

Charity Registration No. 1118372

Company Registration No. 05639379 (England and Wales)

BLUE SKY DEVELOPMENT & REGENERATION

TRUSTEES' REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2009

BLUE SKY DEVELOPMENT & REGENERATION CONTENTS

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**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

The Trustees present their report and accounts for the period ended 31 March 2009. The accounts have been prepared in accordance with accounting policies set out in note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in 2005.

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

Structure, Governance and Management

Structure of the Charity

It is a charity and a company limited by guarantee. 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.

The Member(s) of the Charity

The Charity was established with one founder member, the Thames Valley Groundwork Trust Limited ("Groundwork Thames Valley").

Reference and Administrative Details

Name of the Company

The name of the charity is Blue Sky Development and Regeneration. It is referred to in this report as "the Charity".

Registration Numbers

Charity Registration Number 1118372
Company Registration Number 5639379

Senior Management Team

Michael May	Chief Executive Officer
Andrea McCubbin	General Manager
Stephen Finn	Contracts Manager
Tony Dickenson	Financial Controller

Company Secretary

Tony Dickenson

Charity's Principal Address

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

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

Auditors

FW Stephens
Chartered Accountants and Registered Auditors
Third Floor, 24 Chiswell Street
London EC1Y 4YX

Bankers

HSBC
31 St Peters Court
High Street
Chalfont St Peter
Buckinghamshire SL9 9QQ

Solicitors

Bates Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

Structure, Governance and Management

Members of the Board of Trustees

The names of the trustees (who are the directors of the company in accordance with the Companies Act 1985) on the date of approval of this report, or who served as trustees at any time during the period reported on, are as follows:

Nominated trustees

John Kennedy
Sarah Graham
Stephen Ferry

Nominating Member

Groundwork Thames Valley
Groundwork Thames Valley
CIP Group Ltd

Appointed/ Resigned

Appointed 29 November 2005
Appointed 29 November 2005
Appointed 5 December 2005

Co-opted Trustees

Simon Woolton
Jennifer Bradley
James Swindlehurst
Anthony Charlton
Julian Knott

Appointed/ Resigned

Appointed 5 December 2005
Appointed 26 June 2006
Appointed 22 May 2007
Appointed 28 February 2008
Appointed 18 September 2007
and resigned 23 August 2008
Appointed 20 April 2009

Ronald Sheldon

Induction and Training

Members of the Board of Trustees have received Governance Training from the Chairman of the Policy Strategy and Finance Committee of Groundwork Thames Valley on the role and responsibility of a trustee.

The Trustees delegate the day to day running of the charity to the senior management team who report to the Trustees at their quarterly meetings.

**BLUE SKY DEVELOPMENT & REGENERATION
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Related Party Transactions

The Charity has considered the disclosure requirements of the SORP and believes that there are no related party transactions except for those between itself and its parent undertaking and its fellow subsidiary undertaking, respectively Groundwork Thames Valley and the West London Floating Classroom, which are not required to be disclosed under the provisions of Financial Reporting Standard Number 8.

Risk Assessment & Management

The Board fully accept its responsibilities under the Charity Commission's Statement of Recommended Practice (SORP) for ensuring that the major risks to which the charity is exposed are identified and reviewed, and that there are systems in place to mitigate them. Major risks are those that have a high probability of occurring, and would if they occurred, have a severe impact on either operational performance or achievement of purposes, or could damage either the Charity's or the Groundwork Federation's reputation.

The Charity recognises that risk management is an essential part of good business practice and an effective mechanism of good governance. The Board is committed to ensuring that risk management processes are embedded throughout the Charity, and that these processes are used to help identify at an early stage issues that affect performance or achievement of purposes. 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 of the tools that the Board uses to provide effective control and management of the administration of the charity.

As a result of the implementation of the Charity's Risk Management Policy, the Board has concluded that the major risks to which the Charity is exposed have been identified and have been reviewed, and that systems are established to mitigate those risks in accordance with the Charity Commission's Statement of Recommended Practice.

Objectives and 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.

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

- to promote the conservation, protection and improvement of the physical and natural environment in England 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 and Wales.
- to advance public education in environmental matters and other ways of better conserving, protecting and improving the same wheresoever;

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

Objectives and Activities (Continued)

- to promote in England 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 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 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 build up the commercial income base of the charity by marketing to local authorities and their grounds maintenance contractors. The more work on the books of the Charity the more individual employment activities could be offered to ex-offenders.
2. To develop and recruit competent supervisors to oversee the ex-offenders 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 identify and work with employers in the public, private and voluntary sectors to identify employment requirements and skills gaps within their ranks and thereby to provide employment opportunities for our ex-offender employees.
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 venture philanthropists, to ensure that the Charity has sufficient income in addition to that generated from its commercial activities.

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

Objectives for the period

As set out in the last Trustees' Report the Charity identified as objectives for the period to 31 March 2009, with the results set out alongside: -

ILM Recruitment & Employment	<u>Targeted Outcomes</u>
<p>1) To offer employment to a further 70 ILM employees within FY 08/09</p> <p>2) To ensure that a minimum of 40% of all leavers find onward employment at the end of their contracts</p>	<p>1) In the financial year 62 new recruits were taken on.</p> <p>2) In the year 9 of our leavers moved into onward employment. Of the 122 aggregate Blue Sky leavers since 12/05, 52 or 43% have moved into onward employment</p>
<p>Financial Sustainability</p> <p>Contract Income:</p> <p>1) To ensure that the commercial revenue stream is sustained by maintaining contracts in the existing contract areas, and to add 2 more, one in the SW; to achieve growth in the bespoke contract market</p> <p>2) To generate gross commercial income in excess of £350k.</p> <p>Non-Operational Income:</p> <p>3) To fill the core income gap created by the end of the EXODUS programme by: -</p> <p>a) Securing by 12/08 annualised charitable income of £100k</p> <p>b) Negotiating mezzanine funding/stand-by facilities with venture philanthropy;</p> <p>c) Deliver on outcomes within ESF/Development Agency programmes, assuming success in bidding rounds in Q1 08;</p> <p>d) Initiate discussions with Government departments re core funding;</p> <p>e) Ensure delivery on targets in Hillingdon LAA</p>	<p>1) Blue Sky started the financial year with 4 municipal contracts, and will end the year with 6. This includes 3 new contracts (2 in the South West and 1 in London), offset by the loss of another contract in London. The amount of our bespoke contract income has grown by 66% to £36k.</p> <p>2) Gross commercial income rose by 7% to £375k.</p> <p>3) Performance against targets was: -</p> <p>a) Annualised income from charitable foundations of £123k for the year.</p> <p>b) The key relationship negotiated here has been with the Impetus Trust</p> <p>c) Of 11 bids in which we partnered, only 1 was successful, the A4e "Extra Mile" project in the West Country. The outcome of this partnership has unfortunately been disappointing, and the low probability of our meeting their targets has been raised with them.</p> <p>d) Discussions have been initiated, but little or no progress has been made.</p> <p>e) Delivery is ahead of schedule</p>

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

<p>Strategic Development</p> <ol style="list-style-type: none"> 1) To extend the reach to effect a national profile by: - <ol style="list-style-type: none"> a) Maintaining current contracts and establishing a presence in the cities of Manchester and Bristol; b) Extending London coverage through Ealing contract; 2) To secure the future of the DECIDE programme and to build a horticultural version in London 3) To grow the targeted recruitment market by engaging with at least 2 more employers. 4) To further the development of ACORN Housing by completing the feasibility study and negotiating with Futurebuilders 	<ol style="list-style-type: none"> 1) Performance against targets was: - <ol style="list-style-type: none"> a) Please refer above. In addition Groundwork Manchester anticipates having an operation on the ground in 4/09 b) Please refer above 2) Funding for the DECIDE programme has been secured and the "REFRESH" programme has been developed in conjunction with HMP's Wormwood Scrubs & Latchmere House 3) ASAP Temp Ltd in Greenford and Backup Staff Limited in Gloucester represent 2 new employing organisations 4) The ACORN feasibility study has been concluded but in spite of the existence of partners of real experience in ECHG and the offer of a hostel in Slough, the project foundered through revenue funding shortfalls, principally driven by structural defects within Supporting People
<p>Corporate Development</p> <ol style="list-style-type: none"> 1) Address capacity issues in Blue Sky by: - <ol style="list-style-type: none"> a) Identifying partners to advise and assist in building capacity within the organisation; b) To recruit an Area Manager (SW) and a caseworker 	<ol style="list-style-type: none"> 1) The following capacity has been built into the social enterprise: - <ol style="list-style-type: none"> a) Two key relationships have been formed to help build capacity. These are the Impetus Trust, with whom we have entered into a core funding relationship associated with advances in our corporate development, and the KPMG Foundation, which funded a 3-year programme to extend the footprint to Bristol and Manchester b) As well as recruiting an Area Manager for the SW and an Employment Liaison Manager, Blue Sky has taken on a Financial Controller.

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

Objectives for the Forthcoming Period

Over the period to 31 March 2010 the Charity has set itself the following targets: -

ILM Recruitment & Employment	Targeted Outcomes
<p>1. To continue to provide employment opportunities through ILM contracts to ex-offenders as a bridge to sustained jobs.</p>	<ul style="list-style-type: none"> • To recruit an additional 90 in the financial year ending March 2010 • To ensure that a minimum of 60% stay in employment either through Blue Sky and/ or an onward employer for a minimum of 13 weeks • To ensure that a minimum of 40% of all leavers find sustained employment at the end of their contracts • To meet or exceed the outcomes set out within the Hillingdon Local Area Agreement.
<p>Operational Sustainability</p> <p>1. To ensure that sufficient work exists to provide the recruitment identified above</p> <p>2. To ensure that sufficient work opportunities exist outside Blue Sky to meet the onward employment targets outlined above</p>	<ul style="list-style-type: none"> • To negotiate follow-on contracts for all municipal work scheduled to end during the year • To facilitate the achievement of the above to establish sound working relationships with both Connaught and Quadron • To work with Groundwork Manchester to establish a Blue Sky presence there • To deliver existing contracts to the expected quality standards and to negotiate one additional contract in West London, one in the Thames Valley and one in the West of England • To establish a recycling capability and to recruit a dedicated supervisor to manage it; to establish a working relationship with West London Waste • To complete the establishment of an integrated training facility comprising HMP's Latchmere House and Wormwood Scrubs to deliver dedicated and relevant grounds maintenance training. • To embed sustainability within the HMP Bullingdon "Streetworks" Programme, delivered in partnership with Clancy Docwra • To secure follow on funding for the Employer Liaison Manager. • To create employment opportunities with 3 new employers

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

<p>Financial Sustainability</p> <p>1. To work to ensure that sufficient non-commercial income is entrenched to enable the organisation to survive and grow.</p> <p>2. To work to improve the financial and business performance in Blue Sky's commercial contracts.</p>	<p>a. To work with charitable foundations: -</p> <ul style="list-style-type: none"> i. to ensure a reliable steady stream of funding opportunities that meets each of their charitable objectives ii. to meet the targets within each funding bid and to report in a timely and effective manner <p>b. To develop income from public sector commissions by integrating the work of Blue Sky into: -</p> <ul style="list-style-type: none"> i. the deliverables of NOMS, the DWP and the LSC ii. the LAA framework and other local delivery mechanisms <p>c. To achieve i. and ii. above to formulate and deliver a co-ordinated marketing campaign both to the responsible Government department/ agency and to the principal contractors, e.g. the Shaw Trust</p> <p>d. To meet the first year milestones negotiated with the Impetus Trust.</p> <p>a. To increase the amount of directly contracted income by 200% to £105k</p> <p>b. To review other sectors of activity as below.</p>
<p>Organisational Capacity</p> <p>1. Review of business model to identify areas for development to support the growth</p> <p>2. Production of 3-year business plan that provides focused direction for growth well defined financial projections and performance milestones. These will then be used to drive the development and implementation of a balanced scorecard.</p>	<p>Review of Blue Sky's current business model – (to include all activities undertaken and the operational model used) to identify areas for development/ refinement. To be undertaken with Impetus. Specific areas of focus will be:</p> <ul style="list-style-type: none"> i. Commissioning environment and processes for bidding for new contracts ii. Franchise model iii. Potential to expand into other areas outside of grounds maintenance iv. Potential to partner with other agencies to achieve targeted outcomes and additional income streams <p>Generation of a clear set of objectives to address the issues identified above to include:</p> <ul style="list-style-type: none"> i. Refining the delivery model where necessary; ii. Changes to management structure and identifying new appointments where necessary; iii. Performance measurement system development where necessary; iv. Business system development where necessary – finances, IT etc. v. Balanced Scorecard developed and embedded

<p>3. To put into place effective financial systems to support growth.</p>	<p>a. Implementation of recommendations in financial due diligence in respect of :</p> <ul style="list-style-type: none"> i. Management of cash payments to team members ii. Formalised budgeting process and cashflow forecasting iii. Purchase order process <p>b. Development and implementation of a system to assess existing and future contract profitability</p>
<p>4. Organisational structure reviewed and changes agreed</p>	<ul style="list-style-type: none"> a. Organisational structure for the future agreed and priority gaps identified b. Review of supervisor recruitment process c. Identification of skills gaps on board of trustees and support for recruitment of additional trustees
<p>5. Review and refinement of performance monitoring and evaluation systems</p>	<ul style="list-style-type: none"> a. Outcome measurement system and processes refined where necessary b. Possible further work – Third party review of Blue Sky outcomes relative to market and SROI calculation
<p>6. Communications</p>	<p>Communications and marketing reviewed and implementation plan developed to support the growth in activity and an increase in statutory income</p>

Financial Review

Review of Financial Position

The Statement of Financial activities for the year is set out on page 14 of the Financial Statements.

The Charity's income for the period was £798,256 in addition the Charity returned a surplus of £3,524.

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

Reserves Policy

The Board agreed that a reasonable level of unrestricted reserves is required for the following reasons:

- To absorb short term set backs such as loss or delays in funding.
- To finance working capital needs, such as delays in receipts and to fund the time delays between developing projects, obtaining approval and funds being received.
- To cover the 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 cover the cost of investing in staff training and development to develop new and improved services for the company.
- To cover the cost of developing new services, such as communications, research and quality and business information systems.
- To set aside funds for appropriate capital assets such as horticultural equipment.
- To provide funding to cover any unforeseen down turn in activity, allowing alternative activity to be generated and/or a planned down sizing of activity.

The above needs for reserves have 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.

In order to provide sufficient working capital, free reserves have been set at the equivalent of 13 weeks administrative and running costs. Free reserves are defined as the value of unrestricted reserves excluding the value of fixed assets.

Principal Funding Sources

The major sources of funding during the period were:

The KPMG Foundation
The Henry Smith Charity
The Rank Foundation
The Rayne Foundation
The Tudor Trust
LankellyChase Foundation
The Mercers' Company
The Federation of Groundwork Trusts
A number of private individuals

**BLUE SKY DEVELOPMENT & REGENERATION
TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2009**

Auditors

FW Stephens were appointed auditors to the company and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Public benefit statement

All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 6 to the accounts. Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

Statement of trustees' responsibilities

Company law requires the trustees to prepare accounts for each financial period which give a true and fair view of the charitable company's state of affairs at the end of the period and of its income and expenditure for that period.

In preparing those accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to the auditor

- (a) so far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Chair

Dated 3 November 2009

**BLUE SKY DEVELOPMENT & REGENERATION
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BLUE SKY DEVELOPMENT & REGENERATION
FOR THE PERIOD ENDED 31 MARCH 2009**

We have audited the accounts of Blue Sky Development & Regeneration for the year ended 31 March 2009, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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 auditors

As described on page 11, the trustees, who are also the directors of Blue Sky Development & Regeneration for the purpose of company law are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not to consider whether the statements in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**BLUE SKY DEVELOPMENT & REGENERATION
INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF BLUE SKY DEVELOPMENT & REGENERATION
FOR THE PERIOD ENDED 31 MARCH 2009**

Opinion

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources in the period then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the accounts.

FW Stephens

**Chartered Accountants
Registered Auditors**

Third Floor
24 Chiswell Street
London, EC1Y 4YX

**BLUE SKY DEVELOPMENT & REGENERATION
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2009**

		Unrestricted funds	Restricted funds	Total 2009	Total 2008
	Notes	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Investment income	2	1,955	-	1,955	1,355
Incoming resources from charitable activities					
Other incoming resources	3	775,696	16,610	792,306	674,165
	4	<u>3,995</u>	<u>-</u>	<u>3,995</u>	<u>481</u>
Total incoming resources		<u>781,646</u>	<u>16,610</u>	<u>798,256</u>	<u>676,001</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising and publicity costs		4,852	-	4,852	12,344
Charitable activities		778,332	5,027	783,359	628,016
Governance costs		<u>6,521</u>	<u>-</u>	<u>6,521</u>	<u>12,550</u>
Total resources expended	5	<u>789,705</u>	<u>5,027</u>	<u>794,732</u>	<u>652,910</u>
Net movement in funds		(8,059)	11,583	3,524	23,091
Fund balances at 1 April 2008		70,800	2,140	72,940	49,849
Fund balances at 31 March 2009	13	<u>62,741</u>	<u>13,723</u>	<u>76,464</u>	<u>72,940</u>

All amounts relate to continuing operations. There were no other recognised gains or losses in the period. The notes on pages 16 to 21 form part of these accounts.

The statement of financial activities also complied with the requirements of an income and expenditure account under the Companies Act 1985.

**BLUE SKY DEVELOPMENT & REGENERATION
BALANCE SHEET
AS AT 31 MARCH 2009**

		2009		2008	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		-		889
Current assets					
Debtors	9	234,778		211,782	
Cash at bank and in hand		<u>19,545</u>		<u>85,806</u>	
		254,323		297,588	
Creditors: amounts falling due within one year	10	<u>(177,859)</u>		<u>(225,537)</u>	
Net current assets			<u>76,464</u>		<u>72,051</u>
Total assets less current liabilities			<u>76,464</u>		<u>72,940</u>
Income funds					
Restricted funds	11		13,723		2,140
Unrestricted funds	12		<u>62,741</u>		<u>70,800</u>
			<u>76,464</u>		<u>72,940</u>

The accounts were approved by the Board on 3 November 2009

by

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2009**

1. Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in 2005, in accordance with the Companies Acts and applicable accounting standards.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

1.2 Incoming resources

Income or grants received in advance are held in deferred income, either as part of unrestricted or restricted funds, and carried forward to future accounting periods to be released when measurable stages of work have been completed, approved or certified. Any grants restricted to future accounting periods are deferred and recognised in those accounting periods.

1.3 Resources expended

Charitable activities include those costs incurred in the direct activities of the charity together with those support costs incurred in allowing the charity to deliver its objectives.

Support costs are allocated to the charitable activity to which they relate.

Governance costs are those costs incurred in the constitutional and statutory compliance of the company.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	20% Straight line
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Individual fixed assets costing £1,000 or more are capitalised.

1.5 Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the period in accordance with FRS 17.

1.6 Accumulated funds

Restricted funds are funds subject to specific conditions imposed by funders or by the purpose of the grant. Expenses that may be allocated against restricted funds generally include fees, consultancies, project expenditure and implementation work that qualify under the specific conditions on the funds received. When the conditions governing the income or grants have been met the funds remain within unrestricted funds and are then expendable at the discretion of the trustees in furtherance of the objects of the charity.

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2009**

2. Investment income

	2009	2008
	£	£
Interest receivable	1,955	1,355
	<u> </u>	<u> </u>

3. Activities in furtherance of the charity's objectives

	2009	2008
	£	£
Grant income	406,445	386,821
Project income	<u>385,861</u>	<u>287,344</u>
	792,306	674,165
	<u> </u>	<u> </u>

Included within income received for charitable activities are the following grants

European government	-	217,787
Private sector	<u>406,445</u>	<u>165,034</u>
	406,445	382,821
	<u> </u>	<u> </u>

4. Other incoming resources

	2009	2008
	£	£
Other income	3,995	481
	<u> </u>	<u> </u>

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2009**

5. Total resources expended

		Voluntary income	Charitable expenditure	Governance costs	Total 2009	Total 2008
		£	£	£	£	£
Charitable activities						
Staff costs	7	-	379,498	-	379,498	236,157
Project costs		-	69,819	-	69,819	54,294
Temporary staff & consultants		-	78,218	-	78,218	111,573
Recruitment and training		-	9,291	-	9,291	29,694
Transport and travel		-	23,113	-	23,113	19,599
			<u>559,939</u>		<u>559,939</u>	<u>451,317</u>
Support costs						
Staff costs	7	-	168,213	-	168,213	78,000
Administration		-	9,446	-	9,446	6,020
Communication and IT		-	7,676	-	7,676	5,056
Marketing		4,852	-	-	4,852	12,344
Audit fees		-	-	6,521	6,521	5,655
Professional fees		-	29,790	-	29,790	55,368
Depreciation		-	-	-	-	300
Other		-	8,295	-	8,295	38,850
		<u>4,852</u>	<u>783,359</u>	<u>6,521</u>	<u>794,732</u>	<u>652,910</u>

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, are indirectly apportioned on the basis of the ratio of costs that can be directly allocated.

6. Trustees

One of the trustees, Sarah Graham was reimbursed £867 for travel expenses. None of the other trustees (or any persons connected with them) received any remuneration or reimbursed expenses during the period.

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2009**

7. Employees

As at 31 March 2009 the Charity employed 10 permanent employees in a full-time or part-time capacity. In addition in the accounting period ending on 31 March 2009 the Charity employed on Intermediate Labour Market contracts 62 individuals, of whom 31 remained on its books at that date.

Employment costs

	2009	2008
	£	£
Wages and salaries	497,004	282,160
Social security costs	40,867	26,240
Pension	9,840	5,757
	<u>547,711</u>	<u>314,157</u>

There were no employees whose annual emoluments were £60,000 or more (2008: Nil).

Pension contributions paid into personal pension schemes amounted to £9,840 (2008: £5,757) during the period.

8. Tangible fixed assets

	Motor vehicles £
Cost	
At 1 April 2008	1,489
Additions in the period	-
Disposals in the period	<u>(1,489)</u>
At 31 March 2009	-
Depreciation	
At 1 April 2008	600
Charge for the period	-
Depreciation on disposals	<u>(600)</u>
At 31 March 2009	-
Net book value	
At 31 March 2009	-
Net book value	
At 31 March 2008	<u>889</u>

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2009**

9 Debtors		2009	2008
		£	£
Trade debtors		52,658	37,124
Other debtors		<u>182,120</u>	<u>174,658</u>
		234,778	211,782
		<u><u> </u></u>	<u><u> </u></u>

10 Creditors: amounts falling due within one year		2009	2008
		£	£
Trade creditors		7,286	64,922
Amount owed to parent company		24,410	74,985
Taxes and social security costs		11,839	6,575
Other creditors		<u>134,324</u>	<u>79,055</u>
		177,859	225,537
		<u><u> </u></u>	<u><u> </u></u>

11 Restricted funds				
	Balance	Incoming	Resources	Balance at
	as 1 April	resources	expended	31 March
	2008			2009
	£	£	£	£
Employment projects	2,140	16,610	(5,027)	13,723
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

12 Unrestricted funds				
	Balance	Incoming	Resources	Balance at
	at 1 April	resources	expended	31 March
	2008			2009
	£	£	£	£
Unrestricted funds	70,800	781,646	(789,705)	62,741
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

**BLUE SKY DEVELOPMENT & REGENERATION
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2009**

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2009 are represented by:			
Net current assets	62,741	13,723	76,464
	<u>62,741</u>	<u>13,723</u>	<u>76,464</u>

14 Commitments under operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Motor vehicles 2009 £	Motor vehicles 2008 £
Expiry date:		
Within one year	5,754	8,320
Within two to five years	5,026	-
	<u>10,780</u>	<u>8,320</u>

15 Control

The ultimate parent company is Thames Valley Groundwork Trust Limited, a company registered in England and Wales.

Thames Valley Groundwork Trust Limited prepares group financial statements and copies can be obtained from Court Drive, Denham, Uxbridge UB9 5PH.

The parent undertaking of the largest and smallest group of which Blue Sky Development and Regeneration is a member and for which group accounts are prepared is Thames Valley Groundwork Trust Limited, incorporated in the UK.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standards Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.