

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

Trading as  
**Blackwood**

Report and Accounts

31st March 2015

*(Financial Conduct Authority Company number SP1728RS)*

*(Scottish Housing Regulator No. HEP158)*

*(Charity No. SC007658)*

## REFERENCE AND ADMINISTRATIVE DETAILS

Blackwood was formed in 1972 as Margaret Blackwood Housing Association. In March 2015 the organisation changed its name to Blackwood Homes and Care. It is registered with the Financial Conduct Authority, formerly the Financial Services Authority under the Co-operative and Community Benefit Societies Act 2014, (No 1728R(S)), and with the Scottish Housing Regulator (No HEP158). It is a Scottish charity for tax purposes (No SC007658).

### Board of Trustees

The following were Board members during the year up to the date of signing.

Mrs Lesley Beddle, BSc., CEng	
Ms Lizanne Burton	Resigned June 2015
Mr Ron Carthy, MA (Hons), MSc, MIPD	Resigned March 2015
Mr Alex Duncan BSc (Hons)	
Mrs Susan McKenzie	
Mr Stephen Gallagher, MA	Resigned June 2015
Mr Ian Gerono, MA, MBA	
Mr Bill Grant, MCIBS	Resigned October 2014
Mrs Marian Jacobs, BA (Econ), Dip TP	
Ms Eileen McDade BSc (Hons), CQSW	
Mr Gerry Freedman	Resigned May 2014
Mr Bob Millar, CA	Resigned September 2014
Mrs Claudla Russell	Resigned December 2014
Mrs Linda Holden	
Mr Max Brown	
Mr Derek Croll, BCom(Hons), CA	Co-opted January 2015
Mr Abrar Hameed MBA MA LLM LLB NP	Co-opted April 2015
Mr Ian Hartley Bsc ACA	Co-opted April 2015

### Chief Executive

Ms Fanchea Kelly

### Secretary

Mrs Wendy Russell

### Registered Office and Head Office

160 Dundee Street  
Edinburgh  
EH11 1DQ

REPORT OF THE BOARD

**Auditors – External**

Baker Tilly UK Audit LLP  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh EH3 9QG

**Auditors – Internal**

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**Bankers**

Clydesdale Bank PLC  
50 Lothian Road  
Edinburgh EH3 9BY

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

Triodos Bank NV  
Deanery Road  
Bristol  
BS1 5AS

**Solicitors**

TC Young  
7 West George Street  
Glasgow G2 1BA

### **ABOUT BLACKWOOD**

Blackwood is a charity, governed by its Rules which are based on the Scottish Federation of Housing Association (SFHA) Model Rules. A Special General Meeting in March 2015 adopted updated rules, including a change of name and open membership. The legal name is now Blackwood Homes and Care reflecting a primary focus on the provision of high quality housing and care services for people who need them.

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

Blackwood has a subsidiary, Margaret Blackwood Technical Consultants (MBTC), which is currently dormant. Previously it had another subsidiary, the Blackwood Foundation, which was a limited company and a charity. The role of the Foundation was to focus on innovation in design and technology that was influenced by service users and people with experience of mobility and disability issues. During the year a review of the Foundation was undertaken following which the subsidiary was dissolved and its operations fully integrated into Blackwood's parent body. The process for dissolution was completed after the year end and therefore the donation of the Foundation's assets and liabilities at the date of dissolution will be included in the March 2016 Financial Statements.

In line with the Scottish Housing Regulator (SHR) Framework, during the year Blackwood finalised and implemented its annual Board appraisal system, supported by Campbell Tickell as Independent advisors. It also prepared a robust succession plan to ensure the continuation of a stable and healthy organisation for the future.

### **GOVERNANCE AND STRATEGY**

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

- implementing a new Membership Policy to support the work of the Board.
- implementing a new Board Recruitment & Succession Policy.
- Establishing a new and improved Board Member Code of Conduct - in line with the SFHA model.
- Developing a new Entitlements, Payments & Benefits policy to replace the former SHR Schedule 7.
- implementing a new Board Learning & Development Policy. This policy also outlines the process for Board member appraisals.
- implementing a new Scheme of Delegation with key areas of control and authorisation.
- Reviewing Standing Orders for Board and Committees.

The organisation is driven by its vision and values and they are strongly embedded in its culture. Its vision is that **'Blackwood helps people live their lives to the full. We provide high quality, personal, seamless housing and support, designed around the person and their life choices.'**

The values are;

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

Blackwood's **Five Year Strategy and Business Plan 2015-2020** was renewed during the year, with a focus on two key strands of;

- Providing value and quality for customers
- Investing in innovation

This was approved by the Board in March 2015 and renews Blackwood's purpose and direction. The Strategy aims to deliver growth through much greater use of technology and through building a renewed reputation for innovative, accessible and adaptable housing and care services.

The Business Plan has four core strategies which are:-

- **Asset Management Strategy** - developed in November 2013 to ensure a long term plan is in place for Blackwood's properties to be maintained to the highest standard.
- **Care Strategy** - developed during 2014, the strategy is to grow the care at home business and respond to Self Directed Support in key areas of need. The SMARTLife trials aim to contribute to this growth. SMARTLife is a program of testing digital technology to support our customers. The neighbourhood bases of all care services will be strengthened and made more efficient with increased scale.
- **People Strategy** - approved by the People & Resources Committee during 2014, it develops workforce planning as well as engaging with staff to ensure appropriate reward and recognition in competitive markets.
- **Core delivery of the Housing Service** - continuing to deliver for our tenants and in particular as welfare reform goes ahead. The integration of housing and care services is part of Blackwood's unique offering for customers at local level.

The core strategies will also be underpinned by the following supporting plans:-

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

## SUMMARY OF ACTIVITIES AND PERFORMANCE

The year ended 31 March 2015 was the last year of the previous Business Plan 2012-15. During the year Blackwood met the Scottish Housing Quality Standard (SHQS) for all its homes. This was the first full year of delivery against the Asset Management Strategy, which included nearly £2.3m invested in upgrading homes, replacing 144 kitchens, installing 119 new central heating systems and over 169 new bathrooms. In addition to this, and in order to reduce tenants' fuel bills, 12 energy efficient air source pumps were installed. Over £400,000 of Scottish Government funding enabled 177 adaptations. Improvements to our processes and systems, including the use of independent occupational therapists, resulted in a reduction in the average time for completion. 90% of tenants now say they are satisfied with the quality of their home, comparing well to the 86% reported last year.

Demand remains very high for Blackwood homes and turnover is low with just 8.5% becoming empty in the last year, and only 0.5% of rent lost due to having empty properties.

Welfare reform changes continue to be a concern and Blackwood invested in services to support all customers. This resulted in rent collection of 99.8% and low arrears of 3%. Shelter Scotland provided further independent and confidential financial advice to tenants.

Blackwood produced its first Annual Social Housing Charter report, with help from its Tenant Scrutiny Panel, "Team Blackwood". Team Blackwood is proving to be a very important addition to Blackwood's tenant engagement and continues to work with staff and Board to develop and implement detailed improvement plans.

Blackwood customers, and *Team Blackwood*, have consistently identified the importance of good environmental programmes to support the programme of investment in their homes. During the year £166k was invested in this work.

All local care services were inspected by the Care Inspectorate during the year and 100% achieved grades of Good, Very Good or Excellent against the National Care Standards. In addition, 96% of Blackwood's care customers have said that services are good or very good at supporting them to meet their personal outcomes.

During the financial year the Blackwood 'Concept House' was commissioned with the aim of developing a new standard for modern, high quality and well-designed state of the art fully accessible housing. A program of testing digital technology to support our customers, known as SMARTLife, was another key strategic project which moved into operation by the year end.

The Board took a major step forward in its commitment to the tenants of Tweedbridge Court in Peebles. All tenants from the existing development have now been decanted and work progresses on the redevelopment of the site in consultation with Scottish Borders Council and with CCG Homes as developer.

## HEALTH & SAFETY

Blackwood has continued to promote excellent standards of Health & Safety across the organisation.

Fire Risk assessments were carried out in all offices and care homes throughout the year, and the majority of requirements have now been addressed with some final works taking place in the coming year.

Blackwood has continued to train its managers in IOSH Managing Safety, with 36 now fully trained.

During the year, Blackwood achieved "Healthy Working Lives" Bronze award and is now working towards a Silver award.

## RISK MANAGEMENT & BUSINESS ASSURANCE

Blackwood's risk register shows four key themes for strategic risk management which are monitored by the Board. These will be updated again during 2015 to align with the new Strategy and Business Plan.

They are;

- **Assets - failure of homes and ICT assets to meet business needs.** Blackwood has renewed its core ICT systems and undertaken a program of surveys to update all stock information.
- **Costs - failure to maintain costs at a sustainable level.** The AMS has given Blackwood the basis for robust forward planning and reducing costs through its procurement practice over the last year. A Care Efficiency plan ensures management of operational costs at regional level, and work on the financial systems has helped greater transparency of where costs lie.
- **Failure to manage current income and grow income -** Blackwood had a major focus on preparing for Welfare Reform changes including the bedroom tax. It conducts regular business reviews in each of its three regions which scrutinises financial and operational performance. A core Care Strategy was developed as an essential part of the new Strategy and Business Plan for 2015 onwards.
- **Customer Satisfaction-failure to meet customer expectations in terms of service delivery and ICT -** The annual customer survey helped address priorities, such as investing in environmental programmes, and improving aspects of the repairs service. Reviewed systems and an updated website have delivered better customer experience. Blackwood's marketing and communications work is an essential support to its relationship with its customers and has increased in importance as the company's reputation for both good service delivery and innovation grows.

## FINANCIAL REVIEW – KEY RESULTS

- Blackwood's income has increased in total by £621,000 from 2013/14. This increase in turnover is due to the application of a general rent increase of 3.5%, increased care activity and the sale of properties during the year.
- Operating costs have risen by £526,000 due to both the cost of increased activity and an additional £100,000 of depreciation on our housing stock as we continue to invest in improving its quality. In addition there is a notional charge of £87,000 in respect of rent for our new head office during our first year of occupation.
- This has resulted in an increased operating surplus of £756,000 for 2014/15 against a surplus of £661,000 in 2013/14.
- A loss of £35,000 was incurred in replacing components early.
- Net Interest payable has increased from £582,000 to £640,000 reflecting the increased loans in place at both the previous year end and the current year end.
- The operational surplus increased to £92,000.

## Key financial policies

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

- The Treasury Management policy enables Blackwood to control borrowing and investing risks. Blackwood completed a £5 million borrowing facility with Triodos Bank and drew down £1.5 million from the facility. The balance will fund its planned investments for the next two years.
- The Rent Policy was reviewed in 2012 and is in line with accepted Housing Association practice. A broader Rent Strategy will be developed in 2015/2016 to ensure that the Board keeps affordability and Value For Money under review.
- The Credit Payment Procedure ensured Blackwood complies with industry guidelines and maintains good relations with creditors.
- The Asset Management Strategy (AMS) aims to retain strong demand for Blackwood homes, as well as meeting all requirements such as SHQS, asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (EESH). 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 operating surplus was 5.5%, which is above the target of 4.0% and the cumulative revenue reserves stood at £12.311m.
- Financial Standing Orders – during the year the FSOs were updated in line with the new Scheme of Delegation.



## **DISABLED EMPLOYEES**

Applications for employment by disabled people are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of existing employees becoming disabled, every effort is made to make adjustments to their working conditions and/or to retrain them in order that their employment with Blackwood may continue.

It is the policy of Blackwood that training and career development should be available to all employees

## **GOING CONCERN**

The Board's assessment of Blackwood shows no significant doubts about its ability to continue as a going concern. Full disclosure of any known material uncertainties has been made, and the £5m loan facility from Triodos Bank enables Blackwood to continue its AMS programme, including the redevelopment of Tweedbridge and Dundee.

## **STATEMENT OF BOARD RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD (RSL)**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

### STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Board acknowledges its responsibilities for ensuring Blackwood has an adequate system of financial control, and that such a system can only provide reasonable assurance against material financial mis-statement or loss. Key procedures provide Blackwood's effective financial control. They are:

- Detailed Financial Standing Orders with levels of authority and delegation, and supported by the necessary policies and procedures
- Management information systems to provide timely and accurate reporting on all aspects of the business against agreed budgets.
- Regular reports to the Board through the Audit Committee, from management and from internal and external auditors, enable proper scrutiny and identification and monitoring of actions. A business improvement plan forms a key part of this suite of reports enabling the Board to maintain a complete overview of all continuous improvement actions.
- Recruitment, induction and development programmes are in place so that the main functions of Blackwood are managed by suitably experienced and qualified staff. An annual appraisal system maintains the required standards.
- The Risk Register is completed using a recognised standard methodology, assessing major business risks and identifying mitigating actions.
- The Audit Committee's annual programme of work and its regular reporting provides reasonable assurance to the Board that the controls are in place and are being followed.
- Appropriate segregation of duties and confirmation of compliance with controls are in place in key areas.

The Board has reviewed the system of internal financial controls in operation during the year to 31<sup>st</sup> March 2015, and confirms that no weaknesses have been found which require disclosure.

### STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Board members in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each Board member has confirmed that s/he has taken all necessary steps to become aware of any relevant information and to establish that it has been communicated to the auditor.

By order of the Board



Wendy Russell

Secretary

Date: 25<sup>th</sup> August 2015

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BLACKWOOD HOMES AND CARE ON INTERNAL FINANCIAL CONTROLS**

In addition to our audit of the Financial Statements, we have reviewed your statement on

Page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance

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

**Opinion**

In our opinion the Statement on Internal Financial Controls on page 10 has

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

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

Date 28 August 2015

INDEPENDENT AUDITORS' REPORT Continued

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKWOOD HOMES & CARE (FORMERLY MARGARET BLACKWOOD HOUSING ASSOCIATION)**

We have audited the financial statements of Blackwood Homes and Care for the year ended 31 March 2015 on pages 14 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to Blackwood's members as a body, in accordance with Part 7 of the Cooperative and Community Benefits Societies Act 2014. Our audit work has been undertaken so that we might state to Blackwood'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 Blackwood and Blackwood's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditor**

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of Blackwood's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefits Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012

INDEPENDENT AUDITORS' REPORT Continued

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

We have nothing to report in respect of the following matters where the Cooperative and Community Benefits 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
- Blackwood has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of Blackwood; or
- we have not received all the information and explanations we require for our audit.

*Baker Tilly Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

Date: 28 August 2015

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £000	2014 £000
<b>TURNOVER</b>	3	13,670	13,049
Less: operating costs	3	(12,914)	(12,388)
<b>OPERATING SURPLUS</b>	6	<u>756</u>	<u>661</u>
Loss on replacement of components		(35)	(45)
Interest receivable and other income	8	11	9
Interest payable and similar charges	9	(640)	(582)
<b>SURPLUS FOR YEAR</b>	7, 16	<u>92</u>	<u>43</u>

Results for the year relate wholly to continuing activities.

There are no recognised gains or losses other than these included above.

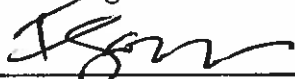
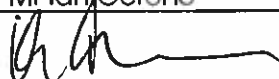
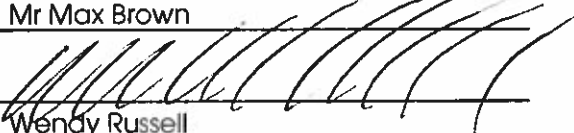
The accompanying notes numbered 1 to 22 form an integral part of these accounts.

Blackwood Homes & Care - Trading as Blackwood

BALANCE SHEET  
as at 31 March 2015

	Notes	2015 £000	2014 £000
<b>FIXED ASSETS</b>			
<b>Tangible</b>			
Housing properties - gross cost less depreciation		110,027	108,401
Less: Housing association grant		(80,969)	(80,565)
Other capital grants		(2,389)	(2,346)
	10a	<u>26,669</u>	<u>25,490</u>
Other Fixed Assets	10b	681	396
Investment in Subsidiary	10c	-	-
		<u>27,350</u>	<u>25,886</u>
<b>CURRENT ASSETS</b>			
Current Asset Property for Sale	11	7	43
Debtors	12	1,310	1,021
Cash at bank and in hand		<u>2,740</u>	<u>3,326</u>
		4,057	4,390
<b>CREDITORS: amounts falling due within one year</b>	13	(2,260)	(2,278)
		<u>1,797</u>	<u>2,112</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		29,147	27,999
<b>CREDITORS: amounts falling due after more than one year</b>	14	(16,836)	(15,780)
		<u>12,311</u>	<u>12,219</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	-	-
Designated reserves	7	-	8,859
Revenue reserve	7	12,311	3,360
	16	<u>12,311</u>	<u>12,219</u>

The financial statements were approved by the Board of Management on 25 August 2015 and are signed on its behalf and authorised for issue by:

	
Mr Ian Gerono	Board Chairman
	
Mr Max Brown	Board Member
	
Wendy Russell	Secretary

STATEMENT OF CASH FLOWS  
for the year ended 31 March 2015

	Notes	2015 £000	2014 £000
<b>NET CASH INFLOW ARISING FROM OPERATING ACTIVITIES</b>	20	<u>1,817</u>	<u>1,310</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		11	9
Loan interest paid		<u>(640)</u>	<u>(582)</u>
<b>Net cash (outflow) from returns on investments and servicing of finance</b>		<u>(629)</u>	<u>(573)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Capital grants received		479	683
Payments to acquire housing land and buildings		<u>(2,996)</u>	<u>(3,287)</u>
Payments to acquire other tangible fixed assets		<u>(434)</u>	<u>(221)</u>
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<u>(2,951)</u>	<u>(2,825)</u>
<b>FINANCING</b>			
Loans received		1,456	3,595
Loan repaid		<u>(279)</u>	<u>(139)</u>
<b>Net cash inflow from financing</b>	21	<u>1,177</u>	<u>3,456</u>
<b>(DECREASE)/INCREASE IN CASH</b>	21	<u>(586)</u>	<u>1,368</u>



NOTES TO THE ACCOUNTS  
as at 31 March 2015

**1. ACCOUNTING POLICIES**

***Accounting basis***

These accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention, the Statement of Recommended Practice - Accounting for Registered Social Housing Providers Issued in 2010 and in accordance with the Registered Social Landlords Determination of Accounting Requirements - April 2012. Blackwood does not prepare consolidated accounts due to the immateriality of the amounts involved with the two organisations that are treated as subsidiaries, Margaret Blackwood Technical Consultants Ltd and the Blackwood Foundation. These financial statements therefore present information about Blackwood as an individual undertaking and not about its group. Blackwood is not obliged by statute to prepare group accounts. A summary of the principal accounting policies is set out below.

***Going Concern***

These accounts have been prepared on a Going Concern basis. As set out on Page 9 of its Report the Board considers this assumption underlying the preparation of Blackwood's Financial Statements to be appropriate.

***Fixed assets - housing land and buildings***

Housing properties are stated at cost less depreciation and Housing Association and other Grants. The development costs of housing properties include the following:-

- i. cost of acquiring land and buildings
- ii. development expenditure
- iii. interest charged during development on the loans raised to finance the schemes
- iv. amounts equivalent to capital acquisition and development administration costs
- v. amounts equivalent to capital clerk of works costs
- vi. decant costs. While capitalisation of decant costs is not in accordance with FRS 15 it is permitted under the SORP for Registered Social Landlords and the Board are satisfied with this approach.

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

***Adaptations***

Adaptations to tenant's homes to enhance tenant's lives are capitalised and depreciated over the useful life of the adaptations.

NOTES TO THE ACCOUNTS  
as at 31 March 2015

**1. ACCOUNTING POLICIES (continued)**

***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly on a straight line basis over its expected useful life, as follows:

The major components that make up housing properties and non-housing freehold property are:

Land and services	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
Bollers(Domestic and commercial)	over 15 years
Lifts	over 30 years
Other Fixed Assets	
Fixtures & fittings	over 5 – 15 years
Computer hardware and software	over 3 – 10 years

Depreciation on housing properties has been calculated after deduction of Housing Association Grant.

Shared Ownership properties are depreciated over 60 years.

Works to existing properties will generally be capitalised under the following circumstances:

- a. Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- b. Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

NOTES TO THE ACCOUNTS  
as at 31 March 2015

**1. ACCOUNTING POLICIES (continued)**

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

The major components, together with their depreciation rates, are shown under the Accounting Policy note on Depreciation on the previous page. Each component has a substantially different economic life and is depreciated over this individual life. This accounting policy is compliant with the SORP 2010.

***Housing Association Grants***

Housing Association Grants (HAG) received from Scottish Government and Local Authorities and other capital grants in respect of capital expenditure of approved schemes are deducted from the costs of acquisition of the assets. These grants may be repayable under certain circumstances.

Revenue grants are credited to income in the period to which they relate.

***Impairment***

In accordance with FRS15, there is a review for impairment at the end of each accounting year. The carrying value of each income generating unit is compared to the value in use for impairment. The value in use is defined as the discounted present value of the cash flows expected from continuing use by Blackwood. Any impairment in an income generating unit is recognised as a charge to the Income and Expenditure Account.

***Housing Association Grant and other grants on property disposals***

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

NOTES TO THE ACCOUNTS  
as at 31 March 2015

**1. ACCOUNTING POLICIES (continued)**

***Development Interest***

Interest charged against developments funded by private finance is capitalised in accordance with the Statement of Recommended Practice.

***Capitalisation of development overheads***

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent on this activity.

***Sale of Housing Properties/ shared ownership***

Blackwood has charitable status and therefore is exempt from right to buy legislation. Blackwood develops properties for sale on a shared ownership basis, which allows prospective home owners to purchase initial tranches of 25%, 50% or 75% at market value. After one year the sharing owner may increase his/her share of ownership. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. The sale of initial tranches is accounted for through the Income and Expenditure Account, where turnover is represented by the sale proceeds and the associated costs of sale reflecting the appropriate proportion of the cost of the property sold. Sales of subsequent tranches are accounted for as sales of fixed assets. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the financial statements.

***Current Asset Property***

If fixed asset properties have been identified as for sale or transfer of engagements in the next 12 months they are treated as current asset property.

***Designated reserves***

Our designated reserves policy takes account of the condition of our stock and the requirements for repairs not only to meet the Scottish Housing Quality Standard as defined by Scottish Government but also aims to incorporate innovation in design and the requirements of housing for varying needs. In advance of the adoption of Financial Reporting standard 102 ('FRS102') and the Housing SORP 2014, which apply for the 31<sup>st</sup> March 2016 year end and do not permit the use of designated reserves we have transferred these reserves to general unrestricted funds as at 31 March 2015. Previously our existing designated reserves were split into five parts, namely:

**i) *Cyclical maintenance***

The reserve was based on estimates of Blackwood's liabilities for the maintenance of its properties in accordance with a planned programme of works.

NOTES TO THE ACCOUNTS  
as at 31 March 2015

1. **ACCOUNTING POLICIES (continued)**

ii) ***Planned Maintenance***

This reserve reflected the anticipated spend over the next five years on property maintenance that will not be capitalised under component accounting; as identified in the current stock condition survey.

iii) ***Component Accounting Depreciation Reserve***

With the introduction of component accounting in 2012 Blackwood re-designated part of the planned maintenance reserve to reflect the increased depreciation charge over the next two years resulting from the adoption of Component Accounting on a rolling basis.

iv) ***Service equipment reserve***

Blackwood made provision for replacement of serviced equipment by means of a service charge to tenants.

***Retirement Benefits***

***Defined Contribution Scheme***

Blackwood and its employees make contributions into the National Employment Savings Trust (NEST). NEST is a defined contribution money purchase pension scheme. Contributions are charged to the Income and Expenditure Account as they become payable.

NOTES TO THE ACCOUNTS  
as at 31 March 2015

1. **ACCOUNTING POLICIES (continued)**

**VAT**

All of Blackwood's income is exempt for VAT purposes. Expenditure is therefore shown inclusive of VAT.

**Lease obligations**

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis.

**Lease Income**

All income received under the terms of agreements we have in respect of properties we lease to others is recognised in the year it relates to.

**Capital Reserve and Negative Goodwill**

For non-exchange transactions relating to the acquisition of other entities, the fair value of the gifted assets and liabilities are recognized as a gain or loss in the Income and Expenditure Account in the year of the transaction.

2. **TURNOVER**

Turnover represents rental and service charge income receivable, revenue grants and other income.

3. **PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	<i>Note</i>	<i>Turnover</i> £000	<i>Operating</i> <i>Costs</i> £000	<i>Operating</i> <i>Surplus</i> £000	<i>Operating</i> <i>Surplus</i> 2014 £000
Social Lettings	4a	10,609	(9,886)	723	646
Other activities	4b	3,061	(3,028)	33	16
<b>Total</b>		<b>13,670</b>	<b>(12,914)</b>	<b>756</b>	<b>661</b>
Total for previous period of account		<b>13,049</b>	<b>(12,388)</b>	<b>661</b>	

NOTES TO THE ACCOUNTS  
as at 31 March 2015

**4a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT) FROM SOCIAL LETTING ACTIVITIES**

	General Needs Housing £000	Supported Housing £000	Shared Ownership Housing £000	Total £000	Total 2014 £000
<b>Income from Lettings</b>					
Rent receivable net of service charges	6,538	3,356	20	9,914	9,839
Service charges	547	-	1	548	634
Gross income for rent and service charges	7,085	3,356	21	10,462	10,473
Less voids	(62)	-	-	(62)	(138)
Net income from rents and service charges	7,023	3,356	21	10,400	10,335
Grants from the Scottish Ministers	-	-	-	-	-
Other Social Income	-	66	-	66	43
Other revenue grants	108	35	-	143	115
<b>Total turnover</b>	<b>7,131</b>	<b>3,457</b>	<b>21</b>	<b>10,609</b>	<b>10,493</b>
<b>Operating Costs</b>					
Service costs	541	2,929	-	3,470	3,836
Management and maintenance administration costs	2,493	619	14	3,126	3,149
Reactive maintenance	1,263	78	-	1,341	1,381
Bad debts - rent and service charges	30	-	-	30	11
Planned and cyclical maintenance including major repairs costs	561	136	-	697	341
Depreciation of social housing	1,222	-	-	1,222	1,129
<b>Operating costs for social lettings activities</b>	<b>6,110</b>	<b>3,762</b>	<b>14</b>	<b>9,886</b>	<b>9,847</b>
<b>Operating Surplus/(Deficit) on social lettings</b>	<b>1,021</b>	<b>(305)</b>	<b>7</b>	<b>723</b>	<b>646</b>
<b>Operating Surplus/(Deficit) for previous period of account</b>	<b>1,028</b>	<b>(393)</b>	<b>11</b>	<b>646</b>	
	<b>2015</b>	<b>2014</b>			
	<b>£</b>	<b>£</b>			
Annual service charges not eligible for Housing Benefit	5,593	11,850			
Average annual rent	4,306	3,889			

NOTES TO THE ACCOUNTS  
as at 31 March 2015

**4 b. 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	Total turnover £000	Other operating costs £000	Operating surplus/(deficit) £000	Operating Surplus/(Deficit) for Previous Period of Account £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-
Support activities	-	-	2,767	2,767	(2,699)	68	167
Business Development activities including land sourcing, funding negotiation and other pre construction activities	-	-	-	-	(191)	(191)	(151)
Other Activities	-	294	-	294	(138)	156	-
<b>Total from other activities</b>	-	<b>294</b>	<b>2,767</b>	<b>3,061</b>	<b>(3,028)</b>	<b>33</b>	<b>16</b>
<b>Total from other activities for the previous period of account</b>	-	-	<b>2,555</b>	<b>2,555</b>	<b>(2,539)</b>	<b>16</b>	

Other Activities represent the sale of two surplus properties during the year.



NOTES TO THE ACCOUNTS  
as at 31 March 2015

**5. HOUSING STOCK**

The number of accommodation units at the start and end of the accounting period were as follows:-

	2015 No of Units	2014 No of Units
Managed by the Leonard Cheshire Foundation	16	16
Fully owned and managed by Blackwood	<u>1,616</u>	<u>1,611</u>
Total	<u>1,632</u>	<u>1,627</u>
Of these units: Secured	<u>114</u>	<u>114</u>
Assured	<u>1,518</u>	<u>1,513</u>
The following are also managed by Blackwood Shared ownership	<u>5</u>	<u>5</u>
Care Home units included in the above	<u>68</u>	<u>68</u>

Except as stated all units are owned and managed by Blackwood. The Association receives rental income from all the above properties and is responsible for meeting costs under Management Housing Agreements where appropriate.

**6. OPERATING SURPLUS FOR THE YEAR**

	2015 £000	2014 £000
a) This is stated after charging:		
External Auditors' remuneration (including VAT):		
- Audit	21	23
- Non audit services supplied by entities related to Baker Tilly UK Audit LLP	4	2
Operating Lease Rental - Land and Buildings	30	85
Depreciation		
- Housing properties	1,221	1,128
- Other fixed assets	149	144
b) Staff costs		
Wages and salaries	5,615	5,224
National Insurance	445	414
Pensions - defined contribution scheme	57	48
Death-in-service and permanent health Insurance	17	16
Temporary and contract staff	483	662
Redundancy	<u>7</u>	<u>67</u>
	<u>6,624</u>	<u>6,431</u>

NOTES TO THE ACCOUNTS  
as at 31 March 2015

	2015 No.	2014 No.
The average monthly number of full time equivalents employed by Blackwood:		
Care	183	173
Housing	16	12
Maintenance	10	11
Other	39	38
Total	<u>248</u>	<u>234</u>

c) Directors' emoluments

The Directors are defined as the members of the Board and the Chief Executive. In note 6 (c) below "director" also includes any other person who reports directly to the Chief Executive or directly to the Board and whose total emoluments exceed £60,000 per year excluding pension contribution. No emoluments were paid to any member of the Board during the year.

	2015 £000	2014 £000
Total emoluments (excluding employer pension contribution)	370	213
Pension contributions	4	8
The emoluments of the highest paid Director (excluding employer pension contributions and including expenses)	110	74
Pension contribution for highest paid Director	2	-
Total expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	5	-

NOTES TO THE ACCOUNTS  
as at 31 March 2015

The number of Directors, including the highest paid Director, who received emoluments (including pension contributions of £4,000 (2014:£8,000)) in the following ranges, was:-

	2015 No.	2014 No.
£60,001- £70,000	1	2
£70,001- £80,000	-	1
£80,001- £90,000	-	-
£100,001- £110,000	-	1
£110,001- £120,000	1	-

- (1) The figures in 2014 above reflect a 'grossing up' of figures to produce notional annual emoluments for those staff not in post for a full year. This has not been necessary for 2015 as the relevant staff have been in post for the full year.

NOTES TO THE ACCOUNTS  
AS AT 31 MARCH 2015

7. RESERVES

	Cyclical Maint. Reserve £000	Planned Maint. Reserve £000	Component Accounting Deprin. Reserve £000	Service Equip. Reserve £000	Total Designated Reserves £000	Revenue Reserves £000	Total Reserves £000
At 1 April 2014	1,315	3,059	1,560	2,925	8,859	3,360	12,219
Transfer to Revenue Reserve Movement	(1,315)	(3,059)	(1,560)	(2,925)	(8,859)	8,859	-
Surplus for year	-	-	-	-	-	-	-
Net Movement for year	(1,315)	(3,059)	(1,560)	(2,925)	(8,859)	8,951	92
At 31 March 2015	-	-	-	-	-	12,311	12,311

Description and details of the designated reserves are shown at Note 1. Accounting policies on pages 20 and 21.

NOTES TO THE ACCOUNTS  
AS AT 31 MARCH 2015

**8. INTEREST RECEIVABLE**

Interest received is for deposits held with financial institutions in accordance with our Treasury Policy.

**9. INTEREST PAYABLE**

	2015		2014	
	£000	£000	£000	£000
	Interest	Loan	Interest	Loan
Lloyds TSB plc	272	9,130	366	9,371
Clydesdale Bank plc	276	5,962	142	6,000
Scottish Ministers' loans	74	593	74	593
Triodos Bank	18	1,456	-	-
<b>Total</b>	<b>640</b>	<b>17,141</b>	<b>582</b>	<b>15,964</b>

**10. TANGIBLE FIXED ASSETS**

**a) Housing properties**

	<i>Housing properties held for letting</i>	<i>Shared ownership housing properties</i>	<i>Housing properties in course of construction</i>	<i>Total</i>
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2014	119,058	224	183	119,465
Additions	2,953	-	43	2,996
Disposals	(737)	-	-	(737)
<b>At 31 March 2015</b>	<b>121,274</b>	<b>224</b>	<b>226</b>	<b>121,724</b>
<b>Depreciation</b>				
At 1 April 2014	11,052	12	-	11,064
Disposals	(588)	-	-	(588)
Provided	1,220	1	-	1,221
<b>At 31 March 2015</b>	<b>11,684</b>	<b>13</b>	<b>-</b>	<b>11,697</b>
<b>Housing properties - cost less depreciation</b>				
At 31 March 2015	109,590	211	226	110,027
At 31 March 2014	108,006	212	183	108,401

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

	<i>Housing properties held for letting</i>	<i>Shared ownership housing properties</i>	<i>Housing properties in course of construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Housing Association Grant</b>				
At 1 April 2014	80,340	166	59	80,565
Disposals	(32)	-	-	(32)
Additions	436	-	-	436
At 31 March 2015	<u>80,744</u>	<u>166</u>	<u>59</u>	<u>80,969</u>
<b>Other capital grants</b>				
At 1 April 2014	2,346	-	-	2,346
Additions	43	-	-	43
At 31 March 2015	<u>2,389</u>	<u>-</u>	<u>-</u>	<u>2,389</u>
<b>Net book value</b>				
At 31 March 2015	<u>26,457</u>	<u>45</u>	<u>167</u>	<u>26,669</u>
At 31 March 2014	<u>25,320</u>	<u>46</u>	<u>124</u>	<u>25,490</u>

The costs of Development and Planned Maintenance capitalised and expensed were as follows

	2015 £000	2014 £000
Development and major repairs capitalised	<u>43</u>	<u>-</u>

Of the total added to fixed assets during the year:

	2015 £000	2014 £000
Replaced components	1,913	2,061
Property improvements	354	481
New Properties	<u>686</u>	<u>745</u>
Total	<u>2,953</u>	<u>3,287</u>

The freehold properties shown in the accounts have, in the opinion of the Board Members, an existing use value in excess of the book value. In calculating existing use value during the year, Blackwood has used a discount rate of 5.0% and produced detailed cash flows for a period of 60 years. No impairment was required.

Total major repairs spend in the year was £3,650 (2014: £3,270) of which £2,953 (2014: £2,929) was capitalised. The amount capitalised reflects components replacement.

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

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	<i>Computer Equipment fixtures &amp; fittings £000</i>
<b>Cost</b>	
At 1 April 2015	753
Additions during year	434
At 31 March 2015	<u>1,187</u>
<b>Depreciation</b>	
At 1 April 2014	357
Provided during year	149
At 31 March 2015	<u>506</u>
<b>Net book value</b>	
At 31 March 2015	<u>681</u>
At 31 March 2014	<u>396</u>

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

**c) Investment in Subsidiary**

	2015	2014
	£	£
Cost	<u>2</u>	<u>2</u>

This relates to Margaret Blackwood Technical Consultants Limited, a wholly owned subsidiary of Blackwood in which it holds 2 ordinary £1 shares.

This subsidiary ceased trading at the end of October 2011 and became a dormant company.

The other organisation that is treated as a subsidiary as it is under common control, Blackwood Foundation, is a company limited by guarantee and a registered charity.

The primary objectives of the Foundation are to relieve the needs of disabled persons and other community care service users, by providing and encouraging the provision of services which will improve their conditions of life and also facilitate their active participation in and integration into society. The Foundation is in the process of being dissolved and its assets and liabilities transferred to Blackwood as the parent company.

	2015	2014
	£000	£000
Income	75	87
Costs	<u>(101)</u>	<u>(96)</u>
Deficit	<u>(26)</u>	<u>(9)</u>
Net Assets	<u>98</u>	<u>125</u>

The results of subsidiaries have not been consolidated in the accounts of Blackwood for the year ended 31 March 2015, due to the immateriality of the amounts involved.

Blackwood Homes and Care, Margaret Blackwood Technical Consultants Limited and Blackwood Foundation are all incorporated in Scotland.

**11. CURRENT ASSET PROPERTIES FOR SALE**

	2015	2014
	£000	£000
Cost	83	241
Accumulated depreciation	(12)	(31)
HAG	(64)	(144)
Other Grants	<u>-</u>	<u>(23)</u>
	<u>7</u>	<u>43</u>



NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

**12. DEBTORS**

	2015 £000	2014 £000
Amounts falling due within one year:		
Rental debtors	461	412
Less: provision for doubtful debts	<u>(18)</u>	<u>(13)</u>
	443	399
Development funding receivable	-	85
Other debtors	538	366
Amount owed by group undertakings	-	-
Less: provision for other debtors	<u>(24)</u>	<u>(17)</u>
Prepayments and accrued income	353	188
	<u>1,310</u>	<u>1,021</u>

**13. CREDITORS: due within one year**

	2015 £000	2014 £000
Loans (Note 14 )	305	184
Trade creditors	376	867
Other taxation and social security	100	93
Local Authority grants - deferred	175	44
Accruals and deferred income	1,144	982
Rent in advance	<u>160</u>	<u>108</u>
	<u>2,260</u>	<u>2,278</u>

**14. CREDITORS: due after more than one year**

Scottish Ministers' loans, Lloyds TSB plc loans, Clydesdale Bank plc and Triodos loans are secured by specific charges on Blackwood's properties and schemes. They are repayable at varying rates of interest in instalments due as follows:

	2015 £000	2014 £000
Due within one year	305	184
Repayable in more than one year but less than two years	317	190
Repayable in more than two years but less than five years	1,477	808
Repayable in more than five years	<u>15,042</u>	<u>14,782</u>
	17,141	15,964
Included in creditors: due within one year (Note 13)	<u>(305)</u>	<u>(184)</u>
	<u>16,836</u>	<u>15,780</u>
Average rate of interest across all funding	<u>4.47%</u>	<u>4.10%</u>

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

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Scottish Minister's loans are payable at rates of interest between 9.25% and 13% per annum. The other loans are payable of interest rates between 0.9% and 4.6%

For details of interest payable see Note 9

**15. SHARE CAPITAL**

	2015	2014
	£	£
Shares of £1 each		
At 1 April 2014	56	55
Issued	1	2
Surrendered	(1)	(1)
At 31 March 2015	<u>56</u>	<u>56</u>

Each member of Blackwood holds one share of £1. These shares carry no rights to dividend or distribution on a winding up. When a shareholder ceases to be a member that person's share is cancelled and the amount paid thereon becomes the property of Blackwood. Each member has a right to vote at a members' meeting.

**16. RECONCILIATION OF FUNDS**

	2015	2014
	£000	£000
At 1 April	12,219	12,176
Surplus for the year	92	43
Balance at 31 March	<u>12,311</u>	<u>12,219</u>

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

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**17. CAPITAL COMMITMENTS**

	2015 £000	2014 £000
<b>Authorised but not contracted</b>		
To be expensed through Expenditure Account	50	90
To be added to Fixed Assets	<u>2,373</u>	<u>3,091</u>
Total authorised but not contracted	<u>2,423</u>	<u>3,181</u>

The Board expects the expenditure to be fully financed by Scottish Government, Local Authorities, mortgage from private sector lenders and charitable sources.

**18. CONTINGENT LIABILITIES**

As described under Accounting Policies regarding Component Accounting in Note 1, Housing Association Grants (HAG) are allocated to components. Where components have subsequently been replaced the associated grant is credited to the Income and Expenditure Account (together with any gain or loss on the disposal of the asset). This is potentially repayable on sale of the entire related property and so is shown as a contingent liability.

	2015 £000	2014 £000
HAG recognised in the Income and Expenditure Account	965	933
HAG attributable to demolished properties	2,793	2,793

**19. RELATED PARTY TRANSACTIONS**

Two members of Blackwood's Board are also tenants of the organisation on the same standard terms as all tenants.

Two members of Blackwood's Board have disclosed their interest in related public bodies. These are Greater Glasgow Health Board and the Health Delivery Directorate, 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.

Margaret Blackwood Technical Consultants Limited is a wholly owned subsidiary of Blackwood. At 31 March 2015 there were no debtors or creditors (2014: £nil) in relation to this subsidiary.

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

Blackwood Foundation is treated as a subsidiary as it was under common control with Blackwood during the year. During the year to 31 March 2015, intercompany transactions amounted to £34,000 (2014: £55,000). In addition salary transactions for the Blackwood Foundation of £68k (2014: £48,000) are paid by Blackwood which is then reimbursed by Blackwood Foundation. At 31 March 2015 the balance on the intercompany account was Nil (2014: £1,000).

**20. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2015 £000	2014 £000
Operating Surplus for year	756	661
Depreciation charge	1,370	1,272
(Increase) in debtors	(289)	(182)
(Decrease) in creditors	(20)	(441)
Net cash inflow from operating activities	<u>1,817</u>	<u>1,310</u>

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

	At 1 April 2014 £000	Cash Flow £000	At 31 March 2015 £000
Loans due within 1 year	(184)	(121)	(305)
Loans due in more than 1 year	<u>(15,780)</u>	<u>(1,056)</u>	<u>(16,836)</u>
	(15,964)	(1,177)	(17,141)
Cash at bank & in hand	<u>3,326</u>	<u>(586)</u>	<u>2,740</u>
Total net debt	<u>(12,638)</u>	<u>(1,763)</u>	<u>(14,401)</u>

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2015

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**22. OTHER FINANCIAL COMMITMENTS**

During the year Blackwood moved its head office. It will lease the building for a minimum of 10 years with an option to cancel the lease at year five.

	2015		2014	
	Land & Buildings	Other	Land & Buildings	Other
	£000's	£000's	£000's	£000's
After 5 Years	170		14	

