

AZURE CHARITABLE ENTERPRISES

A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS

YEAR ENDED 31 ST JANUARY 2022

Company Registration Number 01666027

Charity Registration Number 513149

SATURDAY



ABEPM7D

A08

15/10/2022

#198

COMPANIES HOUSE

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST January 2022**

The Board of Trustees presents its report for the year then ended.

REFERENCE AND ADMINISTRATIVE INFORMATION

PRESIDENT Neil Robinson MBE, JP

PATRON The Viscount Ridley

VICE PRESIDENTS A.E. Kilburn OBE FCIH
Neil Furness FCA

BOARD OF DIRECTORS GP Barnard (Chairman)
GW Robson (Treasurer & Vice Chairman)
R J Adams
SJ Hallowell
I Hindle
AE Kilburn OBE, FCIH (retired May 2022)
CS Litchfield (retired January 2022)
E Morgan (retired July 2021)
J Wake (appointed July 2021)
J Moiser (appointed November 2021)

SECRETARY C Riley (appointed January 2022)

KEY MANAGEMENT PERSONNEL Dr PJ Wilson– Chief Executive Officer
A Robson – Operations Director/ Director Azure
Business Centre
J Redfern – Director Support Services
C Riley – Finance Manager/ Company Secretary
J Taylor – Director Azure Garden Centre
H Campbell – Head of Education Services
T Summerbell – Head of Employment Services

AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST January 2022

REGISTERED OFFICE

McCallum House
Kielder Avenue
Cramlington
Northumberland
NE23 8JT

INDEPENDENT AUDITOR

UNW LLP
Chartered Accountants
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 4SN

CHARITY REGISTRATION NO

513149

COMPANY REGISTRATION NO

01666027

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Instrument and Constitution

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

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

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

The governing instruments were most recently revised on 30th June 2010 at the Charity's Annual General Meeting.

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

Board of Directors/Trustees

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

At the 2022 Annual General Meeting Geoff Robson and Isobel Hindle retire by rotation (under Article 29) and being eligible, offer themselves for re-election.

The Board of Trustees and the Executive would like to express and record their thanks to:

- Alan Kilburn who having supported the development of Azure for more than thirty years, retired as a Director of Azure Charitable Enterprises, Azure Garden Centre and Azure Charitable Enterprises in May 2022. Alan joined Azure Charitable Enterprises in 1992 and was appointed as Director of Azure Garden Centre in 1992 and subsequently a Director of Azure Business Centre in 2003. As CEO of North Housing (now Home Group), Alan was particularly instrumental in supporting the establishment of sheltered housing on Keele Drive in Cramlington.
- Eric Morgan and Chris Litchfield who retired as Directors in July 2021 and January 2022, respectively. Eric joined the Board at Azure in 2005 and Chris in November 2012; Eric served the Board as a Director of Azure Business Centre and as an active member of our Finance Committee while Chris was the Board's lead and liaison for our Education Services. We are particularly grateful to both for their support in promoting the development of our Education Services to The Reece Foundation and Molitor Charitable Trust, respectively; both charities have made grants to Azure in recent years which have transformed the nature and range of our educational offer and the facilities we now have available to support students and clients.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

- Geoff Crosby (Finance Director & Company Secretary) who retired in 2021. Geoff joined Azure in 2004 and has been instrumental in its growth and development over many years; we are particularly grateful to Geoff who deferred his retirement to support the restructuring programme we commenced in 2019 and latterly with the advent of the COVID-19 pandemic.

Julie Wake and John Moiser being a new members of the board appointed in July and September 2021 respectively offer themselves for re-election (under Article 34).

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

Recruitment of Trustees

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

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

Trustee induction and training

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

Sub committees

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

- A Corporate Services Committee consisting of three members of the Board and chaired by the Treasurer meets 6 times a year to support the Board to establish and implement policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting. The committee:
 - Functions in conjunction with the board and the executive on major areas of change, innovation and development.
 - Undertakes tasks delegated by the board that are within the committee's terms of reference.
 - Reviews and comments upon management accounts and financial forecasts.
 - Considers the financial implications of proposals for areas of major new strategic development on behalf of the board and makes recommendations to the board in respect of their suitability.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

- Maintains an overview of financial performance.
- Reviews the Trust's financial policies, including its financial reserves policy, and comments upon proposed changes before making recommendations to the board.

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

- The Audit and Risk Committee consisting of three members of the Board meets twice a year to support the board and accounting officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The committee:
 - Keeps a watching brief and provides advice, where appropriate, on potential and actual financial opportunities and threats.
 - Assists the board in identifying the Trust's major risks and developing appropriate approaches to risk management. This includes periodic reviews of the charity's insurance cover.
 - Oversees the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the board.
 - Discusses with the external auditor, before the audit commences, the nature and scope of the audit.
 - Meets once a year, or part thereof, with the external auditor without management present.
 - Reviews the annual audited financial statements before submission to the board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective.
 - Discusses with the auditor matters arising from the audit.
 - Reviews policy and procedures in respect of internal financial controls.
 - Reports periodically to the board.

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

- The Services Committee consisting of three members of the board, the Chief Executive and Heads of Service shall meet at least twice each year to review the nature and scope of services, quality of services and opportunities for development to support the development of strategy and plans. The broad role of the committee is to provide help and advice to the Board of Trustees relating to the development and delivery services (including regulated services) provided by Azure under contract to government departments, executive agencies (e.g. ESFA), local authorities, etc, and which presently include: (i) Adult Social Care (i.e. 'Support Services'), (ii) Education & Training Services and (iii) Employment Services (including 'Supported Business'),

More specifically, the committee will:

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

- The Remuneration Committee consisting of three members of the Board meets at least once each year to ensure that Azure's Pay & Reward strategy and policies attract and motivate staff to achieve the long-term interests of the charity and deliver services to communities we serve. More specifically, the committee is responsible for and the scope of:
 - Annual cost of living or performance related awards.
 - The remuneration of the chief executive and senior staff.
 - Ensuring the policy and application of the remuneration policy is equitable, fair and transparent.
 - Overseeing any major changes in employee benefits structures throughout the organisation.

Day to day management

Day to day management of the charity and its constituent businesses and services is vested in a professional team led by the Charity's Chief Executive. The Chief Executive meets regularly with the Chair of the Board of Trustees (in addition to the formal meetings) and appraises the Chair of any significant issues as they may arise between meetings.

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

Key Management Personnel

The Key Management Personnel are those listed in the Reference and Administration page. In addition to their own attendance at the formal Trustee Board meetings, the Chief Executive, Operations Director and Finance Manager meet together with other management as needed, to address all relevant operational issues.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

OBJECTIVES AND ACTIVITIES

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

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

Maximising independence, personal development and achievement are fundamental aims.

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

These aims are achieved in a variety of ways - many of which are complementary - with many of our clients accessing more than one type of service.

Trading Businesses

The charity has established and operates a number of businesses, including supported businesses¹ to generate income and to provide sustainable paid employment and real 'on the job' learning and training opportunities for people with a disability and which include Azure Garden Centre (incorporating our horticultural nurseries) and Azure Landscapes and Grounds Maintenance businesses.

Support Services

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

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

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

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

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

¹ A 'supported business' is defined as where more than 50% of the work-force have a disability

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Education Services

Working with local authorities and other partner organisations, the charity continues to develop a range of education pathways for students. Services are presently focused on providing programmes for those aged 16 and above in recognition of the fact that this client group is perhaps the least well served by mainstream education and, indeed 'special' or 'SEND'² schools and notwithstanding their best endeavours.

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

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

Employment Services

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

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

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

Corporate (Central) Services

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

² Special Educational Needs and/or disabilities

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

STRATEGIC REPORT

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

Given that we have endured what has been the most challenging year for our staff, both professionally and personally, and a year in which they have not only had to master the anxieties of clients, students, colleagues but also, not least, their own; the scope and scale of their achievements this last year is a testament to their dedication and commitment to the charity and the communities we serve.

ACHIEVEMENTS AND PERFORMANCE

Activities & Achievements

Azure Business Centres Limited

The business provides office space and business units for small and start up enterprises in Newburn in the North East. Occupancy at the centre is at a very satisfactory level generating a surplus of £37k, before gift aid to the charity, in the year compared with £73k in 2020/21. The business contributes significant value to Azure's balance sheet with both land/buildings, strong cash generation and by it gift- aiding any profit to the charity.

Azure Garden Centre

The charity's wholly owned retail subsidiary, Azure Garden Centre Limited, returned a profit this year of £688k, before gift aid to the charity, compared to a profit of £433k in 2020/21. The Garden Centre continues to fulfil its purposes of gainfully employing and training people with disability and by the gift aiding of profits to the charity to support our broader charitable endeavours, which totals £390k in the current year.

Azure Landscapes & Grounds Maintenance

The Landscapes department had a better year posting an operating surplus of £56k (£40k surplus in 2020/21).

Earlier this year the Landscapes team was required to prepare and submit a tender to retain its contract with Karbon Homes. Not only was the tender successful, allowing the team to retain the contract it has held with Karbon Homes for three years, Azure Landscapes was also awarded an additional contract (effectively doubled its work with Karbon Homes) which created more employment for our client group and which is a testament to their endeavour and the quality of service provided. The landscapes operation continues to employ a large number of people with disability.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Education & Training Services

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

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

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

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

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Education & Training Services Continued

The following table shows the year on year increase in learners on our Skills-builders programmes:

	Starts	Completed
2016/17	6	4
2017/18	6	6
2018/19	9	9
2019/20	15	15
2020/21	23	22
2021/22	33	Pending

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

Following a referral from the NHS, the team are also supporting a client with an acquired brain injury.

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Employment Services

The number of people employed by the supported employment activities in the charity's businesses (Corporate Services, Garden Centre, Nurseries, Landscaping business and Education Services) was 20 at the year end.

With regard to the department's Diversity NE programme, at the year end, there had been 52 referrals by the year end; 16 clients had been assisted to secure paid employment with a further 13 engaging in training to support their journey towards employment. In addition, the team are supporting a number of economically inactive clients to actively job search.

DWP again purchased our 'Work in Progress' provision, which saw the department deliver the employment programme to 45 unemployed disabled clients in the North of Tyne area. The programme went live in August 2021 and has been another successful programme with >20% of clients gaining paid employment. Two clients attended work placements, 5 clients gained volunteering opportunities, 20 interviews for employment were attended, 4 work trials took place and 3 clients to engage with community networks.

With the support of a grant received from LNER, Azure launched our 'Platform to Success' programme in October 2021. The programme was designed to support 30 unemployed clients aged 19-24 with disability and/or long term health conditions, in South East Northumberland and Newcastle. The programme focused on those impacted by redundancy and/or through isolation caused by the Covid-19 pandemic. As of the year end, 30 referrals had been received, with 3 clients assisted to gain paid employment and a number were actively engaging in training to enhance their skills.

The department has also supported people to attend taster days, work placements, traineeships and volunteering roles to further their development and experience.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Support Services

Support Services continues its residential based work in the various housing departments in Cramlington, Washington, Tynedale and Newcastle – as well as providing a substantial volume of enabling support activity around the North East. The quality of all of these activities is regularly verified by third party inspections; the funding stream mix is both complex and variable.

At the year-end, 73 residents were being supported in their homes at Cramlington, Washington, Tynedale and, via Supported Living, in Newcastle and Tynedale. 70 other service users were receiving support through the Community Access enabling service.

Corporate (Central) Services

Central Services provides a wide variety of necessary functions to facilitate the work of the organisation as a whole and to ensure all legalities are complied with.

With the advent of COVID-19, the Corporate Services team was also charged with supporting the implementation of business continuity plans across all Azure's services and constituent businesses which included procuring and assuring the integrity of supply of PPE, Garden Centre supplies, the implementation of remote working (where practicable), creating on-line retail operations at the garden centre and, not least, the implementation of the Coronavirus Job Retention Scheme which ended on 30 September 2021.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

FINANCIAL REVIEW

As reported last year:

- Local Authority fees (for Support and Day Services) still do not reflect the real terms increase in pay costs (including the National Living Wage) and overheads which has prompted increasing numbers of service providers across the UK to hand back services or otherwise decline to provide these services. This continues to drive an increased number of privately owned care businesses being offered (to Azure) for sale; to date, we have yet to receive an invitation to purchase what we would consider a 'financially viable' business. Fee rates for 'day services' continue to prompt some of the most notable service providers (in the region) to withdraw services on the basis that they are no longer economic to provide.
- Whereas a number of the charity's trading businesses, while providing a much-valued source of employment for our clients, have historically posted operating deficits, this is no longer the case.
- The charity has struggled for a number of years to recruit support staff and continued to be overly reliant on agency staff to support the delivery of Support Services which have required the charity to incur additional levels of expenditure.

Summary

While the pandemic required a more extensive programme of re-structuring, a number of the decisions taken these last twelve months already lay before the Board of Trustees and management team in any event to address the underlying financial performance of the charity and to assure its financial viability as illustrated below, and not least to mitigate the adverse impacts of 'Brexit', rising costs due to inflation and, in particular, their effect on the Garden Centre.

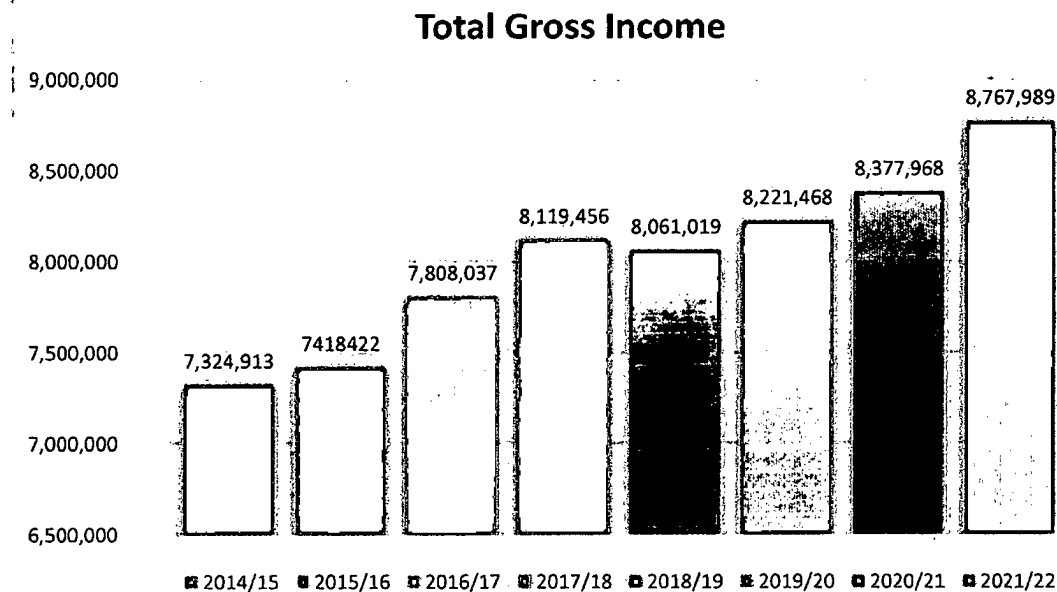
The pandemic posed the most significant challenge to Azure's retail capability following the suspension of all but essential services including the enforced closure of the Garden Centre, Café and Landscapes & Garden Maintenance service. However, a significant escalation of demand in 2020 (during lockdown) and again in 2021, for all things horticultural including garden furniture enabled the management team to mitigate the loss of income from the Café and other services.

However, a global shortage of shipping containers and capacity in the world's freight infrastructure following a world-wide surge in demand for carriers (shipping PPE and other associated COVID-19 related items) continued to create cost pressures for and from our suppliers.

Supply costs were forecast to increase in any event (following Brexit) with the introduction of plant inspections regimes re imports (e.g. plant passports) delaying delivery to UK retailers; whereas UK growers' costs were also forecast to increase as a consequence of lack of migrant labour which coincided with a surge in (COVID-19 lockdown related) demand for UK products. The charity was nevertheless able to pass on most of these additional costs in the price points of garden centre products although it did require the aforementioned additional efficiencies.

AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022

Brexit and the COVID-19 pandemic notwithstanding, during the last 12 months the charity has continued to deliver commercial business and an outstanding array of services (Support Services, Education & Employment Services) in the most challenging of circumstances.



While the commercial performance and financial contribution of the Garden centre, our Business Centre and Landscapes business (to the charity) has exceeded all expectations supporting the delivery of a very healthy operating surplus (see overleaf); the delivery of Commissioned Services (Adult Care services to Local Authorities) remains challenging as Local Authority fee rates have failed to keep pace with inflation in (real terms) and for many years and where the delivery of services has and/or is becoming increasingly 'marginal' with services being delivered at 'a loss'.

Moreover, whereas Local Authority fee rates supporting the payment of staff at no more than National Living Wage (hourly rates) this, in our considered opinion, continues to debase and devalue the work of our staff (and which continues to frustrate staff recruitment and retention).

Whereas the Board of Directors recently approved proposals to subsidise Support staff salaries from Azure's earned income (given the forecast cost-of-living crisis which national and local government policy has done little to address); this position is clearly not sustainable in the medium to long term and which could compromise Azure's financial health and viability if sustained.

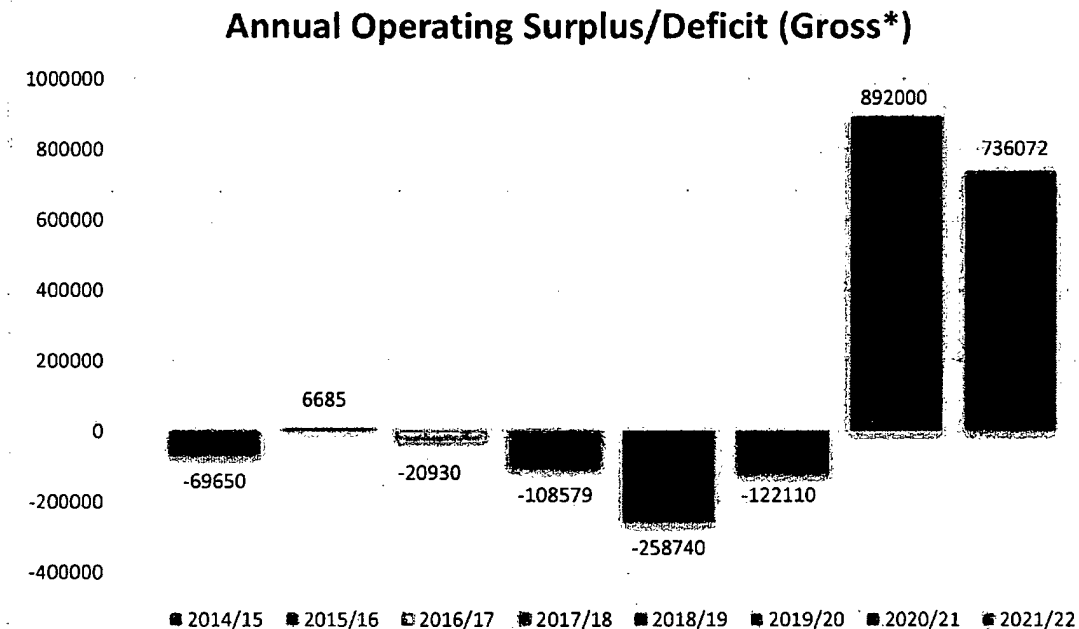
The Board of Directors are mindful that Azure was founded to provide added-value in our communities and to enhance to the delivery of services; it is not Azure's role to subsidise the delivery of local authority obligations and we are determined to ensure that Azure's improved financial performance and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

AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022

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

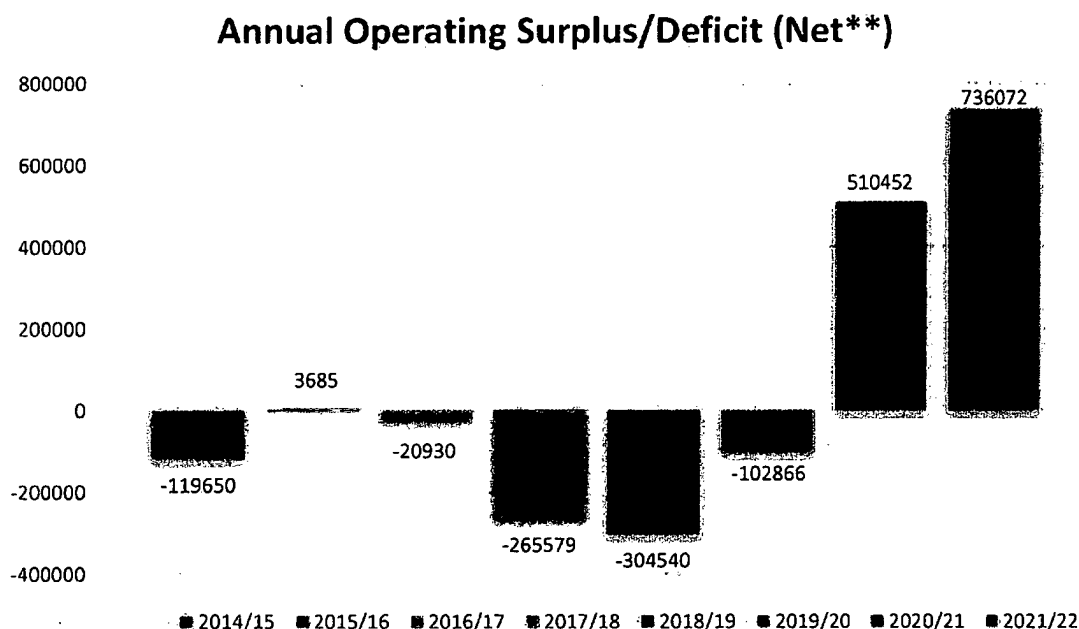
The charity will continue to be a strong advocate for those we support and their families, challenging inequality and to make concerted effort to shape policy (national and local) by working more collaboratively with other services providers - particularly as regards 'strategic commissioning' and budget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

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



**Excluding exceptional costs (see below)*

AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022



**As illustrated above, consolidating on work commenced in 2018/19 designed to stem operating deficits and restore the charity's financial health and long term viability that included a number of exceptional costs including a £400k emergency loan to support restructuring costs (and, subsequently, a £300k investment in the Garden Centre Café and the creation of a new teaching facility) the charity posted a Net operating surplus of £510k in 20/21 and £736k this year.

Reserves and Going Concern

The results for the year leave the Azure group with a net asset position of £4,021,435 (2021: £3,335,361). At the year-end, the group had a net current asset position of £1,056,202 (2021: £365,616).

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

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

Pay Policy for Key Management Personnel

Azure has identified Key Management Personnel in the Reference and Administration section. The remuneration of the key personnel is determined by the Remuneration Committee from which the Chief Executive is excluded in relation to discussion of his remuneration. The committee is guided by a formal report which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at Azure, the proposed costs and ability to pay.

Fundraising Policy

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

PUBLIC BENEFIT STATEMENT

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

PLANS FOR FUTURE PERIODS

The charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the charity.

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

It is envisaged that the difficult economic conditions will continue with the potential to affect all departments. The charity is however concerned to protect itself from the 'seasonality' and associated risks to Garden Centre revenues (which remain weather dependant) and this has prompted the preparation of plans to expand the garden centre to increase and diversify its income streams.

As reported last year, while much of the preceding two years has been devoted to restructuring the charity to deliver efficiencies, develop new services (most notably Education) and adapt to the COVID-19 pandemic, the charity developed and submitted proposals (a planning application to Northumberland County Council) in December 2020 to extend the Garden Centre in Cramlington to increase revenues and better 'weather-proof' the Garden Centre's (and Charity's) income streams.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

At the time of writing we have yet to receive a decision and the fact that consideration of our application has taken 17 months has and is likely to have an adverse impact on the total costs of the scheme which are forecast to have escalated by over 10% in the last 6 months alone.

The proposals include:

- increasing the retail area to accommodate additional concessions and to support more direct sales
- creating additional warehousing immediately adjacent to the retail area
- creating a new Business Centre which will again support the generation of additional income
- providing new classrooms and teaching spaces to support the expansion of our education and training offer; and
- enabling the redevelopment of McCallum House and the remainder of our site in Cramlington.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

With respect to Health and Safety a senior manager is the Charity's safety advisor and safety representatives are appointed in the various areas of the organisation. The Board has a member nominated to have a special responsibility for Health and Safety and that member meets with management as appropriate. The Board receive regular reports on health and safety matters (including accident and "near miss" statistics).

With the onset of the Covid pandemic Handelsbanken facilitated a postponement to the outstanding loan capital repayments for the year. This will result in marginally higher capital repayments over the remaining life of the loans. The impact of any future interest rate increase is taken into consideration when capital investments and cash projections are under consideration.

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

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

INVESTMENT POWERS AND RESTRICTIONS

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

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

(end of Strategic report)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Azure Charitable Enterprises for the purposes of company law) are responsible for preparing the strategic report, the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies, as described on pages 31 to 35, and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company and the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and demonstrate with reasonable accuracy at any time the financial position of the Charitable Company and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the Charitable Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**AZURE CHARITABLE ENTERPRISES
TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)
YEAR ENDED 31ST JANUARY 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

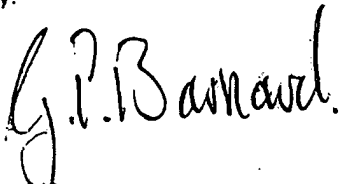
In so far as the trustees are aware:

- there is no relevant audit information which the Charitable Company's auditors are unaware; and
- the trustees of the Charitable Company have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

A resolution to appoint UNW LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Approved by order of the members of the board of trustees on 16th September 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G.P. Barnard'.

GP Barnard LM

Chair

**AZURE CHARITABLE ENTERPRISES
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY
YEAR ENDED 31ST JANUARY 2022**

Opinion

We have audited the financial statements of Azure Charitable Enterprises (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2022 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

**AZURE CHARITABLE ENTERPRISES
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY
YEAR ENDED 31ST JANUARY 2022**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

AZURE CHARITABLE ENTERPRISES
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY
YEAR ENDED 31ST JANUARY 2022

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

**AZURE CHARITABLE ENTERPRISES
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY
YEAR ENDED 31ST JANUARY 2022**

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding, health and safety and certain aspects of company legislation and employment laws, recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items.

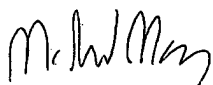
The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

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

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

Use of our report

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



Michael Morris FCA FCCA (Senior Statutory Auditor)
for and behalf of UNW LLP, (Statutory Auditor)
Chartered Accountants
Newcastle upon Tyne
16th September 2022

AZURE CHARITABLE ENTERPRISES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
YEAR ENDED 31ST JANUARY 2022

	Note	Unrestricted Funds	Restricted Funds	Capital Funds	2022 Total Funds	2021 Total Funds as restated
		£	£	£	£	£
INCOME						
Donations and Legacies	3	4,241	2,250	-	6,491	13,772
Income from charitable activities:						
Provision of client services	4	4,090,665	-	-	4,090,665	3,934,061
Grants receivable	4	463,286	-	-	463,286	577,066
Income from other trading activities:						
Commercial trading activities	4	4,207,443	-	-	4,207,443	3,853,059
Other incoming resources:						
Investment income	5	-	-	-	-	10
Other income:						
Surplus on disposal of fixed assets	9	105	-	-	105	-
TOTAL INCOME		8,765,739	2,250	-	8,767,989	8,377,968
EXPENDITURE:						
Costs of raising funds:						
Commercial trading operations	6	3,422,717	-	-	3,422,717	3,450,714
Expenditure on charitable activities:						
Operation of client services	7	4,606,950	2,250	-	4,609,200	4,375,801
Other expenditure:						
Deficit on disposal of fixed assets	9	-	-	-	-	41,001
TOTAL EXPENDITURE		8,029,667	2,250	-	8,031,917	7,867,516
NET INCOME / (EXPENDITURE)	9	736,072	-	-	736,072	510,452
NET MOVEMENT IN FUNDS		736,072	-	-	736,072	510,452
RECONCILIATION OF FUNDS						
Total funds brought forward	21	3,285,363	-	-	3,285,363	2,774,911
Total funds carried forward	21	4,021,435	-	-	4,021,435	3,285,363

The result for the year relates to continuing activities. The previous year has been restated to allocate support and governance costs across charitable and commercial activities.

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

The notes on pages 31 to 50 form part of these financial statements.

AZURE CHARITABLE ENTERPRISES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
YEAR ENDED 31ST JANUARY 2022

	Note	Discontinued Activities 2022 £	Continued Activities 2022 £	Total Funds 2022 £	Discontinued Activities 2021 £	Continued Activities 2021 £	Total Funds 2021 £
INCOME							
Donations and Legacies	3	-	6,491	6,491	-	13,772	13,772
Income from charitable activities:							
Provision of client services	4	-	4,090,665	4,090,665	-	3,934,061	3,934,061
Grants receivable	4	-	463,286	463,286	-	577,066	577,066
Income from other trading activities:							
Commercial trading activities	4	-	4,207,443	4,207,443	-	3,853,059	3,853,059
Other incoming resources:							
Investment income	5	-	-	-	-	10	10
Other income:							
Surplus on disposal of fixed assets	9	-	105	105	-	-	-
TOTAL INCOME		-	8,767,989	8,767,989	-	8,377,968	8,377,968
EXPENDITURE:							
Expenditure on charitable activities:							
Operation of client services	7	-	4,609,200	4,609,200	-	4,375,801	4,375,801
Costs of raising funds:							
Commercial trading operations	6	-	3,422,717	3,422,717	212,912	3,237,802	3,450,714
Other expenditure:							
Deficit on disposal of fixed assets	9	-	-	-	27,269	13,732	41,001
TOTAL EXPENDITURE		-	8,031,917	8,031,917	240,181	7,627,335	7,867,516
NET INCOME / (EXPENDITURE)	9	-	736,072	736,072	(240,181)	750,633	510,452
TRANSFERS BETWEEN FUNDS	19	-	-	-	-	-	-
NET MOVEMENT IN FUNDS		-	736,072	736,072	(240,181)	750,633	510,452

The above continuing and discontinuing activities (including those in 2021) relate to unrestricted activities.

All 2022 activities were continued operations.

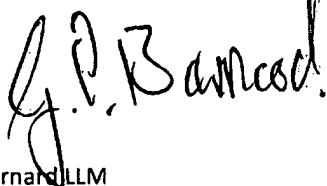
The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.


The notes on pages 31 to 50 form part of these financial statements

AZURE CHARITABLE ENTERPRISES
Company Registration Number 01666027
BALANCE SHEET
AS AT 31ST JANUARY 2022

		Group 2022	Group 2021	Charity 2022	Charity 2021
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11	3,030,280	3,126,831	2,200,570	2,245,315
Investments	12	-	-	2	2
		3,030,280	3,126,831	2,200,572	2,245,317
CURRENT ASSETS					
Stocks	13	495,207	310,261	-	-
Debtors	14	575,285	446,503	473,874	356,828
Property held for sale		-	-	-	-
Cash at bank and in hand		1,077,274	602,107	111,438	144,605
		2,147,766	1,358,871	585,312	501,433
CURRENT LIABILITIES					
Creditors - amounts falling due within one year	15	1,091,564	993,256	657,270	973,772
NET CURRENT (LIABILITIES)ASSETS		1,056,202	365,616	(71,958)	(472,339)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,086,482	3,492,447	2,128,614	1,772,978
Loans and hire purchase agreements	16	65,047	157,086	65,047	157,086
NET ASSETS		4,021,435	3,335,361	2,063,567	1,615,892
FUNDS OF THE CHARITY					
Restricted funds	22	-	-	-	-
Unrestricted funds	22	4,021,435	3,285,363	2,063,567	1,615,892
TOTAL FUNDS	22	4,021,435	3,285,363	2,063,567	1,615,892

Approved by the Board of Directors on 16th September 2022 and signed on their behalf by:


G.P. Barnard LL.M
Chairman


G.W. Robson FCA
Treasurer

Company registered number: 01666027

AZURE CHARITABLE ENTERPRISES
GROUP STATEMENT OF CASHFLOWS
AS AT 31ST JANUARY 2022

	Notes	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by (used in) operating activities	21	640,718	913,405
CASHFLOWS FROM INVESTING ACTIVITIES:			
Purchase of tangible fixed assets		(34,045)	(265,365)
Proceeds from disposal of fixed assets		105	13,323
Net cash provided by (used in) investing activities		(33,940)	(252,042)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in borrowings		-	50,000
Repayment of borrowings		(122,372)	(300,000)
Finance of tangible fixed assets		-	-
Hire purchase repayments		(9,240)	(34,139)
Net cash provided by (used in) financing activities		(131,612)	(284,139)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		475,166	377,224
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD		602,107	224,883
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	As set out below	1,077,273	602,107
		2,022	2,021
		£	£
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash in hand		1,077,273	602,107
Total cash and cash equivalents		1,077,273	602,107

Net Debt Reconciliation

	At start of year £	Cash-flows £	Non-Cash Movement £	At end of year £
Cash	602,107	475,166	-	1,077,273
Cash equivalents	-	-	-	-
HP/Loans falling due within one year	(76,826)	81,612	(92,037)	(87,251)
HP/Loans falling due after one year	(157,086)	-	92,037	(65,049)
Other borrowings	(50,000)	50,000	-	-
TOTAL	318,195	606,778	-	924,973

The notes on pages 31 to 50 form part of these financial statements

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

1. MEMBERS' LIABILITY

Azure Charitable Enterprises is a charitable company limited by guarantee but exempt from the requirement to use the word limited.

The charitable company is limited in that every member undertakes to contribute such amount, not exceeding £1, as may be required in the event of the company being wound up while he is a member, or within one year after he ceases to be a member.

2. ACCOUNTING POLICIES

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

-Basis of preparation-

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

The functional currency of the group is sterling.

Azure Charitable Enterprises meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

-Preparation of the accounts on a going concern basis-

The charity's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the charity of possible future scenarios arising from the impact of COVID-19 and the more challenging economy. This also considers the effectiveness of available measures to assist in mitigating the impact. The charity and its trading subsidiaries have strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do no cast significant doubt on the group's ability to continue as a going concern.

-Basis of Consolidation-

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertakings drawn up to the period end date on a line by line basis. A separate Statement of Financial Activity and Income and Expenditure Account for the charity has not been presented for Azure Charitable Enterprises as permitted by section 408 of the Companies Act 2006.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

2. ACCOUNTING POLICIES – (continued)

-Income-

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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

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

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

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

-Expenditure-

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those cost of commercial trading including the garden centre activities and the letting operation, together with their associated support costs.
- Expenditure on charitable activities includes the costs associated with the provision of client supporting services and include both the direct costs and support costs relating to the activities of the charity.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

-Allocation of support costs-

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's (and the group's) activities. These costs, which have not been directly apportioned, have been allocated between the cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the Support Cost note.

-Operating Leases-

The charity and the group classifies the leasing of equipment, as operating leases; the title to which equipment remains with the lessor and the expected economic life of the equipment is longer than the rental period. Rental charges are charged on a straight line basis over the term of the lease.

-Funds Structure-

The charity has restricted funds to account for the donor requiring that the donation must be spent on a particular purpose. All other funds are unrestricted income funds. The funds held in each of these categories are disclosed in the Reserves Notes.

-Fixed Assets-

All fixed assets are initially recorded at cost. Items under £500 in value are not generally capitalised.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Freehold land	-no depreciation
Long leasehold land	-period of the lease
Freehold/ long & short leasehold buildings	-50/40 years straight line or over the term of the lease
Garden centre roof and improvements	-10 years straight line
Plant and fixtures	-5/10 years straight line
Motor vehicles	-4 years straight line
Equipment	-3 years straight line
Fixtures and fittings	-5 years straight line

No depreciation is charged on assets under construction.

Long and short term leasehold buildings and freehold buildings held by Azure Business Centres Limited continue to be depreciated and are not considered to be investment properties in accordance with the principal trading aims and activities of the company.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

-Investments-

Investments are included in the financial statements at cost less any provision for permanent diminution in value.

-Stocks-

Stocks are valued at the lower of cost or net realisable value, after making due allowance for any obsolete or slow moving items. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

-Debtors-

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

-Cash at bank and in hand-

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

-Creditors and provisions-

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

-Financial instruments-

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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the charity and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life. The capital element of the future obligation under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

-Pensions-

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

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

-Corporate Taxation-

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The group companies relieve their tax liability by making Gift Aid payments to the parent charity within nine months of the year end.

3. DONATIONS & LEGACIES

	Unrestricted		Restricted
	£		£
Covenants £100 and under	400	Damant ML	2,250
Donations £100 and under	590		
Morpeth District Gardening Club	220		
Anonymous General Donation	250		
Boogie nights	481		
Handley Charitable Trust	1,000		
Document Solutions Limited	1,200		
Gift Aid on covenants	100		
	<u>4,241</u>		<u>2,250</u>
For the Year Ended 31st January 2021	<u>2,722</u>		<u>11,050</u>

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

4. INCOME

	2022	2021
	£	£
COMMERCIAL TRADING ACTIVITIES		
Commercial operations - Unrestricted Funds		
Garden Centre	3,666,136	
Less: Sales to Charity	<u>(1,285)</u>	
Net Garden Centre Sales	3,664,851	3,152,432
 Nursery	 28,190	 106,769
 Printing	 -	87,863
Less: Internal Sales	-	(183)
Sales to Garden Centre	-	<u>(236)</u>
Net Printing Sales	-	87,444
 Landscapes	 342,105	332,319
Less: Internal Landscaping	<u>(4,800)</u>	<u>(4,800)</u>
Net Landscapes Sales	337,305	327,519
 Azure Business Centres	 184,803	189,990
Less: Sales to Charity	<u>(9,043)</u>	(12,159)
	175,760	177,831
 Feed In Tariff Income	 1,337	1,064
	4,207,443	3,853,059
	<hr/>	<hr/>
 CHARITABLE ACTIVITIES	 2022	2021
	£	£
Provision of client services - Unrestricted Funds		
Rental Income	55,320	51,579
Department for Work and Pensions	82,261	81,836
Education Funding Agency	350,706	211,345
Sunderland City Council	609,960	582,017
Newcastle Social Services	1,193,894	1,285,898
Northumberland County Council	1,668,500	1,661,741
Miscellaneous	<u>130,024</u>	59,645
	4,090,665	3,934,061
	<hr/>	<hr/>
 Grants receivable - Unrestricted Funds		
DWP - Supported Business Grant	154,975	149,414
DWP - Coronavirus Job Retention Scheme	11,565	90,225
Infection Control Grant	67,320	-
Client Direct Payments	<u>229,425</u>	337,427
	463,286	577,066
	<hr/>	<hr/>

The 2021 income was restated to categorise the services provided to local councils as Provision of client services, rather than grants receivables.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

5. INVESTMENT INCOME

	2022	2021
	£	£
Business Premium Account - Azure Business Centres Limited	-	10
	-	10

6. EXPENDITURE

	2022	2021
COMMERCIAL TRADING ACTIVITIES	£	£
Cost of goods sold	2,056,754	1,640,056
Employment costs	780,713	1,114,176
Depreciation	78,049	79,219
Rent & rates	6,099	7,195
Advertising	39,797	25,505
Heat, light and water	84,114	53,256
Insurances	40,709	40,755
Training	2,634	1,201
Other	174,366	340,678
Governance costs	11,537	9,485
Support costs	147,944	139,189
	<u>3,422,717</u>	<u>3,450,714</u>

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Provision of client services:		2022 Total	2,021 Total
	Unrestricted	Restricted		
	Funds	Funds		
	£	£		
Employment costs	3,337,527	-	3,337,527	3,392,389
Depreciation	5,260	-	5,260	400
Rent & rates	44,251	-	44,251	49,893
Advertising	740	-	740	364
Heat, light and water	10,896	-	10,896	11,002
Insurances	44,936	-	44,936	24,231
Trainee allowances and travel	22,056	-	22,056	14,780
Residents' training and holidays	308	2,250	2,558	1,654
Other	636,493	-	636,493	442,892
Governance costs	36,496	-	36,496	27,954
Support costs	467,988	-	467,988	410,241
	4,606,950	2,250	4,609,200	4,375,801
For the Year Ended 31st January 2021	4,374,751	1,050		

SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES

This table shows the cost of the main charitable activities and the sources of income directly to support those activities:

	Provision of client services:		2022	2021
	Unrestricted	Restricted		
	Funds	Funds		
	£	£	£	£
Costs (as above)	(4,606,950)	(2,250)	(4,609,200)	(4,375,801)
Service level agreements and direct payments	4,090,665	-	4,090,665	3,934,061
Grants receivable	-	-	-	-
- Indirect / Ad-hoc	-	-	-	-
- Direct grant support	463,286	-	463,286	577,066
Net cost funded from other income	(53,000)	(2,250)	(55,250)	135,326

The 2021 expenditure was restated to allocated Governance and Support costs to commercial activities and charitable activities.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

8. ANALYSIS OF GOVERNANCE & SUPPORT COSTS

The charitable company allocates costs direct to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the activities undertaken (see previous notes) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Analysis of support and governance costs:				Basis of apportionment
	General Support	Governance function	2022 Total	2021 Total	
	£	£	£	£	
Employment costs	433,882	27,726	461,608	413,528	Pro-rata to staff time
Depreciation	44,447	2,840	47,287	43,529	Pro-rata to staff time
Interest	2,398	153	2,551	11,725	Pro-rata to staff time
Power	18,205	1,163	19,368	22,645	Pro-rata to staff time
Insurances	(2,044)	(131)	(2,175)	3,500	Pro-rata to staff time
Restricted Funds	-	-	-	-	Pro-rata to staff time
Other	59,184	3,782	62,966	48,223	Pro-rata to staff time
Audit fees	-	12,500	12,500	8,050	Pro-rata to staff time
Legal & other professional costs	59,860	-	59,860	35,669	Pro-rata to staff time
	615,932	48,033	663,965	586,869	
For the Year Ended 31st January 2021	549,430	37,439			

9. NET INCOME/ (EXPENDITURE) FOR THE YEAR

		2022 £	2021 £
The group surplus/deficit is after charging:			
Operating leases		26,271	47,977
Depreciation	Owned assets	119,997	108,628
	Assets held under hire purchase agreei	10,599	12,960
Bank interest payable	Mortgage interest	2,320	3,642
(Surplus)/Deficit on disposal of fixed assets	Office equipment, fixtures and fittings	(105)	41,001
Auditor Remuneration	Audit fees of the group	17,500	15,150
	Other fees of the group	1,400	980

The surplus dealt with in the financial statement of the parent company was £503,842 (2021: £206,857).

The group surplus includes a reported surplus of £688,435 (2021: £433,019) arising in Azure Garden Centre Limited and a reported deficit of £37,234 (2021: Surplus £72,995) arising in Azure Business Centres Limited.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION & EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	2022	2021
	£	£
Staff costs during the year:		
Wages and salaries	4,023,012	4,461,605
Social security costs	305,764	304,673
Other pension costs	251,072	222,835
	<u>4,579,848</u>	<u>4,989,113</u>

The average headcount of person employed by the group (including casual and part-time) during the year was:

	2022	2021
	No.	No.
Garden Centre	37	61
Supported Living	89	94
Landscapes	13	15
Printing	0	5
Support Services	58	59
Employment Services	4	3
Education	8	6
Administration	14	15
Azure Business Centres Limited	2	2
	<u>225</u>	<u>260</u>

Salary costs incurred on behalf of Supported Placement workers in the year were £360,643 (2021: £504,048).
An average of 22 (2021: 35) people were in post during the year, of which 16 were employed by Azure Charitable Enterprises at the year end.

Number of employees earning more than £60,000 per annum;

	2022	2021
£80,000 to £90,000	-	1
£90,000 to £100,000	1	-

Defined contribution pension:	- Contributions	<u>£ 14,706</u>	<u>£ 12,717</u>
	- Number of employees	<u>1</u>	<u>1</u>

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

None of the directors/ trustees of the charity received any remuneration or expenses from the group.

The key management personnel of the parent charity, comprise the trustees, the Chief Executive, Finance Manager, Operation Director and Support Services Managers. The total employee benefits of the key management personnel of the parent charity were £483,947 (2021: £459,272).

The key management personnel of the group comprise those of the parent charity and the key management personnel of the subsidiary companies who are the Garden Centre and Business Centre Managers whose employee benefits total £108,228 (2021: £101,760). The total employee benefits of key management personnel for the group was therefore £592,175 (2021: £561,032).

11A. FIXED ASSETS – GROUP

	Freehold/ Long & short leasehold land and buildings £	Plant & equipment £	Office equipment, fixtures & fittings £	Commercial vehicles £	Total £
Cost:					
As at 1 February 2021	5,056,622	606,494	729,689	47,770	6,440,575
Additions	28,529	-	5,516	-	34,045
Disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	5,085,151	606,494	735,205	37,770	6,464,620
Depreciation:					
As at 1 February 2021	2,104,024	445,308	723,723	40,689	3,313,744
Charge for the year	95,556	24,898	3,061	7,081	130,596
On disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	2,199,580	470,206	726,784	37,770	3,434,340
Net book value:					
As at 31 January 2022	2,885,571	136,288	8,421	-	3,030,280
As at 31 January 2021	2,952,598	161,186	5,966	7,081	3,126,831

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

Handelsbanken hold a first legal charge over the Garden Centre and its associated assets.

The Department for Work and Pension hold a second legal charge over the Garden Centre land and buildings.

Hire purchase agreements

Included within the net book value of £3,030,280 is £586 (2021: £11,185) relating to assets held under hire purchase agreements. The depreciation charged to the financial statement in the year in respect of such assets amounted to £10,599 (2021: £12,960).

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

11B. FIXED ASSETS – CHARTIY

	Freehold/ Long leasehold land and buildings £	Plant & equipment £	Office equipment, fixtures & fittings £	Commercial vehicles £	Total £
Cost:					
As at 1 February 2021	3,600,254	310,285	350,302	47,770	4,308,611
Additions	28,529	-	5,516	-	34,045
Disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	3,628,783	310,285	355,818	37,770	4,332,656
Depreciation:					
As at 1 February 2021	1,371,732	305,987	344,888	40,689	2,063,296
Charge for the year	63,818	5,383	2,508	7,081	78,790
Transfers	-	-	-	-	-
On disposals	-	-	-	(10,000)	(10,000)
As at 31 January 2022	1,435,550	311,370	347,396	37,770	2,132,086
Net book value:					
As at 31 January 2022	2,193,233	(1,085)	8,422	-	2,200,570
As at 31 January 2021	2,228,522	4,298	5,414	7,081	2,245,315

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

12. INVESTMENTS

The investment comprise of holding a 100% of the issued ordinary capital of Azure Garden Centre Limited, a company registered in England and Wales. The cost of the investment in Azure Garden Centre Limited in the charity's own financial statements is £2 (2021: £2).

The principal activity of the subsidiary undertaking is the operation of a garden centre.

A summary of the trading results of Azure Garden Centre Limited is shown below:

	2022 £	2021 £
Turnover	3,605,666	2,949,262
Cost of sales, administrative expenses and interest	(2,977,700)	(2,719,943)
Other operating income	60,469	203,702
	<u>688,435</u>	<u>433,021</u>

A summary of the balance sheet position of Azure Garden Centre Limited is shown below:

	2022 £	2021 £
Fixed Assets	172,039	193,397
Current Assets	1,401,175	841,241
Current Liabilities	(630,270)	(389,704)
Net Assets	<u>942,944</u>	<u>644,934</u>

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

Azure Charitable Enterprises is the sole corporate member of Azure Business Centres Limited, a company registered in England and Wales. This company is limited by guarantee.

The principal activity of the subsidiary undertaking is the provision of workshop and office space for new and small businesses and providing support services to such small businesses.

A summary of the trading results of Azure Business Centres Limited is shown below:

	2022	2021
	£	£
Turnover	183,593	174,236
Cost of sales, administrative expenses and interest	(147,569)	(117,005)
Other operating income	1,210	15,764
Taxation	-	-
	37,234	72,995

A summary of the balance sheet position of Azure Business Centres Limited is shown below:

	2022	2021
	£	£
Fixed Assets	657,672	688,120
Current Assets	393,063	363,007
Current Liabilities	(31,411)	(26,590)
Net Assets	1,019,324	1,024,537

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

13. STOCKS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Garden Centre - see below	495,207	310,261	-	-
	495,207	310,261	-	-

The difference between the purchase price or production cost of stocks and their replacement cost is not material.
 Garden Centre stock comprises of £495,207 goods held for resale (2021: £310,261)

14. DEBTORS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	380,965	294,360	300,901	217,175
Other debtors	10,059	6,444	9,654	391
Prepayments and accrued income	184,261	145,699	163,319	139,262
	575,285	446,503	473,874	356,828

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

15. CREDITORS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	380,965	294,360	300,901	217,175
Other debtors	10,059	6,444	9,654	391
Prepayments and accrued income	184,261	145,699	163,319	139,262
	575,285	446,503	473,874	356,828

16. CREDITORS: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	342,577	286,069	87,646	73,119
Amounts owed to subsidiary undertaking	-	-	69,479	350,064
Other taxes and social security costs	263,132	169,938	139,838	95,714
Other creditors	25,141	78,545	12,206	64,964
Accruals	373,462	381,878	260,849	263,084
Mortgage loans	86,729	67,586	86,729	67,586
Hire purchase agreements	523	9,240	523	9,240
Lloyds Bounce Back Loan	-	50,000	-	50,000
	1,091,564	993,256	657,270	973,772

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

	2022	2021
	£	£
Mortgage loans	86,729	67,586
Hire purchase agreements	523	9,240
	87,252	76,826

For details of security in respect of the mortgage loans refer to the note: Creditors - amounts falling due after one year.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

16. CREDITORS: amounts falling due after one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Hire Purchase agreements	-	524	-	524
Handelsbanken Mortgage	65,047	156,562	65,047	156,562
Balance at 31st January	65,047	157,086	65,047	157,086

The following liabilities disclosed under creditors falling due after one year are secured by the group:

	2022	2021
	£	£
Hire Purchase agreements	-	524
Mortgage loans	65,047	156,562
	65,047	157,086

The mortgage loans are secured by legal charges on land occupied by the garden centre at Station Road, Cramlington, and represents 19.0% (2021: 36%) of the carrying value of the property as defined in Accounting Policies.

The balance of the mortgage loans is £151,776. Originally the mortgage was repayable over 20 years (the original start date was 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 incurs interest at a commercial rate.

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

17. LEASING COMMITMENTS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Total minimum lease payments due over the lease term, falling due as follows:				
Leases expiring within 1 year	26,413	19,344	21,556	15,437
Leases expiring 2 to 5 years	30,425	25,509	30,425	22,579
Leases expiring over 5 years	-	-	-	-

18. PENSION CONTRIBUTIONS

The group operates a defined contribution scheme. The assets of the scheme are held separately to the group in independently administered funds. The pension cost charged represents contributions payable by the group to the scheme and amounted to £251,072 (2021: £222,835). At the year-end included in other taxes and social security costs, is an amount payable to the scheme totalling £26,553 (2021: £34,579).

19. TRANSFERS BETWEEN FUNDS

In 2022 there were nil transfer from Restricted Funds to Unrestricted Funds (2021: £25,000). The 2021 transfer was made for the educational programme expansion and the support of trainee development and occupation.

20. NOTES TO CASHFLOW

Reconciliation of net income / (expenditure) to net cash flow from operating activities:

	2022	2021
	£	£
Net income / (expenditure) for the reporting period (as per the S.O.F.A)	736,072	510,452
Adjustments for:		
Depreciation	130,596	121,588
Impairment	-	-
(Profit)/Loss on disposal of fixed assets	(105)	41,001
Decrease/(increase) in stock	(184,946)	(57,348)
(Increase)/Decrease in properties held for sale	-	-
(Increase)/Decrease in debtors	(128,782)	99,504
Increase/(decrease) in creditors	87,883	198,208
Net cash provided by (used in) operating activities	640,718	913,405

AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022

21. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted funds

	February 2021	Incoming Resources	Expended & Other	Transfers	January 2022
General fund	3,285,363	8,765,739	(8,029,667)	-	4,021,435
Total unrestricted funds	<u>3,285,363</u>	<u>8,765,739</u>	<u>(8,029,667)</u>	<u>-</u>	<u>4,021,435</u>

Analysis of movements in restricted funds

	February 2021	Incoming Resources	Expended & Other	Transfers	January 2022
Residents activities Keele Drive	-	2,250	(2,250)	-	-
Total restricted funds	<u>-</u>	<u>2,250</u>	<u>(2,250)</u>	<u>-</u>	<u>-</u>

Name of restricted fund:

Description, nature and purposes of the fund:

Residents activities Keele Drive

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

22. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Capital Funds £	Restricted Funds £	Total Funds £
Fund balances				
Tangible fixed assets	3,030,280	-	-	3,030,280
Net current liabilities	1,056,202	-	-	1,056,202
Long term liabilities	(65,047)	-	-	(65,047)
Total net assets	<u>4,021,434</u>	<u>-</u>	<u>-</u>	<u>4,021,434</u>

**AZURE CHARITABLE ENTERPRISES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2022**

23. RELATED PARTY TRANSACTIONS

During the course of the year, the charity purchased goods from its subsidiary Azure Garden Centre Limited amounting to £1,285 (2021: £531) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £nil (2021: £nil).

During the course of the year, the charity sold goods to Azure Garden Centre Limited amounting to £nil (2021: £236) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year, the charity provided management services to Azure Garden Centre Limited amounting to £156,751 (2021: £159,046). During the year there were also recharges of costs between the charity and Azure Garden Centre Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £156,789 (2021: £159,046). Azure Garden Centre Limited has historically transferred money to the charity to invest. The amount held at the previous year end, January 2021, included in the charitable company's creditors was £272,016. This was repaid in full during the year.

During the course of the year, the charity purchased goods from its subsidiary Azure Business Centres Limited amounting to £9,043 (2021: £12,159) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's creditors is £nil (2021: £nil).

During the course of the year, the charity sold goods to its subsidiary Azure Business Centres Limited amounting to £nil (2021: £1,310) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year the charity provided management services to Azure Business Centres Limited amounting to £8,231 (2021: £3,486) on normal commercial terms, during the year there were also recharges of costs between the charity and Azure Business Centres Limited. The amount outstanding at the year end, included in the charitable company's debtors, is £8,231 (2021: £3,486).

During the course of the year the charity sold goods to I Hindle, a trustee, totalling £4,250 (2021: £260) on normal commercial terms. The amount outstanding at the year end, included in the charitable company's debtors, is £nil (2021: £nil).

During the course of the year the charity sold goods to Blagdon Estate, related by virtue of the patron, totalling £6,412 (2021: £5,586) on normal commercial terms. The amount outstanding at the year-end is £210 (2021: £205).

24. ULTIMATE CONTROLLING PARTY

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