

**Blackwood Homes and Care**

**Trading as  
Blackwood**

Report and Accounts  
31st March 2019

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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 2019**

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

Max Brown – Chair

Lesley Beddie – Vice Chair

Derek Croll

Ian Hartley

Louise Haggerty

Martin Hensman

Karen Moore

David Melvin

Nick Tordoff

Lorna Cameron

Tom Cotter

Fiona Thwaites

#### **Key Management Personnel**

Fanchea Kelly – Chief Executive

Angela Currie – Operations Director

Simon Fitzpatrick – Development & Commercial Director

Debbie Collins – Finance Director

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

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

### **Report of the Board For the year ended 31 March 2019**

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The Board of Blackwood presents its report and audited financial statements for the year ended 31 March 2019.

#### **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**

Implementing our Strategy over the last four years has allowed us to deliver a unique 'Offer' for customers and commissioners. We have achieved this through:

- Developing the Blackwood House, our new standard of a highly accessible, beautiful, affordable, and connected house, using technology to help people remain independent with a programme of 160 new homes being delivered over the next 3 years.
- our 'Offer' which is a package of products and services, based on our technology CleverCogs™, which gives people more choice and control over their support and care services and using this to grow our Care and Support services in key locations across Scotland.
- Working with tenants to develop the Housing Strategy to allow greater service access and flexibility through on-line services, supported by digital inclusion services. This has reflected local needs and choice in our services including broadband connections in our developments which aims to be completed in 2019-20.

Our new Customer Engagement Plan aims to:

- Increase the levels of engagement both strategically and operationally
- Improve customer satisfaction with opportunities to engage
- Increase customer participation in our next strategy
- Maintain our high-quality services that we achieve across all our housing services

The Board commenced the development of the Post 2020 5-year Strategy during the year with stronger focus on helping people to live as independently as possible. Using the Blackwood House, CleverCogs and our housing services we will engage with customers in their Neighbourhood to ascertain what helps them live independently in the future.

**Summary of Performance**

Our performance in the last year has continued to provide value for our customers as we invest in the quality of our services, in innovation and in our people.

**Asset Management performance**

We invested over £1.42m 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 99.5% meeting the Energy Efficiency Standard for Social Housing (EESH) with a commitment from Board to meet the 2020 target of 100% completion. These investments continue to deliver high standards with over 90% of our tenants 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 £0.31 million from Scottish Government, and Edinburgh and Glasgow City Councils, enabled us to complete over 107 adaptations in the year.

Our reactive repairs service reported positive results for emergency repairs completed in an average of 3.7 hours and non-emergencies in 7 working days. However, we continued to face challenges with our contractors delivering 82% of repair appointments right first time, compared to 84% in the previous year. This performance informed the retender of our reactive repair service with 3 new contractors being engaged from April 2019 to deliver improved performance.

We carried out our programme of fire risk assessment, in line with Scottish Government advice, following Grenfell in 2017/18. This enabled us to reassure tenants that we have taken all necessary steps to assess any risks and have actioned the results within our planned and cyclical programmes during 2018/19.

We commenced the development of 24 new Blackwood Homes in Glasgow in January 2019 as part of delivering 160 new Blackwood Houses supported by our Design Guide for our new standard. The development of 8 homes at James Watt Dock has also recently commenced. The local Health and Social Care Partnership has been heavily involved in commissioning the houses for their customers.

**Housing performance**

Demand remains high for all Blackwood homes, with 969 applicants on our waiting list and just 124 of our 1,498 lettable properties becoming empty during the year. These homes have been re-let in an average of 21.6 days resulting in only 0.44% of rent being lost due to empty properties.

We ended the year with 2.8% gross rent arrears, and 99.3% 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 89% 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.



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

### **Report of the Board (continued) For the year ended 31 March 2019**

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We have continued with our programme of installing wi-fi in our housing developments, delivered to 25% of our homes in 2018/19 with the remainder of our homes to be completed in the summer 2020. This is an exciting part of our housing strategy, so that more of our services can be done on-line, including our repairs reporting. 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 delivered circa 10,000 hours of care and support each week to our customers. Affordable broadband is a critical part of living independently and this combined with digital coaching, supports customers to stay connected.

In the majority of our services 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', as per the Care Inspectorate grading system.

Ensuring care services are sustainable continues to be a key focus for all providers across the care sector. Blackwood chose to withdraw from 2 non-sustainable services during the year and announced the change to its provision of services in Inverclyde over the next couple of years.

#### **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 we continued with our annual Board appraisal system and 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 co-opted during 2018-19 brought Housing Management skills to the Board, as well as experience of living with a disability which added to the existing skills of the Board.

## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) For the year ended 31 March 2019

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#### The Board

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

Lesley Beddie

Simon Belfer – resigned December 2018

Max Brown

Lorna Cameron – appointed September 2018

Tom Cotter

Derek Croll

Louise Haggerty – appointed September 2018

Ian Hartley

Martin Hensman – appointed September 2018

Linda Holden – resigned September 2018

David Melvin

Karen Moore – appointed September 2018

Nick Tordoff

Anne Walker – resigned September 2018

Fiona Thwaites – co-opted March 2019

Peter Moir – co-opted June 2019

Julie McDowell – co-opted June 2019

#### Principal Risks and Uncertainties

Blackwood's Board Assurance Framework consists of strategic risk themes aligned to the Strategic Objectives and KPIs 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.

Strategic Risk	Assurances
Our Development Programme	<ul style="list-style-type: none"><li>• Asset Management Strategy and treasury plan</li><li>• Structured Gateway approval process</li><li>• Professional capacity on Board and in-house team, with expert external advice</li></ul>
Care Sustainability	<ul style="list-style-type: none"><li>• Regular operational and financial monitoring</li><li>• Quality Control Framework in place</li><li>• Internal audit of tender processes</li></ul>
Promoting our digital offer	<ul style="list-style-type: none"><li>• Low cost broadband roll out</li><li>• Digital coaching programme for customers and staff</li><li>• Future focused systems review</li></ul>
Managing our workforce	<ul style="list-style-type: none"><li>• People Strategy and Action Plan</li><li>• Recruitment and Retention focus</li><li>• Employee Voice and surveys, and Investors In People Gold accreditation.</li></ul>
Health, Safety, and Wellbeing	<ul style="list-style-type: none"><li>• regular reporting on audits and actions</li><li>• new focus on fire safety, and on workforce wellbeing</li></ul>



## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) For the year ended 31 March 2019

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#### Key Financial Performance Indicators

Blackwood's income has increased in total by £0.55m from 2017/18. This increase in turnover is due to the application of a general rent increase of 3.25%, care rate uplifts for the Scottish Living Wage from Local Authorities and continued growth in our Care at Home services.

- Operating costs have increased by £0.87m after the growth in care services, Scottish Living Wage, roll out of our digital offer and continuing investment in innovation
- This has resulted in an operating surplus of £27k which reflects the delivery of the 5-year business plan as we continue to invest in our digital shift to offer more choice for our customers
- Net interest payable has decreased from £0.751m to £0.730m reflecting the repayment of our Scottish Homes loan
- Cash balances reduced by £0.1m to £2.77m during 2018/19 as our new development programme commenced in Glasgow and we continued to invest in our existing properties
- This was supported by our Triodos revolving credit facility (RCF) with total borrowing increasing in the year by £0.44m

#### Key financial policies

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

- The Treasury Management policy was reviewed during the year to enable Blackwood to control borrowing and investing risks. The remaining Triodos RCF facility will fund the planned investments for the next year with a new funding plan being developed to support the remainder of the Blackwood House development programme.
- The Rent Policy which 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.
- A separate Debt Recovery Policy for Care was introduced during the year recognising that managing this debt needs a different focus than debt recovery for rent.
- A new Insurance Management Policy was introduced to ensure that Blackwood has adequate insurance cover to safeguard its assets, protect its reputation and comply with banking covenants. This new policy supported the retender of insurance during the year.
- 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 (EESH). 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 £16.15 million.
- The Financial Standing Orders are reviewed annually by the Director of Finance and minor changes were made during the year.



## Blackwood Homes and Care – Trading as Blackwood

### Report of the Board (continued) For the year ended 31 March 2019

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#### 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 remaining £3.1m revolving credit facility from Triodos Bank has enabled Blackwood to continue its AMS programme, including the commencement of the new Blackwood Homes in Glasgow and will support the investment programme for 2019/20.

New funding will be required to deliver the next stages of the development programme which will be put in place before Blackwood enters into any new contractual commitments for its new homes.

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 *CHAIR*

Date *24<sup>th</sup> August 2019*

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

### **Statement of the Board's Responsibilities For the year ended 31 March 2019**

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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 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

## Blackwood Homes and Care – Trading as Blackwood

### The Board's Statement of Internal Financial Control For the year ended 31 March 2019

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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 2019. 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 *CHAIR*

Date *24<sup>th</sup> August 2019*

## 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 2019

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In addition to our audit of the Financial Statements, we have reviewed your statement on Page 11 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 11 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  
Statutory Auditor  
Chartered Accountants  
Third Floor, Centenary House,  
69 Wellington Street,  
Glasgow,  
G2 6HG

Date 29/08/19



**The Independent Auditor's Report to the Members of Blackwood Homes and Care  
For the year ended 31 March 2019**

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**Opinion**

We have audited the financial statements of Blackwood Homes & Care (the 'Association') for the year ended 31 March 2019 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 2019 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 – February 2019.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 2019**

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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. 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 2019

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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

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

Date 29/08/19

## Blackwood Homes and Care – Trading as Blackwood

### Statement of Comprehensive Income For the year ended 31 March 2019

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	Notes	2019 £'000	2018 £'000
TURNOVER	2	17,773	17,219
Operating expenditure	2	<u>(17,003)</u>	<u>(16,136)</u>
OPERATING SURPLUS		770	1,083
(Loss)/Gain on disposal of property, plant and equipment	9	(25)	(63)
Interest receivable	6	12	9
Interest and financing costs	7	(730)	(751)
SURPLUS BEFORE TAX		<u>27</u>	<u>278</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>27</u>	<u>278</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 2019**

	Notes	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	303	306
Housing properties	12.A	83,863	83,085
Other fixed assets	12.B	746	608
Investment in subsidiaries	13	-	-
		<u>84,912</u>	<u>83,999</u>
<b>CURRENT ASSETS</b>			
Trade and other debtors	14	2,307	2,036
Cash and cash equivalents	22	2,772	2,872
		<u>5,079</u>	<u>4,908</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	15	(5,039)	(4,476)
<b>NET CURRENT ASSETS</b>		<u>40</u>	<u>432</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>84,952</u>	<u>84,431</u>
Creditors: Amounts falling due after more than one year	16	(68,773)	(68,268)
Provisions for liabilities			
Other provisions	19	(33)	(44)
<b>TOTAL NET ASSETS</b>		<u>16,146</u>	<u>16,119</u>
<b>RESERVES</b>			
Income and expenditure reserve		16,146	16,119
<b>TOTAL RESERVES</b>		<u>16,146</u>	<u>16,119</u>

The financial statements on pages 16 to 38 were approved by the Board and authorised for issue on 20th August 2019 and are signed on its behalf by:



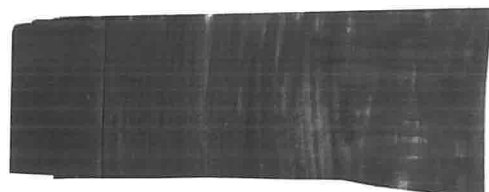
Board Chairman



Board Member



Company Secretary



20/8/19

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

**Statement of Changes in Reserves  
For the year ended 31 March 2019**

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	<b>Income and expenditure reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2017</b>	15,841	15,841
Surplus for the year	278	278
<b>Balance as at 31 March 2018</b>	<u>16,119</u>	<u>16,119</u>
Surplus for the year	27	27
<b>Balance at 31 March 2019</b>	<u>16,146</u>	<u>16,146</u>

## Blackwood Homes and Care – Trading as Blackwood

### Statement of Cashflows For the year ended 31 March 2019

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	Notes	2019 £'000	2018 £'000
Net cash generated from operating activities	22	2,578	1,813
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(67)	(26)
Purchase of tangible fixed assets		(3,869)	(2,674)
Proceeds from sale of tangible fixed assets		-	75
Grants received		1,586	324
Interest received		12	9
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(2,338)</u>	<u>(2,292)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(763)	(789)
New secured loans		1,500	900
Repayments of borrowings		<u>(1,077)</u>	<u>(646)</u>
NET CASH FROM FINANCING ACTIVITIES		<u>(340)</u>	<u>(535)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23	<u>(100)</u>	<u>(1,014)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,872</u>	<u>3,886</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	<u>2,772</u>	<u>2,872</u>

## **1. ACCOUNTING POLICIES**

### **LEGAL STATUS**

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

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

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

These financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

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

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

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

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

#### *Useful lives of property*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on historical experience, advice from qualified experts where required 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 9 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)

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

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.

#### **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.

#### **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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 31 March 2019

	Notes	Turnover £'000	Operating costs £'000	2019 Operating surplus/(deficit) £'000	2018 Operating surplus/(deficit) £'000
Affordable letting activities	3	13,358	(12,180)	1,178	1,565
Other activities	4	4,415	(4,823)	(408)	(482)
<b>Total</b>		<b>17,773</b>	<b>(17,003)</b>	<b>770</b>	<b>1,083</b>
<b>Total for previous reporting period</b>		<b>17,219</b>	<b>(16,136)</b>	<b>1,083</b>	

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2019

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES	General	Supported Social	Shared	Total	Total
	Needs Social Housing £'000	Housing Accommodation £'000	Ownership Housing £'000	2019 £'000	2018 £'000
Rent receivable net of service charges	7,383	3,781	11	11,175	10,635
Service charges	552	-	-	552	554
Gross income from rents and service charges	7,935	3,781	11	11,727	11,189
Less voids	(48)	-	-	(48)	(37)
<b>Net income from rents and service charges</b>	<b>7,887</b>	<b>3,781</b>	<b>11</b>	<b>11,679</b>	<b>11,152</b>
Grants released from deferred income	1,511	1	-	1,512	1,346
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	65	102	-	167	184
<b>Total turnover from affordable letting activities</b>	<b>9,463</b>	<b>3,884</b>	<b>11</b>	<b>13,358</b>	<b>12,682</b>
Management and maintenance administration costs	3,495	453	-	3,948	3,642
Service costs	570	3,366	-	3,936	3,721
Planned and cyclical maintenance including major repairs costs	248	127	-	375	637
Reactive maintenance costs	1,089	45	-	1,134	1,074
Bad debts - rents and service charges	28	-	-	28	72
Depreciation of affordable let properties	2,757	-	2	2,759	1,971
<b>Operating Costs for affordable letting activities</b>	<b>8,187</b>	<b>3,991</b>	<b>2</b>	<b>12,180</b>	<b>11,117</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>1,276</b>	<b>(107)</b>	<b>9</b>	<b>1,178</b>	<b>1,565</b>
<b>Operating surplus or deficit for affordable letting activities for previous reporting period</b>	<b>1,713</b>	<b>(156)</b>	<b>8</b>	<b>1,565</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2019**

**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	-	-	-	-	-	-	-	-	-
Care activities	-	22	4,296	1	4,319	-	(4,760)	(441)	(496)
Business Development activities	-	-	-	-	-	-	-	-	-
Other Income	46	13	-	37	96	-	(63)	33	14
<b>Total from other activities</b>	<b>46</b>	<b>35</b>	<b>4,296</b>	<b>38</b>	<b>4,415</b>	<b>-</b>	<b>(4,823)</b>	<b>(408)</b>	<b>(482)</b>
<b>Total from other activities for the previous reporting period</b>	<b>115</b>	<b>79</b>	<b>4,325</b>	<b>18</b>	<b>4,537</b>	<b>-</b>	<b>(5,019)</b>	<b>(482)</b>	



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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2019**

5. ACCOMMODATION IN MANAGEMENT	<b>2019</b> <b>Units</b>	<b>2018</b> <b>Units</b>
General needs housing	1,539	1,538
Shared ownership	4	4
Supported housing	68	68
	<u>1,611</u>	<u>1,610</u>
TOTAL UNITS IN MANAGEMENT	<u>1,611</u>	<u>1,610</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Interest on bank deposits	12	9
	<u>12</u>	<u>9</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Interest arising on:		
Bank loans and overdrafts	763	789
Less capitalised	(33)	(38)
	<u>730</u>	<u>751</u>

8. OPERATING SURPLUS OR DEFICIT	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	2,759	1,971
Depreciation of other tangible fixed assets	169	104
Amortisation of other intangible fixed assets	70	61
(Deficit)/surplus on disposal of tangible fixed assets (note 9)	(25)	(63)
Operating lease rentals (note 24)	258	218
	<u>258</u>	<u>218</u>

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

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Audit services - statutory audit of the Association	25	25
Other services :-		
Audit-related assurance services	-	-
Taxation compliance services	-	2
All other non-audit services	-	-
	<u>25</u>	<u>27</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2019**

9.	<b>SURPLUS OR (DEFICIT) ON SALE OF FIXED ASSETS – HOUSING PROPERTIES</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
	Disposal proceeds	-	75
	Carrying value of fixed assets	(25)	(138)
	Deficit	(25)	(63)
	Capital grant repaid	-	-
	Deficit	<u>(25)</u>	<u>(63)</u>

10.	<b>EMPLOYEES</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</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	48	59
Housing support and care	261	280
	<u>309</u>	<u>339</u>

The average monthly number of employees (including key management personnel) employed by the Association during the year was:

Office and management/administration	52	67
Housing support and care	348	379

Staff costs for the above persons:

Wages and salaries	7,573	7,568
Social security costs	667	672
Other pension costs	160	160
Death in Service and permanent health insurance	27	24
Temporary and contract staff	945	461
Redundancy	21	5
	<u>9,393</u>	<u>8,890</u>

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>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	3	2
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001-£110,000	1	1

Aggregate emoluments for the key management personnel

	<u>396</u>	<u>390</u>
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**Blackwood Homes and Care – Trading as Blackwood**

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

**For the year ended 31 March 2019**

The emoluments of the Chief Executive (excluding pension contributions) 105 102

Aggregate pension contributions in relation to the key management personnel 8 7

11. INTANGIBLE ASSETS	Computer Software £'000	Total £'000
<b>Cost</b>		
1 April 2018	543	543
Additions	67	67
Disposals	-	-
31 March 2019	<u>610</u>	<u>610</u>
<b>Amortisation</b>		
1 April 2018	237	237
Amortisation charged in year	70	70
31 March 2019	<u>307</u>	<u>307</u>
<b>Net book value</b>		
31 March 2019	<u>303</u>	<u>303</u>
31 March 2018	<u>306</u>	<u>306</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 2018	126,119	111	171	126,401
Works to existing properties	1,730	-	-	1,730
Works to new properties	-	1,832	-	1,832
Transfers	-	-	-	-
Disposals	(145)	-	-	(145)
31 March 2019	<u>127,704</u>	<u>1,943</u>	<u>171</u>	<u>129,818</u>
<b>Depreciation and impairment</b>				
1 April 2018	43,302	-	14	43,316
Depreciation charged in year	2,757	-	2	2,759
Released on disposal	(120)	-	-	(120)
31 March 2019	<u>45,939</u>	<u>-</u>	<u>16</u>	<u>45,955</u>
<b>Net book value</b>				
31 March 2019	<u>81,765</u>	<u>1,943</u>	<u>155</u>	<u>83,863</u>
31 March 2018	<u>82,817</u>	<u>111</u>	<u>157</u>	<u>83,085</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2019**

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

EXPENDITURE ON WORKS TO EXISTING PROPERTIES	2019 £'000	2018 £'000
Improvement work capitalised	581	479
Replacement component spend capitalised	1,150	1,022
Amounts charged to income and expenditure	205	463
Total major repairs spend	<u>1,936</u>	<u>1,964</u>
Value of capitalised land	12,334	12,615
Value of capitalised interest	<u>71</u>	<u>38</u>

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

	Computers and Office Equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
<b>Cost</b>			
1 April 2018	1,067	323	1,390
Additions	142	165	307
Transfers	-	-	-
31 March 2019	<u>1,209</u>	<u>488</u>	<u>1,697</u>
<b>Depreciation and impairment</b>			
1 April 2018	630	152	782
Depreciation charged in year	115	54	169
31 March 2019	<u>745</u>	<u>206</u>	<u>951</u>
<b>Net book value</b>			
31 March 2019	<u>464</u>	<u>282</u>	<u>746</u>
31 March 2018	<u>437</u>	<u>171</u>	<u>608</u>

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 the exemption from audit under section 479a of the Companies Act 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2019**

14.	<b>DEBTORS</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
	<b>Amounts falling due within one year:</b>		
	Rent and service charges receivable	225	178
	Less: provision for bad and doubtful debts	<u>(35)</u>	<u>(43)</u>
		190	135
	Other debtors	1,707	1,460
	Prepayments and accrued income	<u>410</u>	<u>441</u>
		<u>2,307</u>	<u>2,036</u>
15.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
	Debt (note 18)	624	612
	Rent and service charges received in advance	207	211
	Other grants received in advance	2	11
	Deferred capital grants (note 17)	1,512	1,511
	Trade creditors	438	331
	Other taxation and social security costs	141	128
	Accruals and deferred income	<u>2,115</u>	<u>1,672</u>
		<u>5,039</u>	<u>4,476</u>
16.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
	Debt (note 18)	19,621	19,189
	Deferred capital grant (note 17)	<u>49,152</u>	<u>49,079</u>
		<u>68,773</u>	<u>68,268</u>
	Included in creditors are:		
	Amounts repayable other than by instalments falling due after more than five years	<u>49,152</u>	<u>49,079</u>
	Amounts repayable by instalments falling due after more than five years	<u>15,072</u>	<u>16,313</u>



Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2019

17. DEFERRED CAPITAL GRANT	2019 £'000	2018 £'000
As at 1 April	50,590	51,402
Grant received in the year	1,586	324
Capital grant released	<u>(1,512)</u>	<u>(1,136)</u>
As at 31 March	<u>50,664</u>	<u>50,590</u>
Amounts to be released within one year	1,512	1,511
Amounts to be released in more than one year	<u>49,152</u>	<u>49,079</u>
	<u>50,664</u>	<u>50,590</u>
18. DEBT ANALYSIS – BORROWINGS	2019 £'000	2018 £'000
Creditors: amounts falling due within one year:		
Bank loans	<u>624</u>	<u>612</u>
	624	612
Creditors: amounts falling due after more than one year:		
Bank loans	<u>19,621</u>	<u>19,189</u>
<b>Total</b>	<u>20,245</u>	<u>19,801</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 £20,245,000 (2018: £19,801,000) are secured against the Association's housing properties.

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

	2019 £'000	2018 £'000
Due within one year	624	612
Due in one year or more but less than two years	636	625
Due between two and five years	3,913	2,366
Due more than five years	<u>15,072</u>	<u>16,198</u>
	<u>20,245</u>	<u>19,801</u>

## Blackwood Homes and Care – Trading as Blackwood

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2019

19.	<b>PROVISIONS</b>		<b>Holiday pay £'000</b>
	1 April 2018		44
	Utilised in the year		(44)
	Additional Provision in the Year		33
	31 March 2019		<u>33</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.		
20.	<b>FINANCIAL INSTRUMENTS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
	Financial assets:		
	Debt instruments measured at amortised cost	1,976	1,797
	Financial liabilities		
	Measured at amortised cost	21,923	21,200
21.	<b>SHARE CAPITAL</b>		
	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>2019 Number</b>	<b>2018 Number</b>
	Number of members		
	1 April 2018	57	56
	Joined during the year	4	1
	Left during year	(2)	-
	31 March 2019	<u>59</u>	<u>57</u>
22.	<b>RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH GENERATED FROM OPERATIONS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
	Surplus for the year	27	278
	Adjustments for non-cash items:		
	Depreciation of tangible fixed assets	2,928	2,075
	Depreciation of Intangible Assets	70	61
	Amortisation of Capital Grants	(1,512)	(1,346)
	Loss/(Gain) on disposal of tangible fixed assets	25	63
	Other amounts deducted from tangible fixed assets	-	185
	Amortisation of loan fee	21	27
	Interest receivable	(12)	(9)
	Interest payable	763	789
	<b>Operating cash flows before movements in working capital</b>	<u>2,310</u>	<u>2,123</u>

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

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

**For the year ended 31 March 2019**

Decrease in properties held for sale	-	100
(Increase)/Decrease in trade and other debtors	(271)	(83)
Increase/(Decrease) in trade and other creditors	550	(322)
Increase/(Decrease) in other provisions	(11)	(5)
<b>Cash generated from operations</b>	<u>2,578</u>	<u>1,813</u>

CASH AND CASH EQUIVALENTS	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents represents: -		
Cash at bank	<u>2,772</u>	<u>2,872</u>
	<u>2,772</u>	<u>2,872</u>

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

	At 1 April 2018 £'000	Cash flow £'000	At 31 March 2019 £'000
Loans due within 1 year	(612)	(12)	(624)
Loans due in more than 1 year	<u>(19,189)</u>	<u>(432)</u>	<u>(19,621)</u>
	(19,801)	(444)	(20,245)
Cash at bank & in hand	<u>2,872</u>	<u>(100)</u>	<u>2,772</u>
Total net debt	<u>(16,929)</u>	<u>(544)</u>	<u>(17,473)</u>

24. <b>CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure authorised by the Board, but not contracted	<u>3,222</u>	<u>6,030</u>

The above commitments will be funded through a mixture of our own funds, Housing Association Grant and the remainder of the revolving credit facility of £3.1m available from Triodos Bank.

At 31 March 2019 Blackwood had committed under non-cancellable operating leases as follows;

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within One Year	258	218
In the second to fifth year inclusive	910	26
Over Five years	-	-
	<u>1,168</u>	<u>244</u>

**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 £159,532 (2018: £160,378). Contributions totalling £27,001 (2018: £24,529) 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 £5,707; there were no arrears at the end of March 2019.

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 (2018: £0) in respect of bad debts from related parties.