

Blue Sky Development and Regeneration

(A company limited by guarantee)

Trustees' report and financial statements

for the year ended 31 March 2016

Registered number: 05639379

Charity number: 1118372

Blue Sky Development and Regeneration
(A company limited by guarantee)

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Blue Sky Development and Regeneration
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Reference and administrative details of the charity, its trustees and advisers

For the year ended 31 March 2016

Trustees

Hon David Bernstein	Nominated trustee, Chair
Merlin Gaston	Nominated trustee
David Hornett	Co-opted trustee
Benjamin Houghton	Nominated trustee
David Riddle	Co-opted trustee
Ronald Sheldon	Co-opted trustee
Michael Trace	Nominated trustee
Andrew Wylie	Co-opted trustee

Company registered number 05639379

Charity registered number 1118372

Registered office The Colne Valley Park Centre
Denham Court Drive
Denham
Uxbridge
UB9 5PG

Company Secretary Geetha Saba-Nathan

Senior Management Team

Kate Markey	Managing Director
John Chesters	Commercial Director
Stephen Finn	Teams Director
Carwyn Gravell	Development Director
Geetha Saba Nathan	Financial Controller

Independent auditor haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
ME19 4JQ

HSBC Bank PLC
31 St Peter's Court
High Street
Chalfont St Peter
SL9 9QQ

Solicitors Bates Wells & Braithwaite
10 Queen Street
London EC4R 1BE

Blue Sky Development and Regeneration **(A company limited by guarantee)**

Trustees' Report

For the year ended 31 March 2016

Introduction

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Blue Sky Development and Regeneration (the charity) for the year ended 31 March 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Chair's Summary:

The year under review has been one of considerable and significant change, policy reform, and challenge with the criminal justice sector, and indeed that theme of change and challenge has continued into the current year.

Like many other small charities in the field, Blue Sky has had to work hard to adapt and respond positively to new opportunities. I am immensely proud of Blue Sky's continuing entrepreneurial approach in helping ex-offenders change their lives and of a committed team that consistently strives to meet the needs of ex-offenders, our clients and supporters. The anticipated opportunities around Transforming Rehabilitation have been slow to develop, but I am delighted in how Blue Sky has forged ahead to create new opportunities for itself. The new strands of work we are embarking on include becoming an accredited training provider working inside prisons as well as promoting itself as the trusted intermediary for employers to accept ex-offenders into work. One less happy event has been the closure of our workshop project in HMP Bronzefield, Stich in time. This was due to external factors beyond our control, and is no reflection on the great work that our team did in the prison.

Together with our parent charity RAPt, we can draw on many years of successful work with offenders and ex-offenders. We remain fully committed to the belief that giving the individual a constructive route back into employment is key to empowering people to transform their lives. Being economically active is critical to being part of society, feeling engaged and having purpose and structure in life.

In a challenging year of reforms, I am delighted with the employment outcomes and financial performance of Blue Sky. This is due to the winning combination of an excellent and dedicated team at the charity, and the continuing support of our funders and supporters. I am equally grateful to both.

Structure, Governance and Management

Structure of the Charity

The company was incorporated on 29 November 2005 as a company limited by guarantee and was registered with the Charity Commission on 14 March 2007.

The governing documents are its Memorandum and Articles of Association which were agreed on 29 November 2005 at which point it was established as a company limited by guarantee and amended at an Extraordinary General Meeting dated 11 December 2006, at which point it then became a charity. On 11 October 2011 the charitable area was extended to include Scotland.

The Member(s) of the Charity

The Charity was established with one founder member, The Groundwork South Trust Limited ("Groundwork South Trust"). However, on 1 October 2014 Groundwork South Trust Limited passed a written resolution to admit RAPt (the Rehabilitation for Addicted Prisoners Trust, charity no. 1001701) as sole member of Blue Sky Development & Regeneration and resigned its membership.

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Trustees' Report (continued)

For the year ended 31 March 2016

Structure, Governance and Management (continued)

The Board

The Board comprises of four co-opted Trustees and four Trustees nominated by the parent company RAPt. New trustees are appointed by a majority vote at trustee meetings and serve for three years after which time they may be re-appointed.

The trustees delegate the day to day running of the charity to the senior management team who report to the Trustees at the Board meetings held every two months. These are supplemented by additional financial and risk oversight provided by the Treasurer.

Public Benefit

In preparing the report the Board of Trustees have considered the requirements of the Charities Act 2011 and have satisfied themselves that they have complied with the duties to have due regard to their 'Public Benefit' guidance published by the Charity Commission. We have referred to the Charity Commission guidance on public benefit in reviewing our activities and objectives, and in planning future activities. We have reviewed our reporting to ensure our activities clearly indicate public benefit through achievement of our aims.

Our main activities and achievements within these are described in "Objectives and Principal Activities of the Charity". Broadly, our activities the charity was founded to provide employment opportunities for ex-offenders with the long-term aim of helping to break the cycle of re-offending.

Objectives and Activities

All Trustees give their time freely. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 17 to the accounts. Trustees are required to disclose all relevant interests and register them with the Chair and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises.

Its objectives as set down within its Memorandum and Articles of Association are:

- to promote in England, Scotland and Wales, the care, resettlement and rehabilitation of offenders, ex-offenders and those at risk of offending, and to support their families and dependants, in particular (but without prejudice to the generality) by providing, promoting, supporting or organising the recruitment, employment, education and training of offenders, ex-offenders and those at risk of offending, and to assist them in finding employment and accommodation and in rehabilitating themselves;
- to promote in England, Scotland and Wales the prevention of crime and social exclusion by supporting or carrying on either alone or in co-operation with any other body, authority or person any project or scheme and by providing money for such purposes whether by loan or otherwise;
- to promote the conservation, protection and improvement of the physical and natural environment in England, Scotland and Wales;
- to provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for the general public in England, Scotland and Wales;
- to advance public education in environmental matters and other ways of better conserving, protecting and improving the same whosoever;
- to promote the efficiency and effectiveness of charities in the direct furtherance of their objects (or any one of them) by the provision of information, advice and support.

Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Structure, Governance and Management (continued)

Strategies for Achieving Objectives

The following strategies were put in place to achieve the identified objectives:

1. To grow the commercial income by marketing to local authorities, housing associations and their grounds maintenance, waste, recycling contractors and to other private, public and voluntary sector organisations with similar service requirements.
Blue Sky Agency – employment and placement into existing teams within commercial or local authority contracts
Blue Sky Services – social enterprise employing ex-offenders to directly deliver a range of bespoke grounds maintenance services to clients
Blue Sky Inside – enterprise and employment activity inside prison.

An important development during this year was the decision to close Blue Sky's Stitch in Time workshops in HMP/YOI Bronzefield and HMP High Down. The workshop created over 250 jobs for serving female prisoners during its three years in operation and worked with a range of commercial clients to produce small textile items. The closure was due to changes within the women's prison estate but the track record and expertise of developing enterprise and training activities within the prison estate is significant for Blue Sky in 16/17 as we develop new opportunities to engage serving prisoners in preparation for work). We are hugely grateful to the commercial companies, funders and HMP/YOI Bronzefield for the opportunity to run the workshop and provide support to serving women prisoners.

2. To develop and recruit competent supervisors to oversee ex-offender employees and to ensure quality standards are met.
3. To develop training opportunities both within and outside of the Charity to meet identified skills gaps.
4. To work to identify employment requirements and skills gaps to therefore identify for training and employment opportunities for ex-offenders.
5. To build into the operational processes of the Charity rigour in both finance and governance.
6. To initiate conversations with a range of funding organisations, charitable trusts and philanthropists, to ensure Blue Sky has sufficient income to complement its commercial activities and ensure it can achieve more impact.

Achievements and Performance

Objectives & Outcomes for the year

As set out in the last Trustees' Report for the year to 31 March 2015, the charity's objectives for the year are listed below with the outcomes:-

Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Achievements and Performance (continued)

Area of Activity

Ex-offender Recruitment & Employment

1. To provide a minimum of 150 employment opportunities through six-month contracts to ex-offenders.
2. To work with the ex-offender employees to ensure that there are onward employment opportunities available to them and that no less than 50% of all 6-month employees leaving to onward employment.
3. To ensure that the re-offending rate amongst ex-offenders employed by Blue Sky never exceeds 20%, with a target of 15%.
4. To ensure that a minimum of two thirds of all ex-offenders employed by Blue Sky sustain employment beyond three months with Blue Sky Development receive accredited training.
5. To provide financial support to ex-offender employees in housing need.
6. To develop training activities within prison as a new income line and a means of and training in prison and provide through the gate support through Blue Sky Inside.

Outcomes

1. *Blue Sky generated 151 job starts in the community across both public and private sectors and a further 65 were employed in two prisons by our Blue Sky Inside project. Our partnership with Groundwork Manchester created a further 16 job starts.*
2. *At March end '16, 42% of all leavers (incl. from Manchester) had moved onto onward employment.*
3. *Re offending rate for the year was in line with targeted levels.*
4. *Cumulatively 77% employees who had completed more than 6 weeks with Blue Sky received training*
5. *In the year 23 employees accessed an interest free (non-recourse principal only loan) to stabilise their housing/ financial situation.*
6. *Cumulatively Blue Sky Inside (Stitch in Time) has employed 209 inmates inside HMP Bronzefield and HMP High Down. Of those employees we were able to support through the gate (i.e. they were not transferred elsewhere within the prison estate), 27% moved into paid employment or volunteering and 40% received support with housing.*

Operational Sustainability

1. To ensure that sufficient work exists to provide the recruitment identified above.
2. To ensure that sufficient work opportunities exist outside Blue Sky's core area of operation to develop our national reach through continued progression of Blue Sky North and any other opportunities that may arise in the future.
3. To seek out opportunities for continued growth by penetration into multinational & other private sector supply chains.

Outcomes

1. *Blue Sky was successful in securing a number of new contracts, and repeat work, in grounds maintenance, waste, leisure and cleaning. Its clients included Veolia, Amey and Quadron.*
2. *Blue Sky Inside increased its portfolio of commercial clients, including one-off requests, to create jobs for serving women prisoners at HMP / YOI Bronzefield and HMP High Down.*
3. *The Manchester partnership with Groundwork Manchester provided employment opportunities to ex-offenders through securing grounds maintenance contracts.*

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Trustees' Report (continued)

For the year ended 31 March 2016

Achievements and Performance (continued)

Financial Sustainability

1. To increase the income from commercial businesses.
2. To increase the operating performance and margins of each commercial contract.
3. To achieve fundraising targets for 15 /16 from Trusts and Foundations and Friends of Blue Sky.
4. To develop additional non-commercial sources such as Government commissioned income.

Outcomes

1. *The charity returned a surplus of £105,144 for this financial year. The reserves balance of £427k at 31 March 2016 exceeds Blue Sky's reserve target of £201k – however the trustees note the ongoing uncertainty and reform within the criminal justice sector which to date has not generated sustainable new sources of income*
2. *We continue to monitor performance of each contract and have addressed the issues on poor performance resulting in successfully increasing the contributions to £102k in the year*
3. *Through the DWP's Work Programme we employed 16 people in the financial year with the total to date of 157. Revenue from Welfare to Work activities are variable for Blue Sky so a key target for the coming year is to expand into other contracting areas under government provision.*

Plans for the future

The Charity has set itself the following objectives as part of a three-year business plan

Business Development

- Diversify the client portfolio of Blue Sky Agency to create more jobs and attract more ex-offenders.
- Diversify services provided by Blue Sky Services.
- Focus Blue Sky's activities on key geographical areas.
- Re-focus Blue Sky Inside brand to new venture providing accredited training in prison and the community.

Income and Sustainability

- Ensure competitive hourly charge out rates to commercial clients that support an increase in commercial contribution.
- Invest in Blue Sky's operational teams.
- Increase Blue Sky's Friends base to support a diversification in grant funding.

Proving Social and Economic Impact

- Increase the voice of Blue Sky employees.
- Start to evidence the economic impact of Blue Sky's work.

Collaboration and Partnership

- Increase opportunities to place RAPt beneficiaries into employment through Blue Sky.
- Seek to develop new services in collaboration with RAPt to achieve greater social impact for serving prisoners and ex-offenders in the community.

Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Objectives for the forthcoming year

Ex-offender Recruitment, Employment & Training

1. To provide a minimum of 176 jobs through 6-month contracts to ex-offenders.
2. To work with Blue Sky ex-offender employees to support them into onward employment with no less than 45% of all 6-month employees leaving to onward employment.
3. To ensure that the re-offending rate amongst Blue Sky employees does not exceeds the target of 15%.
4. To ensure that a minimum of 50% of all Blue Sky ex-offender employees who remain employed beyond 3 months with Blue Sky Development receive accredited training.
5. To provide financial support to ex-offender employees in housing need.
6. To grow training opportunities in prison under the Blue Sky Inside brand.
7. Recruit 5% of candidates from inside prison as a result of training activities.

Operational Sustainability

1. Target geographical growth to London boroughs, Kent and East Midlands.
2. Ensure no one client represents 35 % of Blue Sky's total number of jobs.
3. To seek to diversify into new industries including warehousing, transport and food manufacturing.
4. Add in about Blue Sky Services.

Financial Sustainability

1. To increase the income from commercial businesses.
2. To increase the operating performance and margins of each commercial contract and to achieve gross contribution of £89k.
3. To achieve fundraising targets of £762k from Trusts and Foundations and Friends of Blue Sky.
4. To increase income from non-commercial sources such as Government commissioned income.

Financial Review

The Statement of Financial activities for the year is set out on page 12.

The Charity returned an increased surplus of £105,144 for the year (2015: £94,337) and the income for the period was £2,009,996 (2015: £2,378,958).

Principal Funding Sources

The major sources of income during the year were from our commercial contracts and grants from Charitable Foundations and Trusts for which we would like to express our gratitude and appreciation.

Funders in the year included: Berkshire Community Foundation, Big Give, Charles Dunstone Charitable Trust, The Haberdashers' Company, Ian Askew, J Leon Charitable Fund, John Armitage Charitable Trust, Kent Community Foundation, The Leathersellers' Company Charitable Fund, The MacRoberts Trust, The Mercers Company, The Monument Trust, Payne-Gallwey, The Pilgrims Trust, The Rothschild Foundation, The Sheriffs and Recorder's Fund, Thames Valley Police Property Fund, The Trust for London, The Volant Charitable Trust and The Woodward Charitable Trust.

The expenditure of these grants has supported the objectives listed previously, including the care, resettlement, rehabilitation and training of offenders, ex-offenders and those at risk of offending.

Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Financial Review

Reserves Policy

The General Reserves Policy continues to protect the charity from risk of disruption at short notice due to a lack of funds, while at the same time ensuring that we do not retain income for longer than required. The Policy also provides parameters for future strategic plans and contributes towards decision making. It determines an appropriate target level for general reserves, taking into account the following factors:

- To manage the ongoing uncertainty and changes with the criminal justice sector which would impact on Blue Sky's opportunities to earn sustained income;
- To finance working capital required to fund the usual retrospective nature of the programme funding which can result in considerable timing differences between expenditure and receipt of funds;
- To allow the charity manage fluctuations in cash flow;
- Net financial risk related to the above, taking into account the likely speed of onset as well as the mitigation steps available to management;
- To provide funding to cover any unforeseen downturn in activity, allowing alternative activity to be generated and/or a planned downsizing of activity;
- To cover the cost of developing new services, such as communications, research and quality and business information systems.

The above need for reserves has to be balanced against the following factors:

- The need to be seen to act as a responsible charity by central Government, our sponsors and the Charity Commission.
- The need to avoid the accusation of creating excessive surpluses (profiteering) and accumulating large surpluses (hoarding) for which there is no future planned requirement or that bear no relation to the charitable aims.

The Charity's total funds are £427k and represent unrestricted funds of which £3.5k are tied up in tangible fixed assets. Free reserves as at 31 March 2016 (unrestricted funds less amounts tied up in fixed assets) total £423.5k. The basis of determining the target reserves level is kept under periodic review and will be adjusted as perceptions of risk and other factors change.

Inherently there is a degree of judgement involved in identifying risks faced by the Charity and in establishing the appropriate level of reserves that the Charity should maintain to mitigate these risks.

Key Management Personnel Remuneration

The pay of the Senior Management Team and all staff are subject to annual appraisals and performance reviews and the increases are normally performance related. Trustees' approval is required prior to implementing the salary increments.

As means of good practice, benchmarking exercise is conducted on a regular basis, against other competitors within the sector of a similar size and activity to ensure that the remuneration is not out of line with that of generally paid similar roles.

**Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Financial Review (continued)

Risk policy

Blue Sky carries out annually risks identification, assessment and management analysis. A register of risks has been compiled, risks scored for likelihood, impact and severity. Risk management strategies and timescales are also established. Individual senior managers or committees are nominated to take responsibility for each key risks which are reviewed on a quarterly basis.

The Trustees reviewed how risk is managed within the Charity and the level of reserves that should be held in relation to the principal risks that we face.

The Trustees have also examined other operational and business risks through an organisational risk management process, have identified those risks, which the charity faces, and confirm that they have established systems to mitigate the significant risks.

Key Risks

The following are the main principal risks and uncertainties identified by the charity. For each risk, specific actions and performance indicators relating to them were monitored quarterly and yearly:

- Insufficient access to, or volume of potential beneficiaries to maintain fulfil its mission and have maximum impact.
- Ensuring the organisation has enough funds to operate.
- Unable to meet fundraising targets.
- Substantial loss of key commercial contracts and unable to win new ones.

However, the Board recognises that a risk management system can only seek to manage rather than eliminate risk, and that it should therefore be only one of the tools that the Board uses to provide effective control and management of the administration of the charity.

Going concern

After reviewing the charity's business plan, budgets and cash flow projections, the Trustees are of the view that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they are of the view that the charity is a going concern.

Blue Sky Development and Regeneration
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Trustees' Report (continued)

For the year ended 31 March 2016

Trustees' Responsibilities Statement

The Trustees (who are also directors of Blue Sky Development and Regeneration for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


The trustees have prepared the report in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

AUDITOR

The auditors, haysmacintyre are willing to be re-appointed in accordance with section 485 of the Companies Act 2006.

APPROVAL

The Trustees' Report incorporating the Strategic Report was approved and authorised by the Board of Trustees on 18 October 2016 and signed on their behalf by:



Hon David Bernstein
Chair of Trustees

Independent auditor's report to the members and trustees of Blue Sky Development and Regeneration

We have audited the financial statements of Blue Sky Development and Regeneration for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity'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 charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity 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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of the charitable company's net movement in funds, 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the Trustees' Annual Report and Strategic Report.


Murtaza Jessa

for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

Date: 18 October 2016

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Blue Sky Development and Regeneration
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Statement of Financial Activities
(Incorporating income and expenditure account)

For the year ended 31 March 2016

	Note	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations and legacies	2	91,529	146,145	237,674	560,365
Charitable activities	4	438,073	1,323,710	1,761,783	1,815,710
Investments	3		2,474	2,474	2,485
Other			8,065	8,065	398
Total income		529,602	1,480,394	2,009,996	2,378,958
Expenditure on:					
Raising funds	5		96,958	96,958	109,097
Charitable activities	5	529,602	1,278,292	1,807,894	2,175,524
Total expenditure	5	529,602	1,375,250	1,904,852	2,284,621
Net income/(expenditure)		-	105,144	105,144	94,337
Net movement in funds		-	105,144	105,144	94,337
Reconciliation of funds:					
Total funds brought forward		-	322,076	322,076	227,739
Total funds carried forward	13	-	427,220	427,220	322,076

The notes on pages 15 to 25 form part of these financial statements.
All amounts are derived from continuing activities.

Full comparative figures for the year ended 31 March 2015 are shown in note 20

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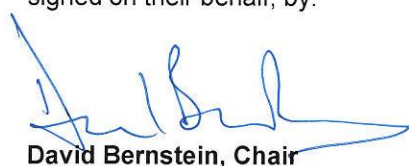
Balance sheet

Company number: 05639379

As at 31 March 2016

	Note	£	2016 £	£	2015 £	£
Fixed assets:						
Tangible assets	8		3,564			16,116
Current assets:						
Debtors	9	132,265		236,968		
Cash at bank and in hand		732,241		887,010		
<i>Total current assets</i>		<u>864,506</u>		<u>1,123,978</u>		
Liabilities:						
Creditors: amounts falling due within one year	10	(440,850)		(818,018)		
<i>Net current assets</i>			<u>423,656</u>			<u>305,960</u>
Total net assets			<u><u>427,220</u></u>			<u><u>322,076</u></u>
The funds of the charity						
Unrestricted funds	13		<u>427,220</u>			<u>322,076</u>
Total charity funds			<u><u>427,220</u></u>			<u><u>322,076</u></u>

The financial statements were approved and authorised for issue by the Trustees on 18 October 2016 and signed on their behalf, by:



David Bernstein, Chair

The notes on pages 15 to 25 form part of these financial statements.

Blue Sky Development and Regeneration
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Statement of cash flows

For the year ended 31 March 2016

	2016	2015
	£	£
Cash flows from operating activities:		
Net cash from operating activities	(164,368)	388,832
Cash flows from investing activities:		
Proceeds from sale of fixed assets	9,775	-
Purchase of equipment	(2,650)	(5,230)
Interest received	2,474	2,485
Net cash from investing activities	9,599	(2,745)
Cash flows from financing activities		
(Decrease)/Increase in cash and cash equivalents	(154,769)	386,087
Cash and cash equivalents at the beginning of the reporting period	887,010	500,923
Cash and cash equivalents at the end of the reporting period	732,241	887,010
Reconciliation of net income to net cash flow from operating activities	2016	2015
	£	£
Net income for the period (as per statement of financial activities)	105,144	94,337
Adjustments for:		
Depreciation charges	10,815	7,787
Loss/(profit) on sale of fixed assets	(5,387)	-
Interest received	(2,474)	(2,485)
(Increase)/decrease in debtors	104,701	(108,412)
Increase/(decrease) in creditors	(377,166)	397,605
Net cash provided by operating activities	(164,368)	388,832
	2016	2015
	£	£
Analysis of cash & cash equivalents	732,241	887,010

The notes on pages 15 to 25 form part of these financial statements.

Blue Sky Development and Regeneration
(A company limited by guarantee)

Notes to the financial statements

For the year ended 31 March 2016

1. ACCOUNTING POLICIES

Status of the Charity

Blue Sky Development & Regeneration is a charitable company registered in England, a Limited Company by guarantee without share capital use of 'Limited' exemption limited by guarantee and not having a share capital. It is a registered Charity with its registered office at Colne Valley Park Centre, Denham Court Drive, Denham, Uxbridge UB9 5PG and is not liable to direct UK taxation on its charitable activities.

Accounting Policies

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

1.1 Basis of preparation of financial statements

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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

1.2 Going Concern

The Trustees have reviewed the circumstances of the Charity and consider that adequate resources continue to be available to fund their activities for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis

1.3 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

The last period presented under the previous reporting framework was the year ended 31 March 2015. No restatement of the opening fund balances at the date of transition has been required in making the transition to FRS 102. The transition date was 1 April 2014.

The accounting policy on income recognition has been revised under the new reporting framework. No prior year adjustments were necessary from this change in policy.

1.4 Statement of cash flows

The Charity's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition, the cash flow statement reconciles cash and cash equivalents whereas under previous UK GAAP the statement reconciled to cash.

1.5 Income

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

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

Blue Sky Development and Regeneration
(A company limited by guarantee)

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.5 Income (continued)

Recognition of income is deferred where condition specify that such income relates to future accounting periods. Where donors specify that funds are for specific purposes such income is included in incoming resources of restricted funds.

Grant Income

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognized 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.

Donations & Legacies

Donations and legacies income includes donations and gifts in wills which are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable. Income from donations, covenants and gift aid includes receipts from fundraising events. Donations together with the resulting tax credit from gift aid, is credited directly to the statement of financial activities on an accruals basis. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

Investment Income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

Other Income

Income received from goods supplied are exclusive of VAT and are charged at the market rate. This relates to Blue Sky Inside (Stitch in Time) and the production of dust, jewellery and shoe bags, cushions, aprons and board games.

1.6 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.7 Resources expended

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

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Expenditure on charitable activities includes the costs of all activities undertaken to further the purposes of the charity relating to the strategic vision and their associated support costs

**Blue Sky Development and Regeneration
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Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.7 Resources expended (continued)

Direct costs are allocated on an actual basis to the relevant expenditure headings.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. These costs have been allocated between the activities of the charity and the bases of allocation are set out in note 5.

Governance costs is allocated in line with the support costs. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

1.8 Employee benefits

Short term benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accrual basis and in line with FRS102.

1.9 Tangible fixed assets and depreciation

All assets costing over £1,000 are capitalised and included at costs.

Depreciation has been provided on the straight-line method to write off the cost of tangible fixed assets on a straight-line basis over their considered useful economic lives as follows:

- Motor vehicles & equipment over 3 years

1.10 Operating leases

The charity classifies the rental agreement on premises and lease of vehicles as operating leases. Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

1.11 Pensions

The charity operates a group personal pension scheme (run under defined contribution arrangements) with AEGON, with an employer's contribution rate of 8% of pensionable pay and employee's contribution of minimum 5% of pensionable pay treated as salary sacrifice. The employer's NI savings resulting from salary sacrifice is added to the employer's contribution.

Blue Sky also started auto-enrolling employees from October 2014 with Peoples Pension and employees can exercise their right to opt out of their scheme membership. Employer's contribution rate of 1% of pensionable pay and employee's contribution of 1% of pensionable pay treated as salary sacrifice.

The pension charge represents the amount payable by the charity to the fund in respect of the year

Blue Sky Development and Regeneration
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Notes to the financial statements (continued)

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and cash equivalents is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

1.13 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.

1.14 Cash and Cash equivalents

Cash at bank and cash in hand includes cash and short term highly liquid investments.

1.15 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 provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.16 Taxation

The Company is a registered charity and therefore is not subject to Corporation Tax on surpluses arising from charitable activities. The Charity is registered for VAT purposes.

1.17 Judgement in applying accounting policies and key resources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The trustees consider the following item to be an area subject to estimation and judgement.

Depreciation:

The usual economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. As tangible fixed assets are not significant variances between actual and estimated useful economic lives will not a material impact on the operating results. Historically no changes have been required.

2. Income from donations and legacies

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Donations	<u>91,529</u>	<u>146,145</u>	<u>237,674</u>	<u>560,365</u>

Blue Sky Development and Regeneration
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Notes to the financial statements (continued)

For the year ended 31 March 2016

3. Income from investments	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Bank interest	-	2,474	2,474	2,485
4. Income from charitable activities	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Blue Sky Services	50,400	494,638	545,038	456,627
Blue Sky Agency	252,746	776,895	1,029,641	1,124,780
Blue Sky Inside	132,307	52,177	184,484	161,578
Training/Other	2,620	-	2,620	72,725
	<u>438,073</u>	<u>1,323,710</u>	<u>1,761,783</u>	<u>1,815,710</u>

Included within income received for charitable activities are the following grants:

	2016 £	2015 £
Central Government	10,313	116,918
Charitable Foundations and Trusts	451,202	533,121
Private Sector	8,060	102,215
Total	<u>469,575</u>	<u>752,254</u>

5. Expenditure

	Basis of Allocation	Blue Sky Services £	Blue Sky Agency £	Blue Sky Inside £	Training Service £	Raising Funds £	Total 2016 £	Total 2015 £
Costs directly allocated to activities								
Staff costs	Direct	246,098	703,150	27,479	-	-	976,727	1,219,741
Equipment	Direct	122,506	-	217	-	-	122,723	116,221
Material	Direct	23,663	-	16,736	-	-	40,399	35,511
Other operational costs	Direct	14,598	29,784	3,559	-	-	47,941	82,238
Recruitment and Training	Staff Numbers	2,868	8,190	8,017	2,681	3,250	25,006	34,622
		<u>409,733</u>	<u>741,124</u>	<u>56,008</u>	<u>2,681</u>	<u>3,250</u>	<u>1,212,796</u>	<u>1,488,333</u>
Support costs		163,429	310,831	117,193	3,645	96,958	692,056	796,288
Total costs		<u>573,162</u>	<u>1,051,955</u>	<u>173,201</u>	<u>6,326</u>	<u>100,208</u>	<u>1,904,852</u>	<u>2,284,621</u>

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Notes to the financial statements (continued)

For the year ended 31 March 2016

The Trust initially identifies the costs of its support functions and then identifies those costs which relate to the governance function. These costs are then apportioned between the key charitable activities undertaken in the year. The table below shows the basis of apportionment and the analysis of support and governance costs.

5.	Basis of Allocation	Blue Sky Services	Blue Sky Agency	Blue Sky Inside	Training Service	Raising Funds	Total 2016	Total 2015
Support costs allocated to activities								
		£	£	£	£	£	£	£
Staff costs	Staff time	130,324	221,680	97,400	794	94,795	544,993	605,379
Transport and travel	Usage	7,686	21,962	1,321	-	-	30,969	34,090
Communications & IT	Usage	4,742	11,381	1,013	-	1,897	19,033	24,991
Insurance & Office costs	Usage	10,674	29,567	2,496	2,851	266	45,854	84,786
Professional fees	Usage	8,240	22,902	14,365	-	-	45,507	39,042
Governance costs	T/O	1,763	3,339	598	-	-	5,700	8,000
Total support costs		<u>163,429</u>	<u>310,831</u>	<u>117,193</u>	<u>3,645</u>	<u>96,958</u>	<u>692,056</u>	<u>796,288</u>

6. Net income for the year	2016 £	2015 £
This is stated after charging:		
Depreciation of vehicles & equipment	10,815	7,787
Auditor's remuneration (excluding VAT)	<u>5,700</u>	<u>8,000</u>

7. Analysis of staff costs, cost of key management personnel and Trustee remuneration and expenses	2016 £	2015 £
Staff costs		
Wages and salaries	1,372,528	1,684,179
Social security costs	98,637	68,576
Pension	50,555	34,168
Termination pay	-	38,196
	<u>1,521,720</u>	<u>1,825,119</u>

Pension contributions paid into group personal pension scheme (run under defined contribution arrangements) and the Auto Enrolment scheme amounted to £45,282 and £5,273 respectively during the period (£2015: £34,168).

The number employees whose annualised earnings were over £60,000 per annum:

	2016 No.	2015 No.
In the band £60,000 - £69,999	1	1
In the band £70,000 - £79,999	<u>1</u>	<u>-</u>

Blue Sky Development and Regeneration
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Notes to the financial statements (continued)

For the year ended 31 March 2016

7. Analysis of staff costs, cost of key management personnel and trustee remuneration and expenses (continued)

The key management personnel, who are not Trustees of the charity are Managing Director, Development Director, Commercial Director, Teams Director and the Financial Controller whose employee benefits totalled £334,389 (2015- £382,895).

	2016 No.	2015 No.
The average number of employees during the year is as follows:		
Charitable	9	12
Administration	5	5
	<u>14</u>	<u>17</u>
Charitable-Intermediate Labour Market (weekly paid)	<u>66</u>	<u>80</u>

All trustees give their time freely and no trustee remuneration was paid in the year (2015 - £nil) neither were they reimbursed expenses or related amounts were paid directly to third parties (2015 - £542). No Trustee received any payment for professional or consultancy services provided to the charity (2015 - £Nil).

8. Tangible fixed assets

	Motor Vehicles £	Equipment £	Total £
Cost			
At 1 April 2015	32,528	15,480	48,008
Additions	-	2,650	2,650
Disposals	(22,103)	(2,450)	(24,553)
At 31 March 2016	<u>10,425</u>	<u>15,680</u>	<u>26,105</u>
Depreciation			
At 1 April 2015	28,160	3,732	31,892
Charge for the year	1,092	9,723	10,815
Depreciation on disposals	(18,827)	(1,339)	(20,166)
At 31 March 2016	<u>10,425</u>	<u>12,116</u>	<u>22,541</u>
Net book value			
At 31 March 2016	<u>-</u>	<u>3,564</u>	<u>3,564</u>
At 31 March 2015	<u>4,367</u>	<u>11,749</u>	<u>16,116</u>

Blue Sky Development and Regeneration
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Notes to the financial statements (continued)

For the year ended 31 March 2016

9. Debtors	2016 £	2015 £
Trade debtors	129,572	205,655
Other debtors	224	1,069
Prepayments and accrued income	2,469	30,244
	<u>132,265</u>	<u>236,968</u>
10. Creditors: amounts falling due within one year	2016 £	2015 £
Trade creditors	19,565	25,722
Other taxes and social security	20,755	22,250
VAT	12,800	23,760
Other creditors	12,146	22,242
Accruals	36,463	42,935
Deferred income (see below)	339,121	681,109
	<u>440,850</u>	<u>818,018</u>
11. Financial Instruments	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	129,572	205,655
Other debtors	224	1,069
	<u>129,796</u>	<u>206,724</u>
Financial assets that are debt instruments measured at amortised cost:		
Trade creditors	19,565	25,722
Other creditors	12,145	22,240
	<u>31,710</u>	<u>47,962</u>
Net financial assets measured at amortised cost	<u>98,086</u>	<u>158,762</u>
12. Deferred Income		
Deferred income comprises unspent restricted and unrestricted grants that were received from Trusts and Foundations to support specific charity objectives, corporate donations, NOMS LSDF funding received in advance for providing training inside prisons and underutilised Future Job Fund monies.		
	2016 £	2015 £
Deferred income at 1 April	681,109	309,946
Released to income earned from charitable activities in the year	(681,109)	(309,946)
Deferred Income for a future year	339,121	681,109
Balance at the end of the year	<u>339,121</u>	<u>681,109</u>

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Notes to the financial statements (continued)

For the year ended 31 March 2016

13. Statement of funds	Brought Forward 2015 £	Income 2016 £	Expenditure 2016 £	Carried Forward 2016 £
Unrestricted funds				
Unrestricted funds	322,076	1,480,394	(1,375,250)	427,220
Restricted funds				
Employee training	-	4,873	(4,873)	-
Salary costs	-	501,601	(501,601)	-
Equipment purchase	-	5,834	(5,834)	-
Housing deposit	-	7,015	(7,015)	-
Support costs	-	10,279	(10,279)	-
	-	529,602	(529,602)	-
Total of funds	322,076	2,009,996	(1,904,852)	427,220
Summary of funds				
Unrestricted funds	322,076	1,480,394	(1,375,250)	427,220
Restricted funds	-	529,602	(529,602)	-
	322,076	2,009,996	(1,904,852)	427,220

The purpose of each restricted fund is to ensure that the funding is spent on specific projects or salaries designated by the funder.

We received funding to cover specific positions across the activities of the charity. All money in relation to this year has been used to cover salary costs.

In addition to the balance brought forward to cover specific employee training costs, numerous grants have been received from smaller local funders in the year to enhance the training of employees on specific projects.

The Blue Sky Inside project received restricted funding of £132,307 in the year towards workshop and administration salary costs, employability support and housing support.

All unspent monies were deferred to the next financial year as per the funder restrictions.

14. Analysis of net assets between funds	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Tangible fixed assets	3,564	-	3,564	16,116
Current assets	-	864,505	864,505	1,123,978
Creditors due within one year	(3,564)	(437,285)	(440,849)	(818,018)
	-	427,220	427,220	322,076

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Notes to the financial statements (continued)

For the year ended 31 March 2016

15. Operating lease commitments

At 31 March 2016 the charity had further commitments under non-cancellable operating leases as follows:

	Other 2016 £	Land and Building 2016 £	Other 2015 £	Land and building 2015 £
Expiry date				
Within one year	-	22,968	2,343	-
Between two and five years	-	11,484	-	-
	<u>-</u>	<u>34,452</u>	<u>2,343</u>	<u>-</u>

Operating lease costs charged to the statement of financial activities was £29,550 for 2015/16

16. Related party transactions

The charity has relied on the exemption in Section 33.1a of FRS 102 not to disclose related party transactions with Group entities.

Donations received from a Trustee and a member of the SMT amounted to £775.

17. Ultimate parent undertaking and controlling party

The Charity was established with one founder member, The Groundwork South Trust Limited ("Groundwork South Trust"), a company registered in England and Wales, company number 01982077 and charity number 293705. On 1 October 2014 Groundwork South Trust Limited passed a written resolution to admit RAPt (the Rehabilitation for Addicted Prisoners Trust, charity no. 1001701) as sole member of Blue Sky Development & Regeneration and resigned its membership.

Rehabilitation for Addicted Prisoners Trust, a charitable company incorporated in England and Wales, prepares group financial statements that consolidates the accounts of Blue Sky Development and Regeneration.

19. Principal subsidiaries

Blue Sky Development and Regeneration is the sole member of the following entities which are limited by guarantee:

Company name	Country	Description
Blue Sky Inside Limited	England and Wales	Dormant
Blue Sky North Limited	England and Wales	Dormant

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Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Comparative Statement of Financial Activities

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Income from:			
Donations and legacies	414,170	146,195	560,365
Charitable activities	191,889	1,623,821	1,815,710
Investments		2,485	2,485
Other		398	398
Total income	606,059	1,772,899	2,378,958
Expenditure on:			
Raising funds		109,097	109,097
Charitable activities	414,170	1,761,354	2,175,524
Total expenditure	414,170	1,870,451	2,284,621
Net income/(expenditure)	191,889	(97,552)	94,337
Net movement in funds	191,889	(97,552)	94,337
Reconciliation of funds:			
Total funds brought forward	-	227,739	227,739
Total funds carried forward	191,889	130,187	322,076