

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

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Reference and administrative details **Year ended 31 January 2024**

Trustees	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 Charlton M Boyle (appointed 22 May 2024)
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
President	Neil Robinson MBE, JP
Patron	The Viscount Ridley
Vice Presidents	A.E Kilburn OBE FCIH Neil Furness FCA

Azure Charitable Enterprises

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Trustees' report

Year ended 31 January 2024

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.

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Trustees' report (continued) Year ended 31 January 2024

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).

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Trustees' report (continued)

Year ended 31 January 2024

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 Ramsdens 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.

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Trustees' report (continued)

Year ended 31 January 2024

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).

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Trustees' report (continued)
Year ended 31 January 2024

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.

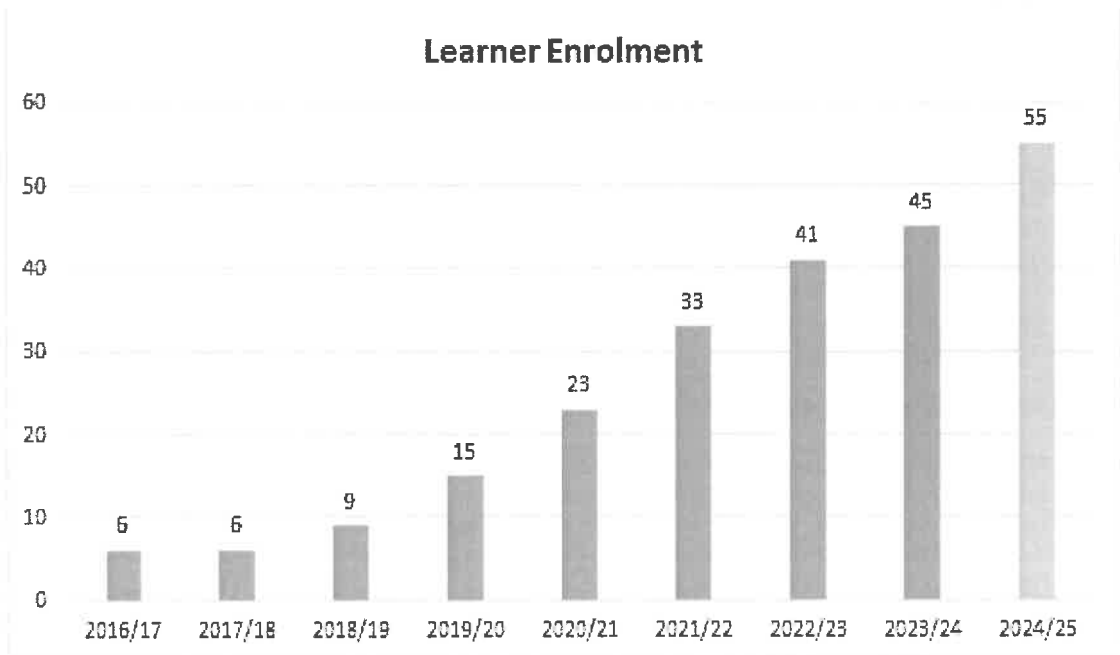
As they study with us, we also work with learners to support their personal and social development (learners may, for example, be non-verbal), independent living skills and to secure local employment where possible (within and outwith Azure). To support enrichment activities, the charity also makes £20,000 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.

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Trustees' report (continued)

Year ended 31 January 2024

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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Trustees' report (continued) Year ended 31 January 2024

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)

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Trustees' report (continued)

Year ended 31 January 2024

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:

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Trustees' report (continued) Year ended 31 January 2024

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.

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Trustees' report (continued)

Year ended 31 January 2024

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.

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Trustees' report (continued)

Year ended 31 January 2024

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

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Trustees' report (continued) Year ended 31 January 2024

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

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

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.

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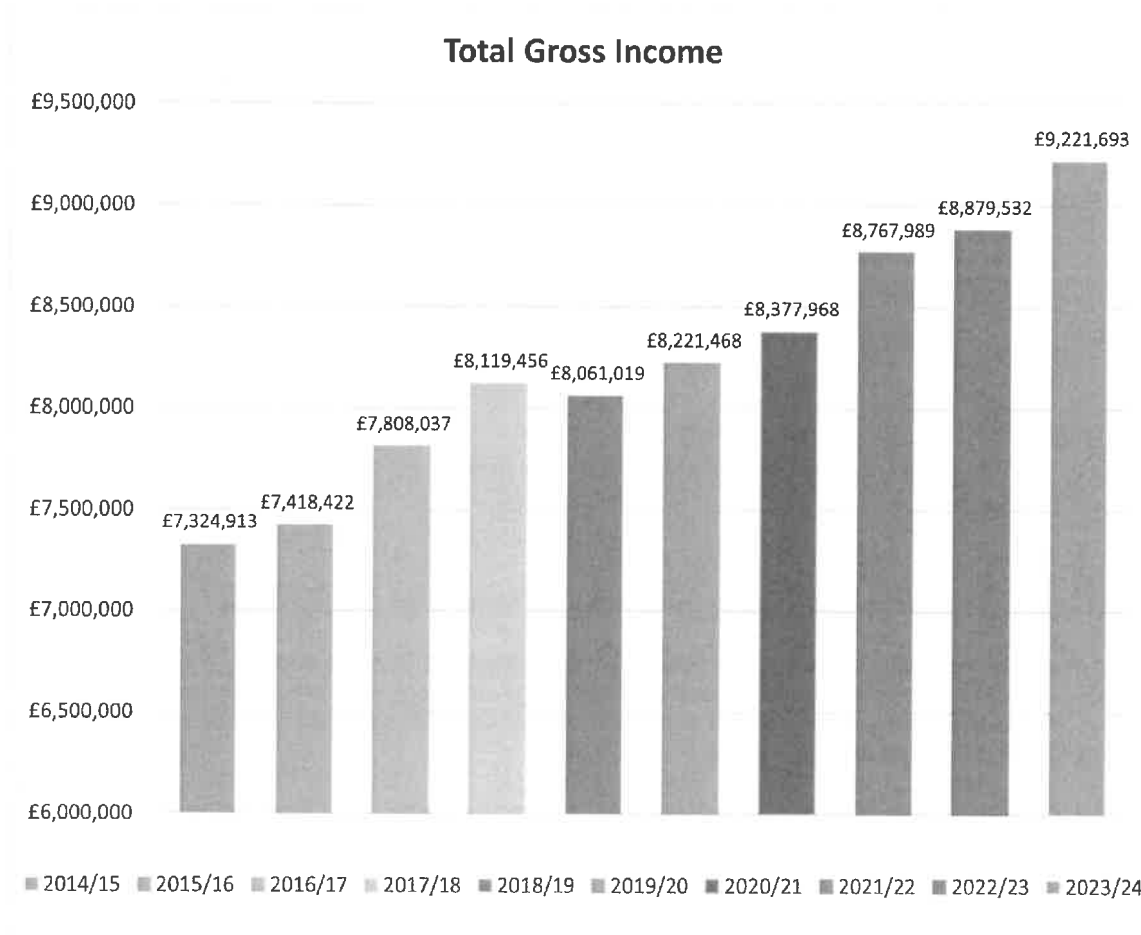
Trustees' report (continued)

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).



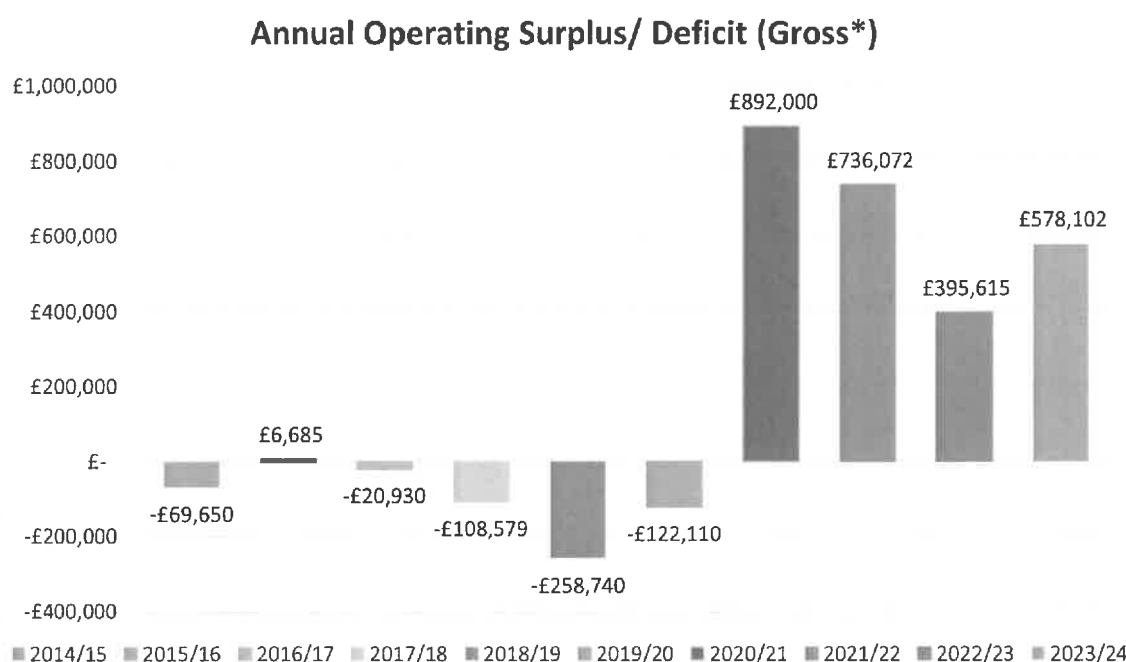
As previously reported, whereas a number of the charity's trading businesses, while providing a much-valued source of employment for our clients, have historically posted operating deficits, this is no longer the case.

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.

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Trustees' report (continued) Year ended 31 January 2024



*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.

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Trustees' report (continued)

Year ended 31 January 2024

Summary

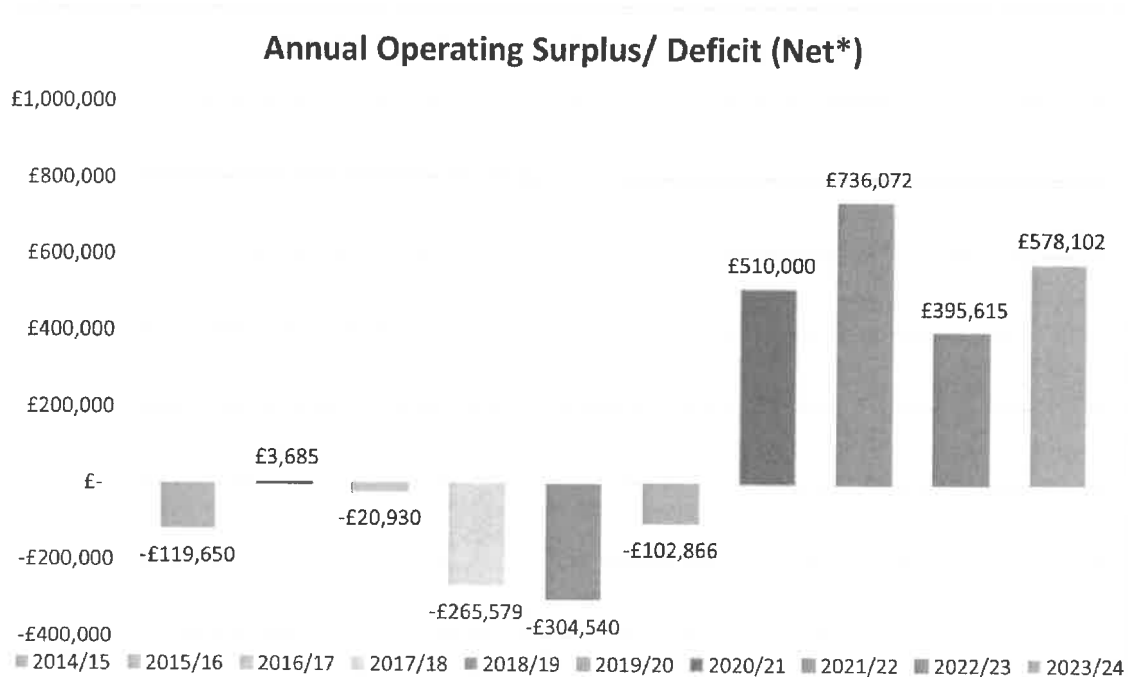
The charity continues to deliver an outstanding range of services (Care & Support, Education and Employment) and operates a number of commercial businesses that provide 'supported employment' for our clients in what remain very challenging circumstances.

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.



*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

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Trustees' report (continued) Year ended 31 January 2024

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

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Trustees' report (continued)

Year ended 31 January 2024

• 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

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

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

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Trustees' report (continued) Year ended 31 January 2024

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

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Trustees' report (continued) Year ended 31 January 2024

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

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Trustees' report (continued)

Year ended 31 January 2024

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

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).

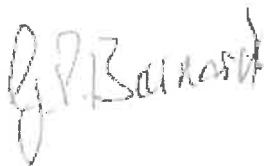
Company law requires the trustees to prepare financial statements for each financial . Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of their incoming resources 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

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)

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)

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

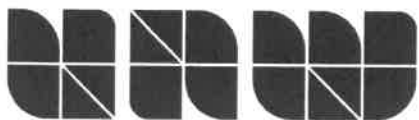
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Wilson', is positioned above the printed name of the auditor.

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 £
Income from:					
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
Total income		9,213,093	8,600	9,221,693	8,879,532
Expenditure on:					
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
Total expenditure		8,606,807	8,600	8,615,407	8,454,022
Net movement in funds before other recognised gains/(losses)		606,286	-	606,286	425,510
Other recognised gains/(losses):					
Loss on revaluation of investment property		-	-	-	(302,486)
Net movement in funds		606,286	-	606,286	123,024
Reconciliation of funds:					
Total funds brought forward		4,784,273	-	4,784,273	4,661,249
Net movement in funds		606,286	-	606,286	123,024
Total funds carried forward	19	5,390,559	-	5,390,559	4,784,273

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

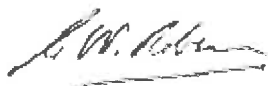
(A company limited by guarantee)

Consolidated balance sheet At 31 January 2024

	Note	2024 £	As restated 2023 £
Fixed assets			
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>
Current assets			
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)
Net current assets		<u>1,842,312</u>	<u>1,439,443</u>
Total assets less current liabilities		<u>5,390,559</u>	<u>4,784,273</u>
Total net assets		<u><u>5,390,559</u></u>	<u><u>4,784,273</u></u>
Charity funds			
Restricted funds	19	-	-
Unrestricted funds	19	5,390,559	4,784,273
Total funds		<u><u>5,390,559</u></u>	<u><u>4,784,273</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 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 £
Fixed assets			
Tangible assets	13	2,416,552	2,202,125
Investments	15	2	2
		<u>2,416,554</u>	<u>2,202,127</u>
Current assets			
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)
Net current assets/(liabilities)		<u>931,802</u>	<u>582,813</u>
Total assets less current liabilities		<u>3,348,356</u>	<u>2,784,940</u>
Total net assets		<u>3,348,356</u>	<u>2,784,940</u>
Charity funds			
Restricted funds	19	-	-
Unrestricted funds	19	3,348,356	2,784,940
Total funds		<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 £
Cash flows from operating activities			
Net cash used in operating activities	21	1,115,423	97,473
Cash flows from investing activities			
Purchase of tangible fixed assets		(331,184)	(94,471)
Net cash used in investing activities		(331,184)	(94,471)
Cash flows from financing activities			
Repayments of borrowing		(65,047)	(86,729)
Repayments of finance leases		-	(523)
Net cash used in financing activities		(65,047)	(87,252)
Change in cash and cash equivalents in the year		719,192	(84,250)
Cash and cash equivalents at the beginning of the year		993,024	1,077,274
Cash and cash equivalents at the end of the year	22	1,712,216	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

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

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

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

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

4. Income from donations and legacies

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Donations	13,081	8,600	21,681

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Donations	8,277	3,600	11,877

5. Income from charitable activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
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

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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	3,623,576	3,452,786
Nursery income	42,333	42,333	28,083
Landscapes income	414,749	414,749	405,869
Feed in tariff income	1,087	1,087	974
	<u>4,081,745</u>	<u>4,081,745</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	1,797,553	1,853,088
Rent and rates	5,721	5,721	4,048
Advertising	27,427	27,427	34,393
Heat, light and water	109,112	109,112	87,417
Insurances	36,411	36,411	51,194
Training	345	345	3,894
Other	498,335	498,335	416,638
Wages and salaries	950,731	950,731	853,765
Depreciation	82,515	82,515	79,979
	<u>3,508,150</u>	<u>3,508,150</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

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

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

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

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

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

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

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

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

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

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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 £
Cost						
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>
Depreciation						
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>
Net book value						
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 £
Cost						
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	3,640,819	336,024	76,365	401,708	275,969	4,730,885
Depreciation						
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	1,574,412	325,247	48,648	366,026	-	2,314,333
Net book value						
At 31 January 2024	2,066,407	10,777	27,717	35,682	275,969	2,416,552
At 31 January 2023	2,126,945	18,882	17,936	38,362	-	2,202,125

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

14. Investment property

Group

	Freehold investment property £
Valuation	
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

15. Fixed asset investments

Company	Investments in subsidiary companies £
Cost	
At 1 February 2023	2
At 31 January 2024	2
Net book value	
At 31 January 2024	2
At 31 January 2023	2

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

	Group 2024 £	Group 2023 £
Finished goods and goods for resale	440,694	494,783

17. Debtors

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

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

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

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 £
Unrestricted funds				
General funds	4,784,273	9,213,093	(8,606,807)	5,390,559
Restricted funds				
Residents activities for Keele Drive	-	8,600	(8,600)	-
Total of funds	4,784,273	9,221,693	(8,615,407)	5,390,559

Statement of funds - prior year

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

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)
Total	5,390,559	5,390,559

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
Adjustments for:		
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)
Net cash provided by operating activities	1,115,423	97,473

22. Analysis of cash and cash equivalents

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

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 £
Contracted for but not provided in these financial statements				
Acquisition of tangible fixed assets	-	205,700	-	205,700

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

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.