

Blackwood Homes and Care

**Trading as
Blackwood**

Group Report and Accounts
31st March 2021

Blackwood Homes and Care – Trading as Blackwood

Group Report and Financial Statements For the year ended 31 March 2021

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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 2021

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

Max Brown
David Melvin – Vice Chair
Derek Croll
Peter Moir
Louise Dunlop
Martin Hensman
Linda Duncan
Julie McDowell - Chair
Nick Tordoff
Tom Cotter
Fiona Thwaites
David Tares
Graeme McKinstry

Key Management Personnel

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

Fanchea Kelly – Company Secretary

Registered Office

160 Dundee Street
Edinburgh
EH11 1DQ

Auditor

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

Solicitors

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

TC Young
7 West George Street
Glasgow
G2 1BA

Bankers

Clydesdale Bank PLC
50 Lothian Road
Edinburgh
EH3 9BY

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

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

The Board of Blackwood presents its group report and audited financial statements for the year ended 31 March 2021.

Principal Activities

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

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

Its Five-Year Strategy and Business Plan 2015-2020 was rolled forward during for 2020/21 to assess prospects for scaling up the Blackwood offer for independent living with new investment and partnerships.

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 30 new homes in Dundee and Glasgow and a future programme of up to 400 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.
- An expanded care service offer including a 24/7 Responder Service in Glasgow and Edinburgh using CleverCogs to deliver sustainable independent living services.
- 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 handyperson services have been enhanced to support independent living, along with increasing opportunities for volunteering.
- Increased annual income from £15.6m to £21m strengthening Blackwood's financial sustainability with increased assets of £6.4m and improve care margins of £1.3m.

This was an unprecedented year as Blackwood operated under the COVID-19 pandemic ensuring that customers were safe and supported. We supported our customers with regular personal contact, with affordable rents, broadband in our developments, mobile devices, digital coaching and welfare advice to help customers receive benefits that they are entitled to.

Our previous investment in technology proved its value during COVID-19 restrictions throughout the year. All housing and corporate staff successfully worked 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 the outcomes of the Feeley review for Adult Social Care Services, Blackwood's strategy of investing in sustainable growth and reimagining services through digital routes means we are well placed to capture opportunities in the next few years.

With growing demand, and award winning products developed with customer engagement, the Board has confirmed its new Strategy for 2021-2026 to support more customers to live their lives to the full as a sustainable not-for-profit business. The Strategy is to build the business through the Blackwood House programme, the 24/7 Responder Service, and our neighbourhood programme on Healthy Ageing with residents and with industry and academic partners. We aim to increase our asset value and our margins, increase customer satisfaction, and create additional investment to grow the business.

In uncertain economic times we aim to ensure resilience in our financial base by;

- investing in opportunities for sustainable growth
- ensuring excellent stewardship of Blackwood's resources and assets
- achieving consistently high customer satisfaction.

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 which supported the new Strategy.

Blackwood successfully transferred services from Freespace, a not-for-profit care provider in Edinburgh to Blackwood. This saw 40 customers, 130 employees, 3,350 hours of care per week and an annual turnover of £3.7m transfer to Blackwood in August 2020. The transfer protected the quality of service to Freespace's customers.

A key strategic milestone was achieved towards the end of the financial year as Blackwood was awarded £6m matched funding from Innovate UK, - part of the UK Research and Innovation agency (UKRI). This funding is to set up a 'Trailblazer' programme for Healthy Ageing that develops and delivers 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 residents and with major academic and industrial partners and is an exciting part of our strategy over the next three years.

Summary of Annual Performance

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

Operational Surplus

Blackwood's operational surplus strengthened during the year having taken the decisions to withdraw from unsustainable care services in 2019/20.

OPERATIONAL SURPLUS	2021	2020
	£'000	£'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	305	(836)
Add:		
Net Interest	675	684
Depreciation	3,431	3,121
Closure of a Care Home	0	475
Closure of a Care at Home service	0	93
Less:		
Development Grant Amortisation	(1,555)	(1,546)
OPERATIONAL SURPLUS FOR THE YEAR	2,856	1,991

The operating surplus reflects;

- Continued investment in tenants' homes
- New income from rent and care from 24 new homes in Glasgow
- The continued roll out of CleverCogs with digital coaching support for customers
- Improved sustainability of care services including the recent transfer from Freespace and withdrawal from loss-making care at home services

Asset Management

£1.47m was invested in planned maintenance programmes and Blackwood is 100% compliant with the Scottish Housing Quality Standard (SHQS). 99.8% of homes meet the Energy Efficiency Standard for Social Housing (ESSH) and the 2021 target of 100% completion will be met. Over 91% of tenants are satisfied with the quality of their home.

Adaptations grants of £0.45m from Scottish Government, and Edinburgh and Glasgow City Councils, enabled 192 households to retain their independence in the year.

Emergency repairs were completed in an average of 4.8 hours and non-emergencies in just under 5 working days.

Following the annual programme of fire risk assessments we began to upgrade all fire detection and alarm systems within homes to comply with the Housing (Scotland) Act 1987 (Tolerable Standards) (Extension of Criteria) Order 2019 with 88% of alarms installed and the remainder scheduled for completion by the due date of February 2022.

Our Helenvale development of 24 new Blackwood Homes in Glasgow was completed with tenants moving in from October 2020, and opened by the Housing Minister. Planning permission for 66 homes in Dundee was approved and work commenced in May 2021 to remodel our care home in Greenock to 22 flats. Work with Edinburgh City Council began to develop new homes on several sites there.

Housing performance

There were high levels of engagement during the year throughout COVID-19 to ensure our tenants felt safe and supported, with all tenants being contacted by the Housing teams to assess their needs in the early stage of lockdown. Over 70% of tenants were shielding or self-isolating and the data from the housing team engagement meant we could offer the right support or signpost to the right assistance during the year.

75% of our homes now benefit from the wi-fi programme with the remainder to be completed during 2021. This is an exciting and unique part of the housing strategy, so that more services can be done on-line and we can engage with tenants across Scotland. 300+ devices with CleverCogs, supported by digital coaching, were issued to tenants during the year to help people live independently. This played an essential role during lockdown to help tenants remain connected to friends and family.

Despite Covid restrictions we ended the year with 123 homes re-let.

Gross rent arrears were 3.5% at year end compared to 3.4% in the prior year, and 101% of rent due was successfully collected. Tenants received advice from Shelter Scotland (who are commissioned to offer independent and confidential financial advice to tenants) alongside help from Housing Officers to navigate the Universal Credit and benefits system, supporting tenants who were financially impacted by COVID-19 and keeping arrears under control.

95% of anti-social behaviour (ASB) and neighbour nuisance cases were resolved within target, ensuring that tenants are supported and safe in their homes.

Support and Care performance

Blackwood continued to focus on care sustainability during the year with a new care service at Helenvale (Glasgow), growth of our service in Aberdeen as we joined the new Granite Consortium, expansion of the 24/7 responder service and the transfer of care services from Freespace. In response to Covid we made sure all customers in our care homes were safe and are pleased to report that it remained the case throughout the year. All our services include providing care customers with connected devices along with digital coaching, to enhance the care service provision and support customers to be independent and connected.

The investment in new services and the decision to withdraw from loss-making services in 2019/20 has seen care services become more financially sustainable with significant improvement in care service margins.

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

Governance

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

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

During the year, the Board carried out a review of its committees and agree that a new People Committee be established to support the delivery of key strategic people aspects of the new Strategy and Business Plan 2021-26 and to ensure Blackwood as an employer has the right employment practices and policies in place to support its employees.

All Board meetings were held virtually over the year. Two virtual Strategy sessions, in addition to Board meetings, ensured that all Board Members participated in developing the new Strategy and Business Plan for 2021-26 which was then approved by Board in March 2021.

We updated our Rules in line with the SHFA Model Rules 2020 to reflect changes to housing legislation and subsequent changes to powers of the Scottish Housing Regulator (SHR). The revised rules also set out the provision for Blackwood to hold virtual Annual General Meetings (AGMs) and Special General Meetings (SGMs) on an ongoing basis in addition to what was required for 2020 due to COVID-19. The new rules were approved at a virtual SGM in September 2021.

The second Annual Assurance Statement for SHR was approved by Board following a self-assessment process, supported by an evidence bank, which demonstrates the breadth and depth of the Board's understanding of Blackwood's business and its financial and operational issues.

The annual Board appraisal system 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.

In March 2021 Max Brown stepped down as Chair and the Board elected a new Chair Julie McDowell. Max Brown had contributed to the Board since 2012 and leadership as Chair since 2017, with notable achievements such as the Blackwood House programme, ISCF and growing a sustainable care service.

The Board

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

Max Brown

Tom Cotter

Derek Croll

Louise Dunlop

Martin Hensman

Karen Moore

Resigned July 2020

David Melvin

Nick Tordoff

Fiona Thwaites

Blackwood Homes and Care – Trading as Blackwood

The Report of the Board (continued) for the year ended 31 March 2021

Peter Moir

Julie McDowell

David Tares

Linda Duncan

Co-opted January 2021

Graeme McKinstry

Co-opted January 2021

Principal Risks and Uncertainties

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

Strategic Risk Theme	Assurances
Investing in Blackwood Homes	<ul style="list-style-type: none">• Asset Management Strategy and treasury plan• Structured Gateway approval process• Positive Internal Audit of contract management• Professional capacity on Board and in-house team, with expert external advice
Ensuring our Care Business Is Sustainable	<ul style="list-style-type: none">• Regular operational and financial monitoring• Quality Control Framework in place• Service Improvement plan reporting• Carefully managed withdrawal from unsustainable services
Delivering & Developing our 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
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• Regular reporting on COVID-19 pandemic response and policy approval

Key Financial Performance Indicators

Blackwood's income increased in total by £3m from 2019/20 due to the growth in new care services, rental income from new homes, application of a general rent increase of 3.5% and care rate uplifts for the Scottish Living Wage from Health and Social Care Partnerships of 3.3%. In addition income of £0.68m was received from various funds to support the additional cost of COVID-19 such as personal protective equipment.

- Operating costs increased by £1.9m through growth in new care services, uplift in paying Scottish Living Wage and additional cost from COVID-19.
- The operating surplus of £0.3m reflects the improved care sustainability from new and existing care services and rental income from 24 new homes at Helenvale.
- Net interest payable has decreased from £0.703m to £0.675m reflecting the full year benefit of temporary repayment of a Triodos Revolving credit facility.
- Cash balances decreased by £1.3m to £8.5m during 2020/21 to support investment in our development programme in Glasgow, Dundee and Greenock.
- £3m of excess funds were held on deposit all year until required for the development programme.

Key financial policies

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

- Epidemic and Pandemic Policy setting out the approach that will be taken by Blackwood Homes and Care in response to either an epidemic or pandemic being declared which supported managing the impact of COVID-19.
- The Treasury Management policy enables Blackwood to control borrowing and investing risks. The Triodos RCF facility and Allia Bond continue to fund the planned investments for the next two years to support the Blackwood House development programme.
- 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 Debt Recovery Policy for Care continues to ensure that debt for care services is collected timely with any issued being addressed early.
- The Insurance Management Policy ensures that Blackwood has adequate insurance cover to safeguard its assets, protect its reputation and comply with banking covenants.
- The Credit Payment Procedure ensured Blackwood complies with industry guidelines and maintains good relations with creditors.
- The Asset Management 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 £15.6 million.
- The Financial Standing Orders were reviewed with minor updates 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 has considered the continuing impact of COVID-19 in its 2021/22 Budget and its 5 year financial plan which have been stress tested. This exercise has assessed that Blackwood's finances are resilient.

The revolving credit facility of £5m from Triodos Bank and the £12m Allia Bond facility has enabled Blackwood to continue its AMS programme and will support the investment programme for 2021/22 as it commences the remodelling of its care home in Greenock and new build in Dundee later in the year.

The Board continues to monitor the sustainability of its Care Services following a strong financial position in 2020/21 to manage the volatility of these services.

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

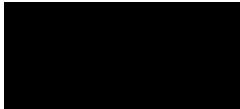
Disclosure of Information to the Auditor

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

Auditor

Blackwood retendered its External Audit Services in July 2021 and a resolution for the appointment of RSM, as auditors of Blackwood, will be proposed at the Annual General meeting.

By Order of the Board



Julie McDowell

Position Chair

Date 18 August 2021

The Statement of Board Responsibilities for the year ended 31 March 2021

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 2021

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.

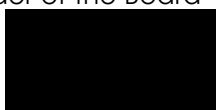
It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring 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, Performance and Finance Committee for the year ended 31 March 2021. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board

Position



Julie McDowell

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 2021

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: 19 August 2021

The Independent Auditor's Report to the Members of Blackwood Homes and Care Scottish I & P RSL CCBS for the year ended 31 March 2021

Opinion

We have audited the financial statements of Blackwood Homes and Care (the 'Association') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Statement of Comprehensive Income, Association Statement of Comprehensive Income, Group Statement of Financial Position, Association Statement of Financial Position, Group Statement of Changes in Reserves, Association Statement of Changes in Reserves, Group Statement of Cash Flows, Association Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

The Independent Auditor's Report to the Members of Blackwood Homes and Care Scottish I & P RSL CCBS for the year ended 31 March 2021

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent Association and their environment obtained in the course of the audit, we have not identified material misstatements in the Board's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; 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 ..., the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

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

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

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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: 19 August 2021

Blackwood Homes and Care – Trading as Blackwood

Group Statement of Comprehensive Income For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	2	21,195	18,202
Operating expenditure	2	(20,267)	(18,344)
Gain/(Loss) on disposal of property, plant and equipment	2	<u>15</u>	<u>(10)</u>
OPERATING SURPLUS/(DEFICIT)		943	(152)
Interest receivable	6	37	19
Interest and financing costs	7	(675)	(703)
SURPLUS/(DEFICIT) BEFORE TAX		<u>305</u>	<u>(836)</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>305</u></u>	<u><u>(836)</u></u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Blackwood Homes and Care – Trading as Blackwood

Association Statement of Comprehensive Income For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	2	21,195	18,202
Operating expenditure	2	(20,267)	(18,344)
Gain/(Loss) on disposal of property, plant and equipment	2	<u>15</u>	<u>(10)</u>
SURPLUS/(DEFICIT)		943	(152)
Interest receivable	6	37	19
Interest and financing costs	7	(675)	(703)
SURPLUS/(DEFICIT) BEFORE TAX		<u>305</u>	<u>(836)</u>
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>305</u>	<u>(836)</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

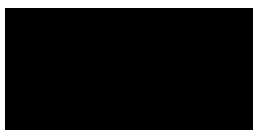
Blackwood Homes and Care – Trading as Blackwood

Group Statement of Financial Position As at year ended 31 March 2021

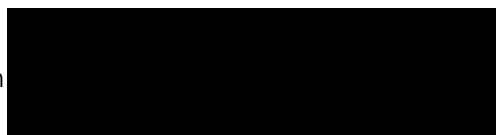
	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	11	193	306
Housing properties	12.A	86,628	86,023
Other fixed assets	12.B	859	902
		<u>87,680</u>	<u>87,231</u>
CURRENT ASSETS			
Trade and other debtors	14	2,160	1,868
Cash and cash equivalents	21	8,541	9,806
		<u>10,701</u>	<u>11,674</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	<u>(6,169)</u>	<u>(5,478)</u>
NET CURRENT ASSETS		4,532	6,196
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>92,212</u>	<u>93,427</u>
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	16	(76,497)	(78,067)
Other provisions	19	<u>(100)</u>	<u>(50)</u>
TOTAL NET ASSETS			
		<u>15,615</u>	<u>15,310</u>
RESERVES			
Income and expenditure reserve		15,615	15,310
TOTAL RESERVES			
		<u>15,615</u>	<u>15,310</u>

The financial statements on pages 19 to 43 were approved by the Board and authorised for issue on 17th August 2021 and are signed on its behalf by:

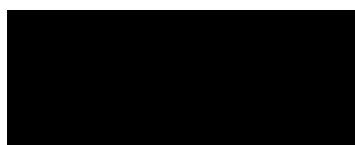
Julie McDowell
Board Chairman



David Melvin
Board Vice Chairman



Fanchea Kelly
Company Secretary



18 August 2021

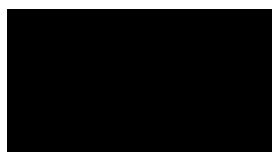
Blackwood Homes and Care – Trading as Blackwood

Association Statement of Financial Position For the year ended 31 March 2021

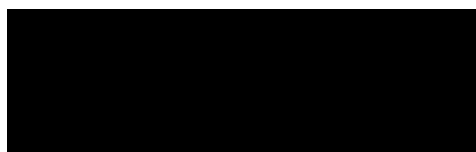
	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	11	193	306
Housing properties	12.A	86,628	86,023
Other fixed assets	12.B	859	902
Investment in subsidiaries	13	-	-
		<u>87,680</u>	<u>87,231</u>
CURRENT ASSETS			
Trade and other debtors	14	2,160	1,868
Cash and cash equivalents	21	8,541	9,806
		<u>10,701</u>	<u>11,674</u>
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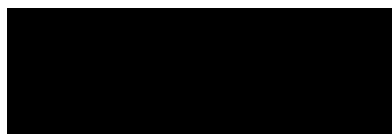
Julie McDowell
Board Chairman



David Melvin
Board Vice Chairman



Fanchea Kelly
Company Secretary



18 August 2021

Blackwood Homes and Care – Trading as Blackwood

Statement of Changes in Reserves For the year ended 31 March 2021

Group

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2019	16,146	16,146
Deficit for the year	<u>(836)</u>	<u>(836)</u>
Balance as at 31 March 2020	<u>15,310</u>	<u>15,310</u>
Surplus for the year	<u>305</u>	<u>305</u>
Balance at 31 March 2021	<u><u>15,615</u></u>	<u><u>15,615</u></u>

Association

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2019	16,146	16,146
Deficit for the year	<u>(836)</u>	<u>(836)</u>
Balance as at 31 March 2020	<u>15,310</u>	<u>15,310</u>
Surplus for the year	<u>305</u>	<u>305</u>
Balance at 31 March 2021	<u><u>15,615</u></u>	<u><u>15,615</u></u>

Blackwood Homes and Care – Trading as Blackwood

Statement of Cashflows For the year ended 31 March 2021

Group	Notes	2021 £'000	2020 £'000
Net cash generated from operating activities	21	3,172	2,336
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(107)	(83)
Purchase of tangible fixed assets		(3,872)	(5,587)
Proceeds from sale of tangible fixed assets		116	221
Grants received		482	1,063
Interest received		37	19
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(3,344)</u>	<u>(4,367)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(675)	(791)
New secured loans		310	14,880
Repayments of borrowings		(728)	(5,024)
NET CASH FROM FINANCING ACTIVITIES		<u>(1,093)</u>	<u>9,065</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22	<u>(1,265)</u>	<u>7,034</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>9,806</u>	<u>2,772</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	<u>8,541</u>	<u>9,806</u>

Association	Notes	2021 £'000	2020 £'000
Net cash generated from operating activities	21	3,172	2,336
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(107)	(83)
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CASH AND CASH EQUIVALENTS AT END OF YEAR	21	<u>8,541</u>	<u>9,806</u>

1. ACCOUNTING POLICIES

LEGAL STATUS

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

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

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

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

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

BASIS OF CONSOLIDATION

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

CRITICAL ACCOUNTING ESTIMATED AND AREAS OF JUDGEMENT

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

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

Useful lives of property

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

Components of housing properties

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, Blackwood's own Asset Management Strategy and the requirement of the Scottish Housing Quality Standard.

1. ACCOUNTING POLICIES (continued)

CATEGORISATION OF LEASES

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

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 continues to considered the impact of Covid-19 for it 2021/22 budget and its 5 year financial plan which have been stress tested. This exercise has assessed that there is minimal impact on Blackwood's finances.

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

TURNOVER AND REVENUE RECOGNITION

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

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

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

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

GOVERNMENT GRANTS

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

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

1. ACCOUNTING POLICIES (Continued)

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

OTHER GRANTS

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

OTHER INCOME

Interest income is recognised on an accruals basis.

BORROWING COSTS

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

All other borrowing costs are expensed as incurred.

FIXED ASSETS – INTANGIBLE ASSETS

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

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

Computer Software - 5 years straight line

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

FIXED ASSETS – SOCIAL HOUSING PROPERTIES

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

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

1. ACCOUNTING POLICIES (Continued)

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2021

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

Notes

		Turnover	Operating costs	Gain on disposal	2021 Operating surplus/ (deficit)	2020 Operating surplus/(deficit)
Group and Association		£'000	£'000	£'000	£'000	£'000
Affordable letting activities	3	13,177	(12,238)	-	939	159
Other activities	4	8,018	(8,029)	-	(11)	(301)
Gain on disposal	9	-	-	15	15	(10)
Total		21,195	(20,267)	15	943	(152)
Total for previous reporting period		18,202	(18,344)	(10)	(152)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

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 2021 £'000	Total 2020 £'000
Rent receivable net of service charges	7,959	3,050	10	11,019	11,337
Service charges	583	-	-	583	568
Gross income from rents and service charges	8,542	3,050	10	11,602	11,905
Less voids	(172)	-	-	(172)	(110)
Net income from rents and service charges	8,370	3,050	10	11,430	11,795
Grants released from deferred income	1,554	1	-	1,555	1,546
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	6	186	-	192	167
Total turnover from affordable letting activities	9,930	3,237	10	13,177	13,508
Management and maintenance administration costs	4,205	361	-	4,566	4,480
Service costs	573	2,566	-	3,139	4,237
Planned and cyclical maintenance including major repairs costs	264	67	-	331	408
Reactive maintenance costs	1,158	26	-	1,184	1,345
Bad debts - rents and service charges	102	-	-	102	74
Depreciation of affordable let properties	2,878	36	2	2,916	2,805
Operating Costs for affordable letting activities	9,180	3,056	2	12,238	13,349
Operating surplus or deficit for affordable letting activities	750	181	8	939	159
Operating surplus or deficit for affordable letting activities for previous reporting period	863	(711)	7	159	

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

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	-	19	6,988	461	7,468	-	(7,473)	(5)	(340)
Business Development activities	-	-	-	-	-	-	-	-	-
Other Income	68	284	-	198	550	-	(556)	(6)	39
Total from other activities	68	303	6,988	659	8,018	-	(8,029)	(11)	(301)
Total from other activities for the previous reporting period	19	48	4,586	41	4,694	-	(4,995)	(301)	

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

5. ACCOMMODATION IN MANAGEMENT	2021	2020
	Units	Units
Group and Association		
General needs housing	1,560	1,537
Shared ownership	2	3
Supported housing	47	68
	<u>1,609</u>	<u>1,608</u>
TOTAL UNITS IN MANAGEMENT	<u>1,609</u>	<u>1,608</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME	2021	2020
	£'000	£'000
Group and Association		
Interest on bank deposits	37	19
	<u>37</u>	<u>19</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES	2021	2020
	£'000	£'000
Group and Association		
Interest arising on:		
Bank loans and overdrafts	978	791
Less capitalised	(303)	(88)
	<u>675</u>	<u>703</u>

8. OPERATING SURPLUS OR DEFICIT	2021	2020
	£'000	£'000
Group and Association		
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	2,916	2,805
Depreciation of other tangible fixed assets	294	236
Amortisation of other intangible fixed assets	220	80
Operating lease rentals (note 23)	314	286
	<u>314</u>	<u>286</u>

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

	2021	2020
	£'000	£'000
Group and Association		
Audit services - statutory audit of the Association	27	25
Other services :-		
Audit-related assurance services	-	-
Taxation compliance services	-	-
All other non-audit services	-	5
	<u>27</u>	<u>31</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

9. SURPLUS/(DEFICIT) ON SALE OF FIXED ASSETS – HOUSING PROPERTIES	2021	2020
	£'000	£'000
Group and Association		
Disposal proceeds	116	223
Carrying value of fixed assets	(100)	(232)
Surplus/(Deficit)	16	(10)
Capital grant repaid	-	-
Surplus/(Deficit)	<u>16</u>	<u>(10)</u>

10. EMPLOYEES	2021	2020
	£'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	55	51
Housing support and care	312	244
	<u>367</u>	<u>295</u>

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

Office and management/administration	58	54
Housing support and care	410	336

Staff costs for the above persons:

Wages and salaries	9,791	8,074
Social security costs	874	697
Other pension costs	326	267
Death in Service and permanent health insurance	30	24
Temporary and contract staff	544	1,023
Redundancy	21	152
	<u>11,586</u>	<u>10,237</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:

	2021	2020
	No.	No.
£60,000 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001-£110,000	-	1
£110,000 -£120,000	1	-

Aggregate emoluments for the key management personnel	<u>410</u>	<u>410</u>
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The emoluments of the Chief Executive (excluding pension contributions)	<u>106</u>	<u>107</u>
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Aggregate pension contributions in relation to the key management personnel	<u>16</u>	<u>16</u>
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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

11. INTANGIBLE ASSETS		Computer Software £'000	Total £'000		
Group and Association					
Cost					
1 April 2020		693	693		
Additions		107	107		
31 March 2021		<u>800</u>	<u>800</u>		
Amortisation					
1 April 2020		387	387		
Amortisation charged in year		220	220		
31 March 2021		<u>607</u>	<u>607</u>		
Net book value					
31 March 2021		<u>193</u>	<u>193</u>		
31 March 2020		<u>306</u>	<u>306</u>		
12.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES		Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Group and Association					
Cost					
1 April 2020	129,100	5,103	148	134,351	
Works to existing properties	2,217	-	-	2,217	
Works to new properties	-	1,404	-	1,404	
Transfers	5,136	(5,111)	(25)	-	
Disposals	(306)	-	-	(306)	
31 March 2021	<u>136,147</u>	<u>1,396</u>	<u>123</u>	<u>137,666</u>	
Depreciation and impairment					
1 April 2020	48,317	-	11	48,328	
Depreciation charged in year	2,914	-	2	2,916	
Transfer	11	-	(11)	-	
Released on disposal	(206)	-	-	(206)	
31 March 2021	<u>51,036</u>	<u>-</u>	<u>2</u>	<u>51,038</u>	
Net book value					
31 March 2021	<u>85,111</u>	<u>1,396</u>	<u>121</u>	<u>86,628</u>	
31 March 2020	<u>80,783</u>	<u>5,103</u>	<u>137</u>	<u>86,023</u>	

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

Group and Association

EXPENDITURE ON WORKS TO EXISTING PROPERTIES	2021 £'000	2020 £'000
Improvement work capitalised	911	883
Replacement component spend capitalised	1,306	1,153
Amounts charged to income and expenditure	154	179
Total major repairs spend	<u>2,371</u>	<u>2,215</u>
Value of capitalised land	12,493	12,284
Value of capitalised interest	<u>462</u>	<u>159</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 2020	1,080	666	1,746
Additions	218	33	251
Transfers	-	-	-
Disposals	(1)	-	(1)
31 March 2021	<u>1,297</u>	<u>699</u>	<u>1,996</u>
Depreciation and impairment			
1 April 2020	544	300	844
Depreciation charged in year	189	105	294
Released on disposal	(1)	-	(1)
31 March 2021	<u>732</u>	<u>405</u>	<u>1,137</u>
Net book value			
31 March 2021	<u>565</u>	<u>294</u>	<u>859</u>
31 March 2020	<u>536</u>	<u>366</u>	<u>902</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 2021

14. DEBTORS	2021	2020
	£'000	£'000
Group and Association		
Amounts falling due within one year:		
Rent and service charges receivable	267	251
Less: provision for bad and doubtful debts	(122)	(56)
	<u>145</u>	<u>195</u>
Other debtors	1,391	1,056
Prepayments and accrued income	624	617
	<u>2,160</u>	<u>1,868</u>
15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£'000	£'000
Group and Association		
Debt (note 18)	746	728
Rent and service charges received in advance	259	236
Other grants received in advance	-	-
Deferred capital grants (note 17)	1,599	1,509
Trade creditors	411	845
Other Payables	1,246	698
Other taxation and social security costs	276	141
Accruals and deferred income	1,632	1,321
	<u>6,169</u>	<u>5,478</u>
16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2021	2020
	£'000	£'000
Group and Association		
Debt (note 18)	28,988	29,395
Deferred capital grant (note 17)	47,509	48,672
	<u>76,497</u>	<u>78,067</u>
Included in creditors are:		
Amounts repayable other than by instalments falling due after more than five years		
	<u>47,509</u>	<u>48,672</u>
Amounts repayable by instalments falling due after more than five years		
	<u>25,918</u>	<u>26,314</u>
17. DEFERRED CAPITAL GRANT	2021	2020
	£'000	£'000
Group and Association		
As at 1 April	50,181	50,664
Grant received in the year	482	1,063
Capital grant released	(1,555)	(1,546)
As at 31 March	<u>49,108</u>	<u>50,181</u>
Amounts to be released within one year		
	1,599	1,509
Amounts to be released in more than one year		
	<u>47,509</u>	<u>48,672</u>
	<u>49,108</u>	<u>50,181</u>

Blackwood Homes and Care – Trading as Blackwood

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

18. DEBT ANALYSIS – BORROWINGS	2021 £'000	2020 £'000
Group and Association		
Creditors: amounts falling due within one year:		
Bank loans (note 15)	746	728
	<u>746</u>	<u>728</u>
Creditors: amounts falling due after more than one year:		
Bank loans (note 16)	28,988	29,395
Total	<u>29,734</u>	<u>30,123</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £29,734,000 (2020: £30,123,000) are secured against the Association's housing properties.

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

	2021 £'000	2020 £'000
Due within one year	746	728
Due in one year or more but less than two years	760	746
Due between two and five years	2,340	2,335
Due more than five years	25,888	26,314
	<u>29,734</u>	<u>30,123</u>

19. PROVISIONS	Holiday pay £'000
Group and Association	
1 April 2020	50
Utilised in the year	(50)
Additional Provision in the Year	100
31 March 2021	<u>100</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 2021

20. SHARE CAPITAL

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

	2021 Number	2020 Number
Association only		
Number of members		
1 April 2020	52	59
Joined during the year	2	2
Left during year	(4)	(9)
31 March 2021	<u>50</u>	<u>52</u>

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

	2021 £'000	2020 £'000
Group and Association		
(Deficit)/Surplus for the year	305	(836)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,210	3,041
Depreciation of Intangible Assets	220	80
Amortisation of Capital Grants	(1,555)	(1,546)
Loss/(Gain) on disposal of tangible fixed assets	(16)	10
Other amounts deducted from tangible fixed assets	-	-
Amortisation of loan fee	29	21
Interest receivable	(37)	(19)
Interest payable	675	791
Operating cash flows before movements in working capital	<u>2,831</u>	<u>1,542</u>
Decrease in properties held for sale	-	-
(Increase)/Decrease in trade and other debtors	(292)	439
Increase/(Decrease) in trade and other creditors	583	338
Increase/(Decrease) in other provisions	50	17
Cash generated from operations	<u>3,172</u>	<u>2,336</u>

CASH AND CASH EQUIVALENTS	2021 £'000	2020 £'000
Cash and cash equivalents represents: -		
Cash at bank	<u>8,541</u>	<u>9,806</u>
	<u>8,541</u>	<u>9,806</u>

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

	At 1 April 2020 £'000	Cash flow £'000	At 31 March 2021 £'000
Group and Association			
Loans due within 1 year	(728)	(18)	(746)
Loans due in more than 1 year	<u>(29,395)</u>	<u>407</u>	<u>(28,988)</u>
	(30,123)	389	(29,734)
Cash at bank & in hand	<u>9,806</u>	<u>(1,265)</u>	<u>8,541</u>
Total net debt	<u>(20,317)</u>	<u>(876)</u>	<u>(21,193)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

23. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2021	2020
	£'000	£'000
Group and Association		
Expenditure authorised by the Board, but not contracted	<u>9,650</u>	<u>5,628</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 2021 Blackwood had committed under non-cancellable operating leases as follows;

	2021	2020
	£'000	£'000
Within One Year	314	286
In the second to fifth year inclusive	617	794
Over Five years	<u>-</u>	<u>-</u>
	<u>931</u>	<u>1,080</u>

24. RETIREMENT BENEFITS

The Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Association in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £326,407 (2020: £266,752). Contributions totalling £56,560 (2020: £44,297) were payable to the fund at the year end and are included in creditors.

25. RELATED PARTY TRANSACTIONS

Blackwood maintains a register of Board Members' Interests.

During the year one of the members of Blackwood's Board was a tenant of the organisation on the same standard terms as all tenants. The rent and service charge charged for the year was £5,546; there were no arrears at the end of March 2021.

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 (2020: £0) in respect of bad debts from related parties.