

# Report and Consolidated Financial Statements

## Year ended 31 March 2021

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## Board Members, Executive Officers, Advisors and Bankers

### Board

Philip Watson CBE (Chair from 10 December 2020)  
Lesley Burrows (Chair) (resigned 10 December 2020)

Councillor Simon Blackburn (resigned 30 June 2021)  
Peter Bevington (resigned 1 October 2020)  
Charles Bithell (appointed 1 April 2020)  
Grahame Elliott CBE  
David Gooda (appointed 1 October 2020)  
John Inglesfield (resigned 1 October 2020)  
Richard Jones CBE  
Martin King  
William Lacey (appointed 10 December 2020)  
Paul Mayson  
Carmel McKeogh  
Sarah Parr  
Sarah Roberts (appointed 1 October 2020)

### Executive Officers

Group Chief Executive

Anthony Duerden

Group Director of Strategy and  
Business Development

Ed Barber (resigned 31 March 2021)

Executive Director of Group  
Operations

Helen Thompson

Executive Director of Group Finance  
and Company Secretary

Stephen Aggett

Executive Director of Organisational  
Development

Vicki Howard

### Registered Office

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

### Company Registered Number

08747100

### External Auditor

Beever and Struthers  
Chartered Accountants & Statutory Auditor  
St George's House, 215-219 Chester Road, Manchester, M15 4JE

### Internal Auditor

BDO LLP  
3 Hardman Street, 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

Barclays Bank Plc  
198 Ashley Road  
Hale  
Cheshire  
WA15 9SW

### Group 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

Barclays Bank Plc  
198 Ashley Road  
Hale  
Cheshire  
WA15 9SW

MorHomes PLC  
Future Business Centre  
Kings Hedges Road, Cambridge,  
CB4 2HY

## Report of the Board

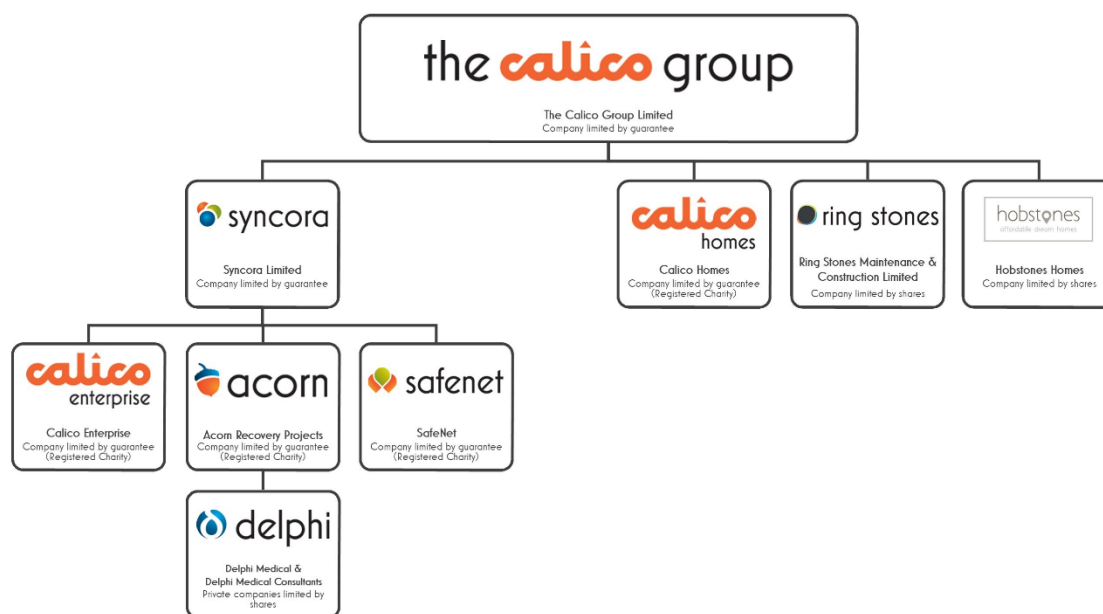
The Board is pleased to present its report and the consolidated financial statements for the year ended 31 March 2021.

### Principal activities

The Calico Group Limited is a not for profit, non-charitable company limited by guarantee, governed by its articles of association. The company was incorporated on 24 October 2013 to facilitate a restructure of the Calico Group on 1 November 2013 with the previous parent company being Calico Homes Limited. Consolidated accounts have been prepared in line with recognised accounting practices.

The Calico Group Limited is the ultimate parent company for Calico Homes Limited, Syncora Limited, Calico Enterprise Limited, SafeNet Domestic Abuse and Support Services Ltd, Ring Stones Maintenance & Construction Limited (formerly Calico JV Limited), Hobstones Homes Limited and Acorn Recovery Projects (the owner of 100% shareholding in Delphi Medical Limited and Delphi Medical Consultants Limited). "Calico" is used generically to describe this group of companies.

## Our Group Structure



Calico comprises a number of innovative charities and businesses, working together to create social profit, rather than financial profit. Calico keep customers and colleagues at the heart of everything they do and this the driving force behind our wide range of high-quality services across the North West. Each part of Calico has its own specialism, expertise and a track record of providing a complete community service in housing, healthcare, support, employability and construction. Calico's unique approach ensures each specialist companies are collaborating and innovating together so they can have a greater impact than they could alone. The shared vision, flexible group structure and expanding range of services are helping adapt to the fast-changing environment.

### Review of the year

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

### The Board

The Board comprises 11 (2020:11) Non-Executive Directors who are responsible for ensuring the organisation achieves and delivers its Vision and Strategic Objectives. 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.

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's performance. The Board met four times throughout the year and all meetings were quorate.

New Board Members as part of their induction undergo training on their legal obligations under company law; the content of the Articles of Association; the board and decision-making processes; the business plan and recent financial performance of the company. The induction programme also covers Calico Homes strategy purpose, history, aims and objectives.

## Report of the Board

### The Board (continued)

Calico 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 has insurance policies that indemnify its Board members and Executive Officers against liability when acting for Calico.

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 four times during the year. The Committee is responsible for reviewing the Calico's risk management framework and reports to the Board on the effectiveness of the Company's internal control arrangements. The Committee also review and consider Calico's compliance with regulatory and legal requirements. The Committee address internal and external control issues, considering the scope of work of both internal and external audit activities including their appointments. It also considers the financial statements and recommends their approval to the Board.

### 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.

### Remuneration policy

The Board is responsible for setting the remuneration policy of Calico, and in doing so pays close attention to remuneration levels in the relevant sectors in determining the remuneration packages of the executive officers and other senior staff within the group. Basic salaries are set having regard to an individual's responsibilities and the pay levels for comparable positions.

### Pensions

The executive officers and senior staff are eligible to join and participate in the pension schemes available to other staff members in the company by which they are employed. They participate in the schemes on the same terms as all other eligible staff. Full details of the schemes are given in note 1 to the financial statements.

### Employees

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

Calico continues to provide information on its objectives, progress, and activities through briefings from senior staff, regular departmental meetings, an annual staff conference, One Calico events, a performance and personal growth framework and a regularly updated intranet site. There is an Employee Voice Group who represent staff from across the Company and meet regularly with senior leaders to consider how the Company delivers services and runs its business.

Calico is committed to inclusivity for all its employees and customers. Calico has established "This is Me" groups to support our colleagues and communities. The aim of these groups is to influence Calico's culture to ensure inclusivity and diversity in all realms. The vision of the This is Me Groups is "Through our own diversity and lived experiences we will celebrate and champion (LGBTQ+/BAME/Youth) across the Calico Group and our communities". Calico has retained its two ticks for disability recruitment, is a member of the HouseProud Network and a member of the Housing Diversity Network.

Calico has been acknowledged by Inclusive Companies as one of the top 5 inclusive employers in the UK. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives. Calico attracts a diverse range of staff from different backgrounds. The diversity of our employees is 41% (2020:39%) male, 59% (2020:61%) female, 7% (2020:8%) who self-identify as disabled, 11% (2020:11%) from a BAME background, and 4% LGBTQ.

### 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 is CHAS (the Contractors Health and Safety Assessment Scheme) accredited.



## Report of the Board

### Internal Controls Assurance

The process for identifying, evaluating and managing the significant risks faced by Calico is ongoing and has been in place throughout the period commencing 1 April 2020 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting. Assurance on the effectiveness of key risk controls is reviewed annually by both 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**

Calico'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 approves the annual budget and is 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. Calico and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These cover issues such as fraud, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

- **External Assurance**

#### Internal Audit

Internal Audit is provided by BDO LLP who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Sub-Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Sub-Committee, for ensuring that corrective action is taken in relation to any significant control issues.

#### External Audit

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

### NHF Code of Governance

As a Group we have chosen to adopt the NHF Code of Governance 2015 for the financial year ended 31 March 2021. Compliance is reviewed and self-assessed annually.

The Board confirm compliance with the Code for the full year ended 31 March 2021, with the following exceptions:

Up to October 2020 the previous Chair of the Calico Homes Board was a member of the Group Audit and Risk Committee and was appointed due to his extensive knowledge of funding, risk and regulation. The Code states that the Chair of the Board should not Chair the Committee nor be a voting member of the Audit & Risk Committee. The previous Chair did not Chair the Committee nor was their vote required for quorate decisions to be taken throughout the year.

Group Board member Grahame Elliott and Syncora Board member Karen Ainsworth have served on the Boards of subsidiaries, Acorn Recovery Projects and Safenet Domestic Abuse and Support Services respectively, for over 9 years. While this is not in line with best practice the Board and Audit & Assurance Committee consider that Grahame and Karen continue in their role due to the extensive knowledge, experience and skill that they bring to the Boards. Both of these positions will be reviewed annually.

In June 2021 the Group Board reviewed the Codes of Governance adopted across the Group. The Board approved that The Calico Group and Calico Homes will adopt the NHF Code of Governance 2020 for the year ended 31 March 2022 and that Syncora and its subsidiaries will adopt the 2020 Charity Governance Code for the year ended 31 March 2022. Group companies are working towards full compliance with the relevant Code by 31 March 2022.

## Report of the Board

### Reserves

After transfer of the total comprehensive income for the year £4,339,000 (2020: £2,203,000), which includes an actuarial loss £1,074,000 (2020: gain £739,000), Calico reserves at the year-end amounted to £1,043,000 (2020: deficit £3,296,000), which overall is in line with expectations.

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

Company law 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 the Companies Act 2006.

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 Group and Company, and of the surplus or deficit of the Group 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;
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for taking reasonable steps to safeguard the assets of the Group 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 Group's websites. 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.

So far as each Director is aware there is not relevant information of which the company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

### Going concern

Calico has in place an undrawn revolving credit facility, future contracted Homes England 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 Calico's day to day operations.

Whilst, the current ongoing Coronavirus pandemic will clearly have a significant social and economic impact, the effect on key areas likely to be affected voids and rent arrears can be demonstrated to be mitigated by corrective action cash flow.

On this basis, the Board has a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. As at 31 March 2021, following a surplus of £4.3m (2020: £2.2m), the Group had net assets of £1.0m (2020: net liabilities £3.3m) being well in advance of the anticipated target to be positive by March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

### Auditor

The directors will be carrying a tender process in respect of auditor appointment for the next financial period.

This report was approved by the Board on 17 September 2021 and signed on its behalf by:

Philip Watson CBE  
**Chair to the Board**  
17 September 2021

## Strategic Report

### Legal status and objective

The Calico Group Limited was incorporated as a not for profit, non-charitable company limited by guarantee to act as the parent body for the Calico Group of companies ("Calico").

The Calico Group Limited is non asset holding and provides strategy and direction to Calico ensuring opportunities are seen with a whole group perspective. Its Board is drawn from across all areas of activity undertaken by its subsidiaries. The constitution is such that at least 50% of the Board must be independent of any other company within Calico.

### Group structure

In 2020, a review of Calico's company and governance structures took place in order to ensure they can best support the delivery of the strategic objectives and that the Group continues to grow and develop. The review confirmed that the current structures are fit for purpose, value for money and support delivery of the aims and vision of Calico.

In 2018, Syncora Limited was established, a 'Social Enterprise' holding company with a common board for each of the legal entities which are Enterprise, Acorn and Safenet. This holding company sits between the legal entities and the Group Board. This new arrangement enhanced the continued growth by integrating service and company offers and allowing competition with larger scale 'lead' providers.

Calico also operates a commercial building and construction company, Ring Stones Maintenance and Construction Limited to undertake relevant work for Calico Homes Limited ("Homes") and other private customers. This produces VAT savings and provides a route to work for our apprentices. In March 2021, the assets of Ring Stones were transferred to Calico JV which is now renamed as Ring Stones Maintenance and Construction Limited.

Delphi Medical Limited and Delphi Medical Consultants Limited ("DMC"), subsidiaries of Acorn, provide clinical and psychosocial detoxification services which complements existing services provided by Acorn. Delphi is the lead provider of integrated substance misuse services in Blackpool and in various North West prisons, working alongside Acorn.

Calico's Corporate Plan outlines:

### Our Purpose

The purpose for Calico is:

***"Providing quality services that make a difference to people's lives"***

We want to help individuals of all ages and backgrounds, and their families, live peacefully and prosperously in warm, secure homes and safe, friendly neighbourhoods.

We have a passion for making our customers' lives better.

### Our Values

Our values reflect the priorities we need 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.

### Our Vision

***"Whoever you are and wherever you are at, we want to help you enjoy a better future. As a Group, we are strong and diverse. It is the passion, integrity and purpose of our people that makes things happen"***

### Strategic Objectives

The purpose, values and vision provide the strategic direction of the Group. The Group will achieve its purpose, values and vision through its strategic objectives.

The five strategic objectives are:

1. To work together to exceed our customers' expectations and to attract new customers.
2. To innovate, grow and diversify by securing and delivering new business opportunities.
3. To be a strong and well-governed business that is continually improving.
4. To develop a values-led organisation where people are happy and can thrive.
5. To influence our external environment to help create a better society for everyone.



## Strategic Report (continued)

### Performance for the year

Calico has had a successful year despite the challenges of the pandemic. Calico has been able to respond and adapt to delivery of key services and has also seen positive financial performance across Calico.

Calico's services include the provision of housing, homelessness support and accommodation, help for people suffering from domestic abuse, drug and alcohol recovery services, support into work and training opportunities. All of these align with our values to generate social profit and make a difference to people's lives.

Throughout the COVID 19 pandemic Syncora has continued to focus on effective management and leadership and ensuring sufficient oversight and assurance reporting is in place across all Syncora companies. All companies within Syncora have received grant monies and additional funding in relation to the pandemic which has been used to ensure vital services for its customers have continue to be delivered across Syncora throughout 20/21.

Acorn has benefitted from several grant applications and donations. Acorn services include a volunteering program, counselling, and community services. Acorn works within a range of community settings alongside partner agencies including Delphi Medical Ltd, Change Grow Live (CGL), New Leaf, Greater Manchester Health and Social Care Partnership and Lancashire and South Cumbria Foundation Trust, Supported Housing, Prison in-reach & outreach.

Delphi Medical Ltd's Pavillion saw an improvement in 2020/21 due to a more stable occupancy level and more consistent uptake of services from both privately funded patients and patients coming to Delphi via their local authority.

DMC have various contracts in place across Local Authorities and also Mental Health Trusts. These contracts deliver integrated substance misuse services, provide clinical and psychosocial services to two prisons, and there has been an additional new contract to provide psychosocial services in further two prisons until 2025. DMC will continue to tender for appropriate contracts in line with the companies aims and objectives.

SafeNet has successfully secured next funding for mental health & also funding from Ministry of Justice continuation funding supporting specialisms and developed and extended provision for male victims and complex needs. SafeNet has established additional accommodation to support the COVID crisis provision of 30 units, along with additional 40 longer term units in the North West.

Enterprise's objectives for personal change are achieved through the delivery of social enterprise, skills and support contracts. Calico Enterprise has continued operating its support services, expanding across Lancashire. In addition, the work streams initiatives continue which includes Calico Interiors, Clean Team, Constructing the Future, Careers Service, Catering, Calico Assure, Furniture Matters and Afta Thought. Calico Enterprise also provides services that support vulnerable people to achieve and maintain independence including a floating support service, has provide support to over 300 people this year.

Despite the various Covid-19 related challenges, Homes has continued to perform well in many areas, continuing to deliver vital products and services that are benefiting local customers and communities. Whilst the initial focus in the first 6 months of the year was supporting vulnerable customers and ensuring the business remained robust in response to the unprecedented challenges, services have continued to be delivered with minimal interruptions.

Homes adapted well to initial change in delivery of services and the customer contacts and services continued to be delivered by all teams using new methods of contact and due to their success, these will continue to support and influence future ways of working. There has been a strong emphasis on providing support to Burnley's most vulnerable customers and Calico Homes was the lead partner alongside the Local Authority in the delivery of the "Burnley Together" collaboration that has provided support to 4,189 residents during 2020/21 across various areas including mental health and food poverty.

As part of the strategic objective to invest in developing new homes, Homes has continued with its ambitious development programme and since 2014, 715 new units have been developed for affordable rent and supported housing in partnership with our group subsidiary Ring Stones Maintenance and Construction Ltd. Following interruptions during the 1st national COVID 19 lockdowns, work on building sites continued and during 2020/21, 221 new units were delivered despite the challenging circumstances.

Covid-safe working practices were implemented across all Calico's sites to allow the safe continuation of construction work and in the case of Tracey's Place Domestic Abuse refuge in Lancaster, the 20-unit scheme was delivered on time and on budget without interruption during the 1st lockdown period.

The successful regeneration of the Burnley Wood area continued through the delivery of 45 additional new homes refurbished through the Empty Homes program. The Empty Homes programme has been extremely successful with over 100 homes delivered to date and these are having a positive impact in reducing crime and Anti-Social Behaviour reports, environmental improvements, and increased property prices.

The year ended positively with Homes successfully securing additional funding of £27.8m provided by MOR Homes. These additional funds will continue to support Calicos ambitious development strategy.

## Strategic Report (continued)

### **SECTION 172 (1) STATEMENT**

The Calico Group Limited was incorporated as a not for profit, non-charitable company limited by guarantee to act as the parent body for the Calico Group of companies ("Calico"). The Company is non asset holding and provides strategy and direction to Calico ensuring opportunities are seen with a whole group perspective. The Group Board is drawn from across all areas of activity undertaken by its subsidiaries.

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

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

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

The Board is aware that the Calico's actions and decisions impact all its stakeholders and it ensures that there is regular dialogue taking place with stakeholders, and the Board acknowledge that effective and meaningful engagement with stakeholders and its employees is key in promoting the success of Calico. The approach to engagement of all stakeholders applies to each subsidiary within the Group. Details of how the Board has fulfilled its duties under Section 172 and supported the objectives is set out below:

As Calico has faced the impact of COVID-19, the importance of our relationships and regular dialogue with stakeholders was key to delivery of essential services and supporting stakeholders for all the Group subsidiaries in maintaining essential services, innovating the delivery of new services whilst managing the challenges and impacts of the pandemic. The table below sets out the Group's and the Company's approach to stakeholder engagement and how these stakeholders influenced key decisions made during the financial year.

### **Strategy & Decision Making**

The Calico Group Vision was agreed in 2018 as "Whoever you are and wherever you are at, we want to help you enjoy a better future. As a Group, we are strong and diverse. It is the passion, integrity and purpose of our people that makes things happen". This vision is supported by 5 strategic objectives, the objectives further demonstrating the Calico's commitment to ensuring stakeholders are the heart of decision making.

- To work together to exceed our customer's expectations and to attract new customers
- To innovate, grow and diversify by securing and delivering new business opportunities
- To be a strong and well-governed business that is continually improving
- To develop a values led organisation where people are happy and can thrive
- To influence our external environment to help create a better society for everyone

In 2020, the Board had started to develop its Business Strategy. This work concluded in June 2021, the strategy is key to providing clarity to the continued success of the Calico Group as "One Calico" and will further support the Calico's decision making.

Calico has remained flexible and resilient despite the challenges of operating within a global pandemic and adapting to an ever-changing environment. Key examples in 2020 include:

- Reviewed and refreshed Governance Framework at a group and subsidiary level
- New Financing of £27.8m to support the development of new homes with the group
- Review of the operational structures across Calico with an increased emphasis on leadership and development of new roles across Calico focussing on Assurance, Operations, Governance and Growth.
- Supporting Wellbeing of colleagues, increased colleague engagement recognising the challenges COVID has had on the workforce.
- Regular review of Key Performance indicators across Calico, the introduction of regular Board COVID updates
- Growth Strategy - the Board continue to review the Growth strategy performance indicators and targeted performance

Further details of how Calico is managed can be found within the Report of the Board.

## Strategic Report (continued)

### **SECTION 172 (1) STATEMENT (continued)**

#### **Employee Engagement**

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

In year examples of key activities include:

- Launched a new People Strategy (2020 - 2023) which will ensure that Calico continues to be a great place to work and colleagues have opportunities to learn and grow
- Enhanced the flexible benefits package and brought the total offer into a new portal available via the web and an app ensuring that Calico promote the benefits the group offers consistently and fairly
- Although not yet a requirement, Calico has started to report on the Ethnicity Pay Gap data - in 2019 this was 2% and will continue to be monitored and reported
- Launched a new colleague engagement survey HIVE focussed on eNPS – score of +33 (very good/excellent)
- Focus on Colleague Wellbeing – new HIVE survey introduced and has put in place a range of actions and communications to further support colleagues throughout these unprecedented times.

Throughout the pandemic, Calico has continued to provide its employees with regular progress on the delivery of strategic objectives and updates across the Group on COVID safe working practices, support for colleagues and regular briefings from senior staff including virtual sessions with the Executive Team, CEO blogs, regular departmental meetings, and frequent updates through "Stay Connected" email briefings.

Calico is committed to inclusivity for all its employees and customers and Calico has been acknowledged by Inclusive Companies as one of the top 5 inclusive employers in the UK.

The 2020 Gender Pay gap report confirms Calico has a mean gender pay gap of 6.18%. As a comparison the UK Government figures show a national average (mean) gender pay gap in 2019 of 17.3%.

Further details on Calico employee engagements can be found within the Report of the Board.

#### **Business Relationships**

Regular engagement with our customers has been essential during the financial year as Calico has sought to adapt to new ways of working throughout the COVID-19 disruption and ensure all stakeholders are engaged and working together effectively. Calico has also ensured essential services for customers particularly vulnerable stakeholders continued to be delivered safely and adhered to public health guidance in relation to social distancing and protective materials. As a landlord Calico has also ensured compliance with its key health and safety responsibilities and also found innovative solutions to carry out activities virtually, engaging with customers from across the Group subsidiaries.

In year examples of key activities include:

- Successful partnership working for Burnley Together (with Burnley Borough Council), this has brought additional resources such as external grant funding to support key initiatives such as school meals and purchasing new sports equipment. Calico Homes has funded an additional Burnley Together coordinator role. All the resources support the ability to provide effective personalised support for customers.
- The Syncora Group which sits within Calico has included a customer attendee at their Board meetings to further influence best practice and provide a continual improvement and feedback process. This new approach forms part of the ongoing ambition to further embed the customer voice across the wider Calico Group.
- Liaison with key partners such as Ministry of Housing Communities & Local Government ("MHCLG"), Ministry of Justice ("MOJ") and Local Authorities who provide both grant and contractual income ensuring critical services have continued to delivered right across Calico. These services range from the prevention of violence and abuse, providing abstinence-based drug and alcohol treatments and a wide range of employability programmes and support for the communities Calico is based within.
- Worked with funders to re-negotiate loan covenants streamlining the financial undertakings to support Calico with a more flexible approach. Liaised with funders to amend the agreements to support the transition from London Interbank Offered Rate ("LIBOR") to Sterling Overnight Index Average ("SONIA").
- Successfully concluded the Regulator of Social Housings In-Depth assessment and retained the Calico Homes Regulators ratings G1 and V1 rating
- Calico in partnership with East Lancashire Hospitals NHS Trust, Burnley Borough Council, the University of Central Lancashire and Lancashire County Council, have held several consultation events Community consultations have begun around the redevelopment of derelict land at Burnley Hospital, which will be transformed into 95 accessible extra care apartments and a community hub. The feedback provides valuable engagement on the development and an opportunity to share experiences and all feedback is continuing to inform future plans.

## Strategic Report (continued)

### **SECTION 172 (1) STATEMENT (continued)**

#### **Business Relationships (continued)**

Calico has a procurement strategy that sets out the approach to procurement of all goods, works and services. Ringstones delivers most of the development and planned investment and has a focus on local procurement where possible. Calico Enterprise carry out void cleansing and decorations supporting apprenticeships. Where there are opportunities to partnership work the Group looks to maximise employment and apprenticeships for local people.

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

The Board in its decision-making process takes into account the impacts of the decision on the social and financial return to the Group and supports maximising the impact of the subsidiaries regularly reviewing the subsidiary performance and key outcomes.

*Further details of how the Calico companies engage with their stakeholders can be found within each of subsidiaries Strategic Reports.*

#### **Community & Environment**

Calico is a collection of innovative charities and businesses working together to delivery social profit in the communities they serve. Although the range of services, geography, customers and job roles is diverse the Group has a shared common social purpose "To make a real difference to people's lives". Calico activities benefit the wider society the group recognised the impact of the pandemic on their communities and have supported and led a wide range of initiatives to benefit customers and the wider communities they work across.

In year examples of key activities include:

Calico remains committed to ensure that housing and support services remain focused on supporting those who are homeless, fleeing their homes due to abuse, or are at risk of losing their homes. In the last 12 months Calico has provided emergency accommodation and support for those adversely affected by the pandemic, this includes:

- Calico Homes – prioritising homeless with 57 properties allocated to those impacted by the pandemic
- Gateway – continued to provide supported housing, outreach and resettlement support, key examples are:
  - 43 positive departures recorded
  - East Lancashire Families Project - supported 8 homeless or at-risk families in Burnley over the past 12 months.
  - Syrian Resettlement Programme - supported 20 families across Burnley over the last 12 months.
- SafeNet - with a steep rise in domestic abuse recorded following the onset of the pandemic, since March 2020, SafeNet has accommodated more than 300 individuals from Burnley, including men, women and children, as they have sought support to escape abuse.

With the effects of the pandemic likely to outlive lockdown restrictions, Calico remains ready to support communities and prioritise those in need. The Calico's 'Skills & Employment Commitment' covers many industries and sectors, and incorporates apprenticeships, traineeships, and the new Government led 'Kickstart' programme, designed for 16 – 24 year olds who face long term unemployment. As the pandemic continues to impact the economy, roughly 70% of roles in Burnley and Pendle will be classed as 'affected', 'vulnerable' or 'very vulnerable', according to Centre for Cities. In the next 12 months, Calico have pledged:

- 30 young people to be employed under the Kickstart scheme
- 30 apprenticeships will be generated across the Group
- 60 young people will benefit from work placements
- Support 250 people via employment, wellbeing and personal development programmes designed to help in gaining access to work and training.

Calico is committed to sustainability and the Asset Management Strategy is built around 4 key themes, one of these is Carbon Zero and the Group is committed to achieving zero carbon by 2050.

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

## Strategic Report (continued)

### **SECTION 172 (1) STATEMENT (continued)**

#### **Culture and Values**

Calico's vision is "Whoever you are and wherever you are, we want to help you enjoy a better future. As a group we are strong and diverse. It is the passion, integrity and purpose of our People that make things happen". To support delivery of this vision there are 5 strategic objectives which include "to develop a values led organisation where our people are happy and can thrive".

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

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

These are supported with a behaviours and values framework that focussing on doing the right thing, listening and learning, delivering results, caring for one another, looking after yourself and working together. The shared purpose and values ensure that Calico connects together as "One Calico". The Board and Executive have taken active steps to ensure the business strategy, people strategy and customer focussed principles, values and behaviours are embraced across the group.

#### **Principal Risks and uncertainties**

As part of the Calico approach to risk management each subsidiary has in place a risk map which is reviewed by their respective Board on a quarterly basis. The Risk Map includes a mix of both strategic and operational risks. The most significant risks faced by Calico are shown in the table below:

Risk Area	Key Controls and Mitigations
Government policy and funding relating to impacts on financial viability of Calico 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</p> <p>Takes place about scenarios and stress triggers including income reductions and cost inflation. Supported by mitigation plan for Homes</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>Growth Strategy in place with Key Performance Indicators &amp; Targets</p> <p>Regular updates and reviews of local and national funding streams in place</p> <p>Review of operational structures and budgets supporting any changes to funding levels</p>
Failure to attract and retain colleagues	<p>People Strategy in place</p> <p>Equality, Diversity, and Inclusion Strategy</p> <p>Regular planned Salary Benchmarking</p> <p>Annual staff survey (HIVE) completed supported by Wellbeing pulse survey</p> <p>Board &amp; Management oversight of Colleague KPI</p> <p>Extensive staff benefits and well-being offer for staff – Lifeworks, Financial Support</p> <p>Wellbeing policy in place</p>
Operational Performance and service delivery	<p>Calico Homes bi-monthly Business Meetings with Executive Team to monitor and discuss performance, finance, and service improvement in response to internal and external challenges.</p> <p>Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud.</p> <p>Monthly Board summary on operational performance, staffing and services during Covid-19 and regular Board meeting update.</p> <p>Operational Covid-19 surveys reported to RSH to provide assurance</p> <p>Impact of COVID discussed regularly with Commissioners.</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 Customers are Saying' update to Board identifying feedback and priorities.</p> <p>Contract review meetings in place with Commissioners</p> <p>Business review meetings in place with key focus on improving performance where required.</p>

Risk Area	Key Controls and Mitigations
Health, Safety and Wellbeing of Calico Customers and Staff	<p>Group Health and Safety Strategy and Policy in place Performance reporting includes asset, compliance and health and safety indicators. Group wide Health and Safety Performance Team to monitor H&amp;S performance and respond to challenges. All supporting H&amp;S policies for key areas such as gas/electric in place and monitored 6 monthly asset performance including compliance reported to Board Housing Management Agreements including H&amp;S responsibilities for Syncora companies use of Homes assets, reviewed annually. COVID secure building and risk assessments in place</p>
Regulatory and Legislative Compliance	<p>Annual Review of Compliance with Regulatory standards Assets and Liabilities Register reviewed and updated quarterly. IT governance group in place GDPR training and induction for all staff Rent Setting Policy Regular CQC and H&amp;D audits Regulatory Returns and annual returns completed Annual VFM Self-Assessment of Homes partnership with Ringstones reported to Board Business Continuity Plans in place Food Hygiene Rating – 5* achieved Volunteer &amp; Staff training – mandatory training plan in place</p>
Future Growth	<p>Growth Strategy in place Group KPI Board report produced. Growth Strategy reviewed and approved at Group Board. Board agreed strategic priorities and informing the Growth Plan Strategic Growth group meets regularly to identify and monitor growth opportunities / risks Dedicated Business Development team in place – contract portals monitored Syncora Group Development Strategy Ringstones appointed to ICNW framework</p>
Availability of New Funding  Existing Debt	<p>Annual treasury strategy in place Treasury policy in place which is reviewed annually 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. Stress testing for range of scenarios New finance for Homes in place and regular updates on market availability of funds in place</p>
Customer Satisfaction	<p>New customer strategy and action plan Co-regulation framework in place Complaints policy Self-assessment against Housing Ombudsman complaints handling code. Regular reporting of customer feedback to Board through What our customers are saying (WOCAS) report 2021 Views for Vouchers Survey completed, and action plan in place New measures for monitoring satisfaction introduced in KPIs.</p>



Risk Area	Key Controls and Mitigations
Group Cohesion	<p>Growth Strategy  Management agreements in place for Homes owned, Syncora managed assets.  Annual assessment of partnerships with Syncora and RS  Strategic Growth Group  Homes Chair sits on Group Board.  Syncora Chair sits on Group Board.  Governance Frameworks Updated  Review of company growth plans  Introduction of group financial framework and monitoring of inter-group indebtedness  Development Strategy</p>
Financial Viability	<p>Finance Performance reporting  Homes re-financing completed Mar 21  Improved financial performance and resilience  Stress testing – demonstrates resilience and capacity to manage risks  Positive reserves across Calico  Regular Business Meetings across Calico</p>
Loss of assets due to disaster	<p>Business Continuity Plan  Property MOT's  Comprehensive Insurance programme  H&amp;S policies  Strategic objective updates to Board monitored 6 monthly  Assets &amp; Liabilities Register and quarterly updates in place</p>
Coronavirus outbreak	<p>Monitoring of Government advice.  Regular communications &amp; COVID secure working in place across all Calico offices and buildings  Website announcements to customers.  Team established and meet regularly to ensure correct communications throughout group.  Risk assessments completed for all individual services and buildings and continuously updated (and for all staff).  All government guidance followed &amp; monitoring of advice  Flowcharts completed of actions required in the event of a positive case.  A number of business areas have had independent COVID inspections and concluded COVID safe.</p>
Failure to prevent serious incidents or accidents that may cause harm or injury to staff and clients.	<p>Safeguarding, PREVENT and H&amp;S policies are in place. We have policy leads to ensure effective and appropriate action is taken.  Professional boundaries policy is in place.  Risk assessments are completed for all clients which include risks posed to themselves, staff and other clients.  H&amp;S assessments and testing carried out e.g. legionella and fire.  Regular H&amp;S checks completed in all properties and audited via CQC Registered managers.  Feedback received from clients on an ongoing basis to improve performance.  Board receive annual compliance report on H&amp;S.  Processes in place for post incident debrief.  All incidents reviewed using Root Cause Analysis (RCA) tools.  Delphi legal team informed of any Serious Untoward Incident ("SUI").  Board  Structured interventions and harm minimisation advice given to all NPS users.  Mandatory training completed and monitored for all staff.  Process in place for post incident de-briefs and lessons learnt.  Care plans and risk management plans reviewed and audited regularly.  Joint working in communities (with Police, Coroners, NHS) to tackle drug related deaths.</p>
Future Development Pipeline	<p>Development Strategy approved by Board May 2019, SH strategy approved March 2021  All new schemes are financially appraised and approved at Homes Board, exit plans if funding/circumstances change.  Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Exec each month.  Financial position monitored through management accounts and monthly meetings between finance and development staff to review cash-flow forecasts.  Development schemes approvals to Homes Board  Scheme costs agreed and approved with Ringstones and Homes</p>

## Strategic Report (continued)

### Capital structure and treasury management

There are two Calico companies which have loan facilities in place, Calico Homes Limited ("Homes") and Acorn Recovery Projects ("Acorn").

Homes borrowed a further £4.0 million (2020: £12.0 million) to bring its total borrowings to £126.8m (2020: £123.2m) out of the facility of £169.3m (2020: £141.5m) following new financing of £27.8 million with MORhomes PLC. The additional borrowing was used to support the development programme.

Homes borrows from National Westminster Bank and Nationwide Building Society at both fixed and floating rates of interest and from MORhomes at fixed rate of interest. Currently, Homes has 88.0% (2020: 74.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

Acorn has an external loan facility in place with Barclays Bank. As at 31 March 2021 the loan totalled £0.231m (2020: £0.261m) and there were not any additional borrowings undertaken in year.

Acorn's loan is based on both fixed and floating rates and the loan is secured by fixed charges on Acorn properties.

Gearing is in line with the long-term business plans which demonstrates that Calico is able to repay loans in line with the agreement with our funders.

Calico borrows only in sterling and so is not exposed to currency risk.

This report was approved by the Board on 17 September 2021 and signed on its behalf by:

Philip Watson  
**Chair to the Board**  
17 September 2021

## Independent Auditor's Report to the Members of The Calico Group Limited

### Opinion

We have audited the financial statements of The Calico Group Limited "the parent company" and its subsidiaries ("the group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies [Note 1]. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit 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.

### 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

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

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

### Other information

The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board have been prepared in accordance with applicable legal requirements.

## Independent Auditor's Report to the Members of The Calico Group Limited (continued)

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

In the light of the knowledge and understanding of the group and the parent 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.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Lee Cartwright  
(Senior Statutory Auditor)  
For and on behalf of  
**BEEVER AND STRUTHERS**  
Statutory Auditor  
St George's House  
215/219 Chester Road  
Manchester  
M15 4JE

Date: 24 September 2021

## Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	2	55,367	48,148
Operating costs	2	(45,336)	(42,276)
Gain on disposal of fixed assets	4	850	790
<b>Operating surplus</b>		<b>10,881</b>	<b>6,662</b>
Interest receivable and similar income		103	104
Interest payable and financing costs	5	(5,420)	(5,282)
<b>Surplus before tax</b>		<b>5,564</b>	<b>1,484</b>
Taxation	9	(151)	(20)
<b>Surplus for the year after tax</b>		<b>5,413</b>	<b>1,464</b>
Actuarial (loss)/gain in respect of pension schemes	7	(1,074)	739
<b>Total comprehensive income for the year</b>		<b>4,339</b>	<b>2,203</b>

The results relate wholly to continuing activities and the notes on pages 22 to 41 form an integral part of these financial statements.

## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	160,572	142,556
Intangible assets and goodwill	11	301	402
Investments		479	-
		<u>161,352</u>	<u>142,958</u>
<b>Current assets</b>			
Stock		89	95
Trade and other debtors	12	4,043	5,699
Cash and cash equivalents		2,070	4,128
		<u>6,202</u>	<u>9,922</u>
<b>Creditors: Amounts falling due within one year</b>	13	(8,695)	(7,585)
<b>Net current assets / (liabilities)</b>		<u>(2,493)</u>	<u>2,337</u>
<b>Total assets less current liabilities</b>		<u>158,859</u>	<u>145,295</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	156,182	147,911
<b>Provisions for liabilities</b>	21	1,634	680
		<u>157,816</u>	<u>148,591</u>
<b>Capital and reserves</b>			
Income and expenditure reserve		875	(3,436)
Restricted reserve		168	140
Group reserves before minority interest		<u>1,043</u>	<u>(3,296)</u>
Minority interest		-	-
Total reserves		<u>1,043</u>	<u>(3,296)</u>
		<u>158,859</u>	<u>145,295</u>

The notes on pages 22 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 17 September 2021 and signed on its behalf by:

Philip Watson CBE  
Chair to the Board

Stephen Aggett  
Executive Director of Group Finance

Sarah Parr  
Chair of Audit Committee



## Statement of Financial Position – The Calico Group Limited

As at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Tangible fixed assets</b>		-	-
<b>Current assets</b>			
Trade and other debtors	12	21	73
Cash and cash equivalents		7	5
		<u>28</u>	<u>78</u>
<b>Creditors:</b> Amounts falling due within one year	13	(20)	(70)
		<u>8</u>	<u>8</u>
<b>Net current assets</b>			
		<u>8</u>	<u>8</u>
<b>Total assets less current liabilities</b>		<u>8</u>	<u>8</u>
<b>Capital and reserves</b>			
Income and expenditure reserve		8	8
		<u>8</u>	<u>8</u>

The Calico Group Limited is a non-asset holding parent company.

The notes on pages 22 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 17 September 2021 and signed on its behalf by:

Philip Watson CBE  
**Chair to the Board**

Stephen Aggett  
**Executive Director of Group Finance**

Sarah Parr  
**Chair of Audit Committee**

## Consolidated Statement of Changes in Reserves

	Income and expenditure reserve £'000	Restricted reserve £'000	Total excluding non- controlling interest £'000	Non- controlling interest £'000	Total including non- controlling interest £'000	Restricted fund £'000	Unrestricted fund £'000
Balance as at 1 April 2019	(5,643)	144	(5,499)	-	<b>(5,499)</b>	144	(5,643)
Surplus from Statement of Comprehensive income	2,203	-	2,203	-	<b>2,203</b>	-	2,203
Transfer of restricted expenditure from unrestricted reserve	4	(4)	-	-	-	(4)	4
Balance as at 1 April 2020	(3,436)	140	(3,296)	-	<b>(3,296)</b>	140	(3,436)
Surplus from Statement of Comprehensive income	4,339	-	4,339	-	<b>4,339</b>	-	4,339
Transfer of restricted expenditure from unrestricted reserve	(28)	28	-	-	-	28	(28)
<b>Balance at 31 March 2021</b>	<b>875</b>	<b>168</b>	<b>1,043</b>	<b>-</b>	<b>1,043</b>	<b>168</b>	<b>875</b>

## Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Net cash inflow from operating activities</b>	25	15,290	7,666
<b>Cash flow from investing activities</b>			
Interest received		103	104
Purchase of housing properties and improvements		(21,590)	(19,878)
Grants received		3,871	7,838
Purchase of other tangible fixed assets		(404)	(596)
Purchase of intangible fixed assets	11	(92)	(143)
Purchase of fixed asset investments		(479)	-
Sale of housing properties		1,690	1,342
Sale of investments		-	27
Net cash used in investing activities		(16,901)	(11,306)
<b>Cash flow from financing activities</b>			
Interest and financing costs paid		(6,311)	(5,815)
New secured loans		34,094	12,000
Repayment of borrowings		(28,230)	(529)
Net cash from / (used in) financing activities		(447)	5,656
<b>Net change in cash and cash equivalents</b>		(2,058)	2,016
Cash and cash equivalents at beginning of the year		4,128	2,112
<b>Cash and cash equivalents at end of the year</b>		2,070	4,128

The notes on pages 22 to 41 form an integral part of these accounts

## Notes to the Consolidated Financial Statements

### Legal Status

The Calico Group Limited is a not for profit, non-charitable company limited by guarantee incorporated in England & Wales. The Company is non asset holding and provides strategy and direction to the group ensuring opportunities are seen with a whole group perspective. Its Board is drawn from across all areas of activity undertaken by its subsidiaries. The constitution is such that at least 50% of the Board must be independent of any other company within the group. The registered office is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

## 1. Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The financial statements are presented in pounds sterling £'000 because that is the functional currency of the Group.

The Calico Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in respect to financial instruments and presentation of a cash flow statement.

### Going concern

The Group has in place an undrawn revolving credit facility, Homes England 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 Group's day to day operations.

Whilst, the current ongoing Coronavirus pandemic will clearly have a significant social and economic impact, the effect on key areas likely to be affected voids and rent arrears can be demonstrated to be mitigated by corrective action cash flow.

On this basis, the Board has a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. As at 31 March 2021, following a surplus of £4.3m (2020: £2.2m), the Group had net assets of £1.0m (2020: net liabilities £3.3m), being well in advance of the anticipated to be positive by March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

### Basis of consolidation

The Calico Group Limited is required by statute to prepare group accounts. The consolidated financial statements incorporate the results of The Calico Group Limited, and its subsidiary undertakings, Calico Homes Limited, Syncora Limited, Calico Enterprise Limited, SafeNet Domestic Abuse and Support Services Ltd, Hobstones Homes Limited, Ring Stones Maintenance & Construction Limited (formerly Calico JV Limited), Ring Stones Maintenance and Construction LLP, Acorn Recovery Projects, Delphi Medical Limited and Delphi Medical Consultants Limited.

Using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Where the merger method is used, the results are incorporated from the date that control passes. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Where necessary, adjustments are made to financial statements of subsidiaries to bring accounting policies used into line with those used by other members of the group.

The Group has taken advantage of the exemption granted under Section 408 of Companies Act 2006 from disclosing the unconsolidated Statement of Comprehensive Income for the parent entity.

### 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 Group capitalises development expenditure in accordance with the accounting policy described on page 21. Initial capitalisation of costs is based on management's judgement that 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 Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that there are no investment properties.

## Notes to the Consolidated Financial Statements (continued)

### 1. Accounting policies (continued)

#### Judgements and key sources of estimation uncertainty (continued)

- **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, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.
- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit ("CGU") is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a CGU exceeds the higher of its net realisable value or its value in use. A CGU is normally a group of properties at scheme level whose cash income can be separately identified.

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

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

Following the assessment of impairment, the determined impairment losses were £Nil (2020: £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.
- **Goodwill and intangible assets.** The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life assumptions that would consider in respect of similar businesses. Where in exceptional circumstances, the useful life of goodwill cannot be determined, the life will not exceed 10 years.

#### Merger accounting

Where merger accounting is used, the investment is recorded at the nominal value of shares issued together with the fair value if any additional consideration paid. In the Group's financial statements, merged subsidiary undertakings are treated as if they already had been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period and the assets and liabilities at the previous Statement of Financial Position date.

#### Intangible fixed assets

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Subsequently goodwill is carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight line basis over the estimated useful life. The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life assumptions that market participants would consider in respect of similar businesses.

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 20-33% for software development costs.

## Notes to the Consolidated Financial Statements (continued)

### 1. Accounting policies (continued)

#### Turnover

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, medical treatment income, development services income, 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 2 to the financial statements.

#### Service charges

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

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

#### Loan Interest payable

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

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,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.



## Notes to the Consolidated Financial Statements (continued)

### 1. Accounting policies (continued)

#### **Tangible fixed assets and depreciation**

##### **Social housing properties**

Social housing properties are principally properties available for rent and are stated at cost or valuation 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 reclassified as housing properties on practical completion of construction.

##### **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.

##### **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.

##### **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, 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 useful economic lives of the component categories.

Major components and their useful economic lives 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 are split proportionally between current and fixed assets on the basis of the first tranche portion. 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.

## Notes to the Consolidated Financial Statements (continued)

### 1. Accounting policies (continued)

#### 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 (which ever is lower)
• Furniture, fixtures and fittings	10-33%
• Computers and office equipment	5-33%
• Motor vehicles	25%
• Plant	20-33%

#### Leased assets

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

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

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

#### Stock and properties held for sale

Stocks of materials are stated at 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.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

#### 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 Statement of Comprehensive Income in other operating expenses.

#### Social Housing and other government grants

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

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

SHG must be recycled by the Company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If 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.

## Notes to the Consolidated Financial Statements (continued)

### 1. Accounting policies (continued)

#### Pensions

The Group 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 Group also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Group 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 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. Further details of the assumptions and the defined benefit pension plan is in note 7.

#### 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 para 11.8(c) of FRS 102 are measured at cost less impairment.

#### Financial instruments held by the Group 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 Group 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 Consolidated Financial Statements (continued)

### 2. Turnover, operating expenditure and operating surplus

#### Continuing activities

	2021 Turnover	2021 Operating costs	2021 Operating surplus/ (deficit)	2020 Turnover	2020 Operating Costs	2020 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	23,252	(15,126)	<b>8,126</b>	21,499	(14,962)	<b>6,537</b>
Support services	4,874	(4,586)	<b>288</b>	3,551	(2,084)	<b>467</b>
Development services	9,836	(9,834)	<b>2</b>	8,228	(8,236)	<b>(8)</b>
Non-social housing other	17,405	(15,790)	<b>1,615</b>	14,870	(15,994)	<b>(1,124)</b>
	<u>55,367</u>	<u>(45,336)</u>	<u><b>10,031</b></u>	<u>48,148</u>	<u>(42,276)</u>	<u><b>5,872</b></u>

### 3. Surplus on ordinary activities

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

	Note	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	10	3,619	3,326
(Gain)/Loss on disposal of fixed assets (social housing)	4	(850)	(790)
Loss on disposal of other tangible fixed assets		-	-
Amortisation of intangible fixed assets	11	193	206
Amortisation of government grants		(285)	(280)
Operating lease rentals – land and buildings		379	608
Operating lease rentals – other		245	226
Auditor's remuneration (excluding VAT):			
• for audit services		61	58
• for non-audit services		6	6
		<u></u>	<u></u>

### 4. Gain on disposal of fixed assets (social housing)

	2021 £'000	2020 £'000
Disposal proceeds	1,690	1,342
Carrying value of fixed assets	(840)	(552)
	<u>850</u>	<u>790</u>

Disposal proceeds represent receipts for sale of properties under RTA (Right to Acquire) and RTB (Right to Buy).

## Notes to the Consolidated Financial Statements (continued)

### 5. Interest payable and finance costs

	2021 £'000	2020 £'000
Loans and bank overdrafts	5,786	5,594
Net interest on pension deficit	115	131
	<hr/>	<hr/>
	5,901	5,725
Less: interest capitalised on housing properties under construction	(481)	(443)
	<hr/>	<hr/>
	5,420	5,282
	<hr/>	<hr/>

### 6. Employees

#### Average monthly number of employees

	2021 No.	2020 No.
Administration	152	135
Housing and community services	438	408
Non-social housing activity	223	190
	<hr/>	<hr/>
Total	813	733
	<hr/>	<hr/>
Full-time equivalents (36.25 hours/week)	619	588
	<hr/>	<hr/>

#### Employee Costs

	£'000	£'000
Wages and salaries (gross)	19,506	17,826
Social security costs	1,703	1,539
Other pension costs	777	764
Termination payments	25	22
Pension adjustment	(87)	(69)
	<hr/>	<hr/>
Total	21,924	20,082
	<hr/>	<hr/>

Number of employees in the Group with emoluments, including pension contributions, between:

	2021 No.	2020 No.
£60,000 to £70,000	8	5
£70,000 to £80,000	6	4
£80,000 to £90,000	5	2
£90,000 to £100,000	2	1
£100,000 to £110,000	-	-
£110,000 to £120,000	1	1
£120,000 to £130,000	1	1
£130,000 to £140,000	-	-
£140,000 to £150,000	-	-
£150,000 to £160,000	1	1
	<hr/>	<hr/>

## Notes to the Consolidated Financial Statements (continued)

### 7. Pension obligations

#### Social Housing Pension Scheme

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.

<b>PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)</b>	<b>31 March 2021 (£000s)</b>	<b>31 March 2020 (£000s)</b>
Fair value of plan assets	4,838	4,298
Present value of defined benefit obligation	6,471	4,969
Surplus (deficit) in plan	(1,663)	(671)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,663)	(671)
Deferred tax	-	-
<b>Net defined benefit asset (liability) to be recognised</b>	<b>(1,663)</b>	<b>(671)</b>

<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION</b>	<b>Period from 31 March 2020 to 31 March 2021 (£000s)</b>
Defined benefit obligation at start of period	4,969
Current service cost	-
Expenses	8
Interest expense	115
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(82)
Actuarial losses (gains) due to changes in demographic assumptions	21
Actuarial losses (gains) due to changes in financial assumptions	1,563
Benefits paid and expenses	(123)
<b>Defined benefit obligation at end of period</b>	<b>6,471</b>

<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS</b>	<b>Period from 31 March 2020 to 31 March 2021 £'000</b>
Fair value of plan assets at start of period	4,298
Interest income	101
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	428
Contributions by the employer	134
Contributions by plan participants	-
Benefits paid and expenses	(123)
<b>Fair value of plan assets at end of period</b>	<b>4,838</b>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £529,000 (2020: £185,000).

## Notes to the Consolidated Financial Statements (continued)

### 7. Pension obligations (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	From 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-
Expenses	8
Net interest expense	14
<b>Defined benefit costs recognised in statement of comprehensive income (SoCI)</b>	<b>22</b>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	428
Experience gains and losses arising on the plan liabilities - gain (loss)	82
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(21)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,563)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,074)
<b>Total amount recognised in other comprehensive income - gain (loss)</b>	<b>(1,074)</b>

ASSETS	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	771	629
Absolute Return	267	224
Distressed Opportunities	140	83
Credit Relative Value	152	118
Alternative Risk Premia	182	300
Fund of Hedge Funds	-	3
Emerging Markets Debt	195	130
Risk Sharing	176	145
Insurance-Linked Securities	116	132
Property	101	95
Infrastructure	323	320
Private Debt	115	86
Opportunistic Illiquid Credit	123	104
High Yield	145	-
Opportunistic Credit	133	-
Corporate Bond Fund	286	245
Liquid Credit	58	2
Long Lease Property	95	75
Secured Income	201	183
Liability Driven Investment	1,230	1,426
Net Current Assets	29	18
<b>Total assets</b>	<b>4,838</b>	<b>4,298</b>

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.



## Notes to the Consolidated Financial Statements (continued)

### 7. Pension obligations (continued)

KEY ASSUMPTIONS	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.22%	2.33%
Inflation (RPI)	3.20%	2.51%
Inflation (CPI)	2.87%	1.51%
Salary Growth	3.87%	2.51%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

### 8. Board members and executive officers

	Group 2021 £'000	Group 2020 £'000
The aggregate emoluments paid to or receivable by non-executive Directors	91	85
The aggregate emoluments paid to or receivable by executive officers	1,307	1,102
The aggregate compensation paid to or receivable by executive officers	-	-
The emoluments paid to the highest paid executive officer (excluding pension)	133	134
The aggregate pension costs for executive officers	78	99
Total key management personnel remuneration	1,398	1,187

The key management personnel are the persons listed as board and executive officers on page 1 and of each group entity.

The Calico Group Board members (non-executive directors) are paid an allowance. The total of this for the year to 31 March 2021 was £50,000 (2020: £40,000). The Chair receives £7,000 annually and all other Board members £4,000.

The Syncora Board members (non-executive directors) receive annual allowances. For the period to 31 March 2021 the total was £38,000 (2020: £42,000). The Chair receives £6,000 and all other Board members £3,500.

The Ring Stones Board members (non-executive directors) receive an allowance. For the current period, the total was £3,000 (2020: £3,000). The Board members annual payment is £2,500 each.

The Executive Director of Group Finance is fully remunerated from The Calico Group Limited, this is recharged to other group companies.

## Notes to the Consolidated Financial Statements (continued)

### 9. Taxation on ordinary activities

Most subsidiaries in the group hold charitable status and therefore their activities are deemed to be non-taxable. The exceptions to this are outright property sales in Calico Homes Limited and any profits made by Hobstones Homes Limited, Ring Stones Maintenance and Construction Limited, Delphi Medical Limited, Delphi Medical Consultants Limited and Syncora Limited.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax charge for the year	159	20
Deferred tax charge for the year	(8)	-
	<hr/>	<hr/>
	151	20
	<hr/>	<hr/>
Surplus on ordinary activities before tax at standard rate of corporation tax	5,563	1,484
	<hr/>	<hr/>
Surplus on ordinary activities before tax at standard rate of corporation tax of 19% (2020: 19%)	1,057	282
Effect of charitable income and expenditure not subject to tax	(854)	(320)
Adjustment for short term timing differences	(52)	58
	<hr/>	<hr/>
Tax charge for period	151	20
	<hr/>	<hr/>

## Notes to the Consolidated Financial Statements (continued)

### 10. Tangible fixed assets

	Social housing properties	Freehold property	Leasehold property	Furniture, fixtures & fittings	Computers & Office Equipment	Plant	Motors	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 April 2020	163,735	1,487	6,273	1,543	1,185	58	67	<b>174,348</b>
Additions	22,312	-	61	58	281	4	-	<b>22,716</b>
Disposals	(1,497)	-	(151)	-	-	-	(13)	<b>(1,661)</b>
At 31 March 2021	184,550	1,487	6,183	1,601	1,466	62	54	<b>195,403</b>
<b>Depreciation and impairment</b>								
At 1 April 2020	28,052	264	1,534	1,100	740	57	45	<b>31,792</b>
Charged in year	3,208	15	120	66	201	1	8	<b>3,619</b>
Disposals	(567)	-	-	-	-	-	(13)	<b>(580)</b>
At 31 March 2021	30,693	279	1,654	1,166	941	58	40	<b>34,831</b>
<b>Net book value at 31 March 202</b>	<b>153,857</b>	<b>1,208</b>	<b>4,529</b>	<b>435</b>	<b>525</b>	<b>4</b>	<b>14</b>	<b>160,572</b>
Net book value at 31 March 2020	<b>135,683</b>	<b>1,223</b>	<b>4,739</b>	<b>452</b>	<b>436</b>	<b>1</b>	<b>22</b>	<b>142,556</b>

## Notes to the Consolidated Financial Statements (continued)

### 10. Tangible fixed assets (continued)

#### Housing properties comprise:

	2021 £'000	2020 £'000
Freehold land and buildings	85,990	80,004
Long leasehold land and buildings	63,452	55,679
	<u>149,442</u>	<u>135,683</u>
<b>Major works to existing properties in the year:</b>		
Works capitalised	2,255	1,710
Amounts charged to expenditure	830	670
	<u>3,085</u>	<u>2,280</u>
Aggregate amount of interest and finance costs included in additions to the cost of housing properties (note 5)	481	443
	<u>80,137</u>	<u>82,705</u>
The net book value of secured assets		

### 11. Intangible Fixed Assets

	Goodwill £'000	Software & Licences £'000	Group Total £'000
<b>Cost</b>			
At 1 April 2020	911	1,859	2,770
Additions	-	92	92
Disposals	(500)	-	(500)
At 31 March 2021	<u>411</u>	<u>1,951</u>	<u>2,362</u>
<b>Amortisation</b>			
At 1 April 2020	804	1,564	2,368
Charge for the year	82	111	193
Disposals	(500)	-	(500)
At 31 March 2021	<u>386</u>	<u>1,675</u>	<u>2,061</u>
<b>Net Book Value at 31 March 2021</b>	<u><b>25</b></u>	<u><b>276</b></u>	<u><b>301</b></u>
Net Book Value at 31 March 2020	<u>107</u>	<u>295</u>	<u>402</u>

## Notes to the Consolidated Financial Statements (continued)

### 12. Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Rent and service charges receivable	1,500	2,042	-	-
Less: Provision for bad and doubtful debts	(977)	(1,200)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	523	842	-	-
Other debtors	2,622	4,526	21	73
Less: Provision for bad and doubtful debts	(355)	(246)	-	-
Prepayments and accrued income	1,253	577	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,043	5,699	21	73
	<hr/>	<hr/>	<hr/>	<hr/>

### 13. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Debt (Note 15)	35	536	-	-
Trade creditors	1,666	2,232	-	-
Rent and service charges received in advance	247	546	-	-
Other creditors	598	400	16	65
Accruals and deferred income	5,623	3,505	4	2
Other taxation and social security	11	46	-	2
Corporation tax	164	20	-	1
Deferred capital grant (Note 16)	351	300	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,695	7,585	20	70
	<hr/>	<hr/>	<hr/>	<hr/>

### 14. Creditors: amounts falling due after more than one year

	Group	Group
	2021	2020
	£'000	£'000
Debt (Note 15)	125,109	121,406
Loan premium	2,294	-
Deferred Capital Grant (Note 16)	28,686	26,349
Recycled Capital Grant Fund	-	75
Other Creditors	93	81
	<hr/>	<hr/>
	156,182	147,911
	<hr/>	<hr/>

## Notes to the Consolidated Financial Statements (continued)

### 15. Debt analysis

	Group 2021 £'000	Group 2020 £'000
<b>Bank loans</b>		
Within one year (note 13)	35	536
Between two to five years	3,144	4,644
After five years	121,965	116,762
	<hr/> 125,144 <hr/>	<hr/> 121,942 <hr/>

The Group currently borrows from NatWest, Nationwide and MORhomes for Calico Homes Limited ("Homes") and from Barclays Bank for Acorn Recovery Projects ("Acorn").

The NatWest and Nationwide loans are, at both fixed and floating rates of interest. In March 2021, Homes obtained new funding of £27.8m from MORhomes PLC at a fixed rate. Currently 88.0% (2020: 74.5%) of Homes borrowings is at fixed rates.

The fixed rates of interest range from 2.84% to 7.64% (2020: 2.76% to 7.64%) and the weighted average rate of interest on all loans is 4.16% (2020: 4.38%). Variable rate loans have their rate linked to LIBOR.

#### Break costs

The Group 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 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 a number of 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 31/03/2021 %
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 Homes bank loans are secured by a fixed and floating charge over the assets of Homes 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. At 31 March 2021, the Homes secured assets had a net book value of £80.1m (2020: £82.7m).

At 31 March 2021, Homes had un-drawn loan facilities of £42.5m (2019: £18.3m) of its total loan facility of £169.3m (2020: £141.5m).

The Acorn loans from Barclays Bank plc totalling £0.2m (2020: £0.2m) are secured by legal charges over specific assets held by Acorn (Rosemary Court), which at 31 March 2021 had a net book value of £0.5m (2020: £0.5m).

## Notes to the Consolidated Financial Statements (continued)

### 16. Deferred capital grant

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>
At start of year	26,648	19,205
Grant received in the year	2,599	7,798
Released to income in the year	(285)	(280)
Transfer from/(to) RCGF	75	(75)
At the end of the year	29,037	26,648
Amount due to be released < 1year (Note 13)	351	300
Amount due to be released > 1 year (Note 14)	28,686	26,348
	29,037	26,648

### 17. Financial commitments

Capital expenditure commitments were as follows:

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>
<b>Capital expenditure</b>		
Expenditure contracted for but not provided in the accounts	10,771	10,473
Expenditure approved by the Board, but not contracted	5,705	9,949
	16,476	20,422

These are to be funded out of undrawn loan facilities of £42.5m (2020: £18.3m) and estimated grants of £3.9m (2020: £4.7m) and relate to potential property developments.

### 18. Analysis of changes in net debt

	<b>At beginning of the Year £'000</b>	<b>Cash Flows £'000</b>	<b>Other Changes £'000</b>	<b>At end of the Year £'000</b>
Cash and Cash Equivalents	4,128	(2,058)	-	2,070
Debt due within one year	(536)	-	501	(35)
Debt due after one year	(121,406)	(4,500)	797	(125,109)
	(117,814)	(6,558)	1,298	(123,074)



## Notes to the Consolidated Financial Statements (continued)

### 20. Operating leases

The Group had commitments of future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>
Land and buildings, leases expiring:		
• Within one year	357	389
• Two to five years	221	271
	<u>578</u>	<u>660</u>
Other leases expiring:		
• Within one year	292	151
• Two to five years	911	83
	<u>1,203</u>	<u>234</u>

### 21. Provisions for liabilities

	<b>2021 £'000</b>	<b>2020 £'000</b>
SHPS – Social Housing Pension Scheme (Note 7)	1,633	671
Defined benefit schemes	<u>1,633</u>	<u>671</u>
Deferred taxation	1	9
	<u>1,634</u>	<u>680</u>

## Notes to the Consolidated Financial Statements (continued)

### 22. Contingent liabilities

There were no contingent liabilities at 31 March 2021 (2020: £Nil).

### 23. Related parties

Members of The Calico Group Board during the period that were or are also members of other group company boards: Peter Bevington (Calico Homes Limited), John Inglesfield (Calico Homes Limited), Grahame Elliott (Syncora Limited), Richard Jones (Syncora Limited), William Lacey (Calico Homes Limited) and Sarah Roberts (Calico Homes Limited).

The Calico Group Limited is the Parent entity in the Group and ultimate controlling party. The Group has taken advantage of the exemption available under Section 33 FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

### 24. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of:

- The Calico Group Limited, the ultimate parent undertaking
- Calico Homes Limited
- Syncora Limited
- Calico Enterprise Limited
- SafeNet Domestic Abuse and Support Services Ltd
- Hobstones Homes Limited
- Acorn Recovery Projects
- Ring Stones Maintenance & MC LLP
- Delphi Medical Limited
- Delphi Medical Consultants Limited

The Calico Group Limited has 100% of the shares in Calico JV Limited and 100% of the shares in Hobstones Homes Limited. In March 2021, Hobstones Homes Limited assigned its membership interest of Ring Stones Maintenance & Construction LLP to Calico JV Limited for nil consideration. Calico JV Limited is a 100% (2020: 99%) share-holder and Hobstones Homes Limited is a 0% (2020: 1%) shareholder of Ring Stones Maintenance and Construction LLP which was created to realise savings on VAT to the group for development and major works, provide labour and apprenticeships in the local market. The merged entity became Ring Stones Maintenance & Construction Limited.

Syncora Limited, a company limited by guarantee, controls the care and support entities. Calico Enterprise Limited is a charitable subsidiary formed to assist the delivery of a range of care and worklessness related services, SafeNet Domestic Abuse and Support Services Ltd is a charitable subsidiary which protects victims of domestic violence and abuse and provides services to support victims. Acorn Recovery Projects is a charitable subsidiary formed to help the recovery of addicts.

Acorn Recovery Projects owns 100% of the shares of Delphi Medical Limited and Delphi Medical Consultants Limited which provide medical treatment for addicts.

## Notes to the Consolidated Financial Statements (continued)

### 25. Reconciliation of Group surplus before tax to net cash generated from operating activities

	Note	2021 £'000	2020 £'000
<b>Surplus before tax</b>		5,564	1,484
<b>Adjustments for non-cash items:</b>			
Pension adjustment		(112)	(63)
Depreciation of tangible fixed assets	3 & 10	3,619	3,326
(Gain) on disposal of fixed assets (social housing)	3 & 4	(850)	(790)
Amortisation of intangible fixed assets	11	193	206
Amortisation of government grants	3	(285)	(280)
Tax received/(paid)		(15)	(12)
<b>Working capital movements:</b>			
Decrease/(Increase) in stock		6	(42)
Decrease/(Increase) in debtors		1,669	(2,038)
Increase in creditors		184	697
<b>Adjustments for investing or financing activities:</b>			
Interest payable and financing costs		5,420	5,282
Interest receivable and other income		(103)	(104)
<b>Net cash generated from operating activities</b>		15,290	7,666

### 26. Financial instruments

	2021 £'000	2020 £'000
<b>Financial assets that are debt instruments measured at amortised cost:</b>		
• Cash at bank and in hand	2,070	4,128
• Rent and service charges receivable	523	842
• Other debtors	2,267	4,526
	4,860	9,250
<b>Financial liabilities at amortised cost:</b>		
• Bank loans	125,144	121,942
• Trade creditors	1,666	2,232
• Deferred capital grant	29,037	26,649
• Recycled capital grant	-	75
	155,847	150,898

### 27. Post Balance Sheet Events

There were no significant post balance sheet events.