

# The Azure Charitable Foundation

England & Wales · Charity number 513149

## Details

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Other names	AZURE CHARITABLE ENTERPRISES, SHELTERED HOUSING AND WORKSHOPS (S H A W ) PROJECT, SHAW
Status	Registered
Legal form	Charitable company
Company number	<a href="#">01666027</a>
Registered	1982-10-13
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	Kielder Avenue Cramlington Northumberland NE23 8JT
Phone	01670733966
Email	<a href="mailto:enquiries@azure-charitable.co.uk">enquiries@azure-charitable.co.uk</a>
Website	<a href="http://www.azure-charitable.co.uk">www.azure-charitable.co.uk</a>

## Activities

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**Objects:** 4. The charity's objects ("Objects") are specifically restricted to the following charitable purposes:(1) To work with people who have special educational needs and/or a disability and/or who are disadvantaged (hereinafter called the "Beneficiaries") to maximise their quality of life, life chances and personal development;(2) To provide or assist in the provision of all or any of the following services to or for the Beneficiaries; supported housing, employment (including supported employment), education and training, community integration support, counselling and any other relevant support service which may be developed.

**Activities:** Azure operates Supported Businesses to provide salaried jobs and training for disabled people. It assists individuals in supported employment in organisations across the region. Personal development whether or not linked to qualifications or job outcomes is a key goal. We are committed to enabling disabled people to live as independently as possible. Community access support is also provided.

## Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Disability, Accommodation/housing, Economic/community Development/employment
- **Who:** People With Disabilities, Other Defined Groups

## Geography

- Gateshead
- Newcastle Upon Tyne City
- North Tyneside
- Northumberland
- South Tyneside
- Sunderland

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-01-31	£10,466,275	£9,645,527	£6,211,307	224
2024-01-31	£9,221,693	£8,615,407	£5,390,559	215
2023-01-31	£8,879,532	£8,483,917	£4,417,050	214
2022-01-31	£8,767,989	£8,031,917	£4,021,435	225
2021-01-31	£8,377,968	£7,867,516	£3,285,363	193

## Trustees

Name	Role	Appointed
Angela Charlton		2023-01-25
Chrisopher Vaulks		2024-07-31
GEOFFREY WILLIAM ROBSON		2013-08-12
John Moiser		2021-09-29
Julie Wake		2021-07-28
Matt Boyle		2024-05-22
Robin James Adams		2019-03-27

**The Azure Charitable Foundation**

England & Wales - Charity number 513149

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# Accounts

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**Registered number: 01666027**  
**Charity number: 513149**

**The Azure Charitable Foundation (previously Azure Charitable  
Enterprises)**

**(A company limited by guarantee)**

**Annual report**

**31 January 2025**

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

**(A company limited by guarantee)**

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# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Reference and administrative details Year ended 31 January 2025

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**Trustees**  
G P Barnard, Chair  
G W Robson, Treasurer & Vice Chairman  
R J Adams  
M Boyle (appointed 22 May 2024)  
A Charlton  
I Hindle  
J Moiser  
J A Robinson (resigned 22 May 2024)  
C Vaulks (appointed 31 July 2024)  
J Wake

**Company registered number** 01666027

**Charity registered number** 513149

**Registered office**  
McCallum House  
Kielder Avenue  
Cramlington  
Northumberland  
NE23 8JT

**Company secretary** C Nesbitt

**Chief executive officer** P J Wilson

**Independent auditor**  
UNW LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

**Bankers**  
Lloyds Bank plc  
Newcastle upon Tyne  
NE1 6AG

**Solicitors**  
Muckle LLP  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

**President** Neil Robinson MBE, JP

**Patron** The Viscount Ridley

**Vice Presidents**  
A.E Kilburn OBE FCIH  
Neville Furness FCA

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report Year ended 31 January 2025

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The trustees present their annual report together with the audited financial statements of the charity for the 1 February 2024 to 31 January 2025. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Azure Charitable Foundation (formerly Azure Charitable Enterprises)<sup>1</sup> is a registered charity with a mission to "improve the lives of people who are disabled or disadvantaged".

The charity formed in Northumberland in 1979 at a time when attitudes towards 'disability' were changing. Families (locally) sought alternatives to what was often a life-time of institutionalised care and confinement, while policy makers too were actively engaged in perhaps the first meaningful discussions as to the concepts and practices underpinning the delivery of care and support.

Most significantly, in what was something of a 'watershed' moment, it was determined that care should be provided and supported in communities (as opposed to what was traditionally provided outwith the community – and in what might be best described as 'closed communities').

The charity was formally established in 1982, and has been supporting people with a disability to maximize their quality of life, life chances and personal development for more than 40 years.

The Azure Charitable Foundation's principal focus is to deliver social value for our client community i.e., those with special education needs and/or disabilities or who are otherwise disadvantaged.

The charity delivers against these objectives through our:

- Care & Support Services
- Education Services
- Employment and Training Services
- Supported Business (Garden Centre, Café, Business Centre and Landscaping Business) providing 'Supported Employment' for up to 50 people with disabilities.

The charity employs 229 personnel, and group revenues exceeded £10million this year.

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<sup>1</sup> The charity changed its name to 'The Azure Charitable Foundation' on the 18<sup>th</sup> of July 2024 to better reflect the changing nature and scope of the charity's activities. The trustees determined that the new name better reflects the strength and longevity of the charity and the breadth of our work which will also now include grant making and the operation of a Specialist (SEND) College. The trustees found that the name 'Azure Charitable Enterprises' had become too narrowly associated with but a small, albeit still important, part of our activities (social enterprises).

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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### Objectives and activities

The geographic scope of the charity's operations has traditionally been confined to the North East of England, although this is not a policy limitation.

The overarching mission of the charity is to "improve the lives of people who are disabled or disadvantaged" by providing services:

- Education and vocational training supporting our students' personal development and extending opportunities to improve their life chances,
- Care and support – supporting people to live independently and their engagement in the community,
- Support for those seeking employment and those in employment (to sustain their employment),
- Employment (at Azure in our 'Supported Businesses') where we work with people to develop their skills, competencies and experience which also enables them to pursue employment outwith Azure.

Maximising independence, personal development and achievement are our fundamental aims that we achieve in a variety of ways - many of which are complementary - with many of our clients accessing more than one type of service.

In addition to Care & Support, Education and Employment Services, the charity has established and operates a number of businesses (e.g. Azure Business Centre) and supported businesses<sup>2</sup> to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability (i.e. Azure Garden Centre (incorporating our horticultural nurseries), Café and Azure Landscapes and Grounds Maintenance businesses).

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<sup>2</sup> A 'supported business' is defined as where more than 50% of the work-force have a disability

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

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## **Trustees' report (continued) Year ended 31 January 2025**

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### **Strategic report**

#### **Achievements and performance**

The management team is stable, flexible and has demonstrated a capability for innovation that will enable the Board of Trustees to embark, with confidence, on the next phase of the charity's development.

The scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

#### **Azure Property Management Services Limited (formerly Azure Business Centres Limited)**

The business provides office space and business units for small and start up enterprises and is located in Newburn, Newcastle upon Tyne.

Occupancy at the centre is at a very satisfactory level generating a profit of £86k, before gift aid to the charity, in the year compared with £44k in 2023/24.

The business contributes significant value to Azure's balance sheet with both land/buildings, strong cash generation and by its gift- aiding any surplus to the charity.

#### **Azure Garden Centre**

The charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit this year of £463k, before gift aid to the charity, compared to a profit of £498k in 2023/24.

The Garden Centre and its Café are operated with the principal purpose of providing (i) employment and (ii) a setting for education and training for people with special educational needs or disabilities. continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of any profit to the charity to support our broader charitable endeavours; £522,108 in the current year.

#### **Azure Landscapes & Grounds Maintenance**

Azure Landscapes is, like the Garden Centre, operated with the principal purpose of providing (i) employment and (ii) a setting for education and training for people with special educational needs or disabilities. The landscapes department had another satisfactory year posting an operating surplus of £47k (£41k surplus in 2023/24).

The team continues to secure additional work, creating and sustaining the employment of supported employees.

Azure is particularly grateful for the ongoing support of Karbon Homes, Coca-Cola, Anchor Housing, Greggs, Burberry, Ferney Chesters, Miller UK and Blagdon Estate.

#### **Education & Training Services**

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students.

Services are focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND'<sup>3</sup> schools and notwithstanding their best endeavours.

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<sup>3</sup> Special Educational Needs and/or disabilities

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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At Azure, our programmes are devised not only to support our students' personal development but also their social and employability skills. Employability is a key facet of each of our educational programmes (horticulture, catering and hospitality, retail and customer service) where each student has the opportunity to develop key skills and meaningful work experience by working in any of our businesses.

Learners (generally with Educational Health and Care Plans) are referred to Azure's alternative pathways and settings by Northumberland County Council and latterly North Tyneside Council.

Our programmes have been developed specifically for learners (aged 16-24) for whom mainstream schools and/or GFE Colleges have been/are unsuitable or where it has been deemed that these pathways were/are ill-equipped to support learners with particularly high needs (moderate to severe learning difficulties and/or disabilities) that include, but are not limited to:

- Acquired disability (brain injury);
- Anxiety;
- Attachment disorders
- Attention Deficit Hyperactivity Disorder (ADHD);
- Autism Spectrum Disorder (ASD);
- Cerebral Palsy;
- Downs Syndrome;
- Dyspraxia;
- Spina Bifida
- Epilepsy;
- Fine/gross motor skill difficulties;
- Hypermobility;
- Obsessive-Compulsive Disorder (OCD);
- Post-Traumatic Stress Disorder (PTSD);
- Sight/hearing impairment;
- Social, emotional and mental health needs;
- Speech and language difficulties;
- Tourette's Syndrome

In addition, we also teach learners designated as a 'Child in Need' and/or 'Looked After Children':

- A **'Child in Need'** (CIN) is defined under the Children Act 1989 as a child who is unlikely to reach or maintain a satisfactory level of health or development, or their health or development will be significantly impaired, without the provision of services, or the child is disabled
- **'Looked After Children'**<sup>4</sup> are children and young people for whom the Local Authority becomes their Corporate Parent; this means that the Local Authority is responsible for finding them a safe and stable home. Where it is in the best interests of the child this could be a short-term arrangement whilst the family is supported so that children can safely return home; or this can lead to the children and young people being in the Local Authority's care for the longer term<sup>3</sup>.

Our learners are enrolled on study programmes where core funding is provided by the Education & Skills Funding Agency and where additional costs associated with each learner's needs are provided by the Local Authorities e.g. speech and language therapists, occupational health specialists, etc. (supporting learners and their families/carers).

In addition, the Local Authority also provides for our learners' travel costs to and from college (by taxi) if they do not travel independently and require support within and outwith Azure.

As they study with us, we also work with learners to support their personal and social development (learners may, for example, be non-verbal), independent living skills and to secure local employment where possible (within and outwith Azure).

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<sup>4</sup> 'Looked After' is a term introduced in the Children's Act 1989 and many legal aspects have been amended or updated in the Children and Families Act 2015.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

To support enrichment activities, the charity also makes £20,000 available to the department to ensure that there are no economic barriers to participation in enrichment activities including extra-curricular activities.

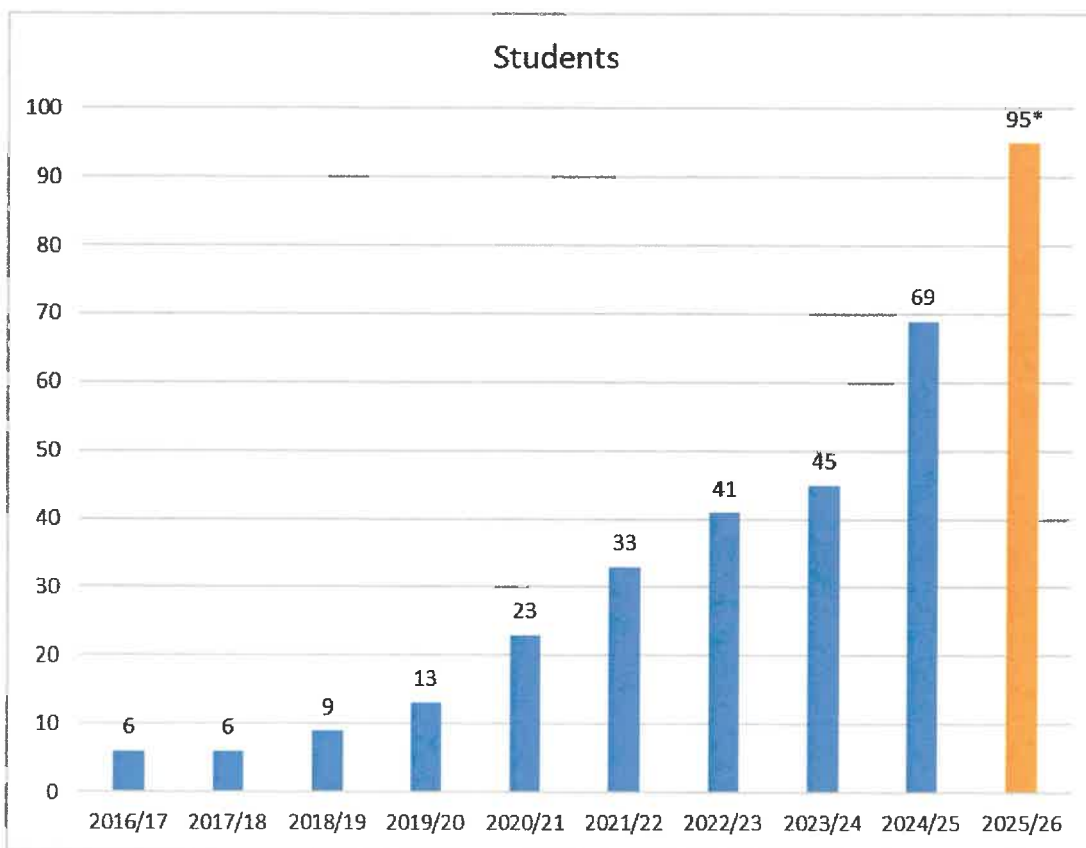
The Education Services Department continues to develop new pathways and a new curriculum that incorporates hospitality and catering, horticulture, retail and customer service.

We have 69 students enrolled this year and are working with Northumberland County Council and North Tyneside Council to develop programmes for young people (aged 16-24) with social, emotional and/or mental health needs.

As previously reported, the Hospitality and Catering Programme launched in September 2020 and was supported by £250k capital investment in the creation of a new teaching kitchen which also attracted financial support from The Reece Foundation and the Molitor Charitable Trust.

Working with Northumberland County Council, recruitment to our education and training programmes 'Skill-builders' (personalised vocational training and personal development programmes) and 'Supported Internships' has increased, year on year:

Working with Northumberland County Council, recruitment to our education and training programmes 'Skill-builders' (personalised vocational training and personal development programmes) and 'Supported Internships' has increased, year on year:



\*At the time of writing we expect our enrolment (in August) to be circa 95 students.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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The department is working with 6 supported interns who are presently working in Azure's garden centre café.

The department has a dedicated employment advisor who works extensively with students to plan and secure their progression destinations; this includes securing voluntary and work-placement opportunities for students, identifying suitable job opportunities and assisting students to apply for roles and prepare for interview.

This year:

Of the 45 students enrolled in 2023/24 (all registered with high needs) 95% progressed to a positive destination.

- 29 returned to continue their education (including 8 as Supported Interns – 1 in Corporate Services (admin), 1 in Landscapes (admin), 2 in the Garden Centre (retail) and 4 in the Garden Centre Café)
- 3 progressed to further study at mainstream -GFE colleges
- 2 obtained paid employment
- 1 secured a volunteering role
- 2 progressed onto an employability programme and have secured voluntary work
- 1 has progressed onto an employability programme only
- 5 have entered adult social care
- 5 left before completion of study
- 2 no destination
- 2 of our Supported Interns are on course to be offered a two-year employment contract as supported employees.

Of the 70 students currently enrolled in 2024/25

- 45 are expected to return in September, 6 of whom are expected to progress into a Supported Internship (2 in the garden centre and 4 in the café)
- We also expect to enrol an additional 50 students across all programmes (total 95 projected)

We will also support any employer that provides a progression destination for our students.

In the last year, the charity has been in discussions with North Tyneside Council and expects to welcome circa 10 students from North Tyneside in September 2025.

The service is regulated by Ofsted.

Demand and interest in our Education Services continues to exceed expectations with McCallum House being adapted still further to accommodate additional students and with staff, in all likelihood, to be operating from temporary buildings situated in the McCallum House car park.

Further to consultations with Northumberland County Council and the DfE, the charity is in the process of forming a specialist SEND College (Specialist Post 16 Institution) and developing plans for an associated capital investment at our Cramlington site to support the delivery of vocational education and training, the teaching of independent living skills and employability training.

The charity is also in discussions with Northumberland County Council vis-à-vis the development of a residential setting on the site (which is being designed to support young people to experience independent living) and a sports and recreational facility designed to support those with SEND.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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### Employment Services

As reported by the ONS:

- there were 5.5 million disabled people in employment in the UK in Q2 2024. This is an increase of 310,000 on the year
- the disability employment rate was 53.0% in Q2 2024, compared to 81.6% for non-disabled people.
- the disability unemployment rate was 6.9% in Q2 2024, compared to 3.6% for non-disabled people.
- the disability economic inactivity rate – where the person self-reports that they are not in or looking for work - was 43.1% in Q2 2024, compared to 15.4% for non-disabled people.
- the number of working-age disabled people has increased by 580,000 on the year. This means that the 0.1 percentage point increase in the disability economic inactivity rate equates to an increase of 260,000 in the number of economically inactive disabled people between Q2 2023 and Q2 2024
- the disability employment gap was 28.6 percentage points in Q2 2024.
- on average, between 2014 and 2023, disabled workers moved out of work at a higher rate (8.6%) compared with non-disabled workers (4.9%). Workless disabled people moved into work at nearly one-third of the rate (10.1%) of workless non-disabled people (27.2%)

The latest data shows that nearly one in four of the working-age population are classed as disabled; the number of people reporting a long-term health condition and the number classed as disabled continue to rise; and the increase in disability prevalence is associated with an increase in people reporting mental health conditions and “other health problems or disabilities.

The disability employment gap is wider for:

- males
- older (aged 50 to 64) people
- people with no qualifications
- people living in social housing
- people not living in a couple
- people living in Northern Ireland, the North of England, Scotland and Wales

The disability employment rate is lower for disabled people:

- with a mental health condition
- with five or more health conditions

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

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## **Trustees' report (continued) Year ended 31 January 2025**

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Disabled people were more likely than non-disabled people to:

- be working in Health, Retail and Education
- be working in lower-skilled occupations
- be self-employed
- be working part-time (and subsequently fewer hours)
- be working in the public sector
- be working in a small workplace (less than 50 employees)
- be underemployed (looking for and available to start another job or work longer hours)
- be working in low pay
- be working on a zero-hour contract
- be working in a job with less career opportunities
- be working in a job with less employee involvement
- have lower average wellbeing scores, this was lower for those who were not in employment
- have higher average anxiety scores, this was generally higher for those who were not in employment

Disabled people were more likely to be economically inactive and for those that were:

- the majority gave long-term sickness as their main reason for being inactive
- they were more likely (than non-disabled people) to want a job
- they were less likely (than non-disabled people) to have had a job in the last two years

Azure administers and operates, in accordance with demand, pre-employment, basic and key skills, information technology and vocational training courses so that clients may develop transferable work skills enabling disabled or disadvantaged people to find and secure sustainable employment.

Our work also includes supporting clients to overcome personal barriers to employment and support their personal development regardless of whether this is linked to specific (formal) qualifications or job outcomes. In co-operation with the Department for Work & Pensions (DWP) and local employers, clients are assisted to secure valuable work placements (including in our supported businesses) and sustainable employment.

Our Employment Services department has a holistic approach to clients; it recognises and understands the important, intrinsic link between many factors that may ultimately impact on employment. The department's work therefore does not stop at employment, we support and signpost clients for expert support in areas outside of our area of expertise such as liaising with homelessness teams or bereavement counsellors.

Azure continues to be commissioned directly by DWP to provide these services and has, since 2020, sought to increase the scope and scale of our work with support from NECA and European Social & Investment Fund and by working in partnership with the North East Autism Society.

Working in partnership with the North East Autism Society our Employment Services team has been delivering two programmes called ProgressNE and Empower Works which were both funded (by the UKSPF) until the end of March 2025.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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### ProgressNE

This programme exclusively supported those who were economically inactive with neurodiverse conditions on their journey towards employment and personal development.

ProgressNE was oversubscribed by 5%.

We are pleased to report we supported:

- 25 people to gain employment
- 20 people to move into education or training
- 72 people in personal development
- 65 people to actively engage in job searching
- 65 people to reduce barriers to employment

### Empower Works

This programme supported both those who were economically inactive and those unemployed. We are pleased to report we supported:

- 24 people to gain employment
- 70 to improve their life skills
- 11 volunteering
- 80 reduce barriers to employment

Clients have secured roles across the region with a range of employers that included:

<b>Employer</b>	<b>Role</b>
NCFE	Casual
Northumbria Healthcare Foundation Trust	NHS Senior Healthcare Support Worker Apprenticeship Level 3
Fenwick	Warehouse Assistant
Enigma	Software Developer
Morrisons	Customer Assistant
North East Law Centre	Business Support Administrator (Data and Digital)
Marks & Spencer	Customer Assistant
Stonegate Group	Cleaner
RCCN Cleaning Services	Cleaner
North East Theatre Trust	Customer Service Assistant
Northumberland Wildlife Trust	Biodiversity Boost Trainee
BBC	Radio Producer/Journalist
Courtyard Café	Café Assistant
Royal Mail	Seasonal Mail Sorter
Skills for People	Expert by Experience Trainer

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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<b>Employer</b>	<b>Role</b>
Waffling On	Online Admin and Communications Worker
Euro Garages Ltd	Customer Assistant
Ckclip Limited	Cleaner
Connect Health	Patient Care Advisor
Azure Charitable Foundation	Landscapes Assistant
Azure Charitable Foundation	Café Assistant
Park Holidays	Customer Service Assistant
T3 Security	Security Office
Odeon Cinemas Limited	Cinema Host
Newcastle University	Postgraduate Demonstrator
Groundwork	Peatlands Survey Assistant
Animal	Sales Assistant
Home Group	Customer Service Assistant
Aspers Casino	Trainee Croupier
English Heritage	Food and Beverage Assistant
Halfords Autocentre	T1 Vehicle Technician
LMG	Software Developer Apprentice
First Face to Face Ltd	Recruitment Support Assistant
Gingerinos Kitchen Limited	Kitchen Assistant
William Hill	Team Leader
Enhanced Care Group	Receptionist
KB Engineering	Production Assistant

Clients are also supported to access training programmes to support their personal development and employability skills delivered online and/or in person by Adult Education providers that include independent training providers, charities, FE Colleges and universities.

By way of example, online training has included:

- Health and Safety
- Microsoft Excel and Google Sheets for Beginners
- Resilience Training
- Personal Assistant Training
- Safeguarding Adults (level 3)

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

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## **Trustees' report (continued) Year ended 31 January 2025**

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Clients have also been supported to pursue:

- Counselling (level 3)
- BA Hons Animation
- BA Hons Criminology and Psychology
- BA Hons Linguistics
- Data Technician Skills Boot Camp
- Digital and IT Skills (level 2 diploma)
- Essential Skills Mathematics (level 2)
- Extended Certificate in Animal Care (level 2)
- FdSc Psychology and Sociology
- ITV Making Creativity Works
- Medical Office Award/Office Skills Training
- Navigating the Archives
- Warehousing and Storage (NVQ level 1)

Working with the NorthEast Autism Society, we have been successful in securing funding (again from the UK Shared Prosperity Fund administered by the North of Tyne Combined Authority) to continue to deliver Empower Works.

This programme runs until March 2026 and aims to support 80 clients in total.

We are also supporting clients in a number of other areas including developing interpersonal skills, accessing volunteering opportunities, education or training, qualifications, sourcing basic skills support and assistance with re-training.

The department continues to develop its strong relationship with Education Services and now providing careers sessions on a one-to-one basis with learners, delivering employability sessions to Supported Interns as well as sourcing work placements and providing on-placement support whilst clients and our students are in the workplace.

It has long been recognised that there is a funding gap for those learners' leaving education and clients referred for employability support some years later. We recognise the need to secure funding for a programme to transition learners from ESFA funded education programmes into independent living while also being supported to continue to access support for volunteering, personal development and employability skills (including employment). We continue to look for ways for this to be funded.

The department was successful in winning a contract with DWP to deliver a personal development/confidence building provision for 80 clients across the district covering Northumberland, North Tyneside, Newcastle, Gateshead, South Tyneside and Sunderland.

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

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## **Trustees' report (continued) Year ended 31 January 2025**

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### **Supported Employment at Azure**

The number of people in supported employment across the charity (in Corporate Services, Garden Centre, Garden Centre Café, Nurseries, Landscaping business and Education Services) was 30 at the year end (30 at year end 23/24; 31 at year end 22/23; 18 at year end 21/22).

Employment Services continue to provide information, advice, guidance, job coaching, job aiding and emotional support to our internal supported employees who work throughout the charity.

We work closely with departmental managers and supervisors and provide job coaching and support personal development where additional support may be required.

Over the last year this support has been wide-ranging and demonstrates the value of a holistic approach with our staff providing 'supported employees' with extensive support beyond the work-place.

### **Support Services**

Support Services provides a range of care services to individuals with disabilities in the North East region. The company's residential based work in the housing departments of Cramlington, Washington, Tynedale, and Newcastle, as well as its enabling support activity around the North East, are of the highest quality and are regularly verified by third party inspections.

Azure's aim is to support clients to achieve autonomy, exercise their personal freedoms and make choices about the lives they lead. Our services are tailored to individual needs and are delivered in a flexible, personalised way to support all our clients including 24/7 if required.

Our staff are expert and experienced in mentoring and supporting the development of life-skills and assisting our clients to engage with the broader community. We work with each of our clients to understand and support their personal aspirations, their interests and their active participation in not only leisure and recreational activities but also employment opportunities.

As an organisation, we are committed to delivering high quality care and support that affords our clients with a sense of continuity and accountability for all working practices and we are registered with the Care Quality Commission to provide personal care.

Above all, we are determined to protect and secure our clients' rights to high quality care and to ensure that our clients live happy and fulfilling lives.

Azure employs highly trained professional staff to support people with a disability to live in homes appropriate to their needs and to support them to live as independently as they are able.

The charity works closely with local authorities and partner organisations that provide homes for people with a disability whilst also providing an enabling service for clients to better access the community/community facilities and public amenities.

The funding stream mix is complex and variable, but it allows the company to continue providing high-quality support services to those who need it most.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

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## Trustees' report (continued) Year ended 31 January 2025

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**Residential Care:** Support Services have been providing residential care support to individuals with disabilities in two homes in Washington (for 29 years); at the end of the year, 10 residents were being supported in the homes through this service.

The quality of the support provided is regularly verified by third party inspections to ensure that it meets the highest standards of care.

As reported last year, Azure agreed with Service Commissioners that the two homes would be deregistered and re-registered as independent supported living homes.

The process of deregistering the service is now complete, and both services are now registered as ISL services. As part of this process, client needs have been re-assessed with additional hours of 1-1 support commissioned that will support clients' emotional health and well-being.

A satellite service has also been established for a client that has been supported to move from children's services out of county back into Sunderland, to live in their own home with 1-1 support.

We are now working with Sunderland City Council and their Adult Social Care teams to develop and grow our offer in and around Sunderland in this vein.

**Supported Living:** In addition to residential support, Support Services also provides Supported Living services across Northumberland and Newcastle.

Supported Living aims to enable clients with disabilities to live independently in their own homes and/or with others (in environments that are safe, inclusive, and integrated) with support provided by trained professionals. This service allows individuals to have more control over their lives and live with greater independence.

The level of support provided varies depending on the client's needs, but it can include support with daily living tasks, such as cooking, cleaning, managing finances, accessing healthcare, and maintaining social connections.

Support is tailored to each person's specific requirements, preferences, and goals, promoting their autonomy, choice, and control over their lives.

Support includes:

- Assistance with daily living tasks (e.g., cooking, cleaning, personal care)
- Budgeting and financial management
- Accessing healthcare and community resources
- Building and maintaining social relationships
- Encouragement and facilitation of community participation

Azure places a strong emphasis on promoting social interaction, personal growth, and meaningful engagement in the wider community. While support staff are readily available to assist as needed, the primary objective is to empower clients to take active control of their lives within a supportive framework.

At the end of the year, 62 residents were being supported through the service.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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**Enabling Support:** Support Services also provides Enabling Support Services to people with disabilities throughout the North East region. This service supports individuals with disabilities to access the community, participate in social activities, and live more independently.

This service aims to encourage involvement in society, foster inclusivity, and improve the lives of individuals with disabilities. The enabling services give priority to crafting personalised support plans tailored to the unique needs, preferences, and aspirations of each client. This could encompass everyday tasks like household chores and financial management.

Clients receive assistance in improving their skills to maximize independence and self-reliance. This may involve training in communication, mobility, socialisation, and vocational skills, facilitating better integration into both the community and the workforce.

Empowering clients to assert their rights and access services, resources, and opportunities of their choosing is a key aspect of our enabling services.

Enabling support facilitates meaningful engagement in community life by connecting clients with social networks, recreational activities, educational opportunities, and volunteer opportunities. This cultivates a sense of belonging, social connectedness, and fulfilment beyond formal support structures.

Furthermore, Enabling Services promote overall health and well-being by addressing physical, emotional, and mental health needs. This encompasses facilitating access to healthcare services, promoting healthy lifestyles, and offering emotional support and counselling as required.

For clients undergoing transitions from institutional settings or experiencing life changes, our Enabling Support provides support with transition planning, resettlement, and integration into community living. This often involves coordinating services, collaborating with relevant agencies, and delivering ongoing support throughout periods of change.

At the end of the year, 53 clients were receiving support through the Community Access Enabling Service.

At the time of writing, we are now supporting 56 service users.

### **Corporate (Central) Services**

A variety of corporate functions are centralised and performed by a small, dedicated team that supports the charity to deliver services and operate the charity's constituent businesses. It also assures compliance with all legal and other requirements.

Key functions include finance, administration, human resource management including recruitment, performance management, payroll, work force development, IT infrastructure, maintenance, janitorial and security.

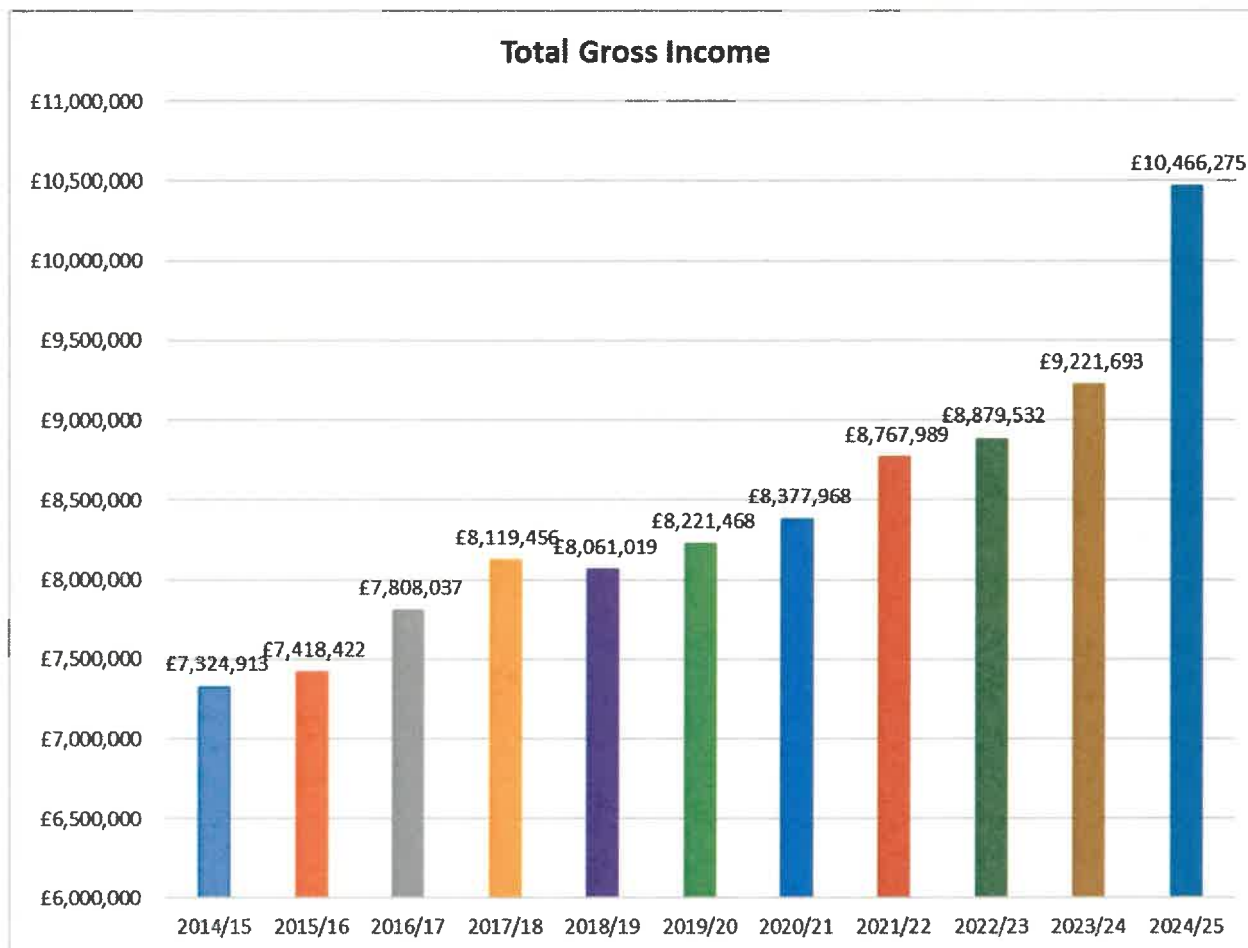
# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

### Financial review

The charity continues to grow revenues (from the delivery of services and the operation of our businesses).

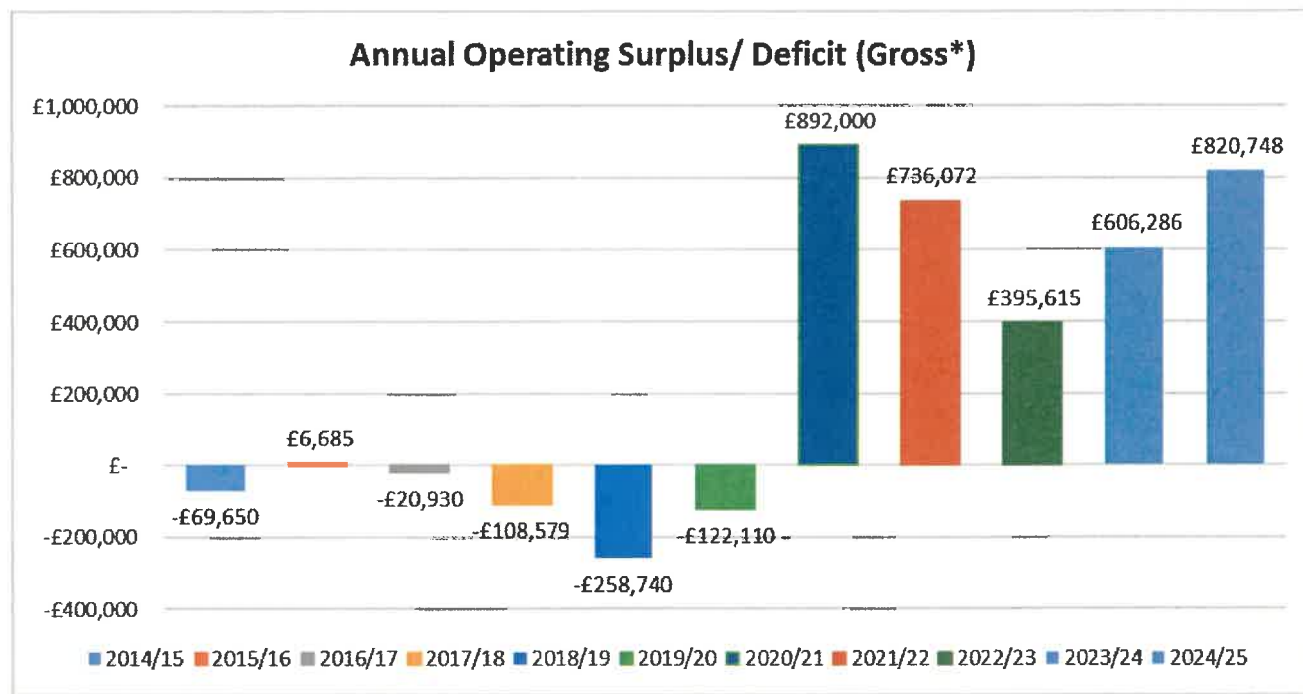


The sustained improvement in the group's financial performance has allowed the charity not only to create a 'Charitable Reserve' as a safeguard against financial and operational uncertainties but also improve pay and remuneration across the group as we endeavour to become a Real Living Wage Employer. More significantly, the performance has provided a platform from which the charity can develop and expand our charitable activities and which will support a transformational investment in our education facilities and which may also include residential and sporting/recreational facilities.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

Trustees' report (continued)  
Year ended 31 January 2025



\*Excluding exceptional costs that included the impairment of the Gateshead Business Centre and repair to Newburn roof incurred in 2017/18, the costs of servicing an emergency (£400k) loan to support restructuring costs incurred 2019/20 and 2020/21 and a £300k capital investment in the Garden Centre Café in 2020/21.

## Summary

The charity continues to deliver an outstanding range of services (Care & Support, Education and Employment) and operates a number of businesses (Garden Centre, Garden Centre Café and Landscapes), with the purpose of providing education and training (in each of these settings) and providing 'supported employment' for our clients in what remain very challenging circumstances.

The Garden Centre, Business Centre and our Landscapes business continue to perform well supporting the delivery of a very healthy operating surplus (see overleaf).

The delivery of Commissioned Services (Adult Care services to Local Authorities) remains challenging as Local Authority fee rates have failed to keep pace with inflation in (real terms) and for many years and where the delivery of services has and/or is becoming increasingly 'marginal' with services returning operating deficits i.e. where real costs of delivery exceed the fee income from Local Authorities (and which are generally calculated to support the employment of support staff at no more than the National Living Wage rate in any event).

This, in our considered opinion, continues to debase and devalue the work of our staff (and which continues to frustrate staff recruitment and retention).

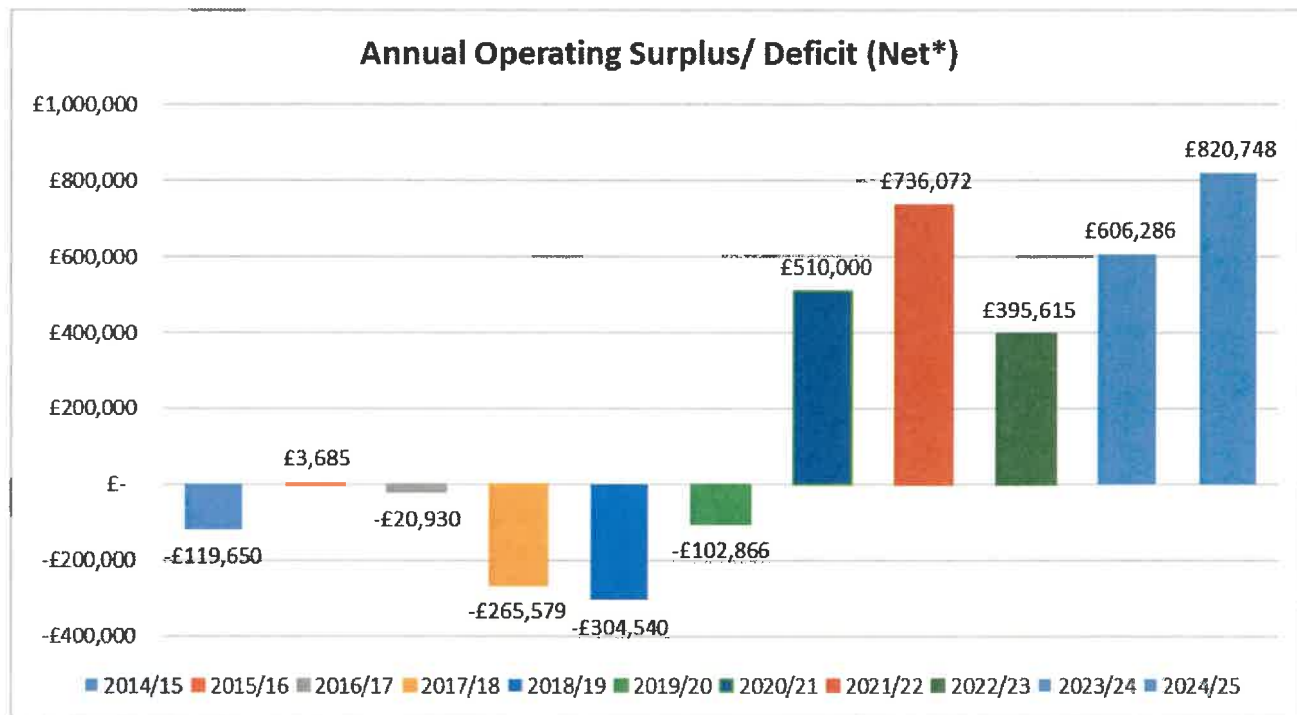
The Board of Directors are mindful that Azure was founded to provide added-value in our communities and to enhance to the delivery of services; it is not Azure's role to subsidise the delivery of local authority obligations and we are determined to ensure that Azure's improved financial performance and resources are devoted to the former.

With our operating surplus returning to what we could consider a 'healthy' and, most importantly, sustainable level our focus remains on the development and sustainability of our charitable services.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

Trustees' report (continued)  
Year ended 31 January 2025



\*\*After exceptional costs noted above.

The delivery of much-needed Employment Services remains contingent on securing funds or service contracts for the delivery of the same. Supported Employment and our Supported Business status remains dependent on the trading performance of our 'ventures' i.e., Garden Centre, Business Centre and Landscaping businesses – and the patronage of local/regional organisations.

The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted efforts to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget setting (for the provision of support services) in/by Local Authorities with the aim of supporting improved pay and conditions for our Support Services staff.

To this end, the Board of Directors and the Executive are committed to working locally, regionally and nationally to ensure that the work of Adult Care staff is more widely understood, acknowledged and properly valued.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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### Reserves and Going Concern

The results for the year provide the Azure group with a net asset position of £6,211,307 (2024: £5,390,559). At the year end, the group had a net current asset position of £2,656,047 (2024: £1,842,312).

This is a much-improved position on the previous year end and gives confidence that the group is in a strong position with sufficient cash to meet its current and future obligations.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact of adverse events political, economic or environmental (national/international).

The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress-tested their forecasts, taking into account various scenarios, and remain confident that while the economic uncertainties remain, they do not cast significant doubt on the company's ability to continue as a going concern.

The total funds of the Azure Group at year end are £6,211,307, which are all unrestricted. Free reserves (total funds less fixed assets and investment property) are £2,656,047 which is in excess of that required in the current reserves policy (£200k).

### Fundraising Policy

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised directly from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

### Public Benefit Statement

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives also are set in order to provide a clear and demonstrable public benefit.

### Principal Risks and Uncertainties

#### Risk Management

The charity has a comprehensive risk review process and this is fully updated every year. The resultant risk analysis is considered by the Audit & Risk Committee in the first instance then is taken to the Board for approval.

With respect to health and safety, a senior manager is the charity's safety advisor and safety representatives are appointed in the various areas of the organisation.

The Board receive (directly) regular reports on health and safety matters (including accident and "near miss" statistics).

The charity has discharged all borrowings and has established a Charitable Reserve and also has placed sums on deposit at a higher rate of interest.

The trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the charity's day-to-day operations.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) and conform to current statutory requirements and comply with the charitable company's governing documents.

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

**(A company limited by guarantee)**

## **Trustees' report (continued) Year ended 31 January 2025**

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### **Investment powers and restrictions**

The charity funds are controlled by the directors, who also act as trustees, who invest with a view to safely optimising annual investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them which they are by law authorised to invest money (including trading subsidiaries), with power from time to time to change for others of a like nature.

### **Plans for future periods**

The Board and Executive are committed to a process of continuous improvement to optimise both the financial performance and the activities of the charity and its subsidiaries.

It is envisaged that economic conditions will remain challenging and with the potential to affect all departments.

An organisation-wide cost control strategy exists with close scrutiny of all discretionary spending.

The trustees have approved a budget for the forthcoming year consistent with these comments and the charity's overall strategic plan.

The charity remains concerned to protect itself from the 'seasonality' and associated risks to Garden Centre revenues (which remain weather dependant) and continues to develop plans to expand the garden centre to increase and diversify its income streams.

Further to consultations with Northumberland County Council, North Tyneside Council and the DfE, the charity is now working to address an inherent weakness in the local/regional education and skills infrastructure and which has prompted Azure to develop plans to establish a specialist, vocational SEND college (Specialist Post 16 Institution) and to develop a response to a lack of accommodation designed to support young people moving into independent living settings.

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

**(A company limited by guarantee)**

## **Trustees' report (continued) Year ended 31 January 2025**

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### **Structure, governance and management**

#### **Governing Instrument and Constitution**

The organisation is a charitable company limited by guarantee, incorporated on 21st September 1982 and registered as a charity on 13th October 1982.

The charitable company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

The company's membership is limited to 50 members. The members devolve authority to a Board of Non-Executive Directors (Trustees) who meet bi-monthly who in turn devolve the executive management to the Chief Executive and senior managers.

In the event of the charitable company being wound up, members are required to contribute an amount not exceeding £1 each.

The governing instruments were revised at an Extraordinary General Meeting on 5<sup>th</sup> of February 2025.

#### **Board of Directors (Trustees)**

The charity is governed by its Board of Directors (Trustees) - who are the appointed directors of the company.

The number of trustees at present is 9 (the requirement being that the number is not less than 6 nor more than 20). Trustees are elected to serve 3-year terms, retire by rotation and are able to stand for re-election:

- At the 2025 Annual General Meeting Geoff Robson, Robin Adams and Angela Charlton retire by rotation (under Article 29) and being eligible, offer themselves for re-election.
- At the 2025 Annual General Meeting Chris Vaulks, being a new Member of the Board appointed on the 31<sup>st</sup> of July, offers himself for re-election (under Article 34)

The trustees meet as a norm not less than six times a year. They receive regular, detailed management accounts (including cash flow projections) as well as reports on operational activities every month. They regularly receive presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility.

The Board of Trustees and Executive wish to express and record their thanks to Mr Graham Barnard (Chair of the Board of Trustees) who will retire at the AGM in July 2025. Graham joined Azure as a trustee in July 2009 and has served on the charity's Risk and Audit Committee, Remuneration Committee and Corporate Services Committee. Graham was elected Vice Chair of the Board of Trustees in 2012 and Chair of the Board of Trustees in 2016.

As Chair, Graham has led the Board through a period of great challenge and transformation that has included overseeing the development and implementation of strategies and plans designed to extend the charity's services and assure its long-term future.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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### Recruitment of trustees

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board.

All appointments are subject to the approval by members at a General Meeting. With the notice of such meeting, members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election.

Additionally, a full attendance record is made available to members.

### Trustee induction and training

New trustees are provided with a proper induction process and all relevant papers and associated guidance to properly fulfil their responsibilities. Briefing papers and familiarisation training is effected for all trustees, as deemed necessary.

### Sub committees

The Board of Trustees has four special sub-committees that assist the Board:

- A **Corporate Services Committee** consisting of four members of the Board and chaired by the treasurer meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The committee:
  - Functions in conjunction with the Board and the Executive on major areas of change, innovation and development.
  - Undertakes tasks delegated by the Board that are within the committee's terms of reference.
  - Reviews and comments upon management accounts and financial forecasts.
  - Considers the financial implications of proposals for areas of major new strategic development on behalf of the Board and makes recommendations to the Board in respect of their suitability.
  - Maintains an overview of financial performance.
  - Reviews the trust's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the Board.

Decisions are ultimately the responsibility of the trustee members of the committee, and in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

- The **Audit and Risk Committee** consisting of four members of the Board meets twice a year to support the Board and Executive reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The committee:
  - Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats.
  - Assists the Board to identify the charity's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the charity's insurance cover.
  - Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the Board
  - Discusses with the external auditor, before the audit commences, the nature and scope of the audit

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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- Reviews the annual audited financial statements before submission to the Board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective
- Discusses with the auditor significant matters arising from the audit
- Reviews policy and procedures in respect of internal financial controls
- Reports periodically to the Board.
- The **Services Committee** consisting of four members of the Board, the Chief Executive and Heads of Service meets at the instruction of the Board to review the nature and scope of services, quality of services and opportunities for development to support the development of strategy and plans. The broad role of the committee is to consider matters not otherwise reported to the Board of Trustees and which may relate, for example, to the development and delivery of services (including regulated services) provided by Azure under contract to government departments, executive agencies (e.g., ESFA), local authorities, etc, and which presently include:
  - (i) Adult Social Care (i.e., 'Support Services');
  - (ii) Education & Training Services; and
  - (iii) Employment Services (including 'Supported Business').

More specifically, the committee may be convened by the Board of Trustees to:

- Review the achievement and maintenance of high standards of teaching, learning and assessment (Education Services); and/or
- Assess the nature, level of support and client impact (for Support Services & Employment Services clients); and/or
- Provide a forum for the Board of Trustees and senior managers to test new ideas relating to the development and delivery of services including assessments of their effectiveness; and/or
- Monitor the outcomes of Azure's quality assurance system regarding learner and/or client experiences, including destinations, satisfaction surveys and complaints; and/or
- Receive, consider and monitor Azure's self-assessment reports and the associated action plans, to include the effectiveness of quality control of all services and report appropriately to the Board; and/or
- Monitor Azure's development and compliance with all policies and procedures regarding equality of opportunity and diversity; and/or
- Receive reports of formal internal inspections of areas of Support Services, Education & Training and Employment Services and the associated action plans and consider them in the context of each service's strategy; and/or
- Receive and consider reports detailing student/client recruitment, retention and progress including changes to the profile of recruitment and report to the Board on their potential significance for the charity's curriculum and/or financial strategy; and/or
- Receive and consider reports on any other quality requirements identified by the CQC, OFSTED or other inspectorate or funding body.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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- The **Remuneration Committee** consisting of four members of the Board meets at least once each year to ensure that Azure's Pay & Reward strategy and policies attract and motivate personnel to achieve the long-term interests of the charity and deliver services to the communities we serve.

More specifically, the committee is responsible for and the scope of:

- Annual cost of living or performance related awards.
- The remuneration of all personnel including senior staff and the Chief Executive.
- Ensuring the policy and application of the remuneration policy is equitable, fair and transparent
- Overseeing any major changes in employee benefits structures throughout the organisation

### Day to day management

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the charity's Chief Executive.

The Chief Executive meets regularly with the chair of the Board of Trustees (in addition to the formal meetings) and appraises the chair of any significant issues as they may arise between meetings.

The Chief Executive, Chief Operating Officer, Chief Financial Officer (and Company Secretary) attend the Board meetings (and other senior post-holders by rotation) but there is proper provision for the Board to discuss any matter without management attendance when they so wish.

### Key Management Personnel

The key management personnel are those listed in the 'Reference and administrative details' page.

In addition to their own attendance at the formal trustee Board meetings, the Chief Executive, Chief Operating Officer and Chief Financial Officer meet together with other Executive Directors and managers as needed, to address all relevant operational issues.

### Pay Policy for Key Management Personnel

Azure has identified key management personnel in the 'Reference and administrative details' section.

The remuneration of the key personnel is determined by the Remuneration Committee, with due reference to the Corporate Services Committee and the budget agreed directly by the Board and from which the Chief Executive is excluded in relation to any specific discussion of their remuneration.

The Corporate Services and Remuneration Committees are guided by formal reports which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2025

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### Related Parties

The charity has three subsidiaries, namely:

- Azure Garden Centre Limited which is operated with the principal purpose of providing (i) employment, including 'supported employment' and (ii) a setting for education and training for people with special educational needs or disabilities. Revenues generated by the garden centre supports our charitable purposes which includes the delivery of care services, employability and education programmes.
- Azure College Limited which has been established (in February of this year) to advance and provide education, training and care those with learning difficulties, special education needs or disabilities in a caring and sheltered environment. The College aims to (i) support the development of learners' vocational, personal, independent living and employability skills; (ii) promote learners' self-esteem, confidence and sense of well-being; (iii) enable learners to secure and sustain employment and actively engage in and with their community (iv) assure our learners' welfare.
- Azure Property Management Services Ltd which operates Azure's investment property (Newburn Business Centre) and which provides supported employment opportunities for our beneficiaries and which generates revenue for the charity to support its charitable purposes.

The Charity and its subsidiaries work with Service Commissioners including Northumberland County Council, Newcastle City Council, North Tyneside Council and Sunderland City Council, DfE, DWP, housing associations and other charities (e.g., the NorthEast Autism Society) in the delivery of services to our beneficiaries.

The Charity is a member of the British Association of Supported Employment (BASE)

### Disclosure of information to auditor

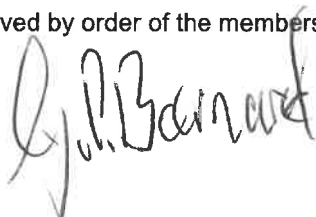
Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is 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 auditor is aware of that information.

### Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees on 9 June 2025 and signed on their behalf by:



**G P Barnard**  
Chair

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Statement of trustees' responsibilities Year ended 31 January 2025

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The trustees (who are also the directors of the charity 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).

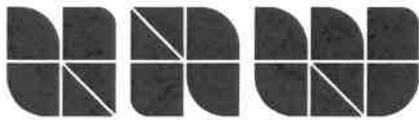
Company law requires the trustees to prepare financial statements for each financial . Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of their incoming resources 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 charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 9 June 2025 and signed on its behalf by:

  
G P Barnard  
Chair



## **Independent auditor's report to the members of The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

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### **Opinion**

We have audited the financial statements of The Azure Charitable Foundation (previously Azure Charitable Enterprises) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2025 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charitable company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 January 2025 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**

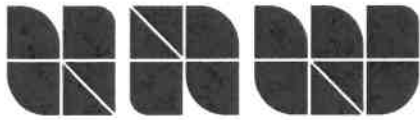
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



## **Independent auditor's report to the members of The Azure Charitable Foundation (previously Azure Charitable Enterprises) (continued)**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees 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 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.



## **Independent auditor's report to the members of The Azure Charitable Foundation (previously Azure Charitable Enterprises) (continued)**

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### **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.

### **Auditor's 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 auditor's 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the trustees and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, safeguarding, employment law, data protection and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



## **Independent auditor's report to the members of The Azure Charitable Foundation (previously Azure Charitable Enterprises) (continued)**

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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 auditor's 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 auditor's 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.

*Anne Hallowell*

**Anne Hallowell BSc DChA FCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

9 June 2025

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Consolidated statement of financial activities (incorporating income and expenditure account)

For the year ended 31 January 2025

		Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
<b>Income from:</b>					
Donations and legacies	4	2,412	3,600	6,012	21,681
Charitable activities	5	6,057,148	-	6,057,148	5,118,267
Other trading activities	6	4,380,796	-	4,380,796	4,081,745
Investments	7	22,319	-	22,319	-
<b>Total income</b>		<b>10,462,675</b>	<b>3,600</b>	<b>10,466,275</b>	<b>9,221,693</b>
<b>Expenditure on:</b>					
Raising funds	8	3,794,902	-	3,794,902	3,508,150
Charitable activities	9	5,847,025	3,600	5,850,625	5,107,257
<b>Total expenditure</b>		<b>9,641,927</b>	<b>3,600</b>	<b>9,645,527</b>	<b>8,615,407</b>
<b>Net movement in funds</b>		<b>820,748</b>	<b>-</b>	<b>820,748</b>	<b>606,286</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		5,390,559	-	5,390,559	4,784,273
Net movement in funds		820,748	-	820,748	606,286
<b>Total funds carried forward</b>	20	<b>6,211,307</b>	<b>-</b>	<b>6,211,307</b>	<b>5,390,559</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 56 form part of these financial statements.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Consolidated balance sheet At 31 January 2025

	Note	2025 £	2024 £
<b>Fixed assets</b>			
Tangible assets	14	2,560,260	2,553,247
Investment property	15	995,000	995,000
		<u>3,555,260</u>	<u>3,548,247</u>
<b>Current assets</b>			
Stocks	17	402,948	440,694
Debtors	18	971,670	512,319
Cash at bank and in hand		2,247,301	1,712,216
		<u>3,621,919</u>	<u>2,665,229</u>
Creditors: amounts falling due within one year	19	(965,872)	(822,917)
<b>Net current assets</b>		<u>2,656,047</u>	<u>1,842,312</u>
<b>Total assets less current liabilities</b>		<u>6,211,307</u>	<u>5,390,559</u>
<b>Total net assets</b>		<u>6,211,307</u>	<u>5,390,559</u>
<b>Charity funds</b>			
Restricted funds	20	-	-
Unrestricted funds	20	6,211,307	5,390,559
<b>Total funds</b>		<u>6,211,307</u>	<u>5,390,559</u>

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

The financial statements were approved and authorised for issue by the trustees on 09 June 2025 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

The notes on pages 35 to 56 form part of these financial statements.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

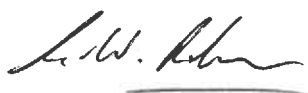
## Balance sheet At 31 January 2025

	Note	2025 £	2024 £
<b>Fixed assets</b>			
Tangible assets	14	2,439,937	2,416,552
Investments	16	2	2
		<u>2,439,939</u>	<u>2,416,554</u>
<b>Current assets</b>			
Debtors	18	815,254	818,194
Cash at bank and in hand		2,101,417	1,077,273
		<u>2,916,671</u>	<u>1,895,467</u>
Creditors: amounts falling due within one year	19	(1,172,532)	(963,665)
<b>Net current assets</b>		<u>1,744,139</u>	<u>931,802</u>
<b>Total assets less current liabilities</b>		<u>4,184,078</u>	<u>3,348,356</u>
<b>Total net assets</b>		<u>4,184,078</u>	<u>3,348,356</u>
<b>Charity funds</b>			
Restricted funds		-	-
Unrestricted funds		4,184,078	3,348,356
<b>Total funds</b>		<u>4,184,078</u>	<u>3,348,356</u>

The charity's net movement in funds for the year was £835,722 (2024 - £563,416).

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 09 June 2025 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

Company registered number: 01666027

The notes on pages 35 to 56 form part of these financial statements.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Consolidated statement of cash flows For the year ended 31 January 2025

	Note	2025 £	2024 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	22	685,312	1,115,423
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(150,227)	(331,184)
<b>Net cash used in investing activities</b>		<b>(150,227)</b>	<b>(331,184)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		-	(65,047)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(65,047)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>535,085</b>	<b>719,192</b>
Cash and cash equivalents at the beginning of the year		1,712,216	993,024
<b>Cash and cash equivalents at the end of the year</b>	23	<b>2,247,301</b>	<b>1,712,216</b>

The notes on pages 35 to 56 form part of these financial statements

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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### 1. General information

The charitable company is a company limited by guarantee. The members of the charitable company are the trustees named on page 1. 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.

### 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. They are presented in pound sterling and rounded to the nearest £.

The Azure Charitable Foundation (previously Azure Charitable Enterprises) 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 charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The charity 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 Going concern

The charity's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the group's ability to continue as a going concern.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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### 2. Accounting policies (continued)

#### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charges fall due.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client service activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

#### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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### 2. Accounting policies (continued)

#### 2.5 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.

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.

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	- 50 years straight-line or over the lease term
Long-term leasehold property	- 40 years straight-line or over the lease term
Short-term leasehold property	- 40 years straight-line or over the lease term
Plant and equipment	- 3 - 4 years straight-line
Motor vehicles	- 4 years straight-line
Fixtures and fittings	- 3 - 5 years straight-line
Office equipment	- 3 - 5 years straight-line

#### 2.6 Investment property

Investment properties are measured at fair value at each reporting date, with any changes in fair value recognised in the consolidated statement of financial activities. Investment properties are not depreciated.

#### 2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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### 2. Accounting policies (continued)

#### 2.9 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.

#### 2.10 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.

#### 2.11 Operating leases

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

#### 2.12 Pensions

The group contributes to personal pension plans taken out by employees. Contributions are charged to the income and expenditure account as they become payable.

#### 2.13 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.

Investment income, gains and losses are allocated to the appropriate fund.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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### 3. Critical accounting estimates and areas of judgment

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.

Estimates included within these financial statements include depreciation charges, bad debt provisions and the stock provision. None of these estimates are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

The valuation of investment properties requires the use of significant judgement and estimation. Under FRS 102, the company determines the fair value of investment properties based on market conditions, comparable transactions, and, where applicable, independent professional valuations.

Key assumptions used in the valuation process include:

- Market rental yields and growth expectations
- Property-specific characteristics, including location, condition, and occupancy rates
- Discount rates applied to future cash flows
- Comparable market transactions

Changes in these assumptions or fluctuations in market conditions could significantly impact the fair value of investment properties, affecting reported profits and financial position. The company regularly reviews these estimates to ensure they reflect current market conditions and adjusts valuations accordingly.

In preparing these financial statements the trustees do not consider there were any significant areas of judgment that were required in applying the groups accounting policies as set out above.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 4. Income from donations and legacies

	<b>Unrestricted funds 2025 £</b>	<b>Restricted funds 2025 £</b>	<b>Total funds 2025 £</b>
Donations	2,412	3,600	<b>6,012</b>
	<b>Unrestricted funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Donations	13,081	8,600	21,681

### 5. Income from charitable activities

	<b>Unrestricted funds 2025 £</b>	<b>Total funds 2025 £</b>	<b>Total funds 2024 £</b>
Provision of client services	6,057,148	<b>6,057,148</b>	5,118,267

All income from charitable activities in the current and prior year was unrestricted.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 6. Income from trading activities

#### Income from non charitable trading activities

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Subsidiary trading income	3,887,055	<b>3,887,055</b>	3,623,576
Nursery income	46,000	<b>46,000</b>	42,333
Landscapes income	447,741	<b>447,741</b>	414,749
Feed in tariff income	-	-	1,087
	<u>4,380,796</u>	<u><b>4,380,796</b></u>	<u>4,081,745</u>

All income from trading activities in the current and prior year was unrestricted.

### 7. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Interest receivable	22,319	<b>22,319</b>	-
	<u>22,319</u>	<u><b>22,319</b></u>	<u>-</u>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 8. Expenditure on raising funds

#### Fundraising trading expenses

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Cost of goods sold	1,957,098	<b>1,957,098</b>	1,797,553
Rent and rates	5,746	<b>5,746</b>	5,721
Advertising	33,472	<b>33,472</b>	27,427
Heat, light and water	95,835	<b>95,835</b>	109,112
Insurances	43,954	<b>43,954</b>	36,411
Training	460	<b>460</b>	345
Other	463,705	<b>463,705</b>	498,335
Wages and salaries	1,102,499	<b>1,102,499</b>	950,731
Depreciation	92,133	<b>92,133</b>	82,515
	<u>3,794,902</u>	<u><b>3,794,902</b></u>	<u>3,508,150</u>

All expenditure from raising funds in the current and prior year was unrestricted.

Income and expenditure from the Garden Centre is classified as trading due to the "for profit" nature of the business to subsidise other charitable activities. However, the Trustees consider that the operations of the Garden Centre align with the objectives of the charity, providing education, training and employment opportunities alongside the other charitable activities of the group.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 9. Analysis of expenditure on charitable activities

#### Summary by fund type

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £
Provision of charitable activities	5,847,025	3,600	<b>5,850,625</b>

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Provision of charitable activities	5,098,657	8,600	5,107,257

### 10. Analysis of expenditure by activities

	Direct costs 2025 £	Support costs 2025 £	Total funds 2025 £
Provision of charitable activities	4,978,112	872,513	<b>5,850,625</b>

	Direct costs 2024 £	Support costs 2024 £	Total funds 2024 £
Provision of charitable activities	4,269,863	837,394	5,107,257

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### Analysis of support costs

	2025 £	2024 £
Wages and salaries	629,937	564,694
Depreciation costs	30,725	27,968
Interest	-	1,696
Power	30,485	35,974
Insurances	18,103	26,192
Other	71,222	98,029
Legal and other professional costs	15,751	10,001
Governance costs	76,290	72,840
	<u>872,513</u>	<u>837,394</u>

### 11. Auditor's remuneration

	2025 £	2024 £
Fees payable to the group's auditor for the audit of the charitable company's annual accounts	13,625	16,500
Fees payable to the group's auditor in respect of:		
The auditing of accounts of subsidiaries of the charitable company	10,000	6,000
Other services	1,700	2,350
	<u>1,700</u>	<u>2,350</u>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 12. Staff costs

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Wages and salaries	5,835,053	5,182,330	4,997,771	4,457,033
Social security costs	426,731	363,517	426,731	363,517
Contribution to defined contribution pension schemes	285,421	228,510	285,421	228,510
	<u>6,547,205</u>	<u>5,774,357</u>	<u>5,709,923</u>	<u>5,049,060</u>

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

	Group 2025 No.	Group 2024 No.
Garden Centre	36	35
Supported Living	76	78
Landscapes	16	15
Support Services	62	58
Employment Services	8	5
Education	12	9
Administration	12	13
Azure Business Centres Limited	2	2
	<u>224</u>	<u>215</u>

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

	Group 2025 No.	Group 2024 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	-
In the band £140,001 - £150,000	1	1

The key management personnel of the charity comprise the Chief Executive, Chief Financial Officer, Chief Operating Officer and Directors of Charitable and Corporate Services. The total employee benefits of the key management personnel of the group were £672,915 (2024: £527,765).

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 13. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2024: none).

During the year ended 31 January 2025, no trustee expenses have been incurred (2024: none).

### 14. Tangible fixed assets

#### Group

	Freehold property £	Plant and equipment £	Motor vehicles £	Office equipment £	Assets under construction £	Total £
<b>Cost</b>						
At 1 February 2024	3,808,048	646,569	76,365	785,838	275,969	5,592,789
Additions	40,684	32,133	-	38,188	39,222	150,227
At 31 January 2025	<u>3,848,732</u>	<u>678,702</u>	<u>76,365</u>	<u>824,026</u>	<u>315,191</u>	<u>5,743,016</u>
<b>Depreciation</b>						
At 1 February 2024	1,702,492	542,705	48,648	745,697	-	3,039,542
Charge for the year	73,642	44,366	9,649	15,557	-	143,214
At 31 January 2025	<u>1,776,134</u>	<u>587,071</u>	<u>58,297</u>	<u>761,254</u>	<u>-</u>	<u>3,182,756</u>
<b>Net book value</b>						
At 31 January 2025	<u>2,072,598</u>	<u>91,631</u>	<u>18,068</u>	<u>62,772</u>	<u>315,191</u>	<u>2,560,260</u>
At 31 January 2024	<u>2,105,556</u>	<u>103,864</u>	<u>27,717</u>	<u>40,141</u>	<u>275,969</u>	<u>2,553,247</u>

The net book value of freehold land not depreciated is £750,000 (2024: £750,000).

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 14. Tangible fixed assets (continued)

#### Charity

	Freehold property £	Plant and equipment £	Motor vehicles £	Office equipment £	Assets under construction £	Total £
<b>Cost</b>						
At 1 February 2024	3,640,819	336,024	76,365	401,708	275,969	4,730,885
Additions	40,684	21,020	-	29,903	39,222	130,829
At 31 January 2025	<u>3,681,503</u>	<u>357,044</u>	<u>76,365</u>	<u>431,611</u>	<u>315,191</u>	<u>4,861,714</u>
<b>Depreciation</b>						
At 1 February 2024	1,574,412	325,247	48,648	366,026	-	2,314,333
Charge for the year	71,339	12,362	9,649	14,094	-	107,444
At 31 January 2025	<u>1,645,751</u>	<u>337,609</u>	<u>58,297</u>	<u>380,120</u>	<u>-</u>	<u>2,421,777</u>
<b>Net book value</b>						
At 31 January 2025	<u>2,035,752</u>	<u>19,435</u>	<u>18,068</u>	<u>51,491</u>	<u>315,191</u>	<u>2,439,937</u>
At 31 January 2024	<u>2,066,407</u>	<u>10,777</u>	<u>27,717</u>	<u>35,682</u>	<u>275,969</u>	<u>2,416,552</u>

The net book value of freehold land not depreciated is £750,000 (2024: £750,000).

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

**15. Investment property**

**Group**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 February 2024	995,000
At 31 January 2025	<u>995,000</u>

Investment properties are held in Azure Property Management Services Limited and were subject to an external valuation in 2023 by Sanderson Weatherall. The valuations were prepared on the basis of open market value and were made in accordance with RICS Valuation - Global Standards 2022. These valuations have been updated by the directors to 31 January 2025.

Investment property if included on a historical cost basis would be stated at:

	<b>Group 2025 £</b>	<b>Group 2024 £</b>
Historic cost	<u>567,990</u>	<u>597,884</u>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 16. Fixed asset investments

Company	Investments in subsidiary companies £
<b>Cost</b>	
At 1 February 2024	2
At 31 January 2025	<u>2</u>
<b>Net book value</b>	
At 31 January 2025	<u>2</u>
At 31 January 2024	<u>2</u>

### Principal subsidiaries

The following were subsidiary undertakings of the charity:

Names	Company number	Country of incorporation	Class of shares	Holding
Azure Garden Centre Limited	02746143	England	Ordinary	100%
Azure Property Management Services Limited	04642254	England	N/A	100%

Azure Property Management Services Limited is a private company limited by guarantee without share capital and therefore no shares are held by The Azure Charitable Foundation.

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit for the year £	Net assets £
Azure Garden Centre Limited	3,752,705	3,289,300	463,405	652,271
Azure Property Management Services Limited	214,554	128,780	85,774	1,375,861

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 17. Stocks

	<b>Group 2025 £</b>	<b>Group 2024 £</b>
Finished goods and goods for resale	<b>402,948</b>	440,694

### 18. Debtors

	<b>Group 2025 £</b>	<b>Group 2024 £</b>	<b>Charity 2025 £</b>	<b>Charity 2024 £</b>
Trade debtors	<b>298,759</b>	154,239	<b>261,912</b>	113,117
Amounts owed by group undertakings	-	-	<b>468</b>	369,059
Other debtors	<b>26,738</b>	3,134	<b>25,007</b>	1,144
Prepayments and accrued income	<b>646,173</b>	354,946	<b>527,867</b>	334,874
	<b>971,670</b>	512,319	<b>815,254</b>	818,194

The amounts owed by group undertakings are unsecured and repayable on demand.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 19. Creditors: amounts falling due within one year

	<b>Group 2025 £</b>	Group 2024 £	<b>Charity 2025 £</b>	Charity 2024 £
Trade creditors	293,691	194,655	147,142	101,054
Amounts owed to group undertakings	-	-	443,901	306,558
Other taxation and social security	356,761	340,140	352,685	329,301
Other creditors	73,195	60,644	61,530	49,096
Accruals and deferred income	242,225	227,478	167,274	177,656
	<u>965,872</u>	<u>822,917</u>	<u>1,172,532</u>	<u>963,665</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

### Deferred income

	<b>Group 2025 £</b>	Group 2024 £	<b>Charity 2025 £</b>	Charity 2024 £
Deferred income at 1 February 2024	47,910	-	47,910	-
Resources deferred during the year	34,743	47,910	34,743	47,910
Amounts released from previous periods	(47,910)	-	(47,910)	-
<b>Deferred income at 31 January 2025</b>	<u>34,743</u>	<u>47,910</u>	<u>34,743</u>	<u>47,910</u>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 20. Statement of funds

#### Statement of funds - current year

	Balance at 1 February 2024 £	Income £	Expenditure £	Balance at 31 January 2025 £
<b>Unrestricted funds</b>				
General funds	5,390,559	10,462,675	(9,641,927)	6,211,307
<b>Restricted funds</b>				
Residents activities for Keele Drive	-	3,600	(3,600)	-
<b>Total of funds</b>	<b>5,390,559</b>	<b>10,466,275</b>	<b>(9,645,527)</b>	<b>6,211,307</b>

#### Statement of funds - prior year

	As restated Balance at 1 February 2023 £	Income £	Expenditure £	Balance at 31 January 2024 £
<b>Unrestricted funds</b>				
General funds	4,784,273	9,213,093	(8,606,807)	5,390,559
<b>Restricted funds</b>				
Residents activities for Keele Drive	-	8,600	(8,600)	-
<b>Total of funds</b>	<b>4,784,273</b>	<b>9,221,693</b>	<b>(8,615,407)</b>	<b>5,390,559</b>

Residents activities for Keele Drive: Various donations were received from Damant ML during the year towards the cost of providing social activities for the residents of Keele Drive.

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 21. Analysis of net assets between funds

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

	Unrestricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	2,560,260	2,560,260
Investment property	995,000	995,000
Current assets	3,621,919	3,621,919
Creditors due within one year	(965,872)	(965,872)
<b>Total</b>	<b>6,211,307</b>	<b>6,211,307</b>

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

	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	2,553,247	2,553,247
Investment property	995,000	995,000
Current assets	2,665,229	2,665,229
Creditors due within one year	(822,917)	(822,917)
<b>Total</b>	<b>5,390,559</b>	<b>5,390,559</b>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

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

	Group 2025 £	Group 2024 £
Net income for the year (as per statement of financial activities)	820,748	606,286
<b>Adjustments for:</b>		
Depreciation charges	143,214	127,767
Decrease in stocks	37,746	54,089
(Increase)/decrease in debtors	(459,351)	190,081
Increase in creditors	142,955	137,200
<b>Net cash provided by operating activities</b>	<b>685,312</b>	<b>1,115,423</b>

### 23. Analysis of cash and cash equivalents

	Group 2025 £	Group 2024 £
Cash in hand	2,247,301	1,712,216
<b>Total cash and cash equivalents</b>	<b>2,247,301</b>	<b>1,712,216</b>

### 24. Analysis of changes in net debt

	At 1 February 2024 £	Cash flows £	At 31 January 2025 £
Cash at bank and in hand	1,712,216	535,085	2,247,301
	<b>1,712,216</b>	<b>535,085</b>	<b>2,247,301</b>

# The Azure Charitable Foundation (previously Azure Charitable Enterprises)

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2025

### 25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £285,421 (2024: £228,510). Contributions totalling £42,973 (2024: £36,708) were payable to the fund at the balance sheet date and are included in creditors.

### 26. Operating lease commitments

At 31 January 2025 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2025 £</b>	Group 2024 £	<b>Charity 2025 £</b>	Charity 2024 £
Not later than 1 year	<b>15,788</b>	10,940	<b>15,788</b>	10,940
Later than 1 year and not later than 5 years	<b>1,050</b>	1,101	<b>1,050</b>	1,101
	<b>16,838</b>	12,041	<b>16,838</b>	12,041

### 27. Related party transactions

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £623 (2024: £4,747) on normal commercial terms. During the course of the year, the charity sold goods to its subsidiary Azure Garden Centre Limited amounting to £2,717 (2024: £2,470). During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £130,980 (2024: £172,348). During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The net amount outstanding at the year end was £87,116 owing to the charity (2024: £356,624 owing to the charity).

During the course of the year, the charity purchased goods from its subsidiary Azure Property Management Limited amounting to £18,695 (2024: £14,268) on normal commercial terms. During the course of the year, the charity sold goods to its subsidiary Azure Property Management Limited amounting to £780 (2024: £815) on normal commercial terms. During the course of the year the charity provided management services to Azure Property Management Limited amounting to £7,705 (2024: £9,660). During the year there were also recharges of costs between the charity and Azure Property Management Limited. The net amount outstanding at the year end was £356,317 owing from the charity (2024: £294,123 owing from the charity).

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £7,667 (2024: £10,261) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £697 (2024: £1,843).

During the course of the year the charity purchased services from Muckle LLP, a company where RJ Adams is a partner, totalling £7,128 (2024: £2,880), on normal commercial terms. The amount outstanding at the yearend, included in the charitable company's creditors, is £nil (2024: £nil).

# **The Azure Charitable Foundation (previously Azure Charitable Enterprises)**

**(A company limited by guarantee)**

## **Notes to the financial statements For the year ended 31 January 2025**

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### **28. Controlling party**

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.

**The Azure Charitable Foundation**

England & Wales - Charity number 513149

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# Accounts

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**Registered number: 01666027**  
**Charity number: 513149**

**Azure Charitable Enterprises**  
**(A company limited by guarantee)**

**Annual report**

**31 January 2024**

# Azure Charitable Enterprises

(A company limited by guarantee)

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# Azure Charitable Enterprises

(A company limited by guarantee)

## Reference and administrative details Year ended 31 January 2024

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<b>Trustees</b>	G P Barnard, Chair G W Robson, Treasurer & Vice Chairman R J Adams S J Hallowell (resigned 24 May 2023) I Hindle J Wake J Moiser J A Robinson (resigned 22 May 2024) A Chariton M Boyle (appointed 22 May 2024)
<b>Company registered number</b>	01666027
<b>Charity registered number</b>	513149
<b>Registered office</b>	McCallum House Kielder Avenue Cramlington Northumberland NE23 8JT
<b>Company secretary</b>	C Riley
<b>Chief executive officer</b>	P J Wilson
<b>Independent auditor</b>	UNW LLP Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Lloyds Bank plc Newcastle upon Tyne NE1 6AG
<b>Solicitors</b>	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4BF
<b>President</b>	Neil Robinson MBE, JP
<b>Patron</b>	The Viscount Ridley
<b>Vice Presidents</b>	A.E Kilburn OBE FCIH Neil Furness FCA

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report

Year ended 31 January 2024

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The trustees present their annual report together with the audited financial statements of the charity for the 1 February 2023 to 31 January 2024. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Azure Charitable Enterprises is a registered charity with a mission to "improve the lives of people who are disabled or disadvantaged".

The charity was formed in Northumberland in 1979 at a time when attitudes towards 'disability' were changing. Families (locally) sought alternatives to what was often a life-time of institutionalised care and confinement, while policy makers too were actively engaged in perhaps the first meaningful discussions as to the concepts and practices underpinning the delivery of care and support.

Most significantly, in what was something of a 'watershed' moment, it was determined that care should be provided and supported in communities (as opposed to what was traditionally provided outwith the community – and in what might be best described as 'closed communities').

The charity was formally established in 1982, and has been supporting people with a disability to maximize their quality of life, life chances and personal development for more than 40 years.

Azure Charitable Enterprises' principal focus is to deliver social value for our client community i.e. those with special education needs and/or disabilities or who are otherwise disadvantaged.

The charity delivers against these objectives through our:

- Care & Support Services
- Education Services
- Employment and Training Services
- Supported Business (Garden Centre, Café, Business Centre and Landscaping Business) providing 'Supported Employment' for up to 50 people with disabilities.
- Azure Charitable Foundation (launching in 2025)\*

The charity employs 215 personnel, and group revenues exceeded £9million this year.

\*Further to our AGM in 2023, the Executive and Board of Trustees have submitted an application to the Charity Commission to change the charity's name to the 'Azure Charitable Foundation'.

Whereas the concept of a grant-making foundation was originally conceived as a separate entity to hold and/or channel some of our operating surpluses into community projects/organisations supporting our client group and this remains part of our ambition, we have determined that this change of name and associated branding will better:

- (i) represent the fact that the nature and scope of all Azure's work is integral to this endeavour i.e. it is indivisible; and
- (ii) support other strategies and plans going forward.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Objectives and activities

#### • Policies and objectives

The geographic scope of the charity's operations has traditionally been confined to the North East of England, although this is not a policy limitation.

The overarching mission of the charity is to "improve the lives of people who are disabled or disadvantaged" by providing:

- Education and Vocational training supporting our students' personal development and extending opportunities to improve their life chances,
- Care and Support – supporting people to live independently and their engagement in the community,
- Support for those seeking employment and those in employment (to sustain their employment),
- Employment (at Azure in our 'Supported Businesses') where we work with people to develop their skills, competencies and experience which also enables them to pursue employment outwith Azure.

Maximising independence, personal development and achievement are our fundamental aims that we achieve in a variety of ways - many of which are complementary - with many of our clients accessing more than one type of service.

In addition to Care & Support, Education and Employment Services, the charity has established and operates a number of businesses (e.g. Azure Business Centre) and a supported businesses to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability (i.e. Azure Garden Centre (incorporating our horticultural nurseries), Café and Azure Landscapes and Grounds Maintenance businesses).

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Strategic report

#### Achievements and performance

- **Main achievements of the charity**

Notwithstanding the impact of COVID-19 and the challenges posed by the pandemic, the management team is stable, flexible and has demonstrated a capability for innovation that will enable the Board of Trustees to embark, with confidence, on the next phase of the charity's development.

The scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

The charity greatly appreciates the generous financial donations received this year. The charity has received donations from Bellway, Coca-Cola, the Handley Trust and Ramdens Financial Services and these donations have been used to purchase recreational equipment/fund extra-curricular activities for our students. The charity has also received generous legacy donations from Support Services clients and donations in memory of Mr Chris Turnbull. These donations have been used to provide additional activities for our clients such as theatre trips and Christmas parties.

#### Azure Business Centres Limited

The business, which is a wholly owned subsidiary of the charity, provides office space and business units for small and start up enterprises and is located in Newburn, Newcastle upon Tyne.

Occupancy at the centre is at a very satisfactory level generating a profit of £44k, before Gift Aid to the charity, in the year compared with a £235k loss in 2023 (which included a £302k loss on investment property).

The business contributes significant value to Azure's balance sheet with both land/buildings, strong cash generation and by it gift- aiding any surplus to the charity.

#### Azure Garden Centre

The charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit (in 23/24) of £498k, before Gift Aid to the charity, compared to a profit of £412k in 2022/23.

The Garden Centre continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of any profit to the charity to support our broader charitable endeavours, £433,656 in the current year.

#### Azure Landscapes & Grounds Maintenance

The Landscapes department had another satisfactory year posting an operating surplus of £41k (£57k surplus in 2022/23).

The team continues to secure additional work, creating and sustaining the employment of supported employees. Azure is particularly grateful for the ongoing support of Karbon Homes, Coca-Cola, Anchor Housing, Greggs, Burberry, Ferney Chesters, Miller UK and Blagdon Estate.

The Landscapes operation continues to employ a large number of people with disability.

#### Education & Training Services

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

Services are focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND' schools and notwithstanding their best endeavours.

At Azure, our programmes are devised not only to support our students' personal development but also their social and employability skills. Employability is a key facet of each of our educational programmes (horticulture, catering and hospitality, retail and customer service) where each student has the opportunity to develop key skills and meaningful work experience by working in any of our businesses.

Learners (generally with Educational Health and Care Plans) are referred to Azure's alternative pathways and settings by Northumberland County Council and latterly North Tyneside Council.

Our programmes have been developed specifically for learners (aged 16-24) for whom mainstream schools and/or GFE Colleges have been/are unsuitable or where it has been deemed that these pathways were/are ill-equipped to support learners with particularly high needs (moderate to severe learning difficulties and/or disabilities) that include, but are not limited to:

- Acquired Disability (Brain Injury);
- Anxiety;
- Attachment disorders
- Attention deficit hyperactivity disorder (ADHD);
- Autism spectrum disorder (ASD);
- Cerebral Palsy;
- Downs Syndrome;
- Dyspraxia;
- Spina Bifida
- Epilepsy;
- Fine/gross motor skill difficulties;
- Hypermobility;
- Obsessive-compulsive disorder (OCD);
- Post-traumatic stress disorder (PTSD);
- Sight/Hearing impairment;
- Social, emotional and mental health needs;
- Speech and language difficulties;
- Tourette's syndrome

In addition, we also teach Learners designated as a 'Child in Need' and/or 'Looked After Children':

- A '**Child in Need**' (CIN) is defined under the Children Act 1989 as a child who is unlikely to reach or maintain a satisfactory level of health or development, or their health or development will be significantly impaired, without the provision of services, or the child is disabled.
- '**Looked After Children**' are children and young people for whom the Local Authority becomes their Corporate Parent; this means that the Local Authority is responsible for finding them a safe and stable home. Where it is in the best interests of the child this could be a short-term arrangement whilst the family is supported so that children can safely return home; or this can lead to the children and young people being in the Local Authority's care for the longer term.

Our learners are enrolled on study programmes where core funding is provided by the Education & Skills Funding Agency (ESFA) and where additional costs associated with each Learner's needs are provided by the Local Authorities e.g. Speech & Language Therapists, Occupational Health Specialists, etc, (supporting Learners and their families/carers).

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

In addition, the Local Authority also provides for our learners' travel costs to and from college (by taxi) if they do not travel independently and require support within and outwith Azure.

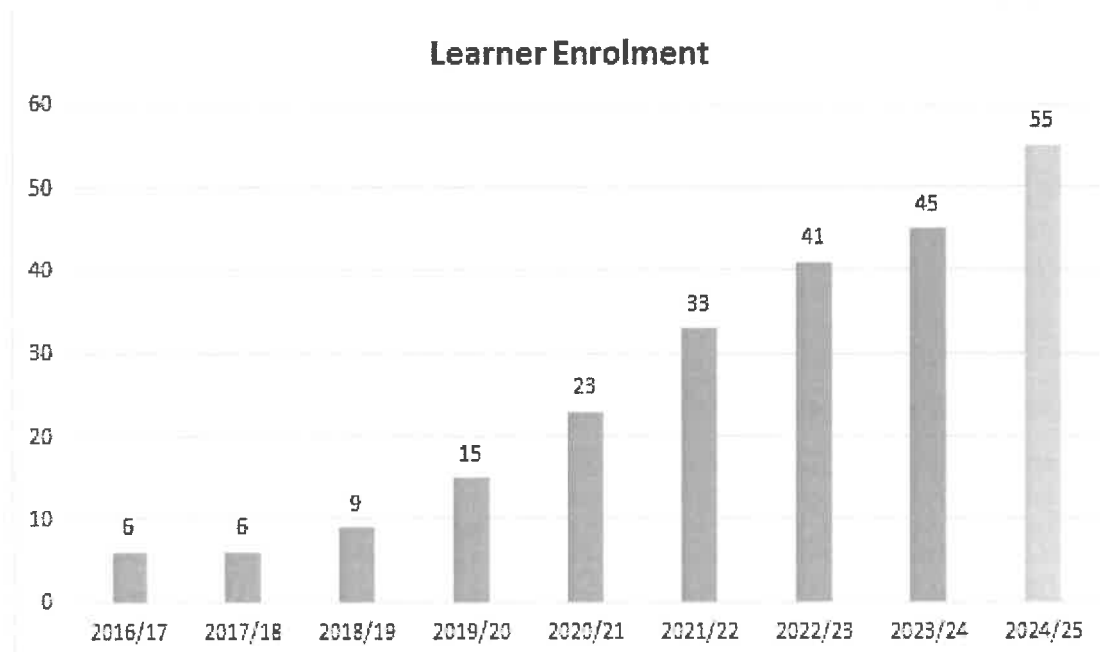
As they study with us, we also work with learners to support their personal and social development (learners may, for example, be non-verbal), independent living skills and to secure local employment where possible (within and outwith Azure). To support enrichment activities, the charity also makes £20,000 available to the department to ensure that there are no economic barriers to participation in enrichment activities including extra-curricular activities.

The Education Services Department continues to develop new pathways and a new curriculum that incorporates Hospitality and Catering, Horticulture, Retail and Customer Service.

We have 45 students enrolled this year and have been approached by Northumberland County Council to develop programmes for young people (aged 16-24) with social, emotional and/or mental health needs.

As previously reported, the Hospitality and Catering programme launched in September 2020 and was supported by £250k capital investment in the creation of a new teaching kitchen (and which also attracted financial support from the Reece Foundation and the Molitor Charitable Trust).

Working with Northumberland County Council, recruitment to our education and training programmes 'Skill-builders' (personalised vocational training and personal development programmes) and 'Supported Internships' has increased, year on year:



At the time of writing we expect our enrolment (in August 2024) to be circa 55 students.

The department is also working with 6 supported interns who are presently working in Azure's Garden Centre café.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

The department has a dedicated employment advisor who works extensively with students to plan and secure their progression destinations; this includes securing voluntary and work-placement opportunities for students, identifying suitable job opportunities and assisting students to apply for roles and prepare for interview.

This year:

- 22 learners returned for a 2nd year
- 6 learners entered a Supported Internship programme (with Azure Education)
- 2 learners entered onto a Supported Internship programme (with Choices College)
- 1 learner secured paid employment within a landscaping business
- 2 learners accessed courses at Newcastle College
- 3 learners secured volunteer placements (2 in Azure café, 1 in café in Ashington) alongside adult social care services.

We will also support any employer that provides a progression destination for our students.

Demand and interest in our Education Services continues to exceed expectations with McCallum House being adapted still further to accommodate additional students and with staff, in all likelihood, to be operating from temporary buildings (portakabins) situated in the McCallum House car park.

In the last year, the charity has been in discussions with North Tyneside Council and expects to welcome circa 10 students from North Tyneside in September 2024.

The service is regulated by Ofsted.

#### ● Employment Services

According to the ONS Labour Force Survey, 9.6 million people of working age (16 to 64) reported that they were disabled in January to March 2023, representing 23% of the working-age population. This is an increase of 600,000 people from the year before (ONS, Dataset A08: Labour market status of disabled people, 17 May 2022, GSS standard levels). In the same period, an estimated 5.1 million disabled people were in employment. This works out as an employment rate of 53.7%, up from 51.7% in 2019.

The ONS reports that disabled people are considerably more likely to be economically inactive and that while the economic inactivity rate for disabled people was 42.7%, the corresponding figure for those who are not disabled was 14.3%.

Leonard Cheshire's 'Locked out of the Labour Market' report (October 2020) highlights the disproportionate impact of Covid-19 on disabled people's employment, with 84% of young disabled people who were employed in March 2020 experiencing an impact to their employment due to the pandemic, compared to 71% of all employed disabled people.

For over a decade, the disability employment gap has remained at around 30%. Covid-19 has exacerbated existing structural inequalities, posing the risk of entrenching barriers to the workplace for disabled people.

Young people with disabilities are disproportionately affected by the impact of Covid-19 on employment. Data from the ONS 2020 Labour Force Survey (July to September) found that just 37% of disabled young people aged 16-24 are in employment compared to 55% of non-disabled young people. This is a 4% drop in the employment rate from 2019.

Azure administers and operates, in accordance with demand, pre-employment, basic and key skills, information

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# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

technology and vocational training courses so that clients may develop transferable work skills enabling disabled or disadvantaged people to find and secure sustainable employment.

Our work also includes supporting clients to overcome personal barriers to employment and support their personal development regardless of whether this is linked to specific (formal) qualifications or job outcomes. In co-operation with the Department for Work & Pensions (DWP) and local employers, clients are assisted to secure valuable work placements (including in our supported businesses) and sustainable employment.

Our Employment Services department has a holistic approach to clients; it recognises and understands the important, intrinsic link between many factors that may ultimately impact on employment. The department's work therefore does not stop at employment, we support and signpost clients for expert support in areas outside of our area of expertise such as liaising with homelessness teams or bereavement counsellors.

Azure continues to be commissioned directly by DWP to provide these services and has, since 2020, sought to increase the scope and scale of our work with support from the North East Local Economic Partnership and European Social & Investment Fund and by working in partnership with the North East Autism Society.

Working in partnership with the North East Autism Society our Employment Services team has been delivering a programme called DiversityNE which was funded (by the UKSPF) until the end of December 2023. The programme supported both unemployed and economically inactive people with neuro-diverse conditions on their journey towards employment.

The programme was oversubscribed by 20% and exceeded all targets and we are pleased to report we supported:

- 68 people to gain paid employment
- 59 people to move into education or training
- 32 people move from being economically inactive to actively job searching

Clients have secured roles across the region with a range of employers and roles that included:

- Ad Gefrin
- Kitchen Porter
- APS Blyth
- Warehouse Assistant
- Azure Garden Centre
- Café Assistant
- Azure Grounds Maintenance & Landscapes
- Landscapes Assistant
- Bark
- Kennel Staff
- Bupa Care Services (Ridley Park Care Home)
- Care Assistant
- Community Integrated Care
- Support Worker
- Compass Group
- Cleaner/Handyman
- Coquet Medical Group
- Medical Secretary
- Croftway Academy
- Administration Assistant Apprentice Level 3
- DA Howie & Sons (Morwick Dairy)

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

- Dairy Assistant
- Haven
- Activities Team Member
- JD Sports
- Seasonal Night Colleague
- La Cura House Care Home
- Domestic Assistant
- Morrisons
- Customer Assistant
- Newcastle Building Society
- Customer Service Adviser
- Newcastle City Council
- Customer and Culture Assistant Apprentice
- Newcastle University
- Business Administration Apprentice
- Newcastle University
- Research Impact and Engagement Co-ordinator
- Northumbria Health NHS Foundation Trust
- Senior Healthcare Support Worker Apprentice Level 3
- Playnation
- Arcade Assistant
- One Stop via Tesco
- Customer Assistant
- NorthEast Autism Society
- Team Leader (Family Support)
- RNIB
- Transcription Production Assistant
- SAJ Transport Consultant
- Graduate Transport Modeller
- Vue Cinema
- Customer Assistant

Clients are also supported to access training programmes to support their personal development and employability skills delivered online and/or in person by Adult Education providers that include independent training providers, charities, FE Colleges and universities.

By way of example, online programmes have included:

- Communication Skills
- COSHH
- Customer Service Skills
- Display Screen Equipment
- Food Hygiene
- GDPR
- Health & Safety
- Health and Social Care
- L2 Food Hygiene and Safety for Catering
- Microsoft Excel and Google Sheets
- PA & Secretarial Skills
- Warehousing & Storage

Clients have also been supported to pursue:

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

- BA (Hons) Business Management (Northumbria University)
- Business Administration Level 2 (North Tyneside Council Employment and Skills)
- Cookery (Newcastle City Learning -Westgate Community College)
- Counselling (Newcastle College)
- Functional Skills L1 Maths (Northumberland Skills)
- Get into Retail with M&S (Prince's Trust)
- ITV Making Creativity Work (ITV)
- L2 Certificate in Teaching and Learning (Newcastle College)
- L5 Developer Operations (Sunderland Software City and Gateshead College)
- SIA (PeoplePlus)

Working with the NorthEast Autism Society, we have been successful in securing funding (again from the UK Shared Prosperity Fund administered by the North of Tyne Combined Authority) for two additional programmes:

- 'ProgressNE' (launched in October 2023) and
- 'Empower Works NE' (launched in April 2024)

Both programmes run until March 2025 and aim to support 260 clients in total. As of mid-April 2024, ProgressNE has supported its third client to gain employment.

We are also supporting clients in a number of other areas including travel training, accessing community groups (to lessen social isolation and develop routine), securing volunteering opportunities and securing a place at university (by helping with interview preparation).

The department continues to develop its strong relationship with Education Services.

It has long been recognised that there is a funding gap for those learners leaving education and clients referred for employability support some years later. We recognise the need to secure funding for a programme to transition learners from ESFA funded education programmes into independent living while also being supported to continue to access support for volunteering, personal development and employability skills (including employment).

In 2023, the department was invited by Bellway to take part in their Graduate Challenge. We worked closely with a small group of Bellway graduates from across the UK. Azure set them a challenge of how it could increase the number of our clients who gain work experience or paid employment in the construction sector. Over a number of months of meeting regularly, the graduates presented their findings, ideas and suggestions. We were also presented with a £10k donation which the department is looking to put towards a specific project to expand our reach and support more people with disability through personal development or with their journey towards employment.

# **Azure Charitable Enterprises**

(A company limited by guarantee)

## **Trustees' report (continued)**

**Year ended 31 January 2024**

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### **Strategic report (continued)**

#### **Achievements and performance (continued)**

- **Supported Employment at Azure**

The number of people involved in the supported employment activities in its businesses (Corporate Services, Garden Centre, Nurseries, Landscaping business and Education Services) was 28 at the year end (28 at year end 22/23; 20 at year end 21/22).

Employment Services continue to provide information, advice, guidance, job coaching, job aiding and emotional support to our internal supported employees who work throughout the charity.

We work closely with departmental managers and supervisors and provide job coaching and support personal development where additional support may be required.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

##### ● Support Services

Support Services provides a range of care services to individuals with disabilities in the North East region. The charity's residential based work in the housing departments of Cramlington, Washington, Tynedale, and Newcastle, as well as its enabling support activity around the North East, are of the highest quality and are regularly verified by third party inspections.

Azure's aim is to support clients to achieve autonomy, exercise their personal freedoms and make choices about the lives they lead. Our services are tailored to individual needs and are delivered in a flexible, personalised way to support all our clients including 24/7 if required.

Our staff are expert and experienced in mentoring and supporting the development of life-skills and assisting our clients to engage with the broader community. We work with each of our clients to understand and support their personal aspirations, their interests and their active participation in not only leisure and recreational activities but also employment opportunities.

As an organisation, we are committed to delivering high quality care and support that affords our clients with a sense of continuity and accountability for all working practices and we are registered with the Care Quality Commission to provide personal care. Above all, we are determined to protect and secure our clients' rights to high quality care and to ensure that our clients live happy and fulfilling lives.

Azure employs highly trained professional staff to support people with a disability to live in homes appropriate to their needs and to support them to live as independently as they are able.

The charity works closely with local authorities and partner organisations that provide homes for people with a disability whilst also providing an enabling service for clients to better access the community/community facilities and public amenities.

The funding stream mix is complex and variable, but it allows the charity to continue providing high-quality support services to those who need it most.

#### Residential Care:

Support Services have been providing residential care support to individuals with disabilities in two homes in Washington (for 29 years); at the end of the year, 11 residents were being supported in the homes through this service.

The quality of the support provided is regularly verified by third party inspections to ensure that it meets the highest standards of care.

As reported last year, Azure has agreed with Service Commissioners that the two homes would be deregistered and re-registered as independent supported living homes.

The process of deregistering the service is now complete, and both services are now registered as ISL services. As part of this process, client needs have been re-assessed with additional hours of 1-1 support commissioned that will support clients' emotional health and well-being.

A 12th client is due to move in, in the near future.

A satellite service has also been established for a client that has been supported to move from this shared model of care, to live in their own home with 1-1 support. As a result, the client is able to remain living in and as part of

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Strategic report (continued)

#### Achievements and performance (continued)

the community rather than returning to a hospital setting.

We are now working with Sunderland City Council and their Adult Social Care teams to develop and grow our offer in and around Sunderland in this vein.

#### Supported Living:

In addition to residential support, Support Services also provides Supported Living services in Newcastle and Tynedale.

Supported Living aims to enable clients with disabilities to live independently in their own homes and/or with others (in environments that are safe, inclusive, and integrated) with support provided by trained professionals. This service allows individuals to have more control over their lives and live with greater independence.

The level of support provided varies depending on the client's needs, but it can include support with daily living tasks, such as cooking, cleaning, managing finances, accessing healthcare, and maintaining social connections. Support is tailored to each person's specific requirements, preferences, and goals, promoting their autonomy, choice, and control over their lives.

Azure fosters opportunities for social interaction, personal development, and meaningful participation in society. Support staff are available to provide assistance as needed, but the emphasis is on empowering the individual to lead fulfilling and independent lives within their communities.

At the end of the year, 62 residents were being supported through the service.

#### Enabling Support:

Support Services also provides enabling support services to people with disabilities throughout the North East region. This service supports individuals with disabilities to access the community, participate in social activities, and live more independently.

This services aim to encourage involvement in society, foster inclusivity, and improve the lives of individuals with disabilities. The enabling services give priority to crafting personalised support plans tailored to the unique needs, preferences, and aspirations of each client. This could encompass everyday tasks like household chores and financial management.

Clients receive assistance in improving their skills to maximize independence and self-reliance. This may involve training in communication, mobility, socialisation, and vocational skills, facilitating better integration into both the community and the workforce.

Empowering clients to assert their rights and access services, resources, and opportunities of their choosing is a key aspect of our enabling services.

Enabling support facilitates meaningful engagement in community life by connecting clients with social networks, recreational activities, educational opportunities, and volunteer opportunities. This cultivates a sense of belonging, social connectedness, and fulfilment beyond formal support structures.

Furthermore, enabling services promote overall health and well-being by addressing physical, emotional, and mental health needs. This encompasses facilitating access to healthcare services, promoting healthy lifestyles, and offering emotional support and counselling as required.

For clients undergoing transitions from institutional settings or experiencing life changes, our enabling support

# **Azure Charitable Enterprises**

(A company limited by guarantee)

## **Trustees' report (continued) Year ended 31 January 2024**

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### **Strategic report (continued)**

#### **Achievements and performance (continued)**

provides support with transition planning, resettlement, and integration into community living. This often involves coordinating services, collaborating with relevant agencies, and delivering ongoing support throughout periods of change.

At the end of the year, 53 service users were receiving support through the Community Access enabling service. At the time of writing, we are now supporting 56 service users.

#### **Corporate (Central) Services**

A variety of corporate functions are centralised and performed by a small, dedicated team that supports the charity to deliver services and operate the charity's constituent businesses. It also assures compliance with all legal and other requirements.

Key functions include finance, administration, human resource management including recruitment, performance management, payroll, work force development, IT infrastructure, maintenance, janitorial and security.

# Azure Charitable Enterprises

(A company limited by guarantee)

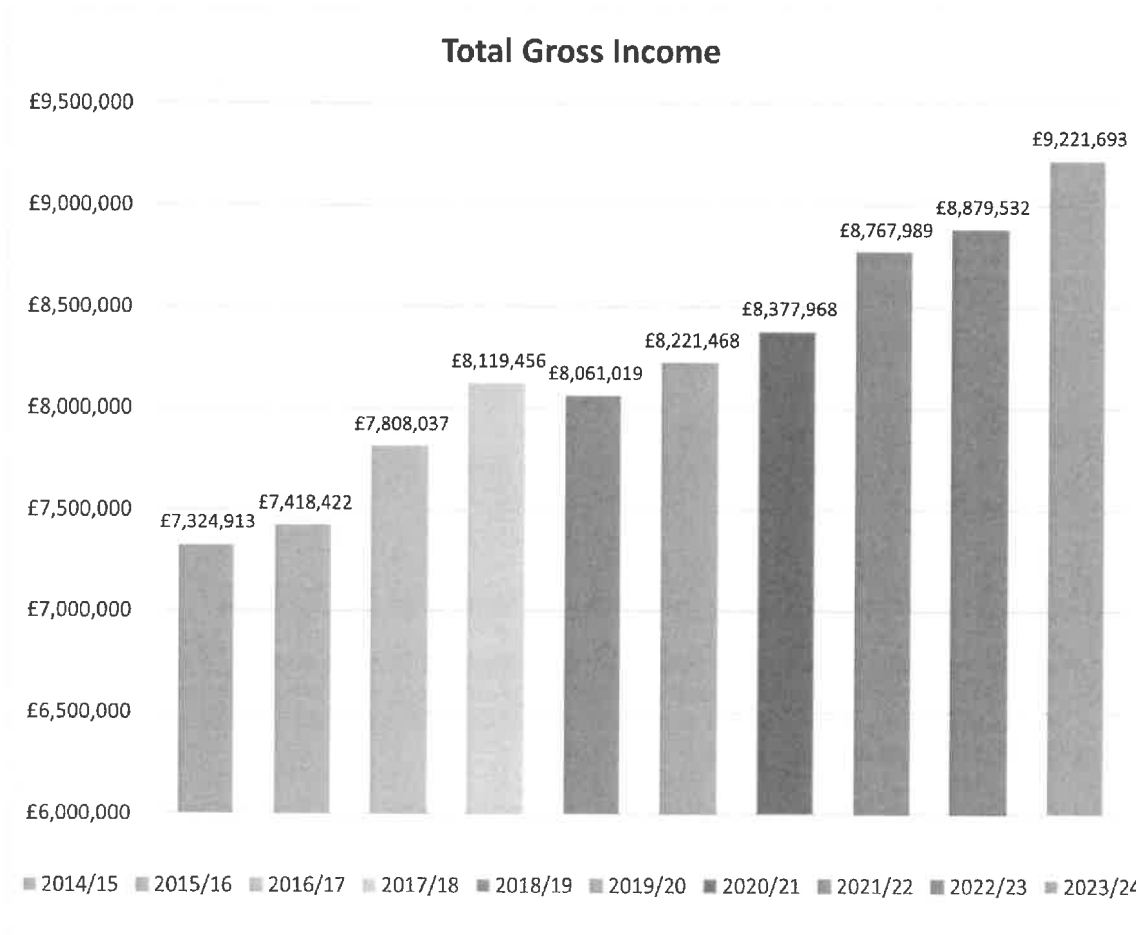
## Trustees' report (continued)

Year ended 31 January 2024

### Strategic report (continued)

#### Financial review

The charity continues to grow revenues (from the delivery of services and the operation of our businesses).



As previously reported, whereas a number of the charity's trading businesses, while providing a much-valued source of employment for our clients, have historically posted operating deficits, this is no longer the case.

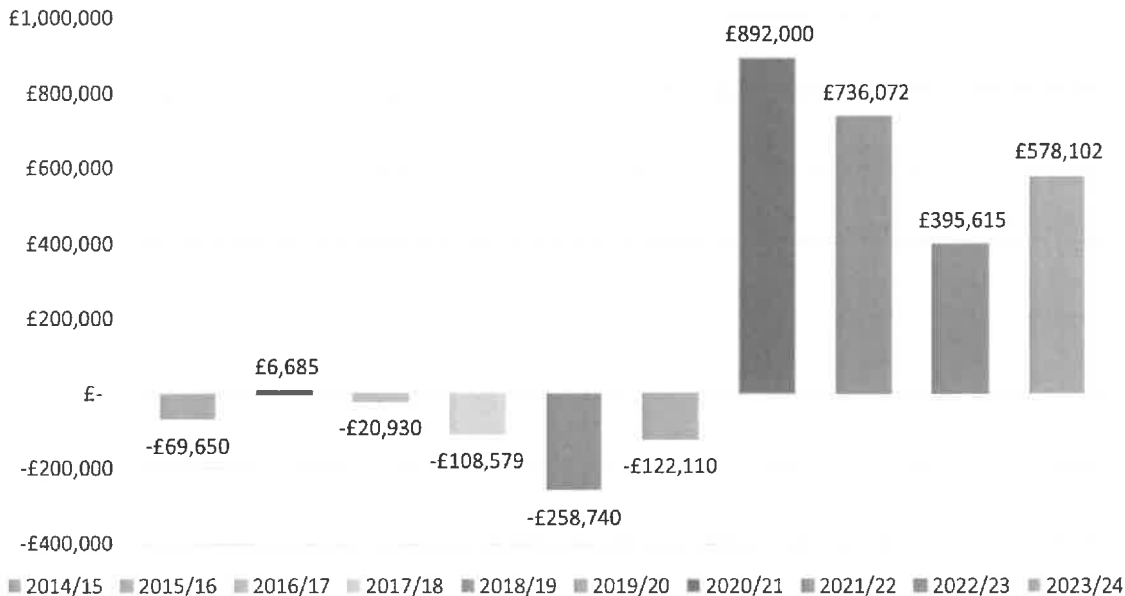
The sustained improvement in the group's financial performance has allowed the charity not only to create a 'Charitable Reserve' as a safeguard against financial and operational uncertainties and to improve pay and remuneration across the group as we endeavour to become a Real Living Wage Employer.

# Azure Charitable Enterprises

(A company limited by guarantee)

Trustees' report (continued)  
Year ended 31 January 2024

## Annual Operating Surplus/ Deficit (Gross\*)



\*Excluding exceptional costs (see below) to incur additional levels of expenditure.

As reported last year, Local Authority fees (for the delivery of Support and Day Services) still do not reflect the real terms increase in pay costs (National Living Wage or Real Living Wage) and overheads which continues to see increasing numbers of service providers across the UK hand back services, decline to provide these services or otherwise exit the market.

This continues to drive an increased number of privately owned care businesses being offered (to Azure) for sale; to date, we have yet to receive an invitation to purchase what we would consider a 'financially viable' business. Fee rates for 'day services' continue to prompt some of the most notable service providers (in the region) to withdraw services on the basis that they are no longer economic to provide.

We are aware that a number of care providers have been and continue to be (financially) compromised by the fact that they have been and are delivering services at an operational deficit and/or have been supporting the delivery of services from their reserves.

The charity has struggled for a number of years to recruit support staff and continued to be overly reliant on agency staff to support the delivery of Support Services.

In 2023/24, we committed to Support Services becoming a Real Living Wage Employer – whereas fees from Sunderland City Council (agreed in 2023) support this initiative, at the time of writing, fee rates from other Authorities have failed to sustain this financial commitment with fee rates significantly less than the costs of inflation and increases to NLW and RLW this year.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

### Summary

The charity continues to deliver an outstanding range of services (Care & Support, Education and Employment) and operates a number of commercial businesses that provide 'supported employment' for our clients in what remain very challenging circumstances.

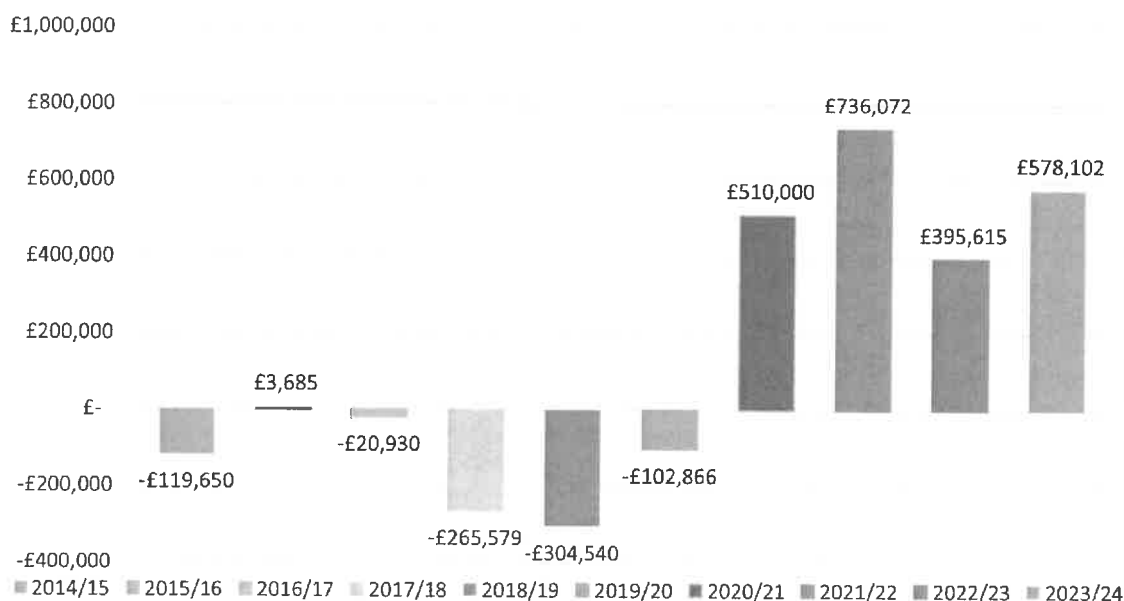
The Garden Centre, Business Centre and our Landscapes business continue to perform well supporting the delivery of a very healthy operating surplus (see overleaf). The delivery of Commissioned Services (Adult Care services to Local Authorities) remains challenging as Local Authority fee rates have failed to keep pace with inflation in (real terms), for many years the delivery of services has and/or is becoming increasingly 'marginal' with services returning operating deficits. I.e. where real costs of delivery exceed the fee income from Local Authorities (and which are generally calculated to support the employment of support staff at no more than the National Living Wage rate in any event).

This, in our considered opinion, continues to debase and devalue the work of our staff (which continues to frustrate staff recruitment and retention).

The Board of Trustees are mindful that Azure was founded to provide added-value in our communities and to enhance the delivery of services; it is not Azure's role to subsidise the delivery of local authority obligations and we are determined to ensure that Azure's improved financial performance and resources are devoted to the former.

With our operating surplus returning to what we could consider a 'healthy' and, most importantly, sustainable pre-pandemic baseline our focus remains on the development and sustainability of services.

### Annual Operating Surplus/ Deficit (Net\*)



\*As illustrated above, consolidating on work commenced in 2018/19 designed to stem operating deficits and restore the charity's financial health and long term viability that included a number of exceptional costs including a £400k emergency loan to support restructuring costs (and, subsequently, a £300k investment in the Garden Centre Café and the creation of a new teaching facility) the charity posted a net operating surplus of £510k in

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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20/21, £736k in 21/22 and £395K in 22/23. This sustained performance has also allowed the charity to establish a Charitable Reserve.

Group performance in 2023/24 remains strong, posting an operating surplus of £578k in 23/24.

The delivery of much-needed Employment Services remains contingent on securing funds or service contracts for the delivery of the same. Supported Employment and our Supported Business status remains dependent on the trading performance of our 'ventures' i.e. Garden Centre, Business Centre and Landscaping businesses – and the patronage of local/regional organisations.

We are most grateful to our ambassador organisations (Karbon Homes, Anchor Housing, Miller and Coca Cola).

The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted efforts to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget setting (for the provision of support services) in/by Local Authorities with the aim of supporting improved pay and conditions for our Support Services staff.

To this end, the Board of Trustees and the Executive are committed to working locally, regionally and nationally to ensure that the work of Adult Care staff is more widely understood, acknowledged and properly valued.

### ● Reserves and Going Concern

The charity's reserves policy is designed to cover the short term (12 month) cash requirement arising from a reduction in income or additional expenses based on the most significant short term risks to the business. It is expected that cash requirements after 12 months from such events would be covered by operational changes or funding arrangements. The current level of reserves required is £200k and this is reviewed periodically.

The results for the year provide the Azure group with a net asset position of £5,390,559 (2023: £4,784,273). At the year end, the group had a net current asset position of £1,842,312 (2023: £1,439,443).

This is a much improved position on the previous year end and gives confidence that the group is in a much more positive position with sufficient cash to meet its current and future obligations.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact of adverse events political, economic or environmental (national/international).

The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress-tested their forecasts, taking into account various scenarios, and remain confident that while the economic uncertainties remain (principally those associated with Brexit, COVID-19 and/or any comparable event), they do not cast significant doubt on the charity's ability to continue as a going concern.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### • Principal risks and uncertainties

#### Risk Management

The charity has a comprehensive risk review process and this is fully updated every year. The resultant risk analysis is considered by the Audit & Risk Committee in the first instance then is taken to the Board for approval.

With respect to Health and Safety, a senior manager is the charity's safety advisor and safety representatives are appointed in the various areas of the organisation.

The Board receive (directly) regular reports on health and safety matters (including accident and "near miss" statistics).

The charity has discharged all borrowings and has established a Charitable Reserve and also has placed sums on deposit at a higher rate of interest.

The trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the Charity's day-to-day operations.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) and conform to current statutory requirements and comply with the charitable company's governing documents.

### • Investment powers and restrictions

The charity funds are controlled by the trustees, who also act as trustees, who invest with a view to safely optimising annual investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them which they are by law authorised to invest money (including trading subsidiaries), with power from time to time to change for others of a like nature.

### • Fundraising policy

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised directly from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

### • Public benefit statement

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives are also set in order to provide a clear and demonstrable public benefit.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Structure, governance and management

#### ● Governing Instrument and Constitution

The organisation is a charitable company limited by guarantee, incorporated on 21st September 1982 and registered as a charity on 13th October 1982.

The charitable company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

The charity's membership is limited to 50 members. The members devolve authority to a Board of Non-Executive Directors (Trustees) who meet bi-monthly who in turn devolve the executive management to the Chief Executive and senior managers.

In the event of the charitable company being wound up, members are required to contribute an amount not exceeding £1 each.

Whereas the governing instruments were revised on 30th June 2010 at the charity's Annual General Meeting; the Executive and Board of Trustees have again been prompted to review the instruments over the last 12 months with amendments that will be presented for the members' consideration at the 2024 AGM.

#### ● Board of Trustees

The charity is governed by its Board of Trustees - who are the appointed directors of the charitable company.

The number of trustees at present is 9 (the requirement being that the number is not less than 6 nor more than 20). Trustees are elected to serve 3 year terms, retire by rotation and are able to stand for re-election:

- At the 2024 Annual General Meeting Isobel Hindle and John Mosier retire by rotation (under Article 29) and being eligible, offer themselves for re-election.
- At the 2024 Annual General Meeting Matt Boyle being a new Member of the Board appointed 22nd of May 2024 offer themselves for re-election (under Article 34)

The trustees meet as a norm not less than six times a year. They receive regular, detailed management accounts (including cash flow projections) as well as reports on operational activities every month. They regularly receive presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility.

#### ● Recruitment of Trustees

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board.

All appointments are subject to the approval by members at a General Meeting. With the notice of such meeting, members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election.

Additionally, a full attendance record is made available to Members.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Structure, governance and management (continued)

#### • Trustee induction and training

New trustees are provided with a proper induction process and all relevant papers and associated guidance to properly fulfil their responsibilities – while this was challenging during the pandemic, we are pleased to welcome new members to the Board. Briefing papers and familiarisation training is effected for all trustees, as deemed necessary.

#### • Board Sub Committees

The Board of Trustees has four special sub-committees that assist the Board:

##### Corporate Services Committee

A Corporate Services Committee consisting of three members of the Board and chaired by the Treasurer meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The committee:

- Functions in conjunction with the Board and the Executive on major areas of change, innovation and development.
- Undertakes tasks delegated by the Board that are within the committee's terms of reference.
- Reviews and comments upon management accounts and financial forecasts.
- Considers the financial implications of proposals for areas of major new strategic development on behalf of the Board and makes recommendations to the Board in respect of their suitability.
- Maintains an overview of financial performance.
- Reviews the charity's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the Board.

Decisions are ultimately the responsibility of the trustee members of the committee, and in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

##### Audit and Risk Committee

The Audit and Risk Committee consisting of three members of the Board meets twice a year to support the Board and the Executive (CEO and CFO) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The committee:

- Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats.
- Assists the Board to identify the charity's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the charity's insurance cover.
- Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the Board
- Discusses with the external auditor, before the audit commences, the nature and scope of the audit
- Meets once a year, or part thereof, with the external auditor without management present;
- Reviews the annual audited financial statements before submission to the Board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective
- Discusses with the auditor matters arising from the audit
- Reviews policy and procedures in respect of internal financial controls

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Structure, governance and management (continued)

- Reports periodically to the Board.

The trustee members of the Audit & Risk Committee, as a norm, do discuss matters in private with the external auditors with no management present at the end of every Risk & Audit Committee meeting.

### Services Committee

The Services Committee consisting of three members of the Board, the Chief Executive and Heads of Service meets at the instruction of the Board to review the nature and scope of services, quality of services and opportunities for development to support the development of strategy and plans. The broad role of the Committee is to consider matters not otherwise reported to the Board of Trustees and which may relate, for example, to the development and delivery of services (including regulated services) provided by Azure under contract to Government Departments, Executive Agencies (e.g. ESFA), Local Authorities, etc, and which presently include:

- (i) Adult Social Care (i.e. 'Support Services');
- (ii) Education & Training Services; and
- (iii) Employment Services (including 'Supported Business').

More specifically, the Committee may be convened by the Board of Trustees to:

- Review the achievement and maintenance of high standards of teaching, learning and assessment (Education Services); and/or
- Assess the nature, level of support and client impact (for Support Services & Employment Services clients); and/or
- Provide a forum for the Board of Trustees and Senior Managers to test new ideas relating to the development and delivery of services including assessments of their effectiveness; and/or
- Monitor the outcomes of Azure's quality assurance system regarding learner and/or client experiences, including destinations, satisfaction surveys and complaints; and/or
- Receive, consider and monitor Azure's Self-Assessment Reports and the associated Action Plans, to include the effectiveness of quality control of all services and report appropriately to the Board; and/or
- Monitor Azure's development and compliance with all policies and procedures regarding equality of opportunity and diversity; and/or
- Receive reports of formal internal inspections of areas of Support Services, Education & Training and Employment services and the associated action plans and consider them in the context of each service's strategy; and/or
- Receive and consider reports detailing student/client recruitment, retention and progress including changes to the profile of recruitment and report to the Board on their potential significance for the Charity's Curriculum and/or Financial Strategy; and/or
- Receive and consider reports on any other quality requirements identified by the CQC, OFSTED or other inspectorate or funding body.

### Remuneration Committee

The Remuneration Committee consisting of three members of the Board meets at least once each year to ensure that Azure's Pay & Reward strategy and policies attract and motivate personnel to achieve the long-term interests of the charity and deliver services to the communities we serve.

More specifically, the Committee is responsible for and the scope of:

- Annual cost of living or performance related awards.
- The remuneration of all personnel including senior staff and the chief executive.
- Ensuring the policy and application of the remuneration policy is equitable, fair and transparent
- Overseeing any major changes in employee benefits structures throughout the organisation.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2024

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### Structure, governance and management (continued)

#### • Day to day management

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the charity's Chief Executive.

The Chief Executive meets regularly with the chair of the Board of Trustees (in addition to the formal meetings) and appraises the chair of any significant issues as they may arise between meetings.

The Chief Executive, Chief Operating Officer and Chief Financial Officer (and Company Secretary) attend the Board meetings (and other senior post-holders by rotation) but there is proper provision for the Board to discuss any matter without management attendance when they so wish.

#### • Key Management Personnel

The key management personnel are those listed in note 11. In addition to their own attendance at the formal Trustee Board meetings, the Chief Executive, Chief Operating Officer and Chief Financial Officer meet together with other management as needed, to address all relevant operational issues.

#### • Pay Policy for Key Management Personnel

Azure has identified key management personnel in note 11.

The remuneration of the key personnel is determined by the Remuneration Committee, with due reference to the Corporate Services Committee and the budget agreed directly by the Board and from which the Chief Executive is excluded in relation to any specific discussion of their remuneration.

The Corporate Services and Remuneration Committees are guided by formal reports which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2024

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### Plans for future periods

The Board and Executive are committed to a process of continuous improvement to optimise both the financial performance and the activities of the charity and its subsidiaries.

While the charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the charity; the Board and Executive have had cause to review how the charity's objects are expressed and has determined that that they would benefit from further definition to recognise (expressly) that 'disability' (and our work has come to include those with special educational needs/education and health care plans (EHCPs) and those who are otherwise disadvantaged (e.g. may be suffering from debilitating mental health conditions) and who are at risk of social and/or economic exclusion confirming that this is within the charity's compass.

It is envisaged that economic conditions will remain challenging and with the potential to affect all departments.

An organisation-wide cost control strategy exists with close scrutiny of all discretionary spending.

The trustees have approved a budget for the forthcoming year consistent with these comments and the charity's overall strategic plan.

The charity is however concerned to protect itself from the 'seasonality' and associated risks to Garden Centre revenues (which remain weather dependant) and this has prompted the preparation of plans to expand the garden centre to increase and diversify its income streams.

While Northumberland County Council took two years to approve the charity's planning application, the delay has exposed our development project's costs (garden centre build) to unprecedented levels of inflation (>20%) which renders the scheme (as previously submitted to the Local Authority) prohibitively expensive.

As such, the charity is also compelled to re-draw the scheme and (unfortunately) incur additional costs (design and other associated professional fees).

### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees on 12 June 2024 and signed on their behalf by:

  
G P Barnard  
Chair

# Azure Charitable Enterprises

(A company limited by guarantee)

## Statement of trustees' responsibilities Year ended 31 January 2024

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The trustees (who are also the directors of the charity 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 charity 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 charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 12 June 2024 and signed on its behalf by:

**G P Barnard**  
Chair





## Independent auditor's report to the members of Azure Charitable Enterprises

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### Opinion

We have audited the financial statements of Azure Charitable Enterprises (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2024 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charitable company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 January 2024 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

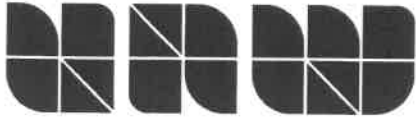
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



## **Independent auditor's report to the members of Azure Charitable Enterprises (continued)**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees 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 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.



## **Independent auditor's report to the members of Azure Charitable Enterprises (continued)**

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### **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.

### **Auditor's responsibilities for the audit of the financial statements**

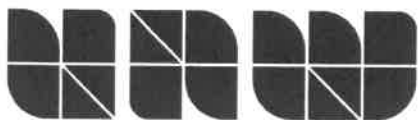
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the trustees and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, safeguarding, employment law, data protection and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



## **Independent auditor's report to the members of Azure Charitable Enterprises (continued)**

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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 auditor's 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 auditor's 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.

**Andrew Wilson BA FCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

12 June 2024

## Azure Charitable Enterprises

(A company limited by guarantee)

### Consolidated statement of financial activities (incorporating income and expenditure account)

For the year ended 31 January 2024

		Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	As restated Total funds 2023 £
<b>Income from:</b>					
Donations and legacies	4	13,081	8,600	21,681	11,877
Charitable activities	5	5,118,267	-	5,118,267	4,979,943
Other trading activities	6	4,081,745	-	4,081,745	3,887,712
<b>Total income</b>		<b>9,213,093</b>	<b>8,600</b>	<b>9,221,693</b>	<b>8,879,532</b>
<b>Expenditure on:</b>					
Raising funds	7	3,508,150	-	3,508,150	3,384,416
Charitable activities	8	5,098,657	8,600	5,107,257	5,069,606
<b>Total expenditure</b>		<b>8,606,807</b>	<b>8,600</b>	<b>8,615,407</b>	<b>8,454,022</b>
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>606,286</b>	<b>-</b>	<b>606,286</b>	<b>425,510</b>
<b>Other recognised gains/(losses):</b>					
Loss on revaluation of investment property		-	-	-	(302,486)
<b>Net movement in funds</b>		<b>606,286</b>	<b>-</b>	<b>606,286</b>	<b>123,024</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		4,784,273	-	4,784,273	4,661,249
Net movement in funds		606,286	-	606,286	123,024
<b>Total funds carried forward</b>	19	<b>5,390,559</b>	<b>-</b>	<b>5,390,559</b>	<b>4,784,273</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 34 to 52 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Consolidated balance sheet At 31 January 2024

	Note	2024 £	As restated 2023 £
<b>Fixed assets</b>			
Tangible assets	13	2,553,247	2,349,830
Investment property	14	995,000	995,000
		<u>3,548,247</u>	<u>3,344,830</u>
<b>Current assets</b>			
Stocks	16	440,694	494,783
Debtors	17	512,319	702,400
Cash at bank and in hand		1,712,216	993,024
		<u>2,665,229</u>	<u>2,190,207</u>
Creditors: amounts falling due within one year	18	(822,917)	(750,764)
		<u>1,842,312</u>	<u>1,439,443</u>
<b>Net current assets</b>		<u>1,842,312</u>	<u>1,439,443</u>
<b>Total assets less current liabilities</b>		<u>5,390,559</u>	<u>4,784,273</u>
<b>Total net assets</b>		<u>5,390,559</u>	<u>4,784,273</u>
<b>Charity funds</b>			
Restricted funds	19	-	-
Unrestricted funds	19	5,390,559	4,784,273
		<u>5,390,559</u>	<u>4,784,273</u>
<b>Total funds</b>		<u>5,390,559</u>	<u>4,784,273</u>

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

The financial statements were approved and authorised for issue by the trustees on 12 June 2024 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

The notes on pages 34 to 52 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Balance sheet At 31 January 2024

	Note	2024 £	2023 £
<b>Fixed assets</b>			
Tangible assets	13	2,416,552	2,202,125
Investments	15	2	2
		<u>2,416,554</u>	<u>2,202,127</u>
<b>Current assets</b>			
Debtors	17	818,194	1,002,604
Cash at bank and in hand		1,077,273	395,016
		<u>1,895,467</u>	<u>1,397,620</u>
Creditors: amounts falling due within one year	18	(963,665)	(814,807)
		<u>931,802</u>	<u>582,813</u>
<b>Net current assets/(liabilities)</b>		<u>931,802</u>	<u>582,813</u>
<b>Total assets less current liabilities</b>		<u>3,348,356</u>	<u>2,784,940</u>
<b>Total net assets</b>		<u>3,348,356</u>	<u>2,784,940</u>
<b>Charity funds</b>			
Restricted funds	19	-	-
Unrestricted funds	19	3,348,356	2,784,940
		<u>3,348,356</u>	<u>2,784,940</u>
<b>Total funds</b>		<u>3,348,356</u>	<u>2,784,940</u>

The charity's net movement in funds for the year was £563,416 (2023 - £721,373).

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 12 June 2024 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

Company registered number: 01666027

The notes on pages 34 to 52 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Consolidated statement of cash flows For the year ended 31 January 2024

	Note	2024 £	As restated 2023 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	21	1,115,423	97,473
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(331,184)	(94,471)
<b>Net cash used in investing activities</b>		(331,184)	(94,471)
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(65,047)	(86,729)
Repayments of finance leases		-	(523)
<b>Net cash used in financing activities</b>		(65,047)	(87,252)
<b>Change in cash and cash equivalents in the year</b>		<b>719,192</b>	<b>(84,250)</b>
Cash and cash equivalents at the beginning of the year		993,024	1,077,274
<b>Cash and cash equivalents at the end of the year</b>	22	<b>1,712,216</b>	993,024

The notes on pages 34 to 52 form part of these financial statements

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 1. General information

The charitable company is a company limited by guarantee. The members of the charitable company are the trustees named on page 1. 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.

### 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.

Azure Charitable Enterprises 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 charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity 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 Prior year adjustment

The property held by the subsidiary Azure Business Centres Limited has historically being classified as a tangible fixed asset, however, it is more appropriately classified as investment property. The property has been valued at £995,000 and appropriate adjustments have been made within the financial statements to transfer the balance to investment property, correct the profit and loss reserve for depreciation previously charged, and to recognise a loss on revaluation.

#### 2.3 Going concern

The charity's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the group's ability to continue as a going concern.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 2. Accounting policies (continued)

#### 2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charges fall due.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client service activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

#### 2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 2. Accounting policies (continued)

#### 2.6 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.

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.

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	- 50 years straight-line or over the lease term
Long-term leasehold property	- 40 years straight-line or over the lease term
Short-term leasehold property	- 40 years straight-line or over the lease term
Plant and equipment	- 3 - 4 years straight-line
Motor vehicles	- 4 years straight-line
Fixtures and fittings	- 3 - 5 years straight-line
Office equipment	- 3 - 5 years straight-line

#### 2.7 Investment property

Investment properties are measured at fair value at each reporting date, with any changes in fair value recognised in the profit and loss account. Investment properties are not depreciated.

#### 2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

#### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.10 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.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 2. Accounting policies (continued)

#### 2.11 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.

#### 2.12 Operating leases

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

#### 2.13 Pensions

The group contributes to personal pension plans taken out by employees. Contributions are charged to the income and expenditure account as they become payable.

#### 2.14 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.

### 3. Critical accounting estimates and areas of judgment

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.

Estimates included within these financial statements include depreciation charges, bad debt provisions and the stock provision. None of these estimates are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgment that were required in applying the groups accounting policies as set out above.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 4. Income from donations and legacies

	<b>Unrestricted funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Donations	13,081	8,600	21,681

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Donations	8,277	3,600	11,877

### 5. Income from charitable activities

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>	<b>Total funds 2023 £</b>
Provision of client services	5,118,267	5,118,267	4,979,943

All income from charitable activities in the current and prior year was unrestricted.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 6. Income from trading activities

#### Income from non charitable trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Subsidiary trading income	3,623,576	<b>3,623,576</b>	3,452,786
Nursery income	42,333	<b>42,333</b>	28,083
Landscapes income	414,749	<b>414,749</b>	405,869
Feed in tariff income	1,087	<b>1,087</b>	974
	<u>4,081,745</u>	<u><b>4,081,745</b></u>	<u>3,887,712</u>

All income from trading activities in the current and prior year was unrestricted.

### 7. Expenditure on raising funds

#### Fundraising trading expenses

	Unrestricted funds 2024 £	Total funds 2024 £	As restated Total funds 2023 £
Cost of goods sold	1,797,553	<b>1,797,553</b>	1,853,088
Rent and rates	5,721	<b>5,721</b>	4,048
Advertising	27,427	<b>27,427</b>	34,393
Heat, light and water	109,112	<b>109,112</b>	87,417
Insurances	36,411	<b>36,411</b>	51,194
Training	345	<b>345</b>	3,894
Other	498,335	<b>498,335</b>	416,638
Wages and salaries	950,731	<b>950,731</b>	853,765
Depreciation	82,515	<b>82,515</b>	79,979
	<u>3,508,150</u>	<u><b>3,508,150</b></u>	<u>3,384,416</u>

All expenditure from raising funds in the current and prior year was unrestricted.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 8. Analysis of expenditure on charitable activities

#### Summary by fund type

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Provision of charitable activities	5,098,657	8,600	5,107,257

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Provision of charitable activities	5,066,006	3,600	5,069,606

### 9. Analysis of expenditure by activities

	Direct costs 2024 £	Support costs 2024 £	Total funds 2024 £
Provision of charitable activities	4,269,863	837,394	5,107,257

	Direct costs 2023 £	Support costs 2023 £	Total funds 2023 £
Provision of charitable activities	4,324,314	745,292	5,069,606

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### Analysis of support costs

	2024 £	2023 £
Employment costs	564,694	484,145
Depreciation costs	27,968	26,456
Interest	1,696	2,538
Power	35,974	27,125
Insurances	26,192	2,136
Other	98,029	69,350
Legal and other professional costs	10,001	67,947
Governance costs	72,840	65,595
	<u>837,394</u>	<u>745,292</u>

### 10. Auditor's remuneration

	2024 £	2023 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	22,500	18,500
Fees payable to the charity's auditor in respect of: Other services	<u>2,350</u>	<u>1,500</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 11. Staff costs

	<b>Group 2024 £</b>	<b>Group 2023 £</b>	<b>Charity 2024 £</b>	<b>Charity 2023 £</b>
Wages and salaries	<b>5,182,330</b>	4,462,858	<b>4,457,033</b>	3,856,641
Social security costs	<b>363,517</b>	373,245	<b>363,517</b>	336,070
Contribution to defined contribution pension schemes	<b>228,510</b>	221,563	<b>228,510</b>	192,315
	<b><u>5,774,357</u></b>	<u>5,057,666</u>	<b><u>5,049,060</u></b>	<u>4,385,026</u>

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

	<b>Group 2024 No.</b>	<b>Group 2023 No.</b>
Garden Centre	<b>35</b>	36
Supported Living	<b>78</b>	75
Landscapes	<b>15</b>	14
Support Services	<b>58</b>	57
Employment Services	<b>5</b>	5
Education	<b>9</b>	9
Administration	<b>13</b>	13
Azure Business Centres Limited	<b>2</b>	2
	<b><u>215</u></b>	<u>211</u>

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

	<b>Group 2024 No.</b>	<b>Group 2023 No.</b>
In the band £60,001 - £70,000	<b>2</b>	-
In the band £120,001 - £130,000	<b>-</b>	1
In the band £140,001 - £150,000	<b>1</b>	-

The key management personnel of the charity comprise the Chief Executive, Chief Financial Officer, Chief Operating Officer and Support Services Managers. The total employee benefits of the key management personnel of the group were £527,765 (2023: £485,527).

### 12. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2023: none).

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 12. Trustees' remuneration and expenses (continued)

During the year ended 31 January 2024, no trustee expenses have been incurred (2023: none).

### 13. Tangible fixed assets

#### Group

	Property (as restated) £	Plant and machinery £	Motor vehicles £	Office equipment £	Assets under construction £	Total £
<b>Cost</b>						
At 1 February 2023	3,790,221	638,529	58,768	774,087	-	5,261,605
Additions	17,827	8,040	17,597	11,751	275,969	331,184
At 31 January 2024	<u>3,808,048</u>	<u>646,569</u>	<u>76,365</u>	<u>785,838</u>	<u>275,969</u>	<u>5,592,789</u>
<b>Depreciation</b>						
At 1 February 2023	1,630,454	504,763	40,832	735,726	-	2,911,775
Charge for the year	72,038	37,942	7,816	9,971	-	127,767
At 31 January 2024	<u>1,702,492</u>	<u>542,705</u>	<u>48,648</u>	<u>745,697</u>	<u>-</u>	<u>3,039,542</u>
<b>Net book value</b>						
At 31 January 2024	<u>2,105,556</u>	<u>103,864</u>	<u>27,717</u>	<u>40,141</u>	<u>275,969</u>	<u>2,553,247</u>
At 31 January 2023	<u>2,159,767</u>	<u>133,766</u>	<u>17,936</u>	<u>38,361</u>	<u>-</u>	<u>2,349,830</u>

Included within the net book value of £2,553,247 is £nil (2023: £nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statement in the year in respect of such assets amounted to £nil (2023: £586).

The net book value of freehold land not depreciated is £750,000.

## Azure Charitable Enterprises

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 January 2024

#### 13. Tangible fixed assets (continued)

##### Charity

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Assets under construction £	Total £
<b>Cost</b>						
At 1 February 2023	3,631,339	336,024	58,768	394,700	-	4,420,831
Additions	9,480	-	17,597	7,008	275,969	310,054
At 31 January 2024	<u>3,640,819</u>	<u>336,024</u>	<u>76,365</u>	<u>401,708</u>	<u>275,969</u>	<u>4,730,885</u>
<b>Depreciation</b>						
At 1 February 2023	1,504,394	317,142	40,832	356,338	-	2,218,706
Charge for the year	70,018	8,105	7,816	9,688	-	95,627
At 31 January 2024	<u>1,574,412</u>	<u>325,247</u>	<u>48,648</u>	<u>366,026</u>	<u>-</u>	<u>2,314,333</u>
<b>Net book value</b>						
At 31 January 2024	<u>2,066,407</u>	<u>10,777</u>	<u>27,717</u>	<u>35,682</u>	<u>275,969</u>	<u>2,416,552</u>
At 31 January 2023	<u>2,126,945</u>	<u>18,882</u>	<u>17,936</u>	<u>38,362</u>	<u>-</u>	<u>2,202,125</u>

The net book value of freehold land not depreciated is £750,000.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 14. Investment property

#### Group

	Freehold investment property £
<b>Valuation</b>	
At 1 February 2023 (as restated)	995,000
At 31 January 2024	<u>995,000</u>

Investment properties are held in Azure Business Centres Limited and were subject to an external valuation in 2023 by Sanderson Weatherall. The valuations were prepared on the basis of open market value and were made in accordance with RICS Valuation - Global Standards 2022. These valuations have been updated by the directors to 31 January 2024.

Investment property if included on a historical cost basis would be stated at:

	Group 2024 £	Group 2023 £
Historic cost	<u>1,297,486</u>	<u>1,297,486</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 15. Fixed asset investments

Company	Investments in subsidiary companies £
<b>Cost</b>	
At 1 February 2023	2
At 31 January 2024	<u>2</u>
<b>Net book value</b>	
At 31 January 2024	<u>2</u>
At 31 January 2023	<u>2</u>

### Principal subsidiaries

The following were subsidiary undertakings of the charity:

Names	Company number	Country of incorporation	Class of shares	Holding
Azure Garden Centre Limited	02746143	England	Ordinary	100%
Azure Business Centres Limited	04642254	England	N/A	100%

Azure Business Centres Limited is a private company limited by guarantee without share capital and therefore no shares are held by Azure Charitable Enterprises.

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit for the year £	Net assets £
Azure Garden Centre Limited	3,526,122	3,027,625	498,497	710,974
Azure Business Centres Limited	183,549	139,298	44,250	1,331,275

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 16. Stocks

	<b>Group 2024 £</b>	<b>Group 2023 £</b>
Finished goods and goods for resale	<b>440,694</b>	494,783

### 17. Debtors

	<b>Group 2024 £</b>	<b>Group 2023 £</b>	<b>Charity 2024 £</b>	<b>Charity 2023 £</b>
Trade debtors	<b>154,239</b>	249,520	<b>113,117</b>	215,041
Amounts owed by group undertakings	-	-	<b>369,059</b>	349,592
Other debtors	<b>3,134</b>	418	<b>1,144</b>	418
Prepayments and accrued income	<b>354,946</b>	452,462	<b>334,874</b>	437,553
	<b>512,319</b>	702,400	<b>818,194</b>	1,002,604

The amounts owed by group undertakings are unsecured and repayable on demand.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 18. Creditors: amounts falling due within one year

	<b>Group 2024 £</b>	<b>Group 2023 £</b>	<b>Charity 2024 £</b>	<b>Charity 2023 £</b>
Bank loans	-	65,047	-	65,047
Trade creditors	<b>194,655</b>	248,028	<b>101,054</b>	181,242
Amounts owed to group undertakings	-	-	<b>306,558</b>	318,036
Other taxation and social security	<b>340,140</b>	277,019	<b>329,301</b>	140,722
Other creditors	<b>60,644</b>	10,922	<b>49,096</b>	80
Accruals and deferred income	<b>227,478</b>	149,748	<b>177,656</b>	109,680
	<b>822,917</b>	750,764	<b>963,665</b>	814,807

The amounts owed to group undertakings are unsecured and repayable on demand.

The bank loan was secured by legal charges on land occupied by the garden centre at Station Road, Cramlington. Originally the mortgage was repayable over 20 years (the original start date was 5th October 2005), by way of quarterly instalments. The mortgage was arranged in three parts, the first part at a fixed interest rate was fully repaid during the year ended January 2019. The remaining two parts of the loan were consolidated into one in October 2021 and this outstanding loan incurred interest at a commercial rate. The loan was fully repaid in October 2023.

### Deferred income

	<b>Group 2024 £</b>	<b>Group 2023 £</b>	<b>Charity 2024 £</b>	<b>Charity 2023 £</b>
Deferred income at 1 February 2023	-	92,404	-	92,404
Resources deferred during the year	<b>47,910</b>	-	<b>47,910</b>	-
Amounts released from previous periods	-	(92,404)	-	(92,404)
<b>Deferred income at 31 January 2024</b>	<b>47,910</b>	-	<b>47,910</b>	-

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 19. Statement of funds

#### Statement of funds - current year

	Balance at 1 February 2023 £	Income £	Expenditure £	Balance at 31 January 2024 £
<b>Unrestricted funds</b>				
General funds	4,784,273	9,213,093	(8,606,807)	5,390,559
<b>Restricted funds</b>				
Residents activities for Keele Drive	-	8,600	(8,600)	-
<b>Total of funds</b>	<b>4,784,273</b>	<b>9,221,693</b>	<b>(8,615,407)</b>	<b>5,390,559</b>

#### Statement of funds - prior year

	As restated Balance at 1 February 2022 £	Income £	As restated Expenditure £	Gains/ (Losses) £	Balance at 31 January 2023 £
<b>Unrestricted funds</b>					
General funds	4,661,249	8,875,932	(8,450,422)	(302,486)	4,784,273
<b>Restricted funds</b>					
Residents activities for Keele Drive	-	3,600	(3,600)	-	-
<b>Total of funds</b>	<b>4,661,249</b>	<b>8,879,532</b>	<b>(8,454,022)</b>	<b>(302,486)</b>	<b>4,784,273</b>

Residents activities for Keele Drive: Various donations were received from Damant ML during the year towards the cost of providing social activities for the residents of Keele Drive.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 20. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	2,553,247	2,553,247
Investment property	995,000	995,000
Current assets	2,665,229	2,665,229
Creditors due within one year	(822,917)	(822,917)
<b>Total</b>	<b>5,390,559</b>	<b>5,390,559</b>

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

	Group 2024 £	Group As restated 2023 £
Net income for the year (as per statement of financial activities)	606,286	425,510
<b>Adjustments for:</b>		
Depreciation charges	127,767	117,249
Decrease in stocks	54,089	424
Decrease/(increase) in debtors	190,081	(127,115)
Increase/(decrease) in creditors	137,200	(318,595)
<b>Net cash provided by operating activities</b>	<b>1,115,423</b>	<b>97,473</b>

### 22. Analysis of cash and cash equivalents

	Group 2024 £	Group 2023 £
Cash in hand	1,712,216	993,024
<b>Total cash and cash equivalents</b>	<b>1,712,216</b>	<b>993,024</b>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

### 23. Analysis of changes in net debt

	At 1 February 2023	Cash flows	At 31 January 2024
	£	£	£
Cash at bank and in hand	993,024	719,192	1,712,216
Debt due within 1 year	(65,047)	65,047	-
	<u>927,977</u>	<u>784,239</u>	<u>1,712,216</u>

### 24. Capital commitments

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
<b>Contracted for but not provided in these financial statements</b>				
Acquisition of tangible fixed assets	-	205,700	-	205,700
	<u>-</u>	<u>205,700</u>	<u>-</u>	<u>205,700</u>

### 25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £228,510 (2023: £221,563). Contributions totalling £36,708 (2023: £32,772) were payable to the fund at the balance sheet date and are included in creditors.

### 26. Operating lease commitments

At 31 January 2024 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Not later than 1 year	10,940	12,910	10,940	12,910
Later than 1 year and not later than 5 years	1,101	17,488	1,101	17,488
	<u>12,041</u>	<u>30,398</u>	<u>12,041</u>	<u>30,398</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2024

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### 27. Related party transactions

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £4,747 (2023: £5,642) on normal commercial terms. During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £172,348 (2023: £150,915). During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year-end included in the charitable company's debtors is £356,624 (2023: £348,261).

During the course of the year, the charity purchased goods from its subsidiary Azure Business Centres Limited amounting to £14,268 (2023: £16,447) on normal commercial terms. During the course of the year, the charity sold goods to its subsidiary Azure Business Centres Limited amounting to £815 (2023: £774) on normal commercial terms. During the course of the year the charity provided management services to Azure Business Centres Limited amounting to £9,660 (2023: £8,557) on normal commercial terms. During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year end, included in the charitable company's creditors is £294,123 (2023: £316,291).

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £10,261 (2023: £8,256) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £1,843 (2023: £1,152).

During the course of the year the charity purchased services from Muckle LLP, a company where RJ Adams is a partner, totalling £2,880 (2023: £3,150), on normal commercial terms. The amount outstanding at the yearend, included in the charitable company's creditors, is £nil (2023: £nil).

### 28. Controlling party

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.

**The Azure Charitable Foundation**

England & Wales - Charity number 513149

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# Accounts

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**Registered number: 01666027**  
**Charity number: 513149**

**Azure Charitable Enterprises**  
**(A company limited by guarantee)**

**Annual report**

**31 January 2023**

# Azure Charitable Enterprises

(A company limited by guarantee)

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# Azure Charitable Enterprises

(A company limited by guarantee)

## Reference and administrative details Year ended 31 January 2023

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**Trustees**  
G P Barnard, Chair  
G W Robson, Treasurer & Vice Chairman  
R J Adams  
S J Hallowell (resigned 24 May 2023)  
I Hindle  
A E Kilburn (resigned 1 May 2022)  
J Wake  
J Moiser  
J A Robinson  
A Charlton (appointed 24 November 2022)

**Company registered number** 01666027

**Charity registered number** 513149

**Registered office**  
McCallum House  
Kielder Avenue  
Cramlington  
Northumberland  
NE23 8JT

**Company secretary** C Riley

**Chief executive officer** P J Wilson

**Independent auditor**  
UNW LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

**Bankers**  
Lloyds Bank plc  
Newcastle upon Tyne  
NE1 6AG

**Solicitors**  
Muckle LLP  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report

Year ended 31 January 2023

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The trustees present their annual report together with the audited financial statements of the charity for the year 1 February 2022 to 31 January 2023. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

### Objectives and activities

#### ● Policies and objectives

The geographic scope of the charity's operations has traditionally been confined to the North East of England, although this is not a policy limitation.

The overarching mission of the charity is to **"improve the lives of people who are disabled or disadvantaged"** with maximising independence, personal development and achievement being fundamental aims.

Azure's focus, given the nature of our clients' disabilities, is "distance travelled" rather than absolute outcomes, such as formal qualifications and which understands that our clients achieve progress on their own terms, and which is not readily measured against rigid educational frameworks or, indeed, across 'academic' terms or years.

These aims are achieved in a variety of ways that include the operation of trading businesses (Azure Garden Centre, Azure Business Centre, Azure Landscapes & Grounds Maintenance) and the delivery of Support (Care), Education and Employment services.

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

#### ● Strategies and activities undertaking to achieve objectives

##### Trading businesses

The charity has established and operates a number of businesses, including supported businesses, which is defined as where more than 50% of the work-force have a disability, to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability and which include Azure Garden Centre (incorporating our horticultural nurseries) and Azure Landscapes and Grounds Maintenance businesses.

##### Support services

The group's aim is to support clients to achieve autonomy, exercise their personal freedoms and make choices about the lives they lead. Our services are tailored to individual needs and are delivered in a flexible, personalised way to support all our clients including 24/7 if required.

Our staff are expert and experienced in mentoring and supporting the development of life-skills and assisting our clients to engage with the broader community. We work with each of our clients to understand and support their personal aspirations, their interests and their active participation in not only leisure and recreational activities but also employment opportunities.

As an organisation we are committed to delivering high quality care and support that affords our clients with a sense of continuity and accountability for all working practices and we are registered with the Care Quality Commission to provide personal care. Above all we are determined to protect and secure our clients' rights to high quality care and to ensure that our clients live happy and fulfilling lives.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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### Objectives and activities (continued)

Azure employs highly trained professional staff to support people with a disability to live in homes appropriate to their needs and to support them to live as independently as they are able.

The charity works closely with local authorities and partner organisations that provide homes for people with a disability whilst also providing an enabling service for clients to better access the community/community facilities and public amenities.

#### Education services

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students. Services are presently focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND' (Special Educational Needs and/or disabilities) schools and notwithstanding their best endeavours.

At Azure, our programmes are devised not only to support our students' personal development but also their social and employability skills. Employability is a key facet of each of our educational programmes (horticulture, catering and hospitality, retail and customer service) where each student has the opportunity to develop key skills and meaningful work experience by working in any of our businesses.

We endeavour to provide each of our students with progression opportunities within and outside of Azure and which now include Supported Internships, Apprenticeships, Supported Employment and Volunteering opportunities.

#### Employment services

Azure administers and operates, in accordance with demand, pre-employment, basic and key skills, information technology and vocational training courses so that clients may develop transferable work skills enabling disabled or disadvantaged people to find and secure sustainable employment.

Our work also includes supporting clients to overcome personal barriers to employment and support their personal development regardless of whether this is linked to specific (formal) qualifications or job outcomes. In co-operation with the Department for Work & Pensions (DWP) and local employers, clients are assisted to secure valuable work placements (including in our supported businesses) and sustainable employment.

Azure continues to be commissioned directly by DWP to provide these services and has, since 2020, sought to increase the scope and scale of our work with support from the North East Local Economic Partnership and European Social & Investment Fund and by working in partnership with the North East Autism Society.

#### Corporate (central) services

A variety of corporate functions are centralised and performed by a small, dedicated team that supports the charity to deliver services and operate the charity's constituent businesses. It also assures compliance with all legal and other requirements. Key functions include finance, administration, work force development, IT infrastructure, maintenance, janitorial and security.

The charity has established and operates a number of businesses, including supported businesses, which is defined as where more than 50% of the work-force have a disability, to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability and which include Azure Garden Centre (incorporating our horticultural nurseries) and Azure Landscapes and Grounds Maintenance businesses.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### Strategic report

#### Achievements and performance

##### • Main achievements of the charity

Notwithstanding the continued impact of Covid-19 and the challenges posed by the pandemic and other economic uncertainty, the management team is stable, flexible and has demonstrated a capability for innovation that will enable the Board of Trustees to embark, with confidence, on the next phase of the charity's development.

The scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

##### **Azure Business Centres Limited**

The business provides office space and business units for small and start up enterprises in Newburn in the North East. Occupancy at the centre is at a very satisfactory level generating a profit of £37k, before Gift Aid to the charity, in the year which is the same level as in 2022. The business contributes significant value to the group's balance sheet with both land/buildings, strong cash generation and by it gift- aiding any profit to the charity.

##### **Azure Garden Centre**

The charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit this year of £412k, before Gift Aid to the charity, compared to a profit of £688k in 2022. The Garden Centre continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of any profit to the charity to support our broader charitable endeavours.

##### **Azure Landscapes and Grounds Maintenance**

The Landscapes department had a better year posting an operating surplus of £57k compared to a £56k surplus in 2021/22.

The team continues to secure additional work, creating and sustaining the employment of supported employees.

The landscapes operation continues to employ a large number of people with disability.

##### **Education and Training Services**

The Education Services department continues to develop new pathways and a new curriculum that incorporates Hospitality and Catering, Horticulture and will shortly also include Retail and Customer Service.

Learners have a range of learning difficulties or disabilities that may include:

- Attention deficit hyperactivity disorder (ADHD);
- Autism spectrum disorder (ASD);
- Obsessive-compulsive disorder (OCD);
- Epilepsy;
- Post-traumatic stress disorder (PTSD);
- Sight/Hearing impairment;
- Speech and language difficulties;
- Anxiety;
- Dyspraxia;
- Hypermobility; and
- Fine/gross motor skill difficulties.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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### Strategic report (continued)

#### Achievements and performance (continued)

As previously reported, the Hospitality and Catering programme launched in September 2020 and was supported by £250k capital investment in the creation of a new teaching kitchen (and which also attracted financial support from the Reece Foundation and the Molitor Charitable Trust).

Working with Northumberland County Council, recruitment to our education and training programmes 'Skill-builders' has increased, year on year, and for each of the last six years as below;

2016/17	6
2017/18	6
2018/19	9
2019/20	15
2020/21	23
2021/22	33
2022/23	41
2023/24	Pending*

The department is also working with 3 supported interns who are presently working in Azure's Garden Centre café.

\*At the time of writing we expect our Skill Builder enrolment in August to be circa 50-70 students depending on the number of students referred to new pathways in development in consultation with Northumberland County Council and North Tyneside Council.

Azure have also met with the latter to discuss the possibility of launching a new education and training centre (Skills-builder programme) at the Rising Sun Country Farm.

An employment advisor is also seconded (part time) to the department to work more extensively with students to plan and secure their progression destinations; this will include securing voluntary and work-placement opportunities for students, identifying suitable job opportunities and assisting students to apply for roles and prepare for interview. We will also undertake to support any employer that provides a progression destination for our students.

#### Employment Services

The number of people involved in the supported employment activities in its businesses (Corporate Services, Garden Centre, Nurseries, Landscaping business and Education Services) was 28 at the year end compared to 20 in 2022.

With regard to the department's Diversity NE programme, at the year end, there had been 172 referrals by the year end; 15 clients had been assisted to secure paid employment with a further 14 engaging in training to support their journey towards employment upon exiting the programme, these are in addition to many other clients who have been supported to access training during their time on provision.

The team are also supporting a number of economically inactive clients to actively job search.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### Strategic report (continued)

#### Achievements and performance (continued)

The year also saw the department selected to work with Bridge Northumberland supporting clients with neuro-diverse conditions, assisting clients to progress their search for employment or training. To date, Azure has worked with 33 clients over a 6-month period and assisted 3 clients to gain paid employment; in addition, clients have been supported to secure job interviews, attend work placements and taster days, secure voluntary positions and participate in training.

More generally, clients have secured roles across the region with a range of employers that included:

- Active Northumberland – Gym Instructor
- Atom Technologies – Service Desk Engineer
- Azure – Café Assistant
- Azure - Garden Centre Assistant
- Azure - Landscapes Assistant
- Azure - Nurseries Assistant
- Countrystyle Foods – Hygiene Operative
- Edge North East CIC – Youth Support Worker
- Healthwatch North Tyneside – Business Support Officer
- Iceland – Store Assistant
- JD Plc – Warehouse Operative
- Mitie – Cleaner
- Northumbria NHS Foundation Trust – Medical Laboratory Assistant
- Northumbria NHS Foundation Trust - Service Desk Analyst
- Northumbria Police – Administrator
- Pareda - Administrator
- Percy Hedley – Lunchtime Assistant
- Pyrocel – Apprentice Business Administrator
- Tesco – Colleague

#### Support Services

Support Services provides a range of care services to individuals with disabilities in the North East region. The company's residential based work in the housing departments of Cramlington, Washington, Tynedale, and Newcastle, as well as its enabling support activity around the North East, are of the highest quality and are regularly verified by third party inspections. The funding stream mix is complex and variable, but it allows the company to continue providing high-quality support services to those who need it most.

#### Residential Care:

Support Services provides residential care support to individuals with disabilities in two homes in Washington; at the end of the year, 11 residents were being supported in the homes through this service. The quality of the support provided is regularly verified by third party inspections to ensure that it meets the highest standards of care.

The plan moving into year 2023 to 2024 is that the two homes will be deregistered and re-registered as independent supported living homes.

#### Supported Living:

In addition to residential support, Support Services also provides Supported Living services in Newcastle and Tynedale. This service enables individuals with disabilities to live independently in their own homes with the necessary support provided by trained professionals. This service allows individuals to have more control over their lives and live with greater independence.

At the end of the year, 62 residents were being supported through the service.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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### Strategic report (continued)

#### Achievements and performance (continued)

##### Enabling Support:

Support Services also provides enabling support services to people with disabilities throughout the North East region. This service supports individuals with disabilities to access the community, participate in social activities, and live more independently.

At the end of the year, 70 service users were receiving support through the Community Access enabling service.

##### **Corporate (Central) Services**

Central Services provides a wide variety of necessary functions to facilitate the work of the organisation as a whole and to ensure all legalities are complied with.

Central Services have had a year of consolidation, with particular focus on strengthening timely and in depth management reporting, and developing skills within the team in order to support the charity during future periods of growth.

#### Financial review

As reported last year, Local Authority fees (for Support and Day Services) still do not reflect the real terms increase in pay costs (including the National Living Wage) and overheads which has prompted increasing numbers of service providers across the UK to hand back services or otherwise decline to provide these services.

We are aware that a number of care providers have been and continue to be (financially) compromised by the fact that they have been and are delivering services at operational deficit and/or have been supporting the delivery of services from their reserves.

This continues to drive an increased number of privately owned care businesses being offered (to Azure) for sale; to date, we have yet to receive an invitation to purchase what we would consider a 'financially viable' business. Fee rates for 'day services' continue to prompt some of the most notable service providers (in the region) to withdraw services on the basis that they are no longer economic to provide.

The charity has struggled for a number of years to recruit Support Staff and continued to be overly reliant on Agency staff to support the delivery of Support Services which have required the charity to incur additional levels of expenditure.

Whereas a number of the charity's trading businesses, while providing a much-valued source of employment for our clients, have historically posted operating deficits, this is no longer the case.

The improved financial performance of the group has allowed the charity to create a 'Charitable Reserve' as a safeguard against financial and operational uncertainties and (in 2022/23) to improve pay and remuneration across the group as we endeavour to become a Real Living Wage Employer.

In 23/24, we have now committed to Support Services becoming a Real Living Wage Employer – whereas fees from Northumberland County Council and latterly Sunderland City Council (only recently agreed) support this initiative, fee rates from other Authorities would otherwise frustrate this ambition.

Through the re-development of the Cramlington site, we are determined to ensure that all employees benefit from not less than the Real Living Wage.

# Azure Charitable Enterprises

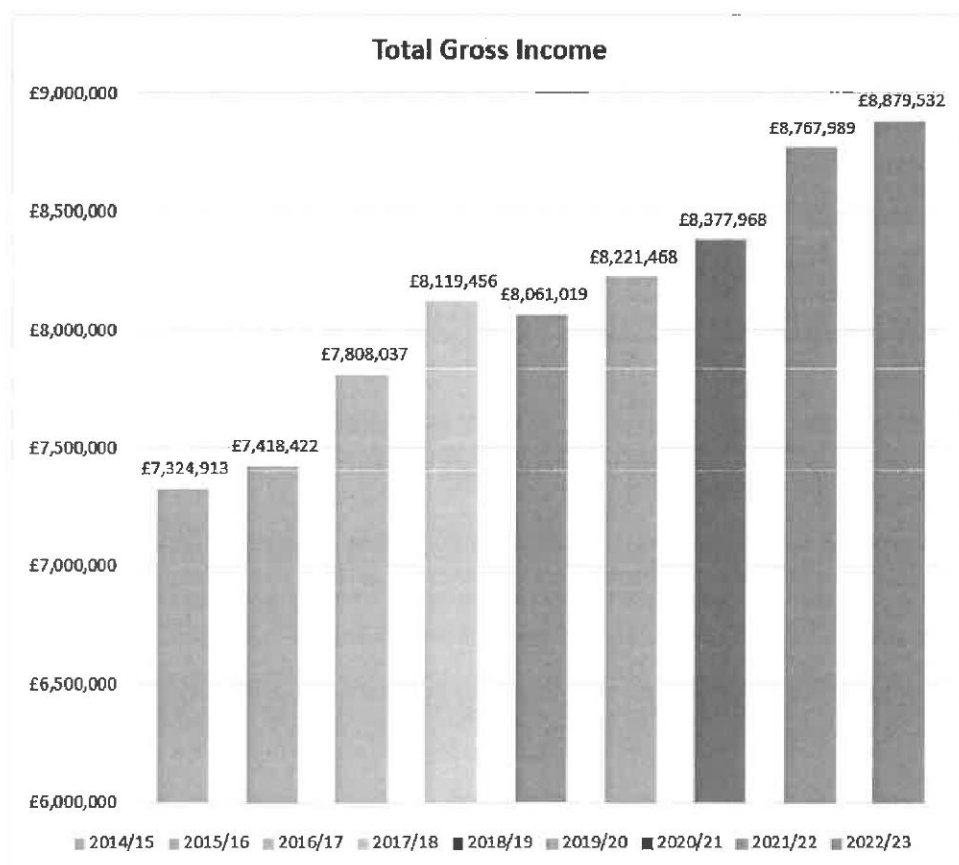
(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

Brexit and the Covid-19 pandemic notwithstanding, during the last 12 months the charity has continued to deliver commercial business and an outstanding array of services (Support Services, Education & Employment Services) in the most challenging of circumstances.

The Garden Centre, Business Centre and our Landscapes department continue to perform well supporting the delivery of a very healthy operating surplus; the delivery of Commissioned Services (Adult Care services to Local Authorities) remains challenging as Local Authority fee rates have failed to keep pace with inflation in (real terms) and for many years and where the delivery of services has and/or is becoming increasingly 'marginal' with services returning operating deficits i.e. where real costs of delivery exceed the fee income from Local Authorities and which are generally calculated to support the employment of Support Staff at no more than the National Living Wage rate in any event.

This, in our considered opinion, continues to debase and devalue the work of our staff (and which continues to frustrate staff recruitment and retention).



In 21/22 and again in 22/23, the Board of Directors approved proposals to subsidise Support staff salaries from Azure's earned income (given the forecast cost-of-living crisis which national and local government policy has done little to address). As reported last year, this position is clearly not sustainable in the medium to long term and could compromise Azure's financial health and viability if sustained.

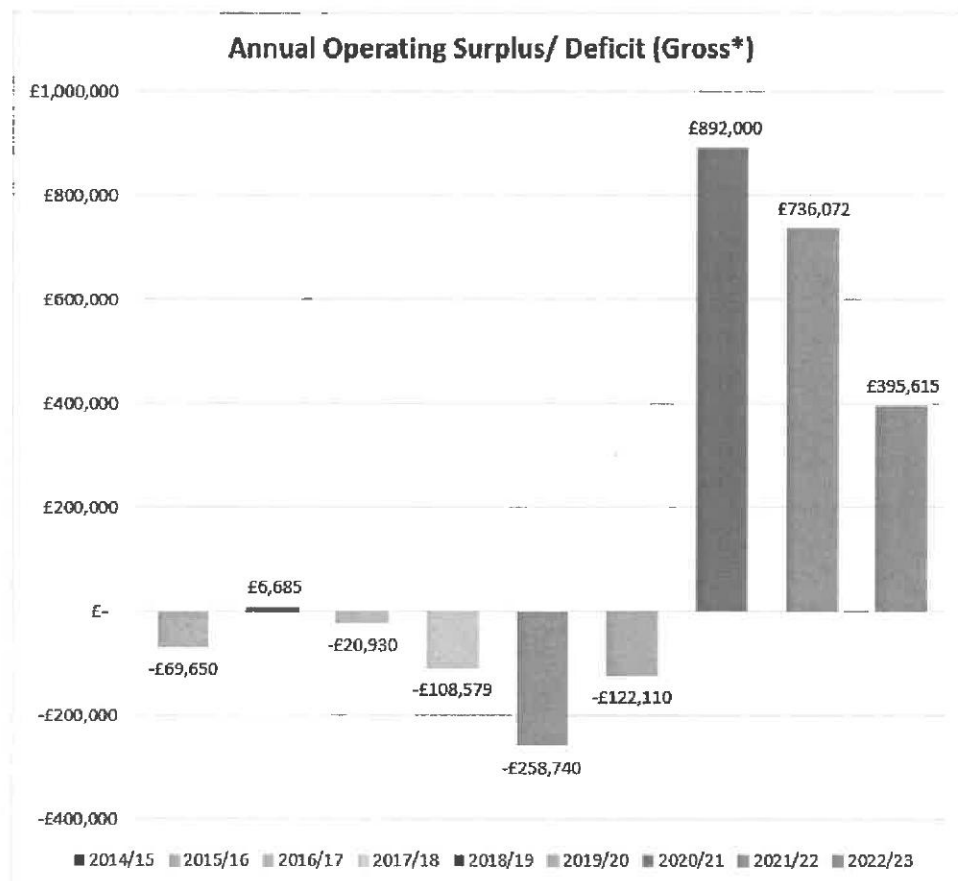
In 23/24 the Board approval proposals to pay all Support Staff not less than the Real Living Wage and notwithstanding the fact that fee rates from Local Authorities have not been improved to support this. This is only possible by virtue of the fact that the group continues to deliver an operating surplus.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023



\*Excluding exceptional costs (see below)

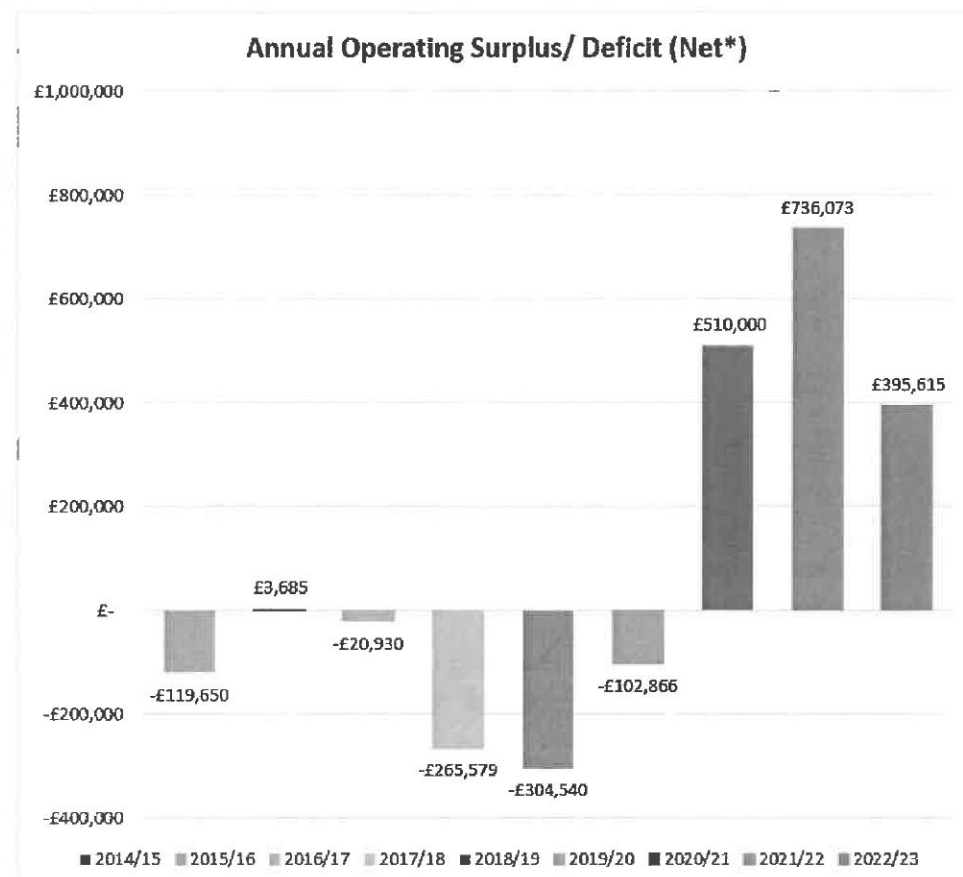
The Board of Directors are mindful that Azure was founded to provide added-value in our communities and to enhance to the delivery of services; it is not Azure's role to subsidise the delivery of local authority obligations and we are determined to ensure that Azure's improved financial performance and resources are devoted to the former. With our Operating Surplus returning to what we could consider a 'healthy' and, most importantly, sustainable pre-pandemic baseline our focus remains on the development and sustainability of services.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023



\*As illustrated above, consolidating on work commenced in 18/19 designed to stem operating deficits and restore the charity's financial health and long term viability that included a number of exceptional costs including a £400k emergency loan to support restructuring costs (and, subsequently, a £300k investment in the Garden Centre Café and the creation of a new teaching facility) the charity posted a net operating surplus of £510k in 20/21, £736k in 21/22 and £395K in 22/23. This sustained performance has also allowed the charity to establish a charitable reserve.

The delivery of much-needed Employment Services is contingent on securing funds or service contracts for the delivery of the same. Supported Employment and our Supported Business status remains dependent on the trading performance of our 'ventures' i.e., Garden Centre, Business Centre and Landscaping businesses – and the patronage of local/regional organisations.

While we are most grateful to our ambassador organisations (Karbon Homes, Anchor Housing, Miller and Coca Cola) we remain disappointed that so many organisations in the region remain ambivalent to our objectives and especially those which have provided assurances of their support but struggle to translate their 'warm words' into action and notwithstanding the sums of money they expend to express their commitment to the region/society.

Demand and interest in our Education Services continues to exceed expectations with McCallum House being adapted still further to accommodate additional students and with staff, in all likelihood, to be operating from temporary buildings (portakabins) situated in the McCallum House car park. We expect demand to exceed capacity in September 2023 which will underpin the design and redevelopment of the Cramlington site (see below).

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted efforts to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget setting (for the provision of support services) in/by Local Authorities with the aim of supporting improved pay and conditions for our Support Services staff.

To this end, the Board of Directors and the Executive are committed to working locally, regionally and nationally to ensure that the work of Adult Care staff is more widely understood, acknowledged and properly valued.

### ● Reserves policy

In order to safeguard the charity's financial stability, the board have analysed the risks which could impact the cash flow of the business, and have agreed a reserves amount of £200k. The charitable reserves policy is designed to cover the short term (12 month) cash requirements arising from a reduction in income or additional expenses. It is expected that cash requirements after 12 months from such events would be covered by operational changes or funding arrangements. The risk of a reduction in retail sales poses the greatest threat to short term cash flow. Other significant risks identified by the board would be addressed through operational changes.

### ● Material investments policy

The charity funds are controlled by the directors, who also act as trustees, who invest with a view to safely optimising annual investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them which they are by law authorised to invest money (including trading subsidiaries), with power from time to time to change for others of a like nature.

### ● Principal risks and uncertainties

The charity has a comprehensive risk review process and this is fully updated every year. The resultant risk analysis is considered by the Audit and Risk Committee in the first instance then is taken to the Board for approval.

With respect to Health and Safety, a senior manager is the charity's safety advisor and safety representatives are appointed in the various areas of the organisation. The Board has a member nominated to have a special responsibility for Health and Safety and that member meets with management as appropriate. The Board receive regular reports on health and safety matters (including accident and "near miss" statistics).

With the onset of the Covid pandemic Handelsbanken facilitated a postponement to the outstanding loan capital repayments for the year; the charity's existing borrowings were consolidated and will be discharged in full by the end of October 2023.

The trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the charity's day-to-day operations.

The financial statements which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) conform to current statutory requirements and comply with the charitable company's governing documents.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### • Going concern

The results for the year leave the charitable group with a net asset position of £4,417,050 (2022: £4,021,435). At the year end, the group had a net current asset position of £1,439,443 (2022: £1,056,202).

This is a much-improved position on the previous year end and gives confidence that the group is in a much more positive position with sufficient cash to meet its current and future obligations.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the possible future scenarios arising from the impact of Covid-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress-tested their forecasts, taking into account various scenarios, and remain confident that while the economic uncertainties remain (principally those associated with Brexit and Covid-19), they do not cast significant doubt on the company's ability to continue as a going concern.

### • Fundraising policy

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised directly from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

## Structure, governance and management

### • Constitution

The organisation is a charitable company limited by guarantee, incorporated on 21st September 1982 and registered as a charity on 13th October 1982.

The charitable company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

In the event of the charitable company being wound up members are required to contribute an amount not exceeding £1 each.

The governing instruments were most recently revised on 30th June 2010 at the charity's Annual General Meeting.

### • Methods of appointment or election of trustees

The management of the group and the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Memorandum of Association.

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board.

All appointments are subject to the approval by members at a General Meeting. With the notice of such meeting, members are provided with a profile of prospective new trustees and equivalent information for any trustee offering themselves for re-election. Additionally, a full attendance record is made available to Members.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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### Structure, governance and management (continued)

#### ● Organisational structure and decision-making policies

The charity is governed by its Board of Trustees who are the appointed directors of the company. The number of trustees at present is 9 with the requirement being that the number is not less than 6 nor more than 20. Trustees are elected to serve 3-year terms, retire by rotation and are able to stand for re-election.

At the 2023 Annual General Meeting, Graham Barnard and Robin Adams retire by rotation (under Article 29) and being eligible, offer themselves for re-election.

Angela Charlton, being a new member of the board appointed December 2022, offers herself for re-election (under Article 34).

The trustees meet as a norm not less than six times a year. They receive regular, detailed management accounts, including cash flow projections as well as reports on operational activities every month. They regularly receive presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility.

#### ● Policies adopted for the induction and training of trustees

New trustees are provided with a proper induction process and all relevant papers and guidance to properly fulfil their responsibilities. While this was challenging during the pandemic, we are pleased to welcome new members to the Board. Briefing papers and familiarisation training is provided for all trustees, as deemed necessary.

#### ● Pay policy for key management personnel

The key management personnel are those listed in note 11 of these financial statements. In addition to their own attendance at the formal Board meetings, the Chief Executive, Operations Director and Director of Corporate Services meet together with other management as needed, to address all relevant operational issues.

The remuneration of the key personnel is determined by the Remuneration Committee, with due reference to the Finance Committee and the budget agreed by the Board and from which the Chief Executive is excluded in relation to discussion of his remuneration. The Committee is guided by a formal report which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### Structure, governance and management (continued)

#### • Board Sub Committees

The Board of trustees has four special sub-committees which assist the Board:

A **Corporate Services Committee**, consisting of three members of the Board and chaired by the Treasurer, meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The Committee:

- Functions in conjunction with the Board and the Executive on major areas of change, innovation and development;
- Undertakes tasks delegated by the Board that are within the Committee's terms of reference;
- Reviews and comments upon management accounts and financial forecasts;
- Considers the financial implications of proposals for areas of major new strategic development on behalf of the Board and makes recommendations to the Board in respect of their suitability;
- Maintains an overview of financial performance; and
- Reviews the Trust's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the Board.

Decisions are ultimately the responsibility of the Trustee members of the Committee, and in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

The **Audit and Risk Committee** consisting of three members of the Board meets twice a year to support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Committee:

- Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats;
- Assists the Board identify the Trust's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the charity's insurance cover;
- Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the Board;
- Discusses with the external auditor, before the audit commences, the nature and scope of the audit;
- Meets once a year, or part thereof, with the external auditor without management present;
- Reviews the annual audited financial statements before submission to the Board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective;
- Discusses with the auditor matters arising from the audit;
- Reviews policy and procedures in respect of internal financial controls ; and
- Reports periodically to the Board.

The trustee members of the Audit and Risk Committee, as a norm, do discuss matters in private with the external auditors with no management present at the end of every Audit and Risk Committee meeting.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 January 2023

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### Structure, governance and management (continued)

The **Services Committee** consisting of three members of the Board, the Chief Executive and Heads of Service shall meet at least twice each year to review the nature and scope of services, quality of services and opportunities for development to support the development of strategy and plans. The broad role of the Committee is to provide help and advice to the Board of Trustees relating to the development and delivery of services (including regulated services) provided by Azure under contract to Government Departments, Executive Agencies (e.g. ESFA), Local Authorities, etc, and which presently include: (i) Adult Social Care (i.e. 'Support Services'), (ii) Education & Training Services and (iii) Employment Services (including 'Supported Business').

More specifically, the Committee will:

- Review the achievement and maintenance of high standards of teaching, learning and assessment (Education Services);
- Assess the nature, level of support and client impact (for Support Services and Employment Services clients);
- Provide a forum for the Board of Trustees and Senior Managers to test new ideas relating to the development and delivery of services including assessments of their effectiveness;
- Monitor the outcomes of Azure's quality assurance system regarding learner and/or client experiences, including destinations, satisfaction surveys and complaints;
- Receive, consider and monitor Azure's Self-Assessment Reports and the associated Action Plans, to include the effectiveness of quality control of all services and report appropriately to the Board;
- Monitor Azure's development and compliance with all policies and procedures regarding equality of opportunity and diversity;
- Receive reports of formal internal inspections of areas of Support Services, Education & Training and Employment services and the associated action plans and consider them in the context of each service's strategy;
- Receive and consider reports detailing student/client recruitment, retention and progress including changes to the profile of recruitment and report to the Board on their potential significance for the charity's Curriculum and/or Financial Strategy; and
- Receive and consider reports on any other quality requirements identified by the CQC, OFSTED or other inspectorate or funding body.

The **Remuneration Committee** consisting of three members of the Board meets at least once each year to ensure that Azure's Pay and Reward strategy and policies attract and motivate staff to achieve the long-term interests of the charity and deliver services to communities we serve. More specifically, the Committee is responsible for and the scope of:

- Annual cost of living or performance related awards;
- The remuneration of the chief executive and senior staff;
- Ensuring the policy and application of the remuneration policy is equitable, fair and transparent; and
- Overseeing any major changes in employee benefits structures throughout the organisation.

### ● Financial risk management

The trustees have assessed the major risks to which the group and the charity are exposed, in particular those related to the operations and finances of the group and the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### Structure, governance and management (continued)

#### • Day to day management

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the charity's Chief Executive.

The Chief Executive meets regularly with the Chair of the Board of Trustees, in addition to the formal meetings, and appraises the Chair of any significant issues as they may arise between meetings.

The Chief Executive, Operations Director, Director of Corporate Services and Company Secretary attend the Board meetings, along with senior post-holders by rotation, but there is proper provision for the Board to discuss any matter without management attendance when they so wish.

#### Plans for future periods

The charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the charity. The charity has, however, had cause to review how the charitable Objects are expressed and consider they would benefit from further definition to expressly recognise that 'disability', and our work performed, has come to include those with special educational needs or education and health care plans (EHCPs) and those who are otherwise disadvantaged (e.g. may be suffering from debilitating mental health conditions) and who are at risk of social and/or economic exclusion in order to confirm that this is within the charity's compass. The Board will revert/report to the members later this year.

The trustees and management are committed to a process of continuous improvement to optimise both the financial performance and the activities of the charity and its subsidiaries.

It is envisaged that the difficult economic conditions will continue with the potential to affect all departments. The charity is however concerned about the need to protect itself from the 'seasonality' and associated risks to Garden Centre revenues, which remain weather dependant. This has therefore prompted the preparation of plans to expand the garden centre to increase and diversify its income streams.

Planning permission has now been granted to redevelop the Garden Centre site in Cramlington with the proposals including;

- increasing the retail area to accommodate additional concessions and to support more direct sales;
- creating additional warehousing immediately adjacent to the retail area;
- creating a new Business Centre which will again support the generation of additional income;
- creating a new education centre that includes new classrooms and teaching spaces to support the expansion of our education and training offer; and
- enabling the redevelopment of McCallum House (\*) and the remainder of our site in Cramlington.

\* The charity has received interest from other businesses/organisations that would be interesting in leasing McCallum House, however, at the time of writing the Board and management are exploring how the building may be developed to support the delivery of additional services (including education and day services for clients).

An organisation wide costs control strategy exists with close scrutiny of all discretionary spending.

The trustees have approved a budget for the forthcoming year consistent with these comments and the charity's overall strategic plan.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Trustees' report (continued)

Year ended 31 January 2023

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### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees on 26 May 2023 and signed on their behalf by:

  
G P Barnard  
Chair

## Azure Charitable Enterprises

(A company limited by guarantee)

### Statement of trustees' responsibilities

For the year ended 31 January 2023

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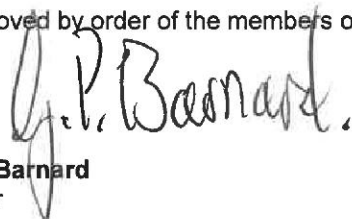
The trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted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

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity 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:

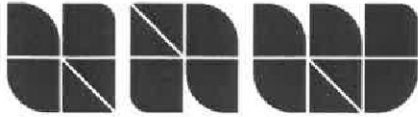
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject 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 charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 26 May 2023 and signed on its behalf by:



**G P Barnard**  
Chair



## Independent Auditor's Report to the members of Azure Charitable Enterprises

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### Opinion

We have audited the financial statements of Azure Charitable Enterprises (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2023 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charitable company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 January 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

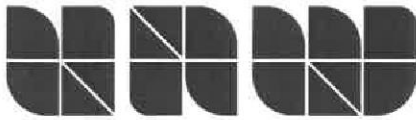
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



## **Independent Auditor's Report to the members of Azure Charitable Enterprises (continued)**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees 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:

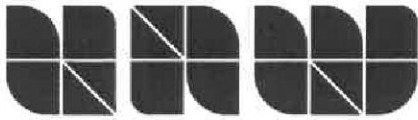
- the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report and the strategic report have been prepared in accordance with applicable legal requirements.

### **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.



## **Independent Auditor's Report to the members of Azure Charitable Enterprises (continued)**

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### **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.

### **Auditor's responsibilities for the audit of the financial statements**

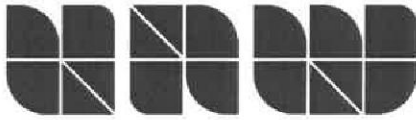
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the trustees and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, safeguarding, employment law, data protection and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



## **Independent Auditor's Report to the members of Azure Charitable Enterprises (continued)**

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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 auditor's 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 auditor's 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.

**Michael Morris FCA FCCA (Senior Statutory Auditor)  
for and on behalf of UNW LLP, Statutory Auditor**

Chartered Accountants  
Newcastle upon Tyne

26 May 2023

## Azure Charitable Enterprises

(A company limited by guarantee)

### Consolidated Statement of financial activities (incorporating income and expenditure account) For the year ended 31 January 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
<b>Income from:</b>					
Donations and legacies	4	8,277	3,600	11,877	6,491
Charitable activities	5	4,979,943	-	4,979,943	4,553,951
Other trading activities	6	3,887,712	-	3,887,712	4,207,443
Other income		-	-	-	105
<b>Total income</b>		<b>8,875,932</b>	<b>3,600</b>	<b>8,879,532</b>	<b>8,767,990</b>
<b>Expenditure on:</b>					
Raising funds	7	3,414,311	-	3,414,311	3,422,717
Charitable activities	8	5,066,006	3,600	5,069,606	4,609,200
<b>Total expenditure</b>		<b>8,480,317</b>	<b>3,600</b>	<b>8,483,917</b>	<b>8,031,917</b>
<b>Net movement in funds</b>		<b>395,615</b>	<b>-</b>	<b>395,615</b>	<b>736,073</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		4,021,435	-	4,021,435	3,285,362
Net movement in funds		395,615	-	395,615	736,073
<b>Total funds carried forward</b>	19	<b>4,417,050</b>	<b>-</b>	<b>4,417,050</b>	<b>4,021,435</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 46 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Consolidated balance sheet At 31 January 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	2,977,607	3,030,280
		<u>2,977,607</u>	<u>3,030,280</u>
<b>Current assets</b>			
Stocks	15	494,783	495,207
Debtors	16	702,400	575,285
Cash at bank and in hand		993,024	1,077,274
		<u>2,190,207</u>	<u>2,147,766</u>
Creditors: amounts falling due within one year	17	(750,764)	(1,091,564)
<b>Net current assets</b>		<u>1,439,443</u>	<u>1,056,202</u>
<b>Total assets less current liabilities</b>		<u>4,417,050</u>	<u>4,086,482</u>
Creditors: amounts falling due after more than one year	18	-	(65,047)
<b>Total net assets</b>		<u><u>4,417,050</u></u>	<u><u>4,021,435</u></u>
<b>Charity funds</b>			
Restricted funds	19	-	-
Unrestricted funds	19	4,417,050	4,021,435
<b>Total funds</b>		<u><u>4,417,050</u></u>	<u><u>4,021,435</u></u>

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

The financial statements were approved and authorised for issue by the trustees on 26 May 2023 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

The notes on pages 27 to 46 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

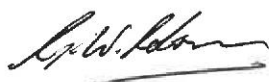
## Balance sheet At 31 January 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	2,202,125	2,200,570
Investments	14	2	2
		<u>2,202,127</u>	<u>2,200,572</u>
<b>Current assets</b>			
Debtors	16	1,002,604	473,874
Cash at bank and in hand		395,016	111,438
		<u>1,397,620</u>	<u>585,312</u>
Creditors: amounts falling due within one year	17	(814,807)	(657,270)
<b>Net current assets/(liabilities)</b>		<u>582,813</u>	<u>(71,958)</u>
<b>Total assets less current liabilities</b>		<u>2,784,940</u>	<u>2,128,614</u>
Creditors: amounts falling due after more than one year	18	-	(65,047)
<b>Total net assets</b>		<u>2,784,940</u>	<u>2,063,567</u>
<b>Charity funds</b>			
Restricted funds	19	-	-
Unrestricted funds	19	2,784,940	2,063,567
<b>Total funds</b>		<u>2,784,940</u>	<u>2,063,567</u>

The charity's net movement in funds for the year was £721,373 (2022 - £480,684).

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 26 May 2023 and signed on their behalf by:



**G W Robson**  
Treasurer & Vice Chairman

Company registered number: 01666027

The notes on pages 27 to 46 form part of these financial statements.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Consolidated statement of cash flows For the year ended 31 January 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	21	97,473	640,718
<b>Cash flows from investing activities</b>			
Proceeds from the sale of tangible fixed assets		-	105
Purchase of tangible fixed assets		(94,471)	(34,045)
<b>Net cash used in investing activities</b>		<b>(94,471)</b>	<b>(33,940)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(86,729)	(122,371)
Repayments of finance leases		(523)	(9,240)
<b>Net cash used in financing activities</b>		<b>(87,252)</b>	<b>(131,611)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(84,250)</b>	<b>475,167</b>
Cash and cash equivalents at the beginning of the year		1,077,274	602,107
<b>Cash and cash equivalents at the end of the year</b>	22	<b>993,024</b>	<b>1,077,274</b>

The notes on pages 27 to 46 form part of these financial statements

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 1. General information

The charitable company is a company limited by guarantee. The members of the charitable company are the trustees named on page 1. 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.

### 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.

Azure Charitable Enterprises 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 charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity 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 Going concern

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 2. Accounting policies (continued)

#### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charges fall due.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client service activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

#### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 2. Accounting policies (continued)

#### 2.5 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.

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.

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	- 50 years straight-line or over the lease term
Short-term leasehold property	- 40 years straight-line or over the lease term
Plant and equipment	- 5 - 10 years straight-line
Motor vehicles	- 4 years straight-line
Office equipment	- 3 years straight-line

#### 2.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

#### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.8 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.

#### 2.9 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.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 2. Accounting policies (continued)

#### 2.10 Operating leases

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

#### 2.11 Pensions

The group contributes to personal pension plans taken out by employees. Contributions are charged to the income and expenditure account as they become payable.

#### 2.12 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.

### 3. Critical accounting estimates and areas of judgment

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.

Estimates included within these financial statements include depreciation charges, bad debt provisions and the stock provision. None of these estimates are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgment that were required in applying the charitable company's accounting policies as set out above.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 4. Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Donations	8,277	3,600	11,877

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations	4,241	2,250	6,491

### 5. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Provision of client services	4,979,943	4,979,943	4,553,951

All income from charitable activities in the current and prior year was unrestricted.

## Azure Charitable Enterprises

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 January 2023

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#### 6. Income from trading activities

##### Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Subsidiary trading income	3,452,786	<b>3,452,786</b>	3,840,611
Nursery income	28,083	<b>28,083</b>	28,190
Landscapes income	405,869	<b>405,869</b>	337,305
Feed in tariff income	974	<b>974</b>	1,337
	<u>3,887,712</u>	<u><b>3,887,712</b></u>	<u>4,207,443</u>

All income from trading activities in the current and prior year was unrestricted.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### 7. Expenditure on raising funds

#### Fundraising trading expenses

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Cost of goods sold	1,853,088	<b>1,853,088</b>	2,056,754
Rent and rates	4,048	<b>4,048</b>	6,099
Advertising	34,393	<b>34,393</b>	39,797
Heat, light and water	87,417	<b>87,417</b>	84,114
Insurances	51,194	<b>51,194</b>	40,709
Training	3,894	<b>3,894</b>	2,634
Other	416,638	<b>416,638</b>	174,366
Governance costs	-	-	11,538
Support costs	-	-	147,944
Wages and salaries	853,765	<b>853,765</b>	780,713
Depreciation	109,874	<b>109,874</b>	78,049
	<u>3,414,311</u>	<u><b>3,414,311</b></u>	<u>3,422,717</u>

All expenditure from raising funds in the current and prior year was unrestricted.

### 8. Analysis of expenditure on charitable activities

#### Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Provision of charitable activities	<u>5,066,006</u>	<u>3,600</u>	<u><b>5,069,606</b></u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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

#### Summary by fund type (continued)

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Provision of charitable activities	<u>4,606,950</u>	<u>2,250</u>	<u>4,609,200</u>

### 9. Analysis of expenditure by activities

	Direct costs 2023 £	Support costs 2023 £	Total funds 2023 £
Provision of charitable activities	<u>4,324,314</u>	<u>745,292</u>	<u>5,069,606</u>

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Provision of charitable activities	<u>3,945,235</u>	<u>663,965</u>	<u>4,609,200</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### Analysis of support costs

	2023 £	2022 £
Employment costs	484,145	433,882
Depreciation costs	26,456	44,447
Interest	2,538	2,398
Power	27,125	18,205
Insurances	2,136	(2,044)
Other	69,350	59,184
Legal and other professional costs	67,947	59,860
Governance costs	65,595	48,033
	<u>745,292</u>	<u>663,965</u>

### 10. Auditor's remuneration

	2023 £	2022 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	18,500	17,500
Fees payable to the charity's auditor in respect of: Other services	<u>1,500</u>	<u>1,400</u>

## Azure Charitable Enterprises

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 January 2023

#### 11. Staff costs

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Wages and salaries	4,462,858	4,023,012	3,856,641	3,584,993
Social security costs	373,245	305,764	336,070	278,754
Contribution to defined contribution pension schemes	221,563	251,072	192,315	229,811
	<u>5,057,666</u>	<u>4,579,848</u>	<u>4,385,026</u>	<u>4,093,558</u>

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

	Group 2023 No.	Group 2022 No.
Garden Centre	36	37
Supported Living	75	89
Landscapes	14	13
Support Services	57	58
Employment Services	5	4
Education	9	8
Administration	13	14
Azure Business Centres Limited	2	2
	<u>211</u>	<u>225</u>

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

	Group 2023 No.	Group 2022 No.
In the band £90,001 - £100,000	-	1
In the band £120,001 - £130,000	1	-

The key management personnel of the charity comprise the Chief Executive, Finance Manager, Operation Director and Support Services Managers. The total employee benefits of the key management personnel of the group were £485,527 (2022: £592,175).

#### 12. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2022: none).

During the year ended 31 January 2023, no trustee expenses have been incurred (2022: none).

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### 13. Tangible fixed assets

#### Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At 1 February 2022	5,085,151	606,494	37,770	735,205	6,464,620
Additions	2,556	32,035	20,998	38,882	94,471
At 31 January 2023	<u>5,087,707</u>	<u>638,529</u>	<u>58,768</u>	<u>774,087</u>	<u>6,559,091</u>
<b>Depreciation</b>					
At 1 February 2022	2,199,580	470,206	37,770	726,784	3,434,340
Charge for the year	100,583	34,557	3,062	8,942	147,144
At 31 January 2023	<u>2,300,163</u>	<u>504,763</u>	<u>40,832</u>	<u>735,726</u>	<u>3,581,484</u>
<b>Net book value</b>					
At 31 January 2023	<u>2,787,544</u>	<u>133,766</u>	<u>17,936</u>	<u>38,361</u>	<u>2,977,607</u>
At 31 January 2022	<u>2,885,571</u>	<u>136,288</u>	<u>-</u>	<u>8,421</u>	<u>3,030,280</u>

Included within the net book value of £2,977,607 is £nil (2022: £586) relating to assets held under hire purchase agreements. The depreciation charged to the financial statement in the year in respect of such assets amounted to £586 (2022: £10,599).

The net book value of freehold land not depreciated is £750,000.

## Azure Charitable Enterprises

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 January 2023

#### 13. Tangible fixed assets (continued)

##### Charity

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At 1 February 2022	3,628,783	310,285	37,770	355,818	4,332,656
Additions	2,556	25,739	20,998	38,882	88,175
At 31 January 2023	<u>3,631,339</u>	<u>336,024</u>	<u>58,768</u>	<u>394,700</u>	<u>4,420,831</u>
<b>Depreciation</b>					
At 1 February 2022	1,435,550	311,370	37,770	347,396	2,132,086
Charge for the year	68,844	5,772	3,062	8,942	86,620
At 31 January 2023	<u>1,504,394</u>	<u>317,142</u>	<u>40,832</u>	<u>356,338</u>	<u>2,218,706</u>
<b>Net book value</b>					
At 31 January 2023	<u>2,126,945</u>	<u>18,882</u>	<u>17,936</u>	<u>38,362</u>	<u>2,202,125</u>
At 31 January 2022	<u>2,193,233</u>	<u>(1,085)</u>	<u>-</u>	<u>8,422</u>	<u>2,200,570</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 14. Fixed asset investments

Company	Investments in subsidiary companies £
<b>Cost</b>	
At 1 February 2022	2
At 31 January 2023	<u>2</u>
<b>Net book value</b>	
At 31 January 2023	<u>2</u>
At 31 January 2022	<u>2</u>

#### Principal subsidiaries

The following were subsidiary undertakings of the charity:

Names	Company number	Country of incorporation	Class of shares	Holding
Azure Garden Centre Limited	02746143	England	Ordinary	100%
Azure Business Centres Limited	04642254	England	Ordinary	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) for the year £
Azure Garden Centre Limited	3,327,911	2,915,934	411,977
Azure Business Centres Limited	186,970	149,550	37,420

#### Net assets £

646,133  
986,010

## Azure Charitable Enterprises

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 January 2023

#### 15. Stocks

	Group 2023 £	Group 2022 £
Finished goods and goods for resale	<u>494,783</u>	<u>495,207</u>

#### 16. Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade debtors	249,520	380,965	215,041	300,901
Amounts owed by group undertakings	-	-	349,592	-
Other debtors	418	10,059	418	9,654
Prepayments and accrued income	452,462	184,261	437,553	163,319
	<u>702,400</u>	<u>575,285</u>	<u>1,002,604</u>	<u>473,874</u>

The amounts owed by group undertakings are unsecured and repayable on demand.

#### 17. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loans (note 18)	65,047	86,729	65,047	86,729
Trade creditors	248,028	342,577	181,242	87,646
Amounts owed to group undertakings	-	-	318,036	69,479
Other taxation and social security	277,019	263,132	140,722	139,838
Obligations under finance lease and hire purchase contracts	-	523	-	523
Other creditors	10,922	25,141	80	12,206
Accruals and deferred income	149,748	373,462	109,680	260,849
	<u>750,764</u>	<u>1,091,564</u>	<u>814,807</u>	<u>657,270</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

Included in creditors due within one year are hire purchase liabilities of £nil (2022: £523), secured over the assets to which they relate.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### 18. Creditors: amounts falling due after more than one year

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2023 £</b>	<b>Charity 2022 £</b>
Bank loans	-	65,047	-	65,047

The bank loans are secured by legal charges on land occupied by the garden centre at Station Road, Cramlington, and represents 4.0% (2022: 19.0%) of the carrying value of the property as defined in the accounting policies.

The balance of the bank loans is £65,047. Originally the mortgage was repayable over 20 years (the original start date was 5th October 2005), by way of quarterly installments. The mortgage was arranged in three parts, the first part at a fixed interest rate was fully repaid during the year ended January 2019. The remaining two parts of the loan were consolidated into one in October 2021 and this outstanding loan incurs interest at a commercial rate.

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2023 £</b>	<b>Charity 2022 £</b>
Deferred income at 1 February 2022	<b>92,404</b>	104,518	<b>92,404</b>	104,518
Resources deferred during the year	-	92,404	-	92,404
Amounts released from previous periods	<b>(92,404)</b>	(104,518)	<b>(92,404)</b>	(104,518)
<b>Deferred income at 31 January 2023</b>	<b>-</b>	<b>92,404</b>	<b>-</b>	<b>92,404</b>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### 19. Statement of funds

#### Statement of funds - current year

	Balance at 1 February 2022 £	Income £	Expenditure £	Balance at 31 January 2023 £
<b>Unrestricted funds</b>				
General funds	4,021,435	8,875,932	(8,480,317)	4,417,050
<b>Restricted funds</b>				
Residents activities for Keele Drive	-	3,600	(3,600)	-
<b>Total of funds</b>	<b>4,021,435</b>	<b>8,879,532</b>	<b>(8,483,917)</b>	<b>4,417,050</b>

#### Statement of funds - prior year

	Balance at 1 February 2021 £	Income £	Expenditure £	Balance at 31 January 2022 £
<b>Unrestricted funds</b>				
General funds	3,285,363	8,765,739	(8,029,667)	4,021,435
<b>Restricted funds</b>				
Residents activities for Keele Drive	-	2,250	(2,250)	-
<b>Total of funds</b>	<b>3,285,363</b>	<b>8,767,989</b>	<b>(8,031,917)</b>	<b>4,021,435</b>

Residents activities for Keele Drive: Various donations were received from Damant ML during the year towards the cost of providing social activities for the residents of Keele Drive.

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 20. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	2,977,607	2,977,607
Current assets	2,190,207	2,190,207
Creditors due within one year	(750,764)	(750,764)
<b>Total</b>	<u>4,417,050</u>	<u>4,417,050</u>

#### Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	3,030,280	3,030,280
Current assets	2,147,766	2,147,766
Creditors due within one year	(1,091,564)	(1,091,564)
Creditors due in more than one year	(65,047)	(65,047)
<b>Total</b>	<u>4,021,435</u>	<u>4,021,435</u>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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

	Group 2023 £	Group 2022 £
Net income for the year (as per statement of financial activities)	395,615	736,073
<b>Adjustments for:</b>		
Depreciation charges	147,144	130,596
Profit on the sale of fixed assets	-	(105)
Decrease/(increase) in stocks	424	(184,946)
Increase in debtors	(127,115)	(128,781)
(Decrease)/increase in creditors	(318,595)	87,883
<b>Net cash provided by operating activities</b>	<b>97,473</b>	<b>640,720</b>

### 22. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash in hand	993,024	1,077,274
<b>Total cash and cash equivalents</b>	<b>993,024</b>	<b>1,077,274</b>

### 23. Analysis of changes in net debt

	At 1 February 2022 £	Cash flows £	At 31 January 2023 £
Cash at bank and in hand	1,077,274	(84,250)	993,024
Debt due within 1 year	(86,729)	21,682	(65,047)
Debt due after 1 year	(65,047)	65,047	-
Finance leases	(523)	523	-
	<b>924,975</b>	<b>3,002</b>	<b>927,977</b>

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

### 24. Capital commitments

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2023 £</b>	<b>Charity 2022 £</b>
<b>Contracted for but not provided in these financial statements</b>				
Acquisition of tangible fixed assets	<b>205,700</b>	-	<b>205,700</b>	-

### 25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £221,563 (2022: £251,072). Contributions totalling £32,772 (2022: £26,553) were payable to the fund at the balance sheet date and are included in creditors.

### 26. Operating lease commitments

At 31 January 2023 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2023 £</b>	<b>Charity 2022 £</b>
Not later than 1 year	<b>12,910</b>	26,413	<b>12,910</b>	21,556
Later than 1 year and not later than 5 years	<b>17,488</b>	30,425	<b>17,488</b>	30,425
	<b>30,398</b>	56,838	<b>30,398</b>	51,981

# Azure Charitable Enterprises

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 January 2023

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### 27. Related party transactions

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £5,642 (2022: £1,285) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors, is £1,604 (2022: £nil).

During the course of the year, the charity sold goods to Azure Garden Centre Limited amounting to £nil (2022: £nil) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £1,397 (2022: £nil). This relates to cash which has been transferred between group companies as required.

During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £150,915 (2022: £156,751) on normal commercial terms. During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £348,054 (2022: £156,789). This relates to cash which has been transferred between group companies as required.

During the course of the year, the charity purchased goods from its subsidiary Azure Business Centres Limited amounting to £16,447 (2022: £9,043) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors, is £29 (2022: £nil).

During the course of the year, the charity sold goods to its subsidiary Azure Business Centres Limited amounting to £744 (2021: £nil) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £141 (2022: £nil).

During the course of the year the charity provided management services to Azure Business Centres Limited amounting to £8,557 (2022: £8,231) on normal commercial terms, during the year there were also recharges of costs between the charity and Azure Business Centres Limited. The amount outstanding at the year end, included in the charitable company's creditors, is £316,403 (2022: £8,231 debtor). This relates to cash which has been transferred between group companies as required.

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £8,256 (2022: £4,250) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £1,152 (2022: £nil).

During the course of the year the charity purchased services from Muckle LLP, a company where R J Adams is a partner, totalling £3,150 (2022: £15,222), on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors, is £nil (2022: £nil).

### 28. Controlling party

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.

**The Azure Charitable Foundation**

England & Wales - Charity number 513149

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# Accounts

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**AZURE CHARITABLE ENTERPRISES**

**A Charitable Company Limited by Guarantee**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 ST JANUARY 2022**

**Company Registration Number 01666027**

**Charity Registration Number 513149**

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31<sup>ST</sup> January 2022**

The Board of Trustees presents its report for the year then ended.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

<b>PRESIDENT</b>	Neil Robinson MBE, JP
<b>PATRON</b>	The Viscount Ridley
<b>VICE PRESIDENTS</b>	A.E. Kilburn OBE FCIH Neil Furness FCA
<b>BOARD OF DIRECTORS</b>	GP Barnard (Chairman) GW Robson (Treasurer & Vice Chairman) R J Adams SJ Hallowell I Hindle AE Kilburn OBE, FCIH (retired May 2022) CS Litchfield (retired January 2022) E Morgan (retired July 2021) J Wake (appointed July 2021) J Moiser (appointed November 2021)
<b>SECRETARY</b>	C Riley (appointed January 2022)
<b>KEY MANAGEMENT PERSONNEL</b>	Dr PJ Wilson – Chief Executive Officer A Robson – Operations Director/ Director Azure Business Centre J Redfern – Director Support Services C Riley – Finance Manager/ Company Secretary J Taylor – Director Azure Garden Centre H Campbell – Head of Education Services T Summerbell – Head of Employment Services

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31<sup>ST</sup> January 2022**

<b>REGISTERED OFFICE</b>	McCallum House Kielder Avenue Cramlington Northumberland NE23 8JT
<b>INDEPENDENT AUDITOR</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>BANKERS</b>	Lloyds Bank plc Newcastle upon Tyne NE1 6AG
<b>SOLICITORS</b>	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4SN
<b>CHARITY REGISTRATION NO</b>	513149
<b>COMPANY REGISTRATION NO</b>	01666027

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Instrument and Constitution**

The organisation is a charitable company limited by guarantee, incorporated on 21st September 1982 and registered as a Charity on 13th October 1982.

The Charitable Company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

In the event of the Charitable Company being wound up members are required to contribute an amount not exceeding £1 each.

The governing instruments were most recently revised on 30th June 2010 at the Charity's Annual General Meeting.

The financial statements which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) conform to current statutory requirements and comply with the charitable company's governing documents.

**Board of Directors/Trustees**

The Charity is governed by its Board of trustees - who are the appointed directors of the Company. The number of trustees at present is 6 (the requirement being that the number is not less than 6 nor more than 20). Trustees are elected to serve 3 year terms, retire by rotation and are able to stand for re-election.

At the 2022 Annual General Meeting Geoff Robson and Isobel Hindle retire by rotation (under Article 29) and being eligible, offer themselves for re-election.

The Board of Trustees and the Executive would like to express and record their thanks to:

- Alan Kilburn who having supported the development of Azure for more than thirty years, retired as a Director of Azure Charitable Enterprises, Azure Garden Centre and Azure Charitable Enterprises in May 2022. Alan joined Azure Charitable Enterprises in 1992 and was appointed as Director of Azure Garden Centre in 1992 and subsequently a Director of Azure Business Centre in 2003. As CEO of North Housing (now Home Group), Alan was particularly instrumental in supporting the establishment of sheltered housing on Keele Drive in Cramlington.
- Eric Morgan and Chris Litchfield who retired as Directors in July 2021 and January 2022, respectively. Eric joined the Board at Azure in 2005 and Chris in November 2012; Eric served the Board as a Director of Azure Business Centre and as an active member of our Finance Committee while Chris was the Board's lead and liaison for our Education Services. We are particularly grateful to both for their support in promoting the development of our Education Services to The Reece Foundation and Molitor Charitable Trust, respectively; both charities have made grants to Azure in recent years which have transformed the nature and range of our educational offer and the facilities we now have available to support students and clients.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

- Geoff Crosby (Finance Director & Company Secretary) who retired in 2021. Geoff joined Azure in 2004 and has been instrumental in its growth and development over many years; we are particularly grateful to Geoff who deferred his retirement to support the restructuring programme we commenced in 2019 and latterly with the advent of the COVID-19 pandemic.

Julie Wake and John Moiser being a new members of the board appointed in July and September 2021 respectively offer themselves for re-election (under Article 34).

The trustees meet as a norm not less than six times a year. They receive regular, detailed management accounts (including cash flow projections) as well as reports on operational activities every month. They regularly receive presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility.

**Recruitment of Trustees**

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board.

All appointments are subject to the approval by members at a General Meeting. With the notice of such meeting members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election. Additionally, a full attendance record is made available to Members.

**Trustee induction and training**

New trustees are provided with a proper induction process and all relevant papers and guidance to properly fulfil their responsibilities – while this was challenging during the pandemic, we are pleased to welcome new members to the Board. Briefing papers and familiarisation training is effected for all trustees, as deemed necessary

**Sub committees**

The Board of Trustees has four special sub-committees which assist the Board:

- A Corporate Services Committee consisting of three members of the Board and chaired by the Treasurer meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The committee:
  - Functions in conjunction with the board and the executive on major areas of change, innovation and development.
  - Undertakes tasks delegated by the board that are within the committee's terms of reference.
  - Reviews and comments upon management accounts and financial forecasts.
  - Considers the financial implications of proposals for areas of major new strategic development on behalf of the board and makes recommendations to the board in respect of their suitability.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

- Maintains an overview of financial performance.
- Reviews the Trust's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the board.

Decisions are ultimately the responsibility of the trustee members of the committee, and in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

- The Audit and Risk Committee consisting of three members of the Board meets twice a year to support the board and accounting officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The committee:
  - Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats.
  - Assists the board in identifying the Trust's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the charity's insurance cover.
  - Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the board.
  - Discusses with the external auditor, before the audit commences, the nature and scope of the audit.
  - Meets once a year, or part thereof, with the external auditor without management present.
  - Reviews the annual audited financial statements before submission to the board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective.
  - Discusses with the auditor matters arising from the audit.
  - Reviews policy and procedures in respect of internal financial controls.
  - Reports periodically to the board.

The trustee members of the Audit & Risk Committee, as a norm, do discuss matters in private with the external auditors with no management present at the end of every Risk & Audit Committee meeting.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

- The Services Committee consisting of three members of the board, the Chief Executive and Heads of Service shall meet at least twice each year to review the nature and scope of services, quality of services and opportunities for development to support the development of strategy and plans. The broad role of the committee is to provide help and advice to the Board of Trustees relating to the development and delivery services (including regulated services) provided by Azure under contract to government departments, executive agencies (e.g. ESFA), local authorities, etc, and which presently include: (i) Adult Social Care (i.e. 'Support Services'), (ii) Education & Training Services and (iii) Employment Services (including 'Supported Business'),

More specifically, the committee will:

- Review the achievement and maintenance of high standards of teaching, learning and assessment (Education Services);
- Assess the nature, level of support and client impact (for Support Services & Employment Services clients).
- Provide a forum for the Board of Trustees and senior managers to test new ideas relating to the development and delivery of services including assessments of their effectiveness.
- Monitor the outcomes of Azure's quality assurance system regarding learner and/or client experiences, including destinations, satisfaction surveys and complaints.
- Receive, consider and monitor Azure's Self-Assessment Reports and the associated Action Plans, to include the effectiveness of quality control of all services and report appropriately to the board.
- Monitor Azure's development and compliance with all policies and procedures regarding equality of opportunity and diversity.
- Receive reports of formal internal inspections of areas of Support Services, Education & Training and Employment services and the associated action plans and consider them in the context of each service's strategy.
- Receive and consider reports detailing student/client recruitment, retention and progress including changes to the profile of recruitment and report to the board on their potential significance for the Charity's Curriculum and/or Financial Strategy.
- Receive and consider reports on any other quality requirements identified by the CQC, OFSTED or other inspectorate or funding body.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

- The Remuneration Committee consisting of three members of the Board meets at least once each year to ensure that Azure's Pay & Reward strategy and policies attract and motivate staff to achieve the long-term interests of the charity and deliver services to communities we serve. More specifically, the committee is responsible for and the scope of:
  - Annual cost of living or performance related awards.
  - The remuneration of the chief executive and senior staff.
  - Ensuring the policy and application of the remuneration policy is equitable, fair and transparent.
  - Overseeing any major changes in employee benefits structures throughout the organisation.

**Day to day management**

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the Charity's Chief Executive. The Chief Executive meets regularly with the Chair of the Board of Trustees (in addition to the formal meetings) and appraises the Chair of any significant issues as they may arise between meetings.

The Chief Executive, Company Secretary & Finance Manager attend the Board meetings (and senior post-holders by rotation) but there is proper provision for the Board to discuss any matter without management attendance when they so wish.

**Key Management Personnel**

The Key Management Personnel are those listed in the Reference and Administration page. In addition to their own attendance at the formal Trustee Board meetings, the Chief Executive, Operations Director and Finance Manager meet together with other management as needed, to address all relevant operational issues.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**OBJECTIVES AND ACTIVITIES**

The geographic scope of the charity's operations has traditionally been confined to the North East of England, although this is not a governing document limitation.

The overarching mission of the charity is to "improve the lives of people who are disabled or disadvantaged".

Maximising independence, personal development and achievement are fundamental aims.

Azure's focus, given the nature of our clients' disabilities, is "distance travelled" rather than absolute outcomes (such as formal qualifications) and which understands that our clients achieve progress on their own terms and which is not readily measured against rigid educational frameworks or, indeed, across 'academic' terms or years.

These aims are achieved in a variety of ways - many of which are complementary - with many of our clients accessing more than one type of service.

**Trading Businesses**

The charity has established and operates a number of businesses, including supported businesses<sup>1</sup> to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability and which include Azure Garden Centre (incorporating our horticultural nurseries) and Azure Landscapes and Grounds Maintenance businesses.

**Support Services**

Azure's aim is to support clients to achieve autonomy, exercise their personal freedoms and make choices about the lives they lead. Our services are tailored to individual needs and are delivered in a flexible, personalised way to support all our clients including 24/7 if required.

Our staff are expert and experienced in mentoring and supporting the development of life-skills and assisting our clients to engage with the broader community. We work with each of our clients to understand and support their personal aspirations, their interests and their active participation in not only leisure and recreational activities but also employment opportunities.

As an organisation we are committed to delivering high quality care and support that affords our clients with a sense of continuity and accountability for all working practices and we are registered with the Care Quality Commission to provide personal care. Above all we are determined to protect and secure our clients' rights to high quality care and to ensure that our clients live happy and fulfilling lives.

Azure employs highly trained professional staff to support people with a disability to live in homes appropriate to their needs and to support them to live as independently as they are able.

The charity works closely with local authorities and partner organisations that provide homes for people with a disability whilst also providing an enabling service for clients to better access the community/community facilities and public amenities.

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<sup>1</sup> A 'supported business' is defined as where more than 50% of the work-force have a disability

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**Education Services**

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students. Services are presently focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND'<sup>2</sup> schools and notwithstanding their best endeavours.

At Azure, our programmes are devised not only to support our students' personal development but also their social and employability skills. Employability is a key facet of each of our educational programmes (horticulture, catering and hospitality, retail and customer service) where each student has the opportunity to develop key skills and meaningful work experience by working in any of our businesses.

We endeavour to provide each of our students with progression opportunities within and outwith Azure and which now include Supported Internships, Apprenticeships, Supported Employment and Volunteering opportunities.

**Employment Services**

Azure administers and operates, in accordance with demand, pre-employment, basic and key skills, information technology and vocational training courses so that clients may develop transferable work skills enabling disabled or disadvantaged people to find and secure sustainable employment.

Our work also includes supporting clients to overcome personal barriers to employment and support their personal development regardless of whether this is linked to specific (formal) qualifications or job outcomes. In co-operation with the Department for Work & Pensions (DWP) and local employers, clients are assisted to secure valuable work placements (including in our supported businesses) and sustainable employment.

Azure continues to be commissioned directly by DWP to provide these services and has, since 2020, sought to increase the scope and scale of our work with support from the North East Local Economic Partnership and European Social & Investment Fund and by working in partnership with the North East Autism Society.

**Corporate (Central) Services**

A variety of corporate functions are centralised and performed by a small, dedicated team that supports the charity to deliver services and operate the charity's constituent businesses. It also assures compliance with all legal and other requirements. Key functions include finance, administration, work force development, IT infrastructure, maintenance, janitorial and security.

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<sup>2</sup> Special Educational Needs and/or disabilities

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**STRATEGIC REPORT**

Notwithstanding the impact of COVID-19 and the challenges the pandemic have posed the management team is stable, flexible and has demonstrated a capability for innovation that will enable the Board of Trustees to embark, with confidence, on the next phase of the charity's development.

Given that we have endured what has been the most challenging year for our staff, both professionally and personally, and a year in which they have not only had to master the anxieties of clients, students, colleagues but also, not least, their own; the scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

**ACHIEVEMENTS AND PERFORMANCE**

**Activities & Achievements**

**Azure Business Centres Limited**

The business provides office space and business units for small and start up enterprises in Newburn in the North East. Occupancy at the centre is at a very satisfactory level generating a surplus of £37k, before gift aid to the charity, in the year compared with £73k in 2020/21. The business contributes significant value to Azure's balance sheet with both land/buildings, strong cash generation and by it gift- aiding any profit to the charity.

**Azure Garden Centre**

The charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit this year of £688k, before gift aid to the charity, compared to a profit of £433k in 2020/21. The Garden Centre continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of profits to the charity to support our broader charitable endeavours, which totals £390k in the current year.

**Azure Landscapes & Grounds Maintenance**

The Landscapes department had a better year posting an operating surplus of £56k (£40k surplus in 2020/21).

Earlier this year the Landscapes team was required to prepare and submit a tender to retain its contract with Karbon Homes. Not only was the tender successful, allowing the team to retain the contract it has held with Karbon Homes for three years, Azure Landscapes was also awarded an additional contract (effectively doubled its work with Karbon Homes) which created more employment for our client group and which is a testament to their endeavour and the quality of service provided. The landscapes operation continues to employ a large number of people with disability.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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**Education & Training Services**

The Education Services Department continues to develop new pathways and a new curriculum that incorporates Hospitality and Catering, Horticulture and will shortly also include Retail and Customer Service.

Learners have a range of learning difficulties or disabilities that include that may include:

- Attention deficit hyperactivity disorder (ADHD),
- Autism spectrum disorder (ASD),
- Obsessive-compulsive disorder (OCD),
- Epilepsy,
- Post-traumatic stress disorder (PTSD),
- Sight/Hearing impairment,
- Speech and language difficulties,
- Anxiety,
- Dyspraxia,
- Hypermobility, and
- Fine/gross motor skill difficulties

As previously reported, the Hospitality and Catering programme launched in September 2020 and was supported by £250k capital investment in the creation of a new teaching kitchen (which also attracted financial support from the Reece Foundation and the Molitor Charitable Trust).

Working with Northumberland County Council, recruitment to our education and training programmes '**Skill-builders**' has increased, year on year, and for each of the last five years

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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**Education & Training Services Continued**

The following table shows the year on year increase in learners on our Skills-builders programmes:

	<b>Starts</b>	<b>Completed</b>
<b>2016/17</b>	6	4
<b>2017/18</b>	6	6
<b>2018/19</b>	9	9
<b>2019/20</b>	15	15
<b>2020/21</b>	23	22
<b>2021/22</b>	33	Pending

The department is also working with 3 supported interns who are presently working in Azure's Garden Centre café.

Following a referral from the NHS, the team are also supporting a client with an acquired brain injury.

An employment advisor is also seconded (part time) to the department to work more extensively with students to plan and secure their progression destinations; this will include securing voluntary and work-placement opportunities for students, identifying suitable job opportunities and assisting students to apply for roles and prepare for interview. We will also undertake to support any employer that provides a progression destination for our students.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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**Employment Services**

The number of people employed by the supported employment activities in the charity's businesses (Corporate Services, Garden Centre, Nurseries, Landscaping business and Education Services) was 20 at the year end.

With regard to the department's Diversity NE programme, at the year end, there had been 52 referrals by the year end; 16 clients had been assisted to secure paid employment with a further 13 engaging in training to support their journey towards employment. In addition, the team are supporting a number of economically inactive clients to actively job search.

DWP again purchased our '**Work in Progress**' provision, which saw the department deliver the employment programme to 45 unemployed disabled clients in the North of Tyne area. The programme went live in August 2021 and has been another successful programme with >20% of clients gaining paid employment. Two clients attended work placements, 5 clients gained volunteering opportunities, 20 interviews for employment were attended, 4 work trials took place and 3 clients to engage with community networks.

With the support of a grant received from LNER, Azure launched our '**Platform to Success**' programme in October 2021. The programme was designed to support 30 unemployed clients aged 19-24 with disability and/or long term health conditions, in South East Northumberland and Newcastle. The programme focused on those impacted by redundancy and/or through isolation caused by the Covid-19 pandemic. As of the year end, 30 referrals had been received, with 3 clients assisted to gain paid employment and a number were actively engaging in training to enhance their skills.

The department has also supported people to attend taster days, work placements, traineeships and volunteering roles to further their development and experience.

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**Support Services**

Support Services continues its residential based work in the various housing departments in Cramlington, Washington, Tynedale and Newcastle – as well as providing a substantial volume of enabling support activity around the North East. The quality of all of these activities is regularly verified by third party inspections; the funding stream mix is both complex and variable.

At the year-end, 73 residents were being supported in their homes at Cramlington, Washington, Tynedale and, via Supported Living, in Newcastle and Tynedale. 70 other service users were receiving support through the Community Access enabling service.

**Corporate (Central) Services**

Central Services provides a wide variety of necessary functions to facilitate the work of the organisation as a whole and to ensure all legalities are complied with.

With the advent of COVID-19, the Corporate Services team was also charged with supporting the implementation of business continuity plans across all Azure's services and constituent businesses which included procuring and assuring the integrity of supply of PPE, Garden Centre supplies, the implementation of remote working (where practicable), creating on-line retail operations at the garden centre and, not least, the implementation of the Coronavirus Job Retention Scheme which ended on 30 September 2021.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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**FINANCIAL REVIEW**

As reported last year:

- Local Authority fees (for Support and Day Services) still do not reflect the real terms increase in pay costs (including the National Living Wage) and overheads which has prompted increasing numbers of service providers across the UK to hand back services or otherwise decline to provide these services. This continues to drive an increased number of privately owned care businesses being offered (to Azure) for sale; to date, we have yet to receive an invitation to purchase what we would consider a 'financially viable' business. Fee rates for 'day services' continue to prompt some of the most notable service providers (in the region) to withdraw services on the basis that they are no longer economic to provide.
- Whereas a number of the charity's trading businesses, while providing a much-valued source of employment for our clients, have historically posted operating deficits, this is no longer the case.
- The charity has struggled for a number of years to recruit support staff and continued to be overly reliant on agency staff to support the delivery of Support Services which have required the charity to incur additional levels of expenditure.

**Summary**

While the pandemic required a more extensive programme of re-structuring, a number of the decisions taken these last twelve months already lay before the Board of Trustees and management team in any event to address the underlying financial performance of the charity and to assure its financial viability as illustrated below, and not least to mitigate the adverse impacts of 'Brexit', rising costs due to inflation and, in particular, their effect on the Garden Centre.

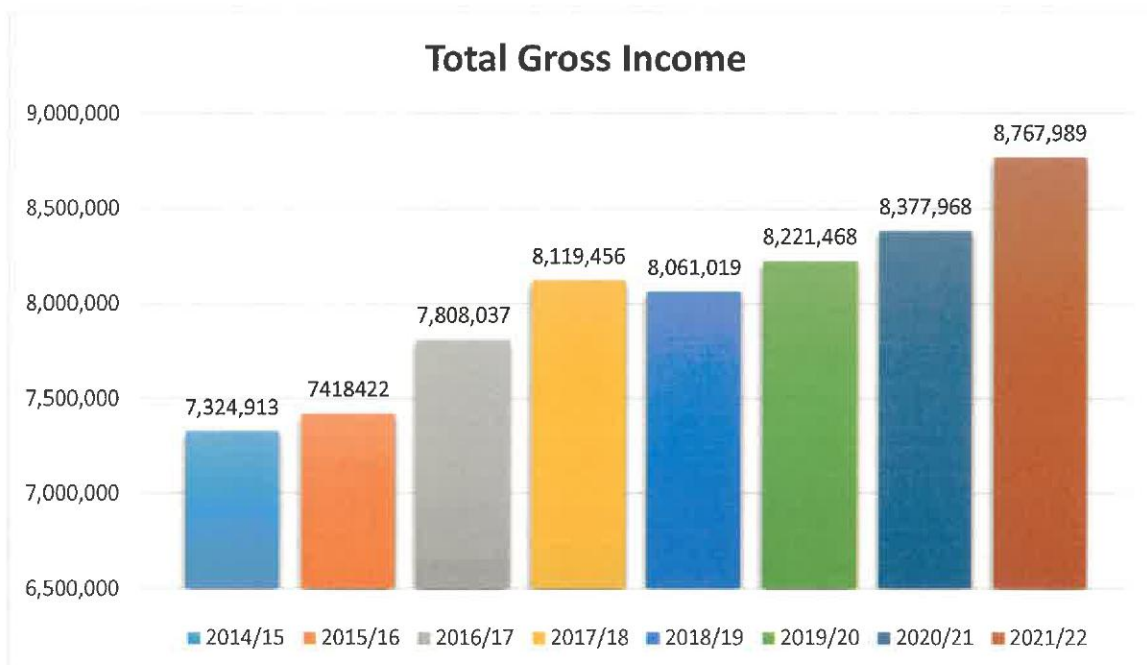
The pandemic posed the most significant challenge to Azure's retail capability following the suspension of all but essential services including the enforced closure of the Garden Centre, Café and Landscapes & Garden Maintenance service. However, a significant escalation of demand in 2020 (during lockdown) and again in 2021, for all things horticultural including garden furniture enabled the management team to mitigate the loss of income from the Café and other services.

However, a global shortage of shipping containers and capacity in the world's freight infrastructure following a world-wide surge in demand for carriers (shipping PPE and other associated COVID-19 related items) continued to create cost pressures for and from our suppliers.

Supply costs were forecast to increase in any event (following Brexit) with the introduction of plant inspections regimes re imports (e.g. plant passports) delaying delivery to UK retailers; whereas UK growers' costs were also forecast to increase as a consequence of lack of migrant labour which coincided with a surge in (COVID-19 lockdown related) demand for UK products. The charity was nevertheless able to pass on most of these additional costs in the price points of garden centre products although it did require the aforementioned additional efficiencies.

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Brexit and the COVID-19 pandemic notwithstanding, during the last 12 months the charity has continued to deliver commercial business and an outstanding array of services (Support Services, Education & Employment Services) in the most challenging of circumstances.



While the commercial performance and financial contribution of the Garden centre, our Business Centre and Landscapes business (to the charity) has exceeded all expectations supporting the delivery of a very healthy operating surplus (see overleaf); the delivery of Commissioned Services (Adult Care services to Local Authorities) remains challenging as Local Authority fee rates have failed to keep pace with inflation in (real terms) and for many years and where the delivery of services has and/or is becoming increasingly 'marginal' with services being delivered at 'a loss'.

Moreover, whereas Local Authority fee rates supporting the payment of staff at no more than National Living Wage (hourly rates) this, in our considered opinion, continues to debase and devalue the work of our staff (and which continues to frustrate staff recruitment and retention).

Whereas the Board of Directors recently approved proposals to subsidise Support staff salaries from Azure's earned income (given the forecast cost-of-living crisis which national and local government policy has done little to address); this position is clearly not sustainable in the medium to long term and which could compromise Azure's financial health and viability if sustained.

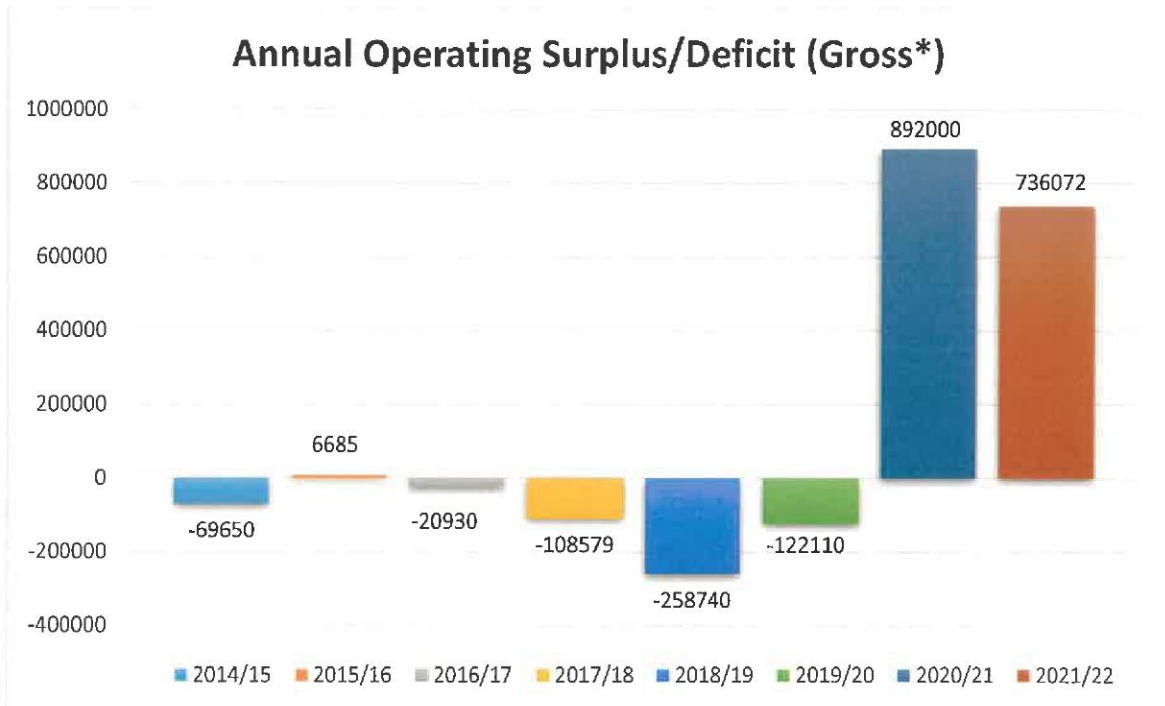
The Board of Directors are mindful that Azure was founded to provide added-value in our communities and to enhance to the delivery of services; it is not Azure's role to subsidise the delivery of local authority obligations and we are determined to ensure that Azure's improved financial performance and resources are devoted to the former.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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We are aware that a number of care providers have been and continue to be (financially) compromised by the fact that they have been and are delivering services at operational deficit and/or have been supporting the delivery of services from their reserves.

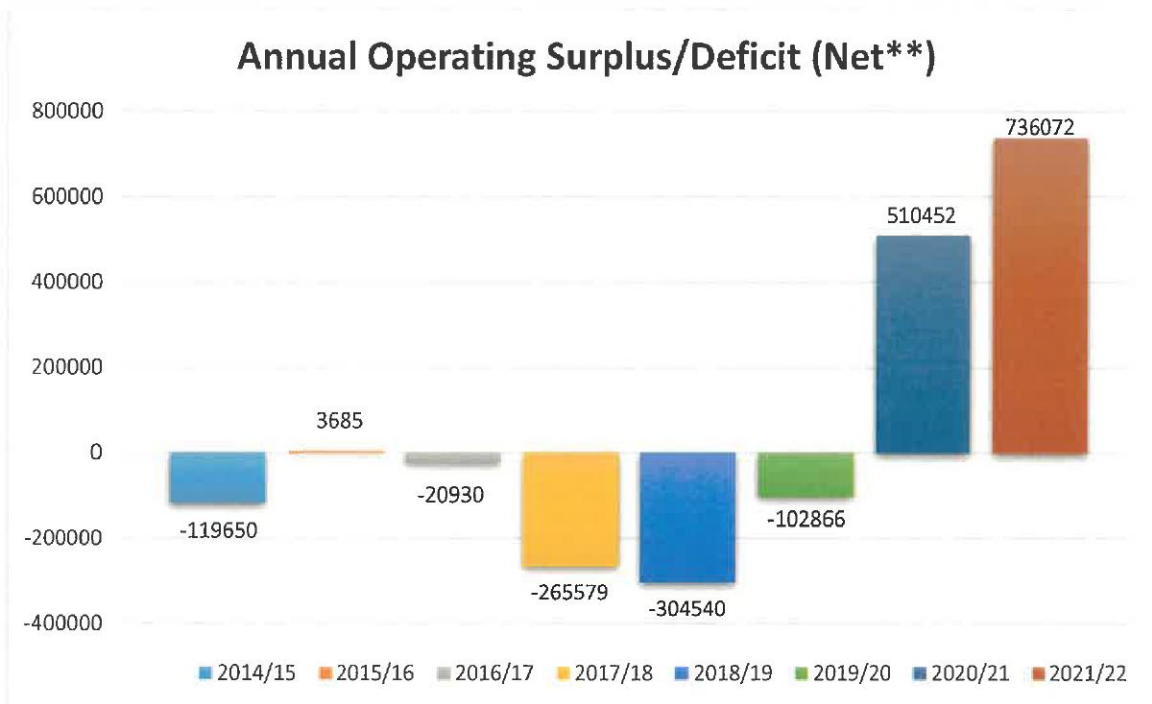
The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted effort to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget setting (for the provision of support services) in/by Local Authorities with the aim of supporting improved pay and conditions for our Support Services staff.

To this end, the Board of Directors and the Executive are committed to working locally, regionally and nationally to ensure that the work of Adult Care staff is more widely understood, acknowledged and properly valued.



*\*Excluding exceptional costs (see below)*

**AZURE CHARITABLE ENTERPRISES  
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\*\*As illustrated above, consolidating on work commenced in 2018/19 designed to stem operating deficits and restore the charity's financial health and long term viability that included a number of exceptional costs including a £400k emergency loan to support restructuring costs (and, subsequently, a £300k investment in the Garden Centre Café and the creation of a new teaching facility) the charity posted a Net operating surplus of £510k in 20/21 and £736k this year.

**Reserves and Going Concern**

The results for the year leave the Azure group with a net asset position of £4,021,435 (2021: £3,335,361). At the year-end, the group had a net current asset position of £1,056,202 (2021: £365,616).

This is a much improved position on the previous year end and gives confidence that the group is in a much more positive position with sufficient cash to meet its current and future obligations.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress-tested their forecasts, taking into account various scenarios, and remain confident that while the economic uncertainties remain (principally those associated with Brexit and COVID-19), they do not cast significant doubt on the company's ability to continue as a going concern.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
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**Pay Policy for Key Management Personnel**

Azure has identified Key Management Personnel in the Reference and Administration section. The remuneration of the key personnel is determined by the Remuneration Committee from which the Chief Executive is excluded in relation to discussion of his remuneration. The committee is guided by a formal report which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

**Fundraising Policy**

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

**PUBLIC BENEFIT STATEMENT**

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives also are set in order to provide a clear and demonstrable public benefit.

**PLANS FOR FUTURE PERIODS**

The charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the charity.

The Board and Management are committed to a process of continuous improvement to optimise both the financial performance and the activities of the charity and its subsidiaries.

It is envisaged that the difficult economic conditions will continue with the potential to affect all departments. The charity is however concerned to protect itself from the 'seasonality' and associated risks to Garden Centre revenues (which remain weather dependant) and this has prompted the preparation of plans to expand the garden centre to increase and diversify its income streams.

As reported last year, while much of the preceding two years has been devoted to restructuring the charity to deliver efficiencies, develop new services (most notably Education) and adapt to the COVID-19 pandemic, the charity developed and submitted proposals (a planning application to Northumberland County Council) in December 2020 to extend the Garden Centre in Cramlington to increase revenues and better 'weather-proof' the Garden Centre's (and Charity's) income streams.

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At the time of writing we have yet to receive a decision and the fact that consideration of our application has taken 17 months has and is likely to have an adverse impact on the total costs of the scheme which are forecast to have escalated by over 10% in the last 6 months alone.

The proposals include:

- increasing the retail area to accommodate additional concessions and to support more direct sales
- creating additional warehousing immediately adjacent to the retail area
- creating a new Business Centre which will again support the generation of additional income
- providing new classrooms and teaching spaces to support the expansion of our education and training offer; and
- enabling the redevelopment of McCallum House and the remainder of our site in Cramlington.

An organisation wide costs control strategy exists with close scrutiny of all discretionary spending.

The trustees have approved a budget for the forthcoming year consistent with these comments and the charity's overall strategic plan.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risk Management**

The charity has a comprehensive risk review process and this is fully updated every year. The resultant risk analysis is considered by the Audit & Risk Committee in the first instance then is taken to the Board for approval.

With respect to Health and Safety a senior manager is the Charity's safety advisor and safety representatives are appointed in the various areas of the organisation. The Board has a member nominated to have a special responsibility for Health and Safety and that member meets with management as appropriate. The Board receive regular reports on health and safety matters (including accident and "near miss" statistics).

With the onset of the Covid pandemic Handelsbanken facilitated a postponement to the outstanding loan capital repayments for the year. This will result in marginally higher capital repayments over the remaining life of the loans. The impact of any future interest rate increase is taken into consideration when capital investments and cash projections are under consideration.

The trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the Charity's day-to-day operations.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**INVESTMENT POWERS AND RESTRICTIONS**

The charity funds are controlled by the directors, who also act as trustees, who invest with a view to safely optimising annual investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them in investments in which they are by law authorised to invest money (including in trading subsidiaries), with power from time to time to change for others of a like nature.

(end of Strategic report)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Azure Charitable Enterprises for the purposes of company law) are responsible for preparing the strategic report, the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies, as described on pages 31 to 35, and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company and the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and demonstrate with reasonable accuracy at any time the financial position of the Charitable Company and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the Charitable Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2022**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

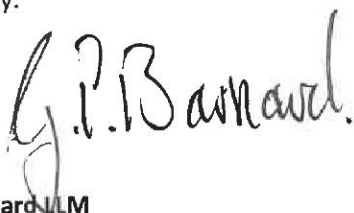
In so far as the trustees are aware:

- there is no relevant audit information which the Charitable Company's auditors are unaware; and
- the trustees of the Charitable Company have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITOR**

A resolution to appoint UNW LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Approved by order of the members of the board of trustees on 16<sup>th</sup> September 2022 and signed on its behalf by:

A handwritten signature in black ink that reads "G.P. Barnard". The signature is written in a cursive style with a large initial "G" and "B".

**GP Barnard ILM**

**Chair**

**AZURE CHARITABLE ENTERPRISES  
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2022**

**Opinion**

We have audited the financial statements of Azure Charitable Enterprises (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2022 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**AZURE CHARITABLE ENTERPRISES  
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2022**

**Other information**

The other information comprises the information included in the trustees annual report , other than the financial statements and our auditor's report thereon. The trustees 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 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.

**AZURE CHARITABLE ENTERPRISES  
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2022**

**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.

**Auditor's 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 auditor's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by auditing standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

**AZURE CHARITABLE ENTERPRISES  
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2022**

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding, health and safety and certain aspects of company legislation and employment laws, recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items.

The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

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 auditor's 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 auditor's 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.



**Michael Morris FCA FCCA (Senior Statutory Auditor)  
for and behalf of UNW LLP, (Statutory Auditor)**

Chartered Accountants  
Newcastle upon Tyne  
**16<sup>th</sup> September 2022**

**AZURE CHARITABLE ENTERPRISES**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE**  
**YEAR ENDED 31ST JANUARY 2022**

	Note	Unrestricted Funds	Restricted Funds	Capital Funds	2022 Total Funds	2021 Total Funds as restated
		£	£	£	£	£
<b>INCOME</b>						
Donations and Legacies	3	4,241	2,250	-	6,491	13,772
<b>Income from charitable activities:</b>						
Provision of client services	4	4,090,665	-	-	4,090,665	3,934,061
Grants receivable	4	463,286	-	-	463,286	577,066
<b>Income from other trading activities:</b>						
Commercial trading activities	4	4,207,443	-	-	4,207,443	3,853,059
<b>Other incoming resources:</b>						
Investment income	5	-	-	-	-	10
<b>Other income:</b>						
Surplus on disposal of fixed assets	9	105	-	-	105	-
<b>TOTAL INCOME</b>		8,765,739	2,250	-	8,767,989	8,377,968
<b>EXPENDITURE:</b>						
<b>Costs of raising funds:</b>						
Commercial trading operations	6	3,422,717	-	-	3,422,717	3,450,714
<b>Expenditure on charitable activities:</b>						
Operation of client services	7	4,606,950	2,250	-	4,609,200	4,375,801
<b>Other expenditure:</b>						
Deficit on disposal of fixed assets	9	-	-	-	-	41,001
<b>TOTAL EXPENDITURE</b>		8,029,667	2,250	-	8,031,917	7,867,516
<b>NET INCOME / (EXPENDITURE)</b>	9	736,072	-	-	736,072	510,452
<b>NET MOVEMENT IN FUNDS</b>		736,072	-	-	736,072	510,452
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward	21	3,285,363	-	-	3,285,363	2,774,911
Total funds carried forward	21	4,021,435	-	-	4,021,435	3,285,363

The result for the year relates to continuing activities. The previous year has been restated to allocate support and governance costs across charitable and commercial activities.

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

The notes on pages 31 to 50 form part of these financial statements.

**AZURE CHARITABLE ENTERPRISES**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE**  
**YEAR ENDED 31ST JANUARY 2022**

	Note	Discontinued Activities 2022 £	Continued Activities 2022 £	Total Funds 2022 £	Discontinued Activities 2021 £	Continued Activities 2021 £	Total Funds 2021 £
<b>INCOME</b>							
Donations and Legacies	3	-	6,491	<b>6,491</b>	-	13,772	13,772
<b>Income from charitable activities:</b>							
Provision of client services	4	-	4,090,665	<b>4,090,665</b>	-	3,934,061	3,934,061
Grants receivable	4	-	463,286	<b>463,286</b>	-	577,066	577,066
<b>Income from other trading activities:</b>							
Commercial trading activities	4	-	4,207,443	<b>4,207,443</b>	-	3,853,059	3,853,059
<b>Other incoming resources:</b>							
Investment income	5	-	-	-	-	10	10
<b>Other income:</b>							
Surplus on disposal of fixed assets	9	-	105	<b>105</b>	-	-	-
<b>TOTAL INCOME</b>		-	<b>8,767,989</b>	<b>8,767,989</b>	-	<b>8,377,968</b>	<b>8,377,968</b>
<b>EXPENDITURE:</b>							
<b>Expenditure on charitable activities:</b>							
Operation of client services	7	-	4,609,200	<b>4,609,200</b>	-	4,375,801	4,375,801
<b>Costs of raising funds:</b>							
Commercial trading operations	6	-	3,422,717	<b>3,422,717</b>	212,912	3,237,802	3,450,714
<b>Other expenditure:</b>							
Deficit on disposal of fixed assets	9	-	-	-	27,269	13,732	41,001
<b>TOTAL EXPENDITURE</b>		-	<b>8,031,917</b>	<b>8,031,917</b>	<b>240,181</b>	<b>7,627,335</b>	<b>7,867,516</b>
<b>NET INCOME / (EXPENDITURE)</b>	9	-	<b>736,072</b>	<b>736,072</b>	<b>(240,181)</b>	<b>750,633</b>	<b>510,452</b>
<b>TRANSFERS BETWEEN FUNDS</b>	19	-	-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		-	<b>736,072</b>	<b>736,072</b>	<b>(240,181)</b>	<b>750,633</b>	<b>510,452</b>

The above continuing and discontinuing activities (including those in 2021) relate to unrestricted activities.

All 2022 activities were continued operations.

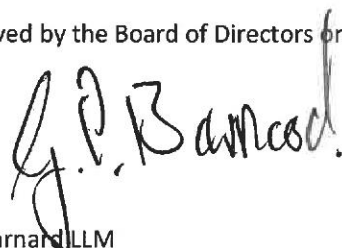
The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

The notes on pages 31 to 50 form part of these financial statements

**AZURE CHARITABLE ENTERPRISES**  
**Company Registration Number 01666027**  
**BALANCE SHEET**  
**AS AT 31ST JANUARY 2022**

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
<b>FIXED ASSETS</b>					
Tangible assets	11	3,030,280	3,126,831	2,200,570	2,245,315
Investments	12	-	-	2	2
		<b>3,030,280</b>	3,126,831	<b>2,200,572</b>	2,245,317
<b>CURRENT ASSETS</b>					
Stocks	13	495,207	310,261	-	-
Debtors	14	575,285	446,503	473,874	356,828
Property held for sale		-	-	-	-
Cash at bank and in hand		1,077,274	602,107	111,438	144,605
		<b>2,147,766</b>	1,358,871	<b>585,312</b>	501,433
<b>CURRENT LIABILITIES</b>					
Creditors - amounts falling due within one year	15	1,091,564	993,256	657,270	973,772
<b>NET CURRENT (LIABILITIES)ASSETS</b>		<b>1,056,202</b>	365,616	<b>(71,958)</b>	(472,339)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,086,482</b>	3,492,447	<b>2,128,614</b>	1,772,978
Loans and hire purchase agreements	16	65,047	157,086	65,047	157,086
<b>NET ASSETS</b>		<b>4,021,435</b>	3,335,361	<b>2,063,567</b>	1,615,892
<b>FUNDS OF THE CHARITY</b>					
Restricted funds	22	-	-	-	-
Unrestricted funds	22	4,021,435	3,285,363	2,063,567	1,615,892
<b>TOTAL FUNDS</b>	22	<b>4,021,435</b>	3,285,363	<b>2,063,567</b>	1,615,892

Approved by the Board of Directors on 16<sup>th</sup> September 2022 and signed on their behalf by:



G.P. Barnard ILM  
Chairman



G.W. Robson FCA  
Treasurer

Company registered number: 01666027

**AZURE CHARITABLE ENTERPRISES  
GROUP STATEMENT OF CASHFLOWS  
AS AT 31ST JANUARY 2022**

	Notes	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Net cash provided by (used in) operating activities</b>	21	<b>640,718</b>	913,405
<b>CASHFLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of tangible fixed assets		<b>(34,045)</b>	(265,365)
Proceeds from disposal of fixed assets		<b>105</b>	13,323
<b>Net cash provided by (used in) investing activities</b>		<b>(33,940)</b>	(252,042)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in borrowings		-	50,000
Repayment of borrowings		<b>(122,372)</b>	(300,000)
Finance of tangible fixed assets		-	-
Hire purchase repayments		<b>(9,240)</b>	(34,139)
<b>Net cash provided by (used in) financing activities</b>		<b>(131,612)</b>	(284,139)
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>		<b>475,166</b>	377,224
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>		<b>602,107</b>	224,883
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	As set out below	<b>1,077,273</b>	602,107
		<b>2,022</b>	2,021
		<b>£</b>	<b>£</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash in hand		<b>1,077,273</b>	602,107
<b>Total cash and cash equivalents</b>		<b>1,077,273</b>	602,107

**Net Debt Reconciliation**

	At start of year £	Cash-flows £	Non-Cash Movement £	At end of year £
Cash	602,107	475,166	-	1,077,273
Cash equivalents	-	-	-	-
HP/Loans falling due within one year	(76,826)	81,612	(92,037)	(87,251)
HP/Loans falling due after one year	(157,086)	-	92,037	(65,049)
Other borrowings	(50,000)	50,000	-	-
<b>TOTAL</b>	<b>318,195</b>	<b>606,778</b>	<b>-</b>	<b>924,973</b>

The notes on pages 31 to 50 form part of these financial statements

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

**1. MEMBERS' LIABILITY**

Azure Charitable Enterprises is a charitable company limited by guarantee but exempt from the requirement to use the word limited.

The charitable company is limited in that every member undertakes to contribute such amount, not exceeding £1, as may be required in the event of the company being wound up while he is a member, or within one year after he ceases to be a member.

**2. ACCOUNTING POLICIES**

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

***-Basis of preparation-***

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

The functional currency of the group is sterling.

Azure Charitable Enterprises meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

***-Preparation of the accounts on a going concern basis-***

The charity's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19 and the more challenging economy. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do no cast significant doubt on the group's ability to continue as a going concern.

***-Basis of Consolidation-***

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertakings drawn up to the period end date on a line by line basis. A separate Statement of Financial Activity and Income and Expenditure Account for the charity has not been presented for Azure Charitable Enterprises as permitted by section 408 of the Companies Act 2006.

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

**2. ACCOUNTING POLICIES – (continued)**

***-Income-***

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charges fall due.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably – this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client services activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

***-Expenditure-***

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those cost of commercial trading including the garden centre activities and the letting operation, together with their associated support costs.
- Expenditure on charitable activities includes the costs associated with the provision of client supporting services and include both the direct costs and support costs relating to the activities of the charity.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

***-Allocation of support costs-***

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's (and the group's) activities. These costs, which have not been directly apportioned, have been allocated between the cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the Support Cost note.

***-Operating Leases-***

The charity and the group classifies the leasing of equipment, as operating leases; the title to which equipment remains with the lessor and the expected economic life of the equipment is longer than the rental period. Rental charges are charged on a straight line basis over the term of the lease.

***-Funds Structure-***

The charity has restricted funds to account for the donor requiring that the donation must be spent on a particular purpose. All other funds are unrestricted income funds. The funds held in each of these categories are disclosed in the Reserves Notes.

***-Fixed Assets-***

All fixed assets are initially recorded at cost. Items under £500 in value are not generally capitalised.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Freehold land	-no depreciation
Long leasehold land	-period of the lease
Freehold/ long & short leasehold buildings	-50/40 years straight line or over the term of the lease
Garden centre roof and improvements	-10 years straight line
Plant and fixtures	-5/10 years straight line
Motor vehicles	-4 years straight line
Equipment	-3 years straight line
Fixtures and fittings	-5 years straight line

No depreciation is charged on assets under construction.

Long and short term leasehold buildings and freehold buildings held by Azure Business Centres Limited continue to be depreciated and are not considered to be investment properties in accordance with the principal trading aims and activities of the company.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

***-Investments-***

Investments are included in the financial statements at cost less any provision for permanent diminution in value.

***-Stocks-***

Stocks are valued at the lower of cost or net realisable value, after making due allowance for any obsolete or slow moving items. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

***-Debtors-***

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

***-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.

***-Creditors and provisions-***

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

***-Financial instruments-***

The charitable 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.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the charity and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life. The capital element of the future obligation under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

***-Pensions-***

The group supports personal pension plans taken out by employees. Contributions are charged to the income and expenditure account as they become payable.

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

***-Corporate Taxation-***

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The group companies relieve their tax liability by making Gift Aid payments to the parent charity within nine months of the year end.

**3. DONATIONS & LEGACIES**

	<b>Unrestricted</b>		<b>Restricted</b>
	<b>£</b>		<b>£</b>
Covenants £100 and under	400	Damant ML	2,250
Donations £100 and under	590		
Morpeth District Gardening Club	220		
Anonymous General Donation	250		
Boogie nights	481		
Handley Charitable Trust	1,000		
Document Solutions Limited	1,200		
Gift Aid on covenants	100		
	<u>4,241</u>		<u>2,250</u>
For the Year Ended 31st January 2021	<u>2,722</u>		<u>11,050</u>

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JANUARY 2022**

**4. INCOME**

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
<b>COMMERCIAL TRADING ACTIVITIES</b>		
<b>Commercial operations - Unrestricted Funds</b>		
<b>Garden Centre</b>	<b>3,666,136</b>	
Less: Sales to Charity	<u>(1,285)</u>	
<b>Net Garden Centre Sales</b>	<b>3,664,851</b>	3,152,432
<b>Nursery</b>	<b>28,190</b>	106,769
<b>Printing</b>	-	87,863
Less: Internal Sales	-	(183)
Sales to Garden Centre	-	<u>(236)</u>
<b>Net Printing Sales</b>	-	87,444
<b>Landscapes</b>	<b>342,105</b>	332,319
Less: Internal Landscaping	<u>(4,800)</u>	<u>(4,800)</u>
<b>Net Landscapes Sales</b>	<b>337,305</b>	327,519
<b>Azure Business Centres</b>	<b>184,803</b>	189,990
Less: Sales to Charity	<u>(9,043)</u>	(12,159)
	<b>175,760</b>	177,831
<b>Feed In Tariff Income</b>	<b>1,337</b>	1,064
	<u><b>4,207,443</b></u>	<u>3,853,059</u>
<b>CHARITABLE ACTIVITIES</b>		
	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
<b>Provision of client services - Unrestricted Funds</b>		
Rental Income	<b>55,320</b>	51,579
Department for Work and Pensions	<b>82,261</b>	81,836
Education Funding Agency	<b>350,706</b>	211,345
Sunderland City Council	<b>609,960</b>	582,017
Newcastle Social Services	<b>1,193,894</b>	1,285,898
Northumberland County Council	<b>1,668,500</b>	1,661,741
Miscellaneous	<b>130,024</b>	59,645
	<u><b>4,090,665</b></u>	<u>3,934,061</u>
<b>Grants receivable - Unrestricted Funds</b>		
DWP - Supported Business Grant	<b>154,975</b>	149,414
DWP - Coronavirus Job Retention Scheme	<b>11,565</b>	90,225
Infection Control Grant	<b>67,320</b>	-
Client Direct Payments	<b>229,425</b>	337,427
	<u><b>463,286</b></u>	<u>577,066</u>

The 2021 income was restated to categorise the services provided to local councils as Provision of client services, rather than grants receivables.

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JANUARY 2022**

**5. INVESTMENT INCOME**

	<b>2022</b>	2021
	£	£
Business Premium Account - Azure Business Centres Limited	-	10
	<u>-</u>	<u>10</u>

**6. EXPENDITURE**

<b>COMMERCIAL TRADING ACTIVITIES</b>	<b>2022</b>	2021
	£	£
Cost of goods sold	2,056,754	1,640,056
Employment costs	780,713	1,114,176
Depreciation	78,049	79,219
Rent & rates	6,099	7,195
Advertising	39,797	25,505
Heat, light and water	84,114	53,256
Insurances	40,709	40,755
Training	2,634	1,201
Other	174,366	340,678
Governance costs	11,537	9,485
Support costs	147,944	139,189
	<u><b>3,422,717</b></u>	<u><b>3,450,714</b></u>

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JANUARY 2022**

**7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Provision of client services:		2022 Total	2,021 Total
	Unrestricted Funds £	Restricted Funds £		
Employment costs	3,337,527	-	<b>3,337,527</b>	3,392,389
Depreciation	5,260	-	<b>5,260</b>	400
Rent & rates	44,251	-	<b>44,251</b>	49,893
Advertising	740	-	<b>740</b>	364
Heat, light and water	10,896	-	<b>10,896</b>	11,002
Insurances	44,936	-	<b>44,936</b>	24,231
Trainee allowances and travel	22,056	-	<b>22,056</b>	14,780
Residents' training and holidays	308	2,250	<b>2,558</b>	1,654
Other	636,493	-	<b>636,493</b>	442,892
Governance costs	36,496	-	<b>36,496</b>	27,954
Support costs	467,988	-	<b>467,988</b>	410,241
	<b>4,606,950</b>	<b>2,250</b>	<b>4,609,200</b>	<b>4,375,801</b>
For the Year Ended 31st January 2021	<b>4,374,751</b>	<b>1,050</b>		

**SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES**

This table shows the cost of the main charitable activities and the sources of income directly to support those activities:

	Provision of client services:		2022	2021
	Unrestricted Funds £	Restricted Funds £		
Costs (as above)	(4,606,950)	(2,250)	<b>(4,609,200)</b>	(4,375,801)
Service level agreements and direct payments	4,090,665	-	<b>4,090,665</b>	3,934,061
Grants receivable				
- Indirect / Ad-hoc	-	-	-	-
- Direct grant support	463,286	-	<b>463,286</b>	577,066
Net cost funded from other income	<b>(53,000)</b>	<b>(2,250)</b>	<b>(55,250)</b>	135,326

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

**AZURE CHARITABLE ENTERPRISES**  
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**8. ANALYSIS OF GOVERNANCE & SUPPORT COSTS**

The charitable company allocates costs direct to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the activities undertaken (see previous notes) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	<b>Analysis of support and governance costs:</b>				<b>Basis of apportionment</b>
	<b>General Support</b>	<b>Governance function</b>	<b>2022 Total</b>	<b>2021 Total</b>	
	£	£	£	£	
Employment costs	433,882	27,726	<b>461,608</b>	413,528	Pro-rata to staff time
Depreciation	44,447	2,840	<b>47,287</b>	43,529	Pro-rata to staff time
Interest	2,398	153	<b>2,551</b>	11,725	Pro-rata to staff time
Power	18,205	1,163	<b>19,368</b>	22,645	Pro-rata to staff time
Insurances	(2,044)	(131)	<b>(2,175)</b>	3,500	Pro-rata to staff time
Restricted Funds	-	-	-	-	Pro-rata to staff time
Other	59,184	3,782	<b>62,966</b>	48,223	Pro-rata to staff time
Audit fees	-	12,500	<b>12,500</b>	8,050	Pro-rata to staff time
Legal & other professional costs	59,860	-	<b>59,860</b>	35,669	Pro-rata to staff time
	<b>615,932</b>	<b>48,033</b>	<b>663,965</b>	<b>586,869</b>	
For the Year Ended 31st January 2021	<b>549,430</b>	<b>37,439</b>			

**9. NET INCOME/ (EXPENDITURE) FOR THE YEAR**

		<b>2022</b>	2021
		£	£
The group surplus/deficit is after charging:			
Operating leases		<b>26,271</b>	47,977
Depreciation	Owned assets	<b>119,997</b>	108,628
	Assets held under hire purchase agreement	<b>10,599</b>	12,960
Bank interest payable	Mortgage interest	<b>2,320</b>	3,642
(Surplus)/Deficit on disposal of fixed assets	Office equipment, fixtures and fittings	<b>(105)</b>	41,001
Auditor Remuneration	Audit fees of the group	<b>17,500</b>	15,150
	Other fees of the group	<b>1,400</b>	980

The surplus dealt with in the financial statement of the parent company was £503,842 (2021: £206,857).

The group surplus includes a reported surplus of £688,435 (2021: £433,019) arising in Azure Garden Centre Limited and a reported deficit of £37,234 (2021: Surplus £72,995) arising in Azure Business Centres Limited.

**AZURE CHARITABLE ENTERPRISES**  
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**FOR THE YEAR ENDED 31ST JANUARY 2022**

**10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION & EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL**

	<b>2022</b>	2021
	£	£
Staff costs during the year:		
Wages and salaries	<b>4,023,012</b>	4,461,605
Social security costs	<b>305,764</b>	304,673
Other pension costs	<b>251,072</b>	222,835
	<b>4,579,848</b>	4,989,113

The average headcount of person employed by the group (including casual and part-time) during the year was:

	<b>2022</b>	2021
	No.	No.
Garden Centre	<b>37</b>	61
Supported Living	<b>89</b>	94
Landscapes	<b>13</b>	15
Printing	<b>0</b>	5
Support Services	<b>58</b>	59
Employment Services	<b>4</b>	3
Education	<b>8</b>	6
Administration	<b>14</b>	15
Azure Business Centres Limited	<b>2</b>	2
	<b>225</b>	260

Salary costs incurred on behalf of Supported Placement workers in the year were £360,643 (2021: £504,048). An average of 22 (2021: 35) people were in post during the year, of which 16 were employed by Azure Charitable Enterprises at the year end.

Number of employees earning more than £60,000 per annum;

	<b>2022</b>	2021
£80,000 to £90,000	-	1
£90,000 to £100,000	<b>1</b>	-
Defined contribution pension:		
- Contributions	<b>£ 14,706</b>	£ 12,717
- Number of employees	<b>1</b>	1

**AZURE CHARITABLE ENTERPRISES**  
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None of the directors/ trustees of the charity received any remuneration or expenses from the group.

The key management personnel of the parent charity, comprise the trustees, the Chief Executive, Finance Manager, Operation Director and Support Services Managers. The total employee benefits of the key management personnel of the parent charity were £483,947 (2021: £459,272).

The key management personnel of the group comprise those of the parent charity and the key management personnel of the subsidiary companies who are the Garden Centre and Business Centre Managers whose employee benefits total £108,228 (2021: £101,760). The total employee benefits of key management personnel for the group was therefore £592,175 (2021: £561,032).

**11A. FIXED ASSETS – GROUP**

	<b>Freehold/ Long &amp; short leasehold land and buildings £</b>	<b>Plant &amp; equipment £</b>	<b>Office equipment, fixtures &amp; fittings £</b>	<b>Commercial vehicles £</b>	<b>Total £</b>
<b>Cost:</b>					
As at 1 February 2021	5,056,622	606,494	729,689	47,770	6,440,575
Additions	28,529	-	5,516	-	34,045
Disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	<u>5,085,151</u>	<u>606,494</u>	<u>735,205</u>	<u>37,770</u>	<u>6,464,620</u>
<b>Depreciation:</b>					
As at 1 February 2021	2,104,024	445,308	723,723	40,689	3,313,744
Charge for the year	95,556	24,898	3,061	7,081	130,596
On disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	<u>2,199,580</u>	<u>470,206</u>	<u>726,784</u>	<u>37,770</u>	<u>3,434,340</u>
<b>Net book value:</b>					
As at 31 January 2022	<u>2,885,571</u>	<u>136,288</u>	<u>8,421</u>	<u>-</u>	<u>3,030,280</u>
As at 31 January 2021	<u>2,952,598</u>	<u>161,186</u>	<u>5,966</u>	<u>7,081</u>	<u>3,126,831</u>

**AZURE CHARITABLE ENTERPRISES**  
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Handelsbanken hold a first legal charge over the Garden Centre and its associated assets.

The Department for Work and Pension hold a second legal charge over the Garden Centre land and buildings.

**Hire purchase agreements**

Included within the net book value of £3,030,280 is £586 (2021: £11,185) relating to assets held under hire purchase agreements. The depreciation charged to the financial statement in the year in respect of such assets amounted to £10,599 (2021: £12,960).

The net book value of freehold land not depreciated is £750,000.

**11B. FIXED ASSETS – CHARTIY**

	<b>Freehold/ Long leasehold land and buildings £</b>	<b>Plant &amp; equipment £</b>	<b>Office equipment, fixtures &amp; fittings £</b>	<b>Commercial vehicles £</b>	<b>Total £</b>
<b>Cost:</b>					
As at 1 February 2021	3,600,254	310,285	350,302	47,770	4,308,611
Additions	28,529	-	5,516	-	34,045
Disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	3,628,783	310,285	355,818	37,770	4,332,656
<b>Depreciation:</b>					
As at 1 February 2021	1,371,732	305,987	344,888	40,689	2,063,296
Charge for the year	63,818	5,383	2,508	7,081	78,790
Transfers	-	-	-	-	-
On disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	1,435,550	311,370	347,396	37,770	2,132,086
<b>Net book value:</b>					
As at 31 January 2022	2,193,233	(1,085)	8,422	-	2,200,570
As at 31 January 2021	2,228,522	4,298	5,414	7,081	2,245,315

**AZURE CHARITABLE ENTERPRISES  
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**12. INVESTMENTS**

The investment comprise of holding a 100% of the issued ordinary capital of Azure Garden Centre Limited, a company registered in England and Wales. The cost of the investment in Azure Garden Centre Limited in the charity's own financial statements is £2 (2021: £2).

The principal activity of the subsidiary undertaking is the operation of a garden centre.

A summary of the trading results of Azure Garden Centre Limited is shown below:

	<b>2022</b>	2021
	<b>£</b>	£
Turnover	<b>3,605,666</b>	2,949,262
Cost of sales, administrative expenses and interest	<b>(2,977,700)</b>	(2,719,943)
Other operating income	<b>60,469</b>	203,702
	<b>688,435</b>	433,021

A summary of the balance sheet position of Azure Garden Centre Limited is shown below:

	<b>2022</b>	2021
	<b>£</b>	£
Fixed Assets	<b>172,039</b>	193,397
Current Assets	<b>1,401,175</b>	841,241
Current Liabilities	<b>(630,270)</b>	(389,704)
Net Assets	<b>942,944</b>	644,934

**AZURE CHARITABLE ENTERPRISES**  
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Azure Charitable Enterprises is the sole corporate member of Azure Business Centres Limited, a company registered in England and Wales. This company is limited by guarantee.

The principal activity of the subsidiary undertaking is the provision of workshop and office space for new and small businesses and providing support services to such small businesses.

A summary of the trading results of Azure Business Centres Limited is shown below:

	<b>2022</b>	2021
	<b>£</b>	£
Turnover	<b>183,593</b>	174,236
Cost of sales, administrative expenses and interest	<b>(147,569)</b>	(117,005)
Other operating income	<b>1,210</b>	15,764
Taxation	-	-
	<b>37,234</b>	72,995

A summary of the balance sheet position of Azure Business Centres Limited is shown below:

	<b>2022</b>	2021
	<b>£</b>	£
Fixed Assets	<b>657,672</b>	688,120
Current Assets	<b>393,063</b>	363,007
Current Liabilities	<b>(31,411)</b>	(26,590)
Net Assets	<b>1,019,324</b>	1,024,537

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
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**13. STOCKS**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Garden Centre - see below	<b>495,207</b>	310,261	-	-
	<b>495,207</b>	310,261	-	-

The difference between the purchase price or production cost of stocks and their replacement cost is not material.  
Garden Centre stock comprises of £495,207 goods held for resale (2021: £310,261)

**14. DEBTORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>380,965</b>	294,360	<b>300,901</b>	217,175
Other debtors	<b>10,059</b>	6,444	<b>9,654</b>	391
Prepayments and accrued income	<b>184,261</b>	145,699	<b>163,319</b>	139,262
	<b>575,285</b>	446,503	<b>473,874</b>	356,828

**AZURE CHARITABLE ENTERPRISES**  
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**15. CREDITORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£</b>	£	<b>£</b>	£
Trade debtors	<b>380,965</b>	294,360	<b>300,901</b>	217,175
Other debtors	<b>10,059</b>	6,444	<b>9,654</b>	391
Prepayments and accrued income	<b>184,261</b>	145,699	<b>163,319</b>	139,262
	<b>575,285</b>	446,503	<b>473,874</b>	356,828

**16. CREDITORS: amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£</b>	£	<b>£</b>	£
Trade creditors	<b>342,577</b>	286,069	<b>87,646</b>	73,119
Amounts owed to subsidiary undertaking	-	-	<b>69,479</b>	350,064
Other taxes and social security costs	<b>263,132</b>	169,938	<b>139,838</b>	95,714
Other creditors	<b>25,141</b>	78,545	<b>12,206</b>	64,964
Accruals	<b>373,462</b>	381,878	<b>260,849</b>	263,084
Mortgage loans	<b>86,729</b>	67,586	<b>86,729</b>	67,586
Hire purchase agreements	<b>523</b>	9,240	<b>523</b>	9,240
Lloyds Bounce Back Loan	-	50,000	-	50,000
	<b>1,091,564</b>	993,256	<b>657,270</b>	973,772

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

	<b>2022</b>	2021
	<b>£</b>	£
Mortgage loans	<b>86,729</b>	67,586
Hire purchase agreements	<b>523</b>	9,240
	<b>87,252</b>	76,826

For details of security in respect of the mortgage loans refer to the note: Creditors - amounts falling due after one year.

**AZURE CHARITABLE ENTERPRISES  
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**16. CREDITORS: amounts falling due after one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£</b>	£	<b>£</b>	£
Hire Purchase agreements	-	524	-	524
Handelsbanken Mortgage	<b>65,047</b>	156,562	<b>65,047</b>	156,562
Balance at 31st January	<b>65,047</b>	157,086	<b>65,047</b>	157,086

The following liabilities disclosed under creditors falling due after one year are secured by the group:

	<b>2022</b>	2021
	<b>£</b>	£
Hire Purchase agreements	-	524
Mortgage loans	<b>65,047</b>	156,562
	<b>65,047</b>	157,086

The mortgage loans are secured by legal charges on land occupied by the garden centre at Station Road, Cramlington, and represents 19.0% (2021: 36%) of the carrying value of the property as defined in Accounting Policies.

The balance of the mortgage loans is £151,776. Originally the mortgage was repayable over 20 years (the original start date was 5<sup>th</sup> October 2005), by way of quarterly instalments. The mortgage was arranged in three parts, the first part at a fixed interest rate was fully repaid during the year ended January 2019. The remaining two parts of the loan were consolidated into one in October 2021 and this outstanding loan incurs interest at a commercial rate.

**AZURE CHARITABLE ENTERPRISES**  
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**17. LEASING COMMITMENTS**

	<b>Group</b>		<b>Charity</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£</b>	£	<b>£</b>	£
Total minimum lease payments due over the lease term, falling due as follows:				
Leases expiring within 1 year	<b>26,413</b>	19,344	<b>21,556</b>	15,437
Leases expiring 2 to 5 years	<b>30,425</b>	25,509	<b>30,425</b>	22,579
Leases expiring over 5 years	-	-	-	-

**18. PENSION CONTRIBUTIONS**

The group operates a defined contribution scheme. The assets of the scheme are held separately to the group in independently administered funds. The pension cost charged represents contributions payable by the group to the scheme and amounted to £251,072 (2021: £222,835). At the year-end included in other taxes and social security costs, is an amount payable to the scheme totalling £26,553 (2021: £34,579).

**19. TRANSFERS BETWEEN FUNDS**

In 2022 there were nil transfer from Restricted Funds to Unrestricted Funds (2021: £25,000). The 2021 transfer was made for the educational programme expansion and the support of trainee development and occupation.

**20. NOTES TO CASHFLOW**

**Reconciliation of net income / (expenditure) to net cash flow from operating activities:**

	<b>2022</b>	2021
	<b>£</b>	£
<b>Net income / (expenditure) for the reporting period (as per the S.O.F.A)</b>	<b>736,072</b>	510,452
<b>Adjustments for:</b>		
Depreciation	<b>130,596</b>	121,588
Impairment	-	-
(Profit)/Loss on disposal of fixed assets	<b>(105)</b>	41,001
Decrease/(increase) in stock	<b>(184,946)</b>	(57,348)
(Increase)/Decrease in properties held for sale	-	-
(Increase)/Decrease in debtors	<b>(128,782)</b>	99,504
Increase/(decrease) in creditors	<b>87,883</b>	198,208
<b>Net cash provided by (used in) operating activities</b>	<b>640,718</b>	913,405

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JANUARY 2022**

**21. ANALYSIS OF CHARITABLE FUNDS**

**Analysis of movements in unrestricted funds**

	<b>February 2021</b>	<b>Incoming Resources</b>	<b>Expended &amp; Other</b>	<b>Transfers</b>	<b>January 2022</b>
General fund	3,285,363	8,765,739	(8,029,667)	-	<b>4,021,435</b>
Total unrestricted funds	<u>3,285,363</u>	<u>8,765,739</u>	<u>(8,029,667)</u>	<u>-</u>	<u><b>4,021,435</b></u>

**Analysis of movements in restricted funds**

	<b>February 2021</b>	<b>Incoming Resources</b>	<b>Expended &amp; Other</b>	<b>Transfers</b>	<b>January 2022</b>
Residents activities Keele Drive	-	2,250	(2,250)	-	-
Total restricted funds	<u>-</u>	<u>2,250</u>	<u>(2,250)</u>	<u>-</u>	<u>-</u>

**Name of restricted fund:**

**Description, nature and purposes of the fund:**

Residents activities Keele Drive

Various donations were received from Damant ML during the year towards the cost of providing social activities for the residents of Keele Drive.

**22. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds £</b>	<b>Capital Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds £</b>
<b>Fund balances</b>				
Tangible fixed assets	3,030,280	-	-	<b>3,030,280</b>
Net current liabilities	1,056,202	-	-	<b>1,056,202</b>
Long term liabilities	(65,047)	-	-	<b>(65,047)</b>
Total net assets	<u><b>4,021,434</b></u>	<u>-</u>	<u>-</u>	<u><b>4,021,434</b></u>

**AZURE CHARITABLE ENTERPRISES  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. RELATED PARTY TRANSACTIONS**

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £1,285 (2021: £531) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £nil (2021: £nil).

During the course of the year, the charity sold goods to Azure Garden Centre Limited amounting to £nil (2021: £236) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £156,751 (2021: £159,046). During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £156,789 (2021: £159,046). Azure Garden Centre Limited has historically transferred money to the charity to invest. The amount held at the previous year end, January 2021, included in the charitable company's creditors was £272,016. This was repaid in full during the year.

During the course of the year, the charity purchased goods from its subsidiary Azure Business Centres Limited amounting to £9,043 (2021: £12,159) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £nil (2021: £nil).

During the course of the year, the charity sold goods to its subsidiary Azure Business Centres Limited amounting to £nil (2021: £1,310) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year the charity provided management services to Azure Business Centres Limited amounting to £8,231 (2021: £3,486) on normal commercial terms, during the year there were also recharges of costs between the charity and Azure Business Centres Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £8,231 (2021: £3,486).

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £4,250 (2021: £260) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year the charity sold goods to Blagdon Estate, related by virtue of the patron, totalling £6,412 (2021: £5,586) on normal commercial terms. The amount outstanding at the year-end is £210 (2021: £205).

**24. ULTIMATE CONTROLLING PARTY**

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.

**The Azure Charitable Foundation**

England & Wales - Charity number 513149

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# Accounts

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**AZURE CHARITABLE ENTERPRISES**

**A Charitable Company Limited by Guarantee**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST JANUARY 2021**

**Company Registration Number 01666027**

**Charity Registration Number 513149**

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2021**

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The Board of Trustees presents its report for the year then ended.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**PRESIDENT** Neil Robinson MBE, JP

**PATRON** The Viscount Ridley

**VICE PRESIDENTS** A.E. Kilburn OBE FCIH  
N Furness FCA

**REGISTERED MEMBERS OF THE CHARITY**

Rosemary V. Barks	Jennifer S. McCallum
Graham P. Barnard	Ken McGill
Carol A. Buglass	Eric Morgan
Geoff Crosby	Tim D. Morgan
Brenda Dalton	Joseph Oliphant
Mary Davey	David W. Pallett
Peter B. Elliott	Charles Reed
Neville A. Furness	Andrew Reid
Anne Galbraith	The Viscount Ridley
John Gemmell	Neil Robinson
Isobel Hindle	Geoffrey W. Robson
Martin Hine	Harry F. Thornton
Alan W. Hogg	John C. Tulip
Kenneth S. John	Chris Turnbull
Colin Jubb	Isabelle T. Turnbull
Ian A. Keddie	Jennifer M. Walker
Alan E. Kilburn	R. Ian Watson
Chris S. Litchfield	AnneMarie Wood
Allan Lynn	

**BOARD OF DIRECTORS**

G.P. Barnard LLM (Chairman)  
G.W. Robson FCA (Treasurer & Vice Chairman)  
R. J. Adams (appointed 27th March 2019)  
S. J. Hallowell (appointed 29th January 2020)  
I. Hindle BA Hons MEd  
I.A. Keddie BSc Hons MSc (Resigned 26th June 2019)  
A.E. Kilburn OBE, FCIH  
C. S. Litchfield BSc. Hons  
E. Morgan BSc  
I.T. Turnbull  
A. Wood (Resigned 26th June 2019)

**SECRETARY** G. Crosby

**AUDIT COMMITTEE** G.W. Robson FCA (Chairman)  
I. Hindle BA Hons MEd

**REMUNERATION COMMITTEE** G.P. Barnard LLM  
G.W. Robson FCA  
Dr P.J.Wilson PhD, MBA, LLB(Hons), Finst LM

**AZURE CHARITABLE ENTERPRISES  
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)  
YEAR ENDED 31ST JANUARY 2021**

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**KEY MANAGEMENT PERSONNEL** Dr P.J.Wilson PhD, MBA, LLB(Hons), First LM - CEO  
G. Crosby - Finance Manager  
J. Taylor - Director Azure Garden Centre  
J. Redfern - Director Support Services  
A. Robson - Operations Manager  
K Clewlow - Registered Manager  
S Pringle - Registered Manager  
R Pope - Registered Manager  
P Smith - Training Manager  
E Dobson - Employment Programme Manager  
D. Turner - Printing Manager  
D Thompson - Landscapes Manager  
G. Harden - ABC Manager Newburn

**REGISTERED OFFICE** McCallum House  
Kielder Avenue  
Cramlington  
Northumberland  
NE23 8JT

**AUDITORS** MHA Tait Walker  
Chartered Accountants  
& Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

**BANKERS** Lloyds Bank plc  
SME Banking  
102 Grey Street  
Newcastle upon Tyne  
NE1 6AG

**SOLICITORS** Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle Upon Tyne  
NE1 4BF

**CHARITY REGISTRATION NO** 01666027

**COMPANY REGISTRATION NO** 513149

AZURE CHARITABLE ENTERPRISES

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### **Governing Instrument and Constitution**

The organisation is a charitable company limited by guarantee, incorporated on 21st September 1982 and registered as a Charity on 13th October 1982.

The Charitable Company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

In the event of the Charitable Company being wound up members are required to contribute an amount not exceeding £1 each.

The governing instruments were most recently revised on 30th June 2010 at the Charity's Annual General Meeting.

### **Board of Directors/Trustees**

The Charity is governed by its Board of Trustees - who are the appointed directors of the Company. The number of trustees at present is 9 (the requirement being that the number is not less than 6 nor more than 20). Trustees are elected to serve 3 year terms, retire by rotation and are able to stand for re-election.

At the 2021 Annual General Meeting Mr G.P. Barnard, Mrs C. Litchfield and Mr R. Adams retire by rotation (under Article 29). G.P. Barnard, Mrs C. Litchfield and Mr R. Adams being eligible, offer themselves for re-election. Mrs J. Robinson, being a new member of the board appointed in January, offers herself for re-election (under Article 34).

The trustees meet as a norm not less than six times a year. They receive regular, detailed management accounts (including cash flow projections) as well as reports on operational activities every month. They regularly receive presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility.

### **Recruitment of Trustees**

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board. Representation relevant to the service user group is a key factor given the Charity's mission.

All appointments are subject to the approval by members at a General Meeting. With the notice of such meeting members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election. Additionally a full attendance record is made available to Members.

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

#### **Trustee induction and training**

New trustees are provided with a proper induction process and all relevant papers and guidance to properly fulfil their responsibilities. Briefing papers and familiarisation training is effected for all Trustees, as deemed necessary.

#### **Sub committees**

The Board of Trustees has three special sub-committees:

- A Finance Committee consisting of three members of the Board and Chaired by the Treasurer meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The Committee:
  - Acts as a sounding board and source of advice to the Chief Executive and on major areas of change, innovation and development.
  - Undertakes tasks delegated by the Board that are within the Committee's terms of reference.
  - Reviews and comments upon management accounts and financial forecasts.
  - Considers the financial implications of proposals for areas of major new strategic development on behalf of the Board and makes recommendations to the Board in respect of their suitability.
  - Maintains an overview of financial performance.
  - Reviews the Trust's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the Board.

Decisions are ultimately the responsibility of the Trustee members of the Committee, and in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

- The Audit and Risk Committee consisting of three members of the Board meets twice a year to support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Committee:
  - Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats.
  - Assists the Board identify the Trust's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the Charity's insurance cover.
  - Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the Board

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

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- Discusses with the external auditor, before the audit commences, the nature and scope of the audit
- Meets once a year, or part thereof, with the external auditor without management present;
- Reviews the annual audited financial statements before submission to the Board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective
- Discusses with the auditor matters arising from the audit
- Reviews policy and procedures in respect of internal financial controls
- Reports periodically to the Board.

The trustee members of the Audit & Risk Committee, as a norm, do discuss matters in private with the external auditors with no management present at the end of every Risk & Audit Committee meeting.

- The Remuneration Committee consisting of three members of the Board meets at least once each year to ensure that Azure's Pay & Reward strategy and policies attract and motivate staff to achieve the long-term interests of the charity and deliver services to communities we serve. More specifically, the Committee is responsible for and the scope of:
  - (i) annual cost of living or performance related awards
  - (ii) the remuneration of the chief executive and senior staff.
- Ensuring the policy and application of the remuneration policy is equitable, fair and transparent
- Overseeing any major changes in employee benefits structures throughout the organisation

#### **Day to day management**

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the Charity's Chief Executive. The Chief Executive meets regularly with the Chair of the Board of Trustees (in addition to the formal meetings) and appraises the Chair of any significant issues as they may arise between meetings.

The Chief Executive and, Company Secretary attend the Board meetings (and senior post-holders by rotation) but there is proper provision for the Board to discuss any matter without management attendance when they so wish.

AZURE CHARITABLE ENTERPRISES

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

### **Key Management Personnel**

The Key Management Personnel are those listed in the Reference and Administration page. In addition to their own attendance at the formal Trustee Board meetings, the Chief Executive and Company Secretary meet together with other management as needed, to address all relevant operational issues.

### **OBJECTIVES AND ACTIVITIES**

The geographic scope of the charity's operations has traditionally been confined to the North East of England, although this is not a policy limitation.

The overarching mission of the Charity is to "improve the lives of people who are disabled or disadvantaged".

Maximising independence, personal development and achievement are fundamental aims.

Azure's focus, given the nature of our clients' disabilities, is "distance travelled" rather than absolute outcomes (such as formal qualifications) and which understands that our clients achieve progress on their own terms and which is not readily measured against rigid educational frameworks or, indeed, across 'academic' terms or years.

These aims are achieved in a variety of ways - many of which are complementary - with many of our clients accessing more than one type of service.

### **Trading Businesses**

The charity has established and operates a number of businesses, including supported businesses<sup>1</sup> to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability and which include Azure Garden Centre (incorporating our horticultural nurseries) and Azure Landscapes and Grounds Maintenance businesses.

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<sup>1</sup> A 'supported business' is defined as where more than 50% of the work-force have a disability

### **Support Services**

Azure's aim is to support clients to achieve autonomy, exercise their personal freedoms and make choices about the lives they lead. Our services are tailored to individual needs and are delivered in a flexible, personalised way to support all our clients including 24/7 if required.

Our staff are expert and experienced in mentoring and supporting the development of life-skills and assisting our clients to engage with the broader community. We work with each of our clients to understand and support their personal aspirations, their interests and their active participation in not only leisure and recreational activities but also employment opportunities.

As an organisation we are committed to delivering high quality care and support that affords our clients with a sense of continuity and accountability for all working practices and we are registered with the Care Quality Commission to provide personal care. Above all we are determined to protect and secure our clients' rights to high quality care and to ensure that our clients live happy and fulfilling lives.

Azure employs highly trained professional staff to support people with a disability to live in homes appropriate to their needs and to support them to live as independently as they are able.

The charity works closely with local authorities and partner organisations that provide homes for people with a disability whilst also providing an enabling service for clients to better access the community/community facilities and public amenities.

### **Education Services**

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students. Services are presently focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND'<sup>2</sup> schools and notwithstanding their best endeavours.

At Azure, our programmes are devised not only to support our students' personal development but also their social and employability skills. Employability is a key facet of each of our educational programmes (horticulture, catering and hospitality, retail and customer service) where each student has the opportunity to develop key skills and meaningful work experience by working in any of our businesses.

We endeavour to provide each of our students with progression opportunities within and outwith Azure and which now include Supported Internships, Apprenticeships, Supported Employment and Volunteering opportunities.

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<sup>2</sup> Special Educational Needs and/or disabilities

### **Employment Services**

Azure administers and operates, in accordance with demand, pre-employment, basic and key skills, information technology and vocational training courses so that clients may develop transferable work skills enabling disabled or disadvantaged people to find and secure sustainable employment.

Our work also includes supporting clients to overcome personal barriers to employment and support their personal development regardless of whether this is linked to specific (formal) qualifications or job outcomes. In co-operation with DWP and local employers, clients are assisted to secure valuable work placements (including in our supported businesses) and sustainable employment.

Azure continues to be commissioned directly by DWP to provide these services and has, in 2020, sought to increase the scope and scale of our work with support from the North East Local Economic Partnership and European Social & Investment Fund and by working in partnership with the North East Autism Society. A new support programme entitled 'Diversity NE' will launch in July 2021.

### **Corporate (Central) Services**

A variety of corporate functions are centralised and performed by a small, dedicated team that supports the charity to deliver services and operate the charity's constituent businesses. It also assures compliance with all legal and other requirements. Key functions include finance, administration, work force development, IT infrastructure, maintenance, janitorial and security.

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## **STRATEGIC REPORT**

The charity's principal objective for the year was to complete work in arresting and reversing the charity's declining financial health while developing new services and working in new ways to better support people with disabilities and those who are otherwise disadvantaged.

### **COVID-19**

The last 12 months have been concerned with adapting the charity, its services and constituent businesses to the COVID 19 pandemic, assuring:

- (i) the health, safety and welfare of our clients, students, staff and our broader community; and
- (ii) the financial viability and long-term sustainability of the charity as a whole in what have been and remain unprecedented circumstances.

In February 2020, Azure's management team became aware of the virus and its emerging status as a potential global pandemic, contingency plans were drawn up to ensure the continuous delivery of Support Services that included providing emergency childcare for support staff and other key

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

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personnel anticipating that schools and other childcare provision may be required to close and staff might otherwise be unable to attend work to deliver essential services.

Additional measures included suspending the Company's Sick Pay Scheme in the expectation that potential levels of absenteeism might prove to be financially unsustainable and particularly if staff were required to self-isolate or quarantine themselves (and potentially) upon multiple occasions. Service Directors and Managers re-modelled business operations to assure staff, client and public safety in advance of Government, Local Authority, PHE, CQC and ESFA guidance. This included requiring all personnel returning from overseas to self-isolate for 14 days upon their return to the UK and, similarly in the absence of Covid-19 testing regime all staff reporting that they were symptomatic were also required to self-isolate for 14 days (as opposed to the then Government recommended 7 day term).

Additional measures included acquiring and deploying additional IT infrastructure to support remote working while also requiring our services and buildings to operate as closed units so as to avoid interchanges of personnel and thereby minimise risks of cross-infection and business interruption. Risk assessments were conducted across all aspects of the business to assure safe working practices, hygiene screens were installed across all premises including the Garden Centre, Business Centre and McCallum House. PPE was also distributed to all staff.

In anticipation of an enforced lock-down, Support Services prepared and implemented a range of measures to assure the safety and mental health of clients across the region and which included:

- Centralised purchase of foods and other essential household goods so as to relieve staff and clients of the anxiety of visiting supermarkets in person given the extended time required to do so as a consequence of the measures instituted by super-markets to mitigate risks of infection and especially in the early weeks of the pandemic when local supermarket supplies were running low. This allowed Support Services to release more staff hours for one-to-one client support.
- Temperature control checks completed daily for all clients, students and staff.
- Assuring consistent staff teams in all services to minimise risk of cross infection with prohibition of staff moving between services.
- Where Community Access contracts were temporarily cancelled, staff were redeployed to provide extra capacity in services as an alternative to Agency personnel.
- Purchasing laptops to enable staff to work from client homes in Newcastle and Washington.

In addition, to support our clients' mental health and well-being the charity:

- Purchased tablets for all clients in Newcastle to enable contact with their family directly; this allowed staff to arrange meetings with family and friends via tablets using Teams and Zoom and to support clients via Zoom to access church services.
- Purchased garden building and gazebos along with garden furniture for Washington and Newcastle services to allow safe access for family, friends and other visitors.
- Sourced a range of board games, puzzles and arts and crafts materials for all services.

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- Organised weekly social events in respective bubbles e.g. 'dancing in the street', bingo.
- Purchased plants and growing kits for Washington services.
- Increased personalisation of services including one to one support for clients as requested and/or where assessed as suffering a decline in their mental health.

In preparation for the closure of schools and colleges, the Education Services Team prepared learning materials to support home learning and which supported a transition to home learning for students in March.

With the expectation that all but essential retail might be required to suspend trading and for an indefinite term, notwithstanding speculation that the Government might introduce a universal income that later emerged as the Coronavirus Job Retention (or 'Furlough') Scheme, the management team determined that the likely interruption to our commercial (fund raising) operations would likely frustrate all efforts to sustain Azure Print & Design and which was under review in December 2019 (see below).

With the enforced closure of Azure's Garden Centre Café and for an unspecified term and with the expectation that consumer confidence might not support a resumption of business on a comparable basis, café staff were first furloughed and then subsequently - as we came to better understand the likely economic impact of COVID-19 on the cafe's business model - it was determined (a) the cafe would close, (b) that this part of the garden centre be remodelled to support the sales of garden furniture, and (c) the kitchen would be refurbished to support the operation of the Cafe as a teaching kitchen.

A redundancy exercise was launched to significantly reduce employment costs in the Cafe and Garden Centre so as to be aligned with the new operating parameters and to mitigate against the significant loss of income the charity would otherwise be required to bear as a consequence of any enforced closure and potential operating and trading restrictions that were expected to be enforced thereafter (see below).

Given the level of uncertainty that prevailed at this time and the potential business disruption to the garden centre's Christmas season, the garden centre team was also restructured to better align roles with new operating conditions which were considered likely to prevail for some time.

The enforced closure of the Garden Centre prompted the rapid development of our online retail facility to support sales and which included the operation of a click and collect and delivery service. While the Garden Centre was otherwise closed to the general public and with a skeleton staff it generated sales of £223k (in 8 weeks) with the majority of staff furloughed.

Upon the relaxation of trade restrictions, and notwithstanding the closure of the Garden Centre Cafe up until the end of January 2021 the business achieved retail sales of £2,842k which represents an increase of £546k on like for like sales for the same period last year and which has mitigated the loss of Cafe sales income. This was also achieved by maintaining stock levels by working closely with key suppliers and adhering to payment terms in cooperation with the suppliers, unlike a number of our competitors who sought the opportunity to seek extended credit. The constant dialogue with suppliers was immediately rewarded insofar as we have and continue to receive preferential

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

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consideration from suppliers relative to other Garden centres assuring the continuity of supply of key ranges of product.

The temporary closure of the Garden Centre Plant Nursery prompted a review of operations which determined that it was no longer cost-effective to maintain a facility that existed largely to support the employment of our clients. With escalating employment costs and the increasing year on year costs of client supervision, it was determined that this aspect of garden centre operations should close and that it should be reconstituted (if possible) as a day service where the charity is commissioned by the local authority to provide activities for clients and/or the NHS vis-a-vis rehabilitation services for acquired brain injury patients.

While commissioned Employment Services and contract awards, were suspended the Employment Services team was retained to provide support to our 'furloughed' personnel and our supported employees.

Occupancy levels at Newburn Business Centre have been, and remain, strong. This has been supported by the concerted efforts the charity has made to sign-post and/or support tenants to access COVID-19 business support grants and not least Small Business Rate Relief that has supported tenants ability to honour the terms of their respective leases.

COVID-19 has posed a number of significant challenges to the charity and while we are in no doubt that the road ahead will be difficult we remain confident that the measures we have taken and contingency arrangements we have made will assure our long term capability and capacity.

### **ACHIEVEMENTS AND PERFORMANCE**

Notwithstanding the impact of COVID-19 and the challenges the pandemic have posed the management team is stable, flexible and has demonstrated a capability for innovation that will enable the Board of Trustees to embark, with confidence, on the next phase of the Charity's development.

Given that we have endured what has been the most challenging year for our staff, both professionally and personally, and a year in which they have not only had to master the anxieties of clients, students, colleagues and, not least, their own; the scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

#### **Activities & Achievements**

##### **Azure Business Centres Limited**

The business provides office space and business units for small and start up enterprises in Newburn in the North East. Occupancy at the centre is at a very satisfactory level generating a surplus of £73k, before Gift Aid to the Charity, in the year compared with £59k in 2020. The business contributes significant value to Azure's balance sheet with both

land/buildings, strong cash generation and by it gift aiding any profit to the charity.

#### **Azure Garden Centre**

The Charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit (this year) of £433k, before Gift Aid to the Charity, compared to a profit of £194k in 2019/20. The Garden Centre continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of any profit to the Charity to support our broader charitable endeavours, £202,326 in the current year.

#### **Azure Landscapes & Grounds Maintenance**

The Landscapes department had a better year incurring a much smaller deficit than budgeted. This has been achieved by forging a relationship with a number of larger successful organisations in the region, something we are actively looking to build on. The landscapes operation continues to employ a large number of people with disability.

#### **Education & Training Services**

The Education Services Department has developed new pathways and a new curriculum that now incorporates Hospitality and Catering and will shortly also include Retail and Customer Service.

Learners have a range of learning difficulties or disabilities that include that may include:

- Attention deficit hyperactivity disorder (ADHD),
- Autism spectrum disorder (ASD),
- Obsessive-compulsive disorder (OCD),
- Epilepsy,
- Post-traumatic stress disorder (PTSD),
- Sight/Hearing impairment,
- Speech and language difficulties,
- Anxiety,
- Dyspraxia,
- Hypermobility, and
- Fine/gross motor skill difficulties

The Hospitality and Catering programme launched in September 2020 and was supported by £250k capital investment in the creation of a new teaching kitchen (and which also attracted financial support from the Reece Foundation and the Molitor Charitable Trust).

Working with Northumberland County Council, recruitment to our education and training programmes has increased, year on year, and for each of the last five years (from 4 students in 2016/17). In 2020/21, following the introduction of our Hospitality and Catering programme, Azure supported 23 Skill-builders and 3 Interns. The scope to accommodate Interns was reduced by the enforced closure of Café Azure and the aforementioned determination to close and restructure the plant nursery.

An employment advisor is also seconded (part time) to the department to work more extensively with students to plan and secure their progression destinations; this will include securing voluntary and work-placement opportunities for students, identifying suitable job opportunities and assisting students to apply for roles and prepare for interview. We will also undertake to support any employer that provides a progression destination for our students.

#### **Employment Services**

The number of people involved in the supported employment activities in its businesses (Corporate Services, Garden Centre, Nurseries, Landscaping business and Education Services) averaged 42 during the year – and is 25 at the year end. The department has also supported people to attend taster days, work placements, traineeships and volunteering roles to further their development and experience.

#### **Support Services**

Support Services continues its residential based work in the various housing departments in Cramlington, Washington, Tynedale and Newcastle – as well as providing a substantial volume of enabling support activity around the North East. The quality of all of these activities is regularly verified by third party inspections; the funding stream mix is both complex and variable.

At the year end, 77 residents were being supported in their homes at Cramlington, Washington, Tynedale and, via Supported Living, in Newcastle and Tynedale. 65 other service users were receiving support through the Community Access enabling service.

**Corporate (Central Services)**

Central Services provides a wide variety of necessary functions to facilitate the work of the organisation as a whole and to ensure all legalities are complied with.

With the advent of COVID-19, Corporate Services team was also charged with supporting the implementation of business continuity plans across all Azure's services and constituent businesses which included procuring and assuring the integrity of supply of PPE, Garden Centre supplies, the implementation of remote working (where practicable), creating on-line retail operations at the garden centre and, not least, the implementation of the furlough scheme

**FINANCIAL REVIEW**

The challenges facing the learning and physical disability social care remain very real and pose significant challenges to the charity, not least financial. In October 2018, with the 2018/19 deficit forecast to exceed -£300k, the charity commenced a Change and Transformation programme to address the charity's underlying financial position which had deteriorated over a number of years.

As reported last year:

- Local Authority fees (for Support and Day Services) still do not reflect the real terms increase in pay costs (including the National Living Wage) and overheads which has prompted increasing numbers of service providers across the UK to hand back services or otherwise decline to provide these services. This also seems to be driving an increased number of privately owned care businesses being offered (to Azure) for sale; to date, we have yet to receive an invitation to purchase what we would consider a 'financially viable' business. Fee rates for 'day services' continue to prompt some of the most notable service providers (in the region) to withdraw services on the basis that they are no longer economic to provide.
- A number of the charity's trading businesses, while providing a much-valued source of employment for our clients, continued to post operating deficits- most notably Azure Landscapes & Ground Maintenance and Azure Print & Design (see below).
- Azure's Plant Nursery and Café's operating performance, while again providing a much valued source of employment for our clients (including Supported Employment), continued to be eroded by increases in the National Living Wage that were not supported by commensurate increases in DWP grants thereby requiring the Charity to subsidise the employment costs of supported employees still further.
- The Charity has struggled for a number of years to recruit Support Staff and continued to be overly reliant on Agency staff to support the delivery of Support Services which have required the Charity to incur additional levels of expenditure.

## AZURE CHARITABLE ENTERPRISES

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YEAR ENDED 31ST JANUARY 2021

- The Charity's service proposition had become too narrow, the Employment Services department had become greatly diminished (as government funding for this service had reduced and successor service contracts had not been secured) while the Education Services department required investment to support the development of new programmes.

Post initial restructuring, the charity aimed to achieve a significant surplus in 2020/21 circa £300k and entered 2020/21 confident that it would be in a position to repay the balance (£300k) of an Emergency Loan (£400k) taken from the NorthEast Social Investment Fund in 2019 and in the knowledge that the charity was also expected to reduce its reliance on its overdraft facility, the advent of the COVID-19 pandemic prompted the management team to accelerate the implementation of plans to restructure the charity to deliver further efficiencies.

This programme included a number of redundancies to deliver payroll savings to mitigate the anticipated adverse financial impacts of business interruption associated with COVID-19 lock-downs across the charity and although Azure held business interruption insurance (which, it became clear at the outset of the pandemic that insurers were reluctant to honour). Following the Supreme Court Judgement in *The Financial Conduct Authority v Arch and Others* on the 15<sup>th</sup> of January 2021, the Charity is now able to submit a claim for business interruption losses inflicted by the pandemic.

Moreover, with operating losses forecast to escalate with the enforced closure of the business due to the COVID -19 pandemic that were likely to be exacerbated by the expected economic slowdown, it was determined that Azure Print & Design should close (in the event that it could not be sold).

The review of the Garden Centre, Café and Plant Nursery determined:

- (i) The garden centre operation continued to perform strongly with reference to industry benchmarks as regards income generated but:
  - a. income generation relative to the size of the current retail operation (shop, outdoor plant and car park area) is now limited by a lack of capacity;
  - b. the operating costs of the cafe and plant nursery exceed industry benchmarks – this is largely a factor of the number of staff the charity employs in each of these business areas relative to other 'commercial' Garden Centre operators;
  - c. the physical condition of the Plant Nursery Greenhouses requires significant capital investment/refurbishment (in the next five years) if they are to be retained as part of the Garden Centre operating model
  - d. Garden Centres have, in the main, divested themselves of Plant Nursery operations in recent years in favour of sourcing supply from more economic and/or specialist growers and suppliers.
- (ii) More specifically and notwithstanding the additional (exceptional) restructuring costs that were due to fall in this financial year (from measures instituted in 2019/20), the enforced closure of the Garden Centre to the general public (in 2020) and Café Azure (which remains closed to the general public and which accounts for a loss of more than £700k income) prompted a number of redundancies and associated costs of redundancy (£21k) to deliver payroll savings of £254k and which was completed in July 2020. The costs were mitigated in part by the redeployment of staff to other parts of the charity e.g. Education Services.

## AZURE CHARITABLE ENTERPRISES

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YEAR ENDED 31ST JANUARY 2021

- (iii) The management team also determined to redraw and repurpose a number of management, supervisory and administrative roles in the Garden Centre delivering a further pay-roll saving of £44k with associated costs of redundancy (£2.6k).
- (iv) Escalating pay-roll costs in the Plant Nursery and, in particular, the real (costs) of Supported Employment on its present scale (and associated supervisory costs), relative to income generated from these business operations, could not be sustained during the pandemic or, indeed, on the same scale over the longer term. As a consequence, 7 posts were determined to be redundant at a cost of £8.5k delivering a pay-roll saving of £58k.

The Business Reviews undertaken at (i) Azure Landscapes & Grounds Maintenance and (ii) Azure Print & Design were scoped and undertaken so as to stem historic loss-making activity, returning the businesses to 'break-even' (at worst) and to determine whether the businesses should be retained i.e. whether they could be operated or 'traded' without further 'subsidy' from the charity.

While it had been possible (in 2019/20) to arrest and reverse the declining financial performance in Azure Landscapes & Ground Maintenance, it was determined that the COVID-19 pandemic and associated business interruption (and the interruption of customers' businesses which would significantly disrupt and reduce trading income) would frustrate any effort sustain Azure Print & Design. The management team, with the support of the Board of Trustees, resolved to close Azure Print & Design, which the Charity has heavily subsidised for a number of years (*and where operating losses over the last 5 years amounted to more than £240k and which looked set to escalate as a consequence of the pandemic to an unsustainable level*).

Azure Print & Design ceased trading as from 30 June 2020 incurring exceptional costs of closure amounting to £169k including redundancy costs of £55k and which were offset, in part, by the sale of equipment that generated funds of £13k.

#### **Summary**

While the pandemic required a more extensive programme of re-structuring, a number of the decisions taken these last twelve months already lay before the Board of Trustees and management team in any event to address the underlying financial performance of the charity and to assure its financial viability as illustrated below.

In addition, the management team and Board of Trustees have continued to monitor and, wherever possible, mitigate the impacts of Brexit and in particular its effects on the Garden Centre.

The pandemic posed the most significant challenge to Azure's retail capability following the suspension of all but essential services including the enforced closure of the Garden Centre, Café and Landscapes & Garden Maintenance service. However, a significant escalation of demand (during lockdown) for all things horticultural including garden furniture and a relaxation of 'lockdown' measure restricting the operation of Garden Centres enabled the management team to mitigate the loss of income from the Café and other services. However, a global shortage of shipping containers and capacity in the world's freight infrastructure following a world-wide surge in demand for carriers (shipping PPE and other associated COVID-19 related items) did prompt an increase in costs from our suppliers.

## AZURE CHARITABLE ENTERPRISES

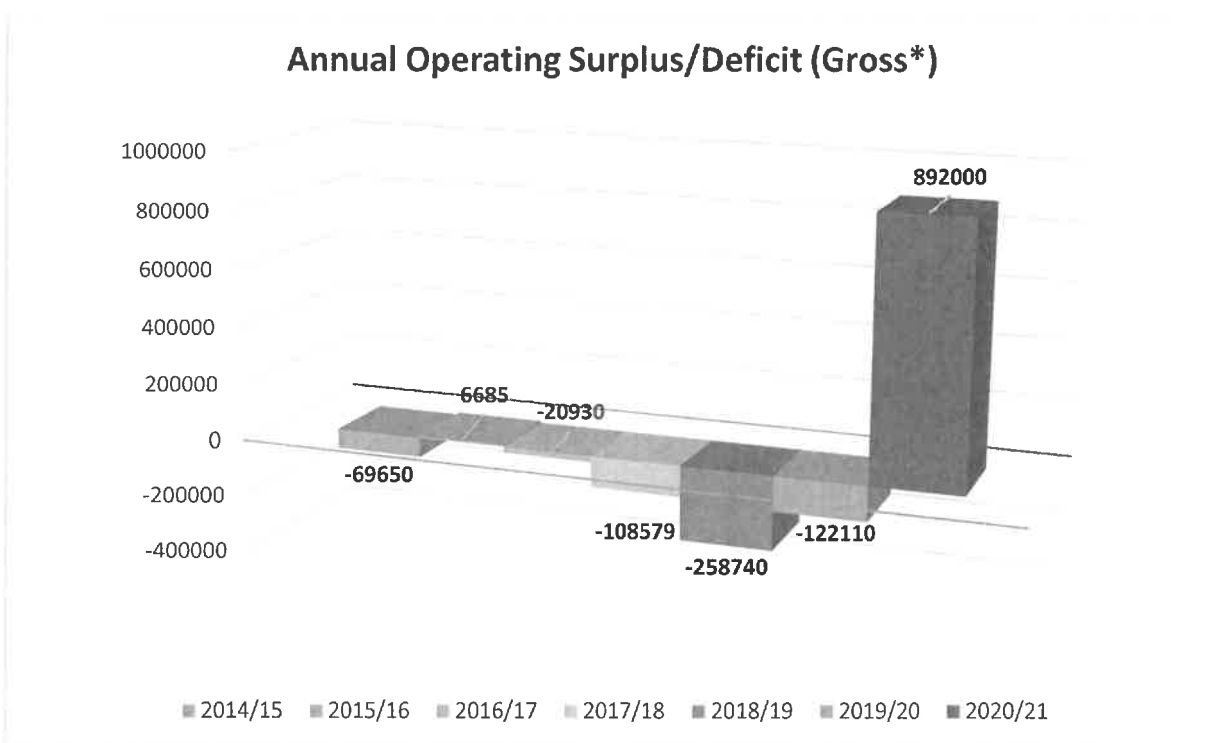
### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

Supply costs were forecast to increase in any event (following Brexit) with the introduction of plant inspections regimes re imports (e.g. plant passports) delaying delivery to UK retailers; whereas UK growers' costs were also forecast to increase as a consequence of lack of migrant labour which coincided with a surge in (COVID-19 lockdown related) demand for UK products

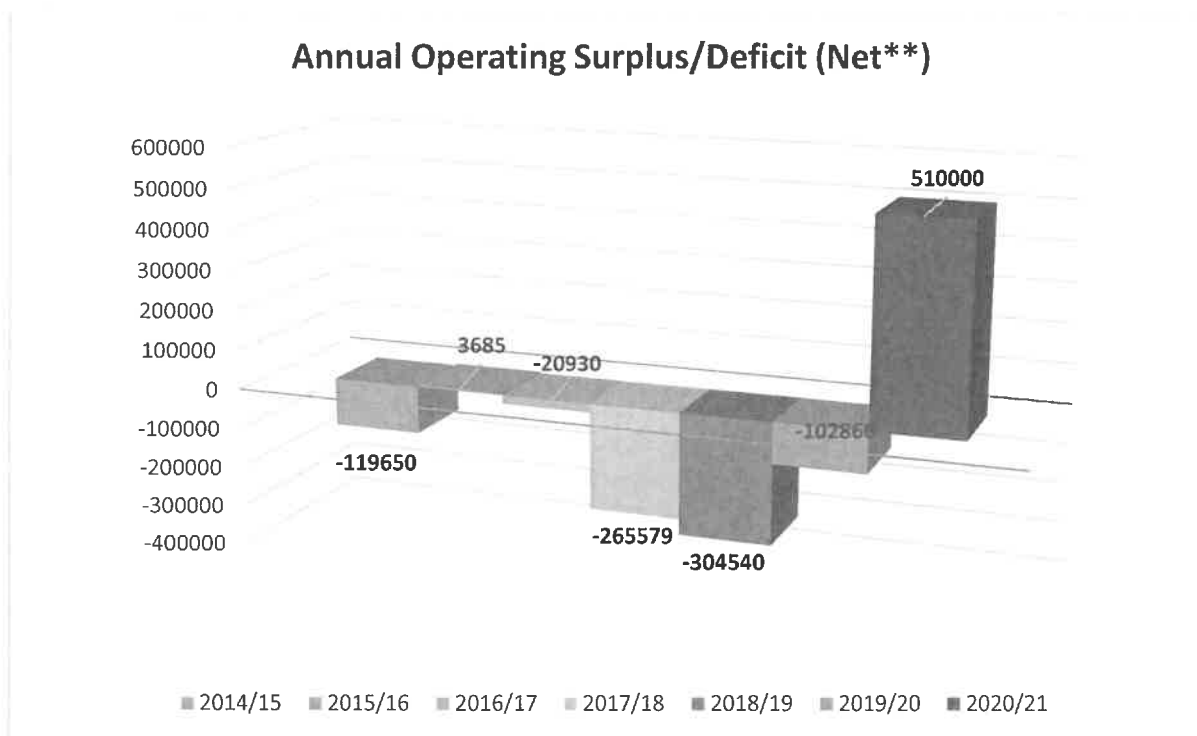
Unfortunately, UK growers in particular found themselves unable to invest in the creation of new capability and/or capacity with the enforced closure of garden centres providing no route to market for their products and which forced a number to develop their own online sales functions direct to customers.

The charity was nevertheless able to pass on most of these additional costs in the price points of garden centre products although it did require the aforementioned additional efficiencies.



*\*Excluding exceptional costs (see below)*

Brexit and the COVID-19 pandemic notwithstanding, during the last 12 months the charity has continued to deliver an outstanding array of services (Support Services, Education & Employment Services) in the most challenging of circumstances. Moreover, the commercial performance and financial contribution to the charity of the Garden centre and our Business Centre has exceeded all expectations.



\*\*As illustrated above, consolidating on work commenced in 2018/19 and after a number of exceptional costs in 2020/21 that included the closure of Azure Print & Design (£156k), other redundancies (£62k), a special pay award for staff (paid in December 2020) to recognise their contribution (across the charity) from the outset of the pandemic (£85k) and professional fees (£79k), the charity posted a Net operating surplus of £510k.

In addition, the balance of the emergency loan taken from the NorthEast Social Investment Fund has been discharged in full and the overdraft facility upon which we have been heavily reliant for a number of years has also been cleared.

### Reserves and Going Concern

The results for the year leave the Azure group with a net asset position of £3,285,363. However, at the year end, the charitable group had a net current asset position of £315,615, (£17,662 net liability in year 2019/2020) in that current assets exceeded current liabilities.

This is a much improved position on the previous year end and gives confidence that the group is in a much more positive position with sufficient cash to meet its current and future obligations.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress-tested their forecasts, taking into account various scenarios, and remain confident that while the economic uncertainties remain (principally those associated with Brexit and COVID-19), they do not cast significant doubt on the company's ability to continue as a going concern.

#### **Pay Policy for Key Management Personnel**

Azure has identified Key Management Personnel in the Reference and Administration section. The remuneration of the key personnel is determined by the Remuneration Committee from which the Chief Executive is excluded in relation to discussion of his remuneration. The Committee is guided by a formal report which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

#### **Fundraising Policy**

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

#### **PUBLIC BENEFIT STATEMENT**

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives also are set in order to provide a clear and demonstrable public benefit

#### **PLANS FOR FUTURE PERIODS**

The Charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the Charity.

The Board and Management are committed to a process of continuous improvement to optimise both the financial performance and the activities of the Charity and its subsidiaries.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives also are set in order to provide a clear and demonstrable public benefit.

It is envisaged that the difficult economic conditions will continue with the potential to affect all departments. The Charity is however concerned to protect itself from the 'seasonality' and

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

associated risks to Garden Centre revenues (which remain weather dependant) and this has prompted the preparation of plans to expand the garden centre to increase and diversify its income streams.

Perhaps most significantly, while much of the last 12 months has been devoted to restructuring the charity to deliver efficiencies and adapt to the COVID-19 pandemic, the Charity has, at the same time, developed and submitted proposals (a planning application to Northumberland County Council) to extend the Garden Centre in Cramlington to increase revenues and better 'weather-proof' the Garden Centre's (and Charity's) income streams.

The proposals include:

- increasing the retail area to accommodate additional concessions and to support more direct sales
- creating additional warehousing immediately adjacent to the retail area
- creating a new Business Centre which will again support the generation of additional income
- providing new classrooms and teaching spaces to support the expansion of our education and training offer; and
- enabling the redevelopment of McCallum House and the remainder of our site in Cramlington.

An organisation wide costs control strategy exists with close scrutiny of all discretionary spending.

The Trustees have approved a budget for the forthcoming year consistent with these comments and the Charity's overall strategic plan.

The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted effort to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget setting (for the provision of support services) in/by Local Authorities with the aim of supporting improved pay and conditions for our Support Services staff.

The charity has and continues to engage other providers of services to Northumberland County Council, local Councillors and MPs in debate and discussion as to the fee rates paid by Northumberland County Council to service providers which we and our fellow providers consider to be inadequate

AZURE CHARITABLE ENTERPRISES

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Risk Management**

The Charity has a comprehensive risk review process and this is fully updated every year. The resultant risk analysis is considered by the Audit & Risk Committee in the first instance then is taken to the Board for approval.

With respect to Health and Safety a senior manager is the Charity's safety advisor and safety representatives are appointed in the various areas of the organisation. The Board has a member nominated to have a special responsibility for Health and Safety and that member meets with management as appropriate. The Board receive regular reports on health and safety matters (including accident and "near miss" statistics).

With the onset of the Covid pandemic Handelsbanken facilitated a postponement to the outstanding loan capital repayments for the year. This will result in marginally higher capital repayments over the remaining life of the loans. The impact of any future interest rate increase is taken into consideration when capital investments and cash projections are under consideration.

The Trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the Charity's day-to-day operations.

The financial statements which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) conform to current statutory requirements and comply with the charitable company's governing documents.

## **INVESTMENT POWERS AND RESTRICTIONS**

The Charity funds are controlled by the directors, who also act as trustees, who invest with a view to safely optimising annual investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them in investments in which they are by law authorised to invest money (including trading subsidiaries), with power from time to time to change for others of a like nature.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Azure Charitable Enterprises for the purposes of company law) are responsible for preparing the strategic report, the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

## AZURE CHARITABLE ENTERPRISES

### TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

- select suitable accounting policies, as described on pages 32 to 34, and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company and the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and demonstrate with reasonable accuracy at any time the financial position of the Charitable Company and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the Charitable Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AZURE CHARITABLE ENTERPRISES

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

YEAR ENDED 31ST JANUARY 2021

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

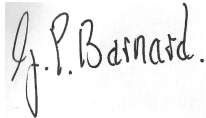
In so far as the trustees are aware:

- there is no relevant audit information which the Charitable Company's auditors are unaware; and
- the trustees of the Charitable Company have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITOR**

A resolution to re-appoint MHA Tait Walker as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the Trustees on 7/6/2021



**G.P. Barnard LLM**

**Chairman**

## AZURE CHARITABLE ENTERPRISES

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2021

### **Opinion**

We have audited the financial statements of Azure Charitable Enterprises (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 January 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Group Statement of Cashflows and supporting notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard in the UK and Republic of Ireland' and applicable law (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 parent charity's affairs as at 31 January 2021 and of the group's incoming resources and application of resources, including its income and expenditure for the year there 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 Auditor's 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 UK, including the FRC'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.

### **Going Concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

## AZURE CHARITABLE ENTERPRISES

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY YEAR ENDED 31ST JANUARY 2021

#### **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 auditor's 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 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and trustees 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees report.

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

- adequate accounting records have not been kept by the parent charitable company, 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.

### **Responsibilities of trustees**

As explained more fully in the statement of trustees responsibilities (set out on page 15), the trustees 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 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.

### **Auditor's 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 auditor's 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 ISA's (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.

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 auditor's 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:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Reviewing care quality commission reports

AZURE CHARITABLE ENTERPRISES

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY  
YEAR ENDED 31ST JANUARY 2021

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: anti-bribery and corruption, and compliance with the UK Companies Act, the Charities Act and the Care Quality Commission.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or recognise the non-compliance.

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 Auditors' report.

**Use of the report**

This report is made solely to the charitable parent company's trustees, 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 group's trustees those matters we are required to state to them in an auditor's 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 parent company and its trustees as a body, for our audit work for this report, or for the opinions we have formed.

 8/6/2021

Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of

MHA Tait Walker, Chartered Accountants & Statutory Auditor

Bulman House, Regent Centre

Gosforth, Newcastle upon Tyne

NE3 3LS

MHA Tait Walker is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MHA Tait Walker is a trading name of Tait Walker LLP.

**AZURE CHARITABLE ENTERPRISES**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE**  
**For the Year Ended 31st January 2021**

	Note	Unrestricted Funds	Restricted Funds	Capital Funds	2021 Total Funds	2020 Total Funds
		£	£	£	£	£
<b>INCOME</b>						
Donations and Legacies	4	2,722	11,050	-	13,772	44,296
<b>Income from charitable activities:</b>						
Provision of client services	3	404,405	-	-	404,405	362,397
Grants receivable	3	4,106,722	-	-	4,106,722	3,848,790
<b>Income from other trading activities:</b>						
Commercial trading activities	3	3,853,059	-	-	3,853,059	3,920,664
<b>Other incoming resources:</b>						
Investment income	5	10	-	-	10	87
<b>Other income:</b>						
Surplus on disposal of fixed assets	9	-	-	-	-	45,234
<b>TOTAL INCOME</b>		8,366,918	11,050	-	8,377,968	8,221,468
<b>EXPENDITURE:</b>						
<b>Expenditure on charitable activities:</b>						
Operation of client services	7	4,523,424	1,050	-	4,524,474	4,586,831
<b>Costs of raising funds:</b>						
Commercial trading operations	6	3,302,041	-	-	3,302,041	3,737,503
<b>Other expenditure:</b>						
Deficit on disposal of fixed assets	9	41,001	-	-	41,001	-
<b>TOTAL EXPENDITURE</b>		7,866,466	1,050	-	7,867,516	8,324,334
<b>NET INCOME / (EXPENDITURE)</b>	9	500,452	10,000	-	510,452	(102,866)
<b>TRANSFERS BETWEEN FUNDS</b>	21	25,000	(25,000)	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		525,452	(15,000)	-	510,452	(102,866)
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward	23	2,759,911	15,000	-	2,774,911	2,877,777
Total funds carried forward	23	3,285,363	-	-	3,285,363	2,774,911

The result for the year relates to both continuing activities and discontinued activities. For further disclosure on discontinued activities see page 29.

The notes on pages 32 to 46 form part of these financial statements

**AZURE CHARITABLE ENTERPRISES**  
**STATEMENT OF FINANCIAL ACTIVITIES - Discontinued and Continued Activities**  
**INCLUDING INCOME AND EXPENDITURE**  
**For the Year Ended 31st January 2021**

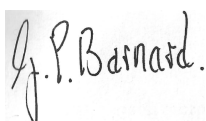
	Note	Discontinued Activities 2021 £	Continued Activities 2021 £	Total Funds 2021 £	Discontinued Activities 2020 £	Total Funds 2020 £
<b>INCOME</b>						
Donations and Legacies	4	-	13,772	13,772	-	44,296
<b>Income from charitable activities:</b>						
Provision of client services	3	-	404,405	404,405	-	362,397
Grants receivable	3	-	4,106,722	4,106,722	-	3,848,790
<b>Income from other trading activities:</b>						
Commercial trading activities	3	-	3,853,059	3,853,059	342,220	3,920,664
<b>Other incoming resources:</b>						
Investment income	5	-	10	10	-	87
<b>Other income:</b>						
Surplus on disposal of fixed assets	9	-	-	-	-	45,234
<b>TOTAL INCOME</b>		-	8,377,968	8,377,968	342,220	8,221,468
<b>EXPENDITURE:</b>						
<b>Expenditure on charitable activities:</b>						
Operation of client services	7	-	4,524,474	4,524,474	-	4,586,831
<b>Costs of raising funds:</b>						
Commercial trading operations	6	203,739	3,098,302	3,302,041	395,474	3,737,503
<b>Other expenditure:</b>						
Deficit on disposal of fixed assets	9	27,269	13,732	41,001	-	-
<b>TOTAL EXPENDITURE</b>		231,008	7,636,508	7,867,516	395,474	8,324,334
<b>NET INCOME / (EXPENDITURE)</b>	9	(231,008)	741,460	510,452	(53,254)	(102,866)
<b>TRANSFERS BETWEEN FUNDS</b>	21	-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		(231,008)	741,460	510,452	(53,254)	(102,866)

The above continuing and discontinuing activities (including those in 2020) relate to unrestricted activities.

**AZURE CHARITABLE ENTERPRISES**  
**Company Registration Number 01666027**  
**BALANCE SHEET**  
**As at 31st January 2021**

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
<b>FIXED ASSETS</b>					
Tangible assets	12	3,126,834	3,037,379	2,245,316	2,231,697
Investments	13	-	-	2	2
		<b>3,126,834</b>	<b>3,037,379</b>	<b>2,245,318</b>	<b>2,231,699</b>
<b>CURRENT ASSETS</b>					
Stocks	14	310,261	252,913	-	4,727
Debtors	15	446,503	546,008	356,828	484,052
Property held for sale		-	-	-	-
Cash at bank and in hand		602,107	224,883	144,605	51,574
		<b>1,358,871</b>	<b>1,023,804</b>	<b>501,433</b>	<b>540,353</b>
<b>CURRENT LIABILITIES</b>					
Creditors - amounts falling due within one year	16	1,043,256	1,041,466	973,772	1,118,204
<b>NET CURRENT (LIABILITIES)ASSETS</b>					
		<b>315,615</b>	<b>(17,662)</b>	<b>(472,339)</b>	<b>(577,851)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<b>3,442,449</b>	<b>3,019,717</b>	<b>1,772,979</b>	<b>1,653,848</b>
Loans and hire purchase agreements	17	157,086	244,806	157,086	244,806
<b>NET ASSETS</b>					
		<b>3,285,363</b>	<b>2,774,911</b>	<b>1,615,893</b>	<b>1,409,042</b>
<b>FUNDS OF THE CHARITY</b>					
Restricted funds	22	-	15,000	-	15,000
Unrestricted funds	22	3,285,363	2,759,911	1,615,893	1,394,042
<b>TOTAL FUNDS</b>					
	22	<b>3,285,363</b>	<b>2,774,911</b>	<b>1,615,893</b>	<b>1,409,042</b>

Approved by the Board of Directors on 7/6/2021  
and signed on their behalf by:



G.P. Barnard LLM  
Chairman



G.W. Robson FCA  
Treasurer

**AZURE CHARITABLE ENTERPRISES**  
**GROUP STATEMENT OF CASHFLOWS**  
**For the Year Ended 31st January 2021**

	Notes	2021 £	2020 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net cash provided by (used in) operating activities	10	913,405	20,176
<b>CASHFLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of tangible fixed assets		(265,365)	(20,835)
Transfer of fixed assets held for sale		-	-
Proceeds from disposal of fixed assets		13,323	76,743
Net cash provided by (used in) investing activities		(252,042)	55,908
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in borrowings		50,000	300,000
Repayment of borrowings		(300,000)	(68,494)
Finance of tangible fixed assets		-	9,497
Hire purchase repayments		(34,139)	(26,706)
Net cash provided by (used in) financing activities		(284,139)	214,297
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>		<b>377,224</b>	<b>290,382</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>		<b>224,883</b>	<b>(65,499)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	As set out below	<b>602,107</b>	<b>224,883</b>

	2021 £	2020 £
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash in hand	602,107	224,883
<b>Total cash and cash equivalents</b>	<b>602,107</b>	<b>224,883</b>

**Net Debt Reconciliation**

	At start of year £	Cash-flows £	At end of year £
Cash	224,883	377,224	602,107
Cash equivalents	-	-	-
HP/Loans falling due within one year	(323,245)	246,419	(76,826)
HP/Loans falling due after one year	(244,806)	87,720	(157,086)
Other borrowings	(300,000)	250,000	(50,000)
<b>TOTAL</b>	<b>(643,168)</b>	<b>961,364</b>	<b>318,196</b>

The notes on pages 32 to 46 form part of these financial statements

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

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**1. MEMBERS' LIABILITY**

Azure Charitable Enterprises is a charitable company limited by guarantee but exempt from the requirement to use the word limited.

The Charitable Company is limited in that every member undertakes to contribute such amount, not exceeding £1, as may be required in the event of the company being wound up while he is a member, or within one year after he ceases to be a member.

**2. ACCOUNTING POLICIES**

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

***-Basis of preparation-***

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

The functional currency of the group is sterling.

The charity and the trading companies have adopted Update Bulletin 2 of the Charity SORP (FRS102)

Azure Charitable Enterprises meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

***-Preparation of the accounts on a going concern basis-***

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

***-Basis of Consolidation-***

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertakings drawn up to the period end date on a line by line basis. A separate Statement of Financial Activity and Income and Expenditure Account for the charity has not been presented for Azure Charitable Enterprises as permitted by section 408 of the Companies Act 2006.

***-Income-***

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charges fall due.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client service activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

## **2. ACCOUNTING POLICIES - (continued)**

### **-Expenditure-**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those costs of commercial trading including the garden centre activities and the letting operations, together with their associated support costs.
- Expenditure on charitable activities includes the costs associated with the provision of client supporting services and include both the direct costs and support costs relating to the activities of the charity.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### **-Allocation of support costs-**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's (and the group's) activities. These costs, which have not been directly apportioned, have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the Support Cost note.

### **-Operating Leases-**

The charity and the group classifies the leasing of equipment, as operating leases; the title to which equipment remains with the lessor and the expected economic life of the equipment is longer than the rental period. Rental charges are charged on a straight line basis over the term of the lease.

### **-Funds Structure-**

The Charity has restricted funds to account for the donor requiring that the donation must be spent on a particular purpose. All other funds are unrestricted income funds. The funds held in each of these categories are disclosed in the Reserves Notes.

### **-Fixed Assets-**

All fixed assets are initially recorded at cost. Items under £500 in value are not generally capitalised.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Freehold land	- no depreciation
Long leasehold land	- period of the lease
Freehold / long & short leasehold buildings	- 50/40 years straight line or over the term of the lease
Garden centre roof and improvements	- 10 years straight line
Plant and fixtures	- 5 / 10 years straight line
Motor vehicles	- 4 years straight line
Equipment	- 3 years straight line
Fixtures and fittings	- 5 years straight line

No depreciation is charged on assets under construction.

Long and short term leasehold buildings and freehold buildings held by Azure Business Centres Limited continue to be depreciated and are not considered to be investment properties in accordance with the principal trading aims and activities of the company.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### **-Investments-**

Investments are included in the financial statements at cost less any provision for permanent diminution in value.

### **-Stocks-**

Stocks are valued at the lower of cost or net realisable value, after making due allowance for any obsolete or slow moving items. Donated items of stock are recognised at fair value which is the amount the charitable company would have been willing to pay for the items on the open market.

**2. ACCOUNTING POLICIES - (continued)**

**-Debtors-**

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

**-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.

**-Creditors and provisions-**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

**-Financial instruments-**

The charitable 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.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of the future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

**-Pensions-**

The group supports personal pension plans taken out by employees. Contributions are charged to the income and expenditure account as they become payable.

**-Corporate Taxation-**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The group companies relieve their tax liability by making Gift Aid payments to the parent charity within nine months of the year end.

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**3. INCOME:**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>COMMERCIAL TRADING ACTIVITIES</b>		
<b>Commercial operations - Unrestricted Funds</b>		
<b>Garden Centre</b>	<b>3,152,964</b>	
Less: Sales to Charity	<b>(531)</b>	
<b>Net Garden Centre Sales</b>	<b>3,152,433</b>	3,074,615
<b>Nursery</b>	<b>106,769</b>	19,000
<b>Printing</b>	<b>87,863</b>	349,114
Less: Internal Sales	<b>(183)</b>	(1,985)
Sales to Garden Centre	<b>(236)</b>	(4,909)
<b>Net Printing Sales</b>	<b>87,444</b>	342,220
<b>Landscapes</b>	<b>332,319</b>	325,640
Less: Internal Landscaping	<b>(4,800)</b>	(4,800)
<b>Net Landscapes Sales</b>	<b>327,519</b>	320,840
<b>Azure Business Centres</b>	<b>189,990</b>	177,217
Less: Sales to Charity	<b>(12,159)</b>	(14,000)
	<b>177,831</b>	163,217
<b>Feed In Tariff Income</b>	<b>1,064</b>	772
	<b>3,853,059</b>	3,920,664
	<b>3,853,059</b>	3,920,664
<b>CHARITABLE ACTIVITIES</b>		
	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Provision of client services - Unrestricted Funds</b>		
Rental Income	<b>51,579</b>	55,644
Department for Work and Pensions	<b>81,836</b>	57,086
Education Funding Agency	<b>211,345</b>	163,150
Miscellaneous	<b>59,645</b>	86,517
	<b>404,405</b>	362,397
<b>Grants receivable - Unrestricted Funds</b>		
DWP - Supported Business Grant	<b>149,414</b>	197,504
DWP - Coronavirus Job Retention Scheme	<b>90,225</b>	-
Sunderland City Council	<b>582,017</b>	562,538
Newcastle Social Services	<b>1,285,898</b>	1,203,772
Northumberland County Council	<b>1,661,741</b>	1,475,721
Client Direct Payments	<b>337,427</b>	409,255
	<b>4,106,722</b>	3,848,790
	<b>4,106,722</b>	3,848,790

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

<b>4. DONATIONS &amp; LEGACIES</b>	<b>Unrestricted</b>		<b>Restricted</b>
	<b>£</b>		<b>£</b>
Covenants £100 and under	380	Molitor Trust	10,000
Donations £100 and under	490	Damant ML	1,050
Handley Charitable Trust	1,000		
Boogie nights	557		
S Leonard	200		
Gift Aid on covenants	95		
	<u>2,722</u>		<u>11,050</u>
For the Year Ended 31st January 2020	<u>13,680</u>		<u>30,616</u>

**5. INVESTMENT INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Business Premium Account - Unrestricted Funds	-	-
Business Premium Account - Azure Business Centres Limited	11	87
	<u>11</u>	<u>87</u>

**6. EXPENDITURE**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>COMMERCIAL TRADING ACTIVITIES</b>		
Cost of goods sold	<b>1,640,056</b>	1,715,306
Employment costs	<b>1,114,176</b>	1,334,408
Depreciation	<b>79,219</b>	92,080
Rent & rates	<b>7,195</b>	25,003
Advertising	<b>25,505</b>	87,352
Heat, light and water	<b>53,256</b>	93,179
Insurances	<b>40,755</b>	56,404
Training	<b>1,201</b>	8,973
Other	<b>340,678</b>	324,798
	<u><b>3,302,041</b></u>	<u>3,737,503</u>

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Provision of client services:		2021	2020
	Unrestricted Funds	Restricted Funds		
	£	£	£	£
Employment costs	3,392,389	-	<b>3,392,389</b>	3,342,768
Depreciation	400	-	<b>400</b>	133
Rent & rates	49,893	-	<b>49,893</b>	45,127
Advertising	364	-	<b>364</b>	4,035
Heat, light and water	11,002	-	<b>11,002</b>	11,063
Insurances	24,231	-	<b>24,231</b>	67,337
Trainee allowances and travel	14,780	-	<b>14,780</b>	26,443
Residents' training and holidays	604	1,050	<b>1,654</b>	5,239
Other	442,892	-	<b>442,892</b>	500,724
Governance costs	37,439	-	<b>37,439</b>	37,811
Support costs	549,430	-	<b>549,430</b>	546,151
	<b>4,523,424</b>	<b>1,050</b>	<b>4,524,474</b>	<b>4,586,831</b>
For the Year Ended 31st January 2020	<b>4,567,739</b>	<b>19,092</b>		

**SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES**

This table shows the cost of the main charitable activities and the sources of income directly to support those activities:

	Provision of client services:		2021	2020
	Unrestricted Funds	Restricted Funds		
	£	£	£	£
Costs (as above)	(4,523,424)	(1,050)	<b>(4,524,474)</b>	(4,586,831)
Service level agreements and direct payments	404,405	-	<b>404,405</b>	362,397
Grants receivable				
- Indirect / Ad-hoc	-	-	-	-
- Direct grant support	4,106,722	-	<b>4,106,722</b>	3,848,790
Net cost funded from other income	<b>(12,297)</b>	<b>(1,050)</b>	<b>(13,347)</b>	<b>(375,644)</b>

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**8. ANALYSIS OF GOVERNANCE & SUPPORT COSTS**

The charitable company allocates costs direct to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see previous note) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	<b>Analysis of support and governance costs:</b>				<b>Basis of apportionment</b>
	<b>General Support</b>	<b>Governance function</b>	<b>2021 Total</b>	<b>2020 Total</b>	
	£	£	£	£	
Employment costs	391,151	22,377	<b>413,528</b>	421,263	Allocated on time
Depreciation	41,174	2,355	<b>43,529</b>	43,489	On asset use
Interest	11,091	634	<b>11,725</b>	27,394	Pro-rata to staff time
Power	21,420	1,225	<b>22,645</b>	14,634	Pro-rata to staff time
Insurances	3,311	189	<b>3,500</b>	6,114	Pro-rata to staff time
Restricted Funds	-	-	-	-	Pro-rata to staff time
Other	45,614	2,609	<b>48,223</b>	56,630	Pro-rata to staff time
Audit fees	-	8,050	<b>8,050</b>	7,560	Governance
Legal & other professional costs	35,669	-	<b>35,669</b>	6,878	Governance
	<b>549,430</b>	<b>37,439</b>	<b>586,869</b>	<b>583,962</b>	
For the Year Ended 31st January 2020	<b>546,151</b>	<b>37,811</b>			

**9. NET INCOME / (EXPENDITURE) FOR THE YEAR**

		<b>2021</b>	<b>2020</b>
		£	£
The group surplus/deficit is after charging:			
Operating leases			
Depreciation	Owened assets	<b>108,628</b>	111,082
	Assets held under hire purchase agreements	<b>12,960</b>	21,685
Bank interest payable	Mortgage interest	<b>3,642</b>	4,610
(Surplus)/Deficit on disposal of fixed asset: Office equipment, fixtures and fittings		<b>41,001</b>	(45,234)
Auditor Remuneration	Audit fees of the group	<b>15,150</b>	14,510
	Other fees of the group	<b>980</b>	920

The surplus dealt with in the financial statements of the parent company was £206,857 (2020: Deficit £54,106).

The group surplus includes a reported surplus of £433,019 (2020: £194,500) arising in Azure Garden Centre Limited and a reported surplus of £72,995 (2020: £59,423) arising in Azure Business Centres Limited.

**10. NOTES TO CASHFLOW**

**Reconciliation of net income / (expenditure) to net cash flow from operating activities:**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Net income / (expenditure) for the reporting period (as per the S.O.F.A)</b>	<b>510,452</b>	(102,866)
<b>Adjustments for:</b>		
Depreciation	<b>121,588</b>	132,767
Impairment	-	-
(Profit)/Loss on disposal of fixed assets	<b>41,001</b>	(45,234)
Decrease/(increase) in stock	<b>(57,348)</b>	17,172
(Increase)/Decrease in properties held for sale	-	-
(Increase)/Decrease in debtors	<b>99,504</b>	22,948
Increase/(decrease) in creditors	<b>198,208</b>	(4,610)
<b>Net cash provided by (used in) operating activities</b>	<b>913,405</b>	20,177

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**11. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION & EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL**

	<b>2021</b>	2020
	£	£
Staff costs during the year:		
Wages and salaries	<b>4,461,605</b>	4,610,250
Social security costs	<b>304,673</b>	316,586
Other pension costs	<b>222,835</b>	215,065
	<b>4,989,113</b>	5,141,901

Salary costs incurred on behalf of Supported Placement workers in the year were £504,048 (2020: £532,375).  
An average of 35 (2020: 42) people were in post during the year, of which 24 were employed by Azure Charitable Enterprises at the year end.

Number of employees earning more than £60,000 per annum;

	<b>2021</b>	2020
£60,000 to £70,000	<b>1</b>	1
£70,000 to £80,000	-	-
£100,000 to £110,000	<b>1</b>	1

Defined contribution pension: - Contributions	<b>£ 54,988</b>	£ 26,413
- Number of employees	<b>2</b>	2

None of the directors/trustees of the charity received any remuneration or expenses from the group.

The key management personnel of the parent charity, comprise the trustees, the Chief Executive, Finance, Printing, Landscapes and Support Services Managers. The total employee benefits of the key management personnel of the parent charity were £459,272 (2020: £474,346)

The key management personnel of the group, comprise those of the parent charity and the key management personnel of its wholly owned subsidiaries, Azure Garden Centre Ltd and Azure Business Centre Ltd. The key management personnel of the subsidiary companies are the Garden Centre and Business Centre Managers whose employee benefits total £101,760 (2020: £79,277). The employee benefits of key management personnel for the group was therefore £561,032 (2020: £553,623).

The costs above exclude the sub contracted employee costs which make up the employment costs within Charitable Activities and Governance.

The average headcount of persons employed by the group (including casual and part-time) during the year was:

	<b>2021</b>	2020
	No.	No.
Garden Centre	<b>34</b>	44
Supported Living	<b>66</b>	66
Landscapes	<b>14</b>	15
Printing	<b>3</b>	7
Support Services	<b>54</b>	56
Employment Services	<b>3</b>	2
Education	<b>6</b>	5
Administration	<b>12</b>	12
Azure Business Centres Limited	<b>1</b>	2
	<b>193</b>	209

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**12A. FIXED ASSETS - GROUP**

	<b>Freehold/ Long &amp; short leasehold land and buildings</b>	<b>Plant &amp; equipment</b>	<b>Office equipment, fixtures &amp; fittings</b>	<b>Commercial vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost:</b>					
As at 1 February 2020	4,981,247	638,364	729,689	47,770	6,397,070
Additions	130,711	134,654	-	-	265,365
Disposals	(55,336)	(166,524)	-	-	(221,860)
Transfers	-	-	-	-	-
As at 31 January 2021	5,056,622	606,494	729,689	47,770	6,440,575
<b>Depreciation:</b>					
As at 1 February 2020	2,058,382	555,334	714,729	31,246	3,359,691
Charge for the year	90,371	14,922	6,852	9,443	121,588
On disposals	(44,730)	(122,807)	-	-	(167,537)
Transfers	-	(2,142)	2,142	-	-
As at 31 January 2021	2,104,023	445,307	723,723	40,689	3,313,742
<b>Net book value:</b>					
As at 31 January 2021	2,952,599	161,187	5,966	7,081	3,126,834
As at 31 January 2020	2,922,865	83,030	14,960	16,524	3,037,379

Handelsbanken hold a first legal charge over the Garden Centre land and buildings.

The Department for Work and Pensions hold a second legal charge over the Garden Centre land and buildings.

**Hire purchase agreements**

Included within the net book value of £3,126,834 is £11,185 (2020 - £93,566) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,960 (2020 - £21,685).

**AZURE CHARITABLE ENTERPRISES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31st January 2021**

**12B. FIXED ASSETS - CHARITY**

	Freehold/ Long leasehold land and buildings £	Plant & equipment £	Office equipment, fixtures & fittings £	Commercial vehicles £	Total £
<b>Cost:</b>					
As at 1 February 2020	3,469,544	415,536	350,301	47,770	4,283,151
Additions	130,711	-	-	-	130,711
Transfers	-	-	-	-	-
Disposals	-	(105,251)	-	-	(105,251)
As at 31 January 2021	3,600,255	310,285	350,301	47,770	4,308,611
<b>Depreciation:</b>					
As at 1 February 2020	1,318,172	365,195	336,840	31,247	2,051,454
Charge for the year	53,560	8,615	5,906	9,443	77,524
Transfers	-	(2,142)	2,142	-	-
On disposals	-	(65,682)	-	-	(65,682)
As at 31 January 2021	1,371,732	305,986	344,888	40,690	2,063,295
<b>Net book value:</b>					
As at 31 January 2021	2,228,523	4,299	5,413	7,080	2,245,316
As at 31 January 2020	2,151,372	50,341	13,461	16,523	2,231,697

Handelsbanken hold a first legal charge over the Garden Centre land and buildings.

The Department for Work and Pensions hold a second legal charge over the Garden Centre land and buildings.

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**13. INVESTMENTS**

The investment comprises a holding of 100% of the issued ordinary share capital of Azure Garden Centre Limited, a company registered in England and Wales. The cost of the investment in Azure Garden Centre Limited in the charity's own financial statements is £2 (2020: £2).

The principal activity of the subsidiary undertaking is the operation of a garden centre.

A summary of the trading results of Azure Garden Centre Limited is shown below:

	<b>2021</b>	2020
	<b>£</b>	£
Turnover	<b>2,949,262</b>	2,996,815
Cost of sales, administrative expenses and interest	<b>(2,719,943)</b>	(2,886,138)
Other operating income	<b>203,702</b>	83,823
	<b>433,021</b>	194,500

A summary of the balance sheet position of Azure Garden Centre Limited is shown below:

	<b>2021</b>	2020
	<b>£</b>	£
Fixed Assets	<b>193,397</b>	86,722
Current Assets	<b>841,241</b>	677,250
Current Liabilities	<b>(389,704)</b>	(349,734)
Net Assets	<b>644,934</b>	414,238

Azure Charitable Enterprises is the sole corporate member of Azure Business Centres Limited, a company registered in England and Wales. This company is limited by guarantee.

The principal activity of the subsidiary undertaking, which is an approved Enterprise Agency, is the provision of workshop and office space for new and small businesses and providing support services to such businesses.

A summary of the trading results of Azure Business Centres Limited is shown below:

	<b>2021</b>	2020
	<b>£</b>	£
Turnover	<b>174,236</b>	177,218
Cost of sales, administrative expenses and interest	<b>(117,005)</b>	(117,882)
Other operating income	<b>15,764</b>	87
Taxation	<b>-</b>	-
	<b>72,995</b>	59,423

A summary of the balance sheet position of Azure Business Centres Limited is shown below:

	<b>2021</b>	2020
	<b>£</b>	£
Fixed Assets	<b>688,120</b>	718,960
Current Assets	<b>363,007</b>	272,770
Current Liabilities	<b>(26,590)</b>	(40,101)
Net Assets	<b>1,024,537</b>	951,629

**AZURE CHARITABLE ENTERPRISES**  
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**14. STOCKS**

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Garden Centre - see below	<b>310,261</b>	248,186	-	-
Azure Charitable Enterprises Print - consumables	-	4,727	-	4,727
	<b>310,261</b>	252,913	-	4,727

The difference between the purchase price or production cost of stocks and their replacement cost is not material.  
 Garden Centre stock comprises of £310,261 goods held for resale (2020: £248,030 Garden Centre and £156 Café stock)

**15. DEBTORS**

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	<b>294,360</b>	297,350	<b>217,175</b>	241,517
VAT Debtor	-	-	-	-
Other debtors	<b>6,444</b>	594	<b>391</b>	104
Prepayments and accrued income	<b>145,699</b>	248,064	<b>139,262</b>	242,431
	<b>446,503</b>	546,008	<b>356,828</b>	484,052

**16. CREDITORS: amounts falling due within one year**

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	<b>286,069</b>	255,023	<b>73,119</b>	109,738
Amounts owed to subsidiary undertaking	-	-	<b>350,064</b>	466,570
Other taxes and social security costs	<b>169,938</b>	233,914	<b>95,714</b>	111,491
Other creditors	<b>78,545</b>	25,991	<b>64,965</b>	6,755
Accruals	<b>381,878</b>	203,293	<b>263,084</b>	100,405
Mortgage loans	<b>67,586</b>	-	<b>67,586</b>	-
Hire purchase agreements	<b>9,240</b>	23,245	<b>9,240</b>	23,245
Northstar Ventures Loan	-	300,000	-	300,000
Lloyds Bounce Back Loan	<b>50,000</b>	-	<b>50,000</b>	-
	<b>1,043,256</b>	1,041,466	<b>973,772</b>	1,118,204

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

	2021	2020
	£	£
Mortgage loans	<b>67,586</b>	-
Hire purchase agreements	<b>9,240</b>	23,245
Northstar Ventures Loan	-	300,000
	<b>76,826</b>	323,245

For details of security in respect of the mortgage loans refer to the note: Creditors - amounts falling due after one year.

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**17. CREDITORS: amounts falling due after one year**

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Hire Purchase agreements	524	20,658	524	20,658
Handelsbanken Mortgage	156,562	224,148	156,562	224,148
Balance at 31st January	<b>157,086</b>	244,806	<b>157,086</b>	244,806

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

	2021 £	2020 £
Hire Purchase agreements	524	20,658
Mortgage loans	156,562	224,148
	<b>157,086</b>	244,806

The mortgage loans are secured by legal charges on land occupied by the garden centre at Station Road, Cramlington, and represents 36.0% (2020: 36%) of the carrying value of the property as defined in Accounting Policies.

The balance of the mortgage loans are £224,148. Originally the mortgage was repayable over 20 years (the original start date was 5th October 2005), by way of quarterly instalments. The mortgage has been arranged in three parts; (i) The balance of this first part was repaid in full during the year, (ii) An amount of £111,323, incurs interest at a commercial rate, (iii) A final balance of £112,825 which incurs interest at a commercial rate. Repayments are due to commence in March 2021 following a repayment holiday from March 2020 to January 2021.

**18. FINANCIAL INSTRUMENTS**

Financial instruments measured at cost comprise the loan financing provided by Handelsbanken, Lloyds Asset Finance and Northstar Ventures to the charitable company and group.

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Loan payable falling due:				
Within 1 year	126,826	323,245	126,826	323,245
More than 1 year but less than 5 years	157,086	244,805	157,086	244,805
After 5 years	-	-	-	-
<b>Total</b>	<b>283,912</b>	568,050	<b>283,912</b>	568,050

The loan financing is in the form of a secured loan with a variable interest rate. The market risk facing the charitable company and the group is that interest rates will rise as the economic recovery gains momentum.

**19. LEASING COMMITMENTS**

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Total minimum lease payments due over the lease term, falling due as follows:				
Leases expiring within 1 year	19,344	56,818	15,437	50,343
Leases expiring 2 to 5 years	25,509	33,881	22,579	22,549
Leases expiring over 5 years	-	-	-	-

**20. PENSION COMMITMENTS**

The group operates a defined contribution scheme. The assets of the scheme are held separately to the group in independently administered funds. The pension cost charged represents contributions payable by the group to the scheme and amounted to £222,835 (2020: £215,065). At the year end included in other taxes and social security costs, is an amount payable to the scheme totalling £34,579 (2020: £31,429).

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**21. TRANSFERS BETWEEN FUNDS**

In 2021 a sum of £25,000 has been transferred from Restricted Funds to Unrestricted Funds (2020: £1,524).

**22. ANALYSIS OF CHARITABLE FUNDS**

**Analysis of movements in unrestricted funds**

	<b>As at 1 February</b>	<b>Incoming Resources</b>	<b>Resources Expended &amp;</b>	<b>Transfers</b>	<b>As at 31 January</b>
General fund	2,759,911	8,366,918	(7,866,466)	25,000	<b>3,285,363</b>
Total unrestricted funds	<u>2,759,911</u>	<u>8,366,918</u>	<u>(7,866,466)</u>	<u>25,000</u>	<u><b>3,285,363</b></u>

**Analysis of movements in restricted funds**

	<b>As at 1 February</b>	<b>Incoming Resources</b>	<b>Resources Expended &amp;</b>	<b>Transfers</b>	<b>As at 31 January</b>
Educational programme expansion	15,000	-	-	(15,000)	-
Support of trainee development and occupation	-	10,000	-	(10,000)	-
Residents activities Keele Drive	-	1,050	(1,050)	-	-
Total restricted funds	<u>15,000</u>	<u>11,050</u>	<u>(1,050)</u>	<u>(25,000)</u>	<u>-</u>

<b>Name of restricted fund:</b>	<b>Description, nature and purposes of the fund:</b>
Educational programme expansion	A £15,000 donation received in the previous year was utilised in the creation of a teaching kitchen at Azure Garden Centre to increase the capacity and improve facilities in the hospitality sector of the Skillbuilder programme
Support of trainee development and occupation	A £10,000 donation was received from the Molitor Trust to be used in providing materials and activities for the 16-19 year olds on the Skillbuilder training programme.
Residents activities Keele Drive	Various donations were received from Damant ML during the year towards the cost of providing social activities for the residents of Keele Drive.

**23. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds</b>	<b>Capital Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fund balances</b>				
Tangible fixed assets	3,126,834	-	-	<b>3,126,834</b>
Net current liabilities	315,615	-	-	<b>315,615</b>
Long term liabilities	(157,086)	-	-	<b>(157,086)</b>
Total net assets	<u><b>3,285,363</b></u>	<u>-</u>	<u>-</u>	<u><b>3,285,363</b></u>

**AZURE CHARITABLE ENTERPRISES**  
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**24. CONTINGENT LIABILITY**

At the year end the charity was in the process of defending a claim for unfair dismissal following notice of redundancy. Whilst the charity fully expects to be able to defend the claim, it expects to incur legal fees in the magnitude of £20-£25k. As a result a sum of £25,000 has been provided as a liability (within accruals) in the year end financial statements in respect of the legal fees connected with the ongoing litigation (which the charity expects to fully defend).

**25. RELATED PARTY TRANSACTIONS**

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £531 (2020: £6,023) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £Nil (2020: £3,268).

During the course of the year, the charity sold goods to Azure Garden Centre Limited amounting to £236 (2020: £4,909) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £Nil (2020: £424).

During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £159,046 (2020: £162,557) on normal commercial terms. During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £159,046 (2020: £162,557).

Azure Garden Centre Limited has transferred money to the charity to invest. The amount held at the year end, included in the charitable company's creditors, is £272,016 (2020: £514,342).

During the course of the year, the charity purchased goods from its subsidiary Azure Business Centres Limited amounting to £12,159 (2020: - £14,000) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £Nil (2020: - £2,417).

During the course of the year, the charity sold goods to its subsidiary Azure Business Centres Limited amounting to £1,310 (2020 - £3,398) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £Nil

During the course of the year, the charity provided management services to Azure Business Centres Limited amounting to £3,486 (2020 - £3,563) on normal commercial terms. During the year there were also recharges of costs between the charity and Azure Business Centres Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £3,486 (2020 - £7,865).

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £260 (2020 - £1,250) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £Nil (2020 - £300).

During the course of the year the charity sold goods to Blagdon Estate, related by virtue of the patron, totalling £5,586 (2020 - £10,051) on normal commercial terms. The amount outstanding at the year end is £205 (2020 - £337).

During the course of the year the charity received a donation from The Molitor Charitable Trust, a charity related by virtue of a trustee, totalling £10,000 (2020 - £10,000). The amount outstanding at the year end is £Nil.

**25. ULTIMATE CONTROLLING PARTY**

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.