

FIVE LAMPS TRADING LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2023

(18 month period from 1 April 2022 to 30
September 2023)

ArmstrongWatson[®]

Accountants, Business & Financial Advisers

FIVE LAMPS TRADING LIMITED

COMPANY INFORMATION

Directors	R P Jones (resigned 30 June 2022) T Watson (Changed to a non remunerated Director on 31 July 2023) L J Pickard (resigned 5 December 2023 but remains as the Chief Executive of Five Lamps Organisation, the 100% shareholder of FLT) L Hagelmann
Registered number	08029251
Registered office	Community Resource Centre Eldon Street Thornaby TS17 7DJ
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants York House Thornfield Business Park Standard Way Northallerton North Yorkshire DL6 2XQ
Bankers	Unity Trust Bank 4 Brindley Place Birmingham B1 2JB

FIVE LAMPS TRADING LIMITED

CONTENTS

	Page
Directors' report	1 - 4
Independent auditors' report	5 - 8
Statement of comprehensive income	9
Statement of financial position	10
Notes to the financial statements	11 - 19
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	21 - 23

FIVE LAMPS TRADING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements for the 18 month period ended 30 September 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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

Directors

The directors who served during the period were:

R P Jones (resigned 30 June 2022)

T Watson (changed to a non-remunerated director on 31 July 2023)

L J Pickard (resigned 5 December 2023 remains Chief Executive)

L Hagelmann

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.

FIVE LAMPS TRADING LIMITED

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

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 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 or the Charities Commission.

5.1 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.

FIVE LAMPS TRADING LIMITED

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

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:

- 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

FIVE LAMPS TRADING LIMITED

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

- 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 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.

Disclosure of information to auditors

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

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

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 January 2025 and signed on its behalf.



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T Watson
Director

FIVE LAMPS TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE LAMPS TRADING LIMITED

Opinion

We have audited the financial statements of Five Lamps Trading Limited (the 'Company') for the period ended 30 September 2023, which comprise the Statement of comprehensive income, the Statement of financial position 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 Company's affairs as at 30 September 2023 and of its loss for the period 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 Company 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.

Emphasis of matter

We draw attention to note 1.4 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.4. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FIVE LAMPS TRADING LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

FIVE LAMPS TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE LAMPS TRADING LIMITED (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. This description forms part of our Auditors' report.

FIVE LAMPS TRADING LIMITED

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

Use of our report

This report is made solely to the Company's members 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 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 Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

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

Simon Turner (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants

Northallerton

Date: 30/01/2025

FIVE LAMPS TRADING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Note	18 months ended 30 September 2023 £	<i>Year ended 31 March 2022 £</i>
Income		64,219	480,564
Cost of sales		(17,376)	(77,282)
Gross profit		46,843	403,282
Write off of intercompany loans		(1,184,213)	-
Administrative expenses		(3,168,361)	(1,230,241)
Other operating income		27,500	79,536
Operating loss		(4,278,231)	(747,423)
Interest payable and expenses		343,698	(302,167)
Loss before tax		(3,934,533)	(1,049,590)
Loss for the financial period		(3,934,533)	(1,049,590)

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 19 form part of these financial statements.

FIVE LAMPS TRADING LIMITED
REGISTERED NUMBER: 08029251

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 £	31 March 2022 £
Fixed assets			
Investments	5	194,868	857,872
Investment property	6	60,000	32,500
		254,868	890,372
Current assets			
Debtors: amounts falling due within one year	7	25,027	3,066,937
Cash at bank and in hand	8	37,428	251,611
		62,455	3,318,548
Creditors: amounts falling due within one year	9	(789,905)	(372,623)
Net current (liabilities)/assets		(727,450)	2,945,925
Total assets less current liabilities		(472,582)	3,836,297
Creditors: amounts falling due after more than one year	10	(5,566,708)	(5,941,055)
Net liabilities		(6,039,290)	(2,104,758)
Capital and reserves			
Called up share capital	12	850,002	850,002
Revaluation reserve		11,486	11,486
Profit and loss account		(6,900,778)	(2,966,246)
		(6,039,290)	(2,104,758)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/01/2025

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T Watson
 Director

The notes on pages 11 to 19 form part of these financial statements.

FIVE LAMPS TRADING LIMITED

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

1. Accounting policies

1.1 General information

The company is a private company limited by share capital incorporated in the United Kingdom.

The address of the registered office is:

Community Resource Centre
Eldon Street
Thornaby
TS17 7DJ

The principal activity of the company is responsible lending and property management/refurbishment.

The financial statements are presented in pounds sterling.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Five Lamps Organisation as at 30 September 2023 and these financial statements may be obtained from Eldon Street, Thornaby, TS17 1DJ.

1.4 Going concern

The Directors have prepared the financial statements on a basis other than going concern basis. This is because this company intends to cease trading in the future.

No material adjustments were necessary to the amounts at which the net assets are included in these financial statements to reflect differences between the book value and its amounts expected to be realised for assets or incurred liabilities. The company considers, due to parental support, that it has sufficient funds to settle any future liabilities as they fall due.

FIVE LAMPS TRADING LIMITED

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

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Income includes interest generated from loans being serviced and managed by the company.

Also included in income are the rents generated from the investment properties.

1.6 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the comparable specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

1.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

1.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

FIVE LAMPS TRADING LIMITED

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

1. Accounting policies (continued)

1.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.12 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Programme related investments (loan book) are reviewed at 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.

1.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FIVE LAMPS TRADING LIMITED

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

2. Significant judgements and estimates

Management consider there to be an element of judgement and uncertainty in determining the carrying value of the loan 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. During 2022/23 the Audit & Risk Committee disbanded and the Directors took back the delegated responsibility.

The Directors have commenced a process to determine how they would wind down the debt book in an orderly manner. This process has included the use of a third party to value the likely realisation of the portfolio. As such the net book value of debtors has been set at a value aligned to this third party assessment.

3. Employees

The average monthly number of employees, including directors, during the period was 15 (2022 - 18).

4. Directors' remuneration

	18 months ended 30 September 2023 £	<i>Year ended 31 March 2022 £</i>
Directors' emoluments	7,818	8,712
	7,818	8,712

This is for the period until 1 April 2022 until the remaining paid Director ceased receiving emoluments

FIVE LAMPS TRADING LIMITED

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

5. Fixed asset and programme related investments

	Unlisted investments £	Loan book £	Total £
Cost or valuation			
At 1 April 2022	14,000	2,260,375	2,274,375
Repayments	-	(185,005)	(185,005)
Transfer	-	(120,450)	(120,450)
	<u>14,000</u>	<u>1,954,920</u>	<u>1,968,920</u>
At 30 September 2023	<u>14,000</u>	<u>1,954,920</u>	<u>1,968,920</u>
Impairment			
At 1 April 2022	-	1,416,502	1,416,502
Impairment of investment	14,000	-	14,000
Impairment of loan book	-	464,000	464,000
Transfer	-	(120,450)	(120,450)
	<u>14,000</u>	<u>1,760,052</u>	<u>1,774,052</u>
At 30 September 2023	<u>14,000</u>	<u>1,760,052</u>	<u>1,774,052</u>
Net book value			
At 30 September 2023	<u>-</u>	<u>194,868</u>	<u>194,868</u>
<i>At 31 March 2022</i>	<u>14,000</u>	<u>843,873</u>	<u>857,873</u>

The unlisted investments are an investment in Ask Inclusive Finance Group Holding Limited, which equates to a holding of less than 2%, to establish a platform in order to provide software, services and a market place for community lending to medium, small and micro enterprises. This investment ceased to trade and as such management have recognised an impairment.

FIVE LAMPS TRADING LIMITED

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

6. Investment property

	Freehold investment property £
Valuation	
At 1 April 2022	32,500
Additions at cost	27,500
	60,000
At 30 September 2023	60,000

The 2023 valuations were made by the directors, on an open market value for existing use basis. In the opinion of the directors this is a reasonable estimate of the market value at 30 September 2023.

7. Debtors

	30 September 2023 £	<i>31 March 2022 £</i>
Trade debtors	22,008	-
Amounts owed by group undertakings	-	3,050,000
Other debtors	-	15,256
Prepayments and accrued income	3,019	1,681
	25,027	<i>3,066,937</i>
	25,027	<i>3,066,937</i>

At the balance sheet date, and in line with the circumstances documented in the Directors Report, the directors assessed that the amounts due from the parent charity were not recoverable. A legal agreement to this effect was enacted accordingly. This resulted in the write of amounts due from group undertakings. The related charge is recognised on the face of the profit and loss account.

8. Cash and cash equivalents

	30 September 2023 £	<i>31 March 2022 £</i>
Cash at bank and in hand	37,428	251,611
	37,428	<i>251,611</i>
	37,428	<i>251,611</i>

FIVE LAMPS TRADING LIMITED

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

9. Creditors: Amounts falling due within one year

	30 September 2023 £	<i>31 March 2022 £</i>
Trade creditors	365,541	128,179
Other taxation and social security	6,361	8,659
Other creditors	405,063	226,013
Accruals and deferred income	12,940	9,772
	<u>789,905</u>	<u>372,623</u>

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

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

The other loans are secured by various fixed and floating charges including a debenture over 'The Youthy', Thornaby Road, Thornaby and the ringfenced loan portfolio associated with the investment.

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).

FIVE LAMPS TRADING LIMITED

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

11. Loans

Analysis of the maturity of loans is given below:

	30 September 2023 £	<i>31 March 2022 £</i>
Amounts falling due 2-5 years		
CBIL loans	500,000	<i>500,000</i>
Other loans	4,812,500	<i>4,812,500</i>
	5,312,500	<i>5,312,500</i>
	5,312,500	<i>5,312,500</i>

The other loans are secured by various fixed and floating charges over all the property and undertakings in this company and its parent, The Five Lamps Organisation. The CBIL loan and associated accrued interest is to be written off following discussions post year end and application to use the British Business Bank 80% loan guarantee.

12. Share capital

	30 September 2023 £	<i>31 March 2022 £</i>
Allotted, called up and fully paid		
850,002 (2022 - 850,002) Ordinary shares of £1.00 each	850,002	<i>850,002</i>
	850,002	<i>850,002</i>

in realisation that this share capital cannot be repaid to the Five Lamps Organisation, the Trustees notified the investors that this capital investment would be written off.

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,883 (2022 - £7,122). Contributions totalling £5,063 (2022 - £1,517) were payable to the fund at the balance sheet date and are included in creditors.

FIVE LAMPS TRADING LIMITED

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

14. Ultimate parent undertaking

Throughout the period the company was under control of the Board of its parent company, The Five Lamps Organisation. This report forms part of the consolidated financial statements filed by the Five Lamps Organisation. The Trustees of the parent organisations, have with full knowledge, supported the Directors decisions and resolved that FLT as an entity should cease trading and wind down, preferably through an orderly wind down.

FIVE LAMPS TRADING LIMITED

DETAILED ACCOUNTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

FIVE LAMPS TRADING LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Note	18 months ended 30 September 2023 £	<i>Year ended 31 March 2022 £</i>
Turnover		64,219	480,564
Cost Of Sales		(17,376)	(77,283)
Gross profit		46,843	403,281
Gross profit %		72.9 %	83.9 %
Other operating income		27,500	79,536
Less: overheads			
Write off of intercompany loan		(1,184,213)	-
Administration expenses		(3,168,361)	(1,230,242)
Operating loss		(4,278,231)	(747,425)
Interest payable		343,698	(302,165)
Loss for the period/year		(3,934,533)	(1,049,590)

FIVE LAMPS TRADING LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	18 months ended 30 September 2023 £	<i>Year ended 31 March 2022 £</i>
Turnover		
Income	64,219	480,564
	64,219	480,564
	64,219	480,564
Cost of sales		
Advertising	2,666	2,495
Debt collection and aggregator fees	14,710	74,788
	17,376	77,283
	17,376	77,283
Other operating income		
Revaluation of investment property	27,500	-
Government grants receivable	-	79,536
	27,500	79,536
	27,500	79,536
Write off of intercompany loans		
Write off of parent company loan	1,184,213	-
	1,184,213	-
	1,184,213	-

FIVE LAMPS TRADING LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	18 months ended 30 September 2023 £	<i>Year ended 31 March 2022 £</i>
Administration expenses		
Directors salaries	7,818	8,712
Staff salaries	435,156	364,764
Staff national insurance	37,804	29,004
Staff pension costs - defined contribution schemes	8,883	7,122
Hotels, travel and subsistence	6,730	3,007
Computer costs	212,602	135,685
Legal and professional	493,369	238,192
Auditors' remuneration	1,515	10,885
Bank charges	2,998	14,852
Bad debts	464,000	-
Light and heat	7,273	18,439
Unrecoverable VAT	97,532	46,493
Repairs and maintenance	2,044	550
Sundry expenses	1,637	2,537
Impairment of investment	14,000	-
Management charges	1,375,000	350,000
	3,168,361	<i>1,230,242</i>
	3,168,361	<i>1,230,242</i>
	18 months ended 30 September 2023 £	<i>Yeare ended 31 March 2022 £</i>
Interest payable		
Loan interest payable	(343,698)	302,165
	(343,698)	<i>302,165</i>
	(343,698)	<i>302,165</i>