

**Blackwood Homes and Care**

**Trading as  
Blackwood**

Report and Accounts  
31st March 2018

# Blackwood Homes and Care – Trading as Blackwood

## Report and Financial Statements For the year ended 31 March 2018

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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 2018**

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

Mrs Lesley Beddie  
Mr Simon Belfer  
Mr Max Brown  
Mr Tom Cotter  
Mr Derek Croll  
Mr Ian Hartley  
Mrs Linda Holden  
Mr David Melvin  
Mr Nick Tordoff  
Mrs Anne Walker

#### **Key Management Personnel**

Ms Fanchea Kelly – Chief Executive  
Ms Angela Currie – Housing and Care Director  
Mr Simon Fitzpatrick – Strategic Development Director  
Ms Debbie Collins – Finance Director

Ms Wendy Russell – Company Secretary

#### **Registered Office**

160 Dundee Street  
Edinburgh  
EH11 1DQ

#### **Auditor**

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

#### **Solicitors**

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

TC Young  
7 West George Street  
Glasgow  
G2 1BA

#### **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

The Board of Blackwood presents its report and audited financial statements for the year ended 31 March 2018.

### **Principal Activities**

Blackwood Homes and Care is a charity, governed by its rules adopted on 31st March 2015, based on the Scottish Federation of Housing Association (SFHA) Model Rules. Blackwood's primary purpose is to provide high quality housing, support, and care services to enable people to live independently.

### **Blackwood's Values and Strategy**

Our vision is that **'Blackwood helps people live their life to the full'**.

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 was reviewed by its halfway point in November 2017. The review informed the rolled forward the 5 Year Business Plan for 2018-2023.

The Strategy aims to deliver a unique 'Offer' for customers and commissioners. This included building a demonstration development of the Blackwood House, - our new standard of a highly accessible, beautiful, affordable, and connected house, using technology to help people remain independent. The 'Offer' also included a package of products and services, based on technology, which would give people more choice and control over their support and care services, - which has since been patented as CleverCogs™.

In the context of significant demand for Care and Support services across Scotland, and a need to modernise how services are delivered, we aimed to grow our care services with our innovation in CleverCogs™, in strategic areas of Scotland.

The Strategy is focused on helping people to live as independently as possible, through the standard of our assets, our housing, support and care services, and through the skills and commitment of our people. We will achieve this through building an efficient and sustainable business, by investing in innovation, responding to demand, and seeking out opportunities to fulfil our ambitious Business Plan.

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

### **Report of the Board (continued) for the year ended 31 March 2018**

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Following the midpoint review during 2017 the Board agreed two main courses of action. We will;

- continue with the current Strategy, rolling forward the Business Plan to support it,
- begin to prepare a Route Map for our new Strategy for 2020 onwards.

In coming to this conclusion, the Board recognised the successes and challenges of the first years, seeing significant demand for the new Blackwood House model, establishing major interest in CleverCogs™, achieving growth in our Care Services in our key areas, and delivering very impressive housing service results. In addition, our customer satisfaction with the quality of their home had increased to 93%, and over 50% of our tenants engaged in developing our new Housing Strategy. These results meant that the Board also had good assurance on our tenants' approval for the value they get for their rent.

The Board also recognised that this success brought additional challenge and risk, as expected within a growth Business Plan. In particular we will monitor care sustainability, monitor the delivery of our new Development Programme, and annually check rent affordability in the next few years of the Business Plan.

Plans are now in place to deliver a further 157 new homes in the next four years starting in the summer of 2018 in Glasgow and Inverclyde. In addition, we continue to roll out CleverCogs™ changing how we work and delivering efficiencies. During 2018/19 we will continue to focus on digital inclusion for all customers and employees. We also will design a Neighbourhood model to support independent living for our customers, to support local housing and care services and to grow our local employment bases.

## **Summary of Performance**

### **Asset Management performance**

We invested over £2m through our planned maintenance programme in our properties during the year. Our rolling programme of maintaining the Scottish Housing Quality Standard (SHQS) has resulted in 100% of our homes successfully meeting the SHQS at year end, and 97% meeting the Energy Efficiency Standard for Social Housing (ESSH) with a commitment from Board to meet the 2020 target of 100% completion one year ahead of schedule. These investments continue to deliver high standards with 93% of our tenants now saying they are satisfied with the quality of their home.

Adaptations carried out on properties to help people gain or keep their independence continue to be an important Blackwood service for our tenants. Grants of £0.35 million from Scottish Government, and Edinburgh and Glasgow City Councils, enabled us to complete over 140 adaptations in an average of 82 days.

Our reactive repairs service reported positive results for emergency repairs completed in an average of 3.1 hours and non-emergencies in 6 working days. However, we faced challenges with our contractors delivering 84% of repair appointments, compared to 95% in the previous year. While performance had improved by year end we are monitoring this closely with our contractors.

We began a new programme of fire risk assessment, in line with Scottish Government advice, following Grenfell. While Blackwood has no high-rise properties, we want to make sure that we have reassured tenants that we are taking all necessary steps to assess any risks and to action the results within our planned and cyclical programmes.

The Blackwood House in Dundee was opened by the Housing Minister and created extensive interest within the housing sector about the standard of accessibility. We accompanied the new development with a Design Guide to support the new standard throughout our Development Programme.

***Housing performance***

Demand remains high for all Blackwood homes, with 972 applicants on our waiting list and just 118 of our 1,497 lettable properties becoming empty during the year. These homes have been re-let in an average of 18.5 days resulting in only 0.36% of rent being lost due to empty properties.

We ended the year with 2.7% gross rent arrears, and an impressive 100.3% of rent due was successfully collected by our Housing Teams. Shelter Scotland continues to provide well-regarded independent and confidential financial advice to our tenants, alongside the support provided by our Housing Officers, to help people understand and navigate their way through the benefits system and continuing welfare reform changes, with further roll-out of Universal Credit.

We successfully resolved 87% of anti-social behaviour (ASB) and neighbour nuisance cases within our target of 1 month, ensuring that our tenants are supported and safe in their homes

Team Blackwood, made up from our independent tenant scrutiny panels, continues to be a very important part of our tenant engagement and continues to review our services and develop detailed improvement plans. During the year Team Blackwood reviewed our performance on a quarterly basis and has overseen the production of our annual Customer Report. Team Blackwood also undertook a review of the repairs service which will be finalised and implemented in 2018/19.

Following our major consultation with tenants during the prior year we worked on our new Customer Engagement Plan with our tenants and are pleased to launch the new Plan in summer 2018. This includes our ongoing commitment to engage with tenants about their service and rent levels so that we remain focused on their priorities and help them to live as independently as possible.

We began a new programme of installing wi-fi in our housing developments. This is an exciting part of our housing strategy, so that more of our services can be done on-line, including our repairs reporting, during 2018/19. This new offer for tenants is a core part of our approach to help people live independently, including wi-fi enabled developments, ensuring everyone has use of a device, and rolling out a personalised approach to digital skills training.

**Support and Care performance**

We increased the number of care hours we deliver during the year by 9% moving closer to our aim of having substantial local care services in each of our strategic areas.

In the majority of our service our customers said that our services are either 'Good' or 'Very Good'. In addition, all our care and support services were inspected by the Care Inspectorate during the year with eight services receiving either 'Good' or 'Very Good' results and two services being marked 'Adequate'. Given the major changes to our staffing arrangements, the commitment to Scottish Living Wage, and the very challenging external environment for commissioning and delivery of care, we believe that these are reasonable results. During the current year we have plans in place to increase our grades while also remaining financially sustainable.

During the year we achieved a significant shift to ensuring all our front-line employees are working more efficiently using CleverCogs™ on their smart phones, paving the way for even greater levels of personalised services. This investment will support the delivery of sustainable care services in future years.

Our aim of delivering an integrated neighbourhood set of services, for Housing, Support and Care, began to move forward during the year. One example is Broom Court in Stirling delivering excellent customer service and financial performance, as it utilised the innovation investment in our new electric car to ensure efficient Care at Home runs and remodelled its respite service for the current 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, and regularly reviews them.

Blackwood has two standing Committees which support the Board to develop and deliver our Strategy. The Audit and Performance Committee ensures that there is independent assurance, and on-going scrutiny of compliance and performance. The Services Committee oversees more detailed discussion and shared understanding of more complex issues, contributing to the Board's development of its future strategy.

Two externally facilitated Strategy Days, in addition to Board meetings, ensured that all members participated in driving the Strategy and Business Plan forward.

During the year, the Board appointed a new Chair, and continued its annual Board appraisal system, supported by independent advice. It also implemented a succession plan to ensure the right mix of skills and experience are available to direct the growing complexity and risk profile of the business. For all Board members there is a Learning and Development programme which helps develop a shared understanding of the opportunities and risks Blackwood faces.

New members appointed or co-opted during 2017-18 brought a range of senior care management, development, and technology and innovation experience to add to the existing skills of the Board. At the end of the year further new members with additional skills in Human Resources, development and construction, housing, and senior executive skills were recruited prior to the 2018 AGM.

### **The Board**

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

Mrs Lesley Beddie

Mr Simon Belfer - Appointed September 2017

Mr Max Brown

Ms Lorna Cameron – Co-opted March 2018

Mr Tom Cotter

Mr Derek Croll

Ms Louise Haggerty – Co-opted March 2018

Mr Ian Hartley

Mr Martin Hensman – Co-opted March 2018

Mrs Linda Holden

Mr David Melvin - Appointed September 2017

Ms Karen Moore – Co-opted March 2018

Mr Nick Tordoff

Mrs Anne Walker

Mr Ian Geroni – Resigned April 2017

Ms Eileen McDade – Resigned August 2017

Mrs Marian Jacobs – Resigned July 2017

Mr Abrar Hameed – Resigned March 2018

### **Principal Risks and Uncertainties**

Blackwood's Board Assurance Framework consists of eight strategic risk themes, which are monitored throughout the year. This enables the Board to be assured that controls are in place to mitigate risks, realise opportunities, and keep visibility of any major uncertainties.

We will complete a review of the Board Assurance Framework by November 2018, including a review of these themes to align with our Strategic Key Performance Indicators (KPIs).

The Strategic KPIs which include building the new Blackwood House, growing sustainable care services, increasing our digital offer, are monitored regularly by Board, with an extensive set of supporting indicators at executive level.

As above the principal risks we faced during the year related to the external environment for commissioning Support and Care services. As our development programme grows we have prepared to manage greater levels of risk in delivering the projects, increasing our capabilities and capacity, and recruiting Board expertise in development and construction.

While Blackwood has no high-rise stock we reviewed the fire safety measures in a number of our properties following advice post-Grenfell, to ensure the safety of our customers. We reviewed our Business Continuity Plans, and the Board approved further updating of our Health and Safety and Wellbeing Plans.



### **Key Financial Performance Indicators**

Blackwood's income has increased in total by £0.43m from 2016/17. This increase in turnover is due to the application of a general rent increase of 3.0%, care rate uplifts for the Scottish Living Wage from Local Authorities and continued growth in our Care at Home services.

- Operating costs have reduced by £0.15m after the growth in care services, Scottish Living Wage, pay restructure for employees and continuing investment in innovation. This has been managed through more efficient use of our resources.
- This has resulted in an increase in the operating surplus to £278k from £24k in 2016/17 which reflects the delivery of the 5 year business plan with a gradually improving financial performance.
- Net interest payable has decreased from £0.764m to £0.751m reflecting the renegotiated rate on our Triodos loan off set by the additional borrowing to support the continued investment in our new properties.
- Cash balances reduced by £1.01m to £2.87m during 2017/18 as we completed the investment in our new homes in Dundee and continued to invest in our existing properties.

### **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. The development of 6 new Blackwood Homes in Dundee completed in the summer of 2017 were funded from the remaining balance of £0.5 million of the Triodos loan and £0.4m of the new £5m Revolving Credit Facility (RCF) with Triodos Bank. The remaining RCF facility will fund the planned investments for the next year.
- The Rent Policy was reviewed during the year and is in line with accepted Housing Association practice. Our Housing Strategy ensures that we keep affordability and Value for Money for tenants under review, and to develop engagement with tenants on their key priorities.
- 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 Scottish Housing Quality Standards (SHQS), asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (ESSH). The new homes programme adds to the rent roll 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 £16.12 million.
- The Financial Standing Orders were updated during the year.

**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 £5m revolving credit facility from Triodos Bank has enabled Blackwood to continue its AMS programme, including the completion of the new Blackwood Homes in Dundee and will support the investment programme for 2018/19.

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

Position

Date

[Redacted signature and position information]

[Redacted date]

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

### **Statement of the Board's Responsibilities For the year ended 31 March 2018**

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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 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 2018

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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's 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 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 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 and Performance Committee for the year ended 31 March 2018. 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

## Blackwood Homes and Care – Trading as Blackwood

### Report by the Auditors to the Members of Blackwood Homes and Care on Corporate Governance for the year ended 31 March 2018

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In addition to our audit of the Financial Statements, we have reviewed your statement on Page 12 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 12 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, Centenary House,  
69 Wellington Street,  
Glasgow,  
G2 6HG

Date



**The Independent Auditor's Report to the Members of Blackwood Homes and Care  
For the year ended 31 March 2018**

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**Opinion**

We have audited the financial statements of Blackwood Homes & Care (the 'Association') for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and notes to the financial statements, including a summary of 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 Association's affairs as at 31 March 2018 and of its 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 Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

**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 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**The Independent Auditor's Report to the Members of Blackwood Homes and Care  
For the year ended 31 March 2018**

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**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. Our opinion on the financial statements does not cover the other information and, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have 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**

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.

**Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement set out on page 11, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located 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 the Members of Blackwood Homes and Care For the year ended 31 March 2018

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#### Use of our report

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.

  
RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor, Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

Date 



## Blackwood Homes and Care – Trading as Blackwood

### Statement of Comprehensive Income For the year ended 31 March 2018

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	Notes	2018 £'000	2017 £'000
TURNOVER	2	17,219	16,790
Operating expenditure	2	<u>(16,136)</u>	<u>(16,151)</u>
OPERATING SURPLUS		1,083	639
(Loss)/Gain on disposal of property, plant and equipment	9	(63)	137
Decrease in valuation of housing properties		-	-
Interest receivable	6	9	12
Interest and financing costs	7	(751)	(764)
SURPLUS BEFORE TAX		<u>278</u>	<u>24</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>278</u>	<u>24</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 As at year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	306	341
Housing properties	12.A	83,085	82,648
Other fixed assets	12.B	608	651
Investment in subsidiaries	13	-	-
		<u>83,999</u>	<u>83,640</u>
<b>CURRENT ASSETS</b>			
Properties held for sale	14	-	100
Trade and other debtors	15	2,036	1,953
Cash and cash equivalents		2,872	3,886
		<u>4,908</u>	<u>5,939</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	16	(4,476)	(4,673)
<b>NET CURRENT ASSETS</b>		<u>432</u>	<u>1,266</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>84,431</u>	<u>84,906</u>
Creditors: Amounts falling due after more than one year	17	(68,268)	(69,016)
Provisions for liabilities			
Other provisions	20	(44)	(49)
<b>TOTAL NET ASSETS</b>		<u>16,119</u>	<u>15,841</u>
<b>RESERVES</b>			
Income and expenditure reserve		16,119	15,841
<b>TOTAL RESERVES</b>		<u>16,119</u>	<u>15,841</u>

The financial statements on pages 17 to 41 were approved by the Board and authorised for issue on 21<sup>st</sup> August 2018 and are signed on its behalf by:

Max Brown  
Board Chairman

Lesley Beddie  
Board Member

Wendy Russell  
Company Secretary

Blackwood Homes and Care – Trading as Blackwood

Statement of Changes in Reserves  
For the year ended 31 March 2018

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	Income and expenditure reserve £'000	Total £'000
<b>Balance at 1 April 2017</b>	15,817	15,817
Surplus for the year	24	24
<b>Balance as at 31 March 2017</b>	<u>15,841</u>	<u>15,841</u>
Surplus for the year	278	278
<b>Balance at 31 March 2018</b>	<u>16,119</u>	<u>16,119</u>

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

**Statement of Cashflows  
For the year ended 31 March 2018**

	Notes	2018 £'000	2017 £'000
Net cash generated from operating activities	22	1,786	2,766
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of intangible fixed assets		(26)	(29)
Purchase of tangible fixed assets		(2,674)	(3,465)
Proceeds from sale of tangible fixed assets		75	342
Grants received		324	936
Interest received		9	12
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<u>(2,292)</u>	<u>(2,204)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(789)	(764)
New secured loans		900	1,500
Repayments of borrowings		(619)	(266)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(508)</u>	<u>470</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	23	<u>(1,014)</u>	<u>1,032</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>3,886</u>	<u>2,854</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	22	<u>2,872</u>	<u>3,886</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 is 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 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2014, 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 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 live 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 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.

## **1. ACCOUNTING POLICIES (continued)**

### **GOING CONCERN**

As set out on Page 10 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.

### **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.

**1. ACCOUNTING POLICIES (Continued)**

**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 -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.

**1. ACCOUNTING POLICIES (Continued)**

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

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.



## 1. ACCOUNTING POLICIES (Continued)

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, 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

### 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.

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.

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2018

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

	Notes	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Operating surplus/(deficit) £'000
					2018
Affordable letting activities	3	12,682	(11,117)	1,565	1,065
Other activities	4	4,537	(5,019)	(482)	(426)
<b>Total</b>		<b>17,219</b>	<b>(16,136)</b>	<b>1,083</b>	<b>639</b>
<b>Total for previous reporting period</b>		<b>16,790</b>	<b>(16,151)</b>	<b>639</b>	

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2018

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 2018 £'000	Total 2017 £'000
Rent receivable net of service charges	7,138	3,487	10	10,635	10,293
Service charges	554	-	-	554	545
Gross income from rents and service charges	7,692	3,487	10	11,189	10,838
Less voids	(37)	-	-	(37)	(31)
<b>Net income from rents and service charges</b>	<b>7,655</b>	<b>3,487</b>	<b>10</b>	<b>11,152</b>	<b>10,807</b>
Grants released from deferred income	1,345	1	-	1,346	1,614
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	22	162	-	184	185
<b>Total turnover from affordable letting activities</b>	<b>9,022</b>	<b>3,650</b>	<b>10</b>	<b>12,682</b>	<b>12,606</b>
Management and maintenance administration costs	3,220	422	-	3,642	3,057
Service costs	552	3,169	-	3,721	3,988
Planned and cyclical maintenance including major repairs costs	510	127	-	637	490
Reactive maintenance costs	1,006	68	-	1,074	1,308
Bad debts - rents and service charges	72	-	-	72	47
Depreciation of affordable let properties	1,949	20	2	1,971	2,651
<b>Operating Costs for affordable letting activities</b>	<b>7,309</b>	<b>3,806</b>	<b>2</b>	<b>11,117</b>	<b>11,541</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>1,713</b>	<b>(156)</b>	<b>8</b>	<b>1,565</b>	<b>1,065</b>
<b>Operating surplus or deficit for affordable letting activities for previous reporting period</b>	1,872	(814)	7	1,065	1,065

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2018

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			4,325		4,325		(4,821)	(496)	(548)
Care activities									
Business Development activities	115	79		18	212		(198)	14	122
Other Income	115	79	4,325	18	4,537		(5,019)	(482)	(426)
<b>Total from other activities</b>	57	24	3,981	122	4,184		(4,610)	(426)	
<b>Total from other activities for the previous reporting period</b>									

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2018

5.	<b>ACCOMMODATION IN MANAGEMENT</b>		
		<b>2018</b>	<b>2017</b>
		<b>Units</b>	<b>Units</b>
	General needs housing	1,538	1,532
	Shared ownership	4	4
	Supported housing	68	68
		<hr/>	<hr/>
	TOTAL UNITS IN MANAGEMENT	1,610	1,604
		<hr/>	<hr/>
6.	<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
		<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Interest on bank deposits	9	12
		<hr/>	<hr/>
		9	12
		<hr/>	<hr/>
7.	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
		<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Interest arising on:		
	Bank loans and overdrafts	789	764
	Less capitalised	(38)	-
		<hr/>	<hr/>
		751	764
		<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

**8. OPERATING SURPLUS OR DEFICIT**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	1,971	2,652
Depreciation of other tangible fixed assets	104	97
Amortisation of other intangible fixed assets	61	57
(Deficit)/surplus on disposal of tangible fixed assets (note 9)	(63)	137
Impairment of Housing Properties	-	-
Operating lease rentals (note 24)	208	142

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Audit services - statutory audit of the Association	25	29
<i>Other services :-</i>		
Audit-related assurance services	-	-
Taxation compliance services	2	7
All other non-audit services	-	-
	<u>27</u>	<u>36</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Disposal proceeds	75	342
Carrying value of fixed assets	(138)	(205)
(Deficit)/Surplus	(63)	137
Capital grant repaid	-	-
(Deficit)/Surplus	<u>(63)</u>	<u>137</u>

**10. EMPLOYEES**

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:		
Office and management/Administration	36	38
Housing support and care	303	291
	<u>339</u>	<u>329</u>

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs for the above persons:		
Wages and salaries	7,568	6,996
Social security costs	672	568
Other pension costs	160	109
Death in Service and permanent health insurance	24	28
Temporary and contract staff	461	520
Redundancy	5	239
	<u>8,890</u>	<u>8,460</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

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 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>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001- £110,000	1	1
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments for the key management personnel	<u>390</u>	<u>369</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>102</u>	<u>100</u>
Aggregate pension contributions in relation to the key management personnel	<u>7</u>	<u>5</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

11. **INTANGIBLE ASSETS**

	Computer Software £'000	Total £'000
<b>Cost</b>		
1 April 2017	517	517
Additions	26	26
Disposals	-	-
31 March 2018	<u>543</u>	<u>543</u>
<b>Amortisation</b>		
1 April 2017	176	176
Amortisation charged in year	61	61
31 March 2018	<u>237</u>	<u>237</u>
<b>Net book value</b>		
31 March 2018	<u>306</u>	<u>306</u>
31 March 2017	<u>341</u>	<u>341</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>Cost</b>				
1 April 2017	123,060	954	171	124,185
Works to existing properties	2,077	-	-	2,077
Works to new properties	-	554	-	554
Transfers	1,397	(1,397)	-	-
Disposals	(415)	-	-	(415)
31 March 2018	<u>126,119</u>	<u>111</u>	<u>171</u>	<u>126,401</u>
<b>Depreciation and impairment</b>				
1 April 2017	41,525	-	12	41,537
Depreciation charged in year	1,969	-	2	1,971
Released on disposal	(192)	-	-	(192)
31 March 2018	<u>43,302</u>	<u>-</u>	<u>14</u>	<u>43,316</u>
<b>Net book value</b>				
31 March 2018	<u>82,817</u>	<u>111</u>	<u>157</u>	<u>83,085</u>
31 March 2017	<u>81,535</u>	<u>954</u>	<u>159</u>	<u>82,648</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**
**12.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)**
**EXPENDITURE ON WORKS TO  
EXISTING PROPERTIES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Improvement work capitalised	479	723
Replacement component spend capitalised	1,022	967
Amounts charged to income and expenditure	463	490
Total major repairs spend	<u>1,964</u>	<u>2,180</u>
Value of capitalised land	12,615	12,615
Value of capitalised interest	<u>38</u>	<u>-</u>

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

	<b>Computers and Office Equipment £'000</b>	<b>Furniture, fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
1 April 2017	1,039	290	1,329
Additions	108	33	141
Transfers	(80)	-	(80)
31 March 2018	<u>1,067</u>	<u>323</u>	<u>1,390</u>
<b>Depreciation and impairment</b>			
1 April 2017	561	117	678
Depreciation charged in year	69	35	104
31 March 2018	<u>630</u>	<u>152</u>	<u>782</u>
<b>Net book value</b>			
31 March 2018	<u>437</u>	<u>171</u>	<u>608</u>
31 March 2017	<u>478</u>	<u>173</u>	<u>651</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

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 (MBTC)	Ordinary	100%	Dormant

In respect of MBTC, Blackwood is taking advantage of the exemption to prepare and file accounts for a dormant subsidiary.

14. **PROPERTIES FOR SALE**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Properties Held for outright sale	-	100
	<u>-</u>	<u>100</u>
Value of land held for outright sale	-	100

15. **DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Rent and service charges receivable	178	207
Less: provision for bad and doubtful debts	(43)	(14)
	<u>135</u>	<u>193</u>
HAG receivable	-	165
Other debtors	1,460	1,211
Prepayments and accrued income	441	384
	<u>2,036</u>	<u>1,953</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Debt (note 19)	612	504
Rent and service charges received in advance	211	184
HAG Repayable	-	209
Other grants received in advance	11	30
Deferred capital grants (note 18)	1,511	1,494
Trade creditors	331	368
Other taxation and social security costs	128	125
Accruals and deferred income	1,672	1,759
	<u>4,476</u>	<u>4,673</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Debt (note 19)	19,189	19,108
Deferred capital grant (note 18)	49,079	49,908
	<u>68,268</u>	<u>69,016</u>

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Included in creditors are:		
Amounts repayable other than by instalments falling due after more than five years	<u>49,079</u>	<u>49,908</u>
Amounts repayable by instalments falling due after more than five years	<u>16,313</u>	<u>16,675</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

**18. DEFERRED CAPITAL GRANT**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 April	51,402	52,066
Grant received in the year	324	939
Capital grant released	(1,136)	(1,614)
Transfer to Current Assets	-	11
As at 31 March	<u>50,590</u>	<u>51,402</u>
Amounts to be released within one year	1,511	1,494
Amounts to be released in more than one year	49,079	49,908
	<u>50,590</u>	<u>51,402</u>

**19. DEBT ANALYSIS – BORROWINGS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Creditors: amounts falling due within one year:		
Bank loans	612	504
	<u>612</u>	<u>504</u>
Creditors: amounts falling due after more than one year:		
Bank loans	19,189	19,108
<b>Total</b>	<u>19,801</u>	<u>19,612</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 £19,801,000 (2017: £19,612,000) are secured against the Association's housing properties.

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year	612	504
Due in one year or more but less than two years	625	587
Due between two and five years	2,366	1,846
Due more than five years	16,198	16,675
	<u>19,801</u>	<u>19,612</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

20. **PROVISIONS**

	<b>Holiday pay £'000</b>	<b>Total £'000</b>
1 April 2017	49	49
Utilised in the year	(49)	(49)
Additional Provision in the Year	44	44
31 March 2018	<u>44</u>	<u>44</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.

	<b>2018 Number</b>	<b>2017 Number</b>
Number of members		
1 April 2017	56	59
Joined during the year	1	5
Left during year	-	(8)
31 March 2018	<u>57</u>	<u>56</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

**22. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH GENERATED FROM OPERATIONS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year	278	24
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	2,075	2,748
Depreciation of Intangible Assets	61	57
Amortisation of Capital Grants	(1,346)	(1,614)
Loss/(Gain) on disposal of tangible fixed assets	63	(137)
Other amounts deducted from tangible fixed assets	185	-
Impairment of housing properties	-	-
Interest receivable	(9)	(12)
Interest payable	789	764
<b>Operating cash flows before movements in working capital</b>	<b>2,096</b>	<b>1,830</b>
Decrease in properties held for sale	100	123
(Increase)/Decrease in trade and other debtors	(83)	1
Increase/(Decrease) in trade and other creditors	(322)	787
Increase/(Decrease) in other provisions	(5)	25
<b>Cash generated from operations</b>	<b>1,786</b>	<b>2,766</b>

**CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents represents: -		
Cash at bank	2,872	3,886
	<u>2,872</u>	<u>3,886</u>

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

	<b>At 1</b>	<b>Cash</b>	<b>At 31</b>
	<b>April</b>	<b>flow</b>	<b>March</b>
	<b>2017</b>		<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loans due within 1 year	(504)	(108)	(612)
Loans due in more than 1 year	(19,108)	(81)	(19,189)
	(19,612)	(189)	(19,801)
Cash at bank & in hand	3,886	(1,014)	2,872
Total net debt	<u>(15,726)</u>	<u>(1,203)</u>	<u>(16,929)</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2018**

24.	<b>CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS</b>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
	Expenditure authorised by the Board, but not contracted	6,030	5,769

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

At 31 March 2018 Blackwood had committed under non-cancellable operating leases as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Within One Year	208	162
In the second to fifth year inclusive	-	144
Over Five years	-	-
	208	306

25. **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 £160,378 (2017: £109,000). Contributions totalling £24,529 (2017: £18,001) were payable to the fund at the year end and are included in creditors.

26. **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 charged for the year was £5,683; there were no arrears at the end of March 2018.

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 (2017: £0) in respect of bad debts from related parties.

