

Blackwood Homes and Care

**Trading as
Blackwood**

Group Report and Accounts
31st March 2022

Blackwood Homes and Care – Trading as Blackwood

Group Report and Financial Statements for the year ended 31 March 2022

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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 2022

Board Members:

Julie McDowell- Chair
David Melvin – Vice Chair
Derek Croll
Peter Moir
Louise Dunlop
Martin Hensman
Linda Duncan
Tom Cotter
David Tares
Alan Boyter
Billie Croan

Key Management Personnel

Fanchea Kelly – Chief Executive
Doug Moyes – Customer Services Director
Simon Fitzpatrick – Development &
Commercial Director
Debbie Collins – Finance Director
Liz MacKinnon- Corporate Services Director

Fanchea Kelly – Company Secretary

Registered Office

160 Dundee Street
Edinburgh
EH11 1DQ

Auditor

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

Bankers

Virgin Money
83 George Street
Edinburgh
EH2 3ES

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

Solicitors

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

TC Young
7 West George Street
Glasgow
G2 1BA

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

Blackwood Homes and Care – Trading as Blackwood

The Report of the Board for the year ended 31 March 2022

The Board of Blackwood presents its group report and audited financial statements for the year ended 31 March 2022.

Principal Activities

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

Blackwood aims to '**help people live their life to the full**' and is guided in how it does business by its values set out in the Business Plan.

This is the first year of Blackwood's New Five-Year Strategy and Business Plan 2021-2026 to support more customers to live independently by increasing resilience and capacity as a sustainable, not for profit business.

This will be achieved through the 3 strategic themes and 7 strategic objectives set out in the table below with an ambition to increase customer satisfaction, build financial capacity and resilience, and develop innovation and thought leadership on independent living in Scotland.

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

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

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

- investing in opportunities for sustainable growth.
- ensuring excellent stewardship of Blackwood's resources and assets.

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The Report of the Board (continued) for the year ended 31 March 2022

- achieving consistently high customer satisfaction.

In the first year of the Strategy Blackwood delivered services, products and thought leadership on independent living in Scotland despite the challenges of the pandemic on service delivery in key examples below;

- Completed the renovation of MacLehose Court care home in Greenock with 22 tenants preparing to move to their new accessible home.
- Procured the services of Champion Homes to commence the construction of 66 new Blackwood Homes in Dundee to expand the Charleston Neighbourhood commencing in summer 2022.
- Continued the expansion of the 24/7 Responder service with the Glasgow Health and Social Care Partnership and carried out a market study to identify new markets to offer more people this service to feel safe and secure.
- Collaborated with Abbeyfield Scotland Ltd to set out a clear Business Case and successfully balloted tenants for the transfer of engagements to Blackwood on the 31st August 2022 to support over 100 residents across 14 shared Houses across Scotland.
- Completed the roll out programme for CleverCogs™, an interoperable system which gives people more choice and control over their life accompanied by a programme of broadband installation in all housing developments across Scotland with 700 tenants engaging through CleverCogs.
- Increased annual income from £21.2m to £24.2m strengthening Blackwood's financial sustainability with increased assets of £5.1m and improved gross care margins of £1.3m.

Blackwood continued to operate under the COVID-19 pandemic for a second year ensuring that customers were safe and supported. It supported customers with regular personal contact, with affordable rents, broadband in housing developments, mobile devices, digital coaching and welfare advice to help customers receive benefits that they are entitled to.

All housing and corporate staff successfully worked from home in line with Scottish Government guidance and welcomed the return to neighbourhood and tenant visits as restrictions lifted throughout the year. CleverCogs helped customers stay safe with digital options to:

- Link people to their GP through 'Near Me', the national virtual service for primary care.
- Facilitate virtual care visits.
- Access friends and family video calls.

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

During the year the Board continued to focus on its partnership opportunities, engaging with Abbeyfield Scotland to agree a transfer of engagements to Blackwood. Both Boards agreed a strong strategic fit and Business Plan supporting over 100 customers across 14 Abbeyfield shared Houses supporting them to live independently.

Consultation with Abbeyfield residents in April and May on a set of promises from Blackwood resulted in a successful ballot in June 2022 with 98% of Abbeyfield tenants voting yes to transfer to Blackwood. The transfer of engagements is scheduled to conclude on the 31st August 2022.

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The Report of the Board (continued) for the year ended 31 March 2022

Blackwood led the partnership with Innovate UK for the first year of the 3-year Trailblazer £13M programme for Healthy Aging. This programme develops and delivers products, services and business models with other partners to support people to live independently in their own home and is supported by grant funding of £6.5m over the 3 years. Grant income of £0.741m was received by Blackwood during 2021/22.

The programme focuses on the key neighbourhoods in Buckie, Cardonald (Glasgow) and Charleston (Dundee) and aims to engage with 1000 active users supporting independent living including:

- Free to use broadband and digital skills packages
- My Life and Data Store Apps
- A value exchange model to share services between neighbours through volunteering with rewards
- Access to products such as electric cars and digital wearables

Blackwood Homes and Care – Trading as Blackwood

The Report of the Board (continued) for the year ended 31 March 2022

Summary of Annual Performance

The performance for the year as expected reflects the continued challenges presented from the COVID-19 pandemic. The financial performance was strong despite the pandemic. Operational performance was impacted by the national restrictions on lettings and on non-emergency work within tenants' homes. Recovery of services to tenants was quickly put in place as restrictions eased at the end of April 2021 and continued throughout 2022.

Operational Surplus

Blackwood's operational surplus was lower during the year due to the catch up of repairs and maintenance from the prior year's Covid restrictions.

OPERATIONAL SURPLUS	2022	2021
	£'000	£'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	87	305
Add:		
Net Interest	680	675
Depreciation	3,521	3,431
Less:		
Development Grant Amortisation	(1,630)	(1,555)
OPERATIONAL SURPLUS FOR THE YEAR	2,658	2,856

The operating surplus reflects:

- Continued investment in tenants' homes.
- The catch up of non-emergency repairs from the Covid lockdown.
- The continued roll out of CleverCogs with digital coaching support for customers.
- Improved sustainability of care services including the expansion of the 24/7 Service.

Asset Management

£1.47m was invested in planned maintenance programmes and the target of 99.9% compliance with SHQS will be met following the completion of new electrical installations across 350 homes during 2022. 99.8% of homes meet the Energy Efficiency Standard for Social Housing (EESH) and over 90% of tenants are satisfied with the quality of their home.

Adaptations grants of £0.551m from Scottish Government, and Edinburgh and Glasgow City Councils, enabled 150 households to retain their independence in the year.

Emergency repairs were completed in an average of 4.1 hours (4.8hrs in the prior year) and non-emergencies in just under 6.4 working days which included the release of jobs following the Covid lockdown at the end of April 2021.

The programme continued to upgrade all fire detection and alarm systems within homes, to comply with the Housing (Scotland) Act 1987 (Tolerable Standards) (Extension of Criteria) Order 2019. 95% of alarms are installed and the remainder scheduled for completion in summer 2022.

Planning permission for 66 homes in Dundee was approved and work commenced in May 2021 to remodel the care home in Greenock to 22 flats to be completed in summer 2022. Work with Edinburgh City Council began to develop new homes on several sites there.

Housing performance

There continued to be high levels of engagement during the year throughout COVID-19 to ensure tenants felt safe and supported, with all tenants being contacted by the Housing teams to assess their needs. A welcome increase in customer satisfaction is demonstrated in the major tenant survey which takes place every three years. Overall customer satisfaction increased from 77% to 80% and tenant participation satisfaction increased significantly from 72% to 92%.

98.2% of homes now benefit from the wi-fi programme with the remainder to be completed during 2022. This continues to support the aim of delivering more services online and engaging online with tenants across Scotland. 700+ devices with CleverCogs, supported by digital coaching, were issued to tenants helping people live independently. This played an essential role during Covid to help tenants remain connected to friends and family.

Despite continued Covid restrictions in 2021/22, which increased the time some homes were empty, 127 homes were re-let which was a slight increase from 123 in the prior year.

Gross rent arrears were 4.2% at year-end compared to 3.5% in the prior year, largely due to Covid-19 impacts, and 100% of rent due was successfully collected. Tenants received independent and confidential financial advice commissioned from Shelter Scotland, with help from Housing Officers to navigate the Universal Credit and benefits system, and this helped keep arrears under control.

95.4% of anti-social behaviour (ASB) and neighbour nuisance cases were resolved during the year up from 94.7% in the prior year, helping tenants to be supported and safe in their homes.

Support and Care performance

Blackwood continued to focus on maintaining care sustainability during the year as new and growing services became established in Helenvale (Glasgow), Aberdeen's first year as part of the new Granite Consortium, continued expansion of the 24/7 responder service and a full year of the transfer of independent living services from Freespace.

In response to Covid all customers in Blackwood's care homes were kept safe throughout the year. All care customers were provided with connected devices along with digital coaching, to enhance the service provision and support them to have choice and control.

The investment in new services and the decision to withdraw from loss-making services in previous years has seen care services remain financially sustainable with improved margins.

99% of Blackwood's customers said that services were either 'Good' or 'Very Good'. There were no inspections carried out during the year by the Care Inspectorate due to COVID-19.

Governance

The Board is elected according to the Rules, based on SFHA Charitable Model Rules (Scotland) 2020. Blackwood has a Good Governance Guide and manages its business in line with Standing Orders and its schemes of delegation, and regularly reviews them.

Blackwood has three standing Committees which supported the Board to develop and deliver its Strategy. The Audit, Performance and Finance Committee provides independent assurance, and on-going scrutiny of compliance, performance and financial scrutiny. The Services Committee oversees detailed development and shared understanding of more complex issues, contributing to the Board's monitoring and evolution of its future strategy. The

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The Report of the Board (continued) for the year ended 31 March 2022

People Committee supports the Board to ensure Blackwood as an employer has the best employment practices and policies in place to support its employees.

All Board meetings were held virtually over the year. One in person Strategy session in November 2021, in addition to Board meetings, ensured that all Board Members participated in reviewing the new Strategy and Business Plan for 2021-26 and roll it forward for year two.

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

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

The Board

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

Max Brown	Resigned September 2021
Tom Cotter	
Derek Croll	
Louise Dunlop	
Martin Hensman	
David Melvin	
Nick Tordoff	Resigned August 2021
Fiona Thwaites	Resigned February 2022
Peter Moir	
Julie McDowell	
David Tares	
Linda Duncan	Elected September 2021
Graeme McKinstry	Co-opted - Resigned July 2021
Alan Boyter	Co-opted October 2021
Billie Croan	Co-opted February 2022

Principal Risks and Uncertainties

Blackwood's Board Assurance & Risk Management Framework consists of strategic risk themes aligned to the Strategic Objectives and KPIs which have been updated to reflect the new strategy and are monitored throughout the year. This gives the Board assurance that controls are in place to mitigate risks, realise opportunities, and keep visibility of major uncertainties.

Strategic Risk Theme	Assurances
Sustainable Growth	<ul style="list-style-type: none">• Asset Management Plan and Treasury Plan• Structured Development Gateway approval process• Good Care Inspectorate reports• Professional capacity on Board and in-house teams, with all appropriate expert external advice

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The Report of the Board (continued) for the year ended 31 March 2022

Strategic Risk Theme	Assurances
	<ul style="list-style-type: none"> • Collaborative partnership working
Financial Capacity and resilience	<ul style="list-style-type: none"> • Annual budgets, 5- and 30-year financial plans approved and business planning process • Stress testing of plans to consider potential risks • Development of headroom to manage risks • Quarterly reporting of financial position to Committee and Board
Customer Service	<ul style="list-style-type: none"> • Large scale customer survey • Customer Engagement Plan • Quality Control Framework in place • Service Improvement plan reporting
Thought Leadership and Innovation	<ul style="list-style-type: none"> • Project Advisory Board with Partners for Peoplehood • Innovation team in place • SPIs and evaluation framework • Innovation pipeline and approval gate • Detailed project budget management
Organisational Preparedness	<ul style="list-style-type: none"> • Internal audits annual programme for key risks • Audit, Performance and Finance Committee continual review of performance and risks • People Committee monitors capacity and capability • Regular reporting on COVID-19 pandemic response and policy approval

Key Financial Performance Indicators

Blackwood's income increased in total by £3m from 2020/21. This resulted from new care services and rental income from new homes late in the prior year, as well as the application of a general rent increase of 1.7% and care rate uplifts for the Scottish Living Wage from Health and Social Care Partnerships of 5.4% to support the basic hourly rate increase to £10.02. In addition, income of £0.479m was received from various funds to support the additional cost of COVID-19 such as personal protective equipment.

- Operating costs increased by £3.2m through growth in new care services, uplift in paying Scottish Living Wage and additional cost from COVID-19.
- The operating surplus of £0.087m reflects the improved care sustainability from new and existing care services and rental income from 24 new homes at Helenvale late in the prior year.
- Net interest payable has increased from £0.675m to £0.680m reflecting the increase in interest rates towards the end of the year.
- Cash balances decreased by £2.4m to £6.1m during 2021/22 to support investment in the development programme in Dundee and Greenock.
- £3m of excess funds were held on deposit until required for the 2022/23 development programme.

Key financial policies

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

- Epidemic and Pandemic Policy setting out the approach that is taken by Blackwood Homes and Care which supported managing the impact of COVID-19.

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The Report of the Board (continued) for the year ended 31 March 2022

- The Treasury Management policy enables Blackwood to control borrowing and investment risks. The Triodos RCF facility and Allia Bond continue to fund the planned investments for the next two years and the 2022/23 Treasury Plan ensures financing for the remainder of the Blackwood House development programme.
- The Rent Policy is in line with accepted Housing Association practice. The Strategy ensures that affordability and Value for Money for tenants is kept under close review and the Engagement Plan ensures that tenants' key priorities are taken into account.
- The Debt Recovery Policy for Care continues to ensure that debt for care services is collected timeously with any issues being addressed early.
- The Insurance Management Policy ensures that Blackwood has adequate insurance cover to safeguard its assets, protect its reputation and comply with banking covenants.
- The Credit Payment Procedure ensured Blackwood complies with industry guidelines and maintains good relations with creditors.
- The Asset Management Plan aims to retain strong demand for Blackwood homes, as well as meeting all requirements such as Scottish Housing Quality Standards (SHQS), asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (EESH). The new homes programme adds to the rental income as well as securing further care income. The capitalisation of replacement components during the year is in line with accounting practice and complies with the current Housing Association Statement of Recognised Practice (SORP).
- The Reserves Policy sets targets which Blackwood met during the year. The cumulative revenue reserves now stand at £15.7 million.
- The Financial Standing Orders were reviewed with minor updates at the year end.

Going Concern

The Board's assessment of Blackwood shows no significant doubts about its ability to continue as a going concern. There are no matters of known material uncertainties that would require disclosure.

The Board has considered the continuing impact of COVID-19 and economic uncertainties in its 2022/23 Budget and its 5-year financial plan which have been stress tested. This exercise has assessed that Blackwood's finances are resilient.

The Revolving Credit Facility (RCF) of £5m from Triodos Bank which was renewed in March 2022 and the £12m Allia Bond facility supports Blackwood to continue its planned maintenance programme and the Blackwood House programme for 2022/23 in Dundee and Edinburgh.

The Board continues to monitor the sustainability of Care Services following its strong financial performance to manage the volatility of these services.

The Board has a reasonable expectation that Blackwood has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of Information to the Auditor

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

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The Report of the Board (continued) for the year ended 31 March 2022

Auditor

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

By Order of the Board



Julie McDowell
Board Chairman

Date 17/08/22

Blackwood Homes and Care – Trading as Blackwood

The Statement of Board Responsibilities for the year ended 31 March 2022

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

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

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

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The Board's Statement of Internal Financial Control for the year ended 31 March 2022

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

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

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

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

The effectiveness of the Group's system of internal financial control has been reviewed by the Audit, Performance and Finance Committee for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board



Julie McDowell
Board Chairman

17/08/22

Blackwood Homes and Care – Trading as Blackwood

The Report by the Auditors to the Members of Blackwood Homes and Care on Corporate Governance for the year ended 31st March 2022

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

Basis of Opinion

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

Opinion

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



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

Date 17/08/22

Opinion

We have audited the financial statements of Blackwood Homes and Care (the 'Association') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, Association Statement of Comprehensive Income, Group Statement of Financial Position, Association Statement of Financial Position, Group Statement of Changes in Reserves, Association Statement of Changes in Reserves, Group Statement of Cash Flows, Association Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have 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 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Blackwood Homes and Care – Trading as Blackwood

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

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

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

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
2 Semple Street
Edinburgh
EH3 8BL

Date **17/08/22**

Blackwood Homes and Care – Trading as Blackwood

Group Statement of Comprehensive Income For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
TURNOVER	2	24,156	21,195
Operating expenditure	2	(23,341)	(20,267)
(Loss)/Gain on disposal of property, plant and equipment	2	<u>(64)</u>	<u>15</u>
OPERATING SURPLUS		751	943
Interest receivable	6	16	37
Interest and financing costs	7	(680)	(675)
SURPLUS BEFORE TAX		<u>87</u>	<u>305</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>87</u>	<u>305</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Blackwood Homes and Care – Trading as Blackwood

Association Statement of Comprehensive Income For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
TURNOVER	2	24,156	21,195
Operating expenditure	2	(23,341)	(20,267)
(Loss)/Gain on disposal of property, plant and equipment	2	<u>(64)</u>	<u>15</u>
SURPLUS		751	943
Interest receivable	6	16	37
Interest and financing costs	7	(680)	(675)
SURPLUS BEFORE TAX		<u>87</u>	<u>305</u>
Taxation			-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>87</u>	<u>305</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Blackwood Homes and Care – Trading as Blackwood

Group Statement of Financial Position As at year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	11	269	193
Housing properties	12.A	89,021	86,628
Other fixed assets	12.B	853	859
		<u>90,143</u>	<u>87,680</u>
CURRENT ASSETS			
Trade and other debtors	14	2,162	2,160
Cash and cash equivalents	21	6,094	8,541
		<u>8,256</u>	<u>10,701</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(6,387)	(6,169)
NET CURRENT ASSETS			
		<u>1,869</u>	<u>4,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>92,012</u>	<u>92,212</u>
Creditors: Amounts falling due after more than one year	16	(76,220)	(76,497)
Provisions for liabilities	19	(90)	(100)
TOTAL NET ASSETS			
		<u>15,702</u>	<u>15,615</u>
RESERVES			
Income and expenditure reserve		15,702	15,615
TOTAL RESERVES			
		<u>15,702</u>	<u>15,615</u>

The financial statements on pages 20 to 44 were approved by the Board and authorised for issue on 16th August 2022 and are signed on its behalf by:


Julie McDowell
Board Chairman


David Melvin
Board Vice Chairman


Fanchea Kelly
Company Secretary

Blackwood Homes and Care – Trading as Blackwood

Association Statement of Financial Position For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	11	269	193
Housing properties	12.A	89,021	86,628
Other fixed assets	12.B	853	859
Investment in subsidiaries	13	-	-
		<u>90,143</u>	<u>87,680</u>
CURRENT ASSETS			
Trade and other debtors	14	2,162	2,160
Cash and cash equivalents	21	6,094	8,541
		<u>8,256</u>	<u>10,701</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	<u>(6,387)</u>	<u>(6,169)</u>
NET CURRENT ASSETS		<u>1,869</u>	<u>4,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>92,012</u>	<u>92,212</u>
Creditors: Amounts falling due after more than one year			
	16	<u>(76,220)</u>	<u>(76,497)</u>
Provisions for liabilities	19	<u>(90)</u>	<u>(100)</u>
TOTAL NET ASSETS		<u>15,702</u>	<u>15,615</u>
RESERVES			
Income and expenditure reserve		15,702	15,615
TOTAL RESERVES		<u>15,702</u>	<u>15,615</u>

The financial statements on pages 20 to 44 were approved by the Board and authorised for issue on 16th August 2022 and are signed on its behalf by:


Julie McDowell
Board Chairman


David Melvin
Board Vice Chairman


Fanchea Kelly
Company Secretary

Blackwood Homes and Care – Trading as Blackwood

Statement of Changes in Reserves For the year ended 31 March 2022

Group

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2020	15,310	15,310
Surplus for the year	305	305
Balance as at 31 March 2021	<u>15,615</u>	<u>15,615</u>
Surplus for the year	87	87
Balance at 31 March 2022	<u>15,702</u>	<u>15,702</u>

Association

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2020	15,310	15,310
Surplus for the year	305	305
Balance as at 31 March 2021	<u>15,615</u>	<u>15,615</u>
Surplus for the year	87	87
Balance at 31 March 2022	<u>15,702</u>	<u>15,702</u>

Blackwood Homes and Care – Trading as Blackwood

Statement of Cashflows For the year ended 31 March 2022

Group	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	21	2,892	3,172
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(140)	(107)
Purchase of tangible fixed assets		(5,907)	(3,872)
Proceeds from sale of tangible fixed assets		-	116
Grants received		1,804	482
Interest received		16	37
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,227)</u>	<u>(3,344)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(685)	(675)
New secured loans		319	310
Repayments of borrowings		(746)	(728)
NET CASH FROM FINANCING ACTIVITIES		<u>(1,112)</u>	<u>(1,093)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	22	<u>(2,447)</u>	<u>(1,265)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,541	9,806
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	<u>6,094</u>	<u>8,541</u>
Association	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	21	2892	3,172
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(140)	(107)
Purchase of tangible fixed assets		(5,907)	(3,872)
Proceeds from sale of tangible fixed assets		-	116
Grants received		1,804	482
Interest received		16	37
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,227)</u>	<u>(3,344)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(685)	(675)
New secured loans		319	310
Repayments of borrowings		(746)	(728)
NET CASH FROM FINANCING ACTIVITIES		<u>(1,112)</u>	<u>(1,093)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	22	<u>(2,447)</u>	<u>(1,265)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,541	9,806
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	<u>6,094</u>	<u>8,541</u>

1. ACCOUNTING POLICIES

LEGAL STATUS

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

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

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

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

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

BASIS OF CONSOLIDATION

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

CRITICAL ACCOUNTING ESTIMATED AND AREAS OF JUDGEMENT

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

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

Useful lives of property

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

1. ACCOUNTING POLICIES (continued)

Categorisation of Leases

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

Recoverable amount of Rent Arrears and Other Debtors

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

GOING CONCERN

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

The Board continues to consider the impact of Covid-19 for its 2022/23 budget and its 5 year financial plan which have been stress tested. This exercise has assessed that there is minimal impact on Blackwood's finances.

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

TURNOVER AND REVENUE RECOGNITION

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

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

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

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

GOVERNMENT GRANTS

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

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) on a pro rata basis under the accruals model.

1. ACCOUNTING POLICIES (Continued)

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

OTHER GRANTS

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

OTHER INCOME

Interest income is recognised on an accruals basis.

BORROWING COSTS

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

All other borrowing costs are expensed as incurred.

FIXED ASSETS – INTANGIBLE ASSETS

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

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

Computer Software – 5 years straight line

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

FIXED ASSETS – SOCIAL HOUSING PROPERTIES

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

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

1. ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

New Build

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

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.

1. ACCOUNTING POLICIES (Continued)

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

TAXATION

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

VAT

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

DEPOSITS AND LIQUID RESOURCES

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

1. ACCOUNTING POLICIES (Continued)

LEASES

Finance Leases

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

Operating Leases

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

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

EMPLOYEE BENEFITS

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

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

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

RETIREMENT BENEFITS

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

FINANCIAL INSTRUMENTS

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

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

1. ACCOUNTING POLICIES (Continued)

Financial Assets

Debtors

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

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

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

Financial liabilities

Trade creditors

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

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

Borrowings

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

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

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

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

1. ACCOUNTING POLICIES (Continued)

PROVISIONS

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

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

RESERVES

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

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2022

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

Group and Association	Notes	Turnover £'000	Operating costs £'000	Gain on disposal £'000	2022 Operating surplus/ (deficit) £'000	2021 Operating surplus/(deficit) £'000
Affordable letting activities	3	13,303	(12,844)	-	459	939
Other activities	4	10,853	(10,497)	-	356	(11)
(Loss)/Gain on disposal of property, plant and equipment	9	-	-	(64)	(64)	15
Total		24,156	(23,341)	(64)	751	943
Total for previous reporting period		21,195	(20,267)	15	943	

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

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

Group and Association	General Needs Social Housing £'000	Supported Social Housing Accommodation £'000	Shared Ownership Housing £'000	Total 2022 £'000	Total 2021 £'000
Rent receivable net of service charges	8,178	2,812	7	10,997	11,019
Service charges	592	-	-	592	583
Gross income from rents and service charges	8,770	2,812	7	11,589	11,602
Less voids	(153)	-	-	(153)	(172)
Net income from rents and service charges	8,617	2,812	7	11,436	11,430
Grants released from deferred income	1,629	2	-	1,631	1,555
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	51	185	-	236	192
Total turnover from affordable letting activities	10,297	2,999	7	13,303	13,177
Management and maintenance administration costs	4,096	284	-	4,380	4,566
Service costs	578	2,493	-	3,071	3,139
Planned and cyclical maintenance including major repairs costs	401	71	-	472	331
Reactive maintenance costs	1,711	57	-	1,768	1,184
Bad debts - rents and service charges	37	-	-	37	102
Depreciation of affordable let properties	3,061	52	3	3,116	2,916
Operating Costs for affordable letting activities	9,884	2,957	3	12,844	12,238
Operating surplus or deficit for affordable letting activities	413	42	4	459	939
Operating surplus or deficit for affordable letting activities for previous reporting period	750	181	8	939	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

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

Group and Association	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	-	-	9,290	359	9,649	-	(9,028)	621	(5)
Business Development activities	-	-	-	-	-	-	-	-	-
Other Income	105	429	-	670	1,204	-	(1,469)	(265)	(6)
Total from other activities	105	429	9,290	1,029	10,853	-	(10,497)	356	(11)
Total from other activities for the previous reporting period	68	303	6,988	659	8,018	-	(8,029)	(11)	

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

5. ACCOMMODATION IN MANAGEMENT	2022	2021
	Units	Units
Group and Association		
General needs housing	1,562	1,560
Shared ownership	2	2
Supported housing	44	47
	<u>1,608</u>	<u>1,609</u>
TOTAL UNITS IN MANAGEMENT		
	<u>1,608</u>	<u>1,609</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME	2022	2021
	£'000	£'000
Group and Association		
Interest on bank deposits	16	37
	<u>16</u>	<u>37</u>
	<u>16</u>	<u>37</u>
7. INTEREST PAYABLE AND SIMILAR CHARGES	2022	2021
	£'000	£'000
Group and Association		
Interest arising on:		
Bank loans and overdrafts	942	978
Less capitalised	(262)	(303)
	<u>680</u>	<u>675</u>
	<u>680</u>	<u>675</u>
8. OPERATING SURPLUS OR DEFICIT	2022	2021
	£'000	£'000
Group and Association		
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	3,116	2,916
Depreciation of other tangible fixed assets	340	294
Amortisation of other intangible fixed assets	64	220
Operating lease rentals (note 23)	310	314
	<u>310</u>	<u>314</u>
	<u>310</u>	<u>314</u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	2022	2021
	£'000	£'000
Group and Association		
Audit services - statutory audit of the Association	29	27
	<u>29</u>	<u>27</u>
	<u>29</u>	<u>27</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

9. (LOSS)/GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	2022	2021
	£'000	£'000
Group and Association		
Disposal proceeds	-	116
Carrying value of fixed assets	64	(100)
(Loss)/Gain	(64)	16
Capital grant repaid	-	-
(Loss)/Gain	(64)	16
10. EMPLOYEES		
	2022	2021
	No.	No.
Group and Association		
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	65	55
Housing support and care	319	312
	<u>384</u>	<u>367</u>
The average monthly number of employees (including key management personnel) employed by the Association during the year was:		
Office and management/administration	66	58
Housing support and care	390	410
Staff costs for the above persons:		
	£000's	£000's
Wages and salaries	10,747	9,791
Social security costs	1,020	874
Other pension costs	386	326
Death in Service and permanent health insurance	35	30
Temporary and contract staff	860	544
Redundancy	9	21
	<u>13,057</u>	<u>11,586</u>

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

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

	2022	2021
	No.	No.
£60,000 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001-£110,000	1	1
Aggregate emoluments for the key management personnel	<u>393</u>	<u>410</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>108</u>	<u>106</u>
Aggregate pension contributions in relation to the key management personnel	<u>14</u>	<u>16</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

11. INTANGIBLE ASSETS		Computer Software £'000	Total £'000	
Group and Association Cost				
As at 1 April 2021		800	800	
Additions		140	140	
As at 31 March 2022		<u>940</u>	<u>940</u>	
Amortisation				
As at 1 April 2021		607	607	
Amortisation charged in year		64	64	
As at 31 March 2022		<u>671</u>	<u>671</u>	
Net book value				
As at 31 March 2022		<u>269</u>	<u>269</u>	
As at 31 March 2021		<u>193</u>	<u>193</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
Group and Association Cost				
As at 1 April 2021	136,147	1,396	123	137,666
Works to existing properties	2,281	-	-	2,281
Works to new properties	-	3,292	-	3,292
Transfers	-	-	-	-
Disposals	(389)	-	-	(389)
As at 31 March 2022	<u>138,039</u>	<u>4,688</u>	<u>123</u>	<u>142,850</u>
Depreciation and impairment				
As at 1 April 2021	51,036	-	2	51,038
Depreciation charged in year	3,115	-	1	3,116
Transfer	-	-	-	-
Released on disposal	(325)	-	-	(325)
As at 31 March 2022	<u>53,826</u>	<u>-</u>	<u>3</u>	<u>53,829</u>
Net book value				
As at 31 March 2022	<u>84,213</u>	<u>4,688</u>	<u>120</u>	<u>89,021</u>
As at 31 March 2021	<u>85,111</u>	<u>1,396</u>	<u>121</u>	<u>86,628</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

12.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)			
Group and Association			
EXPENDITURE ON WORKS TO EXISTING PROPERTIES	2022		2021
	£'000		£'000
Improvement work capitalised	724		911
Replacement component spend capitalised	1,557		1,306
Amounts charged to income and expenditure	279		154
Total major repairs spend	<u>2,560</u>		<u>2,371</u>
Value of capitalised land	12,447		12,447
Value of capitalised interest	<u>743</u>		<u>462</u>
12.B TANGIBLE FIXED ASSETS – OTHER			
Group and Association	Computers and Office Equipment	Furniture, fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2021	1,297	699	1,996
Additions	199	135	334
Transfers	-	-	-
Disposals	-	-	-
As at 31 March 2022	<u>1,496</u>	<u>834</u>	<u>2,330</u>
Depreciation and impairment			
As at 1 April 2021	732	405	1,137
Depreciation charged in year	222	118	340
Released on disposal	-	-	-
As at 31 March 2022	<u>954</u>	<u>523</u>	<u>1,477</u>
Net book value			
As at 31 March 2022	<u>542</u>	<u>311</u>	<u>853</u>
As at 31 March 2021	<u>565</u>	<u>294</u>	<u>859</u>

13. SUBSIDIARY UNDERTAKINGS

Association only

The RSL's subsidiary undertakings are:

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

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

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

14. DEBTORS	2022	2021
	£'000	£'000
Group and Association		
Amounts falling due within one year:		
Rent and service charges receivable	344	267
Less: provision for bad and doubtful debts	<u>(129)</u>	<u>(122)</u>
	215	145
Other debtors	1,189	1,391
Prepayments and accrued income	<u>758</u>	<u>624</u>
	<u>2,162</u>	<u>2,160</u>
15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2022	2021
	£'000	£'000
Group and Association		
Debt (note 18)	762	746
Rent and service charges received in advance	261	259
Deferred capital grants (note 17)	1,632	1,599
Trade creditors	774	411
Other payables	720	1,246
Other taxation and social security costs	224	276
Accruals and deferred income	<u>2,014</u>	<u>1,632</u>
	<u>6,387</u>	<u>6,169</u>
16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2022	2021
	£'000	£'000
Group and Association		
Debt (note 18)	28,570	28,988
Deferred capital grant (note 17)	<u>47,650</u>	<u>47,509</u>
	<u>76,220</u>	<u>76,497</u>
Included in creditors are:		
Amounts repayable other than by instalments falling due after more than five years	<u>47,650</u>	<u>47,509</u>
Amounts repayable by instalments falling due after more than five years	<u>25,370</u>	<u>25,918</u>
17. DEFERRED CAPITAL GRANT	2022	2021
	£'000	£'000
Group and Association		
As at 1 April	49,108	50,181
Grant received in the year	1,804	482
Capital grant released	<u>(1,630)</u>	<u>(1,555)</u>
As at 31 March	<u>49,282</u>	<u>49,108</u>
Amounts to be released within one year	1,632	1,599
Amounts to be released in more than one year	<u>47,650</u>	<u>47,509</u>
	<u>49,282</u>	<u>49,108</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

18. DEBT ANALYSIS – BORROWINGS	2022	2021
	£'000	£'000
Group and Association		
Creditors: amounts falling due within one year:		
Bank loans (note 15)	762	746
	<u>762</u>	<u>746</u>
Creditors: amounts falling due after more than one year:		
Bank loans (note 16)	28,570	28,988
Total	<u>29,332</u>	<u>29,734</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 £29,333,000 (2021: £29,734,000) are secured against the Association's housing properties.

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

	2022	2021
	£'000	£'000
Due within one year	762	746
Due in one year or more but less than two years	776	760
Due between two and five years	2,424	2,340
Due more than five years	25,370	25,888
	<u>29,332</u>	<u>29,734</u>

19. PROVISIONS	Holiday pay
	£'000
Group and Association	
As at 1 April 2021	100
Utilised in the year	(10)
Additional provision in the year	-
As at 31 March 2022	<u>90</u>

Holiday Pay

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

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2022

20. SHARE CAPITAL

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

	2022 Number	2021 Number
Association only		
Number of members		
At 1 April	50	52
Joined during the year	2	2
Left during year	(1)	(4)
As at 31 March	<u>51</u>	<u>50</u>

21. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS

	2022 £'000	2021 £'000
Group and Association		
Surplus for the year	87	305
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,456	3,210
Depreciation of intangible assets	64	220
Amortisation of capital grants	(1,630)	(1,555)
Gain/(loss) on disposal of tangible fixed assets	64	(16)
Amortisation of loan fee	29	29
Interest receivable	(16)	(37)
Interest payable	680	675
Operating cash flows before movements in working capital	<u>2,734</u>	<u>2,831</u>
(Increase) in trade and other debtors	(2)	(292)
Increase in trade and other creditors	170	583
(Decrease)/increase in other provisions	(10)	50
Cash generated from operations	<u>2,892</u>	<u>3,172</u>

CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash and cash equivalents represents: -		
Cash at bank	6,094	8,541
	<u>6,094</u>	<u>8,541</u>

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

	At 1 April 2021 £'000	Cash flow £'000	At 31 March 2022 £'000
Group and Association			
Loans due within 1 year	(746)	(16)	(762)
Loans due in more than 1 year	(28,988)	417	(28,571)
	<u>(29,734)</u>	401	<u>(29,333)</u>
Cash at bank & in hand	8,541	(2,447)	6,094
Total net debt	<u>(21,193)</u>	<u>(2,046)</u>	<u>(23,239)</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2022

23. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2022 £'000	2021 £'000
Group and Association		
Expenditure authorised by the Board, but not contracted	13,980	9,650

The above commitments will be funded through a mixture of our own funds, Housing Association Grant and borrowing from the drawdown Allia Bond £12m and £5m revolving credit facility from Triodos Bank.

At 31 March 2022 Blackwood had committed under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
Within one year	310	314
In the second to fifth year inclusive	614	617
Over five years	-	-
	924	931

24. RETIREMENT BENEFITS

The Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Association in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £ 385,527 (2021: £326,407). Contributions totalling £59,923 (2021: £56,560) were payable to the fund at the year end and are included in creditors.

25. RELATED PARTY TRANSACTIONS

Blackwood maintains a register of Board Members' Interests.

During the year one of the members of Blackwood's Board was a tenant of the organisation on the same standard terms as all tenants. The rent and service charge charged for the year was £7,168; there were no arrears at the end of March 2022.

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 (2021: £0) in respect of bad debts from related parties.