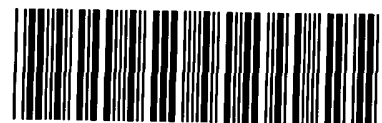


Blue Sky Development and Regeneration
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 March 2017

Registered number: 05639379
Charity number: 1118372

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COMPANIES HOUSE

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

Reference and administrative details of the charity, its trustees and advisers

For the year ended 31 March 2017

Trustees

Hon. David Bernstein	Nominated trustee, Chair
Merlin Gaston	Nominated trustee
David Hornett	Co-opted trustee – resigned Dec 16
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 2017

Introduction

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of Blue Sky Development and Regeneration (the charity) for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts, company law, 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 (FRS102)

Chair's Summary:

Despite some significant challenges for Blue Sky this year, I am pleased to present this annual report. Without doubt Blue Sky work in employing ex-offenders in the community is a bell weather of the economy and government policy. The ongoing partial transition of probation services to the Community Rehabilitation Companies has impacted our candidate referral sources but as ever Blue Sky's focus and drive has sought to overcome this challenge. We look forward to working with the CRC companies in developing greater strategic alliances that can allow us both to positively impact the lives of people stuck in the criminal justice system. This year we expanded our work training prison learners and I am delighted by the impact and feedback we receive from serving prisoners who see Blue Sky as a pathway of hope, employment and positive change on release. Following the Dame Sally Coates Review (Unlocking Potential) into Prison Education, we anticipate further opportunity to impact the lives of serving prisoners.

As ever we are thankful to our employer portfolio for their continuing support and partnership in providing employment opportunities for ex-offenders. I know the Blue Sky team is dedicated to supporting our employer portfolio and how fortunate we are to have found some real life-changes in the managers and supervisors who work with our Blue Sky Agency employees daily. Their support to our beneficiaries can be nothing short of inspirational for the ex-offenders we engage with.

This year we launched a new Theory of Change involving a series of focus groups, workshops and 1-2-1 interviews with many of our ex-offender employees. You can find more information about our Theory of Change at www.blueskydevelopment.co.uk. What was profound was the levels of vulnerability and isolation articulated by our beneficiaries in their early stages of employment. For many the journey of leaving prison, functioning in the community and divorcing themselves from negative social networks (sometimes including family), means that work is the *only* route to connecting to society. And yet as time passes and they value work more, the positive changes in their self-esteem, confidence and long-term thinking is palpable. The more value they place in gaining a work routine, earning money, paying taxes and 'being clean', the greater their desire not to return to their old way. It is another reminder that above all, having a job is the single biggest factor in reducing re-offending.

Following the restructuring & rebranding of our parent charity The Forward Trust (formerly RAPt) in June 2017, we are integrating Blue Sky's activities with them. Whilst the integration will afford greater opportunities for Blue Sky's impact, we continue to operate in a highly volatile environment, whether that be Justice, Welfare to Work or the broader entry-level employment market. We are eternally grateful to the ongoing loyalty of our funders, employers and supporters who – through their support – demonstrate our shared belief that transformational change is possible.

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.

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

Trustees' Report

For the year ended 31 March 2017

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 The Forward Trust (charity no. 1001701) as sole member of Blue Sky Development & Regeneration and resigned its membership.

The Board

The Board comprises of three co-opted Trustees and four Trustees nominated by the parent company The Forward Trust. 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 16 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;

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

Trustees' Report

For the year ended 31 March 2017

- 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.

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 Works – vocational training in prisons
2. To develop and recruit competent supervisors to oversee ex-offender employees and to ensure quality standards are met.
3. To identify employment requirements and skills gaps of employers to therefore identify for training and employment opportunities for ex-offenders.
4. To build into the operational processes of the Charity rigour in both finance and governance.
5. To engage with 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 2016, the charity's objectives for the year are listed below with the outcomes:-

Area of Activity

Ex-offender Recruitment & Employment

1. To provide a minimum of 176 job opportunities through six-month contracts to ex-offenders.
2. To work with the ex-offender employees to support them into onward employment opportunities 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 exceed the target of 15%.

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

Trustees' Report

For the year ended 31 March 2017

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 Works
7. Recruit 5% of candidates from inside prison as a result of training activities.

Outcomes

1. *Blue Sky generated 184 job starts in the community across both public and private sectors and 3 were employed in Bronzefield prison by our Blue Sky Inside project until its closure in June 17. Our partnership with Groundwork Manchester created a further 9 job starts.*
2. *At March 17 end, 43% 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 75% employees who had completed more than 6 weeks with Blue Sky received training*
5. *In the year 26 employees accessed an interest free (non-recourse principal only loan) to stabilise their housing/ financial situation.*
6. *Until its closure Blue Sky Inside (Stitch in Time) employed 212 serving men and women 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. 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. Diversify Blue Sky Services client portfolio in West London and outlying areas.

Outcomes

1. *Over half of Blue Sky's jobs have grown into London with wider growth in outlying areas, including Kent and early expansion in the East Midlands.*
2. *Blue Sky was successful in securing a number of new contracts, and repeat work, in grounds maintenance, waste, catering, construction, leisure and cleaning. Its clients included Veolia, Amey, Idverde (Quadron), Powerday and Adelle.*
3. *We continue to expand our portfolio of employers and local authorities and succeeded in meeting a year-end target of 31%.*
4. *Whilst local authority budget cuts have negatively impacted Blue Sky Services, we continue to secure a range a smaller parish and borough council contracts as have expanded into residential work.*

Financial Sustainability

1. To increase the income from commercial business.
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.

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

Trustees' Report (continued)

For the year ended 31 March 2017

Achievements and Performance (continued)

Outcomes

1. *In the financial year the charity returned a surplus of £114k with a reserves balance of £541k at 31 March 2017.*
2. *This year we failed to hit our commercial target, largely due to losing jobs because of challenges in sourcing candidates. Since the implementation of Transforming Rehabilitation and move to the partial outsourcing of probation services accessing previous sources of referrals has been challenging and we taking measures to mitigate this. We continue to monitor performance of each contract and have secured contributions to £101k in the year*
3. *Blue Sky achieved the fund raising target in the year and at 31 March had deferred charitable grant funds of £265k*
4. *Again, challenges in Transforming Rehabilitation has meant that as yet, Blue Sky has no contractual income from this market. And as the Work Programme begins to wind down, our ability to increase revenue from this source is restricted. We will be bidding for the replacement of the Work Programme in due course.*

Objectives for the forthcoming year:

The following year will see Blue Sky's employment activities consolidated with wider employment initiatives within The Forward Trust. The activities below relate specifically to Blue Sky's work with ex-offenders.

Ex-offender Recruitment, Employment & Training

1. Secure a total of 200 Blue Sky Agency jobs and 120 through investment in developing a brokerage service.
2. Provide a minimum of 300 learning interventions to prison learners in at least 9 prisons, developing a portfolio of vocational and personal development training interventions.
3. Provide a total of 120 employability interventions in the community
4. Ensure that the re-offending rate amongst Blue Sky Agency employees does not exceeds the target of 15%.
5. Provide financial support to ex-offender employees in housing need.
6. Recruit 10% of candidates from inside prison as a result of training activities.

Operational Sustainability

1. Continue to focus growth on key target geographies of London, Kent and secure growth into new satellite area of West Midlands.
2. Ensure no one client represents 25 % of Blue Sky's Agency total number of jobs.
3. Add in about Blue Sky Services.

Financial Sustainability

1. Achieve commercial income target of £1.2m.
2. To increase the operating performance and margins of each commercial contract and to achieve gross contribution of £92k.
3. Achieve a fundraising target of £690k of grant income.
4. Achieve a total government income target of £240k
5. Achieve a minimum target of £280k income within Blue Sky Services

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

Trustees' Report (continued)

For the year ended 31 March 2017

Financial Review

The Statement of Financial activities for the year is set out on page 13.

The Charity returned an increased surplus of £114,077 for the year (2016: £105,144) and the income for the year was £1,950,061 (2016: £2,009,996).

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: AB Charitable Trust, The Aurum Trust, The Big Give, Drapers' Company, Esmée Fairbairn Foundation, The Haberdashers' Company, The Henry Smith Foundation, The High Sheriff of Berkshire J Leon Charitable Fund, John Armitage Charitable Trust, John Ellerman Foundation, Kirkland & Ellis Foundation, The Leathersellers' Company Charitable Fund, The Leigh Trust, The Mercers' Company, The Schroder Foundation, The Trust for London and The Volant 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.

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.

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

Trustees' Report (continued)

For the year ended 31 March 2017

Reserves Policy (continued)

The Charity has unrestricted reserves of £541k, £40k of which has been designated by the Board for developing Blue Sky's new activities of employability and training work, to be carried out in 2017/18. A total of £1.5k of funds are tied up in tangible fixed assets. 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.

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 performance indicators relating to them are being monitored quarterly and yearly.

The actions management team has taken to mitigate the risks are mentioned below each risk.

- Insufficient access to, or volume of, potential beneficiaries to maintain fulfil its mission and have maximum impact.
 - Investment in operational resources to build referral routes
- Ensuring the organisation has enough funds to operate.
 - Effective management accounting and cash flow management
- Unable to meet fundraising targets.
 - Diversification of income and funding streams
- Substantial loss of key commercial contracts and unable to win new ones.
 - Significant client relationship management

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.

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

Trustees' Report (continued)

For the year ended 31 March 2017

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
(A company limited by guarantee)**

Trustees' Report (continued)

For the year ended 31 March 2017

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.

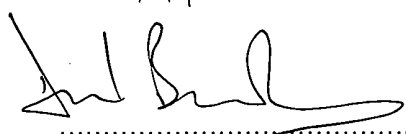
The trustees have prepared the report in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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 Director Report was approved and authorised by the Board of Trustees on 21/11/17 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 2017 which comprise the Statement of Financial Activities, Balance Sheet, the 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 including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, 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.

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 2017 and of the charitable company's net movement in funds, including the 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.

Opinions 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' Annual Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

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' Annual Report (which incorporates the directors' report).

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:

- the 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 charitable company financial statements are not in agreement with the accounting records and returns; or

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

- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report incorporating the Strategic Report.



.....
Murtaza Jessa
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

Date: 24/11/2017
haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

Statement of Financial Activities
(Incorporating income and expenditure account)

For the year ended 31 March 2017

	Note	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income from:					
Donations and legacies	2	87,500	280,195	367,695	237,674
Charitable activities	4	288,039	1,290,759	1,578,798	1,761,783
Investments	3	-	1,561	1,561	2,474
Other		-	2,007	2,007	8,065
Total income		375,539	1,574,522	1,950,061	2,009,996
Expenditure on:					
Raising funds	5	-	105,868	105,868	96,958
Charitable activities	5	375,539	1,354,577	1,730,116	1,807,894
Total expenditure	5	375,539	1,460,445	1,835,984	1,904,852
Net income/(expenditure)		-	114,077	114,077	105,144
Net movement in funds		-	114,077	114,077	105,144
Reconciliation of funds:					
Total funds brought forward		-	427,220	427,220	322,076
Total funds carried forward	13	-	541,297	541,297	427,220

The notes on pages 16 to 26 form part of these financial statements.
All amounts are derived from continuing activities.

Full comparative figures for the year ended 31 March 2016 are shown in note 20.

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

Balance sheet

Company number: 05639379

As at 31 March 2017

	Note	£	2017 £	£	2016 £	£
Fixed assets:						
Tangible assets	8		1,472			3,564
Current assets:						
Debtors	9	311,762			132,265	
Cash at bank and in hand		727,083			732,241	
<i>Total current assets</i>			<u>1,038,845</u>		<u>864,506</u>	
Liabilities:						
Creditors: amounts falling due within one year	10	(499,020)			(440,850)	
<i>Net current assets</i>				<u>539,825</u>		<u>423,656</u>
Total net assets			<u>541,297</u>			<u>427,220</u>
The funds of the charity						
Unrestricted funds	13		501,297			427,220
Designated funds			40,000			
Total charity funds			<u>541,297</u>			<u>427,220</u>

The financial statements were approved and authorised for issue by the Trustees on 21/11 2017 and signed on their behalf, by:



David Bernstein, Chair

The notes on pages 16 to 26 form part of these financial statements.

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

Statement of cash flows

For the year ended 31 March 2017

	2017	2016
	£	£
Cash flows from operating activities:		
Net cash from operating activities	(6,039)	(164,368)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	800	9,775
Purchase of equipment	(1,480)	(2,650)
Interest received	1,561	2,474
Net cash from investing activities	881	9,599
Cash flows from financing activities		
(Decrease)/Increase in cash and cash equivalents	(5,158)	(154,769)
Cash and cash equivalents at the beginning of the reporting period	732,241	887,010
Cash and cash equivalents at the end of the reporting period	727,083	732,241
Reconciliation of net income to net cash flow from operating activities	2017	2016
	£	£
Net income for the period (as per statement of financial activities)	114,077	105,144
Adjustments for:		
Depreciation charges	3,572	10,815
Loss/(profit) on sale of fixed assets	(800)	(5,387)
Interest received	(1,561)	(2,474)
(Increase)/decrease in debtors	(179,497)	104,701
Increase/(decrease) in creditors	58,170	(377,166)
Net cash provided by operating activities	(6,039)	(164,368)
	2017	2016
	£	£
Analysis of cash & cash equivalents	727,083	732,241

The notes on pages 16 to 26 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 2017

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 Statement of cash flows

The Charity's cash flow statement reflects the presentation requirements of FRS 102.

1.4 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.

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.

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

1.5 Income (continued)

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 also includes received from goods supplied are exclusive of VAT and are charged at the market rate.

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
(A company limited by guarantee)**

Notes to the financial statements (continued)

For the year ended 31 March 2017

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, for the permanent employees where they are enrolled after 3 months of employment. Up to January 2017 the employer and employee contribution rate was 8% and 5% of pensionable salary respectively.

From February 2017 the pension benefits are brought in line with The Forward Trust where for the first 2 years employer contribution is matched with employees' to a maximum of 6 % and after 2 years employer contribution is matched to 1.5 times employees' to a maximum of 9%.

The employer's NI savings resulting from salary sacrifice is also added to the employer's contribution.

From October 2014 Blue Sky weekly employees are auto enrolled into a scheme with Peoples Pension and employees can exercise their right to opt out of the scheme. Employer' and employee contribution rate of 1% of pensionable pay is 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
(A company limited by guarantee)**

Notes to the financial statements (continued)

For the year ended 31 March 2017

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 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Donations	<u>87,500</u>	<u>280,195</u>	<u>367,695</u>	<u>237,674</u>

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

For the year ended 31 March 2017

3. Income from investments	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Bank interest	-	1,561	1,561	2,474
4. Income from charitable activities	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Blue Sky Services	52,309	294,813	347,122	545,038
Blue Sky Agency	97,035	961,834	1,058,869	1,029,641
Blue Sky Inside	-	4,112	4,112	184,484
Training/Other	138,695	30,000	168,695	2,620
	<u>288,039</u>	<u>1,290,759</u>	<u>1,578,798</u>	<u>1,761,783</u>

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

	2017 £	2016 £
Central Government	64,039	10,313
Charitable Foundations and Trusts	634,760	451,202
Private Sector	4,530	8,060
Total	<u>703,329</u>	<u>469,575</u>

5. Expenditure

	Basis of Allocation	Blue Sky Services £	Blue Sky Agency £	Blue Sky Inside £	Training Service £	Raising Funds £	Total 2017 £	Total 2016 £
Costs directly allocated to activities								
Staff costs	Direct	136,955	801,665	10,386	38,838	-	987,844	976,727
Equipment	Direct	19,354	-	-	-	-	19,354	122,723
Material	Direct	74,286	-	-	-	-	74,286	40,399
Other operational costs	Direct	10,468	9,493	465	-	-	20,426	47,941
Recruitment and Training	Staff Numbers	2,629	15,394	-	746	-	18,769	25,006
		<u>243,692</u>	<u>826,552</u>	<u>10,851</u>	<u>39,584</u>	<u>-</u>	<u>1,120,678</u>	<u>1,212,796</u>
Support costs		192,774	356,891	-	59,773	105,868	715,306	692,056
Total costs		<u>436,466</u>	<u>1,183,442</u>	<u>10,851</u>	<u>99,356</u>	<u>105,868</u>	<u>1,835,984</u>	<u>1,904,852</u>

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

For the year ended 31 March 2017

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	Training Service	Raising Funds	Total 2017	Total 2016
Support costs allocated to activities							
		£	£	£	£	£	£
Staff costs	Staff time	149,357	255,859	50,664	101,617	557,498	544,993
Transport and travel	Usage	10,016	14,308	2,862	1,430	28,616	30,969
Communications & IT	Usage	5,963	7,453	745	745	14,907	19,033
Insurance & Office costs	Usage	16,607	20,759	2,076	2,076	41,518	45,854
Professional fees	Usage	9,080	53,152	2,575		64,807	45,507
Governance costs	T/O	1,750	5,359	851		7,960	5,700
Total support costs		192,774	356,891	59,773	105,868	715,306	692,056

6.	Net income for the year	2017	2016
		£	£
	This is stated after charging:		
	- Depreciation of vehicles & equipment	3,572	10,815
	- Auditor's remuneration (excluding VAT)	7,385	7,930
	- Release of over provision in 2015	-	(2,230)
	- Over provision in 2016	545	-
		<u>11,502</u>	<u>16,515</u>

7.	Analysis of staff costs, cost of key management personnel and Trustee remuneration and expenses	2017	2016
		£	£
	Staff costs		
	Wages and salaries	1,374,588	1,372,528
	Social security costs	106,523	98,637
	Pension	64,230	50,555
		<u>1,545,341</u>	<u>1,521,720</u>

Pension contributions paid into group personal pension scheme (run under defined contribution arrangements) and the Auto Enrolment scheme amounted to £61,605 and £2,625 respectively during the period (2016: £50,555).

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

	2017	2016
	No.	No.
In the band £60,000 - £69,999	2	1
In the band £70,000 - £79,999	1	1

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

For the year ended 31 March 2017

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

The key management personnel, excluding the Trustees of the charity are the Managing Director, the Development Director, the Commercial Director, the Teams Director and the Financial Controller whose employee benefits totalled £392,468 (2016- £334,389).

	2017 No.	2016 No.
The average number of employees during the year is as follows:		
Charitable	9	9
Administration	6	5
	<u>15</u>	<u>14</u>
Charitable-Intermediate Labour Market (weekly paid)	<u>58</u>	<u>66</u>

All trustees give their time freely and no trustee remuneration was paid in the year (2016 - £nil) neither were they reimbursed expenses or related amounts were paid directly to third parties (2016 - £Nil.) No Trustee received any payment for professional or consultancy services provided to the charity (2016 - £Nil).

8. Tangible fixed assets

	Motor Vehicles £	Equipment £	Total £
Cost			
At 1 April 2016	10,425	15,680	26,105
Additions	-	1,480	1,480
Disposals	(10,425)	(3,030)	(13,455)
At 31 March 2017	<u>-</u>	<u>14,130</u>	<u>14,130</u>
Depreciation			
At 1 April 2016	10,425	12,116	22,541
Charge for the year	-	3,572	3,572
Depreciation on disposals	(10,425)	(3,030)	(13,455)
At 31 March 2017	<u>-</u>	<u>12,658</u>	<u>12,658</u>
Net book value			
At 31 March 2017	<u>-</u>	<u>1,472</u>	<u>1,472</u>
At 31 March 2016	<u>-</u>	<u>3,564</u>	<u>3,564</u>

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

For the year ended 31 March 2017

9. Debtors	2017	2016
	£	£
Trade debtors	306,006	129,572
Other debtors	474	224
Prepayments and accrued income	5,282	2,469
	<u>311,762</u>	<u>132,265</u>
10. Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	21,678	19,565
Other taxes and social security	23,763	20,755
VAT	14,641	12,800
Other creditors	6,374	12,146
Accruals	69,602	36,463
Deferred income (see below)	362,962	339,121
	<u>499,020</u>	<u>440,850</u>
11. Financial Instruments	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	306,006	129,572
Other debtors	474	224
	<u>306,480</u>	<u>129,796</u>
Financial assets that are debt instruments measured at amortised cost:		
Trade creditors	21,678	19,565
Other creditors	6,374	12,145
	<u>28,052</u>	<u>31,710</u>
Net financial assets measured at amortised cost	<u>278,428</u>	<u>98,086</u>
12. Deferred Income		
Deferred income comprises of unspent restricted and unrestricted grants that were received from Trusts and Foundations to support specific charitable objectives, corporate donations and monies received in advance for providing training inside prisons from Her Majesty's Prison & Probation Services and underutilised Future Job Fund monies.		
	2017	2016
	£	£
Deferred income at 1 April	339,121	681,109
Released to income earned from charitable activities in the year	(339,121)	(681,109)
Deferred Income for a future year	362,962	339,121
Balance at the end of the year	<u>362,962</u>	<u>339,121</u>

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

For the year ended 31 March 2017

13. Statement of funds	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	2016	2017	2017	2017	2017
	£	£	£	£	£
Unrestricted funds					
General funds	427,220	1,574,522	(1,460,445)	(40,000)	501,297
Designated funds	-	-	-	40,000	40,000
Restricted funds					
Salary costs	-	264,641	(264,641)	-	-
Prison Training	-	56,195	(56,195)	-	-
Impact Readiness	-	34,039	(34,039)	-	-
Merger related costs	-	14,721	(14,721)	-	-
Employee training	-	5,000	(5,000)	-	-
Housing deposit	-	943	(943)	-	-
	-	375,539	(375,539)	-	-
Total of funds	427,220	1,950,061	(1,835,984)	-	541,297
Summary of funds					
Unrestricted funds	427,220	1,574,522	(1,460,445)	-	541,297
Restricted funds	-	375,539	(375,539)	-	-
	427,220	1,950,061	(1,835,984)	-	541,297

Unrestricted funds included income from Blue Sky's charitable activities, Trust & Foundations donations and investments income.

Designated funds of £40k have been earmarked by the Board to be spent on employability /training work in 2017/18.

Restricted fund is classified as funding that is received for purposes specified by the funder and can only be spent on those specific objectives.

The majority of restricted and unrestricted grants received during the year was towards core and salary costs. Funding was also received towards impact reporting development, merger related activities, to provide training opportunities and assistance to employees with housing needs. As per funder restrictions all unutilised funds have been deferred at the year end,

14. Analysis of net assets between funds	Restricted	Unrestricted	Total	Total
	Funds	Funds	Funds	Funds
	2017	2017	2017	2016
	£	£	£	£
Tangible fixed assets	-	1,472	1,472	3,564
Current assets	-	1,038,845	1,038,845	864,505
Creditors due within one year	-	(499,020)	(499,020)	(440,849)
	-	541,297	541,297	427,220

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

For the year ended 31 March 2017

15. Operating lease commitments

At 31 March 2017 the charity had further commitments under non-cancellable operating leases as follows:

	Other 2017 £	Land and Building 2017 £	Other 2016 £	Land and building 2016 £
Expiry date				
Within one year	-	22,968		22,968
Between two and five years	-	45,936	-	11,484
	<u>-</u>	<u>68,904</u>	<u>-</u>	<u>34,452</u>

Operating lease costs charged to the statement of financial activities was £23,442 for 2016/17
(2015/16- £ 29,550).

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 Trustees amounted to £500 (2016-£775)

Please refer to Note 7 for further details on remuneration and expenses.

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 The Forward Trust (formerly RAPt -charity no. 1001701) as sole member of Blue Sky Development & Regeneration and resigned its membership.

The Forward 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

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

For the year ended 31 March 2017

20. Comparative Statement of Financial Activities

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Income from:			
Donations and legacies	91,529	146,145	237,674
Charitable activities	438,073	1,323,710	1,761,783
Investments	-	2,474	2,474
Other	-	8,065	8,065
Total income	529,602	1,480,394	2,009,996
Expenditure on:			
Raising funds	-	96,958	96,958
Charitable activities	529,602	1,278,292	1,807,894
Total expenditure	529,602	1,375,250	1,904,852
Net income/(expenditure)	-	105,144	105,144
Net movement in funds	-	105,144	105,144
Reconciliation of funds:			
Total funds brought forward	-	322,076	322,076
Total funds carried forward	-	427,220	427,220

Please refer to the 2016 signed and approved accounts which are publically available on the Charity Commissions website for details of the comparative notes relating to the Statement of Funds and Net Assets note.

21. Post Balance Sheet note

As part of the restructure, Blue Sky Development & Regeneration which was a wholly owned subsidiary of The Forward Trust was fully integrated with The Forward Trust with effective date of 1 December 2017. The transfer agreement was signed on 6 November 2017.