

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.	<p>Prudent Business Plan assumptions in 30-year plan relating to rental income and voids.</p> <p>Quarterly financial performance update to Board and funders</p> <p>Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation.</p> <p>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.</p> <p>Building Safety group in place overseeing impacts and costs of new legislation</p> <p>EPC C report – inform baseline and future EPC 2030 works</p>
Failure to attract and retain colleagues	<p>People Strategy in place</p> <p>Equality, Diversity, and Inclusion Strategy</p> <p>Salary Benchmarking May 2022</p> <p>Annual staff survey (HIVE) completed supported by Wellbeing pulse survey</p> <p>Board & Management oversight of Colleague KPI</p> <p>Extensive staff benefits and well-being offer for staff – Lifeworks, Financial Support</p>
Operational Performance and service delivery	<p>Calico Homes new SLT monthly Business Meetings introduced to monitor and discuss performance, finance, and service improvement in response to internal and external challenges.</p> <p>Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud.</p> <p>Annual Internal audit programme in place</p> <p>6 monthly reporting to Board of strategic objectives and VFM action plan delivery</p> <p>Quarterly 'What our Customer are Saying' update to Board identifying feedback and priorities</p> <p>KPI review concluded in May 22, new tenant satisfaction measures included</p> <p>New Compliance Scorecard in development</p> <p>Power BI project focussed on compliance data in progress</p>
Efficient and Effective Governance	<p>Board effectiveness review, skills matrix, and appraisals</p> <p>Annual Strategic Events for Boards</p> <p>Board Stress Testing and Mitigation workshops and regular reporting at Board meetings</p> <p>Board working groups – e.g., refinancing, BGH, Group structure</p> <p>New Governance Framework</p> <p>Boards Together program, Board Communication Framework</p> <p>Internal Governance working group.</p> <p>NHF Code of Governance 2020 compliance</p> <p>Group Customer Strategy</p>
Health, Safety and Wellbeing of Calico Customers and Staff	<p>Group Health and Safety Strategy and Policy and Calico Homes H&S Framework and Action Plan approved by Board and monitored monthly.</p> <p>Performance reporting includes asset, compliance and health and safety indicators.</p> <p>Group wide Health and Safety Performance Team to monitor H&S performance and respond to challenges.</p> <p>External Compliance review completed January 2022</p> <ul style="list-style-type: none"> • Compliance matrix being developed • New Compliance Scorecard in development • Power BI project focussed on compliance data in progress <p>Housing Management Agreements including H&S responsibilities for Syncora companies use of Homes assets, reviewed annually.</p> <p>COVID secure building and risk assessments in place</p>

Risk Area	Key Controls and Mitigations
Regulatory and Legislative Compliance	<p>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</p>
<p>Development Activity</p> <p>Supported Housing Activity</p>	<p>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.</p>
Future Growth	<p>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</p>
<p>Availability of New Funding</p> <p>Existing Debt</p>	<p>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</p>
Customer Satisfaction	<p>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</p>
Group Cohesion	<p>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</p>

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.

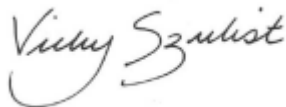
Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance 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

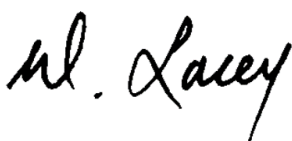
	Note	2022 £'000	2021 £'000
Turnover	3	27,183	25,737
Operating expenditure	3	(20,394)	(17,581)
Gain on disposal of fixed assets	7	1,318	850
Operating surplus		8,107	9,006
Interest receivable and other income	8	92	73
Interest payable and financing costs	8	(6,119)	(5,374)
Surplus on ordinary activities 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

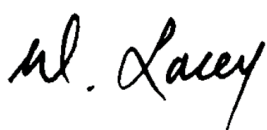
Statement of Financial Position

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
		<hr/> 172,680	<hr/> 159,279
Current assets			
Stock	16	97	71
Debtors	17	2,301	2,266
Cash at bank and in hand		9,785	1,090
		<hr/> 12,183	<hr/> 3,427
Creditors: Amounts falling due within one year	18	(5,397)	(5,699)
Net current assets/(liabilities)		<hr/> 6,786	<hr/> (2,272)
Total assets less current liabilities		<hr/> 179,466	<hr/> 157,007
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	19	176,429	155,986
Provision for liabilities			
Pension provision	9	455	1,158
		<hr/> 176,884	<hr/> 157,144
Income and expenditure reserve		2,582	(137)
		<hr/> 179,466	<hr/> 157,007
		<hr/> <hr/>	<hr/> <hr/>

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 No. of units	2021 No. of units
Supported housing	186	171
	<u> </u>	<u> </u>

6. Operating surplus

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

	Note	2022 £'000	2021 £'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
	<hr/>	<hr/>
<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
	<hr/>	<hr/>
	6,296	5,855
Less: interest capitalised on housing properties under construction	(177)	(481)
	<hr/>	<hr/>
	6,119	5,374
	<hr/>	<hr/>

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
	<hr/>	<hr/>
Total	300	232
	<hr/>	<hr/>
Full time equivalents (36.25 hours/week)	201	189
	<hr/>	<hr/>
	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)
	<hr/>	<hr/>
	8,936	8,309
	<hr/>	<hr/>

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	<u>195,110</u>	<u>5,622</u>	<u>194</u>	<u>200,926</u>	<u>5,611</u>	<u>2,293</u>	<u>7,904</u>	<u>208,830</u>
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	<u>33,652</u>	<u>-</u>	<u>14</u>	<u>33,666</u>	<u>1,638</u>	<u>1,552</u>	<u>3,190</u>	<u>36,856</u>
Net book value at the 31 March 2022	<u>161,458</u>	<u>5,622</u>	<u>180</u>	<u>167,260</u>	<u>3,973</u>	<u>741</u>	<u>4,714</u>	<u>171,974</u>
Net book value at the 31 March 2021	<u>149,254</u>	<u>4,521</u>	<u>182</u>	<u>153,957</u>	<u>3,954</u>	<u>640</u>	<u>4,594</u>	<u>158,551</u>

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
	<hr/> 161,638	<hr/> 149,442
	<hr/>	<hr/>
Major works to existing properties in the year:		
Works capitalised	3,231	2,255
Amounts charged to expenditure (note 3)	861	830
	<hr/> 4,092	<hr/> 3,085
	<hr/>	<hr/>
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%)	<hr/>	<hr/>

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	<hr/> 1,897	<hr/> 1,793
	<hr/>	<hr/>
Amortisation		
At start of year	1,545	1,451
Charge for year	125	93
	<hr/> 1,670	<hr/> 1,544
	<hr/>	<hr/>
Net book value		
At 31 March	<hr/> 227 <hr/>	<hr/> 249 <hr/>

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

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
	<hr/>	<hr/>
	5,397	5,699
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	176,429	155,986
	<hr/>	<hr/>

* 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	2021
	£'000	£'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	2021
	£'000	£'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	Cash Flows	Other Changes	At end of the Year
	£'000	£'000	£'000	£'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
	<hr/> 5,172	<hr/> 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.