

Blackwood Homes and Care

**Trading as
Blackwood**

Group Report and Accounts
31st March 2020

Blackwood Homes and Care – Trading as Blackwood

Group Report and Financial Statements For the year ended 31 March 2020

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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 2020

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

Max Brown – Chair
David Melvin – Vice Chair
Derek Croll
Peter Moir
Louise Dunlop
Martin Hensman
Karen Moore
Julie McDowell
Nick Tordoff
Tom Cotter
Fiona Thwaites
David Tares Co-opted October 2019

Key Management Personnel

Fanchea Kelly – Chief Executive
Angela Currie – Operations Director
Simon Fitzpatrick – Development & Commercial Director
Debbie Collins – Finance Director

Wendy Russell – Company Secretary

Registered Office

160 Dundee Street
Edinburgh
EH11 1DQ

Auditor

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

Bankers

Clydesdale Bank PLC
50 Lothian Road
Edinburgh
EH3 9BY

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

Report of the Board For the year ended 31 March 2020

The Board of Blackwood presents its group report and audited financial statements for the year ended 31 March 2020.

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.

Its Five-Year Strategy and Business Plan 2015-2020 was rolled forward during the year to assess prospects for scaling up the Blackwood offer for independent living with new investment and partnerships.

During the five years the Strategy has delivered services, products and thought leadership on independent living in Scotland with;

- A Design Guide and delivery programme for the Blackwood House. The result is a new standard for a highly accessible, beautiful, affordable, and connected house, using technology to help people remain independent, with a programme of 160 new homes within mixed tenure developments.
- 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.
- A Housing Strategy co-designed with tenants and front line staff to offer on-line engagement and new services, supported by digital coaches. Services such as handyman services have been enhanced to support independent living, along with increasing opportunities for volunteering.

With growing demand and proven products, the Board confirmed the next stage of the Strategy as opening investment routes to scale up delivery of new homes and services. It also wished to maintain affordable rent and investment in existing homes for tenants. The Board proposed to demonstrate the new products and services in specific neighbourhoods in Scotland to build further engagement with residents and establish more holistically what people need to live independently.

The strategic goals for the next period were set as;

- Building at least an additional 500 Blackwood Homes to respond to demand
- Creating and reimagining sustainable personal support and care services for Independent Living, which influence stakeholders, connect customers, and prevent crisis
- Opening investment opportunities for innovation in technology for independent living
- Investing in existing homes to optimise independent living for tenants, while maintaining asset value for the future
- Ensuring rents remain affordable for tenants and setting out a series of core 'promises' or commitments to customers to respond to their priorities.

The Board made an important decision to withdraw from care services assessed as financially unsustainable while at the same time developing new services using technology such as the Night Support Service in Edinburgh.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

This led to the closure of its care home in Greenock as demand had decreased and the home operated at a growing loss. Given the demographics and population loss in the Inverclyde area it was clear that this situation could not be turned around. The strategy agreed with the local Health and Social Care Partnership was to close the registered home and replace it with remodelled individual tenancies for independent living.

The financial pressure was significant and shows in these accounts. However, the Board wished to put the interests of residents first by ensuring that the closure was managed with the local Health and Social Care Partnership until everyone had suitable new homes. Staff were encouraged to remain to look after the reducing number of residents, putting care and safety first, and the closure on 31st March achieved the aims. The programme to remodel modern homes will be taken ahead during 2020.

Similarly, the accounts show a managed withdrawal from an unsustainable care at home service in Perth and Kinross. The underlying improved position on care and support services means Blackwood can deliver more successfully for the coming years.

During the year the Board engaged in partnership discussions to establish how it could fulfil more of its ambitions to offer more to customers and people in need in Scotland.

An important strategic milestone was achieved towards the end of the year as Blackwood was awarded funding from Innovate UK, - part of the UK Research and Innovation agency (UKRI) - to set up a 'Trailblazer' programme for Healthy Ageing that develops and deliver products, services, and business models which support people as they age to live independently in their own homes. This programme enables Blackwood's thought leadership on independent living to be delivered in practice with major academic and industrial partners and will be an exciting part of its programmes over the next period.

Previous investment in technology proved its value as the Covid-19 lockdown commenced in March 2020. All housing and corporate staff were successfully able to work from home, and CleverCogs helped customers stay safe and connected through:

- Linking people to their GP through 'Near Me', the national virtual service for primary care
- Virtual care visits
- Friends and family video calls
- Connecting to over 4000 websites, including entertainment and health information

The need for safe and secure independent living models has been highlighted dramatically during the pandemic. Combined with a pressing national need to review how care services are commissioned, the Blackwood strategy of scaling up and finding the right investment routes to enable independent living to happen is prescient.

Summary of Annual Performance**Operational Surplus**

Blackwood's operational surplus remains strong having taken the decisions to withdraw from unsustainable care services.

OPERATIONAL SURPLUS	2020	2019
	£'000	£'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(836)	27
Add:		
Net Interest	684	718
Depreciation	3,121	2,998
Closure of a Care Home	475	(20)
Closure of a Care at Home service	93	97
Less:		
Development Grant Amortisation	(1,546)	(1,512)
OPERATIONAL SURPLUS FOR THE YEAR	1,991	2,308

The operating surplus reflects;

- Continued investment in tenants' homes
- The roll out of CleverCogs with support for customers to be digitally included
- Improved sustainability of the continuing care services

Asset Management

£1.39m was invested in planned maintenance programmes and Blackwood is 100% compliant with the Scottish Housing Quality Standard (SHQS). 99.9% of homes meet the Energy Efficiency Standard for Social Housing (EESH) and the 2020 target of 100% completion will be met. Over 90% of tenants are satisfied with the quality of their home.

Adaptations grants of £0.39m from Scottish Government, and Edinburgh and Glasgow City Councils, enabled 160 households to retain their independence in the year.

Emergency repairs were completed in an average of 3.6 hours and non-emergencies in just under 6 working days. 85% of repair appointments were right first time, compared to 82% in the previous year. This positive increase in performance was due to 3 new contractors being engaged from April 2019.

The annual programme of fire risk assessment, in line with Scottish Government advice following Grenfell in 2017/18, reassures tenants that all necessary steps were taken to assess any risks and action the results within planned and cyclical programmes during 2019/20. This included the commencement of investment in the upgrade of all fire detection and alarm systems within homes to comply with the Housing (Scotland) Act 1987 (Tolerable Standards) (Extension of Criteria) Order 2019 which will be completed by March 2021.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

The development of 24 new Blackwood Homes in Glasgow will be completed in the summer of 2020. Planning permission for 66 homes in Dundee was submitted in April 2020 as part of the programme of 160 new Blackwood Homes within the Design Guide standards. Blackwood works closely with the local Health and Social Care Partnerships in commissioning the houses for their customers.

The pioneering design of the Blackwood House was brought to life for training and marketing in a full-scale replica where customers, stakeholders and staff can explore the high levels of accessibility offered by the technology and design. It also won recognition and an award at the Chartered Institute of Housing UK Conference during the year.

Housing performance

124 homes were re-let in an average of 25.7 days and 0.55% of rent loss due to empty homes. COVID-19 restrictions had a negative impact on this KPI in March.

Gross rent arrears were 3.4% at year end, and 99.7% of rent due was successfully collected. Shelter Scotland provides independent and confidential financial advice to tenants, alongside Housing Officers, to help people navigate the benefits system and Universal Credit.

91% of anti-social behaviour (ASB) and neighbour nuisance cases were resolved within target, ensuring that tenants are supported and safe in their homes.

The programme of installing wi-fi in all housing developments, was delivered to 67% of homes in 2019/20 with the remainder to be completed during 2020. This is an exciting and unique part of the housing strategy, so that more services can be done on-line, including repairs reporting. This new offer for tenants is core to help people live independently, ensuring everyone has use of a device, and rolling out a personalised approach to digital skills coaching.

Support and Care performance

Blackwood delivered circa 10,000 hours of care and support each week to customers. It also provided care customers with connected devices along with digital coaching, to enhance the care service provision and support customers to be independent and connected.

In the majority of services customers said that services were either 'Good' or 'Very Good'. In addition, all care and support services were inspected by the Care Inspectorate during the year receiving either 'Good' or 'Very Good' Care Inspectorate grades.

As above ensuring care services are sustainable continues to be a key focus for all providers across the care sector. Blackwood took the difficult decision to withdraw from two non-sustainable services during the year. The financial impacts of managing the closure of these two services are included within the 2019/20 financial statements reflecting the strategy to focus on sustainable care services for the future.

Governance

The Board is elected according to the Rules and manages its business in line with Standing Orders and delegations, and regularly reviews them.

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

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

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

The first annual Assurance Statement was completed by Board through a self-assessment process, supported by a new evidence bank, which has demonstrated the breadth and depth of the Board's understanding of Blackwood's business and its financial and operational issues.

The annual Board appraisal system and a succession plan ensured that the right mix of skills and experience were available to direct the growing complexity and risk profile of the business while staying closely in touch with customer experience. 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:

Lesley Beddie	Resigned September 2019
Max Brown	
Lorna Cameron	Resigned October 2019
Tom Cotter	
Derek Croll	
Louise Dunlop	
Ian Hartley	Resigned September 2019
Martin Hensman	
David Melvin	
Karen Moore (on leave of absence January 2020)	
Nick Tordoff	
Fiona Thwaites	
Peter Moir	
Julie McDowell	
David Tares	Co-opted October 2019

Principal Risks and Uncertainties

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

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

Strategic Risk	Assurances
Development Programme	<ul style="list-style-type: none">• Asset Management Strategy and treasury plan• Structured Gateway approval process• Professional capacity on Board and in-house team, with expert external advice
Care Sustainability	<ul style="list-style-type: none">• Regular operational and financial monitoring• Quality Control Framework in place• Internal audit of Rota Management
Promoting the Digital Offer	<ul style="list-style-type: none">• Low cost broadband roll -out• Digital coaching programme for customers and staff• Device roll out offer to all customers• Future focused systems review
Managing the Workforce	<ul style="list-style-type: none">• People Strategy and action plan• Recruitment and retention focus and Internal Audit• Employee Voice and surveys, and Investors In People Gold accreditation.
Health, Safety, and Wellbeing	<ul style="list-style-type: none">• Regular reporting on audits and actions• New focus on fire safety, and on workforce wellbeing• Early regular reporting on Covid-19 pandemic response and policy approval

Key Financial Performance Indicators

As noted in the introduction this was an unusual year for Blackwood because of the costs of withdrawal from two care services. Blackwood's income increased in total by £0.43m from 2018/19 due to the application of a general rent increase of 3.5% and care rate uplifts for the Scottish Living Wage from Local Authorities. This was offset by income reducing from the closure of the two care services in the last quarter of the year.

- Operating costs increased by £1.34m reflecting the one-off additional costs to close the Care Home in Greenock, uplift in paying Scottish Living Wage, and investment in technology and innovation
- The operating deficit of £0.836m reflects these issues plus delayed receipt of grant funding of £129k until after year end due to the impact of Covid-19 on the funding bodies during March.
- Net interest payable has decreased from £0.730m to £0.703m reflecting the full year benefit of repayment of a Scottish Homes loan in 2018/19.
- Cash balances increased by £7m to £9.8m during 2019/20 due to the drawdown of the funding from a £12m Allia Bond facility to support the development programme in Glasgow, Dundee and Edinburgh.
- This was supported by the Triodos revolving credit facility (RCF) throughout the year which was temporarily repaid in February 2020 from short-term excess funds and will fund the asset programme over the next two years.

Key financial policies

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

- The Treasury Management policy was reviewed during the year to enable Blackwood to control borrowing and investing risks. The Triodos RCF facility and Allia Bond will fund the planned investments for the two years to support the remainder of the Blackwood House development programme.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

- The Rent Policy is in line with accepted Housing Association practice. The Housing Strategy ensures that we keep affordability and Value for Money for tenants under review and develop engagement with tenants on their key priorities.
- The separate Debt Recovery Policy for Care introduced in 2018/19 has been implemented during the year improving the care debt position with debt of 9.9% due from care income at the end of the year compared to 19.9% for the previous year.
- 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 Strategy (AMS) aims to retain strong demand for Blackwood homes, as well as meeting all requirements such as Scottish Housing Quality Standards (SHQS), asbestos and legionella, and preparation for the Energy Efficiency Standards for Social Housing (EESH). The new homes programme adds to the rent roll as well as securing further care income. The capitalisation of replacement components during the year is in line with accounting practice and complies with the current Housing Association Statement of Recognised Practice (SORP).
- The Reserves Policy sets targets which Blackwood met during the year. The cumulative revenue reserves now stand at £15.31 million.
- The Financial Standing Orders were reviewed and updated at the end of the year.

Going Concern

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

The Board have considered the impact of Covid-19 by revisiting its 2020/21 reforecast and its 5 year financial plan which have been stress tested. This exercise has assessed that there is minimal impact on Blackwood's finances.

The revolving credit facility of £5m from Triodos Bank and the draw-down of the £12m Allia Bond has enabled Blackwood to continue its AMS programme and will support the investment programme for 2020/21 as it commences build in Dundee later in the year.

The Board continues to monitor the sustainability of its Care Services with two services including a care home in Greenock closing in 2019/20. These decisions support a stronger financial position for Blackwood's Care Services in 2020/21 which will also see new services for the provision of care in 24 new homes in Glasgow in 2020.

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.

Blackwood Homes and Care – Trading as Blackwood

Report of the Board (continued) for the year ended 31 March 2020

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



Max Brown

Position Chair

Date 19th August 2020

Blackwood Homes and Care – Trading as Blackwood

Statement of Board Responsibilities for the year ended 31 March 2020

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.

Blackwood Homes and Care – Trading as Blackwood

The Board's Statement of Internal Financial Control for the year ended 31 March 2020

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 mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Management Team and Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Audit and Performance Committee receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the 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 and Performance Committee for the year ended 31 March 2020. 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



Max Brown

Position **Chair**

Date **19th August 2020**

Blackwood Homes and Care – Trading as Blackwood

Report by the Auditors to the Members of Blackwood Homes and Care on Corporate Governance for the year ended 31 March 2020

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
First Floor, Quay 2,
139 Fountainbridge,
Edinburgh,
EH3 9QG

Date 20/3/20.

Blackwood Homes and Care – Trading as Blackwood

The Independent Auditor's Report to the Members of Blackwood Homes and Care Scottish I & P RSL CCBS for the year ended 31 March 2020

Opinion

We have audited the financial statements of Blackwood Homes & Care (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2020 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2020 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information. We do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 12, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

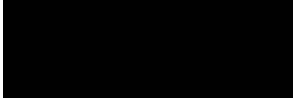
A further description of our responsibilities for the audit of the financial statements is located on the *Financial Reporting Council's website* at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Blackwood Homes and Care – Trading as Blackwood

The Independent Auditor's Report to the Members of Blackwood Homes and Care Scottish I & P RSL CCBS for the year ended 31 March 2020

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
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date 20/8/20

Blackwood Homes and Care – Trading as Blackwood

Group Statement of Comprehensive Income For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	2	18,202	17,773
Operating expenditure	2	<u>(18,344)</u>	<u>(17,003)</u>
OPERATING (DEFICIT)/SURPLUS		(142)	770
(Loss) on disposal of property, plant and equipment	9	(10)	(25)
Interest receivable	6	19	12
Interest and financing costs	7	(703)	(730)
(DEFICIT)/SURPLUS BEFORE TAX		<u>(836)</u>	<u>27</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(836)</u>	<u>27</u>

The results relate wholly to continuing activities.

During the year Blackwood closed two of its care services as part of its strategy to ensure that its care services are financially sustainable. The financial impact of managing the withdrawal from these two care services are included in these financial statements.

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 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	2	18,202	17,773
Operating expenditure	2	<u>(18,344)</u>	<u>(17,003)</u>
OPERATING (DEFICIT)/ SURPLUS		(142)	770
(Loss) on disposal of property, plant and equipment	9	(10)	(25)
Interest receivable	6	19	12
Interest and financing costs	7	(703)	(730)
(DEFICIT)/SURPLUS BEFORE TAX		<u>(836)</u>	<u>27</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(836)</u></u>	<u><u>27</u></u>

The results relate wholly to continuing activities.

During the year Blackwood closed two of its care services as part of its strategy to ensure that its care services are financially sustainable. The financial impact of managing the withdrawal from these two care services are included in these financial statements.

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 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	306	303
Housing properties	12.A	86,023	83,863
Other fixed assets	12.B	902	746
		<u>87,231</u>	<u>84,912</u>
CURRENT ASSETS			
Trade and other debtors	14	1,868	2,307
Cash and cash equivalents	22	9,806	2,772
		<u>11,674</u>	<u>5,079</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	<u>(5,478)</u>	<u>(5,039)</u>
NET CURRENT ASSETS		6,196	40
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>93,427</u>	<u>84,952</u>
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	16	(78,067)	(68,773)
Other provisions	19	<u>(50)</u>	<u>(33)</u>
TOTAL NET ASSETS			
		<u>15,310</u>	<u>16,146</u>
RESERVES			
Income and expenditure reserve		15,310	16,146
TOTAL RESERVES			
		<u>15,310</u>	<u>16,146</u>

The financial statements on pages 18 to 43 were approved by the Board and authorised for issue on 18th August 2020 and are signed on its behalf by:

Max Brown
Board Chairman



David Melvin
Board Vice Chairman



Wendy Russell
Company Secretary



19.08.20

Blackwood Homes and Care – Trading as Blackwood

Association Statement of Financial Position As at year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	306	303
Housing properties	12.A	86,023	83,863
Other fixed assets	12.B	902	746
Investment in subsidiaries	13	-	-
		<u>87,231</u>	<u>84,912</u>
CURRENT ASSETS			
Trade and other debtors	14	1,868	2,307
Cash and cash equivalents	22	9,806	2,772
		<u>11,674</u>	<u>5,079</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	<u>(5,478)</u>	<u>(5,039)</u>
NET CURRENT ASSETS		6,196	40
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>93,427</u>	<u>84,952</u>
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	16	<u>(78,067)</u>	<u>(68,773)</u>
Other provisions	19	<u>(50)</u>	<u>(33)</u>
TOTAL NET ASSETS			
		<u>15,310</u>	<u>16,146</u>
RESERVES			
Income and expenditure reserve		15,310	16,146
TOTAL RESERVES			
		<u>15,310</u>	<u>16,146</u>

The financial statements on pages 18 to 43 were approved by the Board and authorised for issue on 18th August 2020 and are signed on its behalf by:

Max Brown
Board Chairman



David Melvin
Board Vice Chairman



Wendy Russell
Company Secretary



19.08.20

Blackwood Homes and Care – Trading as Blackwood

Statement of Changes in Reserves For the year ended 31 March 2020

Group	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2018	16,119	16,119
Surplus for the year	27	27
Balance as at 31 March 2019	<u>16,146</u>	<u>16,146</u>
Deficit for the year	(836)	(836)
Balance at 31 March 2020	<u>15,310</u>	<u>15,310</u>

Association	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2018	16,119	16,119
Surplus for the year	27	27
Balance as at 31 March 2019	<u>16,146</u>	<u>16,146</u>
Deficit for the year	(836)	(836)
Balance at 31 March 2020	<u>15,310</u>	<u>15,310</u>

Blackwood Homes and Care – Trading as Blackwood

Statement of Cashflows For the year ended 31 March 2020

Group	Notes	2020 £'000	2019 £'000
Net cash generated from operating activities	22	2,336	2,578
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(83)	(67)
Purchase of tangible fixed assets		(5,587)	(3,869)
Proceeds from sale of tangible fixed assets		221	-
Grants received		1,063	1,586
Interest received		19	12
NET CASH (USED IN) INVESTING ACTIVITIES		(4,367)	(2,338)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(791)	(763)
New secured loans		14,880	1,500
Repayments of borrowings		(5,024)	(1,077)
NET CASH FROM FINANCING ACTIVITIES		9,065	(340)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23	7,034	(100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,772	2,872
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	9,806	2,772

Association	Notes	2020 £'000	2019 £'000
Net cash generated from operating activities	22	2,336	2,578
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(83)	(67)
Purchase of tangible fixed assets		(5,587)	(3,869)
Proceeds from sale of tangible fixed assets		221	-
Grants received		1,063	1,586
Interest received		19	12
NET CASH (USED IN) INVESTING ACTIVITIES		(4,367)	(2,338)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(791)	(763)
New secured loans		14,880	1,500
Repayments of borrowings		(5,024)	(1,077)
NET CASH FROM FINANCING ACTIVITIES		9,065	(340)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23	7,034	(100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,772	2,872
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	9,806	2,772

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 lessor, where the Association is a lessor.

GOING CONCERN

As set out on Page 10 of its Report, the Board considers the assumption regarding going concern underlying the preparation of Blackwood's Financial Statements to be appropriate.

The Board have considered the impact of Covid-19 by revisiting its 2020/21 reforecast 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 -10 years straight line

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

FIXED ASSETS – SOCIAL HOUSING PROPERTIES

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership. In accordance with SORP 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

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

RECOVERABLE AMOUNT OF RENT ARREARS AND OTHER DEBTORS

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

TAXATION

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

VAT

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

DEPOSITS AND LIQUID RESOURCES

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

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 2020

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

Group and Association	Notes	Turnover £'000	Operating costs £'000	2020	2019
				Operating surplus/(deficit) £'000	Operating surplus/(deficit) £'000
Affordable letting activities	3	13,508	(13,349)	159	1,178
Other activities	4	4,694	(4,995)	(301)	(408)
Total		18,202	(18,344)	(142)	770
Total for previous reporting period		17,773	(17,003)	770	

During the year Blackwood closed two of its care services as part of its strategy to ensure that its care services are financially sustainable. The financial impact of managing the withdrawal from these two care services are included in these financial statements.

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2020

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 2020 £'000	Total 2019 £'000
Rent receivable net of service charges	7,677	3,651	9	11,337	11,175
Service charges	568	-	-	568	552
Gross income from rents and service charges	8,245	3,651	9	11,905	11,727
Less voids	(110)	-	-	(110)	(48)
Net income from rents and service charges	8,135	3,651	9	11,795	11,679
Grants released from deferred income	1,545	1	-	1,546	1,512
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	4	163	-	167	167
Total turnover from affordable letting activities	9,684	3,815	9	13,508	13,358
Management and maintenance administration costs	3,933	547	-	4,480	3,948
Service costs	508	3,729	-	4,237	3,936
Planned and cyclical maintenance including major repairs costs	273	135	-	408	375
Reactive maintenance costs	1,260	85	-	1,345	1,134
Bad debts - rents and service charges	74	-	-	74	28
Depreciation of affordable let properties	2,773	30	2	2,805	2,759
Operating Costs for affordable letting activities	8,821	4,526	2	13,349	12,180
Operating surplus or deficit for affordable letting activities	863	(711)	7	159	1,178
Operating surplus or deficit for affordable letting activities for previous reporting period	1,276	(107)	9	1,178	

During the year Blackwood took the decision to close one of its supported social housing services. The impact of the closure is included in the financial statements above.

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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	-	11	4,584	6	4,601	-	(4,941)	(340)	(441)
Business Development activities	-	-	-	-	-	-	-	-	-
Other Income	19	37	2	35	93	-	(54)	39	33
Total from other activities	19	48	4,586	41	4,694	-	(4,995)	(301)	(408)
Total from other activities for the previous reporting period	46	35	4,296	38	4,415	-	(4,823)	(408)	

During the year Blackwood took the decision to close one of its supporting people care services. The impact of the closure is included in the statements above.

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

	2020	2019
5. ACCOMMODATION IN MANAGEMENT	Units	Units
Group and Association		
General needs housing	1,537	1,539
Shared ownership	3	4
Supported housing	68	68
	<u>1,608</u>	<u>1,611</u>
TOTAL UNITS IN MANAGEMENT	<u>1,608</u>	<u>1,611</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME	£'000	£'000
Group and Association		
Interest on bank deposits	19	12
	<u>19</u>	<u>12</u>
7. INTEREST PAYABLE AND SIMILAR CHARGES	£'000	£'000
Group and Association		
Interest arising on:		
Bank loans and overdrafts	791	763
Less capitalised	(88)	(33)
	<u>703</u>	<u>730</u>
8. OPERATING SURPLUS OR DEFICIT	£'000	£'000
Group and Association		
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	2,805	2,759
Depreciation of other tangible fixed assets	236	169
Amortisation of other intangible fixed assets	80	70
Operating lease rentals (note 24)	286	258
	<u>286</u>	<u>258</u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	2020	2019
	£'000	£'000
Group and Association		
Audit services - statutory audit of the Association	25	25
Other services :-		
Audit-related assurance services	-	-
Taxation compliance services	-	-
All other non-audit services	5	-
	<u>31</u>	<u>25</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

9.	DEFICIT ON SALE OF FIXED ASSETS – HOUSING PROPERTIES	2020	2019
		£'000	£'000
	Group and Association		
	Disposal proceeds	223	-
	Carrying value of fixed assets	(232)	(25)
	Deficit	(10)	(25)
	Capital grant repaid	-	-
	Deficit	<u>(10)</u>	<u>(25)</u>
10.	EMPLOYEES	2020	2019
		£'000	£'000
	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	51	48
	Housing support and care	244	261
		<u>295</u>	<u>309</u>
	The average monthly number of employees (including key management personnel) employed by the Association during the year was:		
	Office and management/administration	54	52
	Housing support and care	336	348
	Staff costs for the above persons:		
	Wages and salaries	8,074	7,573
	Social security costs	697	667
	Other pension costs	267	160
	Death in Service and permanent health insurance	24	27
	Temporary and contract staff	1,023	945
	Redundancy	152	21
		<u>10,237</u>	<u>9,393</u>
	Key management personnel are defined as members of the Board and the Chief Executive and any other person who reports directly to the Chief Executive or directly to the Board and listed on page 3. No emoluments were paid to any member of the Board during the year.		
	The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:		
		2020	2019
		No.	No.
	£60,000 - £70,000	2	3
	£70,001 - £80,000	1	-
	£80,001 - £90,000	-	-
	£90,001 - £100,000	-	-
	£100,001-£110,000	1	1
	Aggregate emoluments for the key management personnel	<u>410</u>	<u>396</u>
	The emoluments of the Chief Executive (excluding pension contributions)	<u>107</u>	<u>105</u>
	Aggregate pension contributions in relation to the key management personnel	<u>16</u>	<u>8</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

11.	INTANGIBLE ASSETS	Computer Software £'000	Total £'000
	Group and Association Cost		
	1 April 2019	610	610
	Additions	83	83
	31 March 2020	<u>693</u>	<u>693</u>
	Amortisation		
	1 April 2019	307	307
	Amortisation charged in year	80	80
	31 March 2020	<u>387</u>	<u>387</u>
	Net book value		
	31 March 2020	<u>306</u>	<u>306</u>
	31 March 2019	<u>303</u>	<u>303</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				
	1 April 2019	127,704	1,943	171	129,818
	Works to existing properties	2,036	-	-	2,036
	Works to new properties	-	3,160	-	3,160
	Transfers	-	-	-	-
	Disposals	(640)	-	(23)	(663)
	31 March 2020	<u>129,100</u>	<u>5,103</u>	<u>148</u>	<u>134,351</u>
	Depreciation and impairment				
	1 April 2019	45,939	-	16	45,955
	Depreciation charged in year	2,803	-	2	2,805
	Released on disposal	(425)	-	(7)	(432)
	31 March 2020	<u>48,317</u>	<u>-</u>	<u>11</u>	<u>48,328</u>
	Net book value				
	31 March 2020	<u>80,783</u>	<u>5,103</u>	<u>137</u>	<u>86,023</u>
	31 March 2019	<u>81,765</u>	<u>1,943</u>	<u>155</u>	<u>83,863</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

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

Group and Association

EXPENDITURE ON WORKS TO EXISTING PROPERTIES	2020	2019
	£'000	£'000
Improvement work capitalised	883	581
Replacement component spend capitalised	1,153	1,150
Amounts charged to income and expenditure	179	205
Total major repairs spend	<u>2,215</u>	<u>1,936</u>
Value of capitalised land	12,284	12,334
Value of capitalised interest	<u>159</u>	<u>71</u>

12.B TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers and Office Equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost			
1 April 2019	1,209	488	1,697
Additions	213	178	391
Transfers	-	-	-
Disposals	(342)	-	(342)
31 March 2020	<u>1,080</u>	<u>666</u>	<u>1,746</u>
Depreciation and impairment			
1 April 2019	745	206	951
Depreciation charged in year	142	94	236
Released on disposal	(343)	-	(343)
31 March 2020	<u>544</u>	<u>300</u>	<u>844</u>
Net book value			
31 March 2020	<u>536</u>	<u>366</u>	<u>902</u>
31 March 2019	<u>464</u>	<u>282</u>	<u>746</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 2020

14. DEBTORS	2020 £'000	2019 £'000
Group and Association		
Amounts falling due within one year:		
Rent and service charges receivable	251	225
Less: provision for bad and doubtful debts	(56)	(35)
	<u>195</u>	<u>190</u>
Other debtors	1,056	1,707
Prepayments and accrued income	617	410
	<u>1,868</u>	<u>2,307</u>
15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020 £'000	2019 £'000
Group and Association		
Debt (note 18)	728	624
Rent and service charges received in advance	236	207
Other grants received in advance	-	2
Deferred capital grants (note 17)	1,509	1,512
Trade creditors	845	438
Other taxation and social security costs	141	141
Accruals and deferred income	2,019	2,115
	<u>5,478</u>	<u>5,039</u>
16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2020 £'000	2019 £'000
Group and Association		
Debt (note 18)	29,395	19,621
Deferred capital grant (note 17)	48,672	49,152
	<u>78,067</u>	<u>68,773</u>
Included in creditors are:		
Amounts repayable other than by instalments falling due after more than five years	<u>48,672</u>	<u>49,152</u>
Amounts repayable by instalments falling due after more than five years	<u>26,314</u>	<u>15,072</u>
17. DEFERRED CAPITAL GRANT	2020 £'000	2019 £'000
Group and Association		
As at 1 April	50,664	50,590
Grant received in the year	1,063	1,586
Capital grant released	(1,546)	(1,512)
As at 31 March	<u>50,181</u>	<u>50,664</u>
Amounts to be released within one year	1,509	1,512
Amounts to be released in more than one year	<u>48,672</u>	<u>49,152</u>
	<u>50,181</u>	<u>50,664</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

18. DEBT ANALYSIS – BORROWINGS	2020 £'000	2019 £'000
Group and Association		
Creditors: amounts falling due within one year:		
Bank loans	728	624
	<u>728</u>	<u>624</u>
Creditors: amounts falling due after more than one year:		
Bank loans	29,395	19,621
Total	<u><u>30,123</u></u>	<u><u>20,245</u></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 £30,123,000 (2019: £20,245,000) are secured against the Association's housing properties.

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

	2020 £'000	2019 £'000
Due within one year	728	624
Due in one year or more but less than two years	746	636
Due between two and five years	2,335	3,913
Due more than five years	26,314	15,072
	<u><u>30,123</u></u>	<u><u>20,245</u></u>

19. PROVISIONS	Holiday pay £'000
Group and Association	
1 April 2019	33
Utilised in the year	(33)
Additional Provision in the Year	50
31 March 2020	<u><u>50</u></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 2020

20.	FINANCIAL INSTRUMENTS	2020	2019
	Group and Association	£'000	£'000
	Financial assets:		
	Debt instruments measured at amortised cost	<u>1,419</u>	<u>1,976</u>
	Financial liabilities		
	Measured at amortised cost	<u>32,045</u>	<u>21,923</u>
21.	SHARE CAPITAL		
	The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.		
		2020	2019
		Number	Number
	Association only		
	Number of members		
	1 April 2019	59	57
	Joined during the year	2	4
	Left during year	<u>(9)</u>	<u>(2)</u>
	31 March 2020	<u>52</u>	<u>59</u>
22.	RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH	2020	2019
	GENERATED FROM OPERATIONS	£'000	£'000
	Group and Association		
	(Deficit)/Surplus for the year	(836)	27
	Adjustments for non-cash items:		
	Depreciation of tangible fixed assets	3,041	2,928
	Depreciation of Intangible Assets	80	70
	Amortisation of Capital Grants	(1,546)	(1,512)
	Loss/(Gain) on disposal of tangible fixed assets	10	25
	Other amounts deducted from tangible fixed assets	-	-
	Amortisation of loan fee	21	21
	Interest receivable	(19)	(12)
	Interest payable	<u>791</u>	<u>763</u>
	Operating cash flows before movements in working capital	<u>1,542</u>	<u>2,310</u>
	Decrease in properties held for sale	-	-
	(Increase)/Decrease in trade and other debtors	439	(271)
	Increase/(Decrease) in trade and other creditors	338	550
	Increase/(Decrease) in other provisions	<u>17</u>	<u>(11)</u>
	Cash generated from operations	<u>2,336</u>	<u>2,578</u>
	CASH AND CASH EQUIVALENTS	2020	2019
		£'000	£'000
	Cash and cash equivalents represents: -		
	Cash at bank	<u>9,806</u>	<u>2,772</u>
		<u>9,806</u>	<u>2,772</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

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

	At 1 April 2019 £'000	Cash flow £'000	At 31 March 2020 £'000
Group and Association			
Loans due within 1 year	(624)	(104)	(728)
Loans due in more than 1 year	(19,621)	(9,774)	(29,395)
	<u>(20,245)</u>	<u>(9,878)</u>	<u>(30,123)</u>
Cash at bank & in hand	2,772	7,034	9,806
Total net debt	<u>(17,473)</u>	<u>(2,844)</u>	<u>(20,317)</u>

24. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

Group and Association

Expenditure authorised by the Board, but not contracted

	2020 £'000	2019 £'000
	<u>5,628</u>	<u>3,222</u>

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 2020 Blackwood had committed under non-cancellable operating leases as follows;

	2020 £'000	2019 £'000
Within One Year	286	258
In the second to fifth year inclusive	794	910
Over Five years	-	-
	<u>1,080</u>	<u>1,168</u>

25. RETIREMENT BENEFITS

The Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Association in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £266,752 (2019: £159,532). Contributions totalling £44,297 (2019: £27,001) were payable to the fund at the year end and are included in creditors.

26. RELATED PARTY TRANSACTIONS

Blackwood maintains a register of Board Members' Interests.

During the year one of the members of Blackwood's Board was a tenant of the organisation on the same standard terms as all tenants. The rent and service charge charged for the year was £5,370; there were no arrears at the end of March 2020.

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

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2019: £0) in respect of bad debts from related parties.