
Blackwood Homes and Care
(formerly Margaret Blackwood Housing Association Limited)

Trading as
Blackwood

Report and Accounts
31st March 2016

Blackwood Homes and Care – Trading as Blackwood

Report and Financial Statements For the year ended 31 March 2016

Contents

	Page
The Board, Executives and Advisers	2
Report of the Board	3
Statement of the Board's Responsibilities	9
The Board's Statement of Internal Financial Control	10
External Auditor's Report on Corporate Governance Matters	11
Independent Auditor's Report	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Reserves	15
Statement of Cashflows	16
Accounting Policies	17
Notes to the Financial Statements	24

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 2016

The Board

The following were Board members up to the date of signing of the accounts,

Mrs Lesley Beddie, BSc., CEng	
Ms Lizanne Burton	Resigned June 2015
Mr Alex Duncan BSc (Hons)	Resigned October 2015
Ms Susan McKenzie	Resigned May 2016
Mr Stephen Gallagher, MA	Resigned July 2015
Mr Ian Gerono, MA, MBA	
Mrs Marian Jacobs, BA (Econ), Dip TP	
Ms Eileen McDade BSc (Hons),CQSW	
Mrs Linda Holden	
Mr Max Brown	
Mr Derek Croll BCom (Hons) CA	Appointed September 2015
Mr Ian Hartley	Appointed September 2015
Mr Abrar Hameed	Appointed September 2015
Mrs Anne Walker	Appointed September 2015

Chief Executive

Ms Fanchea Kelly

Registered Office

160 Dundee Street
Edinburgh
EH11 1DQ

Auditor

RSM UK Audit LLP
Third Floor, Centenary House
69 Wellington Street
Glasgow G2 6HG

Bankers

Clydesdale Bank PLC
50 Lothian Road
Edinburgh EH3 9BY

Lloyds TSB Scotland PLC
Corporate Banking
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

Solicitors

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

TC Young
7 West George Street
Glasgow G2 1BA

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

The Board of Blackwood presents its report and audited financial statements for the year ended 31 March 2016.

Principal Activities

Blackwood Homes and Care is a charity, governed by its Rules, which are based on the Scottish Federation of Housing Association (SFHA) Model Rules, adopted in 2015. Blackwood's primary purpose is to provide high quality housing and care services for people who need them.

Blackwood has a subsidiary, Margaret Blackwood Technical Consultants (MBTC), which is currently dormant. Previously it had another subsidiary, the Blackwood Foundation, which focused on innovation in design and technology influenced by service users and people with experience of mobility and disability issues. The Foundation was formally dissolved in 2015 and these accounts include the donation of the Foundation's assets of £95,000. Blackwood has integrated the Foundation's purpose of innovating products and services for the benefit of people with disabilities as a key area of activity within its Business Plan, as set out later in this statement.

Blackwood's Values and Strategy

In Blackwood we are driven by our vision and values and they are strongly embedded in our culture. Our vision is that **'Blackwood helps people live their life to the full. We provide high quality housing, care and support, designed around the person and their life choices.'**

Our values guide how we do business and they are;

- **Have respect and understanding**
- **Be open and honest**
- **Take responsibility**
- **Keep our promises**

Our Five Year Strategy and Business Plan 2015-2020 has two key strands of;

- **Providing value and quality for customers**
- **Investing in innovation**

The Strategy was approved by the Board in March 2015 and updated in March 2016. It renews Blackwood's purpose and direction, building on the inspirational legacy of Margaret Blackwood, with a unique 'Offer' for customers and commissioners in the context of the integration of Health and Social Care and the growing demand for accessible homes. The Strategy aims to deliver growth through much greater use of technology and through building a renewed reputation for innovative, accessible and adaptable housing and care services. A more fundamental review of the strategic direction will be undertaken in 2017/18 given our level of ambition and the context of a fast changing external environment.

The Strategy and Business Plan has four core sub-strategies which are:-

- **Asset Management Strategy** – The Strategy is entering its third year and it means that Blackwood has a long term plan in place to protect its assets and ensure value for money for tenants. It is producing significant results as shown below. These include major investment in existing properties, and increasing tenant satisfaction with their home and environment. The development of 'The Blackwood House' creates a new standard for accessible homes with the first development in Glamis Road in Dundee.
- **Care Strategy** –The aim is to ensure a sustainable future for our care services by scaling up the 'Care at Home' business in key geographic areas, while retaining our high quality care services across the country. It entails transforming our approach to neighbourhood services and testing 'CleverCogs', our digital communication system, with customers and staff to increase our efficiency and provide more choice for customers.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

- **People Strategy** – Our workforce plan responds to our aim of growing our care services and also underpins our ambition to become a Scottish Living Wage employer during 2016-17. The Strategy aims to ensure that we recruit and retain the right expertise in all areas of our business and to engage staff to ensure appropriate reward and recognition in competitive markets, which nonetheless must remain affordable for tenants and customers.
- **Core delivery of the Housing Service** – Our results are good and show increasing tenant satisfaction with our services and with value for money. During the year we began preparation of a fundamental review of our service offering and the outcome of our new Rent Strategy will follow through in 2016-17. It sets out to balance the priorities of current tenants with affordability and with retaining the long term value of our assets for future customers. The integration of housing and care services is part of Blackwood's unique offer at local level and our Strategy is to work with our customers to identify and provide the range of services they can access to support independent living.

The core sub- strategies are underpinned by the following supporting plans:-

- Health & Safety Plan 2015-20
- Business Solutions Plan 2015-20
- Communications & Marketing Plan
- Board Assurance Framework

Summary of Performance

Under our Asset Management Strategy we invested £1.4m through our planned maintenance programme in our properties. This delivered 32 bathrooms, 42 kitchens, 49 heating systems, and 106 window upgrades for customers. Our rolling programme of maintaining the Scottish Housing Quality Standard (SHQS) meant that 98% of our homes met the SHQS at year end, with plans in place to complete the remaining properties. A very high 92% of our homes met the Energy Efficiency Standard for Social Housing (ESSH). At the same time, almost £400,000 of Scottish Government funding has enabled us to complete 122 adaptations to help our customers live independently in their own homes for longer. As a result, 93% of tenants now say they are satisfied with the quality of their home, comparing well to the 90% reported last year.

Demand remains very high for Blackwood homes and turnover is low with just 8.2% becoming empty in the last year, and only 0.4% of rent lost due to having empty properties. This is an improvement from 0.5% reported last year.

Welfare reform changes continue to be a concern and Blackwood has invested in services to support all customers. This resulted in rent collection of 99.5% for the year (2015 – 99.8%), and low arrears of 3.1% at year end (2015 – 3.0%). Shelter Scotland provided further well regarded independent and confidential financial advice to tenants.

We produced our second Annual Social Housing Charter report, with help from our Tenant Scrutiny Panel, "Team Blackwood". Team Blackwood continues to be a very important addition to our tenant engagement and continues to work with staff and Board to develop and implement detailed improvement plans.

In November 2015 we were delighted that Team Blackwood won the Best Practice in Tenant Led Scrutiny of the Charter award from the Tenant Participation Advisory Service for its work on estate management and anti-social behaviour. Blackwood customers, and Team Blackwood, have consistently identified the importance of good environmental programmes to support the programme of investment in their homes. During the year £150k was invested in this work. We have seen an improvement in the percentage of tenants satisfied with the management of their neighbourhood, from 79% last year to 83% in 2016.

All local care services were inspected by the Care Inspectorate during the year and 90% achieved grades of Good or Very Good against the National Care Standards. In addition, 99% of Blackwood's care customers have said that services are good or very good at supporting them to meet their personal outcomes. These results are important indicators of the quality that we are determined to maintain, even with a very challenging external and financial environment.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

During the year Blackwood's innovative new design for accessible living led to the commission of the first development of The Blackwood House in Dundee being granted planning permission. This will deliver independent living for people with complex needs and has been made possible by the very positive partnership with Dundee City Council and Scottish Government. It is a modern and design led housing contribution to the new Health and Social Care Outcomes in the city which we look forward to completing during 2016/17.

The financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for registered social landlords 2014 for the first time. Comparative figures have been updated accordingly. See note 26 to the financial statements for further detail.

At the year end the value of the property at the Tweedbridge site in Peebles had to be reduced to reflect its open market value. This has resulted in an impairment charge of £135,000 which has significantly impacted on the surplus for the year reducing it to a small deficit for Blackwood.

Principal Risks and Uncertainties

Blackwood's Board Assurance Framework was renewed during the year to reflect the new Strategy and its ambition. It consists of eight strategic risk themes, which are monitored throughout the year. These themes enable the Board to be assured that controls are in place to mitigate risks and realise opportunities and to keep visibility of any major uncertainties.

The themes are as follows:

Financial Sustainability

We will be able to ensure financial sustainability to deliver high quality, affordable homes and care.

- Blackwood's Personalisation Project and Rent Strategy work are underway to secure and grow income in housing and care. We receive expert advice from external consultants and our auditors on financial management and business planning. A range of efficiency savings are also being identified through a full scale review of care and support processes.

Governance

We will have fit-for-purpose governance structures in place.

- Blackwood's Good Governance Guide and Scheme of Delegation set out our governance structures, with related policies and other documents regularly reviewed by our auditors and the Scottish Housing Regulator. Our Board appraisal and learning & development processes ensure we have the right skills and experience amongst our members.

External Awareness

We will respond appropriately or position ourselves to adapt to government changes.

- Strong relationships with the Scottish Government, Scottish Housing Regulator and other industry bodies such as Chartered Institute of Housing, SFHA, CCPS, and Scottish Care, ensure Blackwood is aware of and prepared for external changes and can influence the national agenda where appropriate. Currently our focus is on self directed support, Universal Credit, Local Housing Allowances, and the wider health & social care agenda.

People

We will retain key staff and recruit to key posts.

- Two key strands of Blackwood's People Strategy – our new care staffing model and becoming a Scottish Living Wage employer – have been the focus in the last year. Alongside this we continue to engage our employees in our Business Plan, and have rolled out new Personal Development Plans across the organisation.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

Growing our Business

We will grow both our housing and care business.

- Work continues on growing our Care at Home business, and reviewing our care homes. We have a focus on three areas, Dundee, Edinburgh and Glasgow, but also work hard to maintain our presence across Scotland despite the challenges of reduced public funding. In housing, planning permission has been granted for a new development at Glamis Road in Dundee, and preparation of a Development programme is underway.

Innovation & Technology

We will position ourselves as a highly innovative provider of housing and care.

- Blackwood's digital care and support system, CleverCogs, is now being used in our Broom Court Care Home in Stirling and across our Tayside Care at Home and Housing Support Services. Blackwood's exhibition at the CIH conference in March 2016 led to increased interest from councils and other organisations in CleverCogs and the Blackwood House. That event, along with over 200 visitors to our AGM event in Dynamic Earth, which featured a full size Blackwood House with integrated technology, provides a rich seam of feedback for us to further refine our innovations.

Commercial Partners

We will secure and effectively manage partnerships.

- A substantial amount of work has been carried out to improve Blackwood's approach to procurement and contract management. Successful tender exercises during the year included planned maintenance, reactive repairs, and gas servicing contracts. Our early partnership on CleverCogs proved successful, giving us the flexibility to keep developing the service and the system as our customers assist with the test phase.

Confidence & Trust

We will ensure confidence and trust in Blackwood is kept and maintained.

- During the year, six health and safety procedures have been reviewed and twelve health and safety audits completed, to ensure we follow best practice and regulatory advice throughout our services. Work has also continued on a full review of Blackwood's business continuity arrangements, including new business continuity plans for each location and training for all relevant employees.

Key Performance Indicators (financial)

- Blackwood's income has increased in total by £397,000 from 2014/15. This increase in turnover is due to the application of a general rent increase of 3.0%, increased care activity and the sale of properties during the year.
- Operating costs have risen by £473,000 due to the cost of increased activity.
- This has resulted in a reduced operating surplus of £934,000 for 2015/16 against a surplus of £1,010,000 in 2014/15.
- A loss of £69,000 was incurred in replacing components early.
- An impairment charge of £135,000 was recognised reflecting the decrease in value of the property at Tweedbridge in Peebles.
- Net interest payable has increased from £629,000 to £732,000 reflecting the increased loans in place at both the previous year end and the current year end.
- Total Comprehensive Income for the year decreased to a loss of £2,000.
- Cash balances increased by £114,000 to £2.8 million.

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 investing risks. Blackwood completed a £5 million borrowing facility with Triodos Bank in the previous financial year and has drawn down £3.0 million from the facility up to 31 March 2016. The remaining balance of £2 million will fund its planned investments for the next year.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

- The Rent Policy was reviewed in 2012 and is in line with accepted Housing Association practice. A broader Rent Strategy is being developed to ensure that the Board keeps affordability and Value For Money under review.
- The Credit Payment Procedure ensured Blackwood complies with industry guidelines and maintains good relations with creditors.
- The Asset Management Strategy (AMS) aims to retain strong demand for Blackwood homes, as well as meeting all requirements such as SHQS, asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (ESSH). 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 stood at £19 million.
- The Financial Standing Orders were updated during the year.

Governance

The Board is elected according to the Rules and manages its business in line with its 'Good Governance Guide' which sets out appropriate Standing Orders and delegations. Board membership is drawn from a range of experience and skills, including customer experience and a mix of professional backgrounds.

During the year Blackwood implemented its annual Board appraisal system, supported by independent advisors. It also prepared a succession plan to ensure the continuation of a stable and healthy organisation for the future as members stood down in line with the Scottish Housing Regulator's guidance. New members joined the Board at the AGM with a range of financial, legal, and management skills, and including new customer experience.

Throughout the year, Blackwood improved its approach to good governance by:-

- Bringing new members onto the Board, strengthening financial and other skills identified in our succession plan.
- Simplifying our structures through the dissolution of the Blackwood Foundation and incorporating the work of the innovation team into Blackwood.
- Introducing joint meetings of the People & Resources Committee and the Housing & Care Committee to increase members' opportunity to discuss items which cross both remits such as our new staffing model.
- Working with Board members to introduce electronic Board meetings.
- Developing individual learning plans and induction plans for Board members.

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, and the £5m loan facility from Triodos Bank enables Blackwood to continue its AMS programme, including the redevelopment in Dundee. The Board has agreed Heads of Terms for a further £5 million Revolving Credit Facility (RCF) with Triodos Bank.

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.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board

For the year ended 31 March 2016

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 (formerly Baker Tilly UK Audit LLP), as auditors of the Association, will be proposed at the Annual General meeting.

By Order of the Board



Position

Chair

Date:

30th August 2016

Blackwood Homes and Care – Trading as Blackwood

Statement of the Board's Responsibilities

For the year ended 31 March 2016

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 Association's state of affairs and of the surplus or deficit of the Association 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 2014. 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
The Board's Statement of Internal Financial Control
For the year ended 31 March 2016**

The Board acknowledges its ultimate responsibility for ensuring that the Association 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 Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement 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 Management Committee;
- the Audit 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 Association 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 Association's system of internal financial control has been reviewed by the Audit Committee for the year ended 31 March 2016. 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

Position



Date

30th August 2016

Blackwood Homes and Care – Trading as Blackwood

Report by the Auditors to the members of Blackwood Homes and Care on Corporate Governance Matters for the year ended 31 March 2016

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 10 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 on Internal Financial Control on page 10 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

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House,
69 Wellington Street,
Glasgow,
G2 6HG

Date

11/9/16

**Independent Auditor's Report to the members of Blackwood Homes and Care
For the year ended 31 March 2016**

We have audited the financial statements of Blackwood Homes and Care for the year ended 31 March 2016 on pages 13 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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.

Respective responsibilities of the Board and auditor

As explained more fully in the Board Responsibilities Statement set out on page 9, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014 .

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date

11/9/16

Blackwood Homes and Care – Trading as Blackwood
Statement of Comprehensive Income
For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
TURNOVER	2	15,644	15,247
Operating expenditure	2	<u>(14,710)</u>	<u>(14,237)</u>
OPERATING SURPLUS		934	1,010
(Loss) on disposal of property, plant and equipment		(69)	(35)
Decrease in valuation of housing properties		(135)	-
Interest receivable	6	12	11
Interest and financing costs	7	(744)	(640)
(DEFICIT)/SURPLUS BEFORE TAX		<u>(2)</u>	346
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2)</u>	<u>346</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Blackwood Homes and Care – Trading as Blackwood
Statement of Financial Position
For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Intangible assets	11	363	285
Housing properties	12.A	82,265	84,672
Other fixed assets	12.B	596	396
Investment in subsidiaries	13	-	-
		<u>83,224</u>	<u>85,353</u>
CURRENT ASSETS			
Properties held for sale	14	293	7
Trade and other debtors	15	1,954	1,310
Cash and cash equivalents		2,854	2,740
		<u>5,101</u>	<u>4,057</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(3,720)	(3,837)
NET CURRENT ASSETS		<u>1,381</u>	<u>220</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>84,605</u>	<u>85,573</u>
Creditors: Amounts falling due after more than one year	17	(65,544)	(66,508)
Provisions for liabilities			
Other provisions	20	(22)	(24)
TOTAL NET ASSETS		<u>19,039</u>	<u>19,041</u>
RESERVES			
Income and expenditure reserve		19,039	19,041
TOTAL RESERVES		<u>19,039</u>	<u>19,041</u>

The financial statements on pages 13 to 37 were approved by the Board and authorised for issue on 30th August 2016 and are signed on its behalf by:

Board Chairman



Board Member



Secretary:



Blackwood Homes and Care – Trading as Blackwood
Statement of Changes in Reserves
For the year ended 31 March 2016

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2014	18,695	18,695
Surplus for the year	346	346
Balance as at 31 March 2015	<u>19,041</u>	<u>19,041</u>
Loss for the year	(2)	(2)
Balance at 31 March 2016	<u>19,039</u>	<u>19,039</u>

Blackwood Homes and Care – Trading as Blackwood**Statement of Cashflows
For the year ended 31 March 2016**

	Notes	2016 £'000	2015 £'000
Net cash generated from operating activities	22	1,238	1,527
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(123)	(49)
Purchase of tangible fixed assets		(2,191)	(3,381)
Proceeds from sale of tangible fixed assets		197	290
Grants received		480	479
Interest received		12	11
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,625)</u>	<u>(2,650)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(744)	(640)
New secured loans		1,500	1,456
Repayments of borrowings		(255)	(279)
NET CASH FROM FINANCING ACTIVITIES		<u>501</u>	<u>537</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>114</u>	<u>(586)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,740</u>	<u>3,326</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	<u>2,854</u>	<u>2,740</u>

1. ACCOUNTING POLICIES

For the year ended 31 March 2016

LEGAL STATUS

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

The Association's principal activities are shown on page 3.

These financial statements have been prepared in accordance with 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 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2015, and under the historical cost convention.

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires 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 factors, 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 within 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 or appropriate and other factors.

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.

CATEGORISATION OF LEASES

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

CHANGE IN ACCOUNTING POLICY

These financial statements are the first financial statements of Blackwood Homes and Care prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Blackwood Homes and Care for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, the Board have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 26.

GOING CONCERN

As set out on Page 7 of its Report, the Board considers the assumption regarding going concern underlying the preparation of Blackwood's Financial Statements to be appropriate.

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 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.

ACCOUNTING POLICIES (Continued)

For the year ended 31 March 2016

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

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 - over 10 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 – 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 2014, 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.

ACCOUNTING POLICIES (Continued)
For the year ended 31 March 2016

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

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.

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.

ACCOUNTING POLICIES (Continued)
For the year ended 31 March 2016

OTHER FIXED ASSETS

For other fixed assets, 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 – 15 years
Computer hardware	over 3 – 10 years

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.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

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.

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.

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.

Derecognition of financial assets and liabilities

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

		2016		2015	
	Notes	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Operating surplus/(deficit) £'000
Affordable letting activities	3	12,461	(11,091)	1,370	985
Other activities	4	3,183	(3,619)	(436)	25
Total		15,644	(14,710)	934	1,010
Total for previous reporting period		15,247	(14,237)	1,010	1,010

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

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 2016 £'000	Total 2015 £'000
Rent receivable net of service charges	6,717	3,305	20	10,042	9,914
Service charges	545	-	1	546	548
Gross income from rents and service charges	7,262	3,305	21	10,588	10,462
Less voids	(45)	-	-	(45)	(62)
Net income from rents and service charges	7,217	3,305	21	10,543	10,400
Grants released from deferred income	1,599	-	-	1,599	1,577
Revenue grants from Scottish Ministers	-	-	-	-	66
Other revenue grants	88	231	-	319	143
Total turnover from affordable letting activities	8,904	3,536	21	12,461	12,186
Management and maintenance administration costs	2,388	650	14	3,052	3,142
Service costs	521	3,050	-	3,571	3,470
Planned and cyclical maintenance including major repairs costs	384	113	-	497	697
Reactive maintenance costs	1,303	66	-	1,369	1,341
Bad debts - rents and service charges	33	-	-	33	30
Depreciation of affordable let properties	2,567	-	2	2,569	2,521
Operating Costs for affordable letting activities	7,196	3,879	16	11,091	11,201
Operating surplus or deficit for affordable letting activities	1,708	(343)	5	1,370	985
Operating surplus or deficit for affordable letting activities for previous reporting period	1,282	(305)	8	985	985

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

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
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing			2,973		2,973		(3,412)	(439)	60
Care activities				95	95		(136)	(136)	(191)
Business Development activities		115			115		(71)	95	156
Other Income				95	95			44	
Sale of Properties Held For Disposal			2,973	95	3,183		(3,619)	(436)	25
Total from other activities	115	115	2,973	95	3,183		(3,619)	(436)	25
Total from other activities for the previous reporting period	294	294	2,767		3,061		(3,036)	25	

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

5. ACCOMMODATION IN MANAGEMENT

	2016	2015
	Units	Units
General needs housing	1,538	1,539
Shared ownership	4	5
Supported housing	68	68
TOTAL UNITS IN MANAGEMENT	1,610	1,612

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Interest on bank deposits	12	11
	12	11

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Interest arising on:		
Bank loans and overdrafts	744	640
	744	640

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

8. OPERATING SURPLUS OR DEFICIT

	2016	2015
	£'000	£'000
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	2,569	2,521
Depreciation of other tangible fixed assets	133	118
Amortisation of other intangible fixed assets	45	31
Deficit on disposal of tangible fixed assets (note 9)	69	35
Impairment of Housing Properties	135	-
Operating lease rentals (note 23)	126	117
	<u>126</u>	<u>117</u>

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2016	2015
	£'000	£'000
Audit services - statutory audit of the Association	22	21
<i>Other services :-</i>		
Audit-related assurance services	4	-
Taxation compliance services	3	4
All other non-audit services	20	-
	<u>49</u>	<u>25</u>

9. SURPLUS OR (DEFICIT) ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	2016	2015
	£'000	£'000
Disposal proceeds	81	290
Carrying value of fixed assets	(150)	(149)
(Deficit)/Surplus	(69)	141
Capital grant repaid	-	(176)
(Deficit)	<u>(69)</u>	<u>(35)</u>

10. EMPLOYEES

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:

	2016	2015
	No.	No.
Office and management/Administration	34	39
Housing support and care	244	209
	<u>278</u>	<u>248</u>

	2016	2015
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	6,115	5,639
Social security costs	471	445
Other pension costs	84	57
Death in Service and permanent health insurance	24	17
Temporary and contract staff	411	483
Redundancy	7	7
	<u>7,112</u>	<u>6,648</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

10. EMPLOYEES (continued)

Key management personnel are defined as members of the Board and the Chief Executive and any other person who reports directly to the Chief Executive or directly to the Board. 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:

	No.	No.
£60,000 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	2016	2015
	£'000	£'000
Aggregate emoluments for the key management personnel	<u>365</u>	<u>307</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>110</u>	<u>109</u>
Aggregate pension contributions in relation to the key management personnel	<u>5</u>	<u>3</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

11. INTANGIBLE ASSETS - OTHER

	Computer Software £'000	Total £'000
Cost		
1 April 2015	359	359
Additions	123	123
Disposals		
31 March 2016	<u>482</u>	<u>482</u>
Depreciation		
1 April 2015	74	74
Depreciation charged in year	45	45
31 March 2016	<u>119</u>	<u>119</u>
Net book value		
31 March 2016	<u>363</u>	<u>363</u>
31 March 2015	<u>285</u>	<u>285</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
Cost				
1 April 2015	121,277	226	224	121,727
Additions				
Works to existing properties	1,763	-	14	1,777
Works to new properties	-	81	-	81
Disposals	(2,067)	(155)	(67)	(2,289)
31 March 2016	<u>120,973</u>	<u>152</u>	<u>171</u>	<u>121,296</u>
Depreciation and impairment				
1 April 2015	37,043	-	12	37,055
Depreciation charged in year	2,567	-	2	2,569
Released on disposal	(588)	-	(5)	(593)
31 March 2016	<u>39,022</u>	<u>-</u>	<u>9</u>	<u>39,031</u>
Net book value				
31 March 2016	<u>81,951</u>	<u>152</u>	<u>162</u>	<u>82,265</u>
31 March 2015	<u>84,234</u>	<u>226</u>	<u>212</u>	<u>84,672</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

**12.A TANGIBLE FIXED ASSETS
 PROPERTIES (continued)**

**EXPENDITURE ON WORKS
 TO EXISTING PROPERTIES**

	2016	2015
	£'000	£'000
Improvement work capitalised	356	354
Replacement component spend capitalised	1,407	1,913
Amounts charged to income and expenditure	497	697
Total major repairs spend	2,260	2,964

**12.B TANGIBLE FIXED ASSETS –
 OTHER**

	Computers and Office Equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost			
1 April 2015	771	57	828
Additions	133	200	333
31 March 2016	904	257	1,161
Depreciation and impairment			
1 April 2015	418	14	432
Depreciation charged in year	83	50	133
31 March 2016	501	64	565
Net book value			
31 March 2016	403	193	596
31 March 2015	353	43	396

13. SUBSIDIARY UNDERTAKINGS

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	Ordinary	100%	Dormant

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

14. PROPERTIES FOR SALE

	2016 £'000	2015 £'000
Properties Held for outright sale	293	7
	<u>293</u>	<u>7</u>

15. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Rent and service charges receivable	789	461
Less: provision for bad and doubtful debts	<u>(21)</u>	<u>(18)</u>
	768	443
HAG receivable	84	-
Other grants receivable	-	124
Other debtors	882	514
Prepayments and accrued income	<u>220</u>	<u>229</u>
	<u>1,954</u>	<u>1,310</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Debt (note 19)	264	305
Rent and service charges received in advance	171	160
HAG Received in Advance	209	103
Other grants received in advance	41	175
Deferred capital grants (note 18)	1,599	1,577
Trade creditors	686	376
Other taxation and social security costs	119	100
Accruals and deferred income	<u>631</u>	<u>1,041</u>
	<u>3,720</u>	<u>3,837</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Debt (note 19)	18,122	16,836
Deferred capital grant (note 18)	<u>47,422</u>	<u>49,672</u>
	<u>65,544</u>	<u>66,508</u>

Included in creditors are:

	2016 £'000	2015 £'000
Amounts repayable other than by instalments falling due after more than five years	<u>47,422</u>	<u>49,672</u>
Amounts repayable by instalments falling due after more than five years	<u>18,122</u>	<u>16,836</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

18. DEFERRED CAPITAL GRANT

	2016	2015
	£'000	£'000
As at 1 April	51,249	52,347
Grant received in the year	573	479
Capital grant released	(1,599)	(1,577)
Transfer to Current Assets	(1,202)	-
As at 31 March	<u>49,021</u>	<u>51,249</u>
Amounts to be released within one year	1,599	1,577
Amounts to be released in more than one year	47,422	49,672
	<u>49,021</u>	<u>51,249</u>

19. DEBT ANALYSIS - BORROWINGS

	2016	2015
	£'000	£'000
Creditors: amounts falling due within one year:		
Bank loans	<u>264</u>	<u>305</u>
	264	305
Creditors: amounts falling due after more than one year:		
Bank loans	<u>18,122</u>	<u>16,836</u>
Total	<u>18,386</u>	<u>17,141</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR 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.

The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £18,386,000 (2015: £17,141,000) are secured against the Association's housing properties.

Based on the lender's earliest repayment date, borrowing are repayable as follows:

	2016	2015
	£'000	£'000
Due within one year	264	305
Due in one year or more but less than two years	487	317
Due between two and five years	1,598	1,477
Due more than five years	<u>16,037</u>	<u>15,042</u>
	<u>18,386</u>	<u>17,141</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

20. PROVISIONS

	Holiday pay £'000	Total £'000
1 April 2015	24	24
Utilised in the year	(24)	(24)
Additional Provision in the Year	22	22
31 March 2016	<u>22</u>	<u>22</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.

21. 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.

	2016 Number	2015 Number
Number of members		
1 April 2015	56	56
Joined during the year	9	1
Left during year	(6)	(1)
31 March 2016	<u>59</u>	<u>56</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

22.	RECONCILIATION OF (DEFICIT)/SURPLUS TO NET CASH GENERATED FROM OPERATIONS	2016	2015
		£'000	£'000
	(Deficit)/Surplus for the year	(2)	346
	Adjustments for non-cash items:		
	Depreciation of tangible fixed assets	2,902	2,639
	Depreciation of Intangible Assets	45	31
	(Decrease) in provisions	(1,599)	(1,554)
	Loss on disposal of tangible fixed assets	69	35
	Impairment of housing properties	135	-
	Interest receivable	(12)	(11)
	Interest payable	744	640
	Operating cash flows before movements in working capital	<u>2,282</u>	<u>2,126</u>
	(Increase) in trade and other debtors	(942)	(289)
	(Decrease) in trade and other creditors	(102)	(310)
	Cash generated from operations	<u>1,238</u>	<u>1,527</u>
	 CASH AND CASH EQUIVALENTS		
		2016	2015
		£'000	£'000
	Cash and cash equivalents represent:-		
	Cash at bank	2,854	2,740
		<u>2,854</u>	<u>2,740</u>

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

	2016	2015
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	-	-
Expenditure authorised by the board, but not contracted	2,686	2,423

The above commitments will be funded through a mixture of our own funds and the utilisation of the balance of the £2.0 million facility available from Triodos Bank.

At 31 March 2016 Blackwood had committed under non-cancellable operating leases as follows;

	2016	2015
	£'000	£'000
Within One Year	142	120
In the second to fifth year inclusive	409	342
Over Five years	-	-
	<u>551</u>	<u>462</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 £84,000 (2015: £57,000). Contributions totalling £0 (2015: £0) 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 three members of Blackwood's Board were also tenants of the organisation on the same standard terms as all tenants. The rent charged for the year was £16,000, there were no arrears at the end of March 2016.

A member of Blackwood's Board has disclosed an interest in related public bodies in respect of the Scottish Government. Any transactions with these bodies are carried out on an arms length basis on normal commercial terms. Members of the Board cannot use their position to their advantage.

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 (2015: £0) in respect of bad debts from related parties.

26. FIRST TIME ADOPTION OF FRS102

The financial statements have been prepared in accordance with FRS102 for the year ended 31 March 2016.

The transition to FRS102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

A – Grant Accounting

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of the housing property structure and its individual components (excluding land) on a pro-rata basis.

B – Depreciation of Housing Properties

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

26. FIRST TIME ADOPTION OF FRS102 (continued)

C – Holiday Pay Accrual

FRS102 requires the Association to recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period. Therefore at 31 March 2015 a provision has been made of £24,000 reflecting the value of holiday pay entitlement which had not been taken as at that date by employees.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

RECONCILIATION OF RESERVES

		1 April 2014 £'000	31 March 2015 £'000
	Notes		
Reserves as previously reported under UK GAAP		12,219	12,311
Grant Accounting	A	30,532	32,109
Depreciation	B	(24,056)	(25,355)
Holiday Pay Accrual	C	-	(24)
Reserves reported under FRS 102		18,695	19,041

RECONCILIATION OF SURPLUS OR DEFICIT

		Year ended 31 March 2015 £'000
	Notes	
Surplus or deficit as previously reported under UK GAAP		92
Grant Accounting	A	1,577
Depreciation	B	(1,299)
Holiday Pay Accrual	C	(24)
Surplus or deficit reported under FRS 102		346