

**Blackwood Homes and Care**

**Trading as  
Blackwood**

Group Report and Accounts  
31st March 2023

## **Blackwood Homes and Care – Trading as Blackwood**

### **Group Report and Financial Statements For the year ended 31 March 2023**

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#### **Registration Particulars:**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number SP1728RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HEP158
Charity Number	SC007658

## **Blackwood Homes and Care – Trading as Blackwood**

### **The Board, Executives and Advisers For the year ended 31 March 2023**

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#### **Board Members**

Julie McDowell- Chair  
David Melvin – Vice Chair  
Peter Moir  
Louise Dunlop  
Martin Hensman  
Linda Duncan  
David Tares  
Alan Boyter  
Billie Croan  
Callum Chomczuk  
Tom Dodd

#### **Key Management Personnel**

Simon Fitzpatrick – Chief Executive (appointed 1<sup>st</sup> February 2023)  
Fanchea Kelly – Previous Chief Executive (resigned 31<sup>st</sup> March 2023)  
Doug Moyes – Director of Customer Services  
Stephanie Sutherland – Director of Development and Commercial  
(appointed 26<sup>th</sup> June 2023)  
Heather Duncan – Director of Finance and Strategic Partnerships  
(appointed 17<sup>th</sup> April 2023)  
Liz MacKinnon – Director of Corporate Services

Liz MacKinnon – Company Secretary

#### **Registered Office**

160 Dundee Street  
Edinburgh  
EH11 1DQ

#### **Auditor**

RSM UK Audit LLP  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

#### **Solicitors**

Harper Macleod LLP  
The Cad'oro  
45 Gordon Street  
Glasgow  
G1 3PE

TC Young  
7 West George Street  
Glasgow  
G2 1BA

#### **Bankers**

Virgin Money  
83 George Street  
Edinburgh  
EH2 3ES

Lloyds Bank PLC  
Corporate Banking  
Henry Duncan House  
120 George Street  
Edinburgh  
EH2 4HL

Triodos Bank NV  
Deanery Road  
Bristol  
BS1 5AS

## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board for the year ended 31 March 2023

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The Board of Blackwood presents its group report and audited financial statements for the year ended 31 March 2023.

#### Principal Activities

Blackwood Homes and Care is a charity and a registered housing association within the Co-operative and Community Benefit Society Act 2014. Its primary purpose is to provide high quality housing, support, and care services to enable people to live independently. Blackwood Homes and Care has a dormant subsidiary, Margaret Blackwood Technical Consultants Limited.

Blackwood aims to 'help people live their life to the full' and is guided in how it does business by its values and principles, which are set out in its annual operational Delivery Plan.

This is the second year of Blackwood's current five-year Strategy and Business Plan 2021-2026, which aims to support more customers to live independently by increasing resilience and capacity as a sustainable, not for profit business.

In 2022/23 we focused on delivery of seven strategic objectives to progress the strategy. These are shown in the table below.

Strategic Theme	Strategic Objectives	Strategy Ambition
Sustainable Growth	1. Build 400 homes	Use sustainable growth and increase customer satisfaction to build financial capacity and resilience, increasing our surplus to £0.5m and generate £12m for future investment.
	2. Conduct a market study for expansion and grow the 24-7 service in a sustainable way.	
	3. Partnership with Abbeyfield Scotland, concluded with business combination in 2022/23.	
Customer Satisfaction	4. Increase customer satisfaction to 90% across a range of indicators.	
Thought Leadership and Innovation	5. Invest £13m in the Peoplehood project with local people and industry partners to create products and services to support health ageing.	
	6. Promote our thought leadership in independent living services that support people to live their lives to the full.	
	7. Develop innovation in design and technology to support independent living, with a focus on AI, robotics and data in this period of the strategy.	

The Strategy will be delivered by building the business through the Blackwood House programme, growing the 24/7 Responder Service, and the neighbourhood programme on Healthy Ageing with residents and with industry and academic partners. The aim is to increase asset value and margins, increase customer satisfaction, and create additional investment to grow the business.

In these uncertain economic times Blackwood aims to ensure resilience in its financial base by:

- investing in opportunities for sustainable growth
- ensuring good stewardship of Blackwood's resources and assets
- achieving consistently high customer satisfaction.

## **Blackwood Homes and Care – Trading as Blackwood**

### **Report of the Board (continued) for the year ended 31 March 2023**

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At the end of 2022/23, we can demonstrate progress in delivering the strategic projects we identified in 2020/21. Examples include:

- The Maclehose Court development completed and was handed over in early 2022. We continue to work with City of Edinburgh Council on assessing development programmes at Silverlea, Meadowbank and Liberton. Work is also well underway at Charleston, Dundee, with homes being scheduled for handover in early 2024.
- We successfully expanded our 24-7 responder service. Towards the end of 2022/23, referrals increased, and we have increased the number of customers from 110 to 160.
- Following an extensive period of engagement and planning with Abbeyfield, a successful transfer of engagements took place in August 2022. Abbeyfield has now been de-registered.
- Work to improve our customer service has been supported by our investment in a new state-of-the-art contact management system which includes the new dedicated customer response centre we introduced in October 2022. This service is designed to make life easier for tenants and their families across Scotland when seeking information and advice.

The collective picture of our strategic performance, however, illustrates that external pressures, alongside rising costs, have had an impact on our ability to grow at the sustainable pace we had predicted, and we continue to see risks emerge such as the cost of borrowing and a more cautious approach by commissioners and partners.

Being realistic in our aims for 2023/24, is an opportunity for us to reset and consolidate the results we have achieved in recent years. In March 2023, while keeping our strategic ambitions the same, the Board approved an amended set of objectives for 2023/24 that recognised the impact economic volatility has had on our delivery in recent years.

Blackwood's strategy continues to focus on the need for safe and secure independent living models highlighted dramatically during the pandemic. Combined with the outcomes of the Feeley review for Adult Social Care Services, the proposals for a National Care service, and Housing 2040, Blackwood's strategy of investing in sustainable growth, reimagining services through digital routes and building its neighbourhood presence means it is well placed to capture opportunities in the next few years.

Blackwood led the Peoplehood trailblazing healthy ageing programme throughout 2022/23. The funding for this programme is supported by Innovate UK and match-funding from the partner organisations taking part. The full three-year investment value of Peoplehood is £13M of which Blackwood manage £9M supported by £4.4M grant subsidy from UKRI. In the year 2022/23, Blackwood received grant funding of £1.2M. This programme develops and delivers products, services and business models with other partners to support people to live independently in their own home. The partnership in Peoplehood was recognised by Chartered Institute of Housing (Scotland) for Best Partnership during the year due to the innovative approach taken to addressing the societal challenge in a collaborative way rather than purely within the housing sector.

The programme focuses on the key neighbourhoods in Buckie, Cardonald (Glasgow) and Charleston (Dundee) to engage with 500 active users supporting independent living including:

- Free to use internet access and digital skills packages
- Physical Activity classes such as table tennis and walking football
- My Life game with a value exchange model. This allows residents to share services between neighbours through volunteering with rewards
- Access to products such as electric cars and bikes with cycle clubs to build confidence and encourage active travel
- Co-designed outdoor spaces to support local communities

## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) for the year ended 31 March 2023

#### Summary of Annual Performance

The performance for the year reflects the continued challenges presented from the economic pressures experienced throughout 2022/23. We've encountered challenges such as rising inflation which has impacted our budgets and the cost-of-living crisis affected our customers. Our costs associated with empty homes and arrears have both increased through the year although less than might have been without preventative measures.

The length of time an empty home remains empty was higher through 2022/23 due to contractor unavailability. The number of homes becoming vacant was higher through Summer 2022 and much of the year despite more empty homes being allocated than in a typical year. These vacancies resulted in lost income which has impacted the results in 2022/23. This challenging operating environment meant that although we showed a strong operating surplus because of the integration of Abbeyfield and its assets, we made a loss of £1.3m on our day-to-day operational activity.

The transfer of Abbeyfield Scotland Ltd. impacted our overall operational performance with higher income, staffing costs and empty homes in the remainder of the year.

#### Operational Surplus

<b>OPERATIONAL SURPLUS</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>5,524</b>	<b>87</b>
Add:		
Net Interest	804	680
Depreciation	3,636	3,521
Less:		
Development Grant Amortisation	(1,655)	(1,630)
Increase from Business Combination	(6,864)	-
<b>OPERATIONAL SURPLUS FOR THE YEAR</b>	<b>1,445</b>	<b>2,658</b>

The operating surplus reflects;

- Continued investment in tenants' homes.
- Pressures in recruiting permanent staff in our care services.
- The catch up of non-emergency repairs following restrictions being lifted.
- Integration of Abbeyfield Scotland in September 2022.
- Improved sustainability of care services including the expansion of the 24/7 Service.

#### Asset Management

£3.8m was invested in planned maintenance programmes and the target of 99% compliance with SHQS was met with over 90% of tenants satisfied with the quality of their home.

Adaptations grants of £0.630m from Scottish Government, and Edinburgh and Glasgow City Councils, enabled 132 households to retain their independence in the year with 98% of customers satisfied with the works completed.

Despite a challenging contractor market, emergency repairs were completed in an average of 5.6 hours (4.1 hrs in the prior year) and non-emergencies in just under 7 working days.

The programme to upgrade fire detection and alarm systems to comply with the Housing (Scotland) Act 1987 (Tolerable Standards) (Extension of Criteria) Order 2019 was completed in all applicable homes. In light of a renewed focus by the social housing sector on damp, mould and condensation Blackwood implemented a new policy approach resulting in 44 home visits,

## **Blackwood Homes and Care – Trading as Blackwood**

### **Report of the Board (continued) for the year ended 31 March 2023**

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16% of which resulted in specialist works being undertaken.

Work to deliver 66 new accessible, affordable, beautiful and connected homes began with the first homes in Dundee due for completion during 2023/24 with a further 168 new homes across Scotland identified in our Development Plan.

#### **Housing performance**

On 31st August 2022 Blackwood completed the transfer of engagement with Abbeyfield Scotland, adding 14 Houses of Multiple Occupancy to the housing portfolio and an additional 130 tenancies. Blackwood now has a total housing stock of 1679.

Gross rent arrears were 4.75% at year-end compared to 4.2% in the prior year, as inflation rates rose, and the cost-of-living pressures impacted households food and energy costs. 98.99% of rent due was successfully collected.

In December 2022 Blackwood recruited two Welfare Rights Officers to provide financial advice and support to tenants and to date have secured over £90k in additional income for low-income households. In addition, the Welfare Rights Officers administered a total of £75k worth of food and energy vouchers to eligible tenants through the Scottish Government's Fuel Insecurity Fund and Big Lottery Fund.

The cost-of-living crisis also had an impact on our contractors in 2022/23 who were faced with increased costs, resulting in delays to void works due to reduced capacity. 186 homes were re-let in 22-23, a significant increase of 59 from the previous year. At the time of transfer Abbeyfield had 24 voids adding significantly to the number of empty properties being managed across our portfolio. The allocation of tenancies at the former Abbeyfield houses supported by a new marketing plan, increased occupancy from 71%-80% between December and the end of the financial year.

79% of anti-social behaviour (ASB) and neighbour nuisance cases were resolved during the year, with a higher proportion of more complex cases being investigated.

#### **Support and Care performance**

Blackwood's customers continue to receive an exceptional care service which they rate highly, with 99% reporting we support them to meet their outcomes.

Care Sustainability remained a focus for Blackwood in 2022/23. Continued recruitment challenges across the care sector, staff absence, and turnover required higher agency spend to cover the care for our customers impacting our overall employee costs in the year. The impact of agency expenditure and overtime on Care's financial sustainability is still considerable but there were positive signs by the end of Q4 that the number of new starts in our employment was increasing.

The decision to withdraw from loss-making services in previous years has seen care services remain financially sustainable overall. Dundee and Glasgow continued to be a focus during the year with a final decision reached to withdraw our Glasgow West Care at Home service in mid-April-23, due to recruitment challenges in that particular area and an unsustainable level of care hours.

Our Care Homes have been impacted by the cost-of-living crisis and specifically the increase in food and energy costs. This pressure is likely to continue throughout 2023/24 although current projections forecast a fall in inflation rates by the end of the calendar year. We have assumed these increased costs as part of our budget for 23/24.

Our key strategic objective to grow our 24-7 Responder Service continued during the year with an increase in customers in both Edinburgh and Glasgow. Although slower than anticipated,

## **Blackwood Homes and Care – Trading as Blackwood**

### **Report of the Board (continued) for the year ended 31 March 2023**

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referrals increased towards the end of 2022/23, and we have expanded the service from 110 to 160 customers overall.

Overall customer satisfaction with the 24-7 responder service remains high with all customers who provided reviews rating their service as good, very good or excellent at supporting them to meet their outcomes throughout the year.

#### **Governance**

Blackwood's governing body is the Board of Trustees, who are elected according to the Blackwood Rules, which are based on SFHA Charitable Model Rules (Scotland) 2020. Blackwood has a Good Governance Guide and manages its business in line with Standing Orders and its Scheme of Delegation, which are reviewed regularly.

The Blackwood Board has three standing Committees which supports it to develop and deliver its Strategy. The Audit, Performance and Finance Committee provides assurance and on-going scrutiny of compliance, performance, and financial scrutiny. The Services Committee oversees development and service delivery issues, while contributing to the Board's monitoring and evolution of its future strategy. The People Committee supports the Board to ensure Blackwood has the best employment practices and policies in place to support its employees.

The Board met eight times in 2022/23, including two special meetings. Four meetings were held in-person and four online using the Zoom platform (two of these were the special meetings). Two in-person strategy sessions were held in June and November 2022, which, in addition to Board meetings, ensured that all Board Members participated in formulating the new Strategy and Business Plan for 2021-26 and concur in the decision to roll it forward for year three.

The Annual Assurance Statement confirms compliance with the Scottish Housing Regulator's standards and regulatory requirements. It was approved by Board following a self-assessment process, supported by an evidence bank which demonstrates the breadth and depth of the Board's understanding of Blackwood's business and its financial and operational issues.

The annual Board appraisal system ensured that the right mix of skills and experience were available to direct the growing complexity and risk profile of the business. Board members have a Learning and Development programme which helps develop a shared understanding of the opportunities and risks Blackwood faces.

#### **Transfer of Engagement of Abbeyfield Scotland Ltd**

Following discussions and agreement with the relevant regulators, on 1<sup>st</sup> September 2022 Abbeyfield Scotland Ltd transferred to Blackwood Homes and Care. The assets, liabilities and activities of Abbeyfield Scotland Ltd. were transferred at that date which resulted in an increase in net assets of £3.4M (please see note 26 for further details).

Deregistration of Abbeyfield Scotland Ltd. as a Registered Social Landlord was approved by the Scottish Housing Regulator in January 2023.

#### **Leadership changes during the year**

In 2022/23, after 10 years leading Blackwood, our Chief Executive Fanchea Kelly resigned. Ms Kelly led Blackwood to great success cementing Blackwood's position as a leading provider of homes and services aimed at helping people live independently. Simon Fitzpatrick was appointed as Blackwood's new Chief Executive, taking up the role on 1<sup>st</sup> February 2023. Mr Fitzpatrick was previously Blackwood's Development and Commercial Director.

Our Director of Finance Debbie Collins also left in March 2023, taking up a post with another Registered Social Landlord. Heather Duncan replaced Ms Collins as Director of Finance and Strategic Partnerships in April 2023 after managing various finance and operational roles in Blackwood over the past five years.



## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) for the year ended 31 March 2023

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Blackwood would like to thank Ms Kelly and Ms Collins for their significant contributions in helping Blackwood grow and, ultimately, helping more of our customers live their lives to the full.

#### The Board of Trustees

The following people were members of the Board of Trustees during the year and up to the date of signing of the accounts:

Julie McDowell

David Melvin

Peter Moir

Louise Dunlop

Martin Hensman

Linda Duncan

David Tares

Alan Boyter

Billie Croan

Callum Chomczuk (appointed March 2023)

Tom Dodd (appointed March 2023)

Derek Croll (resigned August 2022)

#### Principal Risks and Uncertainties

Blackwood's Board Assurance & Risk Management Framework consists of a strategic risk register and a performance framework. Strategic risks and key performance indicators are aligned with the Strategic Objectives and are monitored throughout the year. This gives the Board assurance that controls are in place to mitigate risks, realise opportunities, and keep visibility of major uncertainties.

Strategic Risk Theme	Assurances
Sustainable Growth	<ul style="list-style-type: none"><li>• Asset Management Plan and Treasury Plan</li><li>• Structured Development Gateway approval process</li><li>• Good Care Inspectorate reports</li><li>• Professional capacity on Board and in-house teams, with all appropriate expert external advice</li><li>• Collaborative partnership working</li></ul>
Financial Capacity and Resilience	<ul style="list-style-type: none"><li>• Annual budgets, 5- and 30-year financial plans approved and business planning process</li><li>• Stress testing of plans to consider potential risks</li><li>• Development of headroom to manage risks</li><li>• Quarterly reporting of financial position to Committee and Board</li></ul>
Customer Service	<ul style="list-style-type: none"><li>• Large scale customer survey</li><li>• Customer Engagement Plan</li><li>• Quality Control Framework in place</li><li>• Service Improvement plan reporting</li></ul>
Thought Leadership and Innovation	<ul style="list-style-type: none"><li>• Project Advisory Board with Partners for Peoplehood</li><li>• Innovation team in place</li><li>• SPIs and evaluation framework</li><li>• Innovation pipeline and approval gate</li><li>• Detailed project budget management</li></ul>

## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) for the year ended 31 March 2023

Strategic Risk Theme	Assurances
Organisational Preparedness	<ul style="list-style-type: none"><li>• Internal audits annual programme for key risks</li><li>• Audit, Performance and Finance Committee continual review of performance and risks</li><li>• People Committee monitors capacity and capability</li></ul>

#### Key Financial Performance Indicators

Blackwood's income increased in total by £2.3m from 2021/22. There was increased rental income of £1.4M in the year of which £0.9M was due to the mid-year Abbeyfield transfer with the remainder supported by 3% rent increases. Service charges income doubled due to the Abbeyfield transfer and care income increased by £0.7M to support us to pay rate uplifts for the Scottish Living Wage from the Health and Social Care Partnerships.

- Operating costs increased by £3.6M through Abbeyfield transfer and inflationary pressures on fuel of £0.66M and food costs which increased 77%, uplift in paying Scottish Living Wage and increased contractor costs.
- Net interest payable has increased from £0.68M to £0.8M reflecting the increase in interest rates during the year.
- Cash balances decreased by £3.1M to £3M during 2022/23 to support investment in the development programme in Dundee and the investment in our new IT systems.

#### Key Financial Policies

The following policies were all in place during the year and supported the financial results.

- The Treasury Management policy enables Blackwood to control borrowing and investment risks. The Triodos RCF facility and Allia Bond continue to fund the planned investments for the next two years and the Treasury Plan ensures financing for the remainder of the Blackwood House development programme.
- The Rent Policy is in line with accepted Housing Association practice. The Strategy ensures that affordability and value for money for tenants is kept under close review and the Engagement Plan ensures that tenants' key priorities are taken into account.
- The Debt Recovery Policy for Care continues to ensure that debt for care services is collected timeously with any issues being addressed early.
- The Insurance Management Policy ensures that Blackwood has adequate insurance cover to safeguard its assets, protect its reputation and comply with banking covenants.
- The Credit Payment Procedure ensured Blackwood complies with industry guidelines and maintains good relations with creditors.
- The Asset Management Plan aims to retain strong demand for Blackwood homes, as well as meeting all requirements such as Scottish Housing Quality Standards (SHQS), asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (EESH). The new homes programme adds to the rental income as well as securing further care income. The capitalisation of replacement components during the year is in line with accounting practice and complies with the current Housing Association Statement of Recognised Practice (SORP).
- The Reserves Policy sets targets which Blackwood met during the year. The cumulative revenue reserves now stand at £21.2 million.

#### Going Concern

The Board's assessment of Blackwood shows no significant doubts about its ability to continue as a going concern. There are no matters of known material uncertainties that would require disclosure. The Board has considered the continuing impact of inflationary pressures and economic uncertainties in its 2023/24 Budget and its 5-year financial plan which have been stress tested. This exercise has assessed that Blackwood's finances are resilient.

## **Blackwood Homes and Care – Trading as Blackwood**

### **Report of the Board (continued) for the year ended 31 March 2023**

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The Revolving Credit Facility (RCF) of £5m from Triodos Bank which was renewed in March 2022 and the £12m Allia Bond facility supports Blackwood to continue its planned maintenance programme and the Blackwood House programme for 2023/24 in Dundee.

The Board continues to monitor the sustainability of Care Services following its strong financial performance to manage the volatility of these services. The Board has a reasonable expectation that Blackwood has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Disclosure of Information to the Auditor**

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

#### **Auditor**

A resolution for the reappointment of RSM UK Audit LLP, as auditors of Blackwood, will be proposed at the Annual General meeting.

By Order of the Board



Julie McDowell  
Board Chair

15 August 2023

**The Statement of Board Responsibilities for the year ended 31 March 2023**

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The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the affairs of the Group and of the surplus or deficit of the Association and Group for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board for the year ended 31 March 2023

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The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Group, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Management Team and Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Audit and Performance Committee receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Group is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Group's system of internal financial control has been reviewed by the Audit, Performance and Finance Committee for the year ended 31 March 2023. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board



Julie McDowell  
Board Chair

15 August 2023

## **Blackwood Homes and Care – Trading as Blackwood**

### **The Report by the Auditors to the Members of Blackwood Homes and Care on Corporate Governance for the year ended 31<sup>st</sup> March 2023**

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In addition to our audit of the Financial Statements, we have reviewed your statement on Page 13 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

#### **Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

#### **Opinion**

In our opinion the Statement of Internal Financial Control on page 13 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

  
RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date 17/08/23

**Opinion**

We have audited the financial statements of Blackwood Homes and Care (the 'Association') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group Statement of Comprehensive Income, Association Statement of Comprehensive Income, Group Statement of Financial Position, Association Statement of Financial Position, Group Statement of Changes in Reserves, Association Statement of Changes in Reserves, Group Statement of Cash Flows, Association Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2023 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

**The Independent Auditor's Report to Members of Blackwood Homes and Care**

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performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent Association and their environment obtained in the course of the audit, we have not identified material misstatements in the Board's report.

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

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

**Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement set out on page 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.



**The Independent Auditor's Report to Members of Blackwood Homes and Care**

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In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and the Association operate in and how the group and the Association are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019), the and the Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls, revenue recognition, expenditure completeness and cut off, and economic climate relating to going concern as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, completing cut off testing over revenue and expenditure and reviewing managements forecasts and covenant calculations.

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

## **Blackwood Homes and Care – Trading as Blackwood**

### **The Independent Auditor's Report to Members of Blackwood Homes and Care**

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#### **Use of our report**

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



RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date 17/08/23

**Blackwood Homes and Care – Trading as Blackwood****Group Statement of Comprehensive Income  
For the year ended 31 March 2023**

	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
TURNOVER	2	26,426	24,156
Operating expenditure	2	(26,917)	(23,341)
(Loss)/Gain on disposal of property, plant and equipment	2	<u>(93)</u>	<u>(64)</u>
OPERATING (LOSS)/SURPLUS		(584)	751
Business combination – Excess of fair value of assets over the fair value of liabilities acquired	26	6,864	-
Interest receivable	6	48	16
Interest and financing costs	7	(804)	(680)
SURPLUS BEFORE TAX		<u>5,524</u>	<u>87</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,524</u>	<u>87</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

**Blackwood Homes and Care – Trading as Blackwood****Association Statement of Comprehensive Income  
For the year ended 31 March 2023**

	Notes	2023 £'000	2022 £'000
TURNOVER	2	26,426	24,156
Operating expenditure	2	(26,917)	(23,341)
(Loss)/Gain on disposal of property, plant and equipment	2	(93)	(64)
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The results relate wholly to continuing activities.


The accompanying notes form part of these financial statements.

**Blackwood Homes and Care – Trading as Blackwood**

**Group Statement of Financial Position  
As at year ended 31 March 2023**

	Notes	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	794	269
Housing properties	12.A	95,502	89,021
Investment properties	12.B	870	-
Other fixed assets	12.C	689	853
		<u>97,855</u>	<u>90,143</u>
<b>CURRENT ASSETS</b>			
Trade and other debtors	14	3,186	2,162
Cash and cash equivalents	21	3,005	6,094
		<u>6,191</u>	<u>8,256</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	15	(6,548)	(6,387)
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		<u>(357)</u>	<u>1,869</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>97,498</u>	<u>92,012</u>
Creditors: Amounts falling due after more than one year	16	(76,171)	(76,220)
Provisions for liabilities	19	(101)	(90)
<b>TOTAL NET ASSETS</b>		<u>21,226</u>	<u>15,702</u>
<b>RESERVES</b>			
Income and expenditure reserve		21,226	15,702
<b>TOTAL RESERVES</b>		<u>21,226</u>	<u>15,702</u>

The financial statements on pages 19 to 44 were approved by the Board and authorised for issue on 15<sup>th</sup> August 2023 and are signed on its behalf by:

  
Julie McDowell  
Board Chair

  
David Melvin  
Board Vice Chairman

  
Liz MacKinnon  
Company Secretary

## Blackwood Homes and Care – Trading as Blackwood

### Association Statement of Financial Position For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	794	269
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<b>TOTAL RESERVES</b>			
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David Melvin  
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Liz MacKinnon  
Company Secretary

## Blackwood Homes and Care – Trading as Blackwood

### Statement of Changes in Reserves For the year ended 31 March 2023

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#### Group

	<b>Income and expenditure reserve £'000</b>
<b>Balance at 1 April 2021</b>	15,615
Surplus for the year	87
<b>Balance as at 31 March 2022</b>	<u>15,702</u>
Surplus for the year	5,524
<b>Balance at 31 March 2023</b>	<u>21,226</u>

#### Association

	<b>Income and expenditure reserve £'000</b>
<b>Balance at 1 April 2021</b>	15,615
Surplus for the year	87
<b>Balance as at 31 March 2022</b>	<u>15,702</u>
Surplus for the year	5,524
<b>Balance at 31 March 2023</b>	<u>21,226</u>

## Blackwood Homes and Care – Trading as Blackwood

### Statement of Cashflows For the year ended 31 March 2023

<b>Group</b>	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Net cash generated from operating activities	21	756	2,892
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(4,940)	(5,907)
Purchase of other fixed assets		(588)	(140)
Proceeds from sale of tangible fixed assets		-	-
Grants received		2,096	1,804
Interest received		48	16
Cash received on business combination		1,078	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(2,306)</u>	<u>(4,227)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(1,114)	(685)
New secured loans		335	319
Repayments of borrowings		(760)	(746)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(1,539)</u>	<u>(1,112)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	22	<u>(3,089)</u>	<u>(2,447)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>6,094</u>	<u>8,541</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	21	<u>3,005</u>	<u>6,094</u>
<b>Association</b>			
Net cash generated from operating activities	21	756	2,892
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	21	<u>3,005</u>	<u>6,094</u>



## **1. ACCOUNTING POLICIES**

### **LEGAL STATUS**

The Association is registered in Scotland under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The Association meets the definition of a Public Benefit Entity.

The address of the Association's registered office and principal place of business is 160 Dundee Street, Edinburgh, EH11 1DQ.

The Association's principal activities are shown on page 4.

These financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in Sterling and all monetary amounts are rounded to the nearest whole £000.

### **BASIS OF CONSOLIDATION**

The Group financial statements consolidate the results of Blackwood and its wholly owned subsidiary company Margaret Blackwood Technical Consultants Limited (MBTC) using acquisition accounting. Any intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

### **CRITICAL ACCOUNTING ESTIMATED AND AREAS OF JUDGEMENT**

Preparation of the financial statements require management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factor, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are included below.

#### *Useful lives of property*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on historical experience, advice from qualified experts where required.

#### *Fair value on business combination*

Assets acquired through the business combination have been recognised at fair value on transfer. A valuation was undertaken on the fair value of fixed assets as at 31<sup>st</sup> August 2022.

#### *Components of housing properties*

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, Blackwood's own Asset Management Strategy and the requirement of the Scottish Housing Quality Standard.

**1. ACCOUNTING POLICIES (continued)**

*Categorisation of Leases*

In categorising leases as finance leases or operating leases, management makes judgments as to whether significant risks and reward of ownership have transferred to the Association as lessee or the lessee, where the Association is a lessor.

*Recoverable amount of Rent Arrears and Other Debtors*

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as potentially uncollectable after an assessment of the legislative options available to recover and consideration specific circumstances.

**GOING CONCERN**

As set out on Page 11 of its Report, the Board considers the assumption regarding going concern underlying the preparation of Blackwood's Financial Statements to be appropriate.

The Balance Sheet shows a net current liability position. We have used available cash to manage additional costs including inflationary costs rather than borrowing from our loan facilities. The 5 year financial plan projects an improved position in future years.

The Board continues to consider the impact of changeable economic environment on its 23/24 budget and its 5 year financial plan which have been stress tested. This exercise has assessed that there is minimal impact on Blackwood's finances.

On that basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**TURNOVER AND REVENUE RECOGNITION**

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

**GOVERNMENT GRANTS**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components

**1. ACCOUNTING POLICIES (Continued)**

of the structure (excluding land) on a pro rata basis under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

**OTHER GRANTS**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**OTHER INCOME**

Interest income is recognised on an accruals basis.

**BORROWING COSTS**

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

**FIXED ASSETS – INTANGIBLE ASSETS**

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Computer Software - 5 years straight line

Amortisation is revised prospectively if there is a significant change in the useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

**FIXED ASSETS – INVESTMENT PROPERTIES**

Investment properties are properties which are not held for social or affordable housing. They are held at current market valuation and are not subject to depreciation. Rental income from investment properties is accounted for as income from Other Activities and not as income from Affordable Letting Activities.

1. ACCOUNTING POLICIES (Continued)

**FIXED ASSETS – SOCIAL HOUSING PROPERTIES**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership. In accordance with SORP 2018, Blackwood operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Major components are treated as separate assets and depreciated over their useful economic lives or the lives of the structure to which they relate, if shorter at the following rates. Freehold land is not subject to depreciation.

Component Type	Years depreciated
Land	Not depreciated
Structure	over 60 years
Electrical wiring	over 30 years
Windows and doors	over 30 years
Sanitary ware	over 30 years
Radiators	over 30 years
Storage Heaters	over 20 years
Kitchens (Domestic and commercial)	over 15 years
Boilers(Domestic and commercial)	over 15 years
Lifts	over 30 years
Energy efficiency installations	over 15 years
Adaptations	over 15 years
Floor coverings	over 30 years
Fire preventions	over 30 years
Wifi network infrastructure	over 15 years
Fencing / boundary walls	over 20 years
Car Ports	over 30 years

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Shared Ownership properties are depreciated over 60 years. Assets under construction are not depreciated.

*New Build*

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting.

**1. ACCOUNTING POLICIES (Continued)**

It is Blackwood's policy to capitalise the following;

- Cost of acquiring land and buildings.
- Interest costs directly attributable.
- Development expenditure including direct development staff costs.
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

**IMPAIRMENT**

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**OTHER FIXED ASSETS**

For other fixed assets, are stated at cost less depreciation or impairment. Depreciation is charged on a straight line basis over the expected useful, economic lives of fixed assets less any estimated residual value over the following expected lives. Assets are charged fully for the year in the year in which they are acquired at the following rates;

Fixtures & fittings	over 5 – 25 years
Computer hardware	over 3 – 10 years

**TAXATION**

Blackwood has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

**VAT**

Blackwood is not VAT registered, as a large proportion of income, namely rents, is exempt for VAT purposes. Expenditure is shown inclusive of VAT.

**DEPOSITS AND LIQUID RESOURCES**

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

1. **ACCOUNTING POLICIES (Continued)**

**LEASES**

*Finance Leases*

An asset and corresponding liability are recognised for leasing agreements that transfer to the RSL substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to income and expenditure so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating Leases*

All other leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

**EMPLOYEE BENEFITS**

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Blackwood is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**RETIREMENT BENEFITS**

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**FINANCIAL INSTRUMENTS**

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**1. ACCOUNTING POLICIES (Continued)**

**Financial Assets**

*Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

**Financial liabilities**

*Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

*Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Debt instruments that do not meet the conditions in FRS 102, paragraph 11.9, are subsequently measured at fair value through income and expenditure.

Commitments to receive a loan are measured at cost less impairment.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**1. ACCOUNTING POLICIES (Continued)**

**PROVISIONS**

Provisions are recognised when Blackwood has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**RESERVES**

The Association establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties.



Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 31 March 2023

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

Group and Association	Notes	Turnover £'000	Operating costs £'000	Gain on disposal £'000	2023 Operating surplus/ (deficit) £'000	2022 Operating surplus/(deficit) £'000
Affordable letting activities	3	14,977	(15,396)	-	(419)	459
Other activities	4	11,449	(11,521)	-	(72)	356
(Loss)/Gain on disposal of property, plant and equipment	9	-	-	(93)	(93)	(64)
<b>Total</b>		<b>26,426</b>	<b>(26,917)</b>	<b>(93)</b>	<b>(584)</b>	<b>751</b>
<b>Total for previous reporting period</b>		<b>24,156</b>	<b>(23,341)</b>	<b>(64)</b>	<b>751</b>	

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES**

	General Needs Social Housing £'000	Supported Social Housing Accommodation £'000	Shared Ownership Housing £'000	Total 2023 £'000	Total 2022 £'000
<b>Group and Association</b>					
Rent receivable net of service charges	9,407	2,988	8	12,403	10,997
Service charges	1,267	-	-	1,267	592
Gross income from rents and service charges	10,674	2,988	8	13,670	11,589
Less voids	(625)	-	-	(625)	(153)
<b>Net income from rents and service charges</b>	<b>10,049</b>	<b>2,988</b>	<b>8</b>	<b>13,045</b>	<b>11,436</b>
Grants released from deferred income	1,653	2	-	1,655	1,631
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	182	95	-	277	236
<b>Total turnover from affordable letting activities</b>	<b>11,884</b>	<b>3,085</b>	<b>8</b>	<b>14,977</b>	<b>13,303</b>
Management and maintenance administration costs	5,464	316	-	5,780	4,380
Service costs	865	2,864	-	3,729	3,071
Planned and cyclical maintenance including major repairs costs	629	107	-	736	472
Reactive maintenance costs	1,803	54	-	1,857	1,768
Bad debts - rents and service charges	71	-	-	71	37
Depreciation of affordable let properties	3,161	61	1	3,223	3,116
<b>Operating Costs for affordable letting activities</b>	<b>11,993</b>	<b>3,402</b>	<b>1</b>	<b>15,396</b>	<b>12,844</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>(109)</b>	<b>(317)</b>	<b>7</b>	<b>(419)</b>	<b>459</b>
<b>Operating surplus or deficit for affordable letting activities for previous reporting period</b>	<b>413</b>	<b>42</b>	<b>4</b>	<b>459</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

**4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES**

	Grants From Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover £'000	Operating costs bad debts £'000	Other operating costs £'000	Operating surplus or deficit £'000	Operating surplus or deficit for previous reporting period £'000
<b>Group and Association</b>									
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	638	-	496	1,134	-	(1,240)	(106)	-
Care activities	-	8	9,754	256	10,018	-	(9,773)	245	621
Business Development activities	-	-	-	-	-	-	-	-	-
Other income	-	49	4	244	297	-	(508)	(211)	(265)
<b>Total from other activities</b>	<b>-</b>	<b>695</b>	<b>9,758</b>	<b>996</b>	<b>11,449</b>	<b>-</b>	<b>(11,521)</b>	<b>(72)</b>	<b>356</b>
<b>Total from other activities for the previous reporting period</b>	<b>105</b>	<b>429</b>	<b>9,290</b>	<b>1,029</b>	<b>10,853</b>	<b>-</b>	<b>(10,497)</b>	<b>356</b>	

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

<b>5. ACCOMMODATION IN MANAGEMENT</b>	<b>2023</b>	<b>2022</b>
	<b>Units</b>	<b>Units</b>
<b>Group and Association</b>		
General needs housing	1,714	1,562
Shared ownership	2	2
Supported housing	44	44
<b>TOTAL UNITS IN MANAGEMENT</b>	<u>1,760</u>	<u>1,608</u>
<b>6. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Interest on bank deposits	48	16
	<u>48</u>	<u>16</u>
<b>7. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Interest arising on:		
Bank loans and overdrafts	1,093	942
Less capitalised	(289)	(262)
	<u>804</u>	<u>680</u>
<b>8. OPERATING SURPLUS OR DEFICIT</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	3,223	3,116
Depreciation of other tangible fixed assets	350	340
Amortisation of other intangible fixed assets	63	64
Operating lease rentals (note 23)	<u>336</u>	<u>310</u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Audit services - statutory audit of the Association	31	28
	<u>31</u>	<u>28</u>

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

<b>9. (LOSS)/GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Disposal proceeds	-	-
Carrying value of fixed assets	93	64
(Loss)	(93)	(64)
Capital grant repaid	-	-
(Loss)	(93)	(64)
<b>10. EMPLOYEES</b>		
<b>Group and Association</b>		
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Office and management/administration	70	65
Housing support and care	329	319
	<u>399</u>	<u>384</u>
The average monthly number of employees (including key management personnel) employed by the Association during the year was:		
Office and management/administration	72	66
Housing support and care	411	390
Staff costs for the above persons:	<b>£000's</b>	<b>£000's</b>
Wages and salaries	11,761	10,747
Social security costs	1,190	1,020
Other pension costs	443	386
Death in Service and permanent health insurance	46	35
Temporary and contract staff	1,590	860
Redundancy	9	9
	<u>15,039</u>	<u>13,057</u>

Key management personnel are defined as members of the Board, the Chief Executive and any other person who reports directly to the Chief Executive or directly to the Board and listed on page 3. No emoluments were paid to any member of the Board during the year.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	-	1
£70,001 - £80,000	4	2
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001-£110,000	-	1
£110,001-£120,000	1	-
Aggregate emoluments for the key management personnel	<u>463</u>	<u>393</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>112</u>	<u>108</u>
Aggregate pension contributions in relation to the key management personnel	<u>18</u>	<u>14</u>

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2023

11. INTANGIBLE ASSETS					Computer Software £'000
<b>Group and Association Cost</b>					
As at 1 April 2022					940
Additions					588
As at 31 March 2023					<u>1,528</u>
<b>Amortisation</b>					
As at 1 April 2022					671
Amortisation charged in year					63
As at 31 March 2023					<u>734</u>
<b>Net book value</b>					
As at 31 March 2023					<u>794</u>
As at 31 March 2022					<u>269</u>
12.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000	
<b>Group and Association Cost</b>					
As at 1 April 2022	138,039	4,688	123	142,850	
Works to existing properties	3,321	-	-	3,321	
Works to new properties	-	1,726	-	1,726	
Additions from Business combination (Note 26)	4,942	-	-	4,942	
Transfers	3,322	(3,322)	-	-	
Disposals	(622)	-	-	(622)	
As at 31 March 2023	<u>149,002</u>	<u>3,092</u>	<u>123</u>	<u>152,217</u>	
<b>Depreciation and impairment</b>					
As at 1 April 2022	53,826	-	3	53,829	
Depreciation charged in year	3,220	-	1	3,221	
Transfer	-	-	-	-	
Released on disposal	(335)	-	-	(335)	
As at 31 March 2023	<u>56,711</u>	<u>-</u>	<u>4</u>	<u>56,715</u>	
<b>Net book value</b>					
As at 31 March 2023	<u>92,291</u>	<u>3,092</u>	<u>119</u>	<u>95,502</u>	
As at 31 March 2022	<u>84,213</u>	<u>4,688</u>	<u>120</u>	<u>89,021</u>	

## Blackwood Homes and Care – Trading as Blackwood

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

#### 12.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)

Group and Association	2023 £'000	2022 £'000
EXPENDITURE ON WORKS TO EXISTING PROPERTIES		
Improvement work capitalised	628	724
Replacement component spend capitalised	2,646	1,557
Amounts charged to income and expenditure	523	279
Total major repairs spend	<u>3,797</u>	<u>2,560</u>
Value of capitalised land	14,408	12,447
Value of capitalised interest	<u>886</u>	<u>743</u>

#### 12.B TANGIBLE FIXED ASSETS – INVESTMENT PROPERTIES

Group and Association	£'000
Cost	
As at 1 April 2022	-
Additions from business combination (note 26)	870
As at 31 March 2023	<u>870</u>

Blackwood Housing and care is responsible for repairs and maintenance of the investment properties. The valuations were completed as at 28<sup>th</sup> February 2021 by Jones Lang LaSalle and were prepared on the basis of market value. The investment method of valuation to derive the market value of the properties was used.

No allowance was made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the properties were considered free and clear of all mortgages or other charges which may be secured thereon. Any gain or loss arising from a change in fair value is recognised in the Income and Expenditure Account. Rental income from investment property is accounted for as described in the accounting policies.

#### 12.C TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers and Office Equipment £'000	Furniture Fixtures & Fittings £'000	Total £'000
Cost			
As at 1 April 2022	1,496	834	2,330
Additions from Business combination (Note 26)	4	-	4
Additions	144	38	182
Transfers	-	-	-
As at 31 March 2023	<u>1,644</u>	<u>872</u>	<u>2,516</u>
Depreciation and impairment			
As at 1 April 2022	954	523	1,477
Depreciation charged in year	229	121	350
As at 31 March 2023	<u>1,183</u>	<u>644</u>	<u>1,827</u>
Net book value			
As at 31 March 2023	<u>461</u>	<u>228</u>	<u>689</u>
As at 31 March 2022	<u>542</u>	<u>311</u>	<u>853</u>

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**13. SUBSIDIARY UNDERTAKINGS**

**Association only**

The RSL's subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Margaret Blackwood Technical Consultants Limited (MBTC)	Ordinary	100%	Dormant

MBTC is exempt from the requirement to prepare individual accounts, and the Directors of the company are exempt from the requirement to deliver a copy of the company's individual accounts to the registrar, by virtue of sections 394A and 488A of the Companies Act 2006.

**14. DEBTORS**

**2023**  
**£'000**

**2022**  
**£'000**

**Group and Association**

**Amounts falling due within one year:**

Rent and service charges receivable	487	344
Less: provision for bad and doubtful debts	(177)	(129)
	310	215
Other debtors	1,514	1,189
Prepayments and accrued income	1,362	758
	<u>3,186</u>	<u>2,162</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

**2023**  
**£'000**

**2022**  
**£'000**

**Group and Association**

Debt (note 18)	777	762
Rent and service charges received in advance	338	261
Deferred capital grants (note 17)	1,661	1,632
Trade creditors	1,055	774
Other payables	3	720
Other taxation and social security costs	243	224
Accruals and deferred income	2,470	2,014
	<u>6,547</u>	<u>6,387</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

**2023**  
**£'000**

**2022**  
**£'000**

**Group and Association**

Debt (note 18)	28,109	28,570
Deferred capital grant (note 17)	48,062	47,650
	<u>76,171</u>	<u>76,220</u>

Included in creditors are:

Amounts repayable other than by instalments falling due after more than five years	48,062	47,650
Amounts repayable by instalments falling due after more than five years	24,892	25,370



**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

<b>17. DEFERRED CAPITAL GRANT</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
As at 1 April	49,282	49,108
Grant received in the year	2,096	1,804
Capital grant released	(1,655)	(1,630)
As at 31 March	<u>49,723</u>	<u>49,282</u>
Amounts to be released within one year	1,661	1,632
Amounts to be released in more than one year	<u>48,062</u>	<u>47,650</u>
	<u>49,723</u>	<u>49,282</u>

<b>18. DEBT ANALYSIS – BORROWINGS</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Creditors: amounts falling due within one year:		
Bank loans (note 15)	<u>777</u>	<u>762</u>
	<u>777</u>	<u>762</u>
Creditors: amounts falling due after more than one year:		
Bank loans (note 16)	<u>28,109</u>	<u>28,570</u>
<b>Total</b>	<u>28,886</u>	<u>29,332</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation. These loans bear rates between 0% and 5.86% (unchanged from 2021/22).

The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £28,886,000 (2022: £29,332,000) are secured against the Association's housing properties.

Based on the lender's earliest repayment date, borrowings are repayable as follows:	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year	779	762
Due in one year or more but less than two years	795	776
Due between two and five years	2,421	2,424
Due more than five years	<u>24,891</u>	<u>25,370</u>
	<u>28,886</u>	<u>29,332</u>

<b>19. PROVISIONS</b>	<b>£'000</b>
<b>Group and Association</b>	
As at 1 April 2022	90
Utilised in the year	-
Additional provision in the year	<u>11</u>
As at 31 March 2023	<u>101</u>

**Holiday Pay**

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

**Blackwood Homes and Care – Trading as Blackwood**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**20. SHARE CAPITAL**

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	<b>2023</b>	<b>2022</b>
<b>Association only</b>	<b>No.</b>	<b>No.</b>
Number of members		
At 1 April	51	50
Joined during the year	54	2
Left during year	(2)	(1)
As at 31 March	<u>103</u>	<u>51</u>

**21. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Surplus for the year	5,524	87
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,571	3,456
Depreciation of intangible assets	63	64
Amortisation of capital grants	(1,655)	(1,630)
Loss on disposal of tangible fixed assets	287	64
Business combination - excess of fair value of assets over fair value of liabilities acquired	(6,864)	-
Amortisation of loan fee	-	29
Interest receivable	(48)	(16)
Interest payable	804	680
<b>Operating cash flows before movements in working capital</b>	<u>1,682</u>	<u>2,734</u>
(Increase) in trade and other debtors	(832)	(2)
(Decrease)/increase in trade and other creditors	(105)	170
Decrease/(increase) in other provisions	11	(10)
<b>Cash generated from operations</b>	<u>756</u>	<u>2,892</u>

**CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents represents: -		
Cash at bank	<u>3,005</u>	<u>6,094</u>
	<u>3,005</u>	<u>6,094</u>

**22. ANALYSIS OF MOVEMENT IN NET DEBT AND RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>At 1 April</b>	<b>Cash flow</b>	<b>At 31 March</b>
	<b>2022</b>	<b>£'000</b>	<b>2023</b>
<b>Group and Association</b>	<b>£'000</b>		<b>£'000</b>
Loans due within 1 year	(762)	(15)	(777)
Loans due in more than 1 year	<u>(28,571)</u>	<u>462</u>	<u>(28,109)</u>
	(29,333)	447	(28,886)
Cash at bank & in hand	<u>6,094</u>	<u>(3,089)</u>	<u>3,005</u>
Total net debt	<u>(23,239)</u>	<u>(2,642)</u>	<u>(25,881)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**23. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Association</b>		
Expenditure authorised by the Board, but not contracted	<u>15,545</u>	<u>13,980</u>

The above commitments will be funded through a mixture of our own funds, Housing Association Grant and borrowing from the drawdown Allia Bond £1.2m and £5m revolving credit facility from Triodos Bank.

At 31 March 2023 Blackwood had committed under non-cancellable operating leases as follows;	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	336	310
In the second to fifth year inclusive	130	614
Over five years	-	-
	<u>466</u>	<u>924</u>

**24. RETIREMENT BENEFITS**

The Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Association in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £442,939 (2022: £385,527). Contributions totalling £72,006 (2022: £59,923) were payable to the fund at the year end and are included in creditors.

**25. RELATED PARTY TRANSACTIONS**

Blackwood maintains a register of Board Members' Interests.

During the year one of the members of Blackwood's Board was a tenant of the organisation on the same standard terms as all tenants. The rent and service charge charged for the year was £7,379; there were no arrears at the end of March 2023.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2022: £0) in respect of bad debts from related parties.

## Blackwood Homes and Care – Trading as Blackwood

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

#### 26. BUSINESS COMBINATION

On 31 August 2022, Blackwood Home and Care acquired the assets and liabilities of Abbeyfield Scotland at the fair values for nil consideration.

The financial impact is set out in the table below:

	Initial Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Housing Properties	2,408	2,534	4,942
Investment Properties	870	-	870
Furniture & Equipment	4	-	4
Arrears of Rent & Service Charge	38	-	38
Social Housing Grant receivable	89	-	89
Other Debtors	57	-	57
Trade Debtors	8	-	8
Cash	1,078	-	1,078
Total Assets	4,552	2,534	7,086
Deferred Grants	(945)	945	-
Rent Received in Advance	(2)	-	(2)
Trade Creditors	(38)	-	(38)
Other Taxation & Social Security	(26)	-	(26)
Other Creditors	(28)	-	(28)
Accruals & Deferred Income	(128)	-	(128)
Total Liabilities	(1,167)	945	(222)
<b>Net assets</b>	<b>3,385</b>	<b>3,479</b>	<b>6,864</b>

The housing properties transferred were valued at fair value. The excess of fair value of the assets acquired over the fair value of liabilities acquired of £6,864k has been recognised in the Statement of Comprehensive Income. The valuation of assets was undertaken by Jones Lang LaSalle, independent professional valuers on 31<sup>st</sup> August 2022. As part of the fair value assessment of housing assets and liabilities the deferred grant income balance of £994k was extinguished.