

CALICO HOMES LIMITED

England & Wales · Charity number 1151945

Details

Status Registered

Legal form Charitable company

Company number [03752751](#)

Registered 2013-05-08

Register [View on the Charity Commission register](#)

Contact

Address Calico Homes Ltd
Centenary Court
Croft Street
Burnley
BB11 2ED

Phone 08001692407

Email contact@calico.org.uk

Website www.calico.org.uk

Activities

Objects: THE COMPANY'S OBJECTS SHALL BE THE BUSINESS OF:1 PROVIDING AND MANAGING HOUSING AND SOCIAL HOUSING AND PROVIDING ASSISTANCE TO HELP HOUSE PEOPLE AND ASSOCIATED FACILITIES AND AMENITIES OR SERVICES FOR POOR PEOPLE OR FOR THE RELIEF OF AGED, DISABLED (WHETHER PHYSICALLY OR MENTALLY) OR CHRONICALLY SICK PEOPLE;2 PROVIDING RECREATION OR OTHER LEISURE FACILITIES IN THE INTEREST OF SOCIAL WELFARE WITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE FOR THE RESIDENTS OF AREAS IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK;3 RELIEVING FINANCIAL HARDSHIP AMONGST THE RESIDENTS OF THE LOCAL AUTHORITY AREA IN WHICH THE COMPANY OR ANOTHER GROUP MEMBER UNDERTAKES ITS ACTIVITIES;4 ADVANCING EDUCATION, TRAINING OR RE-TRAINING PARTICULARLY AMONGST UNEMPLOYED PEOPLE AND PROVIDING UNEMPLOYED PEOPLE WITH WORK EXPERIENCE;5 ADVANCING EDUCATION THROUGH THE PROVISION OF STUDENT WELFARE OR STUDENT ACCOMMODATION;6 MAINTAINING, IMPROVING OR PROVIDING PUBLIC AMENITIES FOR THE PUBLIC BENEFIT IN THE INTEREST OF REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATION IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK;7 PROMOTING PUBLIC SAFETY AND PREVENT CRIME;8 RELIEVING THE CHARITABLE NEED OF PEOPLE WITH DISABILITIES (WHETHER PHYSICALLY OR MENTALLY), ILL HEALTH OR IN NECESSITOUS CIRCUMSTANCES BY THE PROVISION OF SUPPORT SERVICES TO ENABLE THEM TO LIVE IN THE COMMUNITY;9 RELIEVING THE CHARITABLE NEED OF PEOPLE WITH DISABILITIES (WHETHER PHYSICALLY OR MENTALLY), ILL HEALTH OR IN NECESSITOUS CIRCUMSTANCES BY THE PROVISION OF ACCOMMODATION AND/OR THE PROVISION OF ASSOCIATED SERVICES, FACILITIES OR AMENITIES;10 RELIEVING THE UNEMPLOYMENT OF PEOPLE WHO ARE UNEMPLOYED, UNDEREMPLOYED, LOW PAID, LOW SKILLED OR HAVE NO SKILLS; 11 TO PROVIDE SERVICES, ADVICE OR ASSISTANCE UPON TERMS APPROPRIATE TO THEIR MEANS TO AGED, DISABLED OR CHRONICALLY SICK PERSONS IN NEED THEREOF AND PROVIDE ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS;12 THE PROMOTION FOR THE PUBLIC BENEFIT OF URBAN OR RURAL REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATION (AND IN PARTICULAR IN AREAS IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK) BY ALL OR ANY OF THE FOLLOWING MEANS:12.1 THE PROVISION OF FINANCIAL ASSISTANCE, TECHNICAL ASSISTANCE OR BUSINESS ADVICE OR CONSULTANCY IN ORDER TO PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES FOR UNEMPLOYED PEOPLE IN CASES OF FINANCIAL OR OTHER CHARITABLE NEED THROUGH HELP:(A) IN SETTING UP THEIR OWN BUSINESS, OR(B) TO EXISTING BUSINESSES,12.2 THE CREATION OF TRAINING AND EMPLOYMENT OPPORTUNITIES BY THE PROVISION OF WORKSPACE, BUILDINGS, AND/OR LAND FOR USE ON FAVOURABLE TERMS, 12.3 THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES,12.4 THE PRESERVATION OF BUILDINGS OR SITES OF HISTORIC OR ARCHITECTURAL IMPORTANCE,12.5 THE PROTECTION OR CONSERVATION OF THE ENVIRONMENT,12.6 THE PROVISION OF PUBLIC HEALTH FACILITIES AND CHILDCARE,12.7 THE PROMOTION OF PUBLIC SAFETY AND PREVENTION OF CRIME,12.8 SUCH OTHER MEANS AS MAY FROM TIME TO TIME BE DETERMINED SUBJECT TO THE PRIOR WRITTEN CONSENT OF THE CHARITY COMMISSION FOR ENGLAND AND WALES; AND13 CARRYING OUT ANY OTHER CHARITABLE OBJECT THAT CAN BE CARRIED OUT FROM TIME TO TIME BY A COMPANY LIMITED BY GUARANTEE REGISTERED AS A PROVIDER OF SOCIAL HOUSING WITH THE REGULATOR.

Activities: PROVIDING AND MANAGING HOUSING AND SOCIAL HOUSING AND PROVIDING ASSISTANCE TO HELP HOUSE PEOPLE AND ASSOCIATED FACILITIES AND AMENITIES OR SERVICES FOR POOR PEOPLE OR FOR THE RELIEF OF AGED, DISABLED (WHETHER PHYSICALLY OR MENTALLY) OR CHRONICALLY SICK PEOPLE; THE PREVENTION OR RELIEF OF POVERTY,

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Lancashire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£35,198,000	£26,287,000	£6,360,000	279
2024-03-31	£32,465,000	£24,600,000	£4,833,000	286
2023-03-31	£30,948,000	£29,350,000	£4,026,000	310
2022-03-31	£28,593,000	£26,513,000	£2,582,000	300
2021-03-31	£26,660,000	£22,955,000	£-137,000	232

Trustees

Name	Role	Appointed
Claire Bradley		2019-03-01
Dario Leone		2024-03-22
David Gooda		2024-11-04
Gerard Gallagher		2023-02-06
Mohammad Shazad Sarwar		2026-04-01
Rachael Kaminski		2023-11-20
Sarah Roberts		2020-10-01
Tim Patel		2023-02-06
Vincent James Roche		2020-10-01

CALICO HOMES LIMITED

England & Wales - Charity number 1151945

Accounts

Company Number: 3752751

A woman with red hair in a ponytail, wearing a dark grey jacket and a Calico Homes lanyard, is walking and talking to a man. The man has a beard and is wearing a dark blue Nike sweatshirt and a Calico Homes lanyard. They are walking on a paved path in front of a building with windows and a metal fence. The image is slightly faded to allow text to be overlaid.

Calico Homes Limited

Report and Financial Statements

Year ended 31 March 2025

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Board Members, Executive Officers, Advisors and Bankers

Board

Chair	William Lacey
Vice Chair	Tim Patel
Other Members	Claire Bradley David Gooda (Appointed 4 November 2024) Victoria Cooper (Retired 4 November 2024) Gerard Gallagher Rachael Kaminski Dario Leone Sarah Roberts Paula Robinson (Retired 4 November 2024) Vincent Roche

Company Secretary Anthony Duerden

Executive Officers

Group Chief Executive	Anthony Duerden
Deputy Chief Executive	Helen Thompson
Executive Director of Finance	Chloe Christian
Executive Director of Organisational Development	Vicki Howard

Registered Office Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED

Company Registered number 3752751

Charity Registered number 1151945

Regulator of Social Housing L4254

External Auditor Crowe U.K. LLP
3rd floor, 56 Peter Street
Manchester, M2 3NQ

Internal Auditor Beever and Struthers
One Express, 1 George Leigh Street
Manchester, M4 5DL

Solicitors Forbes Solicitors
Rutherford House, 4 Wellington Street
St. Johns, Blackburn, BB1 8DD

Bankers National Westminster Bank
6th Floor, 1 Spinningfields Square
Manchester, M3 3AP

Lenders	National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW
	MorHomes PLC Future Business Centre Kings Hedges Road, Cambridge, CB4 2HY	

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2025.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

The Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing aims and objectives and in planning the company's future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives that have been set.

Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 8.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises nine Non-Executive Directors who are responsible for setting the vision and strategic objectives of the business and overseeing their delivery. The Non-Executive Directors are Trustees for charity purposes.

The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During this period, there has been one new appointment to the Board and two retirements. The Board met eight times throughout the year and all meetings were quorate.

The Board delegates the day-to-day management and implementation of the strategic objectives to the Group Chief Executive and Executive Directors. The Executive Team meet weekly and attend Board meetings. In addition, the Board and its Committees obtain external specialist advice from time to time as necessary.

Non-Executive Directors are subject to a skills-based recruitment process to ensure that the Board has the appropriate range of skills, experience and behaviours required to provide strategic direction and monitor the companies' performance. An annual review of Board effectiveness is undertaken which is used to inform future recruitment.

In 2020, Calico Group launched a New Generation Board Diversity Programme in partnership with the Housing Diversity Network with the intention of broadening diversity within the Board, in particular increasing participation from younger people and people from minority ethnic backgrounds. The New Generation programme supports participants for two years with the aim that at the end of the programme participants will be ready to become Board members. The second New Generation Board member programme launched in September 2024, with four New Generation Board members of which there are two in Syncora.

Board members normally serve for up to six years, with a maximum term of nine years, including time served on other Group Boards. Reappointment beyond six years is reviewed annually, taking into consideration the skills and experience required by the Board. William Lacey (Chair) and Claire Bradley were extended for a further year in 24/25. The Chair recruitment has completed in 25/26 and David Gooda has been appointed as Chair and will commence his role in November 2025.

Report of the Board (continued)

Alongside the annual review of overall Board effectiveness, each individual Non-Executive Director has an annual development review to evaluate their contribution to the Board and identify training needs. These reviews inform a Board Development Programme that focuses on Board performance, ensuring the Board's future effectiveness, together with tailored events on specific business-related topics where a training need has been identified.

New Non-Executive Directors receive induction training on their legal obligations under company law; the governance framework of the company; the vision and strategic objectives of the Board; and the housing and related services provided.

The Calico Group has insurance policies that indemnify its Non-Executive Directors and Executive Officers against liability when acting for the Calico Group.

To operate effectively, and to ensure appropriate governance in business-critical areas, the Board has delegated some responsibilities to two Group Committees:

- **Audit & Assurance Committee**

The Group Audit & Assurance Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Calico Homes Board on the effectiveness of the Company's internal control arrangements. The Committee approves the scope of work of both internal and external auditors, including their appointments. It also considers the financial statements and recommends their approval to the Board. The Committee met five times during the year.

- **Nominations and Remuneration Committee**

The Group Nominations and Remuneration Committee advises the Board on Non-Executive Director recruitment and remuneration, and the appointment and remuneration of the Group Chief Executive and Executive Directors, taking independent advice as necessary. The Committee also sets the objectives for the Group Chief Executive and reviews performance against those objectives. The Committee met three times during the year.

Community Engagement

Calico Homes approach to involving customers is in line with the revised Consumer Standards and is set out in our Customer Voice Framework which was approved by Board. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are a range of different opportunities which ensure customers are involved at all levels. These include:

- Tenancy Satisfaction Measures (TSM)
- Customer Experience Network who are involved in consultation activity via e mail
- Complaints Scrutiny Group
- Service Scrutiny Board
- Customer Board membership
- Creative Involvement Projects
- Service level and informal involvement within neighbourhoods
- Active community groups

Calico Homes values the insight gathered from its customers and utilises the feedback to support service delivery improvements, identifying any key themes and developing and delivering actions to improve these areas.

Calico Homes has a clear and simple complaints policy which is compliant with the Housing Ombudsman Complaints Handling Code published in February 2024. The policy is accessible to all customers and is focused on the principle of doing the right thing to resolve complaints at first point of contact where possible.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential to the ability of Calico Homes to deliver its strategic objectives and commitments to our customers.

Calico Homes engages and develops colleagues through regular briefings from senior leadership, regular departmental meetings, an annual conference, "One Calico" events, a performance and personal growth framework, a regularly updated intranet site and newly introduced podcasts.

Report of the Board (continued)

Employees (continued)

Calico Homes has continued to focus on colleague wellbeing and keeping customers safe, ensuring services are well led. Digital transformation has been a key focus in 24/25 and will continue as the way we work and the transformation of our digital systems to support our colleagues is paramount and in line with the data strategy and use of insight to improve services.

Calico Homes recognises the importance of employee engagement and undertakes regular HIVE engagement surveys to focus on the culture and climate. Colleague wellbeing initiatives include Centre for Financial Education (CFEd) financial health sessions and a Group wellbeing day focussing on physical and mental health.

The Group across all its companies, including Calico Homes, have a number of Mental Health First Aiders to provide peer support to colleagues. In December 2024, the One Calico Winter Conference moved to Blackpool with more than 600 colleagues from across the Group who came together to connect, have fun and celebrate their achievements with the Making a Difference Awards.

Colleagues Learning and Development offer continues to grow with opportunities for qualifications, apprenticeships, coaching and mentoring all available to colleagues across the Group. In 25/26 to further strengthen the leadership programme, a new accountability programme has been developed with an external partner. This will be initially rolled out to 50 leaders across the Calico Group inclusive of Calico Homes.

Calico Homes is committed to inclusivity for all its employees and customers. The Equality Diversity & Inclusion (EDI) Strategy is central to Calico and the EDI forum comprises of employee and leadership networks from across the Group inclusive of Board members.

The Calico Group has increased our focus on recruitment, ensuring diverse video campaigns featuring employees from different groups, roles, and companies in the Group, which have featured prominently on social media through sponsored posts in recent months.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 46% (2024: 41%) male, 54% (2024: 59%) female, 4.3% (2024: 8%) who self-identify as disabled, 12.3% (2024: 12%) from an Ethnic Minority background and 2.2% (2024: 5%) who identify as LGBTQ+.

Calico Homes 2025 Gender Pay gap report confirms Calico has a mean gender pay gap of 6.85%, increasing from 5.5% in 2024. The median pay gap is 12.66% reducing from 14.05% in 2024.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation. The Board receives an annual H&S assurance report.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and not avoided.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2024 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

Report of the Board (continued)

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks.

The Executive Team reviews each company risk map on a rotating monthly basis, with the respective Senior Leadership Team reviewing the operational risk registers at their monthly meetings. The Board receive a quarterly review of the strategic risks which identifies the controls and actions required to bring the risks to the target level of risk which is in line with Board appetite. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan sensitivity analysis alongside robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. There is an annual review of the treasury strategy and treasury management which is supported by external consultants. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed these include the financial loan covenants. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These include anti-fraud and bribery, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

External Assurance

- **Internal Audit**

Internal Audit is provided by Beevers and Struthers who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit & Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit & Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 2024/25 the Board received an annual report which confirmed partial assurance in respect of the design and reasonable assurance in respect of the operation of internal controls within the scope of work reviewed. Whilst there were audits with partial assurance outcomes, the internal audit plan for 24/25 focussed on audits where it had been identified that improvements were required. As at 31st March 2025, there is an 86% implementation rate confirming the majority of recommendations had been completed, providing the Board with assurance on the delivery of improvement of controls identified through the internal audits.

- **External Audit**

External Audit is provided by Crowe UK LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the financial statements.

National Housing Federation (NHF) Code of Governance

The Board has adopted the NHF Code of Governance 2020.

The Board confirms compliance with the Code for the year ended 31 March 2025.

To enable continuous improvement, the Board has identified some enhancement actions which will further support compliance with the NHF Code of Governance.

The Group Board monitors compliance with the adopted Codes of Governance for each subsidiary Board.

Report of the Board (continued)

Regulator of Social Housing (RSH) Regulatory Standards Compliance

In Spring 2024, the RSH carried out a regulatory inspection. The inspection uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance. From April 2024, inspections now include proactively seeking evidence that a landlord is delivering the outcomes of the consumer standards. The outcome of this inspection was published in September 2024 and confirmed a C2, G2, V2 status.

Calico Homes Board have agreed a regulatory action plan focussing on Consumer and Governance improvements and has worked closely with the Regulator and continues to engage positively with regular progress updates. There has been significant progress with a number of improvements delivered that will sustain the improvements and changes.

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard and confirm compliance with the Regulatory Standards.

Fundraising Practices

The charity had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

Reserves Policy

The Trustees review the level of reserves annually.

After transfer of the surplus for the year of £1.528m (2024: £0.974m) and actuarial gain of £0.116m (2024: loss £0.167m), the Company Reserves at the year-end amounted to £6.361m (2024: £4.833m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

Statement of directors' responsibilities for the annual report and financial statements (continued)

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

The Board, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

In 2024/25 Calico Homes surplus was £1.5m (2024: £0.8m) and net assets of £6.4m (2024: £4.8m), which includes £0.304m (2024: £0.541m) provision for the SHPS defined benefit scheme liability. At 31 March 2025 the Statement of Financial Position records a net current liabilities position of £4.1m (2024: £2.56m). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2024: £1m) capital loan repayment which is due to be repaid on 31 March 2026. The board confirm that the net current liabilities position at 31 March 2025 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared.

Report of the Board (continued)

Going concern (continued)

Calico Homes has a long-term business plan which has been subject to sensitivity and stress testing based on multiple scenarios, which confirm the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities. This is supported by strong income collection and void loss performance.

Calico Homes has in place an undrawn revolving credit facility of £3.7m, although this increased to £6.2m, in April 25 as £2.5m was repaid but the facility remained available. The NatWest have approved a new 5 year Revolving Credit Facility of £10m and this was approved by Calico Homes Board in June 2025.

As at March 2025, 82.3% of borrowings are fixed, this mitigates the risk of increased interest costs in the medium term.

As part of the committed on-site development schemes, there are confirmed future Homes England development grants. This confirmed that Calico Homes has sufficient resources to finance committed reinvestment and development programmes, along with the Calico Homes day to day operations.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 16 September 2025 and signed on its behalf by:

A handwritten signature in purple ink that reads "Anthony Duerden".

Anthony Duerden
Company Secretary
Date: 16 September 2025
For the year ended 31 March 2025

Strategic Report of the Board

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports and enables customers to live their best lives ensuring they live safely, independently and with purpose. Providing good quality homes with additional provision such as employment opportunities, building confidence, developing skills, and working within local communities. Calico Homes purpose is to make a real difference to people's lives with our vision and values ensuring we keep our customers and colleagues at the core of everything we do.

In January 2023, the Calico Homes Board reviewed and refreshed the vision and strategic objectives when agreeing the Calico Homes Corporate Plan for 2023-2025.

Our Vision

Going one step further with customers and local communities, to provide affordable, safe and quality homes and personalised services, supporting customers to live their best lives in challenging times.

Our Values

Our values remain unchanged and reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered. They embody the culture of Calico Homes and set out the behaviours we expect of all our colleagues and the Board.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by our strategic objectives which are:

- To provide safe and well-maintained homes through investment in existing and new properties.
- To support customers to sustain tenancies (including community development).
- To provide good quality and personalised repairs, customer and neighbourhood services.
- To develop trusting relationships and to empower customers and communities to take the lead on the things that matter most.
- To strengthen the business so it is strong, well-governed, environmentally friendly and provides value for money customers.
- To create a place where people want to work now and in the future.

Performance against Strategic Objectives in 2024/25

In 2024/25 Calico Homes performed well in the delivery of strategic objectives despite the continuing challenges of an unpredictable financial and political climate. The cost-of-living crisis also continues to impact significantly on Calico Homes customers and colleagues. Despite these challenges, Calico Homes has continued to deliver services for customers and diversify its service offer in line with customer priorities.

In Spring 2024, Calico Homes also had an inspection by the Regulator of Social Housing in Quarter 1 and was assessed against delivery of the new Consumer Standards introduced in April 2024 for the first time. The outcome of the inspection was published in September 2024, confirming a Consumer Rating of C2, Governance rating of G2 and the financial viability rating remained unchanged at V2.

The C2 rating confirmed delayed progress with undertaking physical stock condition surveys, an outstanding backlog of repairs and improving tenant data information. Prior to the inspection, Calico Homes had identified delays with undertaking the surveys internally due to resourcing pressures and the Board had approved an outsourced approach to the surveys. Following a procurement exercise, external surveyors were appointed in Summer 2024. There has been considerable progress made, and Calico Homes is on target to complete by June 2025.

Strategic Report of the Board (continued)

The Governance rating of G2 noted that improvements are needed to demonstrate Calico Homes independent decision making and improved transparency across the Group. Prior to the Regulators inspection, Calico Homes and the Group had commissioned an external Group Structure Review and at the time of the inspection was working to implement the recommendations. A Strategic Review of all activity has been undertaken with all Group Boards to provide clarity on each Group company role and this has confirmed Calico Homes strategic priorities which will support the 25/26 refresh of the corporate plan. In addition Calico Homes also undertook an external Governance effectiveness review in March 2025 which was positive, highlighting areas to consider for further improvement, and Calico Homes is working to adopt the recommendations within the review.

The Tenant Satisfaction Measures confirmed that customers highest priority was to feel safe and secure in their own homes and that they were kept in a good state of repair. During the year the focus was on reducing the out of time repairs, which was successfully achieved by the end of March 2025. In addition, the Service Scrutiny Board undertook a review of our Repairs service, presenting its findings to Board. This has resulted in a number of customer led improvements being implemented including a full review of the Repairs Policy.

Customer feedback is integral to Calico Homes, and we have continued to evolve our Customer Voice framework providing a number of different mechanisms for customers to be involved in service and policy redesign. Customers were heavily involved in the development and implementation of our new customer portal and app "Calico Connect" which was launched on the 2nd January 2025. The app offers customers the opportunity to book a repair appointment at first point of contact in addition to paying their rent and checking information about their tenancy.

Calico Homes is committed to supporting customers to sustain their tenancies and to support this have completed a review of the Allocations Policy. This has enabled us to establish a successful "Pathways to Housing" scheme which supports customers moving out of temporary accommodation into their new home without having to navigate the "B With Us" choice-based lettings system. Calico Homes continues to build on the success of the rent personalisation fund which is targeted at supporting customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, to improve customers lives and support sustainment of their tenancies.

Calico Homes has focussed on delivery of their Equality, Diversity and Inclusion Strategy with targeted campaigns to increase the amount and quality of EDI and vulnerability data of our customers. Utilising this data enables Calico Homes to tailor services appropriately and to ensure there are not any excluded groups of customers or barriers in their way to communicate with and/or access services.

Calico Homes continues to be a key partner in the Burnley Together partnership. This is a strategic partnership of local charities and businesses, collaborating to deliver more in Burnley for communities and our customers, with a clear focus on addressing health and wellbeing and poverty.

Calico Homes has continued in delivery of its ambitious development programme and in 2024/25 successfully delivered 54 new homes.

Work has continued on the delivery of the largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley which was completed in April 2025. The ambitious development is a first for Burnley, aiming to provide specialist housing with care in a neighbourhood setting where health, support services and community activities can come together to improve people's quality of life and reduce social isolation. There are not any dedicated schemes of this kind in Burnley and the provision of this service is much needed within the town. As part of the Calico Group a new division, Syncora Care, has been established to support the delivery of the care service provision at Dovestone Gardens.

In line with the strategic objective to have happy, positive, and connected teams who believe in Calico Homes purpose and values, Calico Homes recognises the importance of its colleagues and has continued to support colleagues with a range of learning and development opportunities. In response to the new Tenant Satisfaction Measures outcomes a new Impact Learning and Development programme was delivered which focused on how colleagues could improve the customer experience by doing the right thing.

Calico Homes continues to develop colleagues digital and project skills to support the transformation agenda and has adopted a robust approach to workforce planning. This has contributed to us being able to maximise on recruitment and retention, offering career progression opportunities to colleagues across the business.

The Homes Senior Leadership Team has continued to develop and evolve with a focus on delivery of the objectives, Consumer Standards and maintaining a firm focus on budget and risk management. In year to strengthen the Senior team there have been new roles introduced – a Director of Maintenance & Compliance, a Director of Asset Management and a Head of Business Performance & Assurance. These roles have ensured that focus is given in those areas which matter most to customers and in strengthening our approach to risk, performance management and effective governance.

Strategic Report of the Board (continued)

Future Plans for 2025/26

Work is ongoing to complete a full refresh of the Homes Corporate Plan in readiness for its launch in April 2026. All activities across Calico Homes align with the strategic objectives to ensure that the focus is on core business activity and that Calico Homes colleagues and services are making a real difference to people's lives.

Priorities for 2025/26 include:

- Delivery of the Regulatory action plan to demonstrate we are effectively governed and delivering high quality services to customers.
- Further development of Calico Connect, increasing the services offered to customers via the app and the portal.
- Delivery of the refreshed Customer Voice framework, to include the introduction of a new Customer Committee recruited from customers and existing Board members and focusing on delivery of the Consumer Standards.
- Continued focus on financial efficiency enabling savings which can be used to reinvest into front line services.
- Renewing the Domestic Abuse Housing Alliance (DAHA) accreditation. This is a scheme open to housing associations, Local Authority housing teams, and homelessness providers across the UK to help them improve their response to domestic abuse.
- Ensuring Calico Homes has robust and accurate data to enable sound decision-making. This will be supported by the implementation of technological improvements to business intelligence reporting enabling managers access to real time data.
- Continue the collection and monitoring of the new set of regulatory Tenant Satisfaction Measures (TSMs). These indicators form part of the overall KPI suite and will be reported to both Homes Leadership Team and Board. An external consultant has been appointed to carry out proportionate surveying in 2025.
- Reviewing the approach to the management of and setting of service charges to ensure customers are paying the correct amount towards the delivery of their services, ensuring transparency on the charges and service offer, and ensuring recovery of costs to maximise income potential.
- Continued delivery of our Transformation Programme focusing on our systems and enabling us to make the best use of or improve their functionality.
- Continued focus and strengthening of all compliance activity, ensuring that Board receive adequate levels of assurance in this critical area.

Risks and Challenges

Calico Homes is the largest social landlord within Burnley and recognises the important role as a social landlord delivering quality homes and services and investing in the local community with circa 90% of homes within Burnley.

In the context at a local level, property values and rent levels are the lowest in the country, coupled with the level of need being higher than in most places (11th most deprived borough). Burnley has lower household income levels and a higher level of unemployment when comparing to the National, North-West and Lancashire averages.

Calico Homes continues to operate in a volatile, complex environment, which presents a number of risk and challenges. Calico Homes Board has overarching responsibility for ensuring risks are managed in the organisation and must seek assurance that this is happening effectively. As part of the Calico Group approach to risk management, Calico Homes has a risk map in place including mitigations which is reviewed by Board quarterly. The Board have participated in an externally facilitated workshop to review their risks, the sector risk profile and stress testing. This has informed a full review of the risk map in 2024/25.

Recruitment and retention continue to be an area of key focus for the Group with the current employment market position presenting an additional challenge in some areas. Calico Homes has introduced bespoke recruitment campaigns with the aim of supporting recruitment into service areas which have experienced increased recruitment challenges e.g., Repairs, Asset Management and Compliance. Calico Homes continues to partner with colleague engagement specialists, HIVE to measure colleague engagement and wellbeing on a regular basis. Information is used to develop a bespoke People Plan for Homes to address areas of dissatisfaction and to improve the morale and well-being of colleagues.

Colleague retention and reduced availability of skills and labour may undermine delivery of essential activities as the pressure to recruit and retain a talented workforce continues to increase. Within the public sector, the benefits package and security of job roles has become critical as it struggles to compete with salary levels in the private sector. In addition to this, housing sector salaries have been increasing above average levels in a number of key areas. An increased reliance on robust IT solutions, systems and data management is also a challenge, as colleagues strive to deliver the improved digital services customers are demanding. In addition to this the expected professionalisation with the changes to the Regulatory Standards that will be introduced for managers within the sector could further impact on colleague retention and the attraction of new people into the housing sector

Strategic Report of the Board (continued)

Cybersecurity is emerging as a more significant risk to housing associations due to our handling of sensitive tenant data, including personal, financial, and health information. We recognise that we are potentially a target for cybercriminals, particularly for ransomware attacks, which would disrupt essential services like rent collection and maintenance reporting. An internal audit of this area was carried out in 2024/25 and we are continuing to work to deliver the recommendations made and minimise the risk to the business.

Health & Safety compliance and the condition of our homes remain key areas of focus for Calico Homes, given the increasing business and customer risk associated with both topics. The Regulator of Social Housing is continuing its focus on customer and building safety with the introduction of a new Decent Homes criteria expected in 2025 and the expected introduction of "Awaabs Law" in Autumn 2025. This means Calico Homes will need to make informed financial decisions around investment in an unstable financial environment. Potential changes to Government policy and funding relating to Registered Providers could affect our ability to grow and meet strategic aims. This may also increase costs of income collection as the managed migration to Universal Credit continues.

Calico Homes continues to see a high demand on its damp, mould and condensation team. The additional number of inspections carried out to meet this increase in demand, coupled with the focus on undertaking cyclical stock condition surveys has led to an increase in the volume of responsive repairs seen in previous years.

Calico Homes Strategic Objectives – Performance and Value for Money (VfM)

Calico Homes has assessed performance of delivery of the strategic objectives, aligning to delivery of VfM.

Objective one: To provide safe and well-maintained homes through investment in existing and new properties.

STRATEGIC OBJECTIVE 1	2023/24 Target	2023/24 Actual	Achieved target	Target 2024/25	2024/25 Actual
Number of Development units completed	63	56		94	54
% of non-emergency responsive repairs completed in time	96%	83.6%		85%	82.2%
% of emergency responsive repairs completed in time	96%	99.2%		99%	99.2%
% Properties with a valid electrical certificate (10 years)	100%	100%		100%	99.96%
% Properties with valid electrical certificate (5 years)	100%	92.0%		100%	82.24%
% Properties with valid gas certificate	100%	100%		100%	100%
% Fire Risk Assessments Valid	100%	100%		100%	99.89%
% Homes not meeting the DHS (TSM)	0.0%	0.5%		0%	0.3%

During the 2024/25 financial year, Calico Homes continued to implement its Development Strategy, successfully delivering 54 new homes. This includes the completion of the Kinross Street development and several properties under the Empty Homes Programme. Construction progressed on our largest project to date, Dovestone Gardens, a 93-unit extra care facility in Burnley. This scheme was due for completion in 24/25, however reached practical completion in April 25 and has since welcomed its first residents.

Calico Homes maintained high levels of statutory compliance across key safety areas, including gas, electrical systems, asbestos, legionella, and lift operations. Significant progress has been made in addressing fire risk assessment actions, with all high-risk items now allocated and scheduled for resolution.

Throughout 2024/25, the Board received regular updates on damp, mould and condensation (DMC) issues. Continued progress has been made in mitigating these concerns across Calico's housing stock. A comprehensive review of internal processes led to the use of the ActiveH system to track DMC cases, which has improved data accuracy, reduced duplication, and streamlined case management.

In January 2025, a Director of Maintenance and Compliance was appointed to the Asset Management team, bringing additional leadership capacity and specialist expertise in property compliance.

Strategic Report of the Board (continued)

We retain high levels of compliance with the Decent Homes Standard, with 99.7% of properties meeting the required standard. Currently, 0.3% of properties are non-compliant, due to disrepair, maintenance and condition, and one a Housing Health and Safety Rating (HHSRS) Class B failure.

The Calico Connect App, piloted in November 2024 and officially launched in January 2025, now offers customers digital access to key services such as repair bookings, messaging, and rent payments. To enhance accessibility, the first six language packs, reflecting the most common native languages among our customers, have been integrated. Phase two of the app's rollout is scheduled for early 2025/26.

Objective 2 – Tenancy Sustainment - To support customers to sustain tenancies (includes community development)

STRATEGIC OBJECTIVE 2	Target 2023/24	Actual 2023/24	Achieved target	Target 2024/25	Actual 2024/25
% of General Needs and Housing for Older People terminations, sustaining tenancy for at least 12 months (LTM)	91%	89.8%		92%	93.07%
% of customers satisfied with the ASB service	60%	87.5%		60%	67.2%
Number of ASB cases received per 1000 properties (TSM)	n/a	45.6	n/a	No target	27.4
Number of hate related crime ASB cases received per 1000 properties (TSM)	n/a	0.6	n/a	No target	2

The Calico Homes Personalisation Fund has continued to play a vital role in supporting customers facing financial hardship. Throughout the year, the fund has been used to assist with essential needs such as fuel costs, the rising cost of living, carpets, and white goods. This targeted support has helped alleviate financial pressures and improve living conditions for many customers.

The Tenancy Sustainment Team, alongside colleagues across Neighbourhood Services, has delivered tailored support to customers based on individual circumstances. This personalised approach has contributed significantly to tenancy sustainment and customer wellbeing. As a result, Calico Homes exceeded its tenancy sustainment performance target, achieving a rate of 93.07% against a target of 92%.

The Community Safety Team has continued to embed a trauma-informed approach in addressing anti-social behaviour (ASB), achieving several positive outcomes over the year. This approach balances supportive interventions with appropriate enforcement measures and is underpinned by strong partnership working with local authorities, police, and other relevant agencies.

Although customer satisfaction with the ASB service was recorded at 37.5%, below the 60% target, this figure was derived from a very small number of end-of-service surveys and may not fully reflect overall service performance. Conversely, 67.2% of customers completing the Tenant Satisfaction Measure (TP12) were happy with Calico's approach to handling antisocial behaviour.

A focus group with Customer Experience Network members was held to update the ASB process and explore how the Calico Connect App might support this. Insights from this focus group were included in the scope for ASB reporting in the Calico Connect app, which forms part of phase 2 and includes a new method of surveying.

Calico Homes remains committed to maintaining its accreditation with the Domestic Abuse Housing Alliance (DAHA), with preparations for re-accreditation in 2025/26 well underway. The organisation continues to benefit from its close collaboration with SafeNet, a Calico Group company, which enhances the support available to customers experiencing domestic abuse. As part of continuous improvement efforts linked to the DAHA framework, responsibility for supporting customers affected by domestic abuse has been transitioned to the Tenancy Sustainment Team. This move aligns with sector best practice and ensures a more integrated support offer.

The implementation of the Calico Group Pathway to Housing model and revised lettings processes (moving away from 100% council nominations) has proven highly effective. This approach has enabled more responsive and flexible management of housing stock, particularly for customers who are under-occupying or overcrowded, require relocation for medical reasons, or are moving from supported housing services (including homelessness and domestic abuse accommodation) provided by Calico Group companies.

Strategic Report of the Board (continued)

Pathway to Housing is a collaborative initiative launched by Calico Homes, Gateway (Homelessness service), and Safenet in response to the high demand for housing. Calico Homes identified the difficulty individuals in our support services faced in transitioning to long-term accommodation. By joining forces, this not only enables people to move into their own homes at the right time, but also offers continued assistance to help them sustain their tenancies. This partnership ensures that customers are supported not just in securing housing, but in thriving in their home and living their best life.

Objective three: Improving Services - To provide good quality and personalised repairs, customer and neighbourhood services

STRATEGIC OBJECTIVE 3	Target 2023/24	Actual 2023/24	Achieved Target	Target 2024/25	Actual 2024/25
No of Stage 1 complaints received per 1000 properties (TSM)	n/a	24.1	n/a	No target	45.7
No of Stage 2 complaints received per 1000 properties	n/a	2.6	n/a	No target	3.9
% stage 1 complaints responded to within timescales (TSM)	90%	74.6%		90%	63.6%
% stage 2 complaints responded to within timescales (TSM)	90%	92.9%		90%	57.1%

Complaints handling remained a key area of focus for Calico Homes throughout 2024/25. While overall satisfaction levels were below target, there was improving performance in the final quarter of the year. The approach to managing customer feedback is aligned with the Customer Strategy, placing emphasis on fairness, equity, and transparency. It also reflects the standards set by the Regulator of Social Housing and the Housing Ombudsman.

Complaints have served as a valuable source of insight into customer experiences, particularly highlighting concerns around communication and dissatisfaction with certain policies. In response, Calico Homes has made improvements to complaint response times and internal processes, with a renewed focus on clear communication and understanding customer needs.

Calico Homes recognises the Housing Ombudsman's role in promoting a culture of learning through complaints. Insights from complaints are regularly analysed to identify recurring themes and better understand customer expectations. Importantly, Calico Homes ensures that customers are informed about how their feedback has led to tangible changes, reinforcing trust and accountability. The introduction of an Excellence Framework is ongoing which will be used a tool to monitor and feedback on the customer voice.

To support this, there has been a centralised document hub introduced, providing colleagues with easy access to policies, procedures, and user guides. This initiative was developed in response to complaints about poor customer experience, often linked to delays or unclear processes.

A recurring theme in 2024/25 was dissatisfaction with policies and procedures, particularly around fencing requests and redecoration following repairs. These complaints prompted a review of how the Reasonable Adjustments Policy is applied. As a result, new procedural guidance is being developed to support staff in delivering more consistent and equitable outcomes.

In Q4, the Customer Scrutiny Group (CSG) conducted a review of Q3 performance, complaint themes, and feedback from the complaint's satisfaction survey. The group also independently assessed Calico Homes' compliance with the Housing Ombudsman's Code and reviewed the annual complaints and learning report. Following their recommendations, approval was granted for a dedicated resource to ensure complaints are handled within required timescales and in line with policy expectations.

In line with the organisation's EDI Action Plan, efforts are ongoing to ensure that feedback is gathered from a diverse and representative cross-section of customers. This is essential to ensure that service improvements are inclusive and reflect the needs of all communities served by Calico Homes.

Strategic Report of the Board (continued)

Objective 4 – Customer Relationship - To develop trusting relationships and to empower customers/communities to take the lead on things that matter most.

STRATEGIC OBJECTIVE 4	Target 2023/24	Actual 2023/24	Achieved target*	Target 2024/25	Actual 2024/25
TP01 - Proportion of respondents who report that they are satisfied with the overall service from their landlord.	n/a	72.2%		75%	74.4%
TP02 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the overall repairs service.	n/a	74.5%		77%	76.0%
TP03 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the time taken to complete their most recent repair.	n/a	68.4%		70%	70.0%
TP04 - Proportion of respondents who report that they are satisfied that their home is well maintained.	n/a	64.9%		66%	72.0%
TP05 - Proportion of respondents who report that they are satisfied that their home is safe	n/a	72.1%		74%	78.8%
TP06 - Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	n/a	56.8%		58%	63.8%
TP07 - Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	n/a	64.8%		70%	72.1%
TP08 - Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	n/a	72.4%		75%	80.2%
TP09 - Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	n/a	37.9%		40%	37.9%
TP10 - Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	n/a	60.5%		62%	76.5%
TP11 - Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighbourhood.	n/a	56.1%		58%	67.3%
TP12 - Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	n/a	57.0%		59%	67.2%

In accordance with regulatory requirements, all registered providers managing over 1,000 homes were required to submit their Tenant Satisfaction Measures (TSMs) for 2023/24 to the Regulator of Social Housing (RSH) by the end of June 2024. Calico Homes commissioned an independent, external organisation to conduct the survey and ensure impartiality and accuracy in data collection.

Calico Homes performed strongly across the TSM framework, meeting or exceeding targets in 9 out of the 12 measured indicators. Notable improvements were recorded in areas such as fairness, respect, and property maintenance. While complaints handling showed a slight decline overall, data from Quarter 4 indicates that recent service improvements are beginning to positively impact customer satisfaction in this area.

Strategic Report of the Board (continued)

Benchmarking against a wider group of providers demonstrates that Calico Homes performed above the group median across all measures. Two indicators—maintenance of communal areas and approach to anti-social behaviour—ranked in the top quartile, while the remaining ten indicators, including overall satisfaction, were positioned in the second quartile.

However, when comparing performance specifically against other housing associations, particularly smaller providers, Calico Homes ranked in the second or third quartile for all but one indicator. This variance is understood in the context of operating in a region with high levels of deprivation, which presents unique challenges. Nevertheless, priority areas for improvement have been identified and are being actively addressed.

A key area of focus moving forward will be customer satisfaction with the maintenance of homes, as this remains a primary driver of overall satisfaction. Insights from recent stock condition surveys will guide investment decisions, with particular attention to customer priorities such as doors, windows, and roofing.

Customer Voice remains a priority for Calico Homes. A Customer Voice Framework has recently been approved emphasising the importance of customer involvement and feedback. Our approach aligns with the principles of the Customer Strategy, focusing on power balance, equality, and equity.

Objective 5 – Business - To strengthen the business so it is a strong, well governed, environmentally friendly and provides VfM for customers.

STRATEGIC OBJECTIVE 5	Target 2023/24	Actual 2023/24	Achieved	Target 2024/25	Actual 2024/25
% overall Rent Collected	99.25%	99.50%		99.25%	100.15%
% Void loss	1.3%	1.16%		1.3%	1.28%
% Interest Cover	120%	120%		120%	122.94%
% Operating Margin	25%	26.4%		28.3%	27.17%

Rent collection exceeded targets, achieving 100.15% against a 99 % target, with benchmarking highlighting that our tenant arrears are significantly below our peers.

Void rent loss of 1.28% achieving the 1.3% target. We are continuing to embed changes in the void process to further improve performance.

Calico Homes has focussed on reducing the backlog of out of time works and improving its response to DMC and this has impacted the financial performance in 24/25, alongside the uncertain economic environment which there are some key impacts in the wider housing sector.

The EBITDA-MRI interest cover trigger is set at 120%. As at March 2025 the actual interest cover is 123% (funders target 110%). The funders target includes an “EPC C carve out” of costs incurred with increasing energy efficiency.

Objective 6 – People - To create a place where people want to work now and, in the future

STRATEGIC OBJECTIVE 6	Target 2023/24	Actual 2023/24	Achieved	Target 2024/25	Actual 2024/25
% Sickness Absence (excl Group Business Services)	3.5%	3.39%		3.5%	3.80%
Colleague Employee Net Promoter Score (eNPS)	n/a	-10	n/a	n/a	-28

Strategic Report of the Board (continued)

The Calico Homes People Plan has been revisited during 2024/25 and is currently with teams to finalise. Some highlights from the plan include:

- Building and developing teams in a structured way to enable people to deliver services to customers in line with our Customer Strategy.
- Delivery of the EDI Strategy.
- A focus on a cultural reset for performance management with clear goals, linked to corporate strategy, objectives, and outcomes.
- Building a culture of recognition which highlights the importance of recognising and appreciating contributions.
- Gap analysis against the required knowledge, skills & behaviours to be carried out as part of wider Workforce Planning to identify future skills, needs and qualifications training.
- Continuous review of structures to ensure agility and adaptable to external changes.

Further changes have been implemented in the senior leadership team in Homes including the introduction of a Director of Maintenance and Compliance, Director of Assets and a Head of Business Performance and Assurance. These roles give more focus on governance, risk management, compliance, policy implementation, and performance management.

There has been success with several colleagues completing Level 4 and 5 housing management qualifications and new colleagues starting these qualifications.

The increase in sickness absence (ex GBS) from 2023/24 was largely driven by cases in the first half of 2024/25 when there were long term work-related stress cases, additionally some acute medical condition cases in the first half of the year. Absence remains above typical levels at Homes but has improved more recently.

2025/26 VfM Future Plans

In line with the VfM Strategy, the 2023/24 Tenant Satisfaction Measures (TSM) are a key driver of Calico Homes VfM plans. Customers feedback is integral to the delivery of VfM and the quality of homes and our services are key business priorities.

In 2024/25 the priorities set by the Board support the improvement of our services with asset management and repairs remaining key priorities.

Key actions:

- Delivery of Asset Management improvement plan which includes completion of the stock condition programme by June 25 with a focus on property stock condition data and customers TSM feedback to reflect the future investment requirements
- Repairs and Maintenance - Repairs Improvement Plan – review our delivery model to improve the response and quality of our end-to-end service with a right first-time approach. This includes an improved flexible approach to repairs appointments, supported by a new digital offer
- Damp, Mould and Condensation – optimising our processes to improve our response and communications with our customers in readiness for Awaab's Law which comes into force in October 2025
- Compliance - Ensure our customers feel safe in their homes, ensuring our data is robust and we continue to deliver Health and Safety Compliance
- New Homes – commencement of Barclay Hills site in 25/26 delivering 32 new homes
- Customer Influence – embedding of a new Customer Voice Framework including inception of a Customer Experience Committee and Implementation of a new Customer Excellence Framework
- Data Insight – use of performance data to support improving business performance and customer satisfaction.
- Group Structure review – underway in the Group due to conclude in Autumn 25
- External VFM review of Ring Stones – internal review undertaken in June 25, external review of VFM planned for Q3
- 25/26 Governance review – following the external Governance review, implementation of review actions and review of Governance framework and intra-group agreement

Strategic Report of the Board (continued)

Value for Money (VfM) Metrics

The Calico Group is committed to ensuring delivery of VfM services, supporting the strategic objectives, and providing excellent services for customers and colleagues.

Calico Homes Board reviews its strategic objectives annually and recognises the delivery of VfM is integral to achieving these objectives.

The strategic report includes the 2025/26 strategic objectives and the measurable outcomes that demonstrate VfM. The Regulator's VfM metrics are reviewed by the Board on a regular basis including the annual budget setting, the 30-year financial plan and ongoing updates. An annual VfM self-assessment is taken to Calico Homes Board for consideration and from this a number of actions will be identified alongside measures which will enable us to track progress and delivery of VfM activity.

Calico Homes has compared their performance against the Regulator's VfM metrics, inclusive of prior year and current year's performance and future targets. The table below provides the comparison with the 2023/24 Regulator's Global Accounts for all housing providers and also Calico Homes chosen peer group which comprises of 10 Registered Providers inclusive of Calico Homes (Housing Providers in the Northwest with up to 6,000 homes).

The comparators organisations included are:

Registered Provider (23/24 data)	Total Stock Owned	% Supported Housing & Housing for Older People	Provider Type
Calico Homes Ltd	5,337	23.0%	Traditional
South Lakes Housing	3,383	12.0%	Traditional
Muir Group Housing Association Ltd	5,703	10.0%	Traditional
Warrington Housing Association Ltd	1,299	18.0%	Traditional
Prima Housing Group Ltd	2,677	10.0%	Traditional
Cheshire Peaks and Plains Housing Trust	5,243	20.0%	Traditional
South Liverpool Homes Ltd	3,822	3.0%	Traditional
Cobalt Housing Ltd	5,755	0%	Traditional
Arawak Walton Housing Association Ltd	1,112	13.0%	Traditional
Eden Housing Association Ltd	1,824	8.0%	Traditional

VfM Metrics		23/24 Actual	2024/25 Actual	Global Account 23/24 All providers (rank of 193)	Global Account 23/24 Peer Group (rank of 10)	25/26 Target
1	Reinvestment	10.00%	9.1%	Median (63)	Median (3)	5.0%
2A	New Supply Delivered (Social Housing units)	1.00%	1.00%	Median (119)	Upper (3)	1.80%
2B	New Supply Delivered (Non-Social Housing)	0.00%	0.00%	Median (64)	Median (3)	0.00%
3	Gearing	76.1%	76.0%	Upper (1)	Upper (1)	76.10%
4	EBITDA MRI Interest Cover	109.0%	109.5%	Median (114)	Lower (7)	108.1%
5A	Headline social housing cost per unit	£3,823	£3,995	Lower (187)	Lower (10)	£4,402
6A	Operating Margin (Social Housing Letting only)	27.6%	28.8%	Upper (35)	Upper (3)	28.6%
6B	Operating Margin	24.2%	25.3%	Upper (40)	Upper (4)	27.0%
7	Return on capital employed	4.30%	4.5%	Upper (19)	Upper (3)	4.60%

Strategic Report of the Board (continued)

Metric 1 - % Reinvestment - the reinvestment metric looks at the investment in properties (existing stock and new supply) as a percentage of the value of total properties held.

- 2024/25 is the last year of Calico Homes' 5 year development programme. In 2024/25 Calico Homes have delivered 54 new homes with a further 93 delivered at the start of 2025/26 on the completion of Calico Homes' first Extra Care provision.
- Calico is in the median quartile compared to peers. The targeted reduction in this metric demonstrates a decision to focus on investing in existing stock in the short term. Calico Homes has invested over £4.0m in capital expenditure (total investment of £5.5m) improving customer homes and increasing energy efficiency.
- In 2025/26 Calico Homes is responding to customer priorities and includes a provision for any potential works required as a result of stock condition surveys. Calico Homes continues to invest additional resources for specific energy efficiency works targeted at moving all Calico Homes to EPC C and above levels by 2030.

Metric 2A & 2B – New Supply Delivered – The New Supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a % of existing stock.

- New supply delivery is aligned with the Reinvestment % and as Calico Homes has reached the end of a 5 year development programme this metric has fallen into the median quartile at a national level whilst remaining in the upper quartile at a peer group level. The level of re-investment has increased slightly in 2024/25 with 56 new homes built compared to 41 in 2023/24. This will increase in 2025/26 with the completion of 93 units in Calico Homes's new Extra Care provision.
- For non-social housing although showing as median, the median is 0% with the upper quartile for the national group at 0.06% and 0.01% for the peer group.

Metric 3 – Gearing - The gearing metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

- Calico Homes has a significantly higher gearing level and remains at upper quartile levels consistent with previous years.
- The gearing level is driven by the initial stock transfer purchase and the significant development programme and re-investment in our existing homes which is demonstrated by the VfM Reinvestment metric.
- Calico Homes treasury strategy is to ensure maximisation of the existing assets which support our development programme. From 2021/22, Calico Homes has delivered 346 homes to date, with a further 235 planned by 2030 (of which 93 have already been delivered in 2026). Funds are secured with lenders on a loan to value basis.

Metric 4 – Interest Cover EBITDA MRI – The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

- In recent years there have been additional financial challenges arising due to reducing income (rent cap in 2023/24), costs increasing above inflation (particularly property related) and rising interest rates. Demand for services has increased resulting in higher operating revenue costs alongside increased investment in assets and increased costs relating to property insurance.
- There has also been pressure on services impacting operational costs with the increased focus on damp and mould and also pressures on our labour and material supply chain in our repairs service.
- It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets. Calico Homes also has also agreed an EPC C carve out from 2023/24 to 2025/26 with its funders. From April 2026 the covenant target will move to EBITDA only.
- We recognise that aligned to this as demonstrated in VfM Metric 6, our operating surplus performance is at upper quartile levels. An increased surplus is needed to fund the interest payable mainly used to support our investment in new homes.

Strategic Report of the Board (continued)

Metric 5 – Headline Social Housing Cost per unit – The Headline social housing cost per unit metric assesses the headline social housing cost per unit as defined by the Regulator.

- The Headline Social Housing is lower quartile when comparing to all housing providers for 2023/24, meaning costs are lower than both the national and peer comparisons. The national median level is £5,136 and our peer comparison at a median level is £4,923.
- Key areas driving increased costs across the sector are continued investment in building safety and energy efficiency works. Calico Homes does not have any high-rise buildings and has not had any significant associated costs with building safety. Although work has commenced with delivery of the EPC C works programme, there have only been relatively low levels of work delivered in 2024/25, therefore it is difficult to directly compare for benchmarking.
- In the last three years due to the increased focus on damp and mould, together with the impact of completion of stock condition surveys, there has been increases in repair works.
- The 2024/25 Investment programme also continues to ensure Calico Homes is meeting its regulatory and strategic objectives, continuing to provide safe and decent homes for customers.

Metric 6 – Operating Margin – The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are considered.

- The operating margin has increased in 2024/25 from 27.6% to 28.80%. This is at upper quartile levels for both the national and peer comparison.
- In 2024/25 there has been an increase in turnover, mainly as a result of the rent increase and the additional new homes completed in 2023/24 and 2024/25. Whilst we have seen the impact of higher costs driven by inflation and higher interest rates, overall the operating surplus has not been impacted. The impact of the FRS102 pension adjustment has also increased the operating margin.
- The 2025/26 operating margin is expected to remain at upper quartile levels. It should be noted that the business plan does not include FRS 102 pension adjustments which can have an impact on operating margins.

Metric 7 – Return on Capital Employed - ROCE measures the efficiency of investment of capital resources.

- Calico Homes remains at upper quartile at 4.5% based 2024/25 and 2025/26 is expected to perform at a similar level. This indicates positive use of its capital resources.

Directors Remuneration and Management Costs

Calico Homes is required as part of the Transparency, Influence and Accountability Standard) to report on Directors' remuneration and management costs

Measure	2025	2024
Chief Executive remuneration per property	£29.45	£26.96
Directors remuneration per property	£123.43	£115.45
Management costs per property	£1,379	£1,370

Principal Risks and uncertainties

Calico Homes has a Risk Management Framework which is aligned to business activities and supports the achievement of corporate objectives. This framework was refreshed in May 2024 with a new Risk Appetite Statement approved in September 2024. The Board has overall responsibility for risk management at Calico Homes. Risks are considered at all levels across the business and all decisions taken by the Board or Committees consider relevant risks.

Strategic Report of the Board (continued)

The Risk Management Framework is in place to identify, evaluate and manage the significant risk. As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also reviews the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. This has resulted in a revised risk register with 12 risks. The strategic risks identified are:

- Political, Environment and Macro-Economy
- Asset Management
- Legal and Regulation
- Governance and Strategy
- Customer Service – Satisfaction, Expectation and Experience
- Quality and Integrity of Data
- Recruitment and Retention
- Cybersecurity
- Sustainability and Uneconomic Assets
- Lending Agreement and Covenants
- Group Structure
- Health & Safety

Streamlined Energy and Carbon Reporting (SECR)

As a socially responsible group of businesses, Calico Homes has a responsibility to take an active stance on the environment and show leadership across the Group creating an environmentally friendly culture.

UK Greenhouse gas emissions and energy use data for the period 1st April 2024 to 31st March 2025

	2024/25	2023/24
Energy consumption used to calculate emissions (kWh) Figures now include business mileage	6,553,785	7,031,766
Scope 1 – emissions in metric tonnes CO₂e		
Owned transport – Calico Fleet	92	137
Gas consumption	806	841
Total Scope 1 – Purchased Gas/Diesel & Petrol	898	978
Scope 2 – emissions in metric tonnes CO₂e		
Purchased electricity	355	376
Scope 3 - emissions in metric tonnes CO₂e		
Business Mileage	47	46
Total gross emissions in metric tonnes CO₂e	1,300	1,400
Intensity Ratio in metric tonnes CO₂e per property	0.24	0.26
Intensity Ratio in metric tonnes kWh per property	1,210	1,308

Quantification and Reporting Methodology:

The Group has followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2024 UK Government's Conversion Factors for Company Reporting.

In line with Streamlined Energy and Carbon Reporting (SECR) guidance, for 2024/25, Calico has included 'Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) [mandatory]' in total energy consumption.

Including emissions from this category, will increase intensity ratios, but by updating 2023/24 figures using same methodology allows like-for-like comparisons.

Our internal carbon scopes have been broken down as:

Scope 1 (Direct emissions): Activities owned or controlled by the organisation that release emissions straight into the atmosphere. They are direct emissions. Examples of scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles, emissions from chemical production in owned or controlled process equipment.

Strategic Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Scope 2 (Energy indirect): Emissions being released into the atmosphere associated with our consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of our organisation's activities but which occur at sources we do not own or control.

Scope 3 (Other indirect): Emissions that are a consequence of our actions, which occur at sources which we do not own or control and which are not classed as scope 2 emissions. Examples of scope 3 emissions are business travel by means not owned or controlled by our organisation, property leased waste disposal or purchased materials.

Intensity measurement:

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per property owned/managed by the Group. We have measured this for both CO₂e per property and also kWh per property.

Although the main housing stock is held within Calico Homes approximately 5,400 units are not included within Scope 1 and 2. The provision of shared accommodation, community centres, communal areas, refuges and our care home is included.

Summary of Key Changes

- Total emissions decreased by 80.2 tonnes CO₂e, an 8.2% reduction, which is positive for both cost and environmental impact
- Gas and electricity usage both decreased, contributing to lower emissions
- Reduced fleet transport emissions (down 54.86 tonnes) although business travel increased by 4.26 tonnes, likely reflecting increased activity
- A major shift in gas emissions classification from communal areas to communal heating systems – due to more detailed statistics being used and the change in methodology
- kWh per property decreased from 1,308 to 1,210, across a slightly larger housing stock (5,377 vs 5,417 homes)
- CO₂e per property fell from 241.14 to 219.63 (a 9% reduction)

Conclusion:

Calico Homes achieved notable reductions in direct energy use and emissions but saw an increase in total gross emissions, likely due to greater travel and reporting expansion. However, emissions intensity per property improved, indicating enhanced efficiency. Continued focus on Scope 3 activities will be essential for future reductions.

Areas for focus

The Calico Group has launched its Group Environment Strategy, approved in 2024, which outlines a coordinated and measurable approach to reducing environmental impact across the organisation. Key priorities from this strategy are now being disseminated to each subsidiary company—Calico Homes, Ring Stones, and Syncora—to embed environmental responsibility into day-to-day operations and long-term planning.

Each company is tasked with developing and implementing practical actions that contribute to the Group's overall goals, with a focus on reducing carbon emissions, cutting waste, and lowering travel related impacts. These actions may include improvements to fleet efficiency, adoption of low-carbon technologies, increased use of digital collaboration tools, and greater emphasis on practices such as reuse and material recovery.

All outputs will be regularly recorded, monitored, and reported to the relevant boards, ensuring accountability and driving continuous improvement. By embedding environmental performance into governance structures, the Calico Group aims to support the wider sustainability goals of the sector and contribute to local and national net zero targets.

Since the launch of the Group Environment Strategy, Calico Homes have taken a fabric first approach to improving the energy efficiency of its stock and include:

- Installing new double-glazed windows
- Replacing wooden exterior doors with composite
- Refurbishing roofs
- Installing fuel efficient condensing combi boilers
- Maintaining and servicing PV systems,
- Loft and cavity wall insulation
- Installing retrofit measures such as external wall insulation

Strategic Report (continued)

Capital structure and treasury management

As at March 2025, Calico Homes had committed debt funding of £167.3m (2024: £168.3m).

Funder	Total Facility	Total Drawn as at 31/03/2025
Nationwide	£40.5m	£40.5m
NatWest	£99m	£95.3
MORhomes	£27.8m	£27.8m
Total	£167.3m	£163.6m

In 2024/25, Calico Homes borrowed an additional £10m (net of capital repayment of £1m) to bring its total borrowings to £163.6m (2024: £153.6 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes has loans with both NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 82.3% (2024: 90.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.87% to 7.64% (2023: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.96% (2024: 4.81%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

The financial performance in 2024/25 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £15.8m (2024: £13.5m). Cash balances (bank balances and short-term investments) were £2.3m (2024: £1.2m) at the year end.

SECTION 172 (1) STATEMENT

Section 172 Statement – Calico Homes

Section 172 of The Companies Act 2006 states that a Director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

Calico Homes Board is committed, both individually and collectively, to promoting the success of Calico and its subsidiaries through regular engagement with all stakeholders including colleagues, customers and the wider community. The Board recognises the importance of maintaining strong relationships with each of our key stakeholders and understanding their needs in order to deliver value and build a better, more resilient and sustainable business. When making decisions, the Board ensures that particular regard is given to the following matters set out in s 172(1) (a) – (f) of the Companies Act 2006:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Board endeavours to gain an understanding of the perceptions and attitudes of the stakeholders group and ensures that there is regular dialogue taking place with stakeholders. The Board recognise that effective and meaningful engagement will continue to promote Homes long-term sustainability and success and positive outcomes for customers. It is important for all levels of the business to engage with stakeholder groups to gain a better understanding of their interests and concerns and the impact our decisions have on them. Details of how the Board has fulfilled its duties under Section 172 and supported the objectives is set out below:

Strategy & Decision Making

In January 2023, the Calico Homes Board reviewed and refreshed the vision and strategic objectives when agreeing the Calico Homes Corporate Plan for 2023-2025 and these have been extended for a further year to March 2026. Work is ongoing to develop a refreshed Corporate Plan for the Group and each of its subsidiaries, which is planned for completion in November 2025.

In 24/25 in response to an external review of the Calico Group Structure, Calico Homes has undertaken a comprehensive Strategic Review which included priorities, business activities and identifying where these align with Group companies priorities and geographical areas. There is a planned Group Structure Review to be undertaken in 25/26.

Strategic Report (continued)

When making decisions, the Board considers:

- the likely long-term impact of the decision;
- the interests or concerns of, and impact on, our key stakeholders and in particular, the need to consider customer impact and to ensure good outcomes for our customers;
- the impact of our decisions and operations on the communities in which we operate and the environment; and
- the need to maintain a reputation for high standards of business conduct.

Colleague Engagement

Calico Homes has a People Strategy which sets out how we will create a place where people want to work now and, in the future. A place where the work is meaningful, the culture fair and inclusive, where people feel safe, cared for, and are supported to perform, learn and grow and stay well, and where the leaders are visible, honest and listen.

Separately there is an Equality, Diversity and Inclusion Strategy which aligns with the values and behaviours of Calico with EDI, ensuring the fair treatment and opportunity for all, aiming to advance equality of opportunity between groups of people of diverse backgrounds and with diverse needs.

People updates are provided to the Board on the People and EDI strategies along with progress on the key performance indicators.

During 2024 and into 2025, Calico Homes has continued to implement our People Strategy across eight key themes: leadership, talent and development, equality, diversity and inclusion (EDI), employee engagement, One Calico culture, wellbeing, quality and compliance, and the future of work. Calico has ensured each part of the Group has its own people plan, reviewed by respective Boards, supporting local delivery with strategic alignment.

There has been strong progress in enhancing leadership accountability, succession planning, and values-based development. Investment in digital skills, coaching, and apprenticeships reflects the commitment to nurturing talent and future-proofing the workforce. Engagement remained high, evidenced by HIVE survey scores and increased uptake of learning and development opportunities.

Our Recruitment and Selection Policy is underpinned by the principles of the Equality Act, ensuring that no candidate is discriminated against on the basis of protected characteristics. We are committed to equity, which includes having a diverse interview panel wherever possible. As a Disability Confident employer, we guarantee an interview to any disabled applicant who meets the essential criteria for the role.

Where an employee becomes disabled, we:

- Carry out appropriate risk assessments to identify any impact on their role.
- Explore and implement reasonable adjustments to enable them to continue working effectively, whether in the workplace or through remote/eLearning provision.
- Ensure that all digital learning resources meet WCAG 2.0 accessibility standards, supporting the use of assistive technologies such as screen readers, captioning, and accessible navigation.
- Offer alternative formats or tailored solutions where needed, including face-to-face adaptation

For training and career development, we:

- Provide fair and equal access to learning opportunities, with reasonable adjustments made to ensure inclusion.
- Apply the same principle to career progression and promotion, ensuring that the interview and selection process is inclusive, accessible, and equitable.
- Base appointment and promotion decisions on skills, experience, and capability, while ensuring that all candidates are assessed fairly.
- Encourage and support all employees, including those with disabilities, who wish to pursue further development or progression.

We are proud of our inclusive approach to leadership and culture, continuing to embed EDI into everyday practices and policies, and using data insights to improve outcomes for underrepresented groups. Our wellbeing agenda has expanded through dedicated events and stronger mental health support, while new benefits such as salary sacrifice pensions reflect our commitment to financial wellbeing.

Looking ahead, we remain focused on improving consistency in leadership capability, expanding digital confidence, enhancing employee engagement, and offering clear career pathways, ensuring our people feel valued, supported and empowered.

Strategic Report (continued)

Business Relationships

Regular engagement with customers has continued during the financial year as Calico Homes continues to consult with customers via the Tenant Satisfaction Measures. The Customer Complaints Scrutiny Group and Service Scrutiny Board together with feedback gathered from the Tenant Satisfaction Measures ensure that customers continue to influence our service provision. This will be enhanced in 25/26 by the introduction of a new Customer Experience Committee.

Calico Homes key regulator is the Regulator of Social Housing. In responding to the re-grading for Governance to G2 and new Consumer C2 grade, Calico Homes continues to adopt a proactive approach to managing regulatory risks and ensuring compliance with regulatory requirements.

Calico Homes works closely with a range of partners, particularly Burnley Council and Syncora care and support services, recognising where key partners are also delivering services in partnership or on behalf of Calico Homes.

Calico Homes recognises the importance of its suppliers in enabling delivery of its services and aims to treat suppliers fairly and develop strong working relationships. Calico Homes works with suppliers to ensure they have effective controls in place to protect customers health and safety and the security and privacy of their data.

The Board also publishes an annual Modern Slavery and Human Trafficking Statement detailing the work they carry out to address modern slavery and human trafficking.

The Board in its decision-making process takes into account the impacts of the decision on the social and financial return to the Group, its stakeholders and any longer term implications.

The Calico Group has a shared common social purpose "To make a real difference to people's lives". Calico Homes activities benefit the wider society and areas we work within and support and lead a wide range of initiatives to benefit customers and the wider communities they work across.

Community & Environment

Calico remains committed to ensure that housing and support services remain focused on those in the greatest housing need, supporting those who are homeless or fleeing their homes due to abuse. Calico Homes is a key Burnley Together partner delivering an range of services including Down Town in Burnley, which provides a community kitchen, low cost food support and school uniform to Burnley residents. Calico also provides a range of community creative events and in 2024/25 these have included a Creative and Recovery event and a mural artwork project in Burnley.

Included within Calico's Environment Strategy is a commitment to sustainability recognising its impact on the community. In the year we have had a range of volunteering days with colleagues and the communities focusing on green spaces, and promotional activities on key action days including World Bee Day and Water Saving week.

As a key social landlord, Calico Homes is committed to achieving zero carbon by 2050 and achieve a minimum of EPC C rating on its Calico Homes properties by 2030.

Further details of how the Calico companies support the community and environment can be found within each of subsidiaries Strategic Reports.

Culture and Values

The Calico Group's vision is "A community of people, working together with customers to close the equality gap and to show others how we create a fairer society". It is the passion, integrity and purpose of our People that make things happen". To support delivery of this vision there are four strategic objectives which include "To create a place where people want to work now and, in the future".

Calico's culture is defined through its values and behaviours which are shared. The key values are to commit to and care about:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation

These are supported with a behaviours and values framework that focusing on doing the right thing, learn and grow, work together, look after yourself and others, deliver outcomes and develop relationships. The shared purpose and values ensure that Calico connects together as "One Calico". The Board and Executive have taken active steps to ensure the business strategy, people strategy and customer focussed principles, values and behaviours are embraced across the group. Calico Homes also recognises the value of lived experience in delivering essential services to customers and actively promotes and supports colleagues in bringing their experience to the work they do. In 24/25 we introduced Customer Ambassador roles helping support customers and utilising their feedback to influence and shape delivery of Calico Homes services.

Calico Homes Corporate Plan is supported by an ambitious Group Customer Strategy, which is focused on transforming customer services across the Group, maximising the customer impact of our services.

This statement reflects the Group's approach to creating a more sustainable and equitable future while addressing the ongoing external challenges. Further details of how Calico Homes is managed can be found within the Report of the Board.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 16 September 2025 and signed on its behalf by:

A handwritten signature in purple ink that reads "Anthony Duerden".

Anthony Duerden
Company Secretary
Date: 16 September 2025
For the year ended 31 March 2025

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited for the year ended 31 March 2025 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cashflows 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 Financial Reporting Standard 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 charitable company's affairs as at 31 March 2025 and of the charitable company's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 charitable company 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 directors' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 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.

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in directors' 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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are 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 directors determine 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 directors are responsible for assessing the charitable company'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 directors either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England established as a charitable company. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

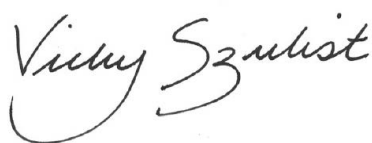
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within capitalisation of development costs and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and testing a sample of assets under the course of construction for existence and valuation.

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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 charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Vicky Szulist". The signature is written in a cursive, flowing style.

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

26th September 2025

Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	3	35,198	32,465
Operating expenditure	3	(26,287)	(24,600)
Gain on disposal of fixed assets	7	652	708
Operating surplus		9,563	8,573
Interest receivable and other income	8	180	190
Interest payable and financing costs	8	(8,331)	(7,789)
Surplus on ordinary activities before tax		1,412	974
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		1,412	974
Actuarial gain/(loss) in respect of pension schemes	10	116	(167)
Total comprehensive income for the year		1,528	807

Statement of Changes in Reserves

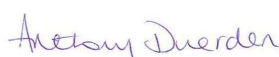
For the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Income and expenditure reserve			
Balance as at 1 April		4,833	4,026
Surplus from Statement of Comprehensive Income		1,528	807
Balance at 31 March		6,361	4,833

The financial statements on pages 30 to 56 were approved and authorised for issue by the Board on 15 September 2025 and signed on its behalf by:



David Gooda
Board Member



Anthony Duerden
Company Secretary

Statement of Financial Position

As at 31 March 2025

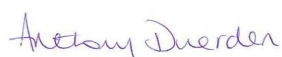
	Note	2025 £'000	2024 £'000
Fixed assets			
Tangible fixed assets	13	216,663	203,019
Intangible assets	14	182	134
Investments	15	479	479
		217,324	203,632
Current assets			
Stock	16	87	81
Debtors	17	2,122	2,704
Cash at bank and in hand		2,255	1,244
		4,464	4,029
Creditors: Amounts falling due within one year	18	(8,563)	(6,584)
Net current (liabilities)/assets		(4,099)	(2,555)
Total assets less current liabilities		213,225	201,077
Creditors: Amounts falling due after more than one year	19	206,561	195,703
Provision for liabilities			
Pension provision	10	304	541
		206,865	196,244
Income and expenditure reserve		6,361	4,833
		213,226	201,077

The notes on pages 33 to 56 form part of these financial statements.

The financial statements on pages 30 to 56 were approved and authorised for issue by the Board on 15 September 2025 and signed on its behalf by:



David Gooda
Board Member



Anthony Duerden
Company Secretary

Statement of Cash Flows

For the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	27	15,783	13,448
Cash flow from investing activities			
Interest received and other income	8	180	190
Purchasing of housing properties and improvements		(18,185)	(19,686)
Grants received		1,084	1,220
Purchase of other fixed assets	13	(122)	(184)
Purchase of intangible fixed assets	14	(124)	(29)
Proceeds of sales of housing properties	7	884	885
Net cash flow used in investing activities		(16,283)	(17,604)
Cash flow from financing activities			
Interest and financing costs paid		(8,489)	(7,666)
Loans received		11,000	11,000
Repayment of borrowings		(1,000)	-
Net cash flow from/(used in) financing activities		1,511	3,334
Net change in cash and cash equivalents		1,011	(822)
Cash and cash equivalents at beginning of the year		1,244	2,066
Cash and cash equivalents at end of the year		2,255	1,244

The notes on pages 33 to 56 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The private company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2025.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £1.5m (2024: £0.8m) and net assets of £6.4m (2024: £4.8), which includes £0.304m (2024: £0.541m) provision for the SHPS defined benefit scheme liability. At 31 March 2025 the Statement of Financial Position records a net current liabilities position of £3.68m (2024: £2.56m). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2024: £nil) capital loan repayment which is due to be repaid on 31 March 2026. The board confirm that the net current liabilities position at 31 March 2025 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 31. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Factors taken into consideration as part of assessing triggers include the economic viability and expected future financial performance of the assets. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.
- Following a trigger for impairment, the Group performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm's length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Intangible fixed assets**
Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 33%

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Turnover is stated exclusive of Value Added Tax ("VAT") and a summary can be found in note 3 to the financial statements.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date. The charitable status provides the company with corporation tax exemption for its primary purpose and ancillary income streams.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax income is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements are capitalised at the point of handover/completion.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is completed.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where Calico Homes holds the support contract with the Local Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives ("UELS"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years
Ventilation Works	10 years		

Low-cost home ownership properties

Low-cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- Freehold property 75 years
- Leasehold properties 75 years or the term of the lease (whichever is lower)
- Furniture, fixtures and fittings 10-33%
- Computers and office equipment 20-33%

Leased assets

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

- (a) Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.
- (b) Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the reporting date.

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable in less than one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2025	2025	2025	2024	2024	2024
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	30,947	(22,045)	8,902	28,424	(20,580)	7,844
Other social housing activities:						
Support services	629	(642)	(13)	595	(595)	-
Non-social housing [B]	3,622	(3,600)	22	3,446	(3,425)	21
	35,198	(26,287)	8,911	32,465	(24,600)	7,865

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2025 Total £'000	2024 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	21,303	7,920	29,223	26,959
Service charges receivable	969	361	1,330	1,093
Amortised government grants	287	107	394	372
Turnover from social housing lettings	22,559	8,388	30,947	28,424
Expenditure on social housing lettings				
Management	(5,436)	(2,022)	(7,458)	(7,361)
Service charge costs	(574)	(805)	(1,379)	(1,414)
Routine Maintenance	(3,099)	(1,152)	(4,251)	(3,801)
Planned Maintenance	(1,304)	(484)	(1,788)	(1,549)
Major repairs expenditure	(1,137)	(423)	(1,560)	(1,207)
Community Involvement	(352)	(131)	(483)	(508)
Bad debts	(185)	(69)	(254)	(101)
Depreciation of housing properties	(3,242)	(1,205)	(4,447)	(4,189)
Impairment of housing properties	-	-	-	-
Other costs	(310)	(115)	(425)	(450)
Operating costs on social housing lettings	(15,639)	(6,406)	(22,045)	(20,580)
Operating surplus on social housing lettings	6,920	1,982	8,902	7,844
Void loss	(287)	(107)	(394)	(339)

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

			2025	2024
	Turnover	Operating	Operating	Operating
	£'000	Costs	surplus/	surplus/
		£'000	(deficit)	(deficit)
			£'000	£'000
Market Lettings	94	(9)	85	43
Barley View Care Home	1,460	(1,472)	(12)	(61)
Charitable donation	204	-	204	170
Other*	1,864	(2,120)	(256)	(131)
	<u>3,622</u>	<u>(3,601)</u>	<u>21</u>	<u>21</u>

* Included in Other are recharges of office costs to group companies of £1,815k (2024:£1,655k) (note 28).

4. Accommodation owned, managed and in development

	At 31/03/2024	Additions	Disposals	Other	At 31/03/2025
UNITS OWNED					
Social Housing:					
General needs housing social rent	2,928	-	(13)	1	2,916
General needs housing affordable rent	964	54	(1)	(5)	1,012
Supported housing social rent	1,203	1	-	(1)	1,203
Supported housing affordable rent	240	1	(2)	5	244
Low-cost home ownership	2	-	-	-	2
	<u>5,337</u>	<u>56</u>	<u>(16)</u>	<u>-</u>	<u>5,377</u>
Non-Social Housing:					
Market rented	12	-	-	-	12
Registered Care Homes	28	-	-	-	28
	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
UNITS MANAGED					
Managed units* - General needs	19				-
UNDER DEVELOPMENT					
General needs housing affordable rent	48				2
Supported housing	93				93
	<u>141</u>				<u>95</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf which ceased during the year.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2025	2024
	No. of units	No. of units
Supported housing	225	227

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2025	2024
		£'000	£'000
(Surplus) on sale of fixed assets	7	652	(708)
Depreciation of housing properties	13	4,447	4,189
Depreciation of other tangible fixed assets	13	349	334
Amortisation of intangible fixed assets	14	76	109
Amortisation of government grants	3	(394)	(372)
Operating lease rentals – land and buildings		343	469
Operating lease rentals – other		329	303
Auditor's remuneration (excluding VAT):			
- for audit services		54	43
- taxation compliance services		11	4
- service charge certification		-	2
- Other services		-	6

7. Surplus on sale of fixed housing assets

	Right to Buy Sales	Others	Total 2025	Total 2024
	£'000	£'000	£'000	£'000
Disposal proceeds	884	-	884	885
Carrying value of fixed assets	(217)	(15)	(232)	(177)
Surplus/(deficit) on disposal	667	(15)	652	708

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2025 £'000	2024 £'000
Interest receivable and similar income		
Interest receivable and similar income	180	190
Interest payable and financing costs		
Loans and bank overdrafts	8,339	7,632
Adjustment for effective interest rate	219	142
Pensions – net interest on pension deficit	137	134
	8,695	7,908
Less: interest capitalised on housing properties under construction	(364)	(119)
	8,331	7,789

The interest rate of 4.81% (2024: 4.62%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2025 No.	2024 No.
Administration	82	82
Housing and community services	197	234
Total	279	316
Full time equivalents (36.25 hours/week)	275	286
	2025 £'000	2024 £'000
Employee costs:		
Wages and salaries (gross)	9,499	8,806
Social security costs	940	848
Redundancy		39
Other pension costs	472	424
Pension adjustment to Income and Expenditure Accounts	(145)	(138)
	10,766	9,979

Pension obligations

The Company participates in the Social Housing Pension Scheme ("SHPS") and operates a stakeholder pension scheme.

During the year, the SHPS DB administration cost was £4k (2024: £4k) in respect of the scheme expenses.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2025 No.	2024 No.
£60,000 to £70,000	10	4
£70,000 to £80,000	1	5
£80,000 to £90,000	2	1
£90,000 to £100,000	-	2
£100,000 to £110,000	3	5
£110,000 to £120,000	2	-
£120,000 to £130,000	1	-
£130,000 to £140,000	-	-
£140,000 to £150,000	-	1
£150,000 to £160,000	1	1
£160,000 to £170,000	1	-

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2023, and the last estimate 30 September 2024.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2025 (£000s)	31 March 2024 (£000s)
Fair value of plan assets	2,238	2,250
Present value of defined benefit obligation	2,542	2,791
Surplus (deficit) in plan	(304)	(541)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(304)	(541)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(304)	(541)

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2024 to 31 March 2025 (£000s)
Defined benefit obligation at start of period	2,791
Current service cost	-
Expenses	4
Interest expense	137
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	125
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(470)
Benefits paid and expenses	(45)
Defined benefit obligation at end of period	2,542

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2024 to 31 March 2025 (£000s)
Fair value of plan assets at start of period	2,250
Interest income	113
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(229)
Contributions by the employer	149
Contributions by plan participants	-
Benefits paid and expenses	(45)
Fair value of plan assets at end of period	2,238

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was £116k (2024: £145k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)	From 31 March 2024 to 31 March 2025 (£000s)
Current service cost	-
Expenses	4
Net interest expense	24
Defined benefit costs recognised in statement of comprehensive income (SoCl)	28

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2024 to 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(229)
Experience gains and losses arising on the plan liabilities - gain (loss)	(125)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	470
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	116
Total amount recognised in other comprehensive income - gain (loss)	116

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2025 (£000s)	31 March 2024 (£000s)
Global Equity	251	224
Absolute Return	-	88
Distressed Opportunities	-	79
Credit Relative Value	-	74
Alternative Risk Premia	-	71
Liquid Alternatives	415	-
Emerging Markets Debt	-	29
Risk Sharing	-	132
Insurance-Linked Securities	7	12
Property	112	90
Infrastructure	-	227
Private Debt/Equity	2	91
Real Assets	268	-
Opportunistic Illiquid Credit	-	88
Private Credit	274	-
Credit	86	-
Investment Grade Credit	69	-
Cash	30	44
Long Lease Property	1	15
Secured Income	37	67
Liability Driven Investment	677	916
Currency Hedging	4	(1)
Net Current Assets	5	4
Total assets	2,238	2,250

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2025 % per annum	31 March 2024 % per annum
Discount Rate	5.94%	4.93%
Inflation (RPI)	3.04%	3.08%
Inflation (CPI)	2.80%	2.79%
Salary Growth	3.80%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.7
Female retiring in 2045	24.5

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2025	2024
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors	41	35
The aggregate emoluments paid to or receivable by executive officers	560	525
The aggregate compensation paid to or receivable by executive officers	-	30
The emoluments paid to the highest paid executive officer (excluding pension)	159	145
The aggregate pensions costs for executive officers	46	45
Total key management personnel remuneration	602	560

The Chair received £6,552 and all other Board members £4,368 each. Expenses paid during the year in respect of Board members amounted to £291 (2024: £126).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £12k (2024: £11k) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2025	2024
	£'000	£'000
UK Corporation Tax charge for the year	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	1,412	974
Surplus on ordinary activities at standard rate 25% (2024: 25%)	353	244
Effect of charitable income and expenditure not subject to tax	(369)	(244)
Adjustments to brought forward value	16	-
Current tax charge for year	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	----- Housing Properties -----				-----Other Fixed Assets-----			
	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Total housing properties	Freehold offices	Furniture and office equipment	Total other fixed assets	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	220,231	17,541	194	237,966	5,878	1,339	7,217	245,183
Additions	-	14,504	-	14,504	5	117	122	14,626
Works to existing properties acquired	4,045	-	-	4,045	-	-	-	4,045
Schemes completed	9,504	(9,504)	-	-	-	-	-	-
Disposals	(724)	-	-	(724)	(27)	-	(27)	(751)
At end of the year	233,056	22,541	194	255,791	5,856	1,456	7,312	263,103
Depreciation and impairment								
At start of the year	40,495	-	19	40,514	1,004	645	1,649	42,163
Charge for the year	4,445	-	2	4,447	169	180	349	4,796
Impairment	-	-	-	-	-	-	-	-
Disposals	(507)	-	-	(507)	(12)	-	(12)	(519)
At end of the year	44,433	-	21	44,454	1,161	825	1,985	46,440
Net book value at the 31 March 2025	188,623	22,541	173	211,337	4,695	631	5,326	216,663
Net book value at the 31 March 2024	179,736	17,541	175	197,451	4,874	694	5,568	203,019

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2025 £'000	2024 £'000
Freehold land and buildings	119,751	110,531
Long leasehold land and buildings	69,045	69,379
Properties under construction	22,541	17,541
	<u>211,337</u>	<u>197,451</u>

Major works to existing properties in the year:

Works capitalised	4,045	3,590
Amounts charged to expenditure (note 3)	1,560	1,207
	<u>5,605</u>	<u>4,797</u>

Included within major works is £635k (2024: £389k) in respect of EPC "C" works.

Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)

	3,188	2,824
--	-------	-------

The capitalisation rate used was 4.81% (2024: 4.62%)

Cost of properties includes £736k (2024: £213k) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £114,514k (2024: £120,956k) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

	2025 £'000	2024 £'000
Computer software and licences		
Cost		
At start of year	534	1,999
Additions	124	29
Disposals	-	(1,494)
At end of year	<u>658</u>	<u>534</u>
Amortisation		
At start of year	400	1,785
Charge for year	76	109
Disposals	-	(1,494)
	<u>476</u>	<u>400</u>
Net book value		
At 31 March 2024	134	214
At 31 March 2025	<u>182</u>	<u>134</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2025	2024
	£'000	£'000
A ordinary shares number 155,000 (2024: 155,000)	159	159
Fixed rate unsecured convertible loan notes	320	320
	<u>479</u>	<u>479</u>

In respect of the funding with MORhomes PLC, detailed in note 20, the company has 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2025	2024
	£'000	£'000
Raw materials and consumables	87	81
	<u>87</u>	<u>81</u>

17. Debtors

	2025	2024
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,446	1,848
Less: Provision for bad and doubtful debts	(773)	(838)
	<u>673</u>	<u>1,010</u>
Other debtors	1,041	1,101
Less: Provision for bad and doubtful debts	(501)	(568)
Prepayments and accrued income	787	761
Intercompany balance	122	400
	<u>2,122</u>	<u>2,704</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	593	611
Rent and service charges received in advance	832	699
Debt (Note 20)	1,000	1,000
Others creditors	1,409	132
Accruals and deferred income	2,042	1,489
Other taxation and social security	227	202
RTB proceeds due to Burnley Borough Council	152	167
Intercompany balances	1,886	1,889
Deferred capital grant (Note 21)	422	395
	<u>8,563</u>	<u>6,584</u>

19. Creditors: amounts falling due after more than one year

	2025	2024
	£'000	£'000
Debt (Note 20)*	161,814	151,491
Deferred capital grant (Note 21)	42,875	42,235
Recycled capital grant (Note 22)	66	41
Leaseholder sinking funds	51	46
Loan Premium	1,755	1,890
	<u>206,561</u>	<u>195,703</u>

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2025 £'000	2024 £'000
Due after more than one year:		
Bank loans	162,814	152,491
Debt is repayable as follows:		
Within one year	1,000	1,000
Between two to five years	8,450	6,500
After five years	153,364	144,991

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from MORhomes PLC at a fixed rate. The Company currently has 82.3% (2024: 90.0%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2025 was £3.7m (2024: £ 14.7m).

The fixed rates of interest range from 2.87% to 7.64% (2024: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.96% (2024: 4.81%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/25 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	7.67

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by M&G Trustee Company Limited. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2025 £'000	2024 £'000
At start of year	42,630	41,144
Grant received in the year	1,060	1,858
Released to income in the year	(393)	(372)
Transfer from/(to) RCGF	(24)	-
At the end of the year	43,273	42,630
Amount due to be released within one year (Note 18)	422	395
Amount due to be released after one year (Note 19)	42,851	42,235
	43,273	42,630

The gross amount of grant received prior to amortisation as at 31 March 2025 was £46,703k (2024: £45,463k).

22. Recycled capital grant fund

	2025 £'000	2024 £'000
Balance brought forward at 1 April 2023	41	40
Grants recycled	24	-
Notional interest	1	1
Transfer (to)/from Deferred Capital Grant	-	-
Carried forward at 31 March 2024	66	41

The balance on the Recycled capital grant fund ("RCGF") is allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2025 £'000	2024 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	572	11,501
Expenditure approved by the Board, but not contracted	-	3,400
	572	14,901

These are to be funded out of undrawn loan facilities of £13.7m (2024: £14.7m) and estimated grants of £1.511m (2024: £3.5m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2025 £'000	2024 £'000
Land and buildings:		
• Within one year	255	322
• Two to five years	260	564
• Over five years	-	-
	<u>515</u>	<u>886</u>
Other leases:		
• Within one year	267	330
• Two to five years	180	412
	<u>447</u>	<u>742</u>

25. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	1,244	1,011	-	2,255
Debt due within one year	(1,000)	-	-	(1,000)
Debt due after one year	(151,491)	(10,000)	(323)	(161,814)
	<u>(151,247)</u>	<u>(8,989)</u>	<u>(323)</u>	<u>(160,559)</u>

Notes to the Financial Statements (continued)

26. Control

The Calico Group Limited (Company No. 08747100), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party. The Calico Group comprises a number of innovative charities and businesses, working together to create social profit.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

27. Reconciliation of surplus to net cash generated from operating activities

	2025 £'000	2024 £'000
Surplus for the year	1,412	974
Adjustments for non-cash items:		
Depreciation of housing properties	4,447	4,189
Depreciation of other tangible fixed assets	349	334
Amortisation of intangible fixed assets	76	109
Amortisation of government grants	(394)	(372)
Pensions adjustment	(121)	(117)
(Profit)/loss on sale of fixed assets	(652)	(708)
Working capital movements:		
Decrease/(Increase) in stock	(6)	27
Decrease/(Increase) in debtors	511	726
(Decrease)/Increase in creditors	2,010	687
Adjustments for investing or financing activities:		
Interest payable and financing costs	8,331	7,789
Interest receivable and other income	(180)	(190)
Net cash generated from operating activities	<u>15,783</u>	<u>13,448</u>

Notes to the Financial Statements (continued)

28. Related parties

William Lacey and Sarah Roberts are members of both Calico Homes and Calico Group Boards.

Tenant members

The tenant Board members at 31 March 2025 have tenancies on normal commercial terms with combined rent payable of £5,809 (2024: £5,280).

At 31 March 2025, there were no outstanding amounts (2024: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-25 £'000	Mar-24 £'000
• New house building	12,215	12,474

During the year, the company recharged office costs to Hobstones totalling £118k (2024: £181k) and Hobstones provided a charitable donation to the company of £204k (2024: £170k).

At 31 March 2025, the company owed to Hobstones £1,142k (2024: £1,001k).

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £19k (2024: £18k).

At 31 March 2025, the company owed to Group £81k (2024: £29k).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-24 £'000	Mar-24 £'000
• Various Investment works	2,807	1,038
• Externals	1,047	894
• Heating	150	479
• Roofing	911	1,479
• Damp proofing	450	514
• Empty Homes refurbishment	382	1,065
	5,747	5,469

During the year, the company recharged office costs to Ring Stones totalling £773k (2024: £721k).

At 31 March 2025, the company owed to Ring Stones £567k (2024: £741k).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

During the year, the company recharged office costs to Syncora totalling £81k (2024: £101k).

At 31 March 2025, the company was owed by Syncora £24k (2024: the company owed to Syncora £1k)

Syncora Care Limited ("Syncora Care"), a subsidiary of Syncora

During the year, there were no transactions (2024: £Nil).

At 31 March 2025, the company owed to Syncora Care £nil (2024: £2k)

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £675k (2024: £463k) and Enterprise charged £118k (2024: £663k) for cleaning, training, apprenticeships and furniture.

At 31 March 2025, the company owed to Enterprise £5k (2024: £116k).

Notes to the Financial Statements (continued)

28. Related parties (continued)

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Acorn totalling £310k (2024: £313k).

At 31 March 2025, Acorn owed the company £96k (2024: £237k).

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Safenet totalling £715k (2024: £608k).

At 31 March 2025, Safenet owed the company £57k (2024: £34k).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn

During the year, the company recharged office costs to Delphi totalling £271k (2024: £nil)

On 31 March 2025 Delphi acquired the trade and assets of DMC.

At 31 March 2025, Delphi owed the company £31k (2024: £64k).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn

During the year, the company recharged office costs to DMC totalling £nil (2024: £184k).

On 31 March 2025 the trade and assets of DMC were acquired by Delphi including amounts owed to the company

At 31 March 2025, DMC owed the company £nil (2024: £65k).

29. Contingent liability

We have been notified by the Trustee of the SHPS that it has performed a review of the changes made to the SHPS's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of SHPS liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

30. Subsequent events

In 24/25 the Board commenced a strategic review of its sheltered housing schemes. The review has been prompted by a combination of factors, which include future increased maintenance liabilities, and evolving resident support needs that may no longer be fully met within the existing model/schemes.

As part of this review, all options are under consideration. To date there have been remediation works identified with a scheme and management are currently assessing the impact and undertaking a risk assessment of future operations for this scheme and service.

At the date these financial statements were authorised for issue, no final decision has been made, and no contractual obligations have been entered into. If the decision is taken to close or redevelop the scheme, there is a risk of impairment to the carrying value of the property asset, relocation, and decommissioning costs. Given the uncertainty surrounding the outcome of the review, no adjustments have been made in these financial statements.



Crowe U.K. LLP
3rd Floor
St Georges House
56 Peter Street
Manchester
M2 3NQ

Dear Crowe,

We provide this letter in connection with your audit of the financial statements of Calico Homes Limited for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the entity as at 31 March 2025 and of the results of its operations for the year then ended in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

We confirm that the following representations are made on the basis of sufficient enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you. If completion of the audit is delayed, we authorise Chloe Christian, Executive Director of Finance, to provide an update to all representations sought.

1. We have fulfilled our responsibility for the fair presentation of the financial statements in accordance with UK GAAP.
2. We acknowledge as trustees our responsibility for making accurate representations to you.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and errors, and we believe we have appropriately fulfilled those responsibilities
4. We confirm that we have received confirmation from each director who was a director at the time of the approval of the financial statements that:
 - a. they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information; and,
 - b. that so far as they are aware there is no relevant audit information of which you are unaware.
5. We have provided you with all accounting records and relevant information and granted you unrestricted access to persons within the entity, for the purposes of your audit.
6. All the transactions undertaken by the entity have been properly reflected and recorded in the accounting records or other information provided to you.



Registered Office:
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contact@calicohomes.org.uk



Telephone: 01282 686 300



7. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting standards.
8. We reaffirm that the written representations previously made with respect to the prior period remain appropriate.
9. We are not aware of any actual or possible litigation or claims against the company whose effects should be considered when preparing the financial statements.
10. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
11. Other than those matters already disclosed, there have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly.
12. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
13. We are not aware of any fraud or suspected fraud affecting the entity involving those charged with governance, management or other employees who have a significant role in internal control or who could have a material effect on the financial statements.
14. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, which would have an impact on the entity's financial statements.
15. We are not aware of any known or suspected instances of non-compliance with those laws and regulations which provide a legal framework within which the entity conducts its business.
16. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties.
17. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with applicable accounting standards and with the recommendations of the applicable Housing SORP.
18. The company meets its day to day working capital requirements through the nature of its business model and secured loan and revolving credit facilities. The directors have prepared projected cash flow information for a period of at least twelve months from the date of their approval of the financial statements. On the basis of this cash flow information, the directors consider that the company will continue to operate.

Therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Gooda', followed by a period.

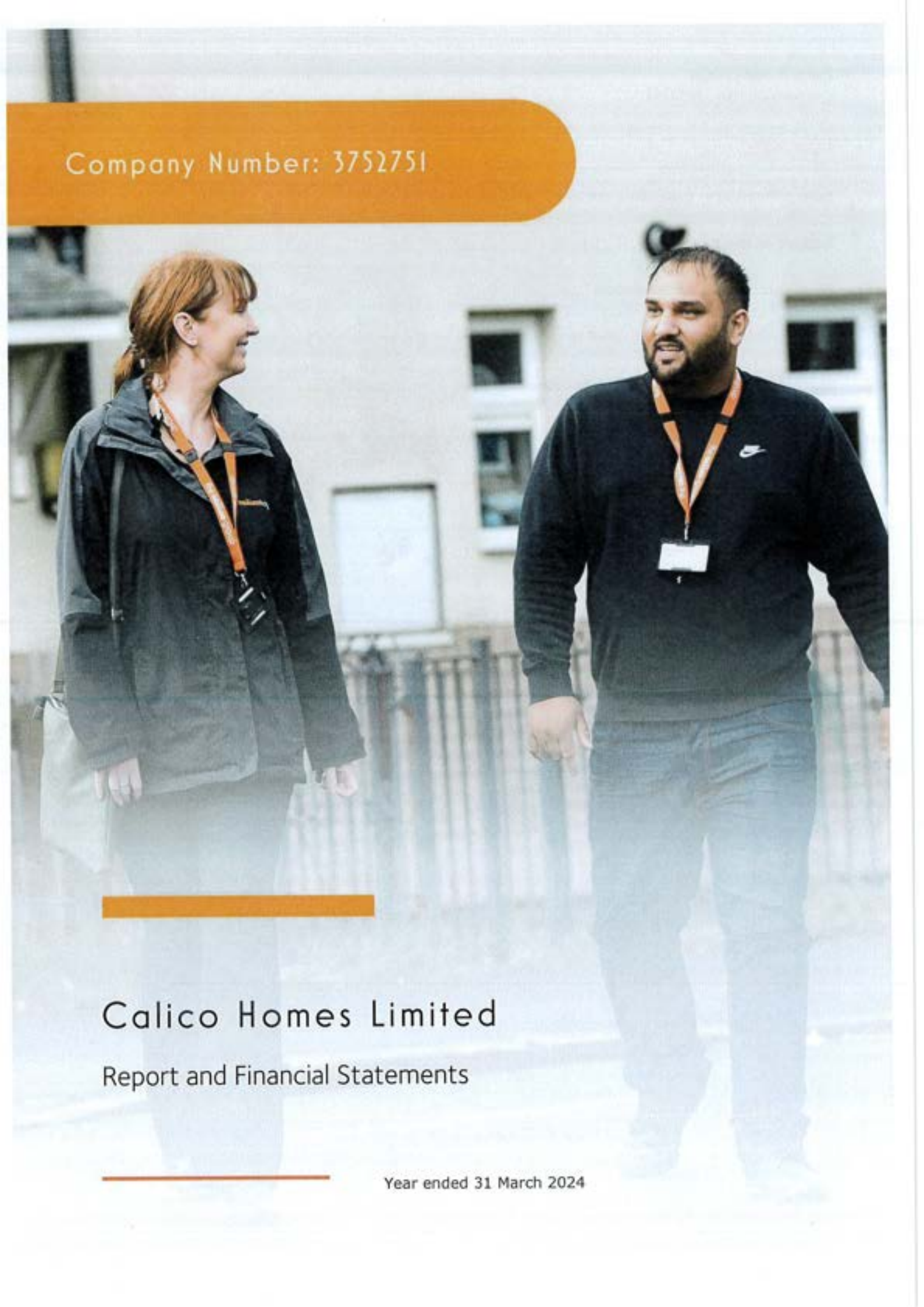
David Gooda
Board Member
Signed on behalf of the board

Date: 15/9/2025

CALICO HOMES LIMITED

England & Wales - Charity number 1151945

Accounts



Company Number: 3752751

Calico Homes Limited

Report and Financial Statements

Year ended 31 March 2024

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Board Members, Executive Officers, Advisors and Bankers

Board		
Chair	William Lacey	
Vice Chair	Adam Greenhalgh (resigned 20 November 2023)	
Other Members	Claire Bradley Victoria Cooper Gerard Gallagher Rachael Kaminski (appointed 20 November 2023) Dario Leone (appointed 22 March 2024) Tim Patel Sarah Roberts Paula Robinson Vincent Roche	
Company Secretary	Stephen Aggett (resigned 30 June 2023) Anthony Duerden (appointed 30 June 2023)	
Executive Officers		
Group Chief Executive	Anthony Duerden	
Deputy Chief Executive	Helen Thompson	
Executive Director of Finance	Chloe Christian	
Executive Director of Organisational Development	Vicki Howard	
Registered Office	Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED	
Company Registered number	3752751	
Charity Registered number	1151945	
Regulator of Social Housing	L4254	
External Auditor	Crowe U.K. LLP 3 rd floor, 56 Peter Street Manchester, M2 3NQ	
Internal Auditor	Beever and Struthers One Express, 1 George Leigh Street Manchester, M4 5DL	
Solicitors	Forbes Solicitors Rutherford House, 4 Wellington Street St. Johns, Blackburn, BB1 8DD	
Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester, M3 3AP	
Lenders	National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW
	MorHomes PLC Future Business Centre Kings Hedges Road, Cambridge, CB4 2HY	

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2024.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 7.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises ten Non-Executive Directors who are responsible for setting the vision and strategic objectives of the business and overseeing their delivery. The Non-Executive Directors are Trustees for charity purposes.

The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During this period, there have been two new appointments to the Board and one retirement. The Board met eight times throughout the year and all meetings were quorate.

The Board delegates the day-to-day management and implementation of the strategic objectives to the Group Chief Executive and Executive Directors. The Executive Team meet weekly and attend Board meetings. In addition, the Board and its Committees obtain external specialist advice from time to time as necessary.

Non-Executive Directors are subject to a skills based recruitment process to ensure that the Board has the appropriate range of skills, experience and behaviours required to provide strategic direction and monitor the companies' performance. An annual review of Board effectiveness is undertaken which is used to inform future recruitment.

In 2020, the Calico Group launched a New Generation Board Diversity Programme in partnership with the Housing Diversity Network with the intention of broadening diversity within the Board, in particular increasing participation from younger people and people from minority ethnic backgrounds. The New Generation programme supports participants for two years with the aim that at the end of the programme participants will be ready to become Board members. Recruitment for the next iteration of the Programme commenced June 2024, with a planned start date of September 2024.

Non-Executive Directors normally serve for up to six years, with a maximum term of nine years, including time served on other Group Boards. Reappointment beyond six years is reviewed annually, taking into consideration the skills and experience required by the Board.

Alongside the annual review of overall Board effectiveness, each individual Non-Executive Director has an annual development review to evaluate their contribution to the Board and identify training needs. These reviews inform a Board Development Programme that focuses on Board performance, ensuring the Board's future effectiveness, together with tailored events on specific business-related topics where a training need has been identified.

New Non-Executive Directors receive induction training on their legal obligations under company law; the governance framework of the company; the vision and strategic objectives of the Board; and the housing and related services provided.

Calico Group has insurance policies that indemnify its Non-Executive Directors and Executive Officers against liability when acting for the Calico Group.

Report of the Board (continued)

The Board (continued)

To operate effectively, and to ensure appropriate governance in business-critical areas, the Board has delegated some responsibilities to two Group Committees:

- **Audit & Assurance Committee**

The Group Audit & Assurance Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Calico Homes Board on the effectiveness of the Company's internal control arrangements. The Committee approves the scope of work of both internal and external auditors, including their appointments. It also considers the financial statements and recommends their approval to the Board. The Committee met five times during the year.

- **Nominations and Remuneration Committee**

The Group Nominations & Remuneration Committee advises the Board on Non-Executive Director recruitment and remuneration, and the appointment and remuneration of the Group Chief Executive and Executive Directors, taking independent advice as necessary. The Committee also sets the objectives for the Group Chief Executive and reviews performance against those objectives. The Committee met three times during the year.

Community Engagement

Calico Homes approach to involving customers is in line with the revised Consumer Standards. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are a range of different opportunities which ensure customers are involved at all levels. These include:

- TSM "Make it Happen" survey
- Customer Experience Network who are involved in consultation activity via e mail
- Service Scrutiny Board
- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Active tenant and resident associations and community groups.

Calico Homes values the insight gathered from its customers and following the 23/24 TSM survey set up a "so what squad" who contacted customers to discuss their dissatisfaction in more detail, identified a number of key themes and developed and delivered actions to improve these areas.

Calico Homes has a clear and simple complaints policy which is compliant with the Housing Ombudsman Complaints Handling Code published in February 2024. The policy is accessible to all customers and is focused on the principle of doing the right thing to resolve complaints at first point of contact where possible.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential in the ability of Calico Homes to deliver its strategic objectives and commitments to our customers.

Calico Homes continues to engage and develop its employees through regular briefings from senior leadership, regular departmental meetings, an annual conference, "One Calico" events, a performance and personal growth framework and a regularly updated intranet site. The recent focus on transformation supported by the Customer Transformation team has supported Homes employees with skills development especially considering digital. We recognise how important it is for employees to have things to look forward to, evidenced by things in the last year such as Appreciation Day and Trades Day. Levels of engagement amongst Homes employees with initiatives and benefits such as Westfield Health and Centre for Financial Education (Cfed) continued to grow. The One Calico Winter Conference returned in December 2023, for the second time after a break of 3 years because of the pandemic. More than 500 employees from across the Group came together to connect, have fun and celebrate their achievements with the Making a Difference Awards.

Calico Homes is committed to inclusivity for all its employees and customers. The Diversity & Inclusion Strategy was reviewed recently with the input of the Paying Attention to Diversity group, Inclusion Forum members, and Boards. The updated strategy mirrors the approach taken by the People Strategy, with plans outlined for the next three years that have measurable outcomes associated with them. Additionally, in support of our digital evolution we digitised Equality Impact Assessments, making them more accessible for users and meaning that results of the completed forms are automatically recorded digitally, and can therefore be analysed. This review of the Strategy also ensured connection with the Customer Strategy, with the strategy explaining how EDI is at the very core of our Group vision, "A community of people, working together with customers to close the equality gap and to show others how we create a fairer society".

Report of the Board (continued)

Employees (continued)

The Calico Group has increased our focus on recruitment, ensuring diverse video campaigns featuring employees from different groups, roles, and companies in the Group, which have featured prominently on social media through sponsored posts in recent months.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes 2024 Gender Pay gap report confirms Calico has a mean gender pay gap of 5.50%, reducing from 12.86% in 2023, which highlights the positive impact supporting the Real Living Wage is having on our Gender Pay Group figures.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 41% (2023: 48%) male, 59% (2023: 52%) female, 8% (2023: 6.3%) who self-identify as disabled, 12% (2023: 11.1%) from an Ethnic Minority background and 5% (2023: 1.4%) who identify as LGBTQ+. The latter two measures are largely reflective of the communities we serve.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and not avoided.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2023 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan sensitivity analysis alongside robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. There is an annual review of the treasury strategy and treasury management which is supported by external consultants. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed these include the financial loan covenants. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These include anti-fraud and bribery, whistleblowing, delegated authority, seektreasury management, health and safety, data protection and the code of conduct.

Report of the Board (continued)

External Assurance

• Internal Audit

Internal Audit for 2023/24 is provided by Beevers and Struthers who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 2023/24 the Board received an annual report which confirmed reasonable assurance in respect of the design and operational of internal controls within their scope of work.

• External Audit

External Audit is provided by Crowe UK LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the financial statements.

National Housing Federation (NHF) Code of Governance

The Board has adopted the NHF Code of Governance 2020. The Board confirms compliance with the Code for the year-ended 31 March 2024.

To ensure continued compliance with both the Regulatory Standards and the NHF Code of Governance, the Board will continue to enhance its approach to hearing and acting upon what customers are saying, to risk management, to value for money and to broadening its diversity and inclusivity.

The Group Board monitors compliance with the adopted Codes of Governance for each subsidiary Board.

Regulator of Social Housing (RSH) Regulatory Standards Compliance

In December 23 the RSH completed their annual Stability Check. This reaffirmed the G1 and V2 status.

In mid 2024, the RSH carried out an inspection as part of their new approach to inspections. The inspection uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance. From April 2024, inspections now include proactively seeking evidence that a landlord is delivering the outcomes of the consumer standards. The outcome of this inspection is expected to be Autumn 2024.

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard and confirm compliance with the Regulatory Standards.

Fundraising Practices

The charity had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

Reserves Policy

The Trustees review the level of reserves annually. Since 2021/22 there have been positive reserves, this is ahead of the original target position and the Trustees consider that sufficient resources are held in an appropriate form.

After transfer of the surplus for the year of £0.974m (2023: £1.598m) and actuarial loss of £0.167m (2023: £0.154m), the Company Reserves at the year-end amounted to £4.833m (2023: £4.026m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

Report of the Board (continued)

Statement of directors' responsibilities for the annual report and financial statements (continued)

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

The Board, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

In 2023/24 Calico Homes surplus was £0.8m (2023: £1.4m) and net assets of £4.8m (2023: £4.0m), which includes £0.541m (2023: £0.491m) provision for the SHPS defined benefit scheme liability. At 31 March 2024 the Statement of Financial Position records a net current liabilities position of £2.56m (2023: £0.15m net current assets). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2023: £nil) capital loan repayment which is due to be repaid on 31 March 2025. The board confirm that the net current liabilities position at 31 March 2024 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared.

Calico Homes has a long-term business plan which has been subject to sensitivities and stress tested multiple scenarios which confirm the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities. This is supported by strong income collection and reducing void loss performance.

Calico Homes has in place an undrawn revolving credit facility of £14.7m and in 2023/24 agreed a range of current and forward fixed rate loans with 90% of borrowings fixed, this mitigates the risk of increased interest costs in the medium term.

As part of the committed on-site development schemes, there are confirmed future Homes England development grants. This confirmed that Calico Homes has sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 20 September 2024 and signed on its behalf by:



Anthony Duerden

Company Secretary

Date: 20 September 2024

For the year ended 31 March 2024

Strategic Report of the Board

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports and enables customers to live their best lives ensuring they live safely, independently and with purpose. Providing good quality homes with additional provision such as employment opportunities, building confidence, developing skills, and working within local communities. Calico Homes purpose is to make a real difference to people's lives with our vision and values ensuring we keep our customers and colleagues at the core of everything we do.

In January 2023, the Calico Homes Board reviewed and refreshed the vision and strategic objectives.

Our Vision

Going one step further with customers and local communities, to provide affordable, safe and quality homes and personalised services, supporting customers to live their best lives in challenging times.

Our Values

Our values remain unchanged and reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation

To achieve our purpose of making a real difference to people's lives.

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by our strategic objectives which are:

- To provide safe and well-maintained homes through investment in existing and new properties.
- To support customers to sustain tenancies.
- To provide good quality and personalised repairs, customer and neighbourhood services.
- To develop trusting relationships and to empower customers and communities to take the lead on the things that matter most.
- To strengthen the business so it is strong, well-governed, environmentally friendly and provides value for money customers.
- To create a place where people want to work now and in the future.

Performance against Strategic Objectives in 2023/24

In 2023/24 Calico Homes performed well in the delivery of strategic objectives despite the continuing challenges of an unpredictable financial and political climate. The cost-of-living crisis also continues to impact significantly on Calico Homes customers and colleagues.

Despite these challenges, Calico Homes has continued to deliver services for customers and diversify its service offer in line with customer priorities. This approach has supported strong income collection and void performance in the year.

Customer feedback is integral to Calico Homes, during 2023/24 Board approved a new Customer Voice framework which provides a number of different mechanisms for customers to get involved in service and policy redesign. The Customer Experience Network was launched in September 2023 and now has over 380 members, some of whom have signed up for the new Service Scrutiny Board. We have also continued with regular Calico in your Neighbourhood events, and developed a participatory budgeting scheme which continues to be successfully facilitated by the Community Engagement Team.

Calico Homes is committed to supporting customers to sustain their tenancies and although performance has remained in line with previous years, this is a positive achievement given the external challenging environment. Calico Homes has built on the previous success of the rent personalisation fund which is targeted at supporting customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, to improve customers lives.

Strategic Report of the Board (continued)

Calico Homes continues to be a key partner in the Burnley Together partnership. This is a strategic partnership of local charities and businesses, collaborating to deliver more in Burnley for communities and our customers, with a clear focus on addressing health and wellbeing and poverty.

Calico Homes has continued in delivery of its ambitious development programme and in 2023/24 successfully delivered 56 new homes and as at March 2024 there are 139 new homes on site.

Work has continued on the delivery of the largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley due to complete in 2024/25. The ambitious development is a first for Burnley, aiming to provide specialist housing with care in a neighbourhood setting where health, support services and community activities can come together to improve people's quality of life and reduce social isolation. There are not any dedicated schemes of this kind in Burnley and the provision of this service is much needed within the town. As part of the Calico Group a new subsidiary Syncora Care has been established to support the delivery of the care service provision across the Group and this will include Dovestone Gardens.

In line with the strategic objective to have happy, positive, and connected teams who believe in our purpose and values, Calico Homes recognises the importance of its colleagues and has continued to support colleagues with a range of learning and development opportunities. In response to the new Tenant Satisfaction Measures outcomes a new Impact Learning and Development has been introduced which focuses on how colleagues can improve the customer experience by doing the right thing.

Future Plans for 2024/25

All activities across Calico Homes align with the strategic objectives to ensure that the focus is on core business activity and that our colleagues and services are making a real difference to people's lives.

The Homes Senior Leadership Team has continued to develop and evolve with a focus on delivery of the objectives, Consumer Standards and maintaining a firm focus on budget and risk management. In year to strengthen the Senior team there has been a new role of Head of Customer Experience focussing on delivery of the Customer Strategy and the Customer Access review.

A road map of improvement activity is being developed with colleagues from across the wider Group with some of the key priorities for 2024/25 outlined below:

- The introduction of a new customer portal and app in Autumn 2024 to support the review of the Customer Service offer and enable more streamlined processes for transactions with customers. This will include enabling customers to make repair appointments at their first point of contact which are convenient to them.
- Further development of the Customer Voice framework, to include the introduction of a new Service Scrutiny Board recruited from customers who will undertake service reviews during 2024/25.
- Increased focus on financial efficiency enabling savings which can be used to reinvest into front line services.
- Renewing the Domestic Abuse Housing Alliance (DAHA) accreditation. This is a scheme open to housing associations, Local Authority housing teams, and homelessness providers across the UK to help them improve their response to domestic abuse.
- Investing in Data Governance and ensuring Calico Homes has robust and accurate data to enable sound decision-making. This will be supported by the implementation of technological improvements to business intelligence reporting enabling managers access to real time data.
- The Allocations Policy has been reviewed, enabling Calico Homes to revise its approach to lettings and reduce the number of homes being allocated through the B-With-Us partnership. This allows the development of direct referral pathways and introduces local lettings and sensitive lettings where appropriate to support effective tenancy sustainment.
- Continue the collection and monitoring of the new set of Regulators Tenant Satisfaction Measures (TSMs). These indicators form part of the overall KPI suite and will be reported to both Homes Leadership Team and Board. An external consultant has been appointed to carry out proportionate surveying in 2024.
- Reviewing the approach to the management of and setting of service charges to ensure customers are paying the correct amount towards the delivery of their services, ensuring transparency on the charges, and service offer, ensuring recovery of costs to maximise income potential.
- Delivery of a full programme of improvement activity focusing on our Active H housing management system, enabling us to make the best use of its functionality.
- The construction work on Dovestone Gardens is scheduled for completion at the end of 2024/25, and work is taking place in Syncora Care (Calico Group subsidiary) and Calico Homes to agree roles and responsibilities ahead of completion.
- Continued focus and strengthening of all compliance activity, ensuring that Board receive adequate levels of assurance in this critical area.

Strategic Report of the Board (continued)

Risks and Challenges

Calico Homes is the largest social landlord within Burnley and recognises the important role as a social landlord delivering quality homes and services and investing in the local community with circa 90% of homes within Burnley.

In the context at a local level, property values and rent levels are the lowest in the country, coupled with the level of need being higher than in most places (13th most deprived borough). Burnley has lower household income levels and a higher level of unemployment when comparing to the National, North-West and Lancashire averages.

Calico Homes continues to operate in a volatile, complex environment, which presents a number of risk and challenges. Calico Homes Board has overarching responsibility for ensuring risks are managed in the organisation and must seek assurance that this is happening effectively. As part of the Calico Group approach to risk management, Calico Homes has a risk map in place including mitigations which is reviewed by Board quarterly. The Board have held an externally facilitated workshop to review their risks, the sector risk profile and stress testing. This has informed a full review of the risk map in 2023/24.

Recruitment and retention continue to be an area of key focus for the Group with the current employment market position presenting an additional challenge. Calico Homes has introduced bespoke recruitment campaigns with the aim of supporting recruitment into service areas which have experienced increased recruitment challenges e.g., Repairs, Asset Management and Compliance. Calico Homes continues to partner with colleague engagement specialists, HIVE to measure staff engagement and wellbeing on a regular basis. Information is used to develop a bespoke People Plan for Homes to address areas of dissatisfaction and to improve the morale and well-being of colleagues.

Colleague retention and reduced availability of skills and labour may undermine delivery of essential activities as the pressure to recruit and retain a talented workforce continues to increase. Within the public sector, the benefits package and security of job roles has become critical as it struggles to compete with salary levels in the private sector. In addition to this, housing sector salaries have been increasing above average levels in a number of key areas. An increased reliance on robust IT solutions, systems and data management is also a challenge, as colleagues strive to deliver the improved digital services customers are demanding. In addition to this the expected professionalisation of managers within the sector could further impact on colleague retention and the attraction of new people into the business.

Health & Safety compliance and the condition of our homes remain key areas of focus for Calico Homes, given the increasing business and customer risk associated with both topics. The Regulator of Social Housing is continuing its focus on customer and building safety with the introduction of a new Decent Homes criteria expected in 2024 and the expected introduction of "Awaabs Law" in 2024/25. This means Calico Homes will need to make informed financial decisions around investment in an unstable financial environment, in which increased inflation is having a significant impact on material costs. Potential changes to Government policy and funding relating to Registered Providers could affect our ability to grow and meet strategic aims. This may also increase costs of income collection as the managed migration to Universal Credit continues.

As a result of the spotlight on damp, mould and condensation across the sector Calico Homes has seen a large increase in the number of repairs being reported through to the responsive service. The additional number of inspections carried out to meet this increase in demand, coupled with the focus on undertaking cyclical stock condition surveys has led to an increase in the volume of responsive repairs. This has impacted negatively on performance; however Calico Homes continue to focus on allocating repairs and batching work programmes aiming to respond in line with timescales in 2024/25.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (VfM)

Calico Homes has assessed performance of delivery of the strategic objectives, aligning to delivery of VfM.

Objective one: To provide safe and well-maintained homes through investment in existing and new properties.

STRATEGIC OBJECTIVE 1	2022/23	2023/24 TARGET	2023/24 YEAR END	ACHIEVED TARGET	TARGET 2024/25
Number of Development units completed	119	63	56		161
% Urgent & Routine Jobs Completed on time	86.09%*	96%	83.6%		85%
% Emergency, Urgent & Routine Jobs Completed on time	99.30%*	96%	99.21%		99%
% Properties with a valid electrical certificate (10 years)	100%	100%	100%		100%
% Properties with valid electrical certificate (5 years)	93.81	100%	92.05%		n/a
% Properties with valid gas certificate	99.98%	100%	100%		100%
% Fire Risk Assessments Valid	90.95%*	100%	100%		100%
% Homes not meeting the DHS (TSM)	0%	0.0%	0.5%		0%

*These were combined in 22/23 and not directly comparable to 23/24

In 2023/24 Calico Homes has continued to deliver our Development Strategy, completing 56 new homes in the year. We have also retained our focus on providing supported housing, and in 2023/24 completed 10 supported housing properties delivering a new domestic abuse refuge in Bury. We have also delivered 31 homes as part of our successful Empty Homes Programme. Work has continued on site with our largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley which is due for completion in Quarter 4 2024/25. Work continued on Kinross, a 61-unit scheme timber framed development being delivered by Ring Stones a Calico Group construction company, this scheme completes in 2024/25.

Work to maintain 100% performance against all 6 compliance areas was maintained in 2024 with all areas attaining that target in statutory areas.

To support the proactive management of damp and disrepair a new Damp, Mould and Condensation (DMC) Case Management system was developed and implemented within our housing management system, Active H. This has enabled greater transparency and improved reporting and works delivery to customers.

In year £4.8m, has been spent on improvements to existing homes, delivering new kitchens, bathrooms, roofs boilers, windows and doors. There have been challenges in resourcing works which is not isolated to Calico Homes and a sector wide issue. Calico Homes have worked closely with Ringstones to ensure delivery of the planned programme in addition to delivering an increased volume of Damp and Mould works. This will remain a key focus for of the asset management approach in 2024/25.

The repair schedules of rates have been reviewed, to simplify these, and to provide more accurate information about costs and productivity. This work will continue alongside the introduction of a new customer portal in 2024/25 which will enable customers to self-serve and make their own repair appointments.

Strategic Report of the Board (continued)

An enhanced letting standard was consulted on with members of the Customer Experience Network and introduced at the beginning of 2024/25. This is intended to improve the quality of the offer to new customers and supplemented by an investment programme which has focussed on areas such as roofing, windows, kitchens and bathrooms. The Repairs Policy has also been reviewed and defines the responsibilities of customers and Calico in the maintenance of their homes.

Objective 2 – Tenancy Sustainment - To support customers to sustain tenancies (includes community development)

STRATEGIC OBJECTIVE 2	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% of General Needs and Housing for Older People terminations, sustaining tenancy for at least 12 months (LTM)	90.72%	91%	89.8%		92%
% of customers satisfied with the ASB service	69.64%	60%	87.5%		60%
Number of ASB cases received per 1000 properties (TSM)	80	n/a	45.5	n/a	No target
Number of hate related crime ASB cases received per 1000 properties (TSM)	20	n/a	0.6	n/a	No target

The Calico Homes personalisation fund continues to support customers with fuel bills, cost of living, carpets, white goods etc. This has supported maintaining a nil eviction rate due to rent arrears since September 2022. Although the tenancy sustainment target was narrowly missed, there has been a review of each termination within 12 months to understand if there were any circumstances in which these terminations could have been prevented, and this has fed into future improvement activity.

The Community Safety Team continues to develop a trauma informed approach to tackling Anti-Social Behaviour and there have been several successful outcomes in year. The teams approach is carefully balanced with an appropriate mix of support and enforcement, and focuses on effective partnership working with the council, the police and other agencies.

Calico Homes remains committed to the retention of the Domestic Abuse Housing Alliance accreditation, with preparation well underway for re-accreditation in 2024/25. The strong links we have established with a Calico Group company, Safenet enable a strong offer supporting customers who are experiencing domestic abuse and keeping them safe.

In the year Calico Homes have moved away from 100% council nominations which has enabled the housing stock to be more effectively managed for customers who are under or over occupied, or who need to move for medical reasons. Calico Homes has also created referral pathways for customers ready to move into a tenancy from a Group company supported housing property which includes Homeless and Domestic Abuse properties. This ensures a support plan is in place to ensure the success of the tenancy.

Objective three: Improving Services - To provide good quality and personalised repairs, customer and neighbourhood services

STRATEGIC OBJECTIVE 3	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
No of Stage 1 complaints received per 1000 properties (TSM)	19.5	n/a	24.1	n/a	No target
No of Stage 2 complaints received per 1000 properties	1.5	n/a	2.6	n/a	No target
% stage 1 complaints responded to within timescales (TSM)	77.39%	90%	74.6%		90%
% stage 2 complaints responded to within timescales (TSM)		90%	92.9%		90%

Strategic Report of the Board (continued)

With the publication of the new Complaints Handling Code by the Housing Ombudsman in February 2024, Calico Homes have updated their Customer Feedback Policy and Procedures in addition to undertaking the self-assessment against the new code. This work was undertaken in partnership with the Complaints Scrutiny Group, the new complaints process is simpler and easier to access by customers and learning from complaints will be captured in the system to demonstrate actions taken to improve services.

A summary of learning and actions generated by Customer Feedback during 2023/24 is set out below:

- Undertook a Customer Service Review to increase the quality of the first response resolutions and customer experience. Phase 1 completed and a new customer portal due to launch in Autumn 2024.
- Introduced call quality listening to ensure high standards are encouraged and maintained and supporting approach to performance management
- Refreshed the website to improve customer experience, easier to find information on Calico Homes Website.
- Continued to embed our Customer Strategy approach, supported by delivery of focussed 'Showing the Way' sessions. These focus on the needs of the customer and delivering the Customer Strategy effectively.
- Brought in house grounds maintenance services back based on customer feedback. Focussed on delivering great services via a new "Clean & Green" team.
- Asset tagging trees and green spaces so that they can be managed more effectively.
- Developing digital technology to improve repairs and inspections services.
- Introduced a Complaints Scrutiny Group and a Service Scrutiny Board made up of customers and a member of Calico Homes board to improve oversight and enable customer recommendations for improvements.

Strategic Report of the Board (continued)

Objective 4 – Customer Relationship - To develop trusting relationships and to empower customers/communities to take the lead on things that matter most

STRATEGIC OBJECTIVE 4	2022/23 (pre TSM so definition may vary)	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET*	TARGET 2024/25
TP01 - Proportion of respondents who report that they are satisfied with the overall service from their landlord.	79%	n/a	72.2%		75%
TP02 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the overall repairs service.	67%	n/a	74.5%		75%
TP03 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the time taken to complete their most recent repair.	66%	n/a	68.4%		70%
TP04 - Proportion of respondents who report that they are satisfied that their home is well maintained.	74%	n/a	64.9%		66%
TP05 - Proportion of respondents who report that they are satisfied that their home is safe	81%	n/a	72%		74%
TP06 - Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	57%	n/a	56.8%		58%
TP07 - Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	65%	n/a	64.8%		70%
TP08 - Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	84%	n/a	72.4%		75%
TP09 - Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	41%	n/a	37.9%		40%
TP10 - Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	61%	n/a	60.5%		62%
TP11 - Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighbourhood.	80%	n/a	56.1%		58%
TP12 - Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	63%	n/a	57.0%		59%

* - Targets were not set for 23/24 Tenant Satisfaction Measures as this was the first time collecting this information. 23/24 data has provided us with baseline data and stretching targets have been established for 24/25 performance.

Calico Homes carried out our biggest ever Customer Satisfaction survey "Make it Happen" in September 2023 which generated 1700 customer responses. This was the first collection of the new Tenant Satisfaction Measures and an opportunity to collect and establish baseline data from customers. Whilst some of these indicators have revised definitions, some are comparable to previous years data.

Calico Homes ensured that each expression of dissatisfaction received from a customer was followed up by a project team who were contacting individuals to understand the key factors impacting on their satisfaction. This identified 6 key themes and a "So what squad" of Homes colleagues was established to identify and deliver improvement activity to address these key areas of concern and improve service delivery. This activity also aligned with the feedback and learning from complaints as outlined in the Objective 3 narrative above.

In 2023/24 Calico Homes has introduced a new Customer Voice framework which offers various opportunities for customers to get involved in consultation, but also in the co-design and co-production of key services. This includes

the Customer Experience Network which currently has more than 380 active members who have been involved in the development of new policies including the Responsive Repairs Policy and the Lettings and Allocations Policy.

The Customer Strategy continues to underpin Calico Homes activity, with a strong focus on enabling customers to live their best lives and the Equality, Diversity and Inclusion Strategy supports this approach.

Calico Homes recognises that digitally transforming its services, customer engagement, customer scrutiny of our services, and driving new ways of working is integral to embedding and delivering VFM. The Board invested in a new transformation team and approach to delivering improvements focussing on customer experience with the transformation programme making the best use of colleague resources, ensuring colleagues time is focussed on providing effective and efficient service delivery.

Transformation project groups have been established focussing on key areas of improvement activity. This involves reviewing and embedding processes to deliver VFM through improving our digital capacity, use of data and ensuring consistent and improved governance across these project groups.

Customers have been kept updated on outcomes of surveys and consultations and the delivery of improvement activity via the Customer Experience Network newsletter. Performance information for all service areas in addition to transparent reporting on complaints is also published.

For 2024/25 Calico Homes will be using a third party to undertake the TSM surveys, this will undertaken proportionally throughout the year, commencing in August 2024, with regular monitoring of satisfaction enabling actions to be implemented where required, in addition to measuring the impact of improvement activity carried out to date.

Objective 5 – Business - To strengthen the business so it is a strong, well governed, environmentally friendly and provides VFM for customers.

STRATEGIC OBJECTIVE 5	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% overall Rent Collected	99.62%	99.25%	99.50%		99%
% Void loss	1%	1.3%	1.16%		1.3%
% Interest Cover	154%	120%	120%		120%
% Operating Margin	28%	25%	26.4%		25%

The performance demonstrates rent collection has continued to perform well, remaining consistently strong with collection rates in the top quartile compared to peer organisations. Calico Homes has continued to support customers, pro-actively offering support to customers who may be struggling to manage. The internal tenancy sustainment team have creatively supported customers via the internal personalisation. This supportive approach from the team has proved successful with no evictions being undertaken due to rent arrears in 2023/24.

The void target has been met in the year however there were increases of void numbers and levels of work in the final quarter of 2023/24. This will remain a key focus for 2024/25.

Following the new Procurement Strategy and approach agreed in 2022/23, a new Head of Procurement role has been introduced with key procurement activity undertaken in year. This includes utilities, mobile phones, ICT infrastructure and materials. The materials procurement was undertaken by Group and includes Ringstones our Group company and Calico Homes with a new materials provider has been agreed from April 2024. This will bring increased opportunities to increase our right first-time approach and lead to a reduction in materials costs.

A new Environmental Strategy is in place, this paves the way for the focus on reduction of carbon emissions, and the improvement of energy efficiency of their homes, providing thermal comfort and reduced bills for customers.

Strategic Report of the Board (continued)

In 2023/24 in line with the Treasury Strategy, revised interest cover targets have been agreed with the two bank funders. These have amended the target to "exclude" an agreed level of energy performance expenditure over a 3 year period, followed by a move to an EBITDA only target post 2026. This enables a more flexible approach to managing the investment and energy works programme in current and future years.

In year the Board also approved a number of fixed rate loans, these have supported Calico Homes in managing the volatility in interest rates. As at March 2024, 90% of drawn debt is on a fixed rate basis.

Objective 6 – People - To create a place where people want to work now and, in the future

STRATEGIC OBJECTIVE 6	2022/23	TARGET 23/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% Sickness Absence (excl Group Business Services)	3.32%	3.5%	3.39%		3.5%
Colleague Employee Net Promoter Score (eNPS)	+15	n/a	-10	n/a	n/a

2023/24 saw a real focus on a shift in culture for Calico Homes, with the modernisation of services and practical implementation of the Customer Strategy being at the forefront of activity. The Impact Learning and Development programme was designed to improve areas identified in the TSM survey with improvements to the use of tone and language as these were identified as a driver of customer dissatisfaction.

The senior leadership team in Homes was realigned with new Head of Service roles being created, including a new role of Head of Customer Experience, responsible for delivery of the Customer Access review project plan and management of the Contact Centre and reception services. This has provided a clearer framework of roles and responsibilities and a simplified structure with less reporting lines.

The 2023/24 People Plan focused on key priority areas around improving recruitment and retention and work life balance, with the introduction of agile working enabling officers to work out in neighbourhoods with customers instead of spending time in the office carrying out administrative updates.

There has been a focus on effective workforce and succession planning with a number of individuals undertaking Level 4 and 5 housing management qualifications. Calico Homes has also proved to be successful at recruiting customer volunteers to support with customer research activity, and we have also placed several individuals into key teams via Year of Service placements.

2024/25 VFM Future Plans

In line with the VFM Strategy, the 2023/24 Tenant Satisfaction Measures (TSM) are a key driver of Calico Homes VFM plans. Customers feedback is integral to the delivery of VFM and the quality of homes and our services are key business priorities.

In 2024/25 the priorities set by the Board support the improvement of our services with Asset Management and Repairs a key priority.

Key actions:

- Reviewing our asset management approach – focus on property stock condition data and customers TSM feedback to reflect the future investment requirements.
- Repairs and Maintenance - Repairs Improvement Plan – review our delivery model to improve the response and quality of our end-to-end service with a right first time approach. This includes an improved flexible approach to repairs appointments, supported by a new digital offer.
- Damp, Mould and Condensation – optimising our processes to improve our response and communications with our customers.
- Compliance - Ensure our customers feel safe in their homes, ensuring our data is robust and we continue to deliver Health and Safety and Compliance
- New Homes – delivery of new homes which includes our successful Empty Homes model providing an additional 30 homes per year. The development of our first Extra Care scheme – completion of Dovestone Gardens which will provide 93 new supported housing homes.

Strategic Report of the Board (continued)

- Customer Influence – Involving customers and engaging with policies and approach to delivery of services. Customer Engagement Network in place with circa 350 customers. Ensuring ongoing learning from our complaints with oversight from our Customer Scrutiny Group.
- Review of front-end customer service including the introduction of a customer portal.
- Group Business Services – Review of support services as part of the Group structure review

Value for Money (VfM)

The Calico Group is committed to ensuring delivery of VfM services, supporting the strategic objectives, and providing excellent services for customers and colleagues.

Calico Homes Board reviews its strategic objectives annually and recognises the delivery of VfM is integral to achieving these objectives.

The strategic report includes the 2023/24 strategic objectives and the measurable outcomes that demonstrate VfM. The Regulators VfM metrics are reviewed by the Board on a regular basis including the annual budget setting, the 30 year financial plan and ongoing updates. An annual VfM self-assessment is taken to Calico Homes Board for consideration and from this a number of actions will be identified alongside measures which will enable us to track progress and delivery of VfM activity.

Calico Homes has compared their performance against the Regulators VfM metrics, inclusive of prior year and current year's performance and future targets. The table below provides the comparison with the 2022/23 Regulators Global Accounts for all housing providers and also Calico Homes chosen peer group which comprises of 10 Registered Providers inclusive of Calico Homes (Housing Providers in the North West with up to 6,000 homes).

The comparators organisations included are:

Registered Provider	Total Stock Owned	% Supported Housing & Housing for Older People	Provider Type
Calico Homes Ltd	5,293	23.0%	Traditional
South Lakes Housing	3,300	12.9%	Traditional
Muir Group Housing Association Ltd	5,600	10.2%	LSVT
Warrington Housing Association Ltd	1,298	17.6%	Traditional
Prima Housing Group Ltd	2,666	9.7%	Traditional
Cheshire Peaks and Plains Housing Trust	5,239	20.7%	Traditional
South Liverpool Homes Ltd	3,830	3.2%	Traditional
Cobalt Housing Ltd	5,797	0%	Traditional
Arawak Walton Housing Association Ltd	1,098	13.4%	Traditional
Eden Housing Association Ltd	1,824	8.2%	Traditional

VFM Metrics		22/23 Actual	23/24 Actual	Global Account 22/23 All providers (rank of 200)	Global Account 21/22 Peer Group (rank of 10)	24/25 Target
1	Reinvestment %	10.50%	10.00%	Upper (32)	Upper (1)	10.10%
2A	New supply delivered (social housing)	2.20%	1.00%	Upper (50)	Upper (3)	1.20%
2B	New supply delivered (non-social)*	0.00%	0.00%	Median (72)	Median (2)	0.00%
3	Gearing	76.5%	76.60%	Upper (3)	Upper (1)	75.10%
4	Interest Cover – EBITDA MRI	100.10%	108.00%	Lower (139)	Lower (8)	115.00%
5A	Headline Social Housing cost per unit**	£3,594	£3,823	Lower (189)	Lower (9)	£3,930
6A	Operating Margin (social housing)	26.20%	27.60%	Median (47)	Upper (3)	29.40%
6B	Operating Margin	22.10%	24.20%	Median (60)	Upper (4)	28.30%
7	ROCE (Return on capital employed)	4.20%	4.30%	Upper (20)	Upper (4)	4.60%

* – median was 0.00%

** – Lower quartile is assessed on lower unit costs

Strategic Report of the Board (continued)

Metric 1 - % Reinvestment - the reinvestment metric looks at the investment in properties (existing stock and new supply) as a percentage of the value of total properties held.

- The reinvestment metric demonstrates continued strong performance in the delivery of new homes and reinvestment in our existing homes, remaining firmly at upper quartile levels. A key driver of this metric is the increased investment in new homes and Calico Homes delivered 56 new homes in 23/24 and continued work on delivery of the two large schemes which will progress into 2024/25. These schemes will deliver 139 new homes inclusive of 93 extra care units, this is Calico Homes first Extra Care provision. Calico Homes continues to deliver the existing successful Homes England Empty Homes refurbishment programme of 30 new homes a year.
- Calico Homes is also committed to investing in its existing homes and invested over £3.6m in capital expenditure (total investment of £4.8m) improving customer homes and increasing energy efficiency.
- In 2024/25 Calico Homes is responding to customer priorities investing in new windows, roofing and doors. There are also plans to invest additional resources for specific energy efficiency works targeted at moving all Calico Homes to EPC C and above levels by 2030. In 2024/25 work will commence on 181 of the hardest to treat properties and the investment will be supported by the successful Wave 2.2 grant funding.

Metric 2A & 2B – New Supply Delivered – The New Supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a % of existing stock.

- New supply delivery is aligned with the Reinvestment % and Calico Homes has continued to deliver new supply at upper quartile levels when compared at both a national and peer group level. The level of re-investment reduces in 2023/24 with 41 new homes built compared to 119 in 2022/23. The current two large schemes on site are not expected to be completed until 2024/25 and these two schemes will deliver 154 new homes.
- For non-social housing although showing as median, the median is 0% with the upper quartile for the national group at 0.08% and the peer group at 0.02%.

Metric 3 – Gearing - The gearing metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

- Calico Homes has a significantly higher gearing level and remains at upper quartile levels consistent with previous years.
- The gearing level is driven by the initial stock transfer purchase and the significant development programme and re-investment in our existing homes which is demonstrated by the VFM Reinvestment metric.
- Calico Homes treasury strategy is to ensure maximisation of the existing assets which support our development programme. From 2021/22, Calico Homes has delivered 290 homes to date, with a further 234 (of which 139 are on site) planned by 2026. Funds are secured with lenders on a loan to value basis.

Metric 4 – Interest Cover EBITDA MRI – The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

- In recent years there have been additional financial challenges arising due to reducing income (rent cap in 2023/24), costs increasing above inflation (particularly property related) and rising interest rates. Demand for services has increased resulting in higher operating revenue costs alongside increased investment in assets and increased costs relating to property insurance.
- There has also been pressure on services impacting operational costs with the increased focus on damp and mould and also pressures on our labour and material supply chain in our repairs service.
- It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets. Calico Homes also has also agreed an EPC C carve out from 2023/24 – 2025/26 with its funders. From April 2026 the covenant target will move to EBITDA only.
- We recognise that aligned to this as demonstrated in VFM Metric 6, our operating surplus performance is at upper quartile levels. An increased surplus is needed to fund the interest payable mainly used to support our investment in new homes.

Strategic Report of the Board (continued)

Metric 5 – Headline Social Housing Cost per unit – The Headline social housing cost per unit metric assesses the headline social housing cost per unit as defined by the regulator.

- The Headline Social Housing is lower quartile when comparing to all housing providers for 2022/23, meaning costs are lower than both the national and peer comparisons. The national median level is £4,586 and our peer comparison at a median level is £4,375.
- Key areas driving increased costs across the sector are the record levels of investment in building safety and energy efficiency works. Calico Homes does not have any high-rise buildings and has not had any significant associated costs with building safety. Although work has commenced with delivery of the EPC C works programme, there have only been low levels of work delivered in 2023/24, therefore it is difficult to directly compare for benchmarking.
- In the last two years due to the increased focus on damp, mould, the impact of completion of over 1,500 stock condition surveys, there has been increases in repair works. This has led to an increased number of out of time repairs works that will be completed in 2024/25.
- The 2023/24 Investment programme also continues to ensure Calico Homes is meeting its regulatory and strategic objectives, continuing to provide safe and decent homes for customers.

Metric 6 – Operating Margin – The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are considered.

- The operating margin has increased in 2023/24 from 26.20% to 27.60%. This is at upper quartile levels for both the national and peer comparison.
- In 2023/24 there has been an increase in turnover, mainly as a result of the rent increase and the additional new homes completed in 2022/23 and 2023/24. Whilst we have seen the impact of higher costs driven by inflation and higher interest rates, overall, the operating surplus has not been impacted. The impact of the FRS102 pension adjustment has also increased the operating margin.
- The 2024/25 operating margin is expected to remain at upper quartile levels. It should be noted that the business plan does not include FRS 102 pension adjustments which can have an impact on operating margins.

Metric 7 – Return on Capital Employed - ROCE measures the efficiency of investment of capital resources.

- Calico Homes remains at upper quartile at 4.3% based 2023/24 and 2024/25 is expected to perform at a similar level. This indicates positive use of its capital resources.

In 23/24 there is a new Regulatory requirement as part of the Transparency, Influence and Accountability Standard) to report on Directors' remuneration and management costs.

The measures are:

- Remuneration payable to the highest paid Director relative to the size of the landlord - £27.02 per property
- Remuneration paid to Directors (this includes members of the governing body, i.e. Non-Executive Directors) relative to the size of the landlord - £110.15 per property

Principal Risks and uncertainties

Calico Homes has a Risk Management Framework which is aligned to business activities and supports the achievement of corporate objectives. This framework was refreshed in May 2024. The Board has overall responsibility for risk management at Calico Homes. Risks are considered at all levels across the business and all decisions taken by the Board or Committees consider relevant risks.

Strategic Report of the Board (continued)

The Risk Management Framework is in place to identify, evaluate and manage the significant risk. As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also review the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. In 23/24 the Board held an externally facilitated risk, stress testing and recovery workshop. This considered the risk management and regulatory context. Following this a risk management workshop was held and the Board considered the changes to the regulatory and economic environment and self-assessment of the Sector Risk Profile. This resulted in a revised risk register with 11 risks. The strategic risks identified are:

- Political, Environment and Macro-Economy
- Asset Management
- Legal and Regulation
- Governance and Strategy
- Customer Service – Satisfaction, Expectation and Experience
- Quality and Integrity of Data
- Recruitment and Retention
- Cybersecurity
- Sustainability and Uneconomic Assets
- Lending Agreement and Covenants
- Group Structure

Capital structure and treasury management

As at March 2024, Calico Homes had committed debt funding of £168.3m (2023: £168.3m).

Funder	Total Facility	Total Drawn as at 31/03/2024
Nationwide	£41.5m	£41.5m
NatWest	£99m	£84.3m
MORhomes	£27.8m	£27.8m
Total	£168.3m	£153.6m

In 2023/24, Calico Homes borrowed an additional £9m to bring its total borrowings to £153.6m (2023: £142.6 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes has loans with both NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 90.0% (2023: 87.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.87% to 7.64% (2023: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.81% (2023: 4.62%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

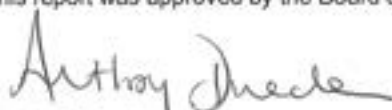
The financial performance in 2023/24 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £13.5m (2023: £9.3m). Cash Balances (Bank balances and short-term investments) were £1.2m (2022: £2.1m) at the year end.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 19 September 2024 and signed on its behalf by:



Anthony Duerden
Company Secretary
Date: 19 September 2024
For the year ended 31 March 2024

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited (the "charitable company") for the year ended 31 March 2024 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, 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 Financial Reporting Standard 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 charitable company's affairs as at 31 March 2024 and of the charitable company's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 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 trustees' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 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 our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

- the charitable company has not kept adequate accounting records; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England established as a charitable company. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within impairment assessments of housing properties, capitalisation of development costs and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, including impairment assessments, and substantive testing of key income streams.

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

[This report has not yet been signed]

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

Statement of Comprehensive Income

For the year ended 31 March 2024

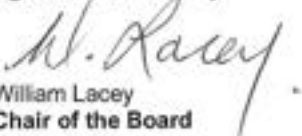
	Note	2024 £'000	2023 £'000
Turnover	3	32,465	29,127
Operating expenditure	3	(24,600)	(22,680)
Gain on disposal of fixed assets	7	708	1,678
Operating surplus		8,573	8,125
Interest receivable and other income	8	190	143
Interest payable and financing costs	8	(7,789)	(6,670)
Surplus on ordinary activities before tax		974	1,598
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		974	1,598
Actuarial loss in respect of pension schemes	10	(167)	(154)
Total comprehensive income for the year		807	1,444

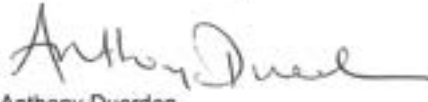
Statement of Changes in Reserves

For the year ended 31 March 2024

Net	2023 £'000	2023 £'000
Income and expenditure reserve		
Balance as at 1 April	4,026	2,582
Surplus from Statement of Comprehensive Income	807	1,444
Balance at 31 March	4,833	4,026

The financial statements on pages 23 to 49 were approved and authorised for issue by the Board on 19 September 2024 and signed on its behalf by:


William Lacey
Chair of the Board


Anthony Duerden
Company Secretary

Statement of Financial Position

As at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets	13	203,019	187,730
Intangible assets	14	134	214
Investments	15	479	479
		<u>203,632</u>	<u>188,423</u>
Current assets			
Stock	16	81	108
Debtors	17	2,704	3,430
Cash at bank and in hand		1,244	2,066
		<u>4,029</u>	<u>5,604</u>
Creditors: Amounts falling due within one year	18	(6,584)	(5,454)
Net current (liabilities)/assets		<u>(2,555)</u>	<u>150</u>
Total assets less current liabilities		<u>201,077</u>	<u>188,573</u>
Creditors: Amounts falling due after more than one year	19	195,703	184,056
Provision for liabilities			
Pension provision	10	541	491
		<u>196,244</u>	<u>184,547</u>
Income and expenditure reserve		<u>4,833</u>	<u>4,026</u>
		<u>201,077</u>	<u>188,573</u>

The notes on pages 26 to 49 form part of these financial statements.

The financial statements on pages 23 to 49 were approved and authorised for issue by the Board on 19 September 2024 and signed on its behalf by:


William Lacey
Chair of the Board


Anthony Duerden
Company Secretary

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	27	13,448	9,320
Cash flow from investing activities			
Interest received and other income	8	190	143
Purchasing of housing properties and improvements		(19,686)	(18,798)
Grants received		1,220	8,633
Purchase of other fixed assets	13	(184)	(1,346)
Purchase of intangible fixed assets	14	(29)	(102)
Proceeds of sales of housing properties	7	885	2,312
Net cash flow used in investing activities		(17,604)	(9,158)
Cash flow from financing activities			
Interest and financing costs paid		(7,666)	(6,881)
Loans received		11,000	-
Repayment of borrowings		-	(1,000)
Net cash flow from/(used in) financing activities		3,334	(7,881)
Net change in cash and cash equivalents		(822)	(7,719)
Cash and cash equivalents at beginning of the year		2,066	9,785
Cash and cash equivalents at end of the year		1,244	2,066

The notes on pages 26 to 49 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The private company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2024.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £0.8m (2023: £1.4m) and net assets of £4.8m (2023: £4.0), which includes £0.541m (2023: £0.491m) provision for the SHPS defined benefit scheme liability. At 31 March 2024 the Statement of Financial Position records a net current liabilities position of £2.56m (2023: £0.15m net current assets). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2023: £nil) capital loan repayment which is due to be repaid on 31 March 2025. The board confirm that the net current liabilities position at 31 March 2024 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 31. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.

During the year, the company has assessed that there has not been a trigger for an impairment review.

Following a trigger for impairment, the company performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm's length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Following the assessment of impairment, the determined impairment losses were £Nil (2023: £Nil).

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 33%

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Turnover is stated exclusive of Value Added Tax ("VAT") and a summary can be found in note 3 to the financial statements.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date. The charitable status provides the company with corporation tax exemption for its primary purpose and ancillary income streams.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax income is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements are capitalised at the point of handover/completion.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is completed.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives ("UELS"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low-cost home ownership properties

Low-cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- | | |
|------------------------------------|--|
| • Freehold property | 75 years |
| • Leasehold properties | 75 years or the term of the lease (whichever is lower) |
| • Furniture, fixtures and fittings | 10-33% |
| • Computers and office equipment | 20-33% |

Leased assets

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

(a) Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.

(b) Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the reporting date.

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable in less than one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2024	2024	2024	2023	2023	2023
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	28,424	(20,580)	7,844	25,900	(19,119)	6,781
Other social housing activities:						
Support services	595	(595)	-	624	(608)	16
Non-social housing [B]	3,446	(3,425)	21	2,603	(2,953)	(350)
	<u>32,465</u>	<u>(24,600)</u>	<u>7,865</u>	<u>29,127</u>	<u>(22,680)</u>	<u>6,447</u>

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2024 Total £'000	2023 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	19,987	6,972	26,959	24,579
Service charges receivable	517	576	1,093	982
Amortised government grants	272	100	372	339
Turnover from social housing lettings	<u>20,776</u>	<u>7,648</u>	<u>28,424</u>	<u>25,900</u>
Expenditure on social housing lettings				
Management	(5,380)	(1,981)	(7,361)	(6,684)
Service charge costs	(557)	(857)	(1,414)	(1,107)
Routine Maintenance	(2,778)	(1,023)	(3,801)	(3,428)
Planned Maintenance	(1,132)	(417)	(1,549)	(1,520)
Major repairs expenditure	(882)	(325)	(1,207)	(1,430)
Community Involvement	(371)	(137)	(508)	(438)
Bad debts	(74)	(27)	(101)	(127)
Depreciation of housing properties	(3,062)	(1,127)	(4,189)	(3,830)
Impairment of housing properties	-	-	-	-
Other costs	(329)	(121)	(450)	(555)
Operating costs on social housing lettings	<u>(14,565)</u>	<u>(6,015)</u>	<u>(20,580)</u>	<u>(19,119)</u>
Operating surplus on social housing lettings	<u>6,211</u>	<u>1,633</u>	<u>7,844</u>	<u>6,781</u>
Void loss	<u>(248)</u>	<u>(91)</u>	<u>(339)</u>	<u>(122)</u>

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

	Turnover	Operating Costs	2024 Operating surplus/ (deficit)	2023 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Market Lettings	88	(45)	43	48
Barley View Care Home	1,358	(1,419)	(61)	(140)
Charitable donation	170	-	170	-
Other*	1,830	(1,961)	(131)	(258)
	<u>3,446</u>	<u>(3,425)</u>	<u>21</u>	<u>(350)</u>

* Included in Other are recharges of office costs to group companies (note 28).

4. Accommodation owned, managed and in development

	At 31/03/2023	Additions	Disposals	Other	At 31/03/2024
UNITS OWNED					
Social Housing:					
General needs housing social rent	2,938	-	(12)	2	2,928
General needs housing affordable rent	930	45	(2)	(9)	964
Supported housing social rent	1,193	10	-	-	1,203
Supported housing affordable rent	230	1	-	9	240
Low-cost home ownership	2	-	-	-	2
	<u>5,293</u>	<u>56</u>	<u>(14)</u>	<u>2</u>	<u>5,337</u>
Non-Social Housing:					
Market rented	12	-	-	-	12
Registered Care Homes	28	-	-	-	28
	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
UNITS MANAGED					
Managed units* - General needs	<u>53</u>			<u>(34)</u>	<u>19</u>
UNDER DEVELOPMENT					
General needs housing affordable rent	64				48
Supported housing	93				93
	<u>157</u>				<u>141</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2024	2023
	No. of units	No. of units
Supported housing	227	218

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2024	2023
		£'000	£'000
(Surplus) on sale of fixed assets	7	(708)	(1,678)
Depreciation of housing properties	13	4,189	3,830
Depreciation of other tangible fixed assets	13	334	342
Amortisation of intangible fixed assets	14	109	115
Amortisation of government grants	3	(372)	(339)
Operating lease rentals – land and buildings		469	345
Operating lease rentals – other		303	270
Auditor's remuneration (excluding VAT):			
- for audit services		43	34
- taxation compliance services		4	2
- service charge certification		2	2
- Other services		6	-

7. Surplus on sale of fixed housing assets

	Right to Buy Sales	Others	Total 2024	Total 2023
	£'000	£'000	£'000	£'000
Disposal proceeds	885	-	885	2,312
Carrying value of fixed assets	(177)	-	(177)	(634)
Surplus/(deficit) on disposal	708	-	708	1,678

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2024 £'000	2023 £'000
Interest receivable and similar income		
Interest receivable and similar income	190	143
Interest payable and financing costs		
Loans and bank overdrafts	7,632	6,791
Adjustment for effective interest rate	142	193
Pensions – net interest on pension deficit	134	104
	7,908	7,088
Less: interest capitalised on housing properties under construction	(119)	(418)
	7,789	6,670

The interest rate of 4.62% (2023: 3.89%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2024	2023
	No.	No.
Administration	82	84
Housing and community services	234	226
Total	316	310
Full time equivalents (36.25 hours/week)	286	216
	2024	2023
	£'000	£'000
Employee costs:		
Wages and salaries (gross)	8,806	8,242
Social security costs	848	789
Redundancy	39	54
Other pension costs	424	389
Pension adjustment to Income and Expenditure Accounts	(138)	(118)
	9,979	9,356

Pension obligations

The Company participates in the Social Housing Pension Scheme ("SHPS") and operates a stakeholder pension scheme.

During the year, the SHPS DB cost was £4k (2023: £4k) in respect of the scheme expenses.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2024 No.	2023 No.
£60,000 to £70,000	4	5
£70,000 to £80,000	5	5
£80,000 to £90,000	1	-
£90,000 to £100,000	2	3
£100,000 to £110,000	5	1
£110,000 to £120,000	-	1
£120,000 to £130,000	-	1
£130,000 to £140,000	-	-
£140,000 to £150,000	1	1
£150,000 to £160,000	1	1

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020, and the last estimate 30 September 2023.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2024 (£000s)	31 March 2023 (£000s)
Fair value of plan assets	2,250	2,293
Present value of defined benefit obligation	2,791	2,784
Surplus (deficit) in plan	(541)	(491)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(541)	(491)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(541)	(491)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2023 to 31 March 2024 (£000s)
Defined benefit obligation at start of period	2,784
Current service cost	-
Expenses	4
Interest expense	134
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	3
Actuarial losses (gains) due to changes in demographic assumptions	(25)
Actuarial losses (gains) due to changes in financial assumptions	(69)
Benefits paid and expenses	(40)
Defined benefit obligation at end of period	2,791

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2023 to 31 March 2024
Fair value of plan assets at start of period	2,293
Interest income	113
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(258)
Contributions by the employer	142
Contributions by plan participants	-
Benefits paid and expenses	(40)
Fair value of plan assets at end of period	2,250

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was £145k (2023: £1,714k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOC)

	From 31 March 2023 to 31 March 2024 (£000s)
Current service cost	-
Expenses	4
Net interest expense	21
Defined benefit costs recognised in statement of comprehensive income (SoCI)	25

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	From 31 March 2023 to 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(258)
Experience gains and losses arising on the plan liabilities - gain (loss)	(3)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	25
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	69
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(167)
Total amount recognised in other comprehensive income - gain (loss)	(167)

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2024 (£000s)	31 March 2023 (£000s)
Global Equity	224	43
Absolute Return	88	25
Distressed Opportunities	79	69
Credit Relative Value	74	87
Alternative Risk Premia	71	4
Emerging Markets Debt	29	12
Risk Sharing	132	169
Insurance-Linked Securities	12	58
Property	90	99
Infrastructure	227	262
Private Debt/Equity	91	102
Opportunistic Illiquid Credit	88	98
High Yield	-	8
Cash	44	17
Long Lease Property	15	69
Secured Income	67	105
Liability Driven Investment	916	1,056
Currency Hedging	(1)	4
Net Current Assets	4	6
Total assets	2,250	2,293

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2024 % per annum	31 March 2023 % per annum
Discount Rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.79%	2.82%
Salary Growth	3.79%	3.82%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2044	21.8
Female retiring in 2043	24.4

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2024	2023
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors	35	32
The aggregate emoluments paid to or receivable by executive officers	525	547
The aggregate compensation paid to or receivable by executive officers	30	-
The emoluments paid to the highest paid executive officer (excluding pension)	145	138
The aggregate pensions costs for executive officers	45	91
Total key management personnel remuneration	560	579

The Chair to receive £6,300 per annum and all other Board members £4,200 each. Expenses paid during the year in respect of Board members amounted to £126 (2023: £364).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £11k (2023: £10k) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2024	2023
	£'000	£'000
UK Corporation Tax charge for the year	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	974	1,598
Surplus on ordinary activities at standard rate 25% (2023: 19%)	244	304
Effect of charitable income and expenditure not subject to tax	(244)	(304)
Current tax charge for year	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	Housing Properties				Other Fixed Assets			
	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Total housing properties	Freehold offices	Furniture and office equipment	Total other fixed assets	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	211,072	7,806	194	218,872	6,744	2,506	9,250	228,122
Additions	1,000	15,215	-	16,215	57	127	184	16,399
Works to existing properties acquired	3,590	-	-	3,590	-	-	-	3,590
Schemes completed	5,280	(5,280)	-	-	-	-	-	-
Disposals	(713)	-	-	(713)	(923)	(1,294)	(2,217)	(2,930)
At end of the year	220,229	17,541	194	237,964	5,878	1,339	7,217	245,181
Depreciation and impairment								
At start of the year	36,842	-	18	36,860	1,791	1,741	3,532	40,392
Charge for the year	4,185	-	4	4,189	136	188	334	4,523
Impairment	-	-	-	-	-	-	-	-
Disposals	(536)	-	-	(536)	(923)	(1,294)	(2,217)	(2,753)
At end of the year	40,491	-	22	40,513	1,004	645	1,649	42,162
Net book value at the 31 March 2024	179,738	17,541	172	197,451	4,874	694	5,568	203,019
Net book value at the 31 March 2023	174,230	7,606	176	182,012	4,953	765	5,718	187,730

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2024 £'000	2023 £'000
Freehold land and buildings	110,531	108,778
Long leasehold land and buildings	69,379	65,628
Properties under construction	17,541	7,606
	<u>197,451</u>	<u>182,012</u>
Major works to existing properties in the year:		
Works capitalised	3,590	3,441
Amounts charged to expenditure (note 3)	1,207	1,430
	<u>4,797</u>	<u>4,871</u>
Included within major works is £385k (2023: £Nil) in respect of EPC "C" works.		
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	2,824	2,705
The capitalisation rate used was 4.62% (2023: 3.98%)		

Cost of properties includes £213k (2023: £260k) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £120,956k (2023: £121,045k) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

Computer software and licences	2024 £'000	2023 £'000
Cost		
At start of year	1,999	1,897
Additions	29	102
Disposals	(1,494)	-
At end of year	<u>534</u>	<u>1,999</u>
Amortisation		
At start of year	1,785	1,670
Charge for year	109	115
Disposals	(1,494)	-
	<u>400</u>	<u>1,785</u>
Net book value		
At 31 March	<u>134</u>	<u>214</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2024	2023
	£'000	£'000
A ordinary shares number 155,000 (2022: 155,000)	159	159
Fixed rate unsecured convertible loan notes	320	320
	<u>479</u>	<u>479</u>

In respect of the funding with MORhomes PLC, detailed in note 20, the company has 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2024	2023
	£'000	£'000
Raw materials and consumables	<u>81</u>	<u>108</u>

17. Debtors

	2024	2023
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,848	1,646
Less: Provision for bad and doubtful debts	(838)	(807)
	<u>1,010</u>	<u>839</u>
Other debtors	1,101	716
Less: Provision for bad and doubtful debts	(568)	(533)
Prepayments and accrued income	761	703
Intercompany balance	400	1,705
	<u>2,704</u>	<u>3,430</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	611	471
Rent and service charges received in advance	699	444
Debt (Note 20)	1,000	-
Others creditors	132	134
Accruals and deferred income	1,489	2,636
Other taxation and social security	202	110
RTB proceeds due to Burnley Borough Council	167	150
Intercompany balances	1,889	1,071
Deferred capital grant (Note 21)	395	438
	<u>6,584</u>	<u>5,454</u>

19. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Debt (Note 20)*	151,491	141,244
Deferred capital grant (Note 21)	42,235	40,706
Recycled capital grant (Note 22)	41	40
Leaseholder sinking funds	46	42
Loan Premium	1,890	2,024
	<u>195,703</u>	<u>184,056</u>

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2024 £'000	2023 £'000
Due after more than one year:		
Bank loans	152,491	141,244
Debt is repayable as follows:		
Within one year	1,000	-
Between two to five years	6,500	5,000
After five years	144,991	136,244

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from MORhomes PLC at a fixed rate. The Company currently has 90.0% (2023: 87.0%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2024 was £14.7m (2023: £ 25.7m).

The fixed rates of interest range from 2.87% to 7.64% (2023: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.81% (2023: 4.62%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/24 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	7.67

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by M&G Trustee Company Limited. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2024 £'000	2023 £'000
At start of year	41,144	33,508
Grant received in the year	1,858	7,995
Released to income in the year	(372)	(339)
Transfer from/(to) RCGF	-	(20)
At the end of the year	42,630	41,144
Amount due to be released within one year (Note 18)	395	438
Amount due to be released after one year (Note 19)	42,235	40,706
	42,630	41,144

The gross amount of grant received prior to amortisation as at 31 March 2024 was £45,643k (2023: £43,794k).

22. Recycled capital grant fund

	2024 £'000	2023 £'000
Balance brought forward at 1 April 2023	40	20
Grants recycled	-	40
Notional interest	1	-
Transfer (to)/from Deferred Capital Grant	-	(20)
Carried forward at 31 March 2024	41	40

The balance on the Recycled capital grant fund ("RCGF") is allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2024 £'000	2023 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	11,501	25,062
Expenditure approved by the Board, but not contracted	3,400	-
	14,901	25,062

These are to be funded out of undrawn loan facilities of £14.7m (2023: £25.7m) and estimated grants of £3.5m (2023: £3.7m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2024 £'000	2023 £'000
Land and buildings:		
• Within one year	322	315
• Two to five years	564	661
• Over five years	-	16
	<u>886</u>	<u>992</u>
Other leases:		
• Within one year	330	259
• Two to five years	412	358
	<u>742</u>	<u>617</u>

25. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	2,066	(822)	-	1,244
Debt due within one year	-	-	(1,000)	(1,000)
Debt due after one year	(141,244)	(11,000)	753	(151,491)
	<u>(139,178)</u>	<u>(11,822)</u>	<u>(247)</u>	<u>(151,247)</u>

Notes to the Financial Statements (continued)

26. Control

The Calico Group Limited (Company No. 08747100), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party. The Calico Group comprises a number of innovative charities and businesses, working together to create social profit.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

27. Reconciliation of surplus to net cash generated from operating activities

	2024	2023
	£'000	£'000
Surplus for the year	974	1,598
Adjustments for non-cash items:		
Depreciation of housing properties	4,189	3,830
Depreciation of other tangible fixed assets	334	342
Amortisation of intangible fixed assets	109	115
Amortisation of government grants	(372)	(339)
Pensions adjustment	(117)	(118)
(Profit)/loss on sale of fixed assets	(708)	(1,678)
Working capital movements:		
Decrease/(Increase) in stock	27	(11)
Decrease/(Increase) in debtors	726	(684)
(Decrease)/Increase in creditors	687	(262)
Adjustments for investing or financing activities:		
Interest payable and financing costs	7,789	6,670
Interest receivable and other income	(190)	(143)
Net cash generated from operating activities	<u>13,448</u>	<u>9,320</u>

Notes to the Financial Statements (continued)

28. Related parties

William Lacey and Sarah Roberts are members of both Calico Homes and Calico Group Boards.

Tenant members

The tenant Board members at 31 March 2024 have tenancies on normal commercial terms with combined rent payable of £5,280 (2023: £4,934).

At 31 March 2024, there were no outstanding amounts (2023: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-24 £'000	Mar-23 £'000
• New house building	12,474	9,531

During the year, the company recharged office costs to Hobstones totalling £181k (2023: £117k) and Hobstones provided a charitable donation to the company of £170k (2023: £Nil).

At 31 March 2024, the company owed to Hobstones £1,001k (2023: £706k).

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £18k (2023: £42k).

At 31 March 2024, the company owed Group £29k (2023: £8k).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-24 £'000	Mar-23 £'000
• Various Investment works	1,038	1,354
• Externals	894	920
• Heating	479	493
• Roofing	1,479	765
• Damp proofing	514	408
• Empty Homes refurbishment	1,065	965
	5,469	4,905

During the year, the company recharged office costs to Ring Stones totalling £721k (2023: £419k).

At 31 March 2024, the company owed to Ring Stones £741k (2023: £325k).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

During the year, the company recharged office costs to Syncora totalling £101k (2023: £100k).

At 31 March 2024, the company owed Syncora £1k (2023: £12k).

Syncora Care Limited ("Syncora Care"), a subsidiary of Syncora

During the year, there were no transactions (2023: £Nil).

At 31 March 2024, the company owed Syncora Care £2k (2023: £Nil).

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £463k (2023: £419k) and Enterprise charged £663k (2023: £590k) for cleaning, painting, decorating and catering services.

At 31 March 2024, the company owed to Enterprise £116k (2023: £20k).

CALICO HOMES LIMITED

England & Wales - Charity number 1151945

Accounts

Company Number: 3752751

A woman with reddish-brown hair tied back, wearing a dark grey jacket and a lanyard with a Calico Homes logo, is walking and smiling towards a man. The man has a beard and is wearing a dark blue Nike sweatshirt and a lanyard with a Calico Homes logo. They are walking on a paved path in front of a building with windows and a metal fence. The background is slightly blurred.

Calico Homes Limited

Report and Financial Statements

Year ended 31 March 2023

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Board Members, Executive Officers, Advisors and Bankers

Board

Chair	William Lacey
Vice Chair	Adam Greenhalgh
Other Members	Victoria Cooper Claire Bradley Gerard Gallagher (appointed 6 February 2023) Tim Patel (appointed 6 February 2023) Sarah Roberts Paula Robinson Vincent Roche

Executive Officers

Group Chief Executive	Anthony Duerden
Deputy Chief Executive	Helen Thompson
Executive Director of Group Finance	Stephen Aggett
Company Secretary	Stephen Aggett (resigned 30 th June 2023) Anthony Duerden (appointed 30 th June 2023)

Executive Director of Organisational Development	Vicki Howard
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Registered Office	Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED
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Company Registered number	3752751
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Charity Registered number	1151945
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Regulator of Social Housing	L4254
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External Auditor	Crowe U.K. LLP 3 rd floor, The Lexicon, Mount Street Manchester, M2 5NT
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Internal Auditor	BDO LLP 3 Hardman Street Spinningfields Manchester, M3 3AT
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Solicitors	Forbes Solicitors Rutherford House 4 Wellington Street St. Johns, Blackburn, BB1 8DD
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Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester, M3 3AP
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Lenders	National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW
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MorHomes PLC
Future Business Centre
Kings Hedges Road, Cambridge,
CB4 2HY

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2023.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 7.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises nine (2022: seven) Non-Executive Directors who are responsible for setting the vision and strategic objectives of the business and overseeing their delivery. The Non-Executive Directors are Trustees for charity purposes. The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During this period, there have been two new appointments to the Board and no retirements. The Board met seven times throughout the year and all meetings were quorate.

The Board delegates the day-to-day management and implementation of the strategic objectives to the Group Chief Executive, Executive Directors and Homes Managing Director. The Executive Team meet weekly and attend Board meetings.

Non-Executive Directors are recruited on a skills-based approach to ensure that they have the appropriate range of skills, experience and attributes required to provide strategic direction and monitor Calico Homes' performance. The Board conduct an annual review of the overall effectiveness of the Board and of the skills required by the Board, which informs future recruitment. The Board and its committees obtain external specialist advice from time to time as necessary.

In 2020, Calico Group launched a New Generation Board Diversity Programme in partnership with the Housing Diversity Network with the intention of broadening diversity within the Board, in particular increasing participation from younger people and people from minority ethnic backgrounds. The New Generation programme supports participants for two years with the aim that at the end of the programme participants will be ready to become Board members.

During the year, Calico Homes conducted an open, skills-based recruitment process, which resulted in two new appointments to the Board, including one person from the New Generation programme.

Board Members normally serve for up to six years, with a maximum term of nine years. One Board Member, Adam Greenhalgh, has served for eight years, and is due to retire at the 2023 Annual General Meeting.

Alongside the annual review of the overall Board effectiveness, each individual Board Member also has an annual development review to evaluate their contribution to the Board and identify training needs. These reviews inform a Board development programme that focuses on Board performance and ensuring the Board's future effectiveness, together with tailored events on specific business-related topics where a training need has been identified.

New Board Members receive induction training on their legal obligations under charity and company law; the governance framework of the company; the vision and strategic objectives of the Board; and the homes and housing services provided.

Calico Homes has insurance policies that indemnify its Board members and Executive Officers against liability when acting for Calico Homes.

Report of the Board (continued)

The Board (continued)

To operate effectively, and to ensure appropriate governance in business-critical areas, the Board has delegated some responsibilities to two Group Committees:

- **Audit & Assurance Committee**

The Group Audit & Assurance Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Calico Homes Board on the effectiveness of the Company's internal control arrangements. The Committee approves the scope of work of both internal and external auditors, including their appointments. It also considers the financial statements and recommends their approval to the Board. The Committee met four times during the year.

- **Nominations and Remuneration Committee**

The Group Nominations & Remuneration Committee advises the Board on Non-Executive Director recruitment and remuneration, and the appointment and remuneration of the Group Chief Executive and Executive Directors, taking independent advice as necessary. The Committee also sets the objectives for the Group Chief Executive and reviews performance against those objectives. The Committee met four times during the year.

Community Engagement

Calico Homes approach to involving customers is in line with the regulatory standards. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are range of different opportunities which ensure customers are involved at all levels. These include:

- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Neighbourhood representatives who complete customer scrutiny activities and are involved in the development of policies and strategies; and
- Active tenant and resident associations and community groups.

Calico Homes value the insight gathered from its customers and have developed a "What Our Customers are Saying" (WOCAS) report that is used to inform decision-making and service improvement. The Board oversees the approach to involvement ensuring effective co-regulation.

Calico Homes has a clear and simple complaints policy available to all customers focused on the principle of doing the right thing to resolve complaints.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential in the ability of Calico Homes to deliver its strategic objectives and commitments to customers.

Calico Homes continues to provide information on its objectives, progress, and activities through briefings from senior staff, regular departmental meetings, an annual conference, "One Calico" events, a performance and personal growth framework and a regularly updated intranet site. There is an Employee Voice Group who represent colleagues from across the Company and meet regularly with senior leaders to consider how the Company delivers services and runs its business.

Calico Homes is committed to inclusivity for all its employees and customers. Calico has established "This is Me" groups to support colleagues and communities. The aim of these groups is to influence Calico's culture to ensure inclusivity and diversity in all realms. The vision of the This is Me Groups is "Through our own diversity and lived experiences we will celebrate and champion (LGBTQ+/BAME/Youth) across the Calico Group and our communities and challenge any discrimination". Calico is a Disability Confident Employer, is a member of the HouseProud Network and a member of the Housing Diversity Network. In 2022/23 Calico has created an Inclusion Forum which brings together all the This is Me Group and Employee Champions. The Calico Group has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK and was award "Best for Diversity and Inclusion" at the Greater Manchester Good Employment Charter Awards. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives.

Report of the Board (continued)

Employees (continued)

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes 2022 Gender Pay gap report confirms Calico has a mean gender pay gap of 14.48% Whilst this has increased for Calico Homes, Calico remains committed to reducing this gap and from April 23 has uplifted salaries to the Real Living Wage levels.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 48% (2022: 49%) male, 52% (2022: 51%) female, 6.3% (2022: 6.4%) who self-identify as disabled, 11.1% (2022: 8.6%) from an Ethnic Minority background and 1.4% (2022: 0.7%) who identify as LGBTQ+. The latter two measures are largely reflective of the communities we serve.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and not avoided.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. There is an annual review of the treasury strategy and treasury management which is supported by external consultants. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed these include the financial loan covenants. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These include anti-fraud and bribery, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

Report of the Board (continued)

External Assurance

- **Internal Audit**

Internal Audit for 2022/23 is provided by Beevers and Struthers who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 2022/23 the Board received an annual report which confirmed reasonable assurance in respect of the design and operational of internal controls within their scope of work.

- **External Audit**

External Audit is provided by Crowe UK LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the financial statements.

National Housing Federation (NHF) Code of Governance

The Board has adopted the NHF Code of Governance 2020. The Board confirms compliance with the Code for the year-ended 31 March 2023.

To ensure continued compliance with both the Regulatory Standards and the NHF Code of Governance, the Board will continue to enhance its approach to hearing and acting upon what customers are saying, to risk management, to value for money and to broadening its diversity and inclusivity.

The Group Board monitors compliance with the adopted Codes of Governance for each subsidiary Board.

Regulator of Social Housing (RSH) Regulatory Standards Compliance

In late 2020, the RSH carried out an in-depth assessment (IDA). The IDA uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance.

In November 2022 the RSH completed their annual Stability Check. This reaffirmed the G1 status but, in common with a significant number of other housing providers, regraded financial viability to V2. This reflects the fact that Calico Homes is investing significantly in its existing homes, including an accelerated programme to improve energy efficiency. This investment reduces interest cover, and coupled with the economic uncertainty in relation to inflation and interest rates means that Calico's ability to respond to adverse events is reduced. A V2 grading means that Calico Homes continues to meet the RSH viability requirements and has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard and confirm compliance with the Regulatory Standards.

Fundraising Practices

The charity had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

Reserves Policy

The Trustees review the level of reserves annually. Since 2021/22 there have been positive reserves, this is ahead of the original target position and the Trustees consider that sufficient resources are held in an appropriate form.

After transfer of the surplus for the year of £1.598m (2022: £2.080m) and actuarial loss of £0.154m (2022: £0.640m), the Company Reserves at the year-end amounted to £4.026m (2022: £2.582m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

Report of the Board (continued)

Statement of directors' responsibilities for the annual report and financial statements (continued)

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

The Board, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

In 2022/23 Calico Homes surplus was £1.4m (2022: £2.7m) and net assets of £4.0m (2022: £2.6m, which includes £0.491m (2022: £0.455m) provision for the SHPS defined benefit scheme liability.

Calico Homes has a long-term business plan which has been subject to sensitivities and stress tested multiple scenarios which confirm the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities. This is supported by strong income collection and reducing void loss performance.

Calico Homes has in place an undrawn revolving credit facility of £25.7m and in 2022/23 agreed a range of current and forward fixed rate loans with 87% of borrowings fixed, this mitigates the risk of increased interest costs in the medium term.

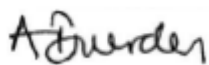
As part of the committed on-site development schemes, there are confirmed future Homes England development grants. This confirmed that Calico Homes has sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 18 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "A Duerden".

Anthony Duerden

Company Secretary

Date: 18 September 2023

For the year ended 31 March 2023

Strategic Report of the Board

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports and enables customers to live their best lives ensuring they live safely, independently and with purpose –through good quality homes, and with additional provision such as employment opportunities, building confidence, developing skills, and working within local communities. Calico Homes purpose is to make a real difference to people's lives with our vision and values ensuring we keep our customers and colleagues at the core of everything we do.

In May 2022 the Calico Homes Board reviewed and refreshed the vision and strategic objectives and revised them.

Our Vision

"We want to build strong, collaborative and caring relationships between customers, colleagues and our diverse communities; through these we will invest in local homes and services, improve our environment and create brighter futures for everyone".

Our Values

Our values remain unchanged and reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation
- To achieve our purpose of making a real difference to people's lives.

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by the revised strategic objectives which are:

- To create successful neighbourhoods where people choose to live.
- To provide an excellent customer experience and a unique customer offer, working with the rest of the group.
- To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
- To be a strong and well governed business that provides value for money and is continually improving.
- To have happy, positive, and connected teams who believe in our purpose and values.

Performance against Strategic Objectives in 2022/23

In 2022/23 Calico Homes has had a successful year given the external pressures and challenges arising as a result of the emergence from the COVID 19 pandemic and the high levels of inflation and interest rates, driving the current cost of living crisis which has had both business impacts but also significant impacts on Calico Homes customers.

Despite these challenges, Calico Homes remains financially stable and has continued to deliver services for customers and also diversify our service offer in line with customer priorities. This approach has supported strong income collection and void performance in year.

Customer feedback is integral to Calico Homes and following feedback in 2022/23 a new Community Safety team was introduced and the team have been actively engaging with customers to share their service delivery.

Calico Homes is committed to supporting customers to sustain their tenancies and although performance has remained in line with previous years, this is a positive achievement given the external challenging environment. In year Calico Homes has introduced a new rent personalisation fund targeted at supporting customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, to improve customers lives.

Strategic Report of the Board (continued)

Performance against Strategic Objectives in 22/23 (continued)

Calico Homes has continued as a key partner in the Burnley Together partnership, this is a strategic partnership of local charities and businesses, collaborating to deliver more in Burnley for communities and our customers, with a clear focus on addressing health and wellbeing and poverty.

Burnley Together has had over 12,200 interactions with customers in 2022/23 and provided 5,708 food parcels in year.

Calico Homes provide community space for the Community Grocer offer at the Valley Street community centre, the service which responds to the food poverty challenges experienced by customers and wider communities. In 2022/23 we supported the opening of a new location, Downtown Burnley which provides a range of services including a Community Grocer, in addition to support and guidance services. Calico Homes will also be managing a new community asset – Burnley Wood and this has the potential to offer a further grocer provision in the future. Currently there are over 2,500 members receiving on average 70 grocery shops per day.

Calico Homes has continued in delivery of its ambitious development programme and in 2022/23 successfully delivered 119 new homes, retaining a key focus on providing supported housing. In quarter 3 2022/23 Calico Homes delivered a new foyer in Birchwood to support young people who have become homeless. The developments also include delivered 32 homes as part of our successful Empty Homes Programme and this completed Phase 6 of the 30 homes delivered each year regenerating neighbourhoods cross Burnley.

Work began on site on the largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley due to complete in 2024/25. The ambitious development is a first for Burnley, aiming to provide specialist housing with care in a neighbourhood setting where health, support services and community activities can come together to improve people's quality of life and reduce social isolation. There are not any dedicated schemes of this kind in Burnley and the provision of this service is much needed within the town. As part of the Calico Group a new subsidiary Syncora Care has been established to support the delivery of the care service provision across the Group and this will include Dovestone Gardens.

Work is also underway on 61-unit scheme, Kinross which is a timber framed development. Calico Homes development schemes are delivered by a Group company, Ring Stones who also support the generation of local jobs and apprenticeships within Burnley. Social value is integral to Calico Homes and Ring Stones supporting 11 apprenticeship placements in year as well as supporting wider placement opportunities within Ring Stones supply chain. In addition, Ring Stones have also created a business apprenticeship role that has supported the new build schemes on site.

Calico Homes have also faced challenges with delivery of its repair services with satisfaction remaining in line with the previous year's performance and post pandemic there remain challenges with availability of labour, increased pressure on wages and increased demand for services. Despite these challenges essential repairs and delivery of the investment programme continued with delivery of 210 new boilers, 970 replacement windows, 171 new doors and 50 replacement roofs. In 2022/23 Calico Homes completed £4.8m of major investment work in existing homes, the majority delivered by the Group company Ring Stones.

In 2022/23 Calico Homes invested in ensuring its stock condition survey data was reliable and accurate and increased resources to deliver over 1500 stock condition surveys in the year alongside a number of retrofit environmental surveys to enable future planning for EPC C and net carbon works.

Following the tragedy in Rochdale there has been an increased focus on damp, mould and condensation and Calico Homes has introduced additional measures and oversight to provide assurance at both an operational and Board level. The Board receive regular performance dashboard capturing activities and key outcomes including customer communication and activities. In 2022/23 Calico Homes has completed structural damp works to 101 properties and has a programme in place to complete any further required works.

In 2022/23 Calico Homes commissioned an external EPC analysis that identified the costs and measures of achieving EPC C across existing homes. This data is being used to inform the future decarbonisation investment requirements with the initial target and focus on void properties working collaboratively with Ring Stones the group construction and investment company who are working to achieve PAS2030 accreditation to enable the retrofit of the existing stock internally.

Strategic Report of the Board (continued)

Performance against Strategic Objectives in 22/23 (continued)

In line with the strategic objective to have happy, positive, and connected teams who believe in our purpose and values, Calico Homes recognises the importance of its colleagues and has continued to support colleagues with a range of learning and development opportunities including a focus on leadership and management with the Leaders Journey and also a Leading Edge programme forming part of the overall learning offer. Calico Homes have also continued to provide dedicated wellbeing support through a number of initiatives including a summer boost programme, delivery of external sessions focused on the cost of living and money management alongside retirement planning. The One Calico Group winter event provided an opportunity for all Calico Group teams to come together, connect and celebrate their achievements with over 700 Group colleagues attending in December 2022.

Future Plans for 2023/24

To respond to the risks and challenges faced by Calico Homes, the Calico Board held an away day in January 2023 to review the strategic vision and objectives once again, ensuring they reflect the current working environment. Calico Homes are also awaiting the passing of the Social Housing Regulation Bill which is currently in its final stages with the House of Lords. This will potentially require further action to ensure future compliance.

Future Vision

"Going one step further with customers and local communities to provide affordable, safe and quality homes and personalised services; supporting customers to live their best lives in challenging times".

Future Strategic Objectives

- Property – to provide safe and well-maintained homes through investment in existing and new properties.
- Tenancy Sustainment – to support customers to sustain tenancies
- Improving Services – to provide good quality and personalised repairs, customer and neighbourhood services
- Customer Relationship – to develop trusting relationships and to empower customers and communities to take the lead on the things that matter most
- Business – to strengthen the business so it is strong, well governed, environmentally friendly and provides value for money for customers
- People – to create a place where people want to work now and in the future

All activities across Calico Homes must fit within at least one of the strategic objectives to ensure that the focus is on core business activity and that they are making a real difference to people's lives.

A new Managing Director was appointed commencing her role in February 2023. In addition to this leadership role a new position of Group Director of Customer Transformation was created to take the lead on the significant transformation activity required across the group and this role commenced in March 2023.

A road map of improvement activity is being developed with colleagues from across the Group with some of the key priorities for 2023/24 outlined below:

- Review the Customer Services offer including the contact centre, reception and approach to complaint handling and management to improve the overall customer experience of Calico customers.
- The development of a Customer Voice framework to ensure the effective capture and use of all customer feedback and the inclusion of the Customer Voice in all service design and decision making. Aligned with the Regulator of Social Housing's expectation that providers will understand and respond to the diverse needs of all customers by giving them a wide range of opportunities to influence and be involved.
- The strengthening of the approach to delivering value for money with a clear mechanism for identifying and capturing efficiency savings.
- Renewing their Domestic Abuse Housing Alliance (DAHA) accreditation. This is a scheme open to housing associations, Local Authority housing teams, and homelessness providers across the UK to help them improve their response to domestic abuse.
- Investing in Data Governance and ensuring Calico Homes has robust and accurate data to enable sound decision-making. This will be supported by the implementation of technological improvements to business intelligence reporting enabling managers access to real time data.
- Lettings review to enable the approach to Calico Homes allocations; this will sit alongside our current partnership with B-With-Us.
- Commence the collection and monitoring of the new set of Regulators tenant satisfaction measures (TSMs). These indicators form part of our KPI suite and will be reported to both Homes Leadership Team and Board.
- Reviewing the approach to the management of and setting of service charges to ensure customers are paying the correct amount towards the delivery of their services, ensuring transparency on the charges, and service offer, ensuring recovery of costs to maximise income potential.

Strategic Report of the Board (continued)

Future Plans for 2023/24 (continued)

- To support delivery of strong and well-governed business, Calico Homes will review the performance management framework to ensure emerging regulated performance metrics are included. Tenant satisfaction measures have already been included in the annual customer satisfaction survey to ensure we meet the regulatory requirements.
- Implement Customer Relationship Management (CRM) mobile working solution which will support agile and more efficient and effective working practices whilst also supporting delivery of VfM.
- £5.6m of decarbonisation works will be completed over the next 7 years to improve the thermal efficiency of our homes and ensure all properties are at least EPC C.

Risks and Challenges

As with the rest of the sector Calico Homes continues to operate in a volatile, uncertain, complex and sometimes ambiguous environment, which presents a number of risk and challenges. Calico Homes Board has overarching responsibility for ensuring risks are managed in the organisation and must seek assurance that this is happening effectively. As part of the Calico Group approach to risk management, Calico Homes has a risk map in place including mitigations which is reviewed by Board quarterly. The risk map has recently been updated with consideration of the sector risk profile (published October 2022) and the stress-testing and business-planning process was completed in March 2023.

In addition, the Board participated in an away day in January 2023 where they considered the unique circumstances of operating in Burnley and surrounding areas. Burnley is the 11th most deprived area in the country with 27% of the population living in workless households in comparison to a UK average of 16%. Drug and alcohol related hospital admissions and deaths are way above the national average and life expectancy of Burnley residents is significantly lower than the general population. These factors coupled with low value, poor quality housing and low employment skills add significantly to the challenges of operating successfully in Burnley.

Recruitment and retention continue to be an area of key focus for the Group with the current employment market position presenting an additional challenge. Calico Homes has introduced bespoke recruitment campaigns with the aim of supporting recruitment into service areas which have experienced increased recruitment challenges e.g., Repairs and the Contact Centre. Calico Homes continues to partner with colleague engagement specialists, HIVE to measure staff engagement and wellbeing on a regular basis. Information is used to develop a bespoke People Plan for Homes to address areas of dissatisfaction and to improve the morale and well-being of colleagues.

Colleague retention and reduced availability of skills and labour may undermine delivery of essential activities as the pressure to recruit and retain a talented workforce continues to increase. Within the public sector, the benefits package and security of job roles has become critical as it struggles to compete with salary levels in the private sector. An increased reliance on robust IT solutions, systems and data management is also a challenge, as colleagues strive to deliver the improved digital services customers are demanding. In addition to this the expected professionalisation of managers within the sector could further impact on colleague retention and the attraction of new people into the business.

Health & Safety compliance and the condition of our homes remain key areas of focus for Calico Homes, given the increasing business and customer risk associated with both topics. The Regulator of Social Housing is continuing its focus on customer and building safety with the introduction of a new Decent Homes criteria expected in 2023 and the requirement to achieve EPC C standard across all housing stock by 2030. This means Calico Homes will need to make informed financial decisions around investment in an unstable financial environment, in which increased inflation is having a significant impact on material costs. Potential changes to Government policy and funding relating to Registered Providers could affect our ability to grow and meet strategic aims. This may also increase costs of income collection and reduce level of income received, consequently impacting on the future viability of Calico Homes. Furthermore, there may be issues around cash-flow due to a potential spike in arrears following the mass migration of our customers to Universal Credit which has been confirmed for September 2023.

As a result of the spotlight on damp, mould and condensation across the sector Calico Homes has seen a large increase in the number of repairs being reported through to the responsive service. The additional number of inspections carried out to meet this increase in demand, coupled with the focus on carrying out more stock condition surveys has led to an increase of approx. 30.5% in the volume of responsive repairs. This has impacted negatively on performance, however Calico Homes continue to focus on allocating repairs and batching work programmes aiming to respond in line with timescales in 2023/24.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money

Calico Homes has assessed performance of delivery of the strategic objectives, aligning to delivery of VfM.

Objective one: to create successful neighbourhoods where people choose to live

STRATEGIC OBJECTIVE 1	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% of Customers satisfied with ASB service	43.48%	50%	69.64%	✓	63%
% of tenancies sustaining for at least 12 months	90.53%	91%	90.72%	✓	91%
Average General Needs re-let times	-	28 days	23 days	✓	26 days
Number of General Needs and Housing for Older People tenancies terminated	359	400	377	✓	380

Following an external independent review of Calico Homes Anti-Social Behaviour offer, and in response customers feedback aligning with the Social Housing White Paper and Regulation Bill expectations, Calico Homes established our Community Safety Team in 2022 and the team have been actively engaging with customers to shape the service offer and delivery. This is demonstrated with the improved customer satisfaction performance, which also reduces the associated risk for our customers and communities. Delegates from Calico Homes were invited to meet with civil servants who represent 10 Downing Street to contribute to the development of the incumbent Governments new Anti-Social Behaviour action plan.

Tenancy sustainment has stayed in line with previous years, although tenancy terminations have reduced. The performance is positive given the challenging economic climate and we have focused our resources across the teams and Group to support customers. In 2022/23 a new rent personalisation fund of £75k was introduced providing a flexible fund to support customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, targeted at improving customers lives and ensuring they can manage their tenancy.

The Community Investment team has been reviewed and has been rebranded as the Successful Communities team. The focus of the team is to review and shape our community investment offer in line with the development of the new Neighbourhoods and Community Strategy.

The Community Investment Team are based across 3 of our community venues; The Burnley Together Team are in our new Down Town Community Hub and our Successful Communities Manager, Community Investment Co-Ordinator & Customer Voice Officer are based at Valley St Community Centre and from June 2023, at Burnley Wood Community Centre.

Over the past 12 months, Calico Homes has supported Burnley Together – key outcomes are:

- 5,487 food parcels and 221 emergency food parcels
- Housing support to 204 individuals
- Financial support and advice to 157 individuals
- Skills and employment support to 545 individuals
- 859 fuel vouchers
- 1,135 school uniforms, 88 sports kit and 167 items of clothing/coats to local families

Calico Homes recognises partnerships are key to delivering services across Burnley to benefit customers and the wider community.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

In 2022/23 Calico have supported a range of activities from their communities centres with on average over 500 individuals attending sessions each week. These include:

- Five Ways Boxing club daily sessions, including women only, individuals with disabilities, young people from the local PRU (“pupil referral unit”). All sessions are low cost, enabling members of the local community to join in. Regular grants and funding are applied for to ensure that this is sustainable
- Brighter Lives are also based within the centre. They offer support to individuals around domestic abuse and also support around mental health for young people. They deliver sessions in schools, alongside 1:1 sessions and group sessions at Valley St
- Homestart deliver a weekly playgroup for pre-school children
- A weekly “Warm Spaces” coffee morning, providing a warm welcoming space for individuals, reducing isolation and ensuring everyone has the opportunity to have at least one warm meal a day
- ICAN deliver drop-in sessions for individuals who require support with completing benefit forms
- SafeNet deliver Power to Change – Domestic Abuse support and also weekly drop-in sessions

Calico Homes continues to support a successful apprentice programme with a focus on provision of places for residents of Burnley and Padiham.

Objective two: To provide an excellent customer experience and a unique customer offer, working with the rest of the group.

STRATEGIC OBJECTIVE 2	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% of complaints resolved within 10 days	83.46%	90%	77.39%	✗	90%
% of customers satisfied with complaint handling 2023/24 – New TSM	49.18%	65%	75.68%	✓	63%
Customer Satisfaction (with overall service provided)	84%	83%	79%	✗	84%
% Customers satisfied with the repairs service 2023/24 - New TSM	77.75%	83%	78.23%	✗	73%

Although the annual target for the % of complaints resolved in 10 days was not achieved in year, we have seen significant improvement in performance following quarter 1, with 9 of the 12 months achieving target. To support this, Calico Homes has worked with its Customer Review Group (CRG) which was established in 2022 comprising of customers interested in co-designing improved services. The CRG completed phase one of their review into how the handling and resolution of customer complaints providing a report to the Calico Homes management team with their recommendations for implementation.

Customer satisfaction with complaint handling has increased and this satisfaction measure is included in the new tenant satisfaction measures for 2023/24.

Calico Homes recognise that in 2022/23 it has not achieved the increased target of customers satisfaction with our overall service and levels have remained fairly consistent with those seen in 2021/22. The service has been impacted as during the year there has been an increase of approx. 30.5% in the volume of responsive repairs raised following the proactive approach being taken to managing damp, mould, and condensation (DMC) issues and the increased number of stock condition surveys (SCS) being completed.

This has impacted negatively on customer satisfaction as customers are having to wait longer for repairs to be completed. Calico Homes are focusing on allocating repairs within agreed timescales and batching some repairs to enable them to complete more quickly. At the end of 2022/23 Q4 Calico Homes had completed 17,680 repairs, of which 310 were late (0 of them were gas).

In 2022/23 the Group launched a new Customer Strategy, The Humanity Offer: “Living our best lives” which sets out an approach for service delivery for the next 3 years. We have introduced a new role – Group Director of Customer Transformation in 2023/24 and the initial focus will be on improving Calico Homes customer service provision with the contact centre being a key priority.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

Calico Homes actively engages with customers and in 2022/23 sought feedback on the 2023/24 rent increase receiving over 620 responses. The CRG reviewed the rent setting approach and their feedback supported and influenced the 2023/24 rent increase and process. The feedback resulted in a pro-active approach, offering support ahead of the 2023/24 rent increase for Independent Living self-paying customers who may be struggling to manage the rent increase with an event held and customers were supported in understanding benefits and available help for them. The outcome resulted in over 20% of customers who attended being eligible for additional support and increased their average weekly income by £75 per week.

Objective three: To provide high quality, safe, sustainable and affordable homes by improving existing properties and investing in new development.

STRATEGIC OBJECTIVE 3	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
Number of Development units completed	113	127	119	✗	63
% Emergency, Urgent & Routine Jobs Completed on time	91.2%	96%	88.12%	✗	96%
% Properties with a valid electrical certificate (10 years)	100%	100%	100%	✓	100%
% Properties with valid electrical certificate (5 years)	83.31%	100%	93.81%	✗	100%
% Properties with valid gas certificate	100%	100%	99.98%	✓	100%
% Fire Risk Assessments Valid	93.78%	100%	90.95%	✗	100%

In 2022/23 we have continued to deliver new homes handling over 119 new homes in the year investing over £13m in new homes, receiving over £3.2m of grants in year to support the developments.

Calico Homes performed well in relation to emergency and urgent responsive repairs with end of year performance being 99.2% and 98.3% respectively. The performance for all repairs jobs however has declined in the year from 91% to 88%. This is partly due to the time taken to complete routine repairs within timescales which has been impacted on by an increase in the work generated by damp, mould and condensation inspections. As at the end of March there were over 300 out of time repairs that were not able to be completed in time due to increasing demand, labour and material resources. The approach to managing these going forward is to focus on jobs that have been outstanding for the longest period of time, and "batching" work into geographical areas to maximise capacity. Calico Homes is pro-actively managing customers and contacting those affected with expected revised timescales.

In 2022/23 Calico Homes completed £4.8m of major investment work in existing homes, the majority delivered by the Group company Ring Stones. Works included new windows, doors, kitchens, bathrooms and roofing throughout the year in addition to the completion of damp remedial works. Calico Homes invested additional resources to undertake over 1,500 stock condition surveys that had been validated externally. To support this recognising the increasing cost of materials and labour Calico Homes has undertaken external benchmarking on the component schedule of rates. The outcome of this underpins the investment requirements of the 30-year business plan and enables effective planning of budgets. This work has supported the development of a new five-year investment programme to continue our work to improve windows, doors, roofing, kitchens and bathrooms.

Responding to the recent focus on damp and mould, there has been a review and new approach introduced to the management of damp, mould and condensation (DMC) to ensure that any customers who are experiencing DMC issues have them resolved quickly and efficiently.

In 2022/23 there was a significant increase in the performance of completed electrical inspections within 5 years by over 10%, with continued progress to meet the policy target of 100% properties with a valid electrical certificate within the last 5 years. All properties have been tested and have a valid electrical certificate within the last 10 years which is the current statutory requirement.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

The approach to gas certification is well embedded which is positively reflected in our performance.

In Autumn 2022 Calico Homes completed the delivery of a 'Big 6' compliance improvement roadmap which was put in place following the completion of an external review undertaken in December 2021. Following this a new dedicated role focusing on Compliance has been introduced. The external consultants had followed up on their recommendations to the Board and this confirmed an improved compliance assurance rating.

Objective four: To ensure that the business is strong, well governed and environmentally friendly.

STRATEGIC OBJECTIVE 4	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% overall Rent Collected	99.57%	99.25%	99.62%	✓	99.25%
% Void loss	1.27%	1.4%	1.0%	✓	1.3%
% Interest Cover	154%	120%	121%	✓	120%
% Operating Margin	33%	25%	26.2%	✓	25%

Calico Homes financial performance has been challenging to deliver in 2022/23 against a backdrop of uncertainty and volatility.

The income collection target was exceeded and, in the year, new ways of working were introduced, including taking a more intelligence-led and targeted approach to income recovery. A new dedicated role focused on collection of Former Tenant Arrears (FTAs) was introduced and this supported the increase in rent collection, collecting over £130k of additional income. With the increased focus and capacity in this area of business there has been a positive impact on cash collection and resources. The performance demonstrates rent collection has continued to perform well, despite the challenges our customers are facing with unstable employment, low paid work and the added pressure of managing the current cost of living crisis. Calico Homes has continued to support customers, pro-actively offering support where we have identified customers who may be struggling to manage. Our internal tenancy sustainment team and the new personalisation fund have been instrumental in our approach.

There have been reduced numbers of voids in the year and as noted in Objective 1 have reduced the turnaround to 23 days in 2022/23 supporting the reduced void loss.

Interest cover levels have remained in line with our target for 2022/23 despite the challenges faced with rising costs, such as insurance and repairs and maintenance. It is recognised that there will be further pressures in 2023/24 and as part of the 2023/24 treasury strategy review Calico Homes is currently finalising a more flexible interest cover structure to ensure it is able to maximise resources in the delivery of the planned approach to investment in homes inclusive of the energy efficiency related works.

In 2022/23 Calico Homes commissioned an external procurement review, and this has resulted in a new strategy for the Group which will be supported by a new Head of Procurement role for 2023/24. Work has begun on delivering the recommendations in the strategy action plan.

In 2022/23 Calico Homes commissioned an external EPC analysis that identified the costs and measures of achieving EPC C across existing homes. This data is being used to inform the future decarbonisation investment requirements with the initial target and focus on void properties working collaboratively with Ring Stones the Group construction and investment company who are working to achieve PAS2030 accreditation to enable the retrofit of the existing stock internally.

Strategic Report of the Board (continued)

Objective five: create a place where people want to work now and, in the future.

STRATEGIC OBJECTIVE 5	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2022/23
% Sickness Absence (exec Group Business Services)	2.97%	3.25%	3.32%	✓	3.5%
Colleague Employee Net Promoter Score (eNPS)	+15	N/A	-1	N/A	+21

In 2022/23 the Board approved a new Equality, Diversity, and Inclusion Strategy. Through the “This is Me” groups Calico Homes has continued to develop the approach to Equality, Diversity, and Inclusion to ensure Calico continues to be a diverse organisation which is welcoming for all employees.

Recruitment for Calico Homes has continued to be a significant challenge in 2022/23 as the tail end of the great resignation continued to have an effect. Voluntary turnover for Calico Homes for 2022/23 was 11.1% for the year and there are clear signs that the higher turnover experienced at the start of 2022/23 is now slowing for most roles. There is an ongoing commitment to increased salaries in lower paid roles and remaining focused on learning & development and reconnecting the workforce after Covid-19 has helped stem the tide of this great resignation.

Despite the challenging year recognising our colleagues are also experiencing similar issues to the business with the increased cost of living, in Summer 2022 we introduced a Summer Boost initiative whereby managers could recognise colleagues and provide them with a one off “boost” over the summer. This included meeting childcare costs, a family day out or support with energy/fuel costs. This initiative was well received with excellent feedback. Calico Homes were pleased with the outcome of the Hive survey, although the eNPS had reduced, Hive who are recognised nationally noted Calico remain high in terms of eNPs and their feedback confirmed that nationally this indicator had reduced and Calico continue to be an excellent employer. The results of the HIVE surveys have been used as the basis of a bespoke Calico Homes People Plan to address issues raised by colleagues.

Calico Homes has also invested in our head office, reconfiguring the office and introducing new technologies. This ensured that Calico are providing flexible working solutions for all colleagues, including effective spaces for collaborative working.

There has also been the rollout of a new digital Learning Management System – Campus Online to support an increased agile and personalised learning journey for colleagues and enabling an improved learning and development offer.

Calico Homes continue throughout the Group particularly Calico Enterprise to provide ongoing opportunities for volunteers, work placements, apprenticeships, and Project Search interns.

Strategic Report of the Board (continued)

Value for Money (VfM)

The Calico Group is committed to ensuring delivery of VfM services, supporting the strategic objectives, and providing excellent services for customers and colleagues.

Calico Homes Board reviews its strategic objectives annually and recognises the delivery of VfM is integral to achieving these objectives.

The strategic report includes the 2022/23 strategic objectives and the measurable outcomes that demonstrate VfM. The Regulators VfM metrics are reviewed by the Board on a regular basis including the annual budget setting, the 30 year financial plan and ongoing updates. An annual VfM self-assessment is taken to Calico Homes Board for consideration and from this a number of actions will be identified alongside measures which will enable us to track progress and delivery of VfM activity.

Calico Homes has compared their performance against the Regulators VfM metrics, inclusive of prior year and current year's performance and future targets. The table below provides the comparison with the 2021/22 Regulators Global Accounts for all housing providers and also Calico Homes chosen peer group which comprises of 10 Registered Providers inclusive of Calico Homes (Housing Providers in the North West with up to 6,000 homes).

The comparators organisations included are:

Registered Provider	Total Stock Owned	% Supported Housing & Housing for Older People	Provider Type
Calico Homes Ltd	5,293	23.4%	Traditional
South Lakes Housing	3,241	2.7%	Traditional
Muir Group Housing Association Ltd	5,564	9.8%	LSVT
Warrington Housing Association Ltd	1,269	18%	Traditional
Prima Housing Group Ltd	2,651	9.8%	Traditional
Cheshire Peaks and Plains Housing Trust	5,200	20.8%	Traditional
South Liverpool Homes Ltd	3,834	3.2%	Traditional
Cobalt Housing Ltd	5,810	0%	Traditional
Arawak Walton Housing Association Ltd	1,098	13.4%	Traditional
Eden Housing Association Ltd	1,824	8.2%	Traditional

VfM Metrics		20/21 Actual	21/22 Actual	Global Accounts 21/22 All providers (rank of 200)	Global Accounts 21/22 Peer Group (rank of 10)	22/23 Budget	22/23 Actual	23/24 Target	24/25 Target
1	Reinvestment %	14.90%	10.50%	Upper (27)	Upper (1)	11.3%	10.50%	12.00%	7.50%
2A	New supply delivered (social housing)	4.20%	2.30%	Upper (39)	Upper (1)	1.10%	2.20%	1.00%	3.00%
2B	New supply delivered (non-social)*	0.00%	0.00%	Median (75)	Median (3)	0.00%	0.00%	0.00%	0.00%
3	Gearing	80.40%	79.00%	Upper (1)	Upper (1)	80.00%	76.50%	79.60%	77.30%
4	Interest Cover – EBITDA MRI	156.40%	114.00%	Lower (143)	Lower (10)	114.40%	100.10%	119.00%	122.40%
5A	Headline Social Housing cost per unit**	£2,720	£3,253	Lower (185)	Lower (9)	£3,463	£3,594	£3,623	£3,722
6A	Operating Margin (social housing)	34.90%	29.20%	Median (46)	Upper (3)	28.90%	26.20%	29.90%	31.00%
6B	Operating Margin	31.80%	25.00%	Median (58)	Upper (3)	24.80%	22.10%	27.70%	29.00%
7	ROCE (Return on capital employed)	5.70%	4.50%	Upper (20)	Upper (3)	4.40%	4.20%	4.40%	4.60%

* – median was 0.00%

** – Lower quartile is assessed on lower unit costs

Strategic Report of the Board (continued)

VfM (continued)

Metric 1 - % Reinvestment - the reinvestment metric looks at the investment in properties (existing stock and new supply) as a percentage of the value of total properties held:

- The reinvestment metric demonstrates continued strong performance in the delivery of new homes and reinvestment in our existing homes, remaining firmly at upper quartile levels. A key driver of this metric is the increased investment in new homes and Calico Homes have invested over £13m in new homes in 2022/23. In 2022/23 there were 119 new homes delivered. Work also commenced on site with two large schemes which will deliver 159 new homes inclusive of 93 extra care units, this is Calico Homes first Extra Care provision. In addition, Calico Homes continues to deliver the existing successful Homes England Empty Homes refurbishment programme of circa 30 new homes a year.
- Calico Homes is also committed to investing in its existing homes and invested over £3.4m in capital expenditure in year. Calico Homes has also invested (although not included in this metric) in ensuring the asset management stock condition data is accurate and reflective of the future investment requirements. In 2022/23 Calico Homes completed over 1,500 surveys and benchmarked these schedules of rates externally. The updated asset data has been used to inform the future investment programme and underpins the 30 year business plan investment assumptions.
- In 23/24 Calico Homes has increased its investment resources and will be focused on responding to customer priorities investing in new windows, roofing and doors. There are also plans to invest additional resources for specific energy efficiency works in 22/23 and future years which will include meeting EPC C by 2030.

Metric 2A & 2B – New Supply Delivered – The New Supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

- New supply delivery is aligned with the Reinvestment % and Calico Homes has continued to deliver new supply at upper quartile levels when compared at both a national and peer group level. The level of re-investment reduces in 2023/24 as the current two large schemes on site are not expected to complete until 2024/25 and these alone will deliver 154 new homes.
- For non-social housing although showing as median, the median is 0% with the upper quartile for the national and peer group as 0.09%.

Metric 3 – Gearing – The gearing metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

- Calico Homes has a significantly higher gearing level when compared to all housing providers and the peer group with the highest gearing level, remaining at upper quartile levels consistent with previous years. The gearing is driven by the initial stock transfer purchase and the significant development programme and re-investment in our existing homes (which is demonstrated by the VfM Reinvestment metric). Calico Homes treasury strategy is to ensure maximisation of the existing assets which support our development programme which has delivered 232 homes to date, with a further 295 planned by 2026. Funds are secured with lenders on a loan to value basis.

Metric 4 – Interest Cover EBITDA MRI – The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

- This year has been challenging in terms of costs with high inflation, interest rates and increasing demand for services. There have been increases in operating revenue costs with increased investment in resources to deliver stock condition surveys. In addition, there have been increased costs relating to property insurance and utilities.
- There has also been pressure on services impacting operational costs with the increased focus on damp and mould and also pressures on our labour and material supply chain in our repairs service.
- The EBITDA-MRI is expected to increase in future years. It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets.
- We recognise that aligned to this as demonstrated in VfM Metric 6, our operating surplus performance is at median quartile levels. An increased surplus is needed to fund the interest payable mainly used to support our investment in new homes. It is important to note that this metric differs from the funders calculation as it excludes proceeds from disposal of fixed assets and includes both housing and non-housing depreciation and technical pension adjustments (non-cash).

Strategic Report of the Board (continued)

Metric 5 – Headline Social Housing Cost per unit – The Headline social housing cost per unit metric assesses the headline social housing cost per unit as defined by the regulator.

- The Headline Social Housing is lower quartile when comparing to all housing providers for 2022/23, meaning costs are lower than both the national and peer comparisons. The national median level is £4,141 and our peer comparison at a median level is £3,940.
- In the Regulators VfM report they note that 50% of headline costs relate to maintenance and major repairs expenditure and Calico levels are in line with this proportion. Other key areas driving increased costs across the sector are the record levels of investment in building safety and energy efficiency works. Calico Homes has not had any significant associated costs with building safety and has not yet commenced the EPC C works programme and therefore it is difficult to directly compare for benchmarking.
- As noted in the strategic update, at the end of the year due to the increased focus on damp, mould and the impact of completion of over 1,500 stock condition surveys in the year, there has been increases in repair works. At the end of the financial year there were over 300 out of time repairs that were not able to be completed in time due to increasing demand, labour and material resources. There is a cost provision included in 2023/24 to catch up on these works.

Metric 6 – Operating Margin – The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are considered.

- Due to the levels of investment in new homes in recent years Calico Homes needs to deliver an increased surplus to fund the interest payable mainly used to support our investment in new homes.
- The operating margin has reduced in 2022/23 from 29.20% to 26.20%. When comparing to the housing sector this trend is across the sector as highlighted through the Regulators Global Accounts and VfM report demonstrating declining surpluses in 2021/22 and the expectation that these would reduce further in 2022/23.
- When comparing at a national level Calico Homes is at median level, however when compared to peers, the margin is at an upper quartile level. As noted earlier in the report the impacts of higher costs driven by inflation and supply combined with increases in revenue repairs and maintenance expenditure has reduced the operating surplus when comparing to prior years.

Metric 7 – Return on Capital Employed

- ROCE measures the efficiency of investment of capital resources and Calico Homes remains at upper quartile based on actual and forecasted performance indicating positive use of its capital resources.

Principal Risks and uncertainties

As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also review the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. The Risk Map includes a mix of both strategic and operational risks. The most significant risks faced by Calico Homes are shown in the table below:

Risk Area	Key Controls and Mitigations
Government policy and funding relating to Registered Providers impacts on financial viability of Calico Homes affecting ability to grow and meet strategic aims	Assumptions in the business plan in respect of income collection agreed annually and built into the business plan to ensure financial viability is maintained Quarterly financial performance update to Board and funders Income collection reported as KPI to Board Multi-variant stress testing carried out and regular consultation with the Board takes place about scenarios and stress triggers including income reductions and cost inflation Rent Setting Policy reviewed annually Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Continue to monitor Brexit and the potential impact on the sector and wider economy. Personalisation fund now in operation to support customers impacted by rising inflation and energy / fuel costs External compliance review completed introducing additional costs re: compliance management – minimal financial impact Regular performance data on rent collection and tenancy sustainment As part of the Rent Cap and Business Plan 2023/24 process there is a Resilience Plan internal team focusing on business impacts, aligning with 2023/24 budget setting and maximising our resources

Risk Area	Key Controls and Mitigations
Failure to attract and retain colleagues	Equality, Diversity and Inclusion Strategy written and approved by Homes Board. Salary Benchmarking complete Regular Staffing KPI reporting to Board and Homes Business Meeting Extensive staff benefits and well-being offer for staff – Lifeworks, Centre for Financial Education (CFED), Health Insurance. Leaders journey rolled out across business Calico Homes People Plan finalised Head Office 1st redesign (the Neighbourhood) complete – increasingly flexible future working options delivered Learning Management System (Homes specific area) implemented in Q4 2023 improving training opportunities for staff
Operational Performance and service delivery	Calico Homes performance framework in place Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud Internal audits validate the information being presented to Boards as part of their review of controls. Quarterly 'What our Customer are Saying' update to Board identifying feedback and priorities KPI review approved at Board May 2022 – new KPI's reported in June 2022 Implementation of Performance Policy Compliance dashboard finalised and reported to Board in November 2022 Board Champion in place to strengthen links between Customer review Group and Board and lead on complaints. Recruitment of Group Director of Customer Transformation completed Launch of the Customer Strategy via 'Showing the Way' workshop
Efficient and Effective Governance	Board effectiveness review, skills matrix and appraisals Annual Strategic Events for Board Boards Together program, Board Communication Framework Governance and Regulatory Group meeting every 4 weeks Annual review of code of governance Customer Strategy and delivery plan approved including customer links with governance structure Regular WOCAS reporting to Board that strengthens the voice of the customer Housing Ombudsman Self-Assessment approved at Board Social Housing Regulation Bill gap analysis completed Links between A&A committee and Homes Board strengthened Annual Board appraisal and effectiveness review concluded Review of Board governance frameworks completed
Health, Safety and Wellbeing of Calico Customers and Staff	Group Health & Safety Strategy and Policy monitored monthly Performance reporting includes asset, compliance and health & safety indicators Group wide Health & Safety Performance Team to monitor H&S performance and respond to challenges Delivery of compliance roadmap recommendations within defined timescales (including fire safety review actions) Recruitment of Compliance Manager for Calico Homes Review of compliance obligations across all leases (Group wide) completed Review of Homes Health & Safety Framework and Action Plan reported to Board November 2022 Group wide H&S lead in place Additional review/audit of compliance position in November 2022 following delivery of compliance roadmap – completed with improved assurance rating Established a DMC group which is chaired by the CEO who have developed and are delivering an action plan to improve the business DMC position and reduce risk to the business

Risk Area	Key Controls and Mitigations
Regulatory and Legislative Compliance	Annual Review of Compliance with Regulatory standards. Assets and Liabilities Register reviewed and reported to Board annually IT governance group in place Data Governance group in place GDPR training and induction for all staff Barley View moving to Syncora from Homes. Governance and Regulation Group that includes oversight of all regulatory requirements and returns Annual self-assessment against complaint handling codes completed Review of Social Housing Regulation Bill and ongoing self-assessment
Development Activity Supported Housing Activity	Development Strategy All new schemes are financially appraised and approved by Homes Board, exit plans if funding/circumstances change Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Exec each month Financial position monitored through management accounts and monthly meetings between finance and development staff to review cash-flow forecasts Development schemes approvals to Board Review potential risks around new Shared Ownership (SO) / Right to SO Evaluation of risk to right to shared ownership on all affordable homes schemes reported to Board
Availability of New Funding Existing Debt	Annual treasury strategy in place Treasury policy in reviewed annually Annual business plan prepared in conjunction with Growth strategy Interest cover covenants in place with both funders. These and all other covenants are monitored closely and reported to Board each quarter. We ensure that there is at least 10% headroom in the covenants in the business plan All funders and banks meet minimum credit ratings as set out in the treasury policy to reduce exposure to counterparty risk Completion of Environmental, social and governance (ESG) reporting with SHIFT for 2021/22 for inclusion in statutory accounts New Loan covenants with Nationwide from 2022/23 Reviewing business plan and future economic impacts/rent cap on cashflow and future timings of re-financing Fixes put in place to mitigate interest rate increases –over 80% fixed
Customer Satisfaction	Feedback is Gold system launched Regular reporting of customer feedback including satisfaction to Board through WOCAS report. New measures for monitoring satisfaction introduced in KPIs 2022 Views for Vouchers Survey completed including tenant satisfaction measures Improved method for collecting repairs transactional satisfaction data and actioning change. Community Safety Team launched, new policy and procedures. Improvements to repair processes and communication Self-assessment against complaints handling code and focus on complaints performance Social Housing Regulation Bill (1st draft) gap analysis shared with Board (Nov 2022) Annual Report complete Recruitment of Director of Customer Transformation
Group Cohesion	Growth Strategy Management agreements in place for Homes owned, Syncora managed assets Annual assessment of partnerships with Syncora and Ring Stones Strategic Growth Group Homes Board members including Chair sit on Group Board Review of company growth plans Annual Review of intra-group liabilities reported to Board Introduction of group financial framework and monitoring/reporting of inter-group indebtedness Review of Group Governance Frameworks completed Group Director of Property – new role Group Health & Safety lead

Risk Area	Key Controls and Mitigations
Financial Viability Operational Performance Customer Safety and Satisfaction Asset Management	Homes Emergency Response Procedure to ensure we have an appropriate response following an emergency, which is well communicated and understood Business Continuity IA Business Continuity Plans including updated Service Resumption Plans in place following IA. Disaster Recovery/Business Continuity and Service Resumption plan testing GDPR training Cyber Security testing Multi-Factor authentication in place Specific insurances in place Data governance work around compliance data Assumptions in the business plan in respect of income collection agreed annually and built in to ensure financial viability is maintained Quarterly financial performance update to Board and funders Income collection reported as KPI to Board Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Continue to closely monitor impacts of costs of living increases (e.g increased energy costs) on rent collection / tenancy sustainment Bid submitted for Social Housing Decarbonisation Fund (SHDF) wave 2 funding – awaiting outcome
Quality of existing stock	100% of stock meet decent homes standard and reported to Board SCS undertaken and work funded through business plan Compliance audit from Penningtons Complaints process reviewed Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Quarterly WOCAS update to Board identifying feedback and priorities. Compliance dashboard finalised and reported to Board in November 2022 Board Champion in place to strengthen links between Customer Review Group and Board and lead on complaints. Established a DMC group who have developed and are delivering an action plan to improve the business DMC position and reduce risk to the business. Reviewed approach to disrepair process linked to above DMC group KPI review for 2023/24 – consider customer feedback

Strategic Report of the Board (continued)

Capital structure and treasury management

As at March 2023, Calico Homes had committed debt funding of £168.3m (2022: £169.3m).

Funder	Total Facility	Total Drawn as at 31/03/2023
Nationwide	£41.5m	£41.5m
NatWest	£99m	£73.3m
MORhomes	£27.8m	£27.8m
Total	£168.3m	£142.6m

In 2022/23, Calico Homes borrowed an additional £Nil (2022: £16.8 million) and repaid capital £1 million (2022: £Nil) to bring its total borrowings to £142.6m (2022: £143.6 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes has loans with both NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 87.0% (2022: 72.2%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.87% to 7.64% (2022: 2.84% to 7.64%) with the weighted average rate of interest on all loans including variable rates being 4.62% (2022: 3.98%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

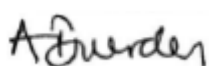
The financial performance in 2022/23 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £9.3m (2022: £9.0m). Cash Balances (Bank balances and short-term investments) were £2.1m (2022: £9.8m) at the year end.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 18 September 2023 and signed on its behalf by:



Anthony Duerden
Company Secretary
Date: 18 September 2023
For the year ended 31 March 2023

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited (the "charitable company") for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, 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 Financial Reporting Standard 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 charitable company's affairs as at 31 March 2023 and of the charitable company's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 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 trustees' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 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 our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

- the charitable company has not kept adequate accounting records; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England established as a charitable company. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

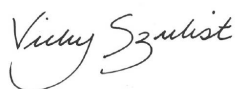
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within impairment assessments of housing properties, capitalisation of development costs and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, including impairment assessments, and substantive testing of key income streams.

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester
25th September 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	3	29,127	27,183
Operating expenditure	3	(22,680)	(20,394)
Gain on disposal of fixed assets	7	1,678	1,318
Operating surplus		8,125	8,107
Interest receivable and other income	8	143	92
Interest payable and financing costs	8	(6,670)	(6,119)
Surplus on ordinary activities before tax		1,598	2,080
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		1,598	2,080
Actuarial (loss)/gain in respect of pension schemes	10	(154)	639
Total comprehensive income for the year		1,444	2,719
Total comprehensive income for the year attributable		1,444	2,719

Statement of Changes in Reserves

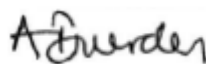
For the year ended 31 March 2023

	2023 £'000	2022 £'000
Income and expenditure reserve		
Balance as at 1 April	2,582	(137)
Surplus from Statement of Comprehensive Income	1,444	2,719
Balance at 31 March	4,026	2,582

The financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 18 September 2023 and signed on its behalf by:



William Lacey
Chair of the Board



Anthony Duerden
Company Secretary

Statement of Financial Position

As at 31 March 2023

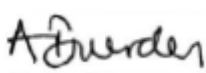
	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	13	187,730	171,974
Intangible assets	14	214	227
Investments	15	479	479
		188,423	172,680
Current assets			
Stock	16	108	97
Debtors	17	3,430	2,749
Cash at bank and in hand		2,066	9,785
		5,604	12,631
Creditors: Amounts falling due within one year	18	(5,454)	(5,845)
Net current assets/(liabilities)		150	6,786
Total assets less current liabilities		188,573	179,466
Creditors: Amounts falling due after more than one year	19	184,056	176,429
Provision for liabilities			
Pension provision	10	491	455
		184,547	176,884
Income and expenditure reserve		4,026	2,582
		188,573	179,466

The notes on pages 29 to 52 form part of these financial statements.

The financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 18 September 2023 and signed on its behalf by:



William Lacey
Chair of the Board



Anthony Duerden
Company Secretary

Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	28	9,320	9,043
Cash flow from investing activities			
Interest received and other income	8	143	92
Purchasing of housing properties and improvements		(18,798)	(17,254)
Grants received		8,633	4,793
Purchase of other fixed assets	13	(1,346)	(392)
Purchase of intangible fixed assets	14	(102)	(103)
Proceeds of sales of housing properties	7	2,312	1,887
Net cash flow used in investing activities		(9,158)	(10,977)
Cash flow from financing activities			
Interest and financing costs paid		(6,881)	(6,171)
Loans received		-	16,800
Repayment of borrowings		(1,000)	-
Net cash flow from/(used in) financing activities		(7,881)	10,629
Net change in cash and cash equivalents		(7,719)	8,695
Cash and cash equivalents at beginning of the year		9,785	1,090
Cash and cash equivalents at end of the year		2,066	9,785

The notes on pages 29 to 52 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The private company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2023.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £1.4m (2022: £2.7m) and net assets of £4.0m (2022: £2.6m, which includes £0.491m (2022: £0.455m) provision for the SHPS defined benefit scheme liability). Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 31. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.

During the year, the company has assessed that there has not been a trigger for an impairment review.

Following a trigger for impairment, the company performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm's length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Following the assessment of impairment, the determined impairment losses were £Nil (2022: £Nil).

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 33%

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Turnover is stated exclusive of Value Added Tax ("VAT") and a summary can be found in note 3 to the financial statements.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date. The charitable status provides the company with corporation tax exemption for its primary purpose and ancillary income streams.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax income is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements are capitalised at the point of handover/completion.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is completed.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives ("UELs"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low-cost home ownership properties

Low-cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- Freehold property 75 years
- Leasehold properties 75 years or the term of the lease (whichever is lower)
- Furniture, fixtures and fittings 10-33%
- Computers and office equipment 20-33%

Leased assets

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

- (a) Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.
- (b) Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the reporting date.

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable in less than one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2023	2023	2023	2022	2022	2022
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	25,900	(19,119)	6,781	24,719	(17,490)	7,229
Other social housing activities:						
Support services	624	(608)	16	-	(178)	(178)
Non-social housing [B]	2,603	(2,953)	(350)	2,464	(2,726)	(262)
	29,127	(22,680)	6,447	27,183	(20,394)	6,789

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2023 Total £'000	2022 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	18,648	5,931	24,579	22,908
Service charges receivable	561	421	982	1,509
Amortised government grants	237	102	339	302
Turnover from social housing lettings	19,446	6,454	25,900	24,719
Expenditure on social housing lettings				
Management	(4,671)	(2,013)	(6,684)	(6,201)
Service charge costs	(569)	(538)	(1,107)	(1,191)
Routine Maintenance	(2,395)	(1,033)	(3,428)	(3,421)
Planned Maintenance	(1,062)	(458)	(1,520)	(1,281)
Major repairs expenditure	(999)	(431)	(1,430)	(861)
Community Involvement	(306)	(132)	(438)	(505)
Bad debts	(89)	(38)	(127)	(74)
Depreciation of housing properties	(2,676)	(1,154)	(3,830)	(3,559)
Impairment of housing properties	-	-	-	-
Other costs	(388)	(167)	(555)	(397)
Operating costs on social housing lettings	(13,155)	(5,964)	(19,119)	(17,490)
Operating surplus on social housing lettings	6,291	490	6,781	7,229
Void loss	(85)	(37)	(122)	(234)

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

	Turnover	Operating Costs	2023 Operating surplus/ (deficit)	2022 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Market Lettings	82	(34)	48	43
Barley View Care Home	1,103	(1,243)	(140)	(62)
Other*	1,418	(1,676)	(258)	(243)
	<u>2,603</u>	<u>(2,953)</u>	<u>(350)</u>	<u>(262)</u>

* Included in Other are recharges of office costs to group companies (note 28).

4. Accommodation owned, managed and in development

	At 31/03/2022	Additions	Disposals	Other	At 31/03/2023
UNITS OWNED					
Social Housing:					
General needs housing social rent	2,930	26	(28)	10	2938
General needs housing affordable rent	891	55	(4)	(12)	930
Supported housing social rent	1,207			(14)	1,193
Supported housing affordable rent	180	39		11	230
Low-cost home ownership	2	-	-	-	2
	<u>5,210</u>	<u>120</u>	<u>(32)</u>	<u>(5)</u>	<u>5,293</u>
Non-Social Housing:					
Market rented	11	-	-	1	12
Registered Care Homes	28	-	-	-	28
	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
UNITS MANAGED					
Managed units* - General needs	<u>98</u>			<u>(45)</u>	<u>53</u>
UNDER DEVELOPMENT					
General needs housing affordable rent	39				64
Supported housing	28				93
	<u>67</u>				<u>157</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2023	2022
	No. of units	No. of units
Supported housing	218	186

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2023	2022
		£'000	£'000
(Surplus) on sale of fixed assets	7	(1,678)	(1,318)
Depreciation of housing properties	13	3,830	3,559
Depreciation of other tangible fixed assets	13	342	272
Amortisation of intangible fixed assets	14	115	125
Amortisation of government grants	3	(339)	(302)
Operating lease rentals – land and buildings		345	301
Operating lease rentals – other		270	269
Auditor's remuneration (excluding VAT):			
- for audit services		34	36
- taxation compliance services		2	2
- service charge certification		2	1

7. Surplus on sale of fixed housing assets

	Right to	Others	Total	Total
	Buy Sales		2023	2022
	£'000	£'000	£'000	£'000
Disposal proceeds	2,312	-	2,312	1,887
Carrying value of fixed assets	(634)	-	(634)	(569)
Surplus/(deficit) on disposal	1,678	-	1,678	1,318

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2023 £'000	2022 £'000
Interest receivable and similar income		
Interest receivable and similar income	143	92
Interest payable and financing costs		
Loans and bank overdrafts	6,791	6,103
Adjustment for effective interest rate	193	129
Pensions – net interest on pension deficit	104	64
	7,088	6,296
Less: interest capitalised on housing properties under construction	(418)	(177)
	6,670	6,119

The interest rate of 3.89% (2022: 4.16%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2023 No.	2022 No.
Administration	84	77
Housing and community services	226	223
Total	310	300
Full time equivalents (36.25 hours/week)	216	201
	2023 £'000	2022 £'000
Employee costs:		
Wages and salaries (gross)	8,242	7,857
Social security costs	789	713
Redundancy	54	68
Other pension costs	389	387
Pension adjustment to Income and Expenditure Accounts	(118)	(89)
	9,356	8,936

Pension obligations

The Company participates in the Social Housing Pension Scheme ("SHPS") and operates a stakeholder pension scheme.

During the year, the SHPS DB cost was £4k (2022: £4k) in respect of the scheme expenses.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2023 No.	2022 No.
£60,000 to £70,000	5	6
£70,000 to £80,000	5	1
£80,000 to £90,000	-	2
£90,000 to £100,000	3	2
£100,000 to £110,000	1	1
£110,000 to £120,000	1	-
£120,000 to £130,000	1	1
£140,000 to £150,000	1	1
£150,000 to £160,000	1	1

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020, and the last estimate 30 September 2022.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	2,293	3,913
Present value of defined benefit obligation	2,784	4,368
Surplus (deficit) in plan	(491)	(455)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(491)	(455)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(491)	(455)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2022 to 31 March 2023 (£000s)
Defined benefit obligation at start of period	4,368
Current service cost	-
Expenses	4
Interest expense	120
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(37)
Actuarial losses (gains) due to changes in demographic assumptions	(5)
Actuarial losses (gains) due to changes in financial assumptions	(1,628)
Benefits paid and expenses	(38)
Defined benefit obligation at end of period	2,784

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2022 to 31 March 2023
Fair value of plan assets at start of period	3,913
Interest income	110
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,824)
Contributions by the employer	132
Contributions by plan participants	-
Benefits paid and expenses	(38)
Fair value of plan assets at end of period	2,293

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £1,714k (2022: £409k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)	From 31 March 2022 to 31 March 2023 (£000s)
Current service cost	-
Expenses	4
Net interest expense	10
Defined benefit costs recognised in statement of comprehensive income (SoCI)	14

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(1,824)
Experience gains and losses arising on the plan liabilities - gain (loss)	37
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,628
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(154)
Total amount recognised in other comprehensive income - gain (loss)	(154)

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2023 (£000s)	31 March 2022 (£000s)
Global Equity	43	751
Absolute Return	25	157
Distressed Opportunities	69	140
Credit Relative Value	87	130
Alternative Risk Premia	4	129
Emerging Markets Debt	12	114
Risk Sharing	169	129
Insurance-Linked Securities	58	91
Property	99	106
Infrastructure	262	279
Private Debt	102	100
Opportunistic Illiquid Credit	98	131
High Yield	8	34
Cash	17	13
Opportunistic Credit	-	14
Corporate Bond Fund	-	261
Long Lease Property	69	101
Secured Income	105	146
Liability Driven Investment	1,056	1,091
Currency Hedging	4	(15)
Net Current Assets	6	11
Total assets	2,293	3,913

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.42%
Inflation (CPI)	2.82%	3.12%
Salary Growth	3.82%	4.12%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2044	22.2
Female retiring in 2043	24.9

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2023 £'000	2022 £'000
The aggregate emoluments paid to or receivable by non-executive Directors	32	29
The aggregate emoluments paid to or receivable by executive officers	547	574
The emoluments paid to the highest paid executive officer (excluding pension)	138	133
The aggregate pensions costs for executive officers	91	75
Total key management personnel remuneration	579	603

In March 2021, approval was given for Homes Board members to be remunerated from 1 April 2021. The Chair to receive £6,000 per annum and all other Board members £3,500 each. Expenses paid during the year in respect of Board members amounted to £364 (2022: £55).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £10k (2022: £10k) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2023 £'000	2022 £'000
UK Corporation Tax charge for the year	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	1,598	2,080
Surplus on ordinary activities at standard rate 19% (2022: 19%)	304	395
Effect of charitable income and expenditure not subject to tax	(304)	(395)
Current tax charge for year	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	----- Housing Properties -----				-----Other Fixed Assets-----			
	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Total housing properties	Freehold offices	Furniture and office equipment	Total other fixed assets	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	195,110	5,622	194	200,926	5,611	2,293	7,904	208,830
Additions	1,554	14,142	-	15,696	1,133	213	1,346	17,042
Works to existing properties acquired	3,441	-	-	3,441	-	-	-	3,441
Schemes completed	12,158	(12,158)	-	-	-	-	-	-
Disposals	(1,191)	-	-	(1,191)	-	-	-	(1,191)
At end of the year	211,072	7,606	194	218,872	6,744	2,506	9,250	228,122
Depreciation and impairment								
At start of the year	33,652	-	14	33,666	1,638	1,552	3,190	36,856
Charge for the year	3,826	-	4	3,830	153	189	342	4,172
Impairment	-	-	-	-	-	-	-	-
Disposals	(636)	-	-	(636)	-	-	-	(636)
At end of the year	36,842	-	18	36,860	1,791	1,741	3,532	40,392
Net book value at the 31 March 2023	174,230	7,606	176	182,012	4,953	765	5,718	187,730
Net book value at the 31 March 2022	161,458	5,622	180	167,260	3,973	741	4,714	171,974

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2023	2022
	£'000	£'000
Freehold land and buildings *	108,778	98,243
Long leasehold land and buildings *	65,628	63,395
* Excludes properties under construction of £7,606k (2022: £5,622k)		
	<u>174,406</u>	<u>161,638</u>
	<u></u>	<u></u>
Major works to existing properties in the year:		
Works capitalised	3,441	3,231
Amounts charged to expenditure (note 3)	1,430	861
	<u>4,871</u>	<u>4,092</u>
	<u></u>	<u></u>
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	2,705	2,287
The capitalisation rate used was 3.98% (2022: 4.16%)	<u></u>	<u></u>

Cost of properties includes £260k (2022: £224k) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £121,045 (2022: £119,016k) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

Computer software and licences	2023	2022
	£'000	£'000
Cost		
At start of year	1,897	1,793
Additions	102	104
At end of year	<u>1,999</u>	<u>1,897</u>
	<u></u>	<u></u>
Amortisation		
At start of year	1,670	1,545
Charge for year	115	125
	<u>1,785</u>	<u>1,670</u>
	<u></u>	<u></u>
Net book value		
At 31 March	<u>214</u>	<u>227</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2023	2022
	£'000	£'000
A ordinary shares number 155,000 (2022: 155,000)	159	159
Fixed rate unsecured convertible loan notes	320	320
	<u>479</u>	<u>479</u>

In respect of the funding with MORhomes PLC, detailed in note 20, the company has 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2023	2022
	£'000	£'000
Raw materials and consumables	<u>108</u>	<u>97</u>

17. Debtors

	2023	Restated 2022
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,646	1,668
Less: Provision for bad and doubtful debts	(807)	(770)
	<u>839</u>	<u>898</u>
Other debtors	716	694
Less: Provision for bad and doubtful debts	(533)	(524)
Prepayments and accrued income	703	999
Intercompany balance	1,705	682
	<u>3,430</u>	<u>2,749</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2023	Restated 2022
	£'000	£'000
Trade creditors	471	262
Rent and service charges received in advance	444	448
Debt (Note 20)	-	1,000
Others creditors	134	63
Accruals and deferred income	2,636	2,299
Other taxation and social security	110	188
RTB proceeds due to Burnley Borough Council	150	158
Intercompany balances	1,071	1,088
Deferred capital grant (Note 21)	438	339
	<u>5,454</u>	<u>5,845</u>

19. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Debt (Note 20)*	141,244	140,947
Deferred capital grant (Note 21)	40,706	33,169
Recycled capital grant (Note 22)	40	20
Leaseholder sinking funds	42	108
Loan Premium	2,024	2,185
	<u>184,056</u>	<u>176,429</u>

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2023 £'000	2022 £'000
Due after more than one year:		
Bank loans	141,244	140,947
Debt is repayable as follows:		
Within one year	-	1,000
Between two to five years	5,000	3,000
After five years	136,244	137,947

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from MORhomes PLC at a fixed rate. The Company currently has 87.0% (2022: 72.2%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2023 was £25.7m (2022: £ 25.7m).

The fixed rates of interest range from 2.87% to 7.64% (2022: 2.84% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.62% (2022: 3.98%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/23 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	6.17

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2023 £'000	2022 £'000
At start of year	33,508	29,037
Grant received in the year	7,995	4,773
Released to income in the year	(339)	(302)
Transfer from/(to) RCGF	(20)	-
At the end of the year	41,144	33,508
Amount due to be released within one year (Note 18)	438	339
Amount due to be released after one year (Note 19)	40,706	33,169
	41,144	33,508

The gross amount of grant received prior to amortisation as at 31 March 2023 was £43,814k (2022: £35,821).

22. Recycled capital grant fund

	2023 £'000	2022 £'000
Balance brought forward at 1 April 2022	20	-
Grants recycled	40	20
Transfer (to)/from Deferred Capital Grant	(20)	-
Carried forward at 31 March 2023	40	20

The balance on the Recycled capital grant fund ("RCGF") was allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2023 £'000	2022 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	25,062	4,261
Expenditure approved by the Board, but not contracted	-	7,136
	25,062	11,397

These are to be funded out of undrawn loan facilities of £25.7m (2022: £25.7m) and estimated grants of £3.7m (2022: £2.6m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2023 £'000	2022 £'000
Land and buildings:		
• Within one year	315	183
• Two to five years	661	272
• Over five years	16	-
	<u>992</u>	<u>455</u>
Other leases:		
• Within one year	259	266
• Two to five years	358	628
	<u>617</u>	<u>894</u>

25. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	9,785	(7,719)	-	2,066
Debt due within one year	(1,000)	1,000	-	-
Debt due after one year	(140,947)	-	(297)	(141,244)
	<u>(132,162)</u>	<u>(6,719)</u>	<u>(297)</u>	<u>(139,178)</u>

Notes to the Financial Statements (continued)

26. Control

The Calico Group Limited (Company No. 08747100), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party. The Calico Group comprises a number of innovative charities and businesses, working together to create social profit.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

27. Reconciliation of surplus to net cash generated from operating activities

	2023	2022
	£'000	£'000
Surplus for the year	1,598	2,080
Adjustments for non-cash items:		
Depreciation of housing properties	3,830	3,559
Depreciation of other tangible fixed assets	342	272
Amortisation of intangible fixed assets	115	125
Amortisation of government grants	(339)	(302)
Pensions adjustment	(118)	(64)
(Profit)/loss on sale of fixed assets	(1,678)	(1,318)
Working capital movements:		
(Increase)/Decrease in stock	(11)	(26)
(Increase)/Decrease in debtors	(684)	(36)
(Decrease)/Increase in creditors	(262)	(1,274)
Adjustments for investing or financing activities:		
Interest payable and financing costs	6,670	6,119
Interest receivable and other income	(143)	(92)
Net cash generated from operating activities	<u>9,320</u>	<u>9,043</u>

Notes to the Financial Statements (continued)

28. Related parties

William Lacey and Sarah Roberts are members of both Calico Homes and Calico Group Boards.

Tenant members

The tenant Board members at 31 March 2023 have tenancies on normal commercial terms with combined rent payable of £4,934 (2022: £4,740).

At 31 March 2023, there were no outstanding amounts (2022: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-23 £'000	Mar-22 £'000
• New house building	9,531	9,123

During the year, the company recharged office costs to Hobstones totalling £117k (2022: £112k).

At 31 March 2023, the company owed to Hobstones £706k (2022: £537k).

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £42k (2022: £44k).

At 31 March 2023, the company owed Group £8k (2022: £32k).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-23 £'000	Mar-22 £'000
• Various Investment works	1,354	1,178
• Externals	920	1,550
• Heating	493	813
• Roofing	765	419
• Damp proofing	408	355
• Empty Homes refurbishment	965	814
• Rossendale Empty Homes properties	-	43
	4,905	5,172

During the year, the company recharged office costs to Ring Stones totalling £419k (2022: £359k).

At 31 March 2023, the company owed to Ring Stones £325k (2022: £503k).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

During the year, the company recharged office costs to Syncora totalling £100k (2022: £Nil).

At 31 March 2023, the company owed Syncora £12k (2022: £27k).

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £419k (2022: £415k) and Enterprise charged £590k (2022: £570k) for cleaning, painting, decorating and catering services.

At 31 March 2023, the company owed to Enterprise £20k (2022: £48k).

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Acorn totalling £291k (2022: £261k).

At 31 March 2023, Acorn owed the company £714k (2022: £101k).

Notes to the Financial Statements (continued)

28. Related parties (continued)

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Safenet totalling £545k (2022: £432k).

At 31 March 2023, Safenet owed the company £84k (2022: £105k).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn

During the year, there were no transactions (2022: £Nil).

At 31 March 2023, Delphi owed the company £23k (2022: £75k).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn

During the year, the company recharged office costs to DMC totalling £176k (2022: £123k).

At 31 March 2023, DMC owed the company £884k (2022: £318k).

29. Contingent liability

We have been notified by the Trustee of the SHPS that it has performed a review of the changes made to the SHPS's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of SHPS liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

CALICO HOMES LIMITED

England & Wales - Charity number 1151945

Accounts

COMPANY NUMBER: 3752751
CHARITY NUMBER: 1151945
RSH REGISTRATION NUMBER: L4254

CALICO HOMES LIMITED

Report and Financial Statements

Year ended 31 March 2022

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Board Members, Executive Officers, Advisors and Bankers

Board

Chair	William Lacey
Vice Chair	Adam Greenhalgh
Other Members	Victoria Appleton Claire Bradley Sarah Roberts Paula Robinson Vincent Roche Stewart Shaw (resigned 1 December 2021)

Executive Officers

Group Chief Executive	Anthony Duerden
Executive Director of Group Finance and Company Secretary	Stephen Aggett
Executive Director of Group Operations	Helen Thompson
Executive Director of Organisational Development	Vicki Howard

Registered Office

Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED

Company Registered number

3752751

Charity Registered number

1151945

Regulator of Social Housing

L4254

External Auditor

Crowe U.K. LLP
3rd floor, The Lexicon, Mount Street
Manchester, M2 5NT

Internal Auditor

BDO LLP
3 Hardman Street
Spinningfields
Manchester, M3 3AT

Solicitors

Forbes Solicitors
Rutherford House
4 Wellington Street
St. Johns, Blackburn, BB1 8DD

Bankers

National Westminster Bank
6th Floor, 1 Spinningfields Square
Manchester, M3 3AP

Lenders

National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW
MorHomes PLC Future Business Centre Kings Hedges Road, Cambridge, CB4 2HY	

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2022.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 7.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises 7 (2021: 8) Non-Executive Directors who are responsible for ensuring the organisation achieves and delivers its Vision and Strategic Objectives. The Non-Executive Directors are trustees for charity purposes. The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During the financial year, there was one retirement from the Board.

The Board delegates the day-to-day management and implementation to the Chief Executive and Executive Directors. The Executive Team meet weekly and attend Board meetings.

Non-Executive Directors are recruited on a skills-based approach ensuring they have the appropriate range of skills, experience and qualities required to provide strategic direction and monitor Calico Homes performance. The Board met 7 times throughout the year and all meetings were quorate.

New Board Members as part of their induction undergo training on their legal obligations under charity and company law; the content of the Articles of Association; the board and decision-making processes; the business plan and recent financial performance of the charity. The induction programme also covers Calico Homes strategy purpose, history, aims and objectives.

Calico Homes carries out annual appraisals on an individual and collective basis which supports a Board development programme. This programme focuses on Board performance and ensuring the Board's future effectiveness together with tailored events on specific business-related topics where a training need has been identified. The Board and its committees obtain external specialist advice from time to time as necessary.

In 2020, Calico launched a New Generation Board Diversity Programme aimed at young people and minority ethnic backgrounds. Calico has successfully recruited 5 New Generation Board members to its Homes and Syncora Boards and the Nominations and Remuneration Committee. The Diversity programme is run in partnership with the Housing Diversity Network and there is a training programme that supports the members for 2 years with the aim that at the end of the programme the members will be ready to move into a Board member position.

Calico Homes has insurance policies that indemnify its Board members and Executive Officers against liability when acting for Calico Homes.

In order to operate effectively and ensure appropriate governance in business-critical areas the Board has delegated authority to two Group Committees.

Audit & Assurance Committee

The Group Audit & Assurance Committee met 4 times during the year. The Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Board on the effectiveness of the Company's internal control arrangements. The Committee address internal and external control issues, considering the scope of work of both internal and external audit activities including their appointments. It also considers the financial statements and recommends their approval to the Board.

Report of the Board (continued)

Nominations and Remuneration Committee

The Group Remuneration Committee met 4 times during the year. The Committee advises the Board on Non-executive member recruitment and remuneration and the appointment and remuneration of the Chief Executive and Executive Directors, taking independent advice and using consultants as necessary. The committee also sets the objectives for the Chief Executive and reviews performance against those objectives.

Community Engagement

Calico Homes approach to involving customers is in line with the regulatory standards. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are range of different opportunities which ensure customers are involved at all levels. These include:

- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Neighbourhood representatives who complete customer scrutiny activities and are involved in the development of policies and strategies; and
- Active tenant and resident associations and community groups.

Calico Homes value the insight gathered from its customers and have developed a “What Our Customers are Saying” (WOCAS) report that is used to inform decision-making and service improvement. The Board oversees the approach to involvement ensuring effective co-regulation.

Calico Homes has a clear and simple complaints policy available to all customers focussed on the principle of doing the right thing to resolve complaints.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential in the ability of Calico Homes to deliver its strategic objectives and commitments to customers.

Calico Homes continues to provide information on its objectives, progress, and activities through briefings from senior staff, regular departmental meetings, an annual conference, “One Calico” events, a performance and personal growth framework and a regularly updated intranet site. There is an Employee Voice Group who represent colleagues from across the Company and meet regularly with senior leaders to consider how the Company delivers services and runs its business.

Calico Homes is committed to inclusivity for all its employees and customers. Calico has established “This is Me” groups to support colleagues and communities. The aim of these groups is to influence Calico’s culture to ensure inclusivity and diversity in all realms. The vision of the This is Me Groups is “Through our own diversity and lived experiences we will celebrate and champion (LGBTQ+/BAME/Youth) across the Calico Group and our communities and challenge any discrimination”. Calico is a Disability Confident Employer, is a member of the HouseProud Network and a member of the Housing Diversity Network.

The Calico Group has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK and was award “Best for Diversity and Inclusion” at the Greater Manchester Good Employment Charter Awards. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives. The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 49% (2021:50%) male, 51% (2021:50%) female, 6.4% (2021:8%) who self-identify as disabled, 8.6% (2021:7%) from an Ethnic Minority background and 1% (2020:1%) who identify as LGBTQ+. The latter two measures are largely reflective of the communities we serve.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. and receives regular reports on health and safety issues arising from across the organisation. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation. Calico Homes are CHAS (the Contractors Health and Safety Assessment Scheme) accredited.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board’s view that risks should be controlled and not avoided.

Report of the Board (continued)

Internal controls assurance (continued)

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These cover issues such as anti-fraud and bribery, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

- **External Assurance**

- **Internal Audit**

Internal Audit for 21/22 was provided by BDO LLP who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 21/22 the Annual Statement of Assurance confirmed reasonable assurance with the exception of two areas, Cyber Security (Group) and Case Management (Syncora companies) where the opinion was limited for the design and effectiveness of the control environment. The two areas are planned for follow up in 2022/23. From April 2023 Beever and Struthers are providing internal audit services.

- **External Audit**

External Audit is provided by Crowe UK LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the Financial Statements.

National Housing Federation (NHF) Code of Governance

In June 2021, Calico Homes board approved the adoption of the NHF Code of Governance 2020 for the year ended 31 March 2022.

The Board confirm compliance with the Code for the full year ended 31 March 2022. The Board have also agreed areas of further focus for their work in 2022/23.

Regulator of Social Housing (RSH) Regulatory Standards Compliance

In late 2020, the RSH carried out an in-depth assessment (IDA). The IDA uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance. In January 2021 the RSH confirmed Calico Homes retained its G1 rating for governance and V1 rating for Governance. In November 2021 the RSH completed their annual Stability Check which reaffirmed the G1 and V1 status.

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard alongside a wider Regulator Framework (2015) and confirms compliance with the Regulatory Standards.

Report of the Board (continued)

Fundraising Practices

The charity had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

Reserves Policy

The Trustees will review the level of reserves annually, in line with guidance issued by the Charity Commission.

In 21/22 there are positive reserves, this is ahead of the original target position and the Trustees consider that sufficient resources are held in an appropriate form.

Reserves

After transfer of the surplus for the year of £2.080m (2021: £3.705m) and actuarial gain of £0.640m (2021: loss £0.780m), the Company Reserves at the year-end amounted to £2.582m (2021: deficit £0.137m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

The Board, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £2.7m (2021: £2.9m) and net assets of £2.6m (2021: liabilities £0.1m, which includes £0.455m (2021: £1.158m) provision for the SHPS defined benefit scheme liability. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Report of the Board (continued)

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 26 September 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Aggett', with a long horizontal flourish extending to the right.

Stephen Aggett
Company Secretary
Date: 26 September 2022
For the year ended 31 March 2022

Strategic Report

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports customers to live safely, independently and with purpose – through good quality homes, and with additional support such as employment opportunities, building confidence, developing skills, and supporting local communities. Calico Homes purpose is to make a real difference to people's lives and our shared vision and values and ensure we keep our customers and staff at the heart of everything we do.

Calico Homes Corporate Plan outlines:

Our Vision

The vision for the Calico Homes is

"Investing in local communities where everyone thrives – through innovation, strength and collaboration".

Our Values

Our values reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation
- To achieve our purpose of making a real difference to people's lives.

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by the strategic objectives which are:

- To create successful neighbourhoods where people chose to live.
- To provide an excellent customer experience and a unique customer offer, working with the rest of the Group.
- To provide high quality, safe, and affordable homes through investing in new development and improving existing properties.
- To be a strong and well-governed business that provides value for money and is continually improving.
- To have happy, positive, and connected teams who believe in our purpose and values.

Performance and delivery against Strategic Objectives

The start of 2021 saw Calico Homes continuing to perform well in many areas whilst recognising services continued to be delivered in a recovery phase, adapting to the various incumbent challenges remaining as a result of COVID-19.

The focus on supporting vulnerable customers to sustain their tenancies continued throughout the year, as cost of living increases have started to impact customers and Calico Homes continued to offer support to customers through some challenging circumstances. This year, services have continued to be delivered through uncertain times and the organisation has remained robust and maintained a strong position throughout.

In support of the strategic objective to create successful Neighbourhoods where people choose to live, Calico Homes introduced Calico "In Your Neighbourhood" events providing face to face contact with customers supporting to help reinstate relationships and increase visibility within Neighbourhoods which was not able to be delivered during the pandemic. To date, working with partner agencies Calico Homes has engaged with over 1800 customers across 28 events to understand local priorities and challenges and act upon them. Calico also provided support to the Burnley Beat the Streets partnership initiative which saw 10,523 (12% of population) engage in increased physical activity across the borough. Void numbers have been maintained at low levels and our tenancy sustainment performance has improved throughout the year.

In line with the strategic objective to provide an excellent customer experience and unique customer offer, working with the rest of the Group, Calico Homes continued to support the work of Burnley Together with additional resource being added to the team in partnership with Burnley Borough Council to focus on addressing health and wellbeing and poverty related issues. The digital portal for customers was launched with over 900 customers registered who can now self-serve and complete checks against their rent accounts and any repairs outstanding at a time suitable to them.

Strategic Report (continued)

Performance and delivery against Strategic Objectives (continued)

With the launch of a revised Complaints handling code by the Housing Ombudsman – supporting the focus on complaints management which plays a key part in the commitments to customers within the Social Housing White Paper, Calico completed and published a self-assessment against the code in line with regulatory requirements with a further self-assessment due to be undertaken in 2022/23.

Work also continued with the Institute of Customer Service in advance of the launch of the Group Customer Strategy in 2022. Enhancing the digital offer for customers and ensuring customer satisfaction with repairs and complaints is improving, this remains a key challenge and priority for Calico Homes to meet the changes in customer expectations, in particular digital aspirations following the changes in communication options offered during and since the pandemic.

To support delivery against the strategic objective related to providing high quality, safe, and affordable homes through investing in new development and improving existing properties - Calico completed £4.0m of major investment works, completed by the group partner Ring Stones in existing homes to improve windows and doors, kitchens, bathrooms, and roofing throughout the year. In 2021, Calico Homes commissioned an external review of the delivery of works from Ring Stones, this provided positive assurance that they are providing Calico Homes and its customers with Value for Money services and demonstrating how they are supporting the successful delivery of Calico's vision and objectives.

Linking closely with Building Safety legislation and the increased focus from the Regulator of Social Housing in relation to customer Health and Safety, an external compliance health check was completed in January 2022. As a result, an improvement project commenced overseeing the delivery of significant enhancements to data quality and governance, policies and procedures. Calico will continue to build on this strengthened position in the coming year. To inform our future decarbonisation investment requirements Calico commissioned an external EPC analysis that identified the costs and measures of achieving EPC C across existing homes. This will be used going forward to prioritise spend effectively to work towards EPC C and Zero Carbon across all existing homes.

Calico Homes successfully developed 113 additional units of housing across schemes at Perseverance Mill, Tay Street, Salus Street and Monica Grove in addition to two phased Empty Homes schemes. A total of £4.858m grant funding was secured from Homes England to support the delivery of new homes. This year also saw the Burnley General Hospital 93 unit extra care scheme progress to planning stages and this scheme is due to start on site in Autumn 2022.

In line with the strategic objective to be a strong and well-governed business that provides value for money and is continually improving, void loss improved throughout the year, with a position of 1.27% in March 2022 and the year end rent collection performance was 99.57%. The performance demonstrates that despite the current financial challenges creating additional hardship and challenges to customers, Calico Homes remain committed to providing customers with services to help them support and maintain their tenancies.

Calico Homes adopted the National Housing Federation's 2020 Code of Governance following a self-assessment against the code. The Calico Homes Board also completed the annual self-assessment against the regulatory standards providing assurance that they are meeting the expected level for both the Governance Code and Regulatory Standards.

Work has commenced to create a stronger culture of action around the Environment and Calico Homes have commissioned an external baseline analysis through SHIFT environmental consultants to inform our future work in this area.

In line with the strategic objective to have happy, positive, and connected teams who believe in our purpose and values, in 2021 Calico Group launched a new health insurance and cash plan offer for staff, to support investment in the health and wellbeing of all colleagues. Also, plans were developed to enable more agile and flexible working options by reconfiguring the Head Office located in Burnley. As part of the drive to promote hybrid working – meeting rooms in Head Office have been updated to include virtual meeting technologies.

The second annual colleague survey was completed to support the delivery of the Organisational Development and People Strategy and there was increased focus for the Group around Learning and Development, supported by investment in specialist resource in this area. The New Generation Board diversity programme was also launched, supporting succession planning and increasing diversity across Boards at Calico group. Support of internal Equality, Diversity and Inclusion groups continues to provide strong focus in this area. A benchmarking exercise across all remuneration levels to address staffing and salary pressures was completed also, to support the improvement of recruitment and retention and reduce risk in this area.

Future Plans

In May 2022 the Calico Homes Board reviewed and refreshed its Vision and Strategic Objectives and these have been revised to:

"We want to build strong, collaborative and caring relationships between customers, colleague and our diverse communities; through these we will invest in local homes and services, improve our environment and create brighter futures for everyone"

Our values reflect the priorities Calico Homes focuses on to support delivery of the vision.

Strategic Report (continued)

Strategic Objectives

Our values remain unchanged:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation
- To achieve our purpose of making a real difference to people's lives.

The vision and values provide the strategic direction for Calico Homes. These are underpinned by the strategic objectives which are listed on page 7.

To support successful neighbourhoods, Calico Homes will launch a restructured Community Safety Team in 2022/23, and has increased additional resources following an external review of its community safety offer and responding to Social Housing White Paper and Regulation Bill expectations.

A new partnership with The Message, a subscription-based community grocer will also operate in 2022/23 in Calico Homes Valley Street community centre. This service is responding to increasing food poverty challenges experienced by customers. In response to the cost of living challenge, a personalisation fund has been included in 22/23 budgets to work in conjunction with other Council led support funds to provide additional flexible support to customers.

There is also a wider review of our community investment approach planned and Calico Homes will implement a participatory budgeting approach that will give greater ownership to residents in deciding how the community funding is allocated by Calico Homes, supporting a collaborative and asset-based approach to community capacity building in line with aspirations outlined in the new Group Customer Strategy. Plans will also be taken forward in the year to commence a review of the grounds maintenance service.

To improve the customer service offer, customer satisfaction data collection will be enhanced by increasing automation to further enhance insight and intelligence, improving measurement of transactional feedback by increasing areas covered and therefore the volume of feedback. Work will continue on devising a customer engagement framework to meet the needs of all customers whilst ensuring Calico Homes are gathering excellent customer data and intelligence – aligned with the Regulator of Social Housing's expectation that providers will understand and respond to the diverse needs of all customers by giving them a wide range of opportunities to influence and be involved.

As part of this approach, a Customer Review Group will be launched to provide greater opportunities for customers to influence performance, service improvements and new projects. In addition, a full review of complaints handling, to significantly improve performance in this area, and to respond to further changes to regulation from the Housing Ombudsman will be completed.

To support the objective relating to investment in new and existing homes, Calico will deliver 95 new units through Ring Stones on the Sycamore and Kinross Schemes and work will start on site to deliver a new flagship Extra Care scheme on the former Burnley General Hospital Site.

The investment programme for 2022/23 has been commenced by Ring Stones and includes work to improve windows, doors, roofing, kitchens and bathrooms. Plans are in place to undertake a rolling stock condition survey with circa 20% planned for 22/23, this will support the consideration of future decent homes requirements and will be used to inform our 30 year investment requirements. Aligned with this, Calico will seek to secure significant levels of external grant funding through Wave 2 of the Social Housing Decarbonisation Fund to invest in additional works to achieve a minimum EPC C rating across all existing homes by 2030.

Calico Homes continues to work to improve the quality of our responsive repairs service with a focus on better processes and systems to improve customer satisfaction and we will take forward actions with the long term aim of reducing disrepair risks and claims. Work will also continue to improve the approach to building safety

To support delivery of strong and well-governed business, Calico Homes will review the performance management framework to ensure emerging regulated performance metrics are included. Draft tenant satisfaction measures have already been included in the annual customer satisfaction exercise to prepare for this regulatory requirement. Delivery of expectations within the Social Housing Regulation Bill and consequent review of the Regulators Consumer Standards, which will mean a move from reactive to proactive monitoring in line with financial standards will be a key focus in 2022/23.

There is a planned review of the Group structure to provide ongoing assurance around the effectiveness and value for money of the Group. Delivery of improved approaches to digital will be a priority, focusing on customer aspirations and expectations of digital services and ensuring services are designed to support customer and staff needs. Data Governance and ensuring Calico Homes has robust and accurate data to enable sound decision making is another significant area of work for Calico Homes in 2022/23, which has commenced with investment in technological improvements to business intelligence reporting. Finally, Calico Homes will continue to engage colleagues and customers around activities to reduce our environmental footprint.

Strategic Report (continued)

Strategic Objectives (continued)

In line with the People objective, the re-configuration work at Head Office will begin, to ensure Calico are providing more effective and flexible working solutions for all colleagues, this has been a key consideration for workforces across the country since the pandemic. Development of the digital Learning Management System to support an increased agile and personalised learning journey for colleagues will continue in 2022/23, following the responses to the HIVE survey from staff which clearly said learning and development was a key priority for them.

Investment in improved technologies and working practices to ensure staff have the option to be based in their communities is also a key priority for 2022/23. Calico will continue to look at innovative approaches to recruitment and selection to respond to the market challenges in this area and we will continue well established work with our Group partners Calico Enterprise to provide ongoing opportunities for work placements, apprenticeships and Project Search interns. The Group will continue to keep our pay and reward offer under review to ensure they are able to attract and retain colleagues and are investing in a refreshed Leaders Journey programme for managers. Through the "This is Me" groups Calico Homes will continue to develop the approach to Equality, Diversity and Inclusion to ensure Calico continues to be a diverse and welcoming for all.

Risks and Challenges

In relation to creating successful neighbourhoods where people want to live, the implications of the cost-of-living pressures and rising inflation are a risk to customers sustaining their tenancies, which may impact the communities and neighbourhoods within Calico Homes portfolio. Calico Homes is starting to experience increased requests for support and there are early indications of customers experiencing difficulties with rent payments, which has been mitigated by the introduction of the personalisation fund, to assist customers with tenancy sustainment.

In common with wider sector challenges around satisfaction, Calico Homes is experiencing challenges in relation to customer satisfaction across key service areas such as Repairs, Anti-Social behaviour and Complaints, which impacts on our ability to provide an excellent customer experience and a unique customer offer.

A key aim in 2022/23 will be to improve performance and insight in these areas by improving satisfaction collection methods using automation where possible; and improving approaches to ensuring that customer feedback is integrated into service improvement as a matter of course. Enhancing Calico Homes digital offer and data integrity and accuracy will be critical to ensuring that customer insight can be used as the main driver for positive change – thus releasing resource to build better relationships with customers where more intensive resource is required.

Health & Safety Compliance and property condition are key areas of focus for Calico Homes, given the increasing business and customer risk associated with both topics. The Regulator of Social Housing is focussing firmly on customer and building safety and through the Social Housing Regulation bill (which will become law in 2022/23) and the Building Safety Act, this will be a key challenge for housing providers across the sector to ensure they meet the standards required. The review of Decent Homes criteria and the requirement to achieve EPC C standard across all housing stock by 2030 means Calico Homes will need to make informed financial decisions around investment in an increasingly unstable financial environment, in which increased inflation is having a significant impact on material costs. Recruitment and retention of trades staff in this volatile market has impacted on service delivery from a planned and responsive perspective during 2021/22 and will continue to be a focus for Calico Homes in 22/23.

Decision making for the rent increase levels was a significant challenge for Calico Homes, whilst balancing increasing cost pressures for customers against the delivery of future investment priorities – particularly the requirement to achieve carbon zero by 2050 and business plan requirements. The objective to provide high quality, safe, and affordable homes through investing in new development and improving existing properties will be a key challenge for Calico Homes in 2022/23, given the impacts of inflation on material costs for repairs, planned investment and development. There continues to be challenges with the ever-increasing cost of energy, and the impact on customers ability to heat their homes.

Performance and Value for Money

Staff retention and recruitment remains a challenge across the Group and across the Housing sector, as the pressure to recruit and retain a talented workforce continues to increase. Within the public sector, the benefits package and security of job roles has become a critical factor in recruiting and retaining staff – as it struggles to compete with salary levels in the private sector. An increased reliance on robust IT solutions, systems and data management is also a challenge, as colleagues strive to deliver the improved digital services customers are demanding. As the organisation adjusts to post pandemic working and returns to the office; health, wellbeing and expectations of staff to continue to work flexibly remain a priority and a challenge for the Calico Group.

The Calico Group is committed to ensuring delivery of Value for Money services, supporting the strategic objectives and providing excellent services for customers and colleagues.

There is a Group VfM strategy which sets out the vision for the Group, the strategic objectives and measurable outcomes that demonstrate our VfM. Whilst the strategy is at a Group level it includes specific requirements for Calico Homes supporting operational performance and ensuring compliance with all regulatory and legislative requirements.

The strategy aligns with Calico Homes strategic objectives and internal performance measures, RSH VfM metrics and VfM priorities and achievements are reported and reviewed on a regular basis by the Board.

Strategic Report (continued)

Performance and Value for Money (continued)

The information below demonstrates our performance against the Calico Homes strategic objectives and key performance indicators compared year end performance.

STRATEGIC OBJECTIVE 1	2020/21	TARGETS 21/22	2021/22	ACHIEVED TARGET	2022/23 TARGET
TO CREATE SUCCESSFUL NEIGHBOURHOODS WHERE PEOPLE CHOOSE TO LIVE					
% of tenancies sustaining for at least 12 months	86.70%	91%	90.53%		91%
Number of customers received support to sustain their tenancy	458	500	385		N/A
Number of apprenticeships supported	16	25	48		35

Through the effective interventions carried out by the neighbourhoods, tenancy sustainment and Burnley Together teams, Calico Homes has continued to provide essential support for many customers and the % of our tenancies sustained for longer than 12 months has increased throughout the year increasing from 86.7% to 90.53%. Performance has continued to improve in Q1 of 22/23 and is now above target.

The number of customers supported has dropped this year as the higher numbers were generated through increased Burnley Together and tenancy sustainment team contact during the peak covid period. In 22/23 the focus will be on assessing the impact of the support interventions.

Largely through the success of the Kickstart program and the continued good work of Calico Enterprise within the Group, through the "Constructing the future" and "Project Search" employment programmes, Calico Homes has exceeded our targets for apprenticeships in 21/22, with 84% living within the local area.

STRATEGIC OBJECTIVE 2	2020/21	TARGETS 21/22	2021/22	ACHIEVED TARGET	2022/23 TARGET
TO PROVIDE AN EXCELLENT CUSTOMER EXPERIENCE AND A UNIQUE CUSTOMER OFFER WORKING WITH THE REST OF THE GROUP					
% of complaints resolved within 10 days	74.04%	90%	83.46%		90%
% of customers satisfied with complaint handling	55.88%	74%	49.18%		65%
NEW - % satisfaction that Calico Homes treats customers fairly and with respect	N/A	N/A	84%	N/A	TBC
Customer Satisfaction (with overall service provided)	82%	90%	79%		86%
% Customers satisfied with the repairs service	75.02%	89%	77.8%		83%

Complaints performance around response times and complaints handling satisfaction have been disappointing in 21/22, and additional focus has been given to this area to address this trend. Calico Homes has increased to weekly scrutiny for both complaints response timescales and the quality of responses. In addition, there are quality checks now completed on a sample of formal responses each month. Further work planned during 22/23 will improve complaints reporting and analyse the quality of informal complaint responses.

In April 2022 Calico Homes automated out process for carrying out transactional repairs satisfaction surveys. This has since seen a significant increase in the volume of surveys completed which has both started to increase satisfaction levels and also increase the volume of insight they are responding to. Managers are reviewing all dissatisfaction cases each week, contacting customers and agreeing actions to address the root causes. Overall landlord satisfaction is measured through the annual views for vouchers survey. Following year end in August 2022, Calico Homes Board has agreed key priority areas to improve results in future years which include an improved approach to asset investment, repairs service improvements and a project to improve how we communicate with and listen and respond to customers.

To improve the alignment and feedback with the Board and customers a new customer review group has been established. This will further strengthen the customer voice in the decision making of our board, increasing the collaborative decision making, scrutinising Calico Homes performance to ensure its meeting customer expectations and needs whilst also improving Calico Homes understanding of customer needs and priorities.

Strategic Report (continued)

Performance and Vfm (continued)

STRATEGIC OBJECTIVE 3	2020/21	TARGETS 21/22	2021/22	ACHIEVED TARGET	2022/23 TARGET
TO PROVIDE HIGH QUALITY, SAFE AND AFFORDABLE HOMES THROUGH INVESTING IN NEW DEVELOPMENT AND IMPROVING EXISTING PROPERTIES					
NEW Number of Development units completed excluding acquisitions	148	96	113		127
NEW % Emergency, Urgent & Routine Jobs Completed on time	97.78%	96%	91.2%		96%
% Properties with a valid electrical certificate (10 years)	100%	100%	100%		100%
% Properties with valid electrical certificate (5 years)	75.63%	90%	83.31%		100%
% Properties with valid gas certificate	99.98%	100%	100%		100%
% Fire Risk Assessments Valid	100%	100%	93.78%		100%

During 21/22, Calico Homes has continued to develop at pace with 113 new homes either developed or acquired. Calico Homes new build is developed in partnership with Ring Stones, delivering much needed affordable and supported housing for Burnley residents and the wider group services and strengthening our business plan. Calico Homes secured a total of £4.517m of grant from Homes England for our new build schemes.

To ensure Calico Homes are receiving value for money, an external review of Ring Stones was commissioned in 21/22 which concluded their services provide value for money when compared to external competitors noting the additional social value benefits of the work delivered within the Calico Group.

Calico Homes has continued to invest in its existing homes and in 21/22 invested over £2.6m on major investment works, completed by the group partner Ring Stones replacing and improving windows and doors, kitchens, bathrooms, and roofing.

Overall health and safety performance remains strong, with the approach to building safety and compliance strengthened further following the delivery of a 'Big 6' compliance improvement roadmap that will be concluded by the Autumn. Calico Homes is on track to achieve 100% of properties holding a valid electrical test certificate within 5 years by the end of the calendar year, with all properties tested within the 10-year period. Fire Risk Assessments have generally been completed within timescale during the year but at the end of March we were below target due to access issues caused by covid cases and because some assessments completed during March by the assessor had not been completed on the system.

Repairs completed on time is below performance and showing a declining trend which is partly driven by resourcing shortages and job logging/scheduling challenges. In common with the housing sector and wider construction industry there have been recruitment challenges in with several vacant trade roles over a sustained period. Calico Homes is focussed on addressing and improving this performance with new approaches to recruitment, the outsourcing of overdue works and process and reporting improvements.

STRATEGIC OBJECTIVE 4	2020/21	TARGETS 21/22	2021/22	ACHIEVED TARGET	22/23 TARGET
TO BE A STRONG AND WELL GOVERNED BUSINESS THAT PROVIDES VALUE FOR MONEY AND IS CONTINUALLY IMPROVING					
% overall Rent Collected	100.12%	99.25%	99.6%		99.25%
% Void loss	1.25%	1.5%	1.27%		1.4%
% Interest Cover	184%	120%	137%		120%
% Operating Margin	31.8%	27.7%	28.9%		25%

Our rent collection has exceeded the year end targets despite the wider challenges of the pandemic and various lockdown periods. In the later part of 21/22, there are some early warning signs of customers struggling as the cost-of-living crisis impacts. This is an area that will be monitored closely in 22/23. Calico Homes has invested in an additional officer dedicated in 22/23 to improve collection of former tenant arrears, maximising potential income.

Strategic Report (continued)

Performance and VfM (continued)

An external review of Ring Stones was commissioned in 21/22 which concluded that they provide value for money when compared to external competitors and provide many social value benefits.

There is also a planned external review of the Groups approach to procurement commencing in June 2022 which will be focussed on ensuring maximisation of the resources and purchasing objectives of Homes and the wider Group.

STRAETGIC OBJECTIVE 5	2020/21	TARGETS 21/22	2021/22	ACHIEVED TARGET	22/23 TARGET
TO HAVE HAPPY POSITIVE AND CONNECTED TEAMS WHO BELIEVE IN OUR PURPOSE AND VALUES					
% Sickness Absence (exc Group Business Services)	3.86%	3.25%	2.97%		3.25%
NEW Colleague Employee Net Promoter Score (eNPS)	+34	N/A	+27	N/A	+21

Despite some spikes in short term absence earlier in the year due to covid, the long term trend has been a reduction in overall absence and we are now performing ahead of target. Voluntary turnover is higher than historic levels in common with the wider group and reflects the challenges that many employers are facing with the current competitive labour market.

Recruitment and retention continue to be an area of key focus for the Group, with more risks with the current employment market position. Calico Homes has introduced a range of new benefits introduced such a health cash and health insurance, and additional flexibility and support for a range of life events, covering domestic abuse and menopause, and 1-2-1 financial support to help colleague with the current cost of living impacts.

Calico Homes is continuing the partnership with colleague engagement specialists, HIVE to measure staff engagement and wellbeing and have increased our investment and focus on Learning and Development following the most recent HIVE survey. During the year Calico Homes has continued to roll our improvements to office technology and systems to improve opportunities for collaboration and hybrid working.

Strategic Report (continued)

RSH Value for Money Metrics

As part of the Value for Money Standard Calico Homes has compared its performance against the 7 key metrics. The performance is compared with both the Sector quartile performance and also our Peer Group which comprises of 8 Registered Providers inclusive of Calico Homes (LSVT's in the North West >12 years, with less than 6,000 homes).

The Peer Group has been chosen as it closely mirrors Calico Homes and all providers within the peer group correlate with the regional wage index. It should be noted that Calico Homes has a high proportion of Housing for Older People and Supported Housing when compared to peers and this is likely to have an impact on the cost base and this is likely to lead to variations when benchmarking with peers.

Below is a table of Calico Homes Value for Money Metrics for 21/22 compared with the RSH sector and Peer Group comparison from 20/21.

		20/21 Actual	21/22 Actual	22/23 Budget	23/24 Forecast	Global Accounts 20/21 All providers	Global Accounts 20/21 Peer Group
1	Reinvestment %	14.90%	10.60%	11.27%	9.80%	Upper	Upper
2A	New supply delivered (social housing)	4.20%	2.20%	1.11%	2.20%	Upper	Upper
2B	New supply delivered (non-social)*	0.00%	0.00%	0.00%	0.00%	n/a	n/a
3	Gearing	80.40%	79.00%	80.05%	79.56%	Upper	Upper
4	Interest Cover – EBITDA MRI	156.40%	117.30%	114.37%	133.63%	Lower	Lower
5A	Headline Social Housing cost per unit	£2,720	£3,250	£3,463	£3,470	Lower	Median
5B	Management cost per unit	£1,031	£1,168	£1,341	£1,356		Upper
5C	Service charge per unit	£200	£224	£244	£251		Upper
5D	Maintenance cost per unit	£735	£885	£830	£874		Median
5E	Major repairs cost per unit	£590	£771	£905	£808		Median
5F	Other social housing costs per unit	£134	£168	£81	£117		Upper
	Support Costs	£31	£34	£62	£63		Upper
6A	Operating Margin (social housing)	34.90%	28.90%	28.85%	29.66%	Upper	Median
6B	Operating Margin	31.80%	24.60%	24.78%	26.94%	Median	Median
7	ROCE (Return on capital employed)	5.70%	4.30%	4.39%	4.29%	Upper	Lower

Metric 1 - % Reinvestment

The reinvestment metric demonstrates continued strong performance in the delivery of new homes and reinvestment in our existing homes, remaining firmly at upper quartile levels. Although lower than the prior year, the Regulator of Social Housing's metrics report confirms that the sector delivered lower reinvestment levels in 2020/21. In 21/22 Calico Homes delivered 113 new homes, and in 22/23 we will start on site with two large schemes, these will deliver 159 new homes inclusive of 93 extra care units which is Calico Homes first Extra Care provision and the first Extra Care provision in Burnley. Calico Homes continues to deliver its existing successful Homes England Empty Homes refurbishment programme of circa 30 refurbished homes a year. Calico Homes is committed to investing in our existing homes and increased our resources in 22/23 targeting specific energy efficiency works in 22/23 and future years have included provisions to meet the EPC C standard by 2030.

Strategic Report (continued)

RSH Value for Money Metrics (continued)

Metric 2A & 2B – New Supply Delivered

The new supply metric considers the units acquired or developed in year as a % of existing stock. Although lower than the previous years the metric remains upper quartile. This aligns with the Reinvestment % metric as Calico Homes has continued to deliver new supply at upper quartile levels. This reduces in 22/23 as there are 159 units start on site comprising of two large schemes with planned completion due 23/24 and 24/25.

Metric 3 – Gearing

Calico Homes has a significantly higher gearing level when compared to other housing providers and is therefore upper quartile. The gearing remains high, this is driven by the initial stock transfer purchase and the significant development programme and re-investment in our existing homes demonstrated by the VFM Reinvestment metric. Calico Homes treasury strategy is to ensure maximisation of the existing assets supporting our ambitious development programme which aims to deliver 1,230 homes by 2026. Funds are secured with lenders on a loan to value basis.

Metric 4 – Interest Cover EBITDA MRI

As Calico Homes increases its investment in its homes (correlating with the gearing metric) the increased funding requirement links with funding higher levels of interest payable. It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets.

Metric 5 – Headline Social Housing Cost per unit (“CPU”)

The Headline Social Housing CPU remains upper quartile when comparing to all housing providers for 20/21. The RSH noted that in 20/21 they saw reduced expenditure driven by lower levels of maintenance and major repairs where these were deferred. When comparing 20/21 and 21/22 costs for Calico Homes this confirms the impact of deferred repairs and investment works. Overall costs are due to increase in 22/23, this is due to a number of factors including increased pressure on wage levels, additional investment and resources in technology. Calico Homes has also increased its provision for investment works in 22/23 focussing on keeping homes safe and warm. Although costs have increased, Calico Homes remain median quartile when compared to their peers for 20/21.

It is important to note that within the RSH 20/21 review (published in Feb 22), indicated that costs are expected to rise by 5% over the next five years due to inflationary pressures. However, in February 2022 CPI was at 4.5% and has doubled to 9% by April 22 and this will create costs pressure in 22/23 and 23/24.

Metric 6 – Operating Margin

The operating margin has reduced in 21/22 from 34.9% to 28.9% and is at a median level both in comparison to all providers and our peer group. This will remain at a similar level in 22/23. In 20/21 there were impacts of the reduced expenditure on repairs and maintenance and the 22/23 operating margin also reflects the increased resources as noted in the Headline Social Housing Cost metric.

Metric 7 – Return on Capital Employed

ROCE measures the efficiency of investment of capital resources and Calico Homes remains at upper quartile based on actual and forecasted performance indicating positive use of its capital resources.

Principal Risks and uncertainties

As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also review the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. The Risk Map includes a mix of both strategic and operational risks. The most significant risks faced by Calico Homes are shown in the table below:

Strategic Report (continued)

Risk Area	Key Controls and Mitigations
Government policy and funding relating to Registered Providers impacts on financial viability of Calico Homes affecting ability to grow and meet strategic aims.	Prudent Business Plan assumptions in 30-year plan relating to rental income and voids. Quarterly financial performance update to Board and funders Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation. Refreshed 21/22 Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan. Building Safety group in place overseeing impacts and costs of new legislation EPC C report – inform baseline and future EPC 2030 works
Failure to attract and retain colleagues	People Strategy in place Equality, Diversity, and Inclusion Strategy Salary Benchmarking May 2022 Annual staff survey (HIVE) completed supported by Wellbeing pulse survey Board & Management oversight of Colleague KPI Extensive staff benefits and well-being offer for staff – Lifeworks, Financial Support
Operational Performance and service delivery	Calico Homes new SLT monthly Business Meetings introduced to monitor and discuss performance, finance, and service improvement in response to internal and external challenges. Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud. Annual Internal audit programme in place 6 monthly reporting to Board of strategic objectives and VFM action plan delivery Quarterly 'What our Customer are Saying' update to Board identifying feedback and priorities KPI review concluded in May 22, new tenant satisfaction measures included New Compliance Scorecard in development Power BI project focussed on compliance data in progress
Efficient and Effective Governance	Board effectiveness review, skills matrix, and appraisals Annual Strategic Events for Boards Board Stress Testing and Mitigation workshops and regular reporting at Board meetings Board working groups – e.g., refinancing, BGH, Group structure New Governance Framework Boards Together program, Board Communication Framework Internal Governance working group. NHF Code of Governance 2020 compliance Group Customer Strategy
Health, Safety and Wellbeing of Calico Customers and Staff	Group Health and Safety Strategy and Policy and Calico Homes H&S Framework and Action Plan approved by Board and monitored monthly. Performance reporting includes asset, compliance and health and safety indicators. Group wide Health and Safety Performance Team to monitor H&S performance and respond to challenges. External Compliance review completed January 2022 - Compliance matrix being developed - New Compliance Scorecard in development - Power BI project focussed on compliance data in progress Housing Management Agreements including H&S responsibilities for Syncora companies use of Homes assets, reviewed annually. COVID secure building and risk assessments in place

Risk Area	Key Controls and Mitigations
Regulatory and Legislative Compliance	Annual Review of Compliance with Regulatory standards Annual Assets and Liabilities Register review complete June 2022. IT governance group in place GDPR training and induction for all staff Rent Setting Policy Barley View action plan ensuring CQC compliance – due to move to Syncora in 2022 Business Continuity Plans in place
Development Activity Supported Housing Activity	Development Strategy and Supported Housing strategy in place All new schemes are financially appraised and approved at Homes Board, exit plans if funding/circumstances change. Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Exec each month. Financial position monitored through management accounts and monthly meetings between finance and development staff to review cash-flow forecasts. Development schemes approvals to Board Evaluation of risk to right to shared ownership on all affordable homes' schemes reported to Board.
Future Growth	Growth Strategy in place Group KPI Board report produced. Corporate plan targets reviewed and introduced for Homes. Growth Strategy reviewed and approved at Group Board. Involvement of Homes Board in establishing strategic priorities and informing the Homes Growth Plan Strategic Growth group meets regularly to identify and monitor growth opportunities / risks
Availability of New Funding Existing Debt	Annual treasury strategy agreed May 2022 Treasury policy in place reviewed May 2022 Annual Business Plan prepared in conjunction with Growth Strategy. Compliance and oversight of funders covenants Prudent assumptions/headroom included in covenants – reported quarterly to Board Treasury Policy with minimum credit ratings to reduce exposure to counterparty risk Loan agreements updated in 2021 for transition to SONIA
Customer Satisfaction	Feedback is Gold System Launched Self-assessment against Housing Ombudsman complaints handling code. Regular reporting of customer feedback to Board through WOCAS report Tenants Satisfaction measures in place inclusive of 2022 Views for Vouchers Automation of Repairs satisfaction surveys New measures for monitoring satisfaction introduced in KPIs Complaints review Group in place
Group Cohesion	Growth Strategy Management agreements in place for Homes owned, Syncora managed assets. Annual assessment of partnerships with Syncora and Ring Stones Strategic Growth Group Homes Chair sits on Group Board. Governance Frameworks Updated Introduction of group financial framework and monitoring of intra-group indebtedness Ring Stones VFM review completed 2021

Risk Area	Key Controls and Mitigations
Financial Viability Operational Performance Customer Safety and Satisfaction Asset Management	Homes Emergency Response Procedure to ensure we have an appropriate approach to response following an emergency, which is well communicated and understood. Business Continuity Plans including updated Service Resumption Plans in place following IA

Capital structure and treasury management

As at March 2022, Calico Homes had committed debt funding of £169.3m (2021: £169.3m).

Funder	Total Facility	Total Drawn as at 31/3/2022
Nationwide	£41.5m	£41.5m
RBS/Natwest	£100m	£74.3m
MORhomes	£27.8m	£27.8m
Total	£169.3m	£143.6m

In 20/21, Calico Homes borrowed an additional £16.8 million (2021: £4.0 million) to bring its total borrowings to £143.6m (2021: £126.8 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes has loans with both the NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 72.2% (2021: 88.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.84% to 7.64% (2021: 2.84% to 7.64%) with the weighted average rate of interest on all loans due to low variable rates being 3.98% (2021: 4.16%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

The financial performance in 2021/22 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £9.043m (2021: £15.7m). Cash Balances (Bank balances and short term investments) were £9.8m (2021: £1.1m) at the year end.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 26 September 2022 and signed on its behalf by:



Stephen Aggett
Company Secretary
Date: 26 September 2022
For the year ended 31 March 2022

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited (the "charitable company") for the year ended 31 March 2022 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, 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 Financial Reporting Standard 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 charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 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 trustees' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

- the charitable company has not kept adequate accounting records; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England established as a charitable company. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and substantive testing of key income streams.

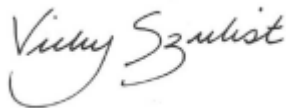
Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

Statement of Comprehensive Income

For the year ended 31 March 2022

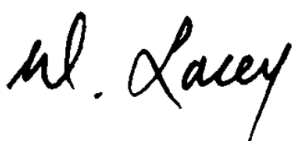
	Note	2022 £'000	2021 £'000
Turnover	3	27,183	25,737
Operating expenditure	3	(20,394)	(17,581)
Gain on disposal of fixed assets	7	1,318	850
Operating surplus		8,107	9,006
Interest receivable and other income	8	92	73
Interest payable and financing costs	8	(6,119)	(5,374)
Surplus on ordinary activities before tax		2,080	3,705
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		2,080	3,705
Actuarial gain/(loss) in respect of pension schemes	10	639	(777)
Total comprehensive income for the year		2,719	2,928
Total comprehensive income for the year attributable		2,719	2,928

Statement of Changes in Reserves

For the year ended 31 March 2022

	2022 £'000	2021 £'000
Income and expenditure reserve		
Balance as at 1 April	(137)	(3,065)
Surplus from Statement of Comprehensive Income	2,719	2,928
Balance at 31 March	2,582	(137)

The financial statements on pages 22 to 47 were approved and authorised for issue by the Board on 26 September 2022 and signed on its behalf by:



William Lacey
Chair of the Board



Stephen Aggett
Executive Director of Group Finance

Statement of Financial Position

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	13	171,974	158,551
Intangible assets	14	227	249
Investments	15	479	479
		<u>172,680</u>	<u>159,279</u>
Current assets			
Stock	16	97	71
Debtors	17	2,301	2,266
Cash at bank and in hand		9,785	1,090
		<u>12,183</u>	<u>3,427</u>
Creditors: Amounts falling due within one year	18	(5,397)	(5,699)
Net current assets/(liabilities)		<u>6,786</u>	<u>(2,272)</u>
Total assets less current liabilities		<u>179,466</u>	<u>157,007</u>
Creditors: Amounts falling due after more than one year	19	176,429	155,986
Provision for liabilities			
Pension provision	9	455	1,158
		<u>176,884</u>	<u>157,144</u>
Income and expenditure reserve		2,582	(137)
		<u>179,466</u>	<u>157,007</u>

The notes on pages 25 to 47 form part of these financial statements.

The financial statements on pages 22 to 47 were approved and authorised for issue by the Board on 26 September 2022 and signed on its behalf by:



William Lacey
Chair of the Board



Stephen Aggett
Executive Director of Group Finance

Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	28	9,043	15,740
Cash flow from investing activities			
Interest received and other income	8	92	73
Purchasing of housing properties and improvements		(17,254)	(21,590)
Grants received		4,793	3,871
Purchase of other fixed assets	13	(392)	(247)
Purchase of intangible fixed assets	14	(103)	(89)
Purchase of fixed asset investments	15	-	(479)
Proceeds of sales of housing properties	7	1,887	1,690
Net cash flow used in investing activities		(10,977)	(16,771)
Cash flow from financing activities			
Interest and financing costs paid		(6,171)	(6,265)
Loans received		16,800	34,094
Repayment of borrowings		-	(28,200)
Net cash flow from/(used in) financing activities		10,629	(371)
Net change in cash and cash equivalents		8,695	(1,402)
Cash and cash equivalents at beginning of the year		1,090	2,492
Cash and cash equivalents at end of the year		9,785	1,090

The notes on pages 25 to 47 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The private company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2022.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £2.7m (2021: £2.9m) and net assets of £2.6m (2021: liabilities £0.1m, which includes £0.455m (2021: £1.158m) provision for the SHPS defined benefit scheme liability. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 24. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.

During the year, the company has assessed that there has not been a trigger for an impairment review.

Following a trigger for impairment, the company performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm's length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Following the assessment of impairment, the determined impairment losses were £Nil (2021: £Nil).

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 20 – 33%

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Turnover is stated exclusive of Value Added Tax ("VAT") and a summary can be found in note 3 to the financial statements.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date. The charitable status provides the company with corporation tax exemption for its primary purpose and ancillary income streams.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax income is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is in progress.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives ("UELS"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation – Social housing properties (continued)

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low cost home ownership properties

Low cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- Freehold property 75 years
- Leasehold properties 75 years or the term of the lease (whichever is lower)
- Furniture, fixtures and fittings 10-33%
- Computers and office equipment 5-33%

Leased assets

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

- (a) Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.
- (b) Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable less than one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2022	2022	2022	2021	2021	2021
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	24,719	(17,490)	7,229	23,252	(15,126)	8,126
Other social housing activities:						
Support services	-	(178)	(178)	-	(159)	(159)
Non-social housing [B]	2,464	(2,726)	(262)	2,485	(2,296)	189
	27,183	(20,394)	6,789	25,737	(17,581)	8,156

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2022 Total £'000	2021 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	18,467	4,441	22,908	21,551
Service charges receivable	537	972	1,509	1,416
Amortised government grants	235	67	302	285
Turnover from social housing lettings	19,239	5,480	24,719	23,252
Expenditure on social housing lettings				
Management	(4,826)	(1,375)	(6,201)	(5,396)
Service charge costs	(457)	(734)	(1,191)	(1,044)
Routine Maintenance	(2,663)	(758)	(3,421)	(2,836)
Planned Maintenance	(997)	(284)	(1,281)	(1,006)
Major repairs expenditure	(670)	(191)	(861)	(830)
Community Involvement	(393)	(112)	(505)	(405)
Bad debts	(58)	(16)	(74)	39
Depreciation of housing properties	(2,770)	(789)	(3,559)	(3,208)
Impairment of housing properties	-	-	-	-
Other costs	(309)	(88)	(397)	(440)
Operating costs on social housing lettings	(13,143)	(4,347)	(17,490)	(15,126)
Operating surplus on social housing lettings	6,096	1,133	7,229	8,126
Void loss	(187)	(47)	(234)	(350)

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

			2022	2021
	Turnover	Operating Costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Market Lettings	74	(31)	43	48
Barley View Care Home	1,072	(1,134)	(62)	51
Furlough Income	-	-	-	323
Other*	1,318	(1,561)	(243)	(233)
	<u>2,464</u>	<u>(2,726)</u>	<u>(262)</u>	<u>189</u>

* Included in Other are recharges of office costs to group companies (note 29).

4. Accommodation owned, managed and in development

	At 31.3.2021	Additions	Disposals	Other	At 31.3.2022
<u>UNITS OWNED</u>					
Social Housing:					
General needs housing social rent	2,956	1	(31)	4	2,930
General needs housing affordable rent	812	88	-	(9)	891
Supported housing social rent	1,203	7	-	(3)	1,207
Supported housing affordable rent	157	18	-	5	180
Low-cost home ownership	2	-	-	-	2
	<u>5,130</u>	<u>114</u>	<u>(31)</u>	<u>(3)</u>	<u>5,210</u>
Non-Social Housing:					
Market rented	11	-	-	-	11
Registered Care Homes	28	-	-	-	28
	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>
<u>UNITS MANAGED</u>					
Managed units* - General needs	<u>100</u>				<u>98</u>
<u>UNDER DEVELOPMENT</u>					
General needs housing affordable rent	92				39
Supported housing	8				28
	<u>100</u>				<u>67</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2022	2021
	No. of units	No. of units
Supported housing	186	171
	<u> </u>	<u> </u>

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2022	2021
		£'000	£'000
(Surplus) on sale of fixed assets	7	(1,318)	(850)
Depreciation of housing properties	13	3,559	3,208
Depreciation of other tangible fixed assets	13	272	259
Amortisation of intangible fixed assets	14	125	93
Amortisation of government grants	3	(302)	(285)
Operating lease rentals – land and buildings		301	186
Operating lease rentals – other		269	148
Auditor's remuneration (excluding VAT):			
- for audit services		36	25
- taxation compliance services		2	2
- service charge certification		1	1
		<u> </u>	<u> </u>

7. Surplus on sale of fixed housing assets

	Right to Buy/Acquire Sales £'000	Others £'000	Total 2022 £'000	Total 2021 £'000
Disposal proceeds	1,887	-	1,887	1,690
Carrying value of fixed assets	(569)	-	(569)	(840)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Surplus/(deficit) on disposal	1,318	-	1,318	850
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2022 £'000	2021 £'000
<i>Interest receivable and similar income</i>		
Interest receivable and similar income	92	73
<i>Interest payable and financing costs</i>		
Loans and bank overdrafts	6,103	5,866
Adjustment for effective interest rate	129	(92)
Pensions – net interest on pension deficit	64	81
	6,296	5,855
Less: interest capitalised on housing properties under construction	(177)	(481)
	6,119	5,374

The interest rate of 4.16% (2021: 4.56%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2022	2021
	No.	No.
Administration	77	84
Housing and community services	223	148
Total	300	232
Full time equivalents (36.25 hours/week)	201	189
	2022	2021
	£'000	£'000
Employee costs:		
Wages and salaries (gross)	7,857	7,334
Social security costs	713	661
Redundancy	68	15
Other pension costs	387	376
Pension adjustment to Income and Expenditure Accounts	(89)	(87)
	8,936	8,309

Pension obligations

The Company participates in the Social Housing Pension Scheme (“SHPS”) and operates a stakeholder pension scheme.

During the year, the SHPS DB cost is £4k (2021: £4k) in respect of the scheme expenses.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2022 No.	2021 No.
£60,000 to £70,000	6	5
£70,000 to £80,000	1	2
£80,000 to £90,000	2	4
£90,000 to £100,000	2	2
£100,000 to £110,000	1	-
£110,000 to £120,000	-	1
£120,000 to £130,000	1	1
£140,000 to £150,000	1	-
£150,000 to £160,000	1	1

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2022 (£000s)	31 March 2021 (£000s)
Fair value of plan assets	3,913	3,447
Present value of defined benefit obligation	4,368	4,605
Surplus (deficit) in plan	(455)	(1,158)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(455)	(1,158)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(455)	(1,158)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	4,605
Current service cost	-
Expenses	4
Interest expense	102
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	177
Actuarial losses (gains) due to changes in demographic assumptions	(62)
Actuarial losses (gains) due to changes in financial assumptions	(422)
Benefits paid and expenses	(36)
Defined benefit obligation at end of period	4,368

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2021 to 31 March 2022
Fair value of plan assets at start of period	3,447
Interest income	77
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	332
Contributions by the employer	93
Contributions by plan participants	-
Benefits paid and expenses	(36)
Fair value of plan assets at end of period	3,913

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £409,000 (2021: £410,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)	From 31 March 2021 to 31 March 2022 (£000s)
Current service cost	-
Expenses	4
Net interest expense	25
Defined benefit costs recognised in statement of comprehensive income (SoCl)	29

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	332
Experience gains and losses arising on the plan liabilities - gain (loss)	(177)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	62
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	422
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	639
Total amount recognised in other comprehensive income - gain (loss)	639

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	751	549
Absolute Return	157	190
Distressed Opportunities	140	100
Credit Relative Value	130	108
Alternative Risk Premia	129	130
Emerging Markets Debt	114	139
Risk Sharing	129	125
Insurance-Linked Securities	91	83
Property	106	72
Infrastructure	279	230
Private Debt	100	82
Opportunistic Illiquid Credit	131	88
High Yield	34	103
Cash	13	-
Opportunistic Credit	14	95
Corporate Bond Fund	261	204
Liquid Credit	-	41
Long Lease Property	101	68
Secured Income	146	143
Liability Driven Investment	1,091	876
Currency Hedging	(15)	-
Net Current Assets	11	21
Total assets	3,913	3,447

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.77%	2.22%
Inflation (RPI)	3.42%	3.20%
Inflation (CPI)	3.12%	2.87%
Salary Growth	4.12%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2022	2021
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors	29	-
The aggregate emoluments paid to or receivable by executive officers	574	590
The aggregate compensation paid to or receivable by executive officers	-	-
The emoluments paid to the highest paid executive officer (excluding pension)	133	133
The aggregate pensions costs for executive officers	75	66
Total key management personnel remuneration	603	590

In March 2021, approval was given for Homes Board members to be remunerated from 1 April 2021. The Chair to receive £6,000 per annum and all other Board members £3,500 each. Expenses paid during the year in respect of Board members amounted to £55 (2021: £336).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £10,000 (2021: £10,604) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2022	2021
	£'000	£'000
UK Corporation Tax charge for the year	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	2,080	3,705
Surplus on ordinary activities at standard rate 19% (2021: 19%)	395	704
Effect of charitable income and expenditure not subject to tax	(395)	(704)
Current tax charge for year	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	----- Housing Properties -----				-----Other Fixed Assets-----			
	Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Shared ownership Properties completed	Total Housing Properties	Freehold offices	Furniture and office equipment	Total Other Fixed Assets	Total Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	179,936	4,521	194	184,651	5,486	2,026	7,512	192,163
Additions	2,270	12,083	-	14,353	125	267	392	14,745
Works to existing properties acquired	3,231	-	-	3,231	-	-	-	3,231
Schemes completed	10,823	(10,823)	-	-	-	-	-	-
Disposals	(1,150)	(159)	-	(1,309)	-	-	-	(1,309)
At end of the year	195,110	5,622	194	200,926	5,611	2,293	7,904	208,830
Depreciation and impairment								
At start of the year	30,682	-	12	30,694	1,532	1,386	2,918	33,612
Charge for the year	3,557	-	2	3,559	106	166	272	3,831
Impairment	-	-	-	-	-	-	-	-
Disposals	(587)	-	-	(587)	-	-	-	(587)
At end of the year	33,652	-	14	33,666	1,638	1,552	3,190	36,856
Net book value at the 31 March 2022	161,458	5,622	180	167,260	3,973	741	4,714	171,974
Net book value at the 31 March 2021	149,254	4,521	182	153,957	3,954	640	4,594	158,551

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2022 £'000	2021 £'000
Freehold land and buildings	98,243	85,990
Long leasehold land and buildings	63,395	63,452
	<u>161,638</u>	<u>149,442</u>
Major works to existing properties in the year:		
Works capitalised	3,231	2,255
Amounts charged to expenditure (note 3)	861	830
	<u>4,092</u>	<u>3,085</u>
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	2,287	2,110
The capitalisation rate used was 4.16% (2021: 4.56%)	<u></u>	<u></u>

Cost of properties includes £224,000 (2021: £252,000) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £119,016,000 (2021: £80,137,000) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

	2022 £'000	2021 £'000
Computer software and licences		
Cost		
At start of year	1,793	1,704
Additions	104	89
At end of year	<u>1,897</u>	<u>1,793</u>
Amortisation		
At start of year	1,545	1,451
Charge for year	125	93
	<u>1,670</u>	<u>1,544</u>
Net book value		
At 31 March	<u>227</u>	<u>249</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2022	2021
	£'000	£'000
A ordinary shares number 155,000 (2021: 155,000)	159	159
Fixed rate unsecured convertible loan notes	320	320
	<u>479</u>	<u>479</u>

During the prior year, in respect of the new funding with MORhomes PLC detailed in note 20, the company acquired 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2022	2021
	£'000	£'000
Raw materials and consumables	97	71
	<u>97</u>	<u>71</u>

17. Debtors

	2022	2021
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,450	1,500
Less: Provision for bad and doubtful debts	(915)	(977)
	<u>535</u>	<u>523</u>
Other debtors	464	385
Less: Provision for bad and doubtful debts	(379)	(347)
Other taxation and social security	-	32
Prepayments and accrued income	999	745
Intercompany balance	682	928
	<u>2,301</u>	<u>2,266</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	262	290
Rent and service charges received in advance	221	247
Debt (Note 20)	1,000	-
Others creditors	63	73
Accruals and deferred income	2,078	3,204
Other taxation and social security	188	174
RTB proceeds due to Burnley Borough Council	158	109
Intercompany balances	1,088	1,251
Deferred capital grant (Note 21)	339	351
	5,397	5,699

19. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Debt (Note 19)*	140,947	124,913
Deferred capital grant (Note 21)	33,169	28,686
Recycled capital grant (Note 22)	20	-
Leaseholder sinking funds	108	93
Loan Premium	2,185	2,294
	176,429	155,986

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2022 £'000	2021 £'000
Due after more than one year:		
Bank loans	140,947	124,913
Debt is repayable as follows:		
Within one year	1,000	-
Between two to five years	3,000	3,000
After five years	137,947	121,913

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from MORhomes PLC at a fixed rate. The Company currently has 72.2% (2021: 88.0%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2022 was £25.7m (2021: £ 42.5m).

The fixed rates of interest range from 2.84% to 7.64% (2021: 2.84% to 7.64%) with the weighted average rate of interest on all loans due to low variable being 3.98% (2021: 4.16%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/22 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	4.87

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2022 £'000	2021 £'000
At start of year	29,037	26,648
Grant received in the year	4,773	2,599
Released to income in the year	(302)	(285)
Transfer from/(to) RCGF	-	75
At the end of the year	33,508	29,037
Amount due to be released within one year (Note 17)	339	351
Amount due to be released after one year (Note 18)	33,169	28,686
	33,508	29,037

22. Recycled capital grant fund

	2022 £'000	2021 £'000
Balance brought forward at 1 April	-	75
Grants recycled	20	
Transfer (to)/from Deferred Capital Grant	-	(75)
Carried forward at 31 March	20	-

The balance on the Recycled capital grant fund ("RCGF") was allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2022 £'000	2021 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	4,261	10,771
Expenditure approved by the Board, but not contracted	7,136	5,705
	11,397	16,476

These are to be funded out of undrawn loan facilities of £25.8m (2021: £42.5m) and estimated grants of £2.6m (2021: £3.9m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2022 £'000	2021 £'000
Land and buildings:		
• Within one year	183	156
• Two to five years	272	102
	<u>455</u>	<u>258</u>
Other leases:		
• Within one year	266	225
• Two to five years	628	716
	<u>894</u>	<u>941</u>

25. Grant and financial assistance

	2022 £'000	2021 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2022:		
Held as deferred capital grant	35,821	31,052
Recognised as income in Statement of Comprehensive Income in the current period.	<u>302</u>	<u>285</u>

26. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	1,090	8,695	-	9,785
Debt due within one year	-	-	(1,000)	(1,000)
Debt due after one year	(124,913)	(16,800)	766	(140,947)
	<u>(123,823)</u>	<u>(8,105)</u>	<u>(234)</u>	<u>(132,162)</u>

Notes to the Financial Statements (continued)

27. Control

The Calico Group Limited (Company No. 08747100), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party. The Calico Group comprises a number of innovative charities and businesses, working together to create social profit.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

28. Reconciliation of surplus to net cash generated from operating activities

	2022	2021
	£'000	£'000
Surplus for the year	2,080	3,705
Adjustments for non-cash items:		
Depreciation of housing properties	3,559	3,208
Depreciation of other tangible fixed assets	272	259
Amortisation of intangible fixed assets	125	93
Amortisation of government grants	(302)	(285)
Pensions adjustment	(64)	(77)
(Profit)/loss on sale of fixed assets	(1,318)	(850)
Working capital movements:		
(Increase)/Decrease in stock	(26)	3
(Increase)/Decrease in debtors	(36)	3,861
(Decrease)/Increase in creditors	(1,274)	522
Adjustments for investing or financing activities:		
Interest payable and financing costs	6,119	5,374
Interest receivable and other income	(92)	(73)
Net cash generated from operating activities	9,043	15,740

29. Related parties

Tenant members

The tenant Board members at 31 March 2022 have tenancies on normal commercial terms with combined rent payable of £4,740 (2021: £6,555).

At 31 March 2022, there were no outstanding amounts (2021: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-22	Mar-21
	£'000	£'000
• New house building	9,123	9,768

During the year, the company recharged office costs to Hobstones totalling £112,000 (2021: £121,000).

At 31 March 2022, the company owed to Hobstones £537,000 (2021: £632,000).

Notes to the Financial Statements (continued)

Related parties (continued)

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £44,000 (2021: £43,000).

At 31 March 2022, Group owed the company £32,000 (2021: £8,000).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-22 £'000	Mar-21 £'000
• Various Investment works	1,178	600
• Externals	1,550	444
• Heating	813	1,060
• Roofing	419	347
• Damp proofing	355	277
• Empty Homes refurbishment	814	1,635
• Rossendale Empty Homes properties	43	32
	5,172	4,395

During the year, the company recharged office costs to Ring Stones totalling £359,000 (2021: £360,000).

At 31 March 2022, the company owed to Ring Stones £503,000 (2021: £603,000).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

There were no transactions during the year (2021: £Nil).

At 31 March 2022, Syncora owed the company £27,000 (2021: £3,000)

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £415,000 (2021: £403,000) and Enterprise charged £570,000 (2021: £406,000) for cleaning, painting, decorating and catering services.

At 31 March 2022, the company owed to Enterprise £48,000 (2021: £16,000).

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Acorn totalling £261,000 (2021: £257,000).

At 31 March 2022, Acorn owed the company £101,000 (2021: £353,000).

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Safenet totalling £432,000 (2021: £417,000).

At 31 March 2022, Safenet owed the company £105,000 (2021: £97,000).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn

During the year, there were no transactions (2021: £Nil).

At 31 March 2022, Delphi owed the company £75,000 (2021: £149,000).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn

During the year, the company recharged office costs to DMC totalling £123,000 (2021: £Nil).

At 31 March 2022, DMC owed the company £342,000 (2021: £318,000).

30. Contingent liability

We have been notified by the Trustee of the SHPS that it has performed a review of the changes made to the SHPS's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of SHPS liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

CALICO HOMES LIMITED

England & Wales - Charity number 1151945

Accounts

COMPANY NUMBER: 3752751
CHARITY NUMBER: 1151945
RSH REGISTRATION NUMBER: L4254

CALICO HOMES LIMITED

Report and Financial Statements

Year ended 31 March 2021

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Board Members, Executive Officers, Advisors and Bankers

Board

Chair	William Lacey (appointed as Chair from 1 October 2020) John Inglesfield (resigned 1 October 2020)
Vice Chair	None currently appointed. Peter Bevington (resigned 1 October 2020)
Other Members	Victoria Appleton Claire Bradley Adam Greenhalgh William Lacey (Chair from 1 October 2020) Sarah Roberts (appointed 1 October 2020) Gregory Robinson (resigned 1 October 2020) Paula Robinson Vincent Roche (appointed 1 October 2020) Stewart Shaw Shazna Yasmin (resigned 1 October 2020)

Executive Officers

Group Chief Executive	Anthony Duerden
Executive Director of Group Finance and Company Secretary	Stephen Aggett
Executive Director of Group Operations	Helen Thompson
Executive Director of Organisational Development	Vicki Howard
Director of Strategy and Business Development	Ed Barber (resigned 31 March 2021)

Registered Office Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED

Company Registered number 3752751

Charity Registered number 1151945

Regulator of Social Housing L4254

External Auditor Beever and Struthers
Chartered Accountants and Statutory Auditor
St. George's House, 215-219 Chester Road
Manchester, M15 4JE

Internal Auditor BDO LLP
3 Hardman Street
Spinningfields
Manchester, M3 3AT

Solicitors Forbes Solicitors
Rutherford House
4 Wellington Street
St. Johns, Blackburn, BB1 8DD

Bankers National Westminster Bank
6th Floor, 1 Spinningfields Square
Manchester, M3 3AP

Lenders	National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW
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MorHomes PLC
Future Business Centre
Kings Hedges Road, Cambridge,
CB4 2HY

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2021.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 7.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises 8 (2020: 10) Non-Executive Directors who are responsible for ensuring the organisation achieves and delivers its Vision and Strategic Objectives. The Non-Executive Directors are trustees for charity purposes. The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During the financial year, there were four retirements from the Board as Members reached the end of their term of office or for personal reasons.

The Board delegates the day-to-day management and implementation to the Chief Executive and Executive Directors. The Executive Team meet weekly and attend Board meetings.

Non-Executive Directors are recruited on a skills-based approach ensuring they have the appropriate range of skills, experience and qualities required to provide strategic direction and monitor Calico Homes performance. The Board met 8 times throughout the year and all meetings were quorate.

New Board Members as part of their induction undergo training on their legal obligations under charity and company law; the content of the Articles of Association; the board and decision-making processes; the business plan and recent financial performance of the charity. The induction programme also covers Calico Homes strategy purpose, history, aims and objectives.

Calico Homes carries out annual appraisals on an individual and collective basis which supports a Board development programme. This programme focuses on Board performance and ensuring the Board's future effectiveness together with tailored events on specific business-related topics where a training need has been identified. The Board and its committees obtain external specialist advice from time to time as necessary.

In 2020, Calico launched a New Generation Board Diversity Programme aimed at young people and minority ethnic backgrounds. Calico has successfully recruited 5 New Generation Board members to its Homes and Syncora Boards and the Nominations and Remuneration Committee. The Diversity programme is run in partnership with the Housing Diversity Network and there is a training programme that supports the members for 2 years with the aim that at the end of the programme the members will be ready to move into a Board member position.

Calico Homes has insurance policies that indemnify its Board members and Executive Officers against liability when acting for Calico Homes.

In order to operate effectively and ensure appropriate governance in business-critical areas the Board has delegated authority to two Group Committees.

Audit & Assurance Committee

The Group Audit Committee met 4 times during the year. The Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Board on the effectiveness of the Company's internal control arrangements. The Committee also review and consider the Calico Groups compliance with regulatory and legal requirements. The Committee address internal and external control issues, considering the scope of work of both internal and external audit activities including their appointments. It also considers the financial statements and recommends their approval to the Board.

Report of the Board (continued)

Remuneration Committee

The Group Remuneration Committee met four times during the year. The Committee advises the Board on Non-executive member recruitment and remuneration and the appointment and remuneration of the Chief Executive and Executive Directors, taking independent advice and using consultants as necessary. The committee also sets the objectives for the Chief Executive and reviews performance against those objectives.

Community Engagement

Calico Homes approach to involving customers is in line with the regulatory standards. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are range of different opportunities which ensure customers are involved at all levels. These include:

- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Neighbourhood representatives who complete customer scrutiny activities and are involved in the development of policies and strategies; and
- Active tenant and resident associations and community groups.

Calico Homes value the insight gathered from its customers and have developed a “What Our Customers are Saying” (WOCAS) report that is used to inform decision-making and service improvement. The Board oversees the approach to involvement ensuring effective co-regulation.

Calico Homes has a clear and simple complaints policy available to all customers focussed on the principle of doing the right thing to resolve complaints.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential in the ability of Calico Homes to deliver its strategic objectives and commitments to customers.

Calico Homes continues to provide information on its objectives, progress, and activities through briefings from senior staff, regular departmental meetings, an annual staff conference, One Calico events, a performance and personal growth framework and a regularly updated intranet site. There is an Employee Voice Group who represent staff from across the Company and meet regularly with senior leaders to consider how the Company delivers services and runs its business.

Calico Homes is committed to inclusivity for all its employees and customers. Calico has established “This is Me” groups to support colleagues and communities. The aim of these groups is to influence Calico’s culture to ensure inclusivity and diversity in all realms. The vision of the This is Me Groups is “*Through our own diversity and lived experiences we will celebrate and champion (LGBTQ+/BAME/Youth) across the Calico Group and our communities*”. Calico has retained its two ticks for disability recruitment, is a member of the HouseProud Network and a member of the Housing Diversity Network.

The Calico Group has been acknowledged by Inclusive Companies as one of the top 5 inclusive employers in the UK. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives. The Calico Group attracts a diverse range of staff from different backgrounds. Calico Homes diversity of our employees is 50% (2020:49%) male, 50% (2020:51%) female, 8% (2020:9%) who self-identify as disabled, 7% (2020:7%) from a BME background and 1% (2020:1%) who identify as LGBTQ+. The latter two measures are largely reflective of the communities we serve.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. and receives regular reports on health and safety issues arising from across the organisation. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation. Calico Homes are CHAS (the Contractors Health and Safety Assessment Scheme) accredited.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board’s view that risks should be controlled and not avoided.

Report of the Board (continued)

Internal controls assurance (continued)

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2020 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These cover issues such as fraud, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

- **External Assurance**

Internal Audit

Internal Audit is provided by BDO LLP who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues.

External Audit

External Audit is provided by Beevers and Struthers LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the Financial Statements.

National Housing Federation (NHF) Code of Governance

Calico Homes have adopted the NHF Code of Governance 2015, compliance is reviewed and self-assessed annually.

The Board confirm compliance with the Code for the full year ended 31 March 2021, with the following exception.-Up to October 2020 the previous Chair of the Calico Homes Board was a member of the Group Audit and Risk Committee and was appointed due to his extensive knowledge of funding, risk and regulation. The Code states that the Chair of the Board should not Chair the Committee nor be a voting member of the Audit & Assurance Committee (formerly Audit & Risk Committee – name changed to reflect Boards needing assurance that risks are managed with controls). The previous Chair did not Chair the Committee nor was their vote required for quorate decisions to be taken throughout the year.

In June 2021, Calico Homes board approved the adoption of the NHF Code of Governance 2020 for the year ended 31 March 2022 and is working towards full compliance by March 2022.

Regulator of Social Housing (RSH) Regulatory Standards Compliance

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard alongside a wider Regulator Framework (2015) and confirms compliance with the Regulatory Standards.

The Regulator carried out an in-depth assessment and this confirmed Calico Homes retained its V1 and G1 status in January 2021.

Report of the Board (continued)

Reserves Policy

The Trustees will review the level of reserves annually, in line with guidance issued by the Charity Commission.

The Business Plan indicates positive reserves will be achieved in 21/22 which is ahead of the targeted position and the Trustees consider that sufficient resources are held in an appropriate form.

Reserves

After transfer of the surplus for the year of £3.71m (2020: £1.49m) and actuarial loss of £0.78m (2020: gain £0.55m), the Company Reserves at the year-end amounted to a deficit of £0.14m (2020: £3.07m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

The Board, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Following the third lockdown announcement in January 2021, the Board continued its Business Continuity arrangements, which meant that all services that were able to be delivered safely were able to continue, including services to vulnerable tenants in sheltered and extra-care schemes, day to day repairs to tenants' properties within the Government's social distancing guidelines, and all statutory compliance activities. All other staff colleagues continue to be able to carry out their duties from home. The majority of lockdown restrictions ceased in July 2021.
- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £2.9m (2020: £2.0m) and net liabilities of £0.1m (2020: £3.0m, which includes £1.158m (2020: £0.458m) provision for the SHPS defined benefit scheme liability. The 2021 business plan shows that the reserves will be in a positive position by March 2022. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Report of the Board (continued)

Auditor

The Calico Group directors will be carrying out a tender process in respect of the external auditor appointment for the next financial period.

This report was approved by the Board on 13 September 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Aggett', with a stylized flourish at the end.

Stephen Aggett

Company Secretary

Date: 13 September 2021

For the year ended 31 March 2021

Strategic Report

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports customers to live safely, independently and with purpose – through good quality homes, and with additional support such as employment opportunities, building confidence, developing skills, and supporting local communities. Calico Homes purpose is to make a real difference to people's lives and our shared vision and values and ensure we keep our customers and staff at the heart of everything we do.

Calico Homes Corporate Plan outlines:

Our Vision

The vision for the Calico Group is:

"Investing in local communities where everyone thrives – through innovation, strength and collaboration".

Our Values

Our values reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation

To achieve our purpose of making a real difference to people's lives.

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by the strategic objectives which are:

- To create successful neighbourhoods where people chose to live.
- To provide an excellent customer experience and a unique customer offer, working with the rest of the Group.
- To provide high quality, safe, and affordable homes through investing in new development and improving existing properties.
- To be a strong and well-governed business that provides value for money and is continually improving.
- To have happy, positive, and connected teams who believe in our purpose and values.

Performance for the year

Despite the various COVID-19 related challenges Calico Homes has continued to perform well in many areas, continuing to deliver vital products and services that are benefiting local customers and communities. Whilst the initial focus in the first 6 months of the year was supporting vulnerable customers and ensuring the business remained robust in response to the unprecedented challenges, services have continued to be delivered with minimal interruptions and in many respects, the organisation is in a stronger position than previous years.

Calico Homes adapted well to initial change in delivery of services and the customer contacts and services continued to be delivered by all teams using new methods of contact and due to their success, these will continue to support and influence future ways of working. There has been a strong emphasis on providing support to Burnley's most vulnerable customers and Calico Homes was the lead partner alongside the Local Authority in the delivery of the "Burnley Together" collaboration that has provided support to 4,189 residents during 2020/21 across various areas including mental health and food poverty.

As part of the strategic objective to invest in developing new homes, Calico Homes has continued with its ambitious development programme and since 2014, 715 new units have been developed for affordable rent and supported housing in partnership with our group subsidiary Ring Stones Maintenance and Construction Ltd. Following interruptions during the 1st national COVID 19 lockdowns, work on building sites continued and during 2020/21, 221 new units were delivered despite the challenging circumstances.

Covid-safe working practices were implemented across all our sites to allow the safe continuation of construction work and in the case of Tracey's Place Domestic Abuse refuge in Lancaster, the 20-unit scheme was delivered on time and on budget without interruption during the 1st lockdown period.

The successful regeneration of the Burnley Wood area continued through the delivery of 45 additional new homes refurbished through the Empty Homes program. The Empty Homes programme has been extremely successful with over 100 homes delivered to date and these are having a positive impact in reducing crime and Anti-Social Behaviour reports, environmental improvements, and increased property prices.

Strategic Report (continued)

Performance for the year (continued)

Following the successful acquisition in March 2020 of the Thornber Court Bungalows, a further tenanted 57 Bungalows were purchased from the same developer at an adjacent location, increasing our asset base, our older persons offer and strengthening our balance sheet. Calico Homes successfully let all these properties immediately at handover.

Calico Homes also provided 86 additional units of affordable housing, these were delivered through new build schemes on Station Road, Maytree Close and Florence Avenue.

Investment activity in existing homes was carried out throughout the year, as expected there were some initial delays following the first national lockdown. In 20/21 £2.885m (19/20: £2.3m) has been spent on improvements included external improvements to 43 homes, 351 boiler replacements, 137 planned roofing works and door and window replacements to 72 homes.

Emergency repairs and essential health and safety and compliance related works have continued to be delivered throughout the year and the percentage of homes with an up-to-date gas safety certificate has been 100% for most of the year with temporary dips due to restricted access during the lockdowns/restrictions. Following the enforced shut down of non-essential repair services, Calico Homes saw an increase in overdue works with over 2,500 repairs outstanding when the service resumed in August, as at year end the majority of these have now been completed.

Calico Homes did experience a short-term reduction in relation to rental income collection at the start of the summer along with related increases in new Universal Credit claims. Despite the Government initiative which introduced restrictions relating to arrears, notice periods and possession proceedings, Calico ended the financial year with its strongest ever performance at 100.16% collection. This combined with a much-reduced void loss, strong budgetary controls, and a small number of Covid related underspends contributed to a year end surplus of £3.705m (Budget surplus of £1.204m).

In November 2020, the RSH carried out an In-Depth Assessment and in January 2021 confirmed that Calico Homes had successfully retained the highest ratings with both a G1 and V1 status. There have also been various initiatives and improvements implemented within the last 12 months to strengthen our approach to governance and assurance including a review of governance frameworks, a review of wider group liabilities and risks and a new intra-group finances framework.

Calico Homes recognises the value and importance of colleague wellbeing and in line with the strategic objectives, providing additional support for colleagues has also been a key priority during the pandemic. This has been supported with the introduction of a new HIVE external engagement tool and also focussed well-being surveys. The feedback from these surveys has enabled Calico Homes to better understand and respond to colleague feedback and implement a range of interventions as well as planning for future changes, all focussed on supporting colleagues to succeed, be engaged and happy at work. Flexible working technology has supported new ways of working and Covid-safe working practices have been implemented and regularly reviewed to keep both colleagues and customers safe and ensure guidelines have been adhered to.

Additional staffing opportunities for local young people have been made available through 12 work placements through the government's KickStart scheme with further Kickstart placements and opportunities planned in 21/22.

The year ended positively and Calico Homes successfully secured additional funding of £27.8m provided by MORhomes. These additional funds will continue to support Calico Homes ambitious development strategy.

Performance and Value for Money ("VfM")

The Calico Group has a VfM strategy which was approved by the Board in December 2019. The strategy sets out the vision for the Group, the strategic objectives and measurable outcomes that demonstrate our VfM. Whilst the strategy is at a Group level it includes specific requirements for Calico Homes supporting operational performance and ensuring compliance with all regulatory and legislative requirements.

The strategy aligns with Calico Homes strategic objectives, internal performance measures, RSH VfM metrics and the internal VfM action plan are reported and reviewed on a regular basis by the Board.

The Board completed a full review of the existing performance indicators and have streamlined these and agreed 12 key indicators that focus on the delivery of the strategic objectives. The strategic objectives are underpinned by a range of operational indicators that are internally reviewed monthly.

The table below demonstrate our performance against the Calico Homes strategic objectives and key performance indicators compared with our year end performance.

STRATEGIC OBJECTIVE 1	2019/20	TARGETS 20/21	2020/21	ACHIEVED TARGET	21/22 TARGET
TO CREATE SUCCESSFUL NEIGHBOURHOODS WHERE PEOPLE CHOOSE TO LIVE					
% of tenancies sustaining for at least 12 months	87.60%	91%	86.70%	✗	91%
NEW Number of customers received support to sustain their tenancy	N/A	260	458	✓	500
Number of apprenticeships supported	15	12	16	✓	25

Strategic Report (continued)

Performance and VfM (continued)

Overall, as highlighted with the performance update 20/21 was a positive year for Calico Homes despite the challenges of COVID. Although the target was not achieved for tenancy sustainment in 20/21 the teams have worked hard to support customers and have supported significantly more customers (458) in year, many of which have been transitioned onto Universal Credit throughout in year lockdowns. Calico Homes has also continued with its successful partnership working and this enabled additional grants of over £70k into the Burnley Together Partnership to support the provision of school meals and sports equipment within Burnley.

STRAETGIC OBJECTIVE 2	2019/20	TARGETS 20/21	2020/21	ACHIEVED TARGET	21/22 TARGET
TO PROVIDE AN EXCELLENT CUSTOMER EXPERIENCE AND A UNIQUE CUSTOMER OFFER WORKING WITH THE REST OF THE GROUP					
% of complaints resolved within 10 days	50.61%	90%	74.04%	✗	90%
NEW % of customers satisfied with complaint handling	N/A	74%	55.88%	✗	74%
NEW Number of customers supported annually through complex needs services	N/A	550	478	✗	550
Customer Satisfaction	87%	88%	86.9%	✓	90%

The complaints performance was below target in 20/21 (12 month rolling average) where performance had slipped in the early part of the year, some of which was attributable to COVID related challenges. However, there have been sustained improvements in the final 6 months of the year. Work has commenced with a sub-set of board members to strengthen links with customers to produce an action plan focussing on customer relationships, communication and influence to ensure the Company will meet the requirements of the Charter for Social Housing Tenants and the 2020 NHF code of governance. A new indicator has been introduced relating to "customer satisfaction with complaints handling", the feedback provides Calico Homes with additional insight, supporting analysis of trends and lessons learnt and this will be used to support future service improvements and improved complaints handling.

STRAETGIC OBJECTIVE 3	2019/20	TARGETS 20/21	2020/21	ACHIEVED TARGET	21/22 TARGET
TO PROVIDE HIGH QUALITY, SAFE AND AFFORDABLE HOMES THROUGH INVESTING IN NEW DEVELOPMENT AND IMPROVING EXISTING PROPERTIES					
NEW Number of Development units completed excluding acquisitions	186	115	148	✓	96
NEW % Emergency, Urgent & Routine Jobs Completed on time	N/A	95%	97.78%	✓	96%
% Properties with valid electrical certificate (5 years)	84.15%	90%	75.63%	✗	100%
% Properties with valid gas certificate	100%	100%	99.98%	✓	100%
% Fire Risk Assessments Valid	100%	100%	100%	✓	100%

Calico Homes has continued its ambitious development programme delivering 221 new homes in 20/21 of which 148 were developed by Ringstones (part of the Calico Group) and received over £3.3m of grant funding from Homes England to support the programme. Overall Health & Safety performance has been strong, however the impact of COVID has impacted the electrical testing performance and currently Calico Homes are working towards a 5-year programme. All properties comply with the 10-year requirement and it is expected that the 5-year target will be met by June 2022.

STRAETGIC OBJECTIVE 4	2019/20	TARGETS 20/21	2020/21	ACHIEVED TARGET	21/22 TARGET
TO BE A STRONG AND WELL GOVERNED BUSINESS THAT PROVIDES VALUE FOR MONEY AND IS CONTINUALLY IMPROVING					
% overall Rent Collected	99.59%	98%	100.12%	✓	99.25%
% Void loss	1.85%	2%	1.25%	✓	1.5%
% Interest Cover	126%	120%	184%	✓	120%
% Operating Margin	30.4%	28.20%	31.8%	✓	27.7%

Strategic Report (continued)

Performance and VfM (continued)

As noted within the financial performance it has been a strong year for Calico Homes with several key areas of improved financial performance. Key highlights are increased rental income due to the new units that have been developed, there has been a significant increase in rent collection levels which is extremely positive when considering the impacts with lockdown and instability due to Universal Credit claims initially experienced in the year. Calico Homes has also benefited from improved cost controls within the year and a reduction in interest costs due to lower drawdown requirements.

STRAETGIC OBJECTIVE 5	2019/20	TARGETS 20/21	2020/21	ACHIEVED TARGET	21/22 TARGET
TO HAVE HAPPY POSITIVE AND CONNECTED TEAMS WHO BELIEVE IN OUR PURPOSE AND VALUES					
% Sickness Absence (exc Group Business Services)	3.7%	3.25%	3.86%	✗	3.25%
NEW Colleague Employee Net Promoter Score (eNPS)	N/A	NEW	+34	✓	N/A

Calico Homes has continued to invest in planned improvements, rolling out Microsoft 365 as a response to the pandemic with further work planned to introduce further additional functionality. Thus allowing colleagues to continue agile working and delivering essential services to their customers. In 2020/21 a new engagement tool – Hive was introduced which now measures Colleague eNPS, the overall score of +34 is considered as good/excellent. There has also been a follow up survey to provide insight on colleague wellbeing and support future improvements/initiatives. The sickness absence performance is partly attributed to a small number of long term absences and all cases are closely managed by leaders within the organisation.

RSH Value for Money Metrics

As part of the Value for Money Standard Calico Homes has compared its performance against the 7 key metrics. The performance is compared with both the Sector quartile performance and also our Peer Group which comprises of 8 Registered Providers inclusive of Calico Homes (LSVT's in the North West >12 years, with less than 6,000 homes).

The Peer Group has been chosen as it closely mirrors Calico Homes and all providers within the peer group correlate with the regional wage index. It should be noted that Calico Homes has a high proportion of Housing for Older People and this is an area that will be reviewed as part of our future benchmarking to better understand any variations/impact of this when benchmarking with peers.

Below is a table of Calico Homes Value for Money Metrics for 20/21 compared with the RSH sector and Peer Group comparison from 19/20.

	Value for Money Metrics	2019/20	2020/21	2021/22	2022/23	2023/24	Calico 2020/21 V Global Account s 19/20 All provider s	Calico 2020/21 V Global Account s 19/20 Peer Group
		Actual	Actual	Forecast	Forecast	Forecast		
1	Reinvestment %	15.0%	14.9%	11.0%	10.50%	9.40%	Upper	Upper
2A	New supply delivered (social housing)	3.7%	4.2%	1.8%	1.6%	2.6%	Upper	Upper
2B	New supply delivered (non-social)*	0.12%	0.0%	0.0%	0.0%	0.0%	-	-
3	Gearing	87.80%	80.40%	81.60%	78.70%	77.50%	Upper	Upper
4	Interest Cover – EBITDA MRI	125.4%	156.4%	126.1%	131.4%	136.0%	Lower	Lower
5A	Headline Social Housing cost per unit	£2,707	£2,720	£3,088	£3,183	£3,203	Lower	Lower
5B	Management cost per unit	£1,170	£1,031	£1,180	£1,123	£1,133		Upper
5C	Service charge per unit	£186	£200	£228	£230	£230		Median
5D	Maintenance cost per unit	£797	£735	£880	£890	£910		Lower
5E	Major repairs cost per unit	£470	£590	£610	£710	£700		Median
5F	Other social housing costs per unit	£84	£165	£190	£230	£230		Median
6A	Operating Margin (social housing)	30.40%	34.90%	28.20%	27.90%	29.10%	Upper	Upper
6B	Operating Margin	25.20%	31.80%	26.70%	26.50%	27.60%	Upper	Upper
7	ROCE (Return on capital employed)	4.6%	5.7%	4.3%	4.1%	4.1%	Upper	Upper
* denotes 0% across all quartiles								

Strategic Report (continued)

RSH Value for Money Metrics (continued)

Metric 1 - % Reinvestment

Calico Homes has continued with the strong performance in delivery of new homes and performance has continued to achieve upper quartile levels against all providers and peers and is consistent with prior year performance. Calico Homes has invested in a mixed development inclusive of Calico Homes own development, acquisition and refurbishment of existing properties via the successful Homes England Empty Homes scheme (45 properties acquired in 20/21). In future years the % reduces slightly, part of this due to the expectation that the Empty Homes scheme funding will deliver 30 homes per year as a result of increasing property prices impacting on the number of properties purchased via this funding stream. In addition, Calico Homes is currently appraising the Burnley General Hospital site, which is expected to develop over two phases, with the first phase commencing late 21/22 developing a 95-bedroom Extra Care facility, which is due to be complete post 2024. Levels of re-investment have remained consistent and at around the median level when compared with our peers (as demonstrated in the Headline Social Housing Cost metric). There are some planned increases in future years, in 21/22 there are increases attributable to slippage from 20/21 arising from COVID delays and an increase in future fire safety works, although it should be noted that Calico Homes does not own any high-rise blocks.

Metric 2A & 2B– New Supply Delivered (Social/Non-Social Housing)

In line with the Reinvestment % the new supply delivered is at upper quartile levels when compared to both national and peer performance. Calico Homes has developed 715 properties as at 20/21 and is on target to develop a further 530 over the next 5-year period. In 20/21 Calico Homes completed 221 new homes, of which 174 were for General Needs with the remaining 47 for both Supported Housing and Housing for Older People.

Metric 3 - Gearing

Calico Homes has a significantly higher gearing level when compared to other housing providers and is shown as upper quartile. This is driven by the initial purchase costs of assets at the point of the stock transfer and a significant development programme along with the reinvestment in the existing stock. Calico Homes recognises this metric does not compare with peers, Calico Homes treasury strategy is to ensure maximisation of the existing assets supporting its ambitious development programme and high reinvestment levels delivered to date. Funds are secured with lenders on a loan to value (LTV) basis. As demonstrated the direction of travel is showing a positive trend with gearing reducing both to date and forecast to reduce further in the future.

Metric 4 – EBIDA-MRI

Correlating with the gearing metric the Interest Cover metric is lower than peers primarily because there will be more interest payable as indicated by the higher Gearing metric. This is used by funders to monitor interest cover levels. In 2020/21 the EBITDA-MRI increased as a result of low interest rates and also cash drawdowns were lower than expected.

Metric 5 – Headline Social Housing Costs

The Headline Social Housing cost per unit compared to Calico peer group demonstrates an overall favourable picture. Management Costs are upper quartile when compared to peers, however as noted earlier Calico Homes has a higher proportion of supported housing. The RSH VFM Reporting May 2021 indicated that based on regression analysis supported housing units on average increased headline social housing costs by £6,700 a unit and this is an area of focus for Calico Homes in the coming year to better understand cost impacts. There are also prudent rent collection and void assumptions in future years mitigating against potential Universal Credit impacts. Calico Homes is also committed to increasing its resources investing in new posts focussed on compliance, assurance and operations and further investment in learning and development, wellbeing and diversity and inclusion.

Calico Homes has seen lower maintenance costs in 20/21 when comparing to 19/20 peers, however, there have been COVID related impacts relating to access and future years show an increased investment in repairs and maintenance of existing stock, part of which is attributable to the move to a 5-year Electrical Testing programme. Major repairs costs are in line with the median level, this is an area of focus for Calico Homes in 21/22 with a refreshed Asset Management Strategy in place and a focus on future carbon reduction initiatives. Other costs remain in line with peers. It should be noted that Calico Homes has reviewed its community investment costs and these have been removed from management costs to other costs for 20/21.

Metric 6 – Operating Margin & Operating Margin (Social housing)

Calico Homes saw its operating margin increase in 20/21 to its highest levels. 20/21 saw positive financial performance for Calico Homes, part of this was attributable to increased rent collection supporting reducing bad debt provisions as well as a reduced void loss. There was also positive performance for the Care Home – Barley View with increased occupancy and receipt of grants. There were also reductions in repairs and investment costs as a result of COVID and these budgets have been carried forward into 21/22. Future operating margins are in line with prior years performances as Calico Homes further develops and the potential one-off impacts relating to COVID seen in 20/21 do not reoccur.

Metric 7 – Return on Capital Employed

ROCE measures the efficiency of investment of capital resources and Calico Homes remains at upper quartile based on actual and forecasted performance indicating positive use of its capital resources.

Strategic Report (continued)

Other Benchmarking

Calico Homes is also part of the Housemark Sector Scorecard and comparison are provided below on a national level, there is not a comparable peer group to benchmark against as there are only 3 comparative providers in the North West with less than 6,000 homes. The use of these indicators will be reviewed further in 21/22.

Sector Scorecard	2020/21	2020/21	2019/20	2018/19	19/20 Peer Median	Calico 2021 v 19/20 Quartile
	Target	Actual	Actual	Actual	National	National
Development (No. of social units)	218	221	190	112	48	Upper
Rent collected	98.5%	100.16%	99.6%	99.1%	99.84%	Upper
Customer satisfaction	88.0%	87.0%	87.0%	87.0%	86.9%	Median
Investment: communities	£250,000	£404,755	£341,850	£294,894	£101,104	Upper
Occupancy Rate	97.0%	98.46%	98.7%	96.5%	99.28%	Lower

In line with the RSH re-investment metric, Calico Homes has continued to deliver upper quartile development throughout the year, and this is planned to continue into 21/22. Rent collected in the year exceeded previous year performance and Calico continue to support customers in managing their tenancies and the challenges faced with Universal Credit.

Customer Satisfaction remained static from prior years. It is likely that restriction of services due to COVID have had an impact on satisfaction levels with challenges around repairs and reductions in staffing levels. In 21/22 Calico Homes has introduced an additional Repairs customer satisfaction survey which will provide further insight into customer feedback.

Investment in Communities in 20/21 has increased significantly from prior years and this also aligns with Calico Homes as a key partner in the Burnley Together Partnership. Further work is planned in 21/22 to link with other investments across the Calico Group.

Occupancy Rate has improved in 20/21 despite the challenges faced in a pandemic and this performance needs to be measured alongside our tenancy sustainment approach. This remains a key area of focus in 21/22.

Future Activity

The Refinancing activity completed at the end of the financial year with MORHomes provided an additional £27.8m funding to support the continued delivery of the development program over the next four years.

Development activity planned in the next 12 months includes 76 affordable homes units at Tay Street and Sycamore Close and the purchase, refurbished and let of 30 additional affordable housing in phase 5 of the Empty Homes program. With the housing market around Burnley inflating, Calico will capitalise on existing productive partnerships with the local authority and Homes England to maximise success.

Planning and construction will start on the 95 bed Burnley General Hospital extra care scheme and well-being hub that will further develop Calico Homes' strong working relationship with Syncora and other local partners. Scoping will commence on phase 2 of the project later in the year.

Land Acquisitions are planned at the Livingstone Mill and Water Street sites to further support development aspirations and there is sufficient flexibility built into the pipeline program to take advantage of other opportunities as they arise.

£3.8m is earmarked for major works investment in Calico Homes existing stock with works planned to include window and door replacements, central heating replacements and matched green funding in partnership with Burnley Borough Council targeted at improving energy efficiency of the lowest performing stock. The newly formed Asset Management Delivery Group will oversee the delivery of the new 5-year Asset Management Strategy that will include an updated 5-year investment program, a review of void quality standards and baseline analysis of costs and measures to achieve EPC C ratings across all existing homes.

Calico's Successful Neighbourhoods Strategy will be reviewed and updated with a focus on Tenancy Sustainment, quality of the neighbourhood and local partnerships. Continued investment has been committed to Burnley Together and Calico will collaborate with partners to agree longer term aspirations to continue the project's successful impact on Burnley residents and communities.

Calico Homes approach to customers will also be improved through the delivery of a new Customer Strategy that will target new approaches has to customer intelligence, experience, feedback and complaints, more engagement and influencing opportunities and stronger links with board.

Improvements will continue to be made to the management of compliance and building safety including reviewing compliance data and assurance and responding to the requirements of forthcoming Fire and Building Safety Legislation changes.

Strategic Report (continued)

Future Activity (continued)

Building on work started through Calico Group's New Generation Diversity Program, managers will continue to lead their teams on improvements to Equality, Diversity and Inclusion approaches and will work closely with "This is Me" groups to plan more effective recruitment and retention of under-represented groups and engagement with local communities.

Calico leaders will continue to engage their teams in responses to the HIVE people surveys to support effective approaches to well-being as the organisation emerges from the stresses of the pandemic and flexible approaches to work will be further explored and developed to ensure Calico retains its relevance in the employment market and continues to be an attractive place to work.

Principal Risks and uncertainties

As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also review the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. The Risk Map includes a mix of both strategic and operational risks. The most significant risks faced by Calico Homes are shown in the table below:

Risk Area	Key Controls and Mitigations
Government policy and funding relating to Registered Providers impacts on financial viability of Calico Homes affecting ability to grow and meet strategic aims.	Prudent Business Plan assumptions in 30-year plan relating to rental income and voids. Quarterly financial performance update to Board and funders Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation. Refreshed 21/22 Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan. Building Safety group in place overseeing impacts and costs of new legislation
Failure to attract and retain colleagues	People Strategy in place Equality, Diversity, and Inclusion Strategy Regular planned Salary Benchmarking Annual staff survey (HIVE) completed supported by Wellbeing pulse survey Board & Management oversight of Colleague KPI Extensive staff benefits and well-being offer for staff – Lifeworks, Financial Support
Operational Performance and service delivery	Calico Homes bi-monthly Business Meetings with Executive Team to monitor and discuss performance, finance, and service improvement in response to internal and external challenges. Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud. Monthly Board summary on operational performance, staffing and services during Covid and regular Board meeting update. Operational Covid surveys reported to RSH to provide assurance Annual Internal audit programme in place 6 monthly reporting to Board of strategic objectives and VFM action plan delivery Quarterly 'What our Customer are Saying' update to Board identifying feedback and priorities.
Efficient and Effective Governance	Board effectiveness review, skills matrix, and appraisals Annual Strategic Events for Boards Board Stress Testing and Mitigation workshops and regular reporting at Board meetings Board working groups – e.g., refinancing, BGH, Group structure New Governance Framework Boards Together program, Board Communication Framework Internal Governance working group.

Risk Area	Key Controls and Mitigations
Health, Safety and Wellbeing of Calico Customers and Staff	Group Health and Safety Strategy and Policy and Calico Homes H&S Framework and Action Plan approved by Board and monitored monthly. Performance reporting includes asset, compliance and health and safety indicators. Group wide Health and Safety Performance Team to monitor H&S performance and respond to challenges. Internal audits completed in 2020/21 for electrical safety, legionella and asbestos. Fire safety planned 21/22 Housing Management Agreements including H&S responsibilities for Syncora companies use of Homes assets, reviewed annually. COVID secure building and risk assessments in place
Regulatory and Legislative Compliance	Annual Review of Compliance with Regulatory standards Assets and Liabilities Register reviewed and updated quarterly. IT governance group in place GDPR training and induction for all staff Rent Setting Policy Barley View action plan ensuring CQC compliance Business Continuity Plans in place
Development Activity Supported Housing Activity	Development Strategy approved by Board May 2019, SH strategy approved March 2021 All new schemes are financially appraised and approved at Homes Board, exit plans if funding/circumstances change. Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Exec each month. Financial position monitored through management accounts and monthly meetings between finance and development staff to review cash-flow forecasts. Development schemes approvals to Board Evaluation of risk to right to shared ownership on all affordable homes' schemes reported to Board.
Future Growth	Growth Strategy in place Group KPI Board report produced. Corporate plan targets reviewed and introduced for Homes. Growth Strategy reviewed and approved at Group Board. Involvement of Homes Board in establishing strategic priorities and informing the Homes Growth Plan Strategic Growth group meets regularly to identify and monitor growth opportunities / risks
Availability of New Funding Existing Debt	Annual treasury strategy in place Treasury policy in place which is reviewed every 3 years. Annual Business Plan prepared in conjunction with Growth Strategy. Compliance and oversight of funders covenants Prudent assumptions/headroom included in covenants – reported quarterly to Board Treasury Policy with minimum credit ratings to reduce exposure to counterparty risk.
Customer Satisfaction	Feedback is Gold System Launched Self-assessment against Housing Ombudsman complaints handling code. Regular reporting of customer feedback to Board through WOCAS report 2021 Views for Vouchers Survey completed, and action plan in place New measures for monitoring satisfaction introduced in KPIs.

Risk Area	Key Controls and Mitigations
Group Cohesion	Growth Strategy Management agreements in place for Homes owned, Syncora managed assets. Annual assessment of partnerships with Syncora and Ring Stones Strategic Growth Group Homes Chair sits on Group Board. Governance Frameworks Updated Review of company growth plans Introduction of group financial framework and monitoring of intra-group indebtedness
Financial Viability Operational Performance Customer Safety and Satisfaction Asset Management	Homes Emergency Response Procedure to ensure we have an appropriate approach to response following an emergency, which is well communicated and understood. Business Continuity Plans including updated Service Resumption Plans in place following IA
COVID-19	Detailed Action Plan - Short, Medium, and Long term presented to Board during 20/21

Capital structure and treasury management

In March 2021, the Company secured additional funding of £27.8m. As at March 2021, Calico Homes had committed debt funding of £169.3m.

Funder	Total Facility	Total Drawn as at 31/3/2021
Nationwide	£41.5m	£41.5m
RBS/Natwest	£100m	£57.5m
MORhomes	£27.8m	£27.8m
Total	£169.3m	£126.8m

In 20/21 Calico Homes borrowed an additional £4.0 million (2020: £12.0 million) to bring its total borrowings to £126.8m (2020: £123.2 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes loans with both the NatWest and Nationwide at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from Morhomes PLC at a fixed rate. Calico Homes currently has 88.0% (2020: 74.5%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.84% to 7.64% (2020: 2.76% to 7.64%) with the weighted average rate of interest on all loans due to low variable rates being 4.16% (2020: 4.38%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

The financial performance in 2020/21 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £15.7m (2020: £7.3m). Cash Balances (Bank balances and short term investments) were £1.1m (2020: £2.5m) at the year end.

This report was approved by the Board on 13 September 2021 and signed on its behalf by:



Stephen Aggett
Company Secretary
Date: 13 September 2021
For the year ended 31 March 2021

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited "the charitable company" for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the related notes. 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 charitable company affairs as at 31 March 2021 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 charitable company 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 to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' (who are also the trustees for charity purposes) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 directors are responsible for the other information. 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.

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.

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 Report of the Board which includes the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report included within the Report of the Board has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report included in the Report of the Board.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 directors determine 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 directors are responsible for assessing the charitable company'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 directors either intend to liquidate the charitable company 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 web-site at 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 charitable company'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 charitable company'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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Lee Cartwright
(Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Statutory Auditor
St George's House
215/219 Chester Road
Manchester M15 4JE

Date: 24 September 2021

Statement of Comprehensive Income

For the year ended 31 March 2021

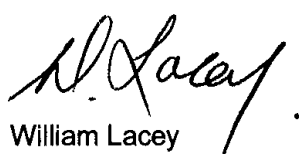
	Note	2021 £'000	2020 £'000
Turnover	3	25,737	23,231
Operating expenditure	3	(17,581)	(17,379)
Gain on disposal of fixed assets	7	850	790
Operating surplus		<u>9,006</u>	<u>6,642</u>
Interest receivable and other income	8	73	75
Interest payable and financing costs	8	(5,374)	(5,229)
Surplus on ordinary activities before tax		<u>3,705</u>	<u>1,488</u>
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		<u>3,705</u>	<u>1,488</u>
Actuarial gain/(loss) in respect of pension schemes	9	(777)	522
Total comprehensive income for the year		<u>2,928</u>	<u>2,010</u>
Total comprehensive income for the year attributable		<u>2,928</u>	<u>2,010</u>

Statement of Changes in Reserves

For the year ended 31 March 2021

	2021 £'000	2020 £'000
Income and expenditure reserve		
Balance as at 1 April	(3,065)	(5,075)
Surplus from Statement of Comprehensive Income	2,928	2,010
Balance at 31 March	<u>(137)</u>	<u>(3,065)</u>

The financial statements on pages 18 to 43 were approved and authorised for issue by the Board on 13 September 2021 and signed on its behalf by:


William Lacey
Chair of the Board


Stephen Aggett
Executive Director of Group Finance

Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	13	158,551	140,540
Intangible assets	14	249	253
Investments	15	479	-
		<u>159,279</u>	<u>140,793</u>
Current assets			
Stock	16	71	74
Debtors	17	2,266	6,126
Cash at bank and in hand		1,090	2,492
		<u>3,427</u>	<u>8,692</u>
Creditors: Amounts falling due within one year	18	(5,699)	(4,406)
Net current (liabilities)/assets		<u>(2,272)</u>	<u>4,286</u>
Total assets less current liabilities		<u>157,007</u>	<u>145,079</u>
Creditors: Amounts falling due after more than one year	19	155,986	147,686
Provision for liabilities			
Pension provision	9	1,158	458
		<u>157,144</u>	<u>148,144</u>
Income and expenditure reserve		<u>(137)</u>	<u>(3,065)</u>
		<u>157,007</u>	<u>145,079</u>

The notes on pages 21 to 43 form part of these financial statements.

The financial statements on pages 18 to 43 were approved and authorised for issue by the Board on 13 September 2021 and signed on its behalf by:


William Lacey
Chair of the Board


Stephen Aggett
Executive Director of Group Finance

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	28	15,740	7,333
Cash flow from investing activities			
Interest received and other income	8	73	75
Purchasing of housing properties and improvements		(21,590)	(19,878)
Grants received		3,871	7,838
Purchase of other fixed assets	13	(247)	(501)
Purchase of intangible fixed assets	14	(89)	(118)
Purchase of fixed asset investments	15	(479)	-
Proceeds of sales of housing properties	7	1,690	1,342
Net cash flow used in investing activities		(16,771)	(11,242)
Cash flow from financing activities			
Interest and financing costs paid		(6,265)	(5,762)
Loans received		34,094	12,000
Repayment of borrowings		(28,200)	(500)
Net cash flow (used in)/from financing activities		(371)	5,738
Net change in cash and cash equivalents		(1,402)	1,829
Cash and cash equivalents at beginning of the year		2,492	663
Cash and cash equivalents at end of the year		1,090	2,492

The notes on pages 21 to 43 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2021.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Following the third lockdown announcement in January 2021, the Board continued its Business Continuity arrangements, which meant that all services that were able to be delivered safely were able to continue, including services to vulnerable tenants in sheltered and extra-care schemes, day to day repairs to tenant's properties within the Government's social distancing guidelines, and all statutory compliance activities. All other staff colleagues continue to be able to carry out their duties from home. The lockdown restrictions ceased in July 2021.
- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board is of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £2.9m (2020: £2.0m) and net liabilities of £0.1m (2020: £3.0m, which includes £1.158m (2020: £0.458m) provision for the SHPS defined benefit scheme liability. The 2021 business plan shows that the reserves will be in a positive position by March 2022. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 24. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.
- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the company performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm's length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Goodwill and intangible assets.** The company establishes a reliable estimate of the useful life of goodwill and intangible assets arising from business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions would consider in respect of similar businesses. Where in exceptional circumstances, the useful life of goodwill cannot be determined, the life will not exceed 10 years.

Merger accounting

Where merger accounting is used, the investment is recorded at the nominal value of shares issued together with the fair value if any additional consideration paid. In the company's financial statements, merged subsidiary undertakings are treated as if they already had been a member of the company. The results of such a subsidiary are included for the whole period in the year it joins the company. The corresponding figures for the previous year include its results for that period and the assets and liabilities at the previous Statement of Financial Position date.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 20 – 33%

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted. Deferred tax assets are only recognised to the extent that their recovery is reasonably expected in the foreseeable future.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is in progress.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives ("UELs"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation – Social housing properties (continued)

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low cost home ownership properties

Low cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- Freehold property 75 years
- Leasehold properties 75 years or the term of the lease (whichever is lower)
- Furniture, fixtures and fittings 10-33%
- Computers and office equipment 5-33%

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Leased assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable less than one year are not discounted.

Financial Instruments Impairment

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2021 Turnover	2021 Operating expenditure	2021 Operating surplus/ (deficit)	2020 Turnover	2020 Operating expenditure	2020 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	23,252	(15,126)	8,126	21,499	(14,962)	6,537
Other social housing activities:						
Support services	-	(159)	(159)	31	(183)	(152)
Non-social housing [B]	2,485	(2,296)	189	1,701	(2,234)	(533)
	25,737	(17,581)	8,156	23,231	(17,379)	5,852

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2021 Total £'000	2020 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	17,322	4,229	21,551	19,878
Service charges receivable	507	909	1,416	1,333
Amortised government grants	221	64	285	288
Turnover from social housing lettings	18,050	5,202	23,252	21,499
Expenditure on social housing lettings				
Management	(4,189)	(1,207)	(5,396)	(5,931)
Service charge costs	(434)	(610)	(1,044)	(943)
Routine Maintenance	(2,202)	(634)	(2,836)	(3,266)
Planned Maintenance	(781)	(225)	(1,006)	(781)
Major repairs expenditure	(644)	(186)	(830)	(670)
Community Involvement	(314)	(91)	(405)	-
Bad debts	30	9	39	(116)
Depreciation of housing properties	(2,458)	(750)	(3,208)	(3,007)
Impairment of housing properties	-	-	-	-
Other costs	(374)	(66)	(440)	(248)
Operating costs on social housing lettings	(11,366)	(3,760)	(15,126)	(14,962)
Operating surplus on social housing lettings	6,684	1,442	8,126	6,537
Void loss	(253)	(97)	(350)	(385)

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

			2021	2020
	Turnover	Operating Costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Market Lettings	72	(24)	48	23
Barley View Care Home	1,161	(1,110)	51	(308)
Furlough Income	323	-	323	-
Other*	929	(1,162)	(233)	(248)
	<u>2,485</u>	<u>(2,296)</u>	<u>189</u>	<u>(533)</u>

* Included in Other are recharges of office costs to group companies (note 29).

4. Accommodation owned, managed and in development

	At 31.3.2020	Additions	Disposals	Other	At 31.3.2021
<u>UNITS OWNED</u>					
Social Housing:					
General needs housing social rent	2,984	-	(20)	(8)	2,956
General needs housing affordable rent	636	174	-	2	812
Supported housing	219	38	(20)	4	241
Housing for older people	1,114	9	-	(4)	1,119
Low-cost home ownership	4	-	-	(2)	2
	<u>4,957</u>	<u>221</u>	<u>(40)</u>	<u>(8)</u>	<u>5,130</u>
Non-Social Housing:					
Market rented	11	-	-	-	11
Registered Care Homes	28	-	-	-	28
	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>
<u>UNITS MANAGED</u>					
Managed units* - General needs	<u>114</u>				<u>100</u>
<u>UNDER DEVELOPMENT</u>					
General needs housing affordable rent	94				92
Supported housing	10				8
Low-cost home ownership	-				0
Housing for older people	24				0
	<u>128</u>				<u>100</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2021 No. of units	2020 No. of units
Supported housing	171	133
	<u> </u>	<u> </u>

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2021 £'000	2020 £'000
(Surplus) on sale of fixed assets	7	(850)	(790)
Depreciation of housing properties	13	3,208	3,007
Depreciation of other tangible fixed assets	13	259	177
Amortisation of intangible fixed assets	14	93	39
Amortisation of government grants	3	(285)	(280)
Operating lease rentals – land and buildings		186	171
Operating lease rentals – other		148	142
Auditor's remuneration (excluding VAT):			
- for auditor services		25	23
- taxation compliance services		2	2
- service charge certification		1	1
		<u> </u>	<u> </u>

7. Surplus on sale of fixed housing assets

	Right to Buy Sales £'000	Others £'000	Total 2021 £'000	Total 2020 £'000
Disposal proceeds	1,420	270	1,690	1,342
Carrying value of fixed assets	(705)	(135)	(840)	(552)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Surplus/(deficit) on disposal	715	135	850	790
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2021 £'000	2020 £'000
Interest receivable and similar income		
Interest receivable and similar income	73	75
Interest payable and financing costs		
Loans and bank overdrafts	5,866	5,714
Adjustment for effective interest rate	(92)	(135)
Pensions – net interest on pension deficit	81	93
	5,855	5,672
Less: interest capitalised on housing properties under construction	(481)	(443)
	5,374	5,229

The interest rate of 4.56% (2020: 4.56%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2021 No.	2020 No.
Administration	84	76
Housing and community services	148	150
Total	232	226
Full time equivalents (36.25 hours/week)	189	179
	2021 £'000	2020 £'000
Employee costs:		
Wages and salaries (gross)	7,334	6,860
Social security costs	661	610
Redundancy	15	7
Other pension costs	376	370
Pension adjustment to Income and Expenditure Accounts	(87)	(69)
	8,309	7,778

Pension obligations

The Company participates in the Social Housing Pension Scheme (“SHPS”) and operates a stakeholder pension scheme.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2021 No.	2020 No.
£60,000 to £70,000	5	4
£70,000 to £80,000	2	-
£80,000 to £90,000	4	1
£90,000 to £100,000	2	1
£100,000 to £110,000	-	-
£110,000 to £120,000	1	1
£120,000 to £130,000	1	1
£140,000 to £150,000	-	-
£150,000 to £160,000	1	1

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	3,447	3,050
Present value of defined benefit obligation	4,605	3,508
Surplus (deficit) in plan	(1,158)	(458)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,158)	(458)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(1,158)	(458)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2020 to 31 March 2021 (£000s)
Defined benefit obligation at start of period	3,508
Current service cost	-
Expenses	4
Interest expense	81
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(59)
Actuarial losses (gains) due to changes in demographic assumptions	15
Actuarial losses (gains) due to changes in financial assumptions	1,160
Benefits paid and expenses	(104)
Defined benefit obligation at end of period	4,605

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS		Period from 31 March 2020 to 31 March 2021
Fair value of plan assets at start of period		3,050
Interest income		71
Experience on plan assets (excluding amounts included in interest income) - gain (loss)		339
Contributions by the employer		91
Contributions by plan participants		-
Benefits paid and expenses		(104)
Fair value of plan assets at end of period		3,447

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £410,000. (2020: £183k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)	From 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-
Expenses	4
Net interest expense	10
Defined benefit costs recognised in statement of comprehensive income (SoCl)	14

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	339
Experience gains and losses arising on the plan liabilities - gain (loss)	59
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(15)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,160)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	777
Total amount recognised in other comprehensive income - gain (loss)	(777)

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	549	446
Absolute Return	190	159
Distressed Opportunities	100	59
Credit Relative Value	108	84
Alternative Risk Premia	130	213
Fund of Hedge Funds	-	2
Emerging Markets Debt	139	92
Risk Sharing	125	103
Insurance-Linked Securities	83	94
Property	72	67
Infrastructure	230	227
Private Debt	82	61
Opportunistic Illiquid Credit	88	74
High Yield	103	-
Opportunistic Credit	95	-
Corporate Bond Fund	204	174
Liquid Credit	41	1
Long Lease Property	68	53
Secured Income	143	116
Liability Driven Investment	876	1,012
Net Current Assets	21	13
Total assets	3,447	3,050

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.22%	2.33%
Inflation (RPI)	3.20%	2.51%
Inflation (CPI)	2.87%	1.51%
Salary Growth	3.87%	2.51%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2021 £'000	2020 £'000
The aggregate emoluments paid to or receivable by non-executive Directors	-	-
The aggregate emoluments paid to or receivable by executive officers	590	617
The aggregate compensation paid to or receivable by executive officers	-	-
The emoluments paid to the highest paid executive officer (excluding pension)	133	134
The aggregate pensions costs for executive officers	66	76
Total key management personnel remuneration	590	617

None of the Board members received emoluments. Expenses paid during the year in respect of Board members amounted to £336 (2020: £2,851).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £10,604 (2020: £17,250) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2021 £'000	2020 £'000
UK Corporation Tax charge for the year	-	-
Adjustment in respect of prior years	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	3,705	1,488
Surplus on ordinary activities at standard rate 19% (2020: 19%)	704	283
Effect of charitable income and expenditure not subject to tax	(704)	(283)
Current tax charge for year	-	-
Adjustments in respect of prior years	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	----- Housing Properties -----				-----Other Fixed Assets-----			
	Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Low cost Home ownership Properties completed	Total Housing Properties	Freehold offices	Furniture and office equipment	Total Other Fixed Assets	Total Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	156,080	7,439	316	163,835	5,576	1,840	7,416	171,251
Additions	3,098	16,809	-	19,907	61	186	247	20,154
Works to existing properties acquired	2,255	-	-	2,255	-	-	-	2,255
Schemes completed	19,727	(19,727)	-	-	-	-	-	-
Asset Re-classification	151	-	-	151	(151)	-	(151)	-
Disposals	(1,375)	-	(122)	(1,497)	-	-	-	(1,497)
At end of the year	179,936	4,521	194	184,651	5,486	2,026	7,512	192,163
Depreciation and impairment								
At start of the year	28,024	-	28	28,052	1,436	1,223	2,659	30,711
Charge for the year	3,208	-	-	3,208	96	163	259	3,467
Impairment	-	-	-	-	-	-	-	-
Asset Re-classification	-	-	-	-	-	-	-	-
Disposals	(550)	-	(16)	(566)	-	-	-	(566)
At end of the year	30,682	-	12	30,694	1,532	1,386	2,918	33,612
Net book value at the 31 March 2021	149,254	4,521	182	153,957	3,954	640	4,594	158,551
Net book value at the 31 March 2020	128,056	7,439	288	135,783	4,140	617	4,757	140,540

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2021 £'000	2020 £'000
Freehold land and buildings	85,990	80,104
Long leasehold land and buildings	63,452	55,679
	<u>149,442</u>	<u>135,783</u>
Major works to existing properties in the year:		
Works capitalised	2,255	1,710
Amounts charged to expenditure (note 3)	830	670
	<u>3,085</u>	<u>2,280</u>
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	481	443
The capitalisation rate used was 4.56% (2020: 4.56%)	<u></u>	<u></u>

Cost of properties includes £252,000 (2020: £232,000) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £80,137,000 (2020: £82,705,000) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

Computer software and licences	2021 £'000	2020 £'000
Cost		
At start of year	1,704	1,586
Additions	89	118
At end of year	<u>1,793</u>	<u>1,704</u>
Amortisation		
At start of year	1,451	1,412
Charge for year	93	39
	<u>1,544</u>	<u>1,451</u>
Net book value		
At 31 March	<u>249</u>	<u>253</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2021	2020
	£'000	£'000
A ordinary shares number 155,000 (2020: Nil)	159	-
Fixed rate unsecured convertible loan notes	320	-
	<u>479</u>	<u>-</u>

During the year, in respect of the new funding with MORhomes PLC detailed in note 20, the company acquired 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2021	2020
	£'000	£'000
Raw materials and consumables	71	74

17. Debtors

	2021	2020
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,500	2,042
Less: Provision for bad and doubtful debts	(977)	(1,200)
	<u>523</u>	<u>842</u>
Other debtors	385	2,841
Less: Provision for bad and doubtful debts	(347)	(198)
Other taxation and social security	32	16
Prepayments and accrued income	745	343
Intercompany balance	928	2,298
	<u>2,266</u>	<u>6,126</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	464	341
Rent and service charges received in advance	247	546
Debt (Note 20)	-	500
Others creditors	73	89
Accruals and deferred income	3,204	2,428
Other taxation and social security	-	16
RTB proceeds due to Burnley Borough Council	109	17
Intercompany balances	1,251	169
Deferred capital grant (Note 21)	351	300
	5,699	4,406

19. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Debt (Note 19)*	124,913	121,181
Deferred capital grant (Note 21)	28,686	26,349
Recycled capital grant (Note 22)	-	75
Leaseholder sinking funds	93	81
Loan Premium	2,294	-
	155,986	147,686

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2021 £'000	2020 £'000
Due after more than one year:		
Bank loans	124,913	121,181
Debt is repayable as follows:		
Within one year	-	500
Between two to five years	3,000	4,500
After five years	121,913	116,681

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from Morhomes PLC at a fixed rate. The Company currently has 88.0% (2020: 74.5%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2021 was £42.5m (2020: £ 18.3m).

The fixed rates of interest range from 2.84% to 7.64% (2020: 2.76% to 7.64%) with the weighted average rate of interest on all loans due to low variable being 4.16% (2020: 4.38%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/21 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	4.87

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2021 £'000	2020 £'000
At start of year	26,648	19,205
Grant received in the year	2,599	7,798
Released to income in the year	(285)	(280)
Transfer from/(to) RCGF	75	(75)
At the end of the year	29,037	26,648
Amount due to be released within one year (Note 17)	351	300
Amount due to be released after one year (Note 18)	28,686	26,349
	29,037	26,648

22. Recycled capital grant fund

	2021 £'000	2020 £'000
Balance brought forward at 1 April	75	
Transfer (to)/from Deferred Capital Grant	(75)	75
Carried forward at 31 March	-	75

The balance on the Recycled capital grant fund ("RCGF") was allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2021 £'000	2020 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	10,771	10,473
Expenditure approved by the Board, but not contracted	5,705	9,949
	16,476	20,422

These are to be funded out of undrawn loan facilities of £42.5m (2020: £18.3m) and estimated grants of £3.9 m (2020: £4.7m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2021 £'000	2020 £'000
Land and buildings:		
• Within one year	156	171
• Two to five years	102	250
	<u>258</u>	<u>421</u>
Other leases:		
• Within one year	225	135
• Two to five years	716	27
	<u>941</u>	<u>162</u>

25. Grant and financial assistance

	2021 £'000	2020 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2021:		
Held as deferred capital grant	31,052	28,711
	<u>31,052</u>	<u>28,711</u>
Recognised as income in Statement of Comprehensive Income in the current period.	285	280
	<u>285</u>	<u>280</u>

26. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	2,492	(1,402)	-	1,090
Debt due within one year*	(500)	-	500	-
Debt due after one year	(121,181)	(4,500)	768	(124,913)
	<u>(119,189)</u>	<u>(5,902)</u>	<u>1,268</u>	<u>(123,823)</u>

* No capital repayment was made during the year due to an amendment to the Nationwide facility in March 2021 which changed the repayment profile.

Notes to the Financial Statements (continued)

27. Control

The Calico Group Limited ("Group"), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

28. Reconciliation of surplus to net cash generated from operating activities

	2021	2020
	£'000	£'000
Surplus for the year	3,705	1,488
Adjustments for non-cash items:		
Depreciation of housing properties	3,208	3,007
Depreciation of other tangible fixed assets	259	177
Amortisation of intangible fixed assets	93	39
Amortisation of government grants	(285)	(280)
Pensions adjustment	(77)	(45)
(Profit)/loss on sale of fixed assets	(850)	(790)
Working capital movements:		
Decrease/(increase) in stock	3	(38)
Decrease/(increase) in debtors	3,861	(604)
Increase/(decrease) in creditors	522	(775)
Adjustments for investing or financing activities:		
Interest payable and financing costs	5,374	5,229
Interest receivable and other income	(73)	(75)
Net cash generated from operating activities	15,740	7,333

29. Related parties

Tenant members

The tenant Board members at 31 March 2021 have tenancies on normal commercial terms with combined rent payable of £6,555 (2020: £8,563).

At 31 March 2021, there were no outstanding amounts (2020: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-2021	Mar-2020
	£'000	£'000
• New house building	9,768	8,228

During the year, the company recharged office costs to Hobstones totalling £121,000 (2020: £109,000).

At 31 March 2021, the company owed to Hobstones £632,000 (2020: £65,000).

Notes to the Financial Statements (continued)

Related parties (continued)

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £43,000 (2020: £37,000).

At 31 March 2021, Group owed the company £8,000 (2020: £65,000) (2019: £81,000).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-21 £'000	Mar-20 £'000
• Various Investment works	600	314
• Externals	444	865
• Heating	1,060	491
• Roofing	347	195
• Damp proofing	277	388
• Empty Homes refurbishment	1,635	1,283
• Rossendale Empty Homes properties	32	98
	4,395	3,634

During the year, the company recharged office costs to Ring Stones totalling £360,000 (2020: £351,000).

At 31 March 2021, the company owed to Ring Stones £603,000 (2020: £105,000).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

There were no transactions during the year (2020: £Nil).

At 31 March 2021, Syncora owed the company £3,000 (2020: £13,000)

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £403,000 (2020: £378,000) and Enterprise charged £406,000 (2020: £520,000) for cleaning, painting, decorating and catering services.

At 31 March 2021, the company owed to Enterprise £16,000 (2020: owed by £344,000).

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Acorn totalling £257,000 (2020: £252,000).

At 31 March 2021, Acorn owed the company £353,000 (2020: £1,224,000).

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Safenet totalling £417,000 (2020: £303,000).

At 31 March 2021, Safenet owed the company £97,000 (2020: £91,000).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn

During the year, there were no transactions (2020: £Nil).

At 31 March 2021, Delphi owed the company £149,000 (2020: owed to £180,000).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn

There were no transactions during the year (2020: £Nil).

At 31 March 2021, DMC owed the company £318,000 (2020: £316,000).

30. Post balance sheet events

In March 2021, approval was given for Homes Board members to be remunerated from 1 April 2021. The Chair to receive £6,000 per annum and all other Board members £3,500 each.