30 September 2023</b>	<b>2,443,525</b>	<b>14,000</b>	<b>2,457,525</b>
<b>Net book value</b>			
<b>At 30 September 2023</b>	<b>4,624,686</b>	<b>-</b>	<b>4,624,686</b>
<i>At 31 March 2022</i>	<i>3,725,329</i>	<i>14,000</i>	<i>3,739,329</i>

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

<b>Company</b>	<b>Investments in subsidiary companies £</b>	<b>Loan book £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2022	850,002	3,607,100	4,457,102
Additions	-	8,521,721	8,521,721
Settlements	-	(6,926,440)	(6,926,440)
Transfers	-	(89,090)	(89,090)
<b>At 30 September 2023</b>	<b>850,002</b>	<b>5,113,291</b>	<b>5,963,293</b>
<b>Impairment</b>			
At 1 April 2022	-	725,644	725,644
Charge for the period	850,000	46,919	896,919
Transfers	-	(89,090)	(89,090)
<b>At 30 September 2023</b>	<b>850,000</b>	<b>683,473</b>	<b>1,533,473</b>
<b>Net book value</b>			
<b>At 30 September 2023</b>	<b>2</b>	<b>4,429,818</b>	<b>4,429,820</b>
<i>At 31 March 2022</i>	<i>850,002</i>	<i>2,881,456</i>	<i>3,731,458</i>

Following the commencement of processes to restructure the trade and related activities of Five Lamps Trading Limited there was no residual value in subsidiary undertakings. As such management have recognised an impairment against this asset. However, in line with the upstream inter company arrangements any losses incurred in Five Lamps Organisation due to activities with Five Lamps Trading Limited these losses have been recharged in full to the subsidiary undertaking. This means that there has been no movement in net assets in either the Charity only or consolidated financial statement.

**Principal subsidiaries**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Company number</b>	<b>Registered office or principal place of business</b>	<b>Principal activity</b>
Five Lamps Trading Limited	08029251	Same as the The Five Lamps Organisation	Lending and property management

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**14. Fixed asset investments (continued)**

<b>Class of shares</b>	<b>Holding</b>	<b>Included in consolidation</b>
Ordinary	100%	Yes

**THE FIVE LAMPS ORGANISATION**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**14. Fixed asset investments (continued)**

The financial results of the subsidiary for the period were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the period £	Net assets £
Five Lamps Trading Limited	64,219	(3,998,752)	(3,934,533)	(6,039,290)

**15. Debtors**

	Group 30 September 2023 £	<i>Group</i> 31 March 2022 £	Company 30 September 2023 £	<i>Company</i> 31 March 2022 £
<b>Due within one year</b>				
Trade debtors	480,058	67,695	458,050	67,695
Other debtors	35,341	120,126	35,341	104,867
Prepayments and accrued income	161,404	16,920	158,387	15,240
Grants receivable	9,064	24,554	9,064	24,554
	<u>685,867</u>	<u>229,295</u>	<u>660,842</u>	<u>212,356</u>

**16. Current asset investments**

	Group 30 September 2023 £	<i>Group</i> 31 March 2022 £	Company 30 September 2023 £	<i>Company</i> 31 March 2022 £
Listed investments	80	80	80	80

Group listed investments

The market value of the listed investments at 30 September 2023 was £80 (2022 :£80).

Company listed investments

The market value of the listed investments at 30 September 2023 was £80 (2022 :£80).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**17. Creditors: Amounts falling due within one year**

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>	<b>Company 30 September 2023 £</b>	<i>Company 31 March 2022 £</i>
Trade creditors	<b>409,250</b>	224,338	<b>43,711</b>	96,159
Amounts owed to group undertakings	-	-	-	3,050,000
Other taxation and social security	<b>57,209</b>	62,123	<b>50,848</b>	53,464
Pension fund loan payable	<b>5,063</b>	1,517	-	-
Other creditors	<b>400,000</b>	488,368	-	263,871
Accruals and deferred income	<b>90,611</b>	69,165	<b>77,671</b>	59,391
	<b>962,133</b>	845,511	<b>172,230</b>	3,522,885

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

The 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.

Following the restructuring of activity in subsidiary undertakings the Trustees of the Charity and the Directors of the subsidiary undertaking reached an agreement to waive inter company balances. The impact of this is eliminated on consolidation.

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**18. Creditors: Amounts falling due after more than one year**

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>
Bank loans	<b>500,000</b>	<i>500,000</i>
Other loans	<b>4,812,500</b>	<i>4,812,500</i>
Accruals and deferred income	<b>254,208</b>	<i>628,555</i>
	<b><u>5,566,708</u></b>	<i><u>5,941,055</u></i>

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

Other loans £4,812,500 (2022: £4,812,500) 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.

Loan notes with a capital value of £171,849 agreed to the waiving of related interest at 30 September 2023. Negotiations are in place for further interest to be waived. This had not been fully approved at the date of approval of these financial statements.

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**19. Statement of funds**

**Statement of funds - current period**

	Balance at 1 April 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 September 2023 £
<b>Unrestricted funds</b>					
General Funds	(261,600)	5,650,618	(5,926,409)	27,500	(509,891)
<b>Restricted funds</b>					
Finance and enterprise	336,828	233,747	(59,664)	-	510,911
<b>Total of funds</b>	<b>75,228</b>	<b>5,884,365</b>	<b>(5,986,073)</b>	<b>27,500</b>	<b>1,020</b>

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**19. Statement of funds (continued)**

**Statement of funds - prior period**

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2022 £</i>
<b>Unrestricted funds</b>					
General Funds	<u>101,460</u>	<u>3,045,436</u>	<u>(3,648,500)</u>	<u>240,004</u>	<u>(261,600)</u>
<b>Restricted funds</b>					
Finance and enterprise	<u>513,667</u>	<u>84,109</u>	<u>(260,988)</u>	<u>40</u>	<u>336,828</u>
<b>Total of funds</b>	<u><u>615,127</u></u>	<u><u>3,129,545</u></u>	<u><u>(3,909,488)</u></u>	<u><u>240,044</u></u>	<u><u>75,228</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. Statement of funds (continued)**

**Designated funds**

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

1. Youth Empowerment Scheme
2. Growth Fund

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

**Restricted Funds**

**Health and Communities**

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

**Employability and Training**

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

**Finance and Enterprise**

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

**Young People**

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

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

**Summary of funds - current period**

	Balance at 1 April 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 September 2023 £
General funds	(261,600)	5,650,618	(5,926,409)	27,500	(509,891)
Restricted funds	336,828	233,747	(59,664)	-	510,911
	<u>75,228</u>	<u>5,884,365</u>	<u>(5,986,073)</u>	<u>27,500</u>	<u>1,020</u>

**Summary of funds - prior period**

	<i>Balance at</i> <i>1 April 2021</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Gains/ (Losses)</i> £	<i>Balance at</i> <i>31 March</i> <i>2022</i> £
General funds	101,460	3,045,436	(3,648,500)	240,004	(261,600)
Restricted funds	513,667	84,109	(260,988)	40	336,828
	<u>615,127</u>	<u>3,129,545</u>	<u>(3,909,488)</u>	<u>240,044</u>	<u>75,228</u>

**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 30 September 2023 £	Restricted funds 30 September 2023 £	Total funds 30 September 2023 £
Tangible fixed assets	786,759	-	786,759
Fixed asset investments	4,624,686	-	4,624,686
Investment property	60,000	-	60,000
Current assets	547,507	510,911	1,058,418
Creditors due within one year	(962,135)	-	(962,135)
Creditors due in more than one year	(5,566,708)	-	(5,566,708)
<b>Total</b>	<u>(509,891)</u>	<u>510,911</u>	<u>1,020</u>

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**21. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 31 March 2022 £</i>	<i>Restricted funds 31 March 2022 £</i>	<i>Total funds 31 March 2022 £</i>
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)
<b>Total</b>	<u>(261,600)</u>	<u>336,829</u>	<u>75,229</u>

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

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>
Net expenditure for the period (as per Statement of Financial Activities)	<b>(101,708)</b>	(779,899)
<b>Adjustments for:</b>		
Depreciation charges	<b>131,197</b>	48,696
Loss/(profit) on the sale of fixed assets	<b>(8,774)</b>	-
Write off of investment	<b>14,000</b>	-
Increase in debtors	<b>(456,572)</b>	(35,117)
Increase/(decrease) in creditors	<b>(257,725)</b>	384,192
<b>Net cash used in operating activities</b>	<b><u>(679,582)</u></b>	<u>(382,128)</u>

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**23. Analysis of cash and cash equivalents**

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>
Cash in hand	<b>372,469</b>	1,959,924
<b>Total cash and cash equivalents</b>	<b>372,469</b>	1,959,924

**24. Analysis of changes in net debt**

	<b>At 1 April 2022 £</b>	<b>Cash flows £</b>	<b>At 30 September 2023 £</b>
Cash at bank and in hand	1,959,925	(1,587,456)	372,469
Debt due within 1 year	(1,517)	(3,546)	(5,063)
Debt due after 1 year	(5,312,500)	-	(5,312,500)
Liquid investments	80	-	80
	<b>(3,354,012)</b>	<b>(1,591,002)</b>	<b>(4,945,014)</b>

**25. Operating lease commitments**

At 30 September 2023 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 30 September 2023 £</b>	<i>Group 31 March 2022 £</i>	<b>Company 30 September 2023 £</b>	<i>Company 31 March 2022 £</i>
Not later than 1 year	3,320	9,793	3,320	9,793
Later than 1 year and not later than 5 years	8,225	13,088	8,225	13,088
	<b>11,545</b>	<b>22,881</b>	<b>11,545</b>	<b>22,881</b>

**26. Controlling party**

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

**THE FIVE LAMPS ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 period Five Lamps Trading gifted £NIL (2022: £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 30 September 2023, the funds held on the above client bank account totalled £1,391,969 (2022: £1,391,969) and this is returnable to the local authorities.

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