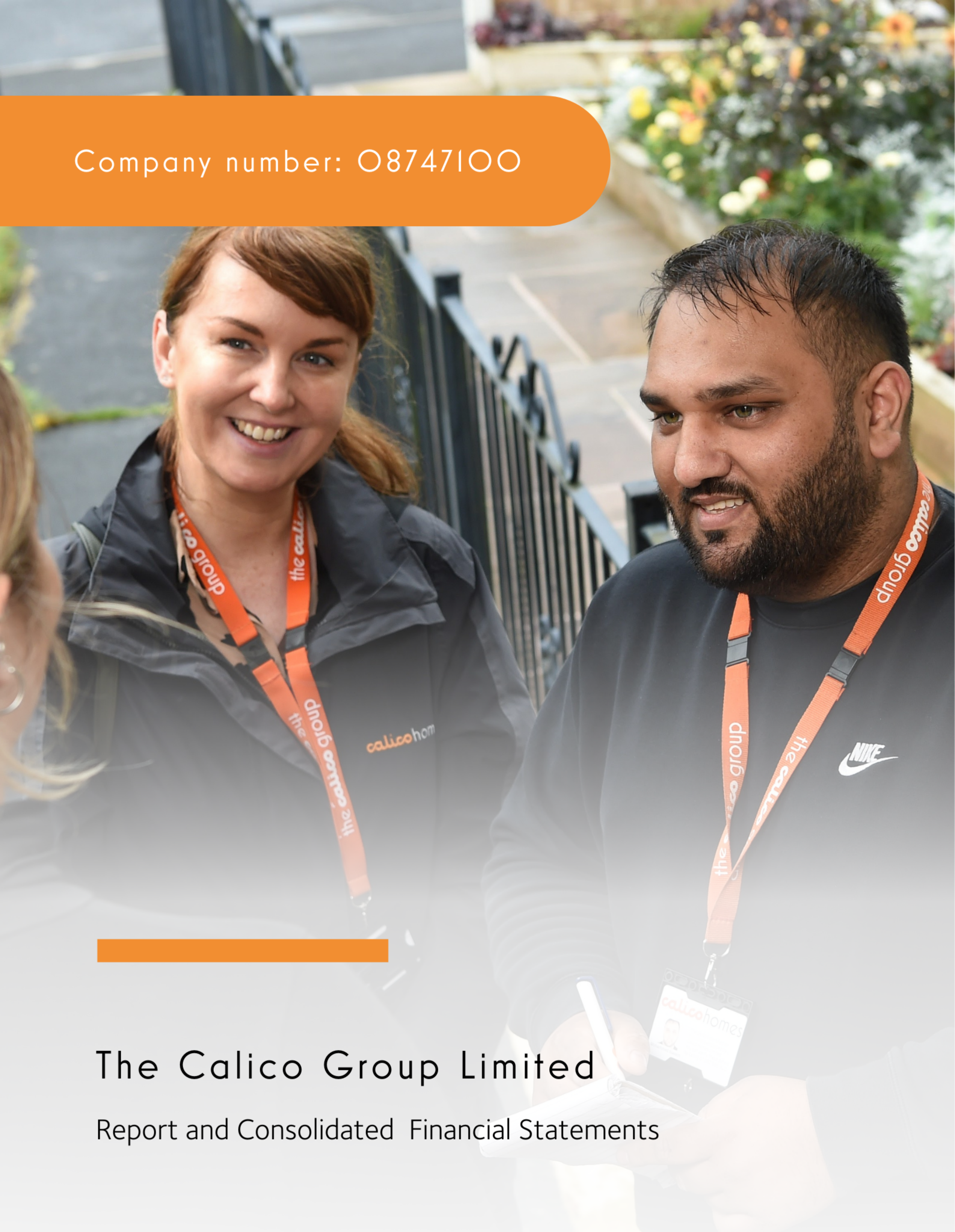
Company number: 08747100



The Calico Group Limited

Report and Consolidated Financial Statements

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Board Members, Executive Officers, Advisors and Bankers

Board	Philip Watson CBE (Chair) Councillor Simon Blackburn (resigned 30 June 2021) Christopher Bithell Grahame Elliott CBE David Gooda Richard Jones CBE Martin King William Lacey Paul Mayson Carmel McKeogh Sarah Parr Sarah Roberts	
Vice Chair	Carmel McKeogh	
Executive Officers Group Chief Executive	Anthony Duerden	
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	Crowe U.K. LLP The Lexicon, Mount Street Manchester, M2 5NT	
Internal Auditor	BDO LLP 3 Hardman Street, Spinningfields Manchester, M3 3AT	
Solicitors	Forbes Solicitors, Rutherford House 4 Wellington Street, St. Johns Blackburn, BB1 8DD	
Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester M3 3AP	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

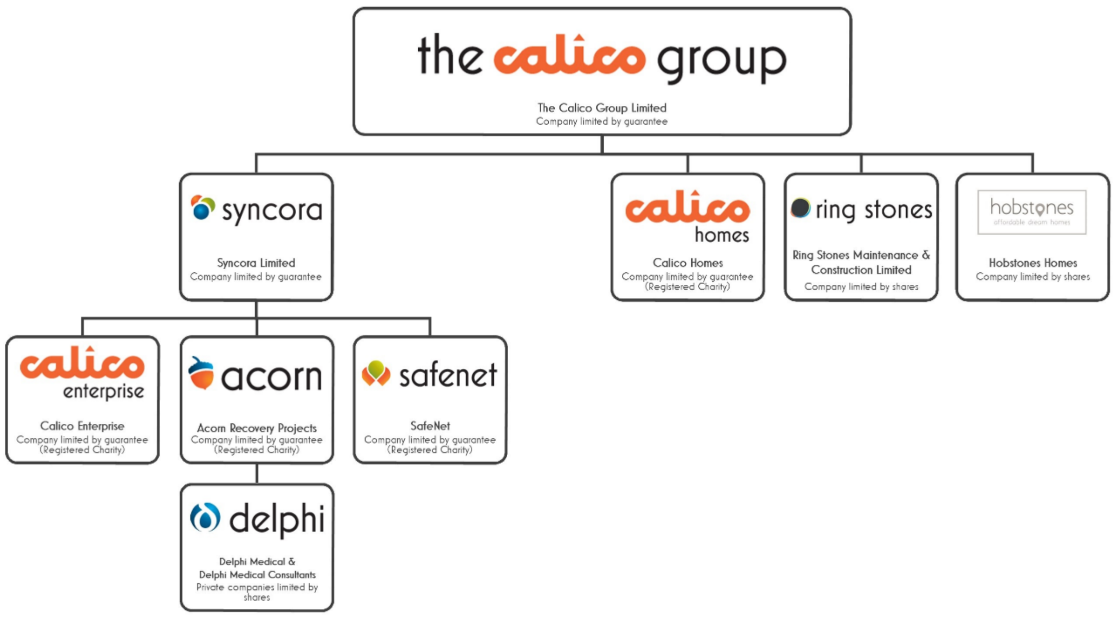
The Board is pleased to present its report and the consolidated financial statements for the year ended 31 March 2022.

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 is unique in its structure and approach and is comprises of innovative charities and businesses, each with its own specialism and expertise across housing, healthcare, support, employability, and construction. Individually, each of these specialist services are strong, by listening to our customers, working with them, and bringing their own lived experience to the mix, the support they provide meets their specific needs and fulfils their aspirations.

Calico combines their expertise with kindness, imagination, and passion, so that they make a long-lasting impact on the lives of our customers, and an even greater social impact in our communities.

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 (2021:11) 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. The Board met 4 times during the year.

Report of the Board (continued)

The Board (continued)

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's strategy purpose, history, aims and objectives.

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 4 times during the year. The Committee is responsible for reviewing Calico's risk management framework and reports to the Board on the effectiveness of the Calico'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 relevant Board(s).

Remuneration Committee

The Group Remuneration Committee met 4 times during the year. The Committee advises the relevant Board(s) 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.

Report of the Board (continued)

Employees (continued)

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.

The Calico Group has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK and was award "Best for Diversity and Inclusion" at the Greater Manchester Good Employment Charter Awards. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives. The Calico Group attracts a diverse range of colleagues from different backgrounds. The diversity of the Group's employees is 39% (2021:41%) male, 61% (2021:59%) female, 9% (2021:7%) who self-identify as disabled,13% (2021:11%) from a BAME background, and 5%(2021:4%) 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.

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 2021 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements throughout the year and considers the risk map on a regular basis. Assurance on the effectiveness of key risk controls is reviewed annually by both Audit and Assurance Committee and the Board.

- **Identifying and evaluating key risks**
  The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks
- **Information and reporting systems**
  Financial reporting procedures include the Board review and approval of annual 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed. The outcomes of these reviews are formally reported and discussed by the Board quarterly.
- **Monitoring arrangements**
  Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These cover issues such as anti-fraud and bribery, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.
- **External Assurance**
  Internal Audit
  Internal Audit for 21/22 was provided by BDO LLP who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 21/22 the Annual Statement of Assurance confirmed reasonable assurance with the exception of two areas, Cyber Security (Group) and Case Management (Syncora companies) where the opinion was limited for the design and effectiveness of the control environment. The

Report of the Board (continued)

Internal Controls Assurance (continued)

two areas are planned for follow up in 2022/23. From April 2023 Beever and Struthers are providing internal audit services.

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

National Housing Federation (NHF) Code of Governance

In June 2021, Calico's Board approved the adoption of the NHF Code of Governance 2020 for the year ended 31 March 2022.

The Board confirm compliance with the Code for the full year ended 31 March 2022. The Board have also agreed areas of further focus for their work in 2022/23.

Group Board member Grahame Elliott has served on the Board of a subsidiary, Acorn Recovery Projects, for over 9 years. While this is not in line with best practice the Board and Audit & Assurance Committee agreed that for 2021/22 Grahame continued in the role due to the extensive knowledge, experience and skill brought to the Board. All Board terms will remain to be reviewed on an annual basis.

Reserves

After transfer of the total comprehensive income for the year £4,282,000 (2021: £4,339,000), which includes an actuarial gain £864,000 (2021: loss £1,074,000), Calico reserves at the year-end amounted to £5,325,000 (2021: £1,043,000), 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.

Statement as to disclosure of information to auditors

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

Going concern

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.

Report of the Board (continued)

Going concern (continued)

The Group has had significant growth in 21/22 within Syncora and this has continued in 22/23 with new contracts secured of significant value, with turnover increasing by 20% in the new financial year.

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 2022, following a surplus of £4.3m (2021: £4.3m), the Group had net assets of £1.0m (2021: £1.0m) 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

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

This report was approved by the Board on 30 September 2022 and signed on its behalf by:

Philip Watson CBE
Chair to the Board
30 September 2022

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

Calico's Purpose is to

"Make a real difference to peoples lives."

Calico recognise that as a Group they are uniquely placed to bring together housing, health and social care so that anybody no matter how complex their needs, can live happy and fulfilled lives.

Our Values

The Calico values reflect the priorities we need to concentrate on to ensure that the vision can be delivered.

The 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

"A community of people, working together with customers to close the equality gap and to show others how we create a fairer society""

Strategic Report (continued)

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 four strategic objectives are:

1. To work collaboratively with our customers and communities, to create sustainable change, for existing and future generations
2. To create a place where people want to work now and, in the future,
3. To ensure that our businesses are strong and well-governed and environmentally friendly
4. To set an example, influencing people and organisations to bring about positive social change

Performance for the year

Calico has had a successful year despite the challenges of the pandemic impacts and lockdown periods Calico has continued to respond and adapt to delivery of key services and has also seen positive financial performance across the Group with turnover and surpluses increasing particularly in the Syncora companies.

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 their values to make a difference to people's lives.

Throughout the COVID 19 pandemic Calico has continued to focus on effective management and leadership ensuring safe environments are in place for both colleagues and customers. Although the prevalence of COVID is now lower with less media coverage and relaxing of restrictions, due to the nature of the services and clinical settings, effective management and leadership of COVID remains a primary focus across Calico.

The Syncora companies are seeing increasing demands for their services and successfully tendered, won and retained a number of service contracts in year, and in Quarter 4 21/22 have been working to mobilise for the transfer of new contracts commencing April 2022.

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. Acorn supported by the Delphi companies in the Group also successfully won and commenced with the delivery of the Blackburn and Darwen substance misuse community contract commencing April 2022.

Delphi Medical rehabilitation centre, the Pavilion saw an improvement in its performance in 21/22 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.

Delphi Medical Consultants 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.

SafeNet has seen significant growth in 21/22 and into 22/23, successfully tendering for the provision of domestic abuse refuges across a number of Local Authorities including Rochdale, Bury and Oldham. Safenet have also been working to deliver healthy relationship programmes across schools in Lancashire and funding extended into 2023. In 22/23 Safenet are launching a male 24 hour refuge service in the North West, and continuing to provide 7 safehouse accommodation units for males.

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 and in 21/22 was successful in tendering for a new contract providing employment support to customers over 50.

Homes has continued to perform well in many areas whilst recognising services continued to be delivered in a recovery phase, adapting to the various incumbent challenges remaining as a result of COVID-19.

The focus on supporting vulnerable customers to sustain their tenancies continued throughout the year, as cost of living increases have started to impact customers and Calico Homes continued to offer support to customers through some challenging circumstances. This year, services have continued to be delivered through uncertain times and the organisation has remained robust and maintained a strong position throughout.

Strategic Report (continued)
Performance for the year (continued)

As part of the strategic objective to invest in developing new homes, Homes has continued with its ambitious development programme and in 21/22 completed the development of 113 new homes. These have been developed for affordable rent and supported housing in partnership with our group subsidiary Ring Stones Maintenance and Construction Ltd.   Homes has continued to deliver its successful Empty Homes programme refurbishing existing properties, delivering a positive impact in reducing crime and Anti-Social Behaviour reports, environmental improvements, and increased property prices.

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.

SECTION 172 (1) STATEMENT

Performance for the year (continued)
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 continued to grow and deliver services through the COVID 19 pandemic, the importance of our relationships and regular dialogue with stakeholders has been key to the 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 on customers and the organisation as a result of the pandemic and increasing costs leading to the current cost of living crisis. 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 Corporate Plan 2022-2025 was launched early 2022. The plan sets out an ambitious new vision that will continue to transform the Group in the next 3 years.

Strategic Report (continued)

Section 172 (1) statement (continued)
Vision

"A community of people, working together with customers to close the equality gap and to show others how we create a fairer society".

The new Corporate Plan recognises the unprecedented times, with inequality, health, increasing poverty and the current cost of living crisis impacting upon the most vulnerable in society. As a Group, we recognise the role we have to play in tackling inequality in our communities. The Group is strong, diverse and uniquely placed bringing together housing, health and social care, working with customers to make purposeful, positive and sustainable changes to their lives. It is the passion, integrity and purpose of our people that makes things happen. This vision is supported by 4 strategic objectives, the objectives further demonstrating the Calico's commitment to ensuring stakeholders are the heart of decision making.

- To work collaboratively with our customers and communities, to create sustainable change, for existing and future generations
- To create a place where people want to work now and, in the future
- To ensure that our businesses are strong and well-governed and environmentally friendly
- To set an example, influencing people and organisations to bring about positive social change

In March 2022, the Board approved the Group Customer Strategy, which they had been involved in the development of throughout the year. The strategy is focussed on transforming customer services across the Group, maximising the customer impact of our services, the Board had started to develop its Business Strategy.

Calico has remained flexible and resilient despite the challenges of operating within a global pandemic and the current challenging economic position and future outlook. Key examples in 2021/22 include:

- Reviewed and refreshed the Intra Group Agreements into one single agreement
- Adopted National Housing Federation Code of Governance 2020 for the Group
- Supporting Wellbeing of colleagues, increased colleague engagement recognising the impact of the pandemic on our colleagues and customers
- Introduced a new internal decision-making process to support colleagues in how they manage their services
- Continued focus on leadership and management across the Group
- 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.

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 Leaders Journey Programme across the Group
- Introduced a new health cash plan and private health insurance for all colleagues
- Working with the Centre for Financial Education introduced regular "cost of living" colleague briefings and continue to make available 1-2-1 external financial support sessions for employees where needed
- Introduced a new recruitment solution and appointed a dedicated internal recruiter
- Launched a new apprenticeship and qualification scheme significantly broadening the professional learning offer to employees
- Completed the second colleague engagement survey HIVE focussed on eNPS – score of +27 (very good/ excellent);

Calico has continued to provide its employees with regular progress on the delivery of strategic objectives and updates across the Group, support for colleagues and regular briefings from senior staff including virtual sessions with the Executive Team, Group Leadership and Managers Forums, 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 was named as the 2nd Most Inclusive Employer in the Top 50 employers and was recognised as "Best for Diversity and Inclusion" in the recent Greater Manchester Good Employment Awards.

Strategic Report (continued)

Employee Engagement (continued)

The 2021 Gender Pay gap report confirms Calico has a mean gender pay gap of 5.7%. As a comparison the UK Government figures show a national average (mean) gender pay gap in 2021 of 15.4%. Calico remains committed to further reducing this gap.
Further details on Calico employee engagements can be found within the Report of the Board.

Business Relationships

Regular engagement with our customers has continued during the financial year as Calico has continued to deliver essential services through the pandemic and various lockdown periods, ensuring all stakeholders are engaged and working together effectively. Calico has continued its focus on ensuring safe environments for both colleague and customers, adhering to public health guidance in relation to social distancing and protective materials. Although the prevalence of COVID is now lower with less media coverage and relaxing of restrictions, due to the nature of the services and clinical settings, effective management and leadership of COVID remains a primary focus across Calico.

In year examples of key activities include:

- Working with partner agencies, Calico has engaged with over 1800 customers across 28 events to understand local priorities and challenges and act upon them.
- Calico provided support to the Burnley Beat the Streets partnership initiative which saw 10,523 (12% of population) engage in increased physical activity across the borough.
- Successful partnership working for Burnley Together (with Burnley Borough Council and local partners) introducing a new subscription-based community grocer operating from Calico Homes Valley Street community centre.
- In 2021 successfully won the contract as the new provider for Blackburn with Darwens substance misuse services, mobilising ahead of April 22 implementation of a new innovative partnership model - Recovery Collaborative. The delivery partnership will be made up of Delphi Medical and Acorn Recovery Projects, working alongside partners Early Break, Red Rose Recovery, Community CVS, Inspire Motivate Overcome (IMO) and other community partners.
- Increased the provision of domestic abuse accommodation services, Safenet are the lead provider of Lancashire Refuges delivering services with several specialist partners. Safenet are also the commissioned specialist service provider for Rochdale and Bury Councils.
- Delphi and Acorn continue to deliver the Blackpool Horizon drug and alcohol service contract on behalf of Blackpool Council.
- Enterprise - have been awarded Flexi-Job Apprenticeship funding via the Department for Education and are the lead partner, with Procure Plus, to create 75 new apprenticeships in construction before the end of March 2023.
- Worked with funders to re-negotiate loan covenants, increasing the financial capacity of Calico.
- Following the annual stability check, the Regulator of Social Housing, confirmed that Calico Homes had retained the Regulators G1 and V1 rating.
- Planning approval for Calico Homes single largest scheme to date to develop the first Extra Care scheme in Burnley with 93 accessible extra care apartments and a community hub. Work will commence on site in September 2022.

Calico has a procurement strategy that sets out the approach to procurement of all goods, works and services, there is a planned review of the strategy commencing in May 2022. Ring Stones delivers the majority 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.

Strategic Report (continued)
SECTION 172 (1) STATEMENT (continued)

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.
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:
  - o 78 customers accommodated and supported.
  - o Working on behalf of Lancashire Council to deliver the Refugee Digital Inclusion Services – 16 volunteer Digital Champions recruited
  - o Bury Floating Support Services – supported over 400 customers to maintain their accommodation
  - o Global Resettlement Programme – worked with 77 families to provide support to enable the families to re-settle in the United Kingdom.
- SafeNet – has supported 1,182 adult survivors and provided mental health support to 194 customers. Safenet were successfully awarded the Bury and Oldham Safe Accommodation Services which provider 45 accommodation units. They have also developed an 8 unit 24 hour men's safe accommodation services.

Although the national pandemic lockdowns have ended, the impact on communities continue to be felt. 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. In 21/22 Calico has:

- Created 72 Kickstart placements across the group with 87% gaining further employment
- Supported Project Search a SEND internship – 8 interns supported this year with 3 securing employment and apprenticeships
- Employed 30—50 construction apprenticeships through "Constructing the Future"
- Careers service – provided 1-2-1 support sessions to 472 customers

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 and is currently developing plans to achieve a minimum of EPC C rating on its Calico Homes properties by 2030.

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

Culture and Values
Calico's vision is "A community of people, working together with customers to close the equality gap and to show others how we create a fairer society". 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 4 strategic objectives which include "To create a place where people want to work now and, in the future".
Calico's culture is defined through its values and behaviours which are shared. The key values are to commit to and care about:

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

These are supported with a behaviours and values framework that focussing on doing the right thing, learn and grow, work together, look after yourself and others, deliver outcomes and develop relationships. The shared purpose and values ensure that Calico connects together as "One Calico". The Board and Executive have taken active steps to ensure the business strategy, people strategy and customer focussed principles, values and behaviours are embraced across the group. In 21/22 a new Leaders Journey Programme is being rolled out to support strengthening the culture and values. Calico also recognises the value of lived experience in delivering essential services to customers and actively promotes and supports colleagues in bringing their experience to the work they do.

Strategic Report (continued)
SECTION 172 (1) STATEMENT (continued)

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.	Prudent Business Plan assumptions in 30-year plan relating to rental income and voids. Quarterly financial performance update to Board and funders Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation. Supported by a Resilience Plan for Calico Homes. Refreshed 21/22 Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan. Building Safety group in place overseeing impacts and costs of new legislation Growth Strategy in place with Key Performance Indicators & Targets Regular updates and reviews of local and national funding streams in place Review of operational structures and budgets supporting any changes to funding levels Continual assessment of services to accommodate any changes in funding levels.
Failure to attract and retain colleagues	People Strategy in place Equality, Diversity, and Inclusion Strategy Regular planned Salary Benchmarking Annual staff survey (HIVE) completed supported by Wellbeing pulse survey Board & Management oversight of Colleague KPI Extensive staff benefits and well-being offer for staff – Lifeworks, Financial Support Wellbeing policy in place Salary Benchmarking completed 2022
Operational Performance and service delivery	Syncora and Homes bi-monthly Business Meetings with Executive Team to monitor and discuss performance, finance, and service improvement in response to internal and external challenges. Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud. Monthly Board summary on operational performance, staffing and services during Covid-19 and regular Board meeting update. Contract performance meetings in place with Commissioners Annual Internal audit programme in place 6 monthly reporting to Board of strategic objectives and VFM action plan delivery Quarterly 'What our Customers are Saying' update to Board identifying feedback and priorities. Business review meetings in place with key focus on improving performance where required.

Risk Area	Key Controls and Mitigations
Health, Safety and Wellbeing of Calico Customers and Staff	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&S performance and respond to challenges. Compliance review completed 2021 supporting action plan with Board oversight All supporting H&S policies for key areas such as gas/electric in place and monitored Housing Management Agreements including H&S responsibilities for Syncora companies use of Homes assets, reviewed annually. COVID secure building and risk assessments in place
Regulatory and Legislative Compliance	Annual Review of Compliance with Regulatory standards Assets and Liabilities Register reviewed and updated quarterly. IT governance group in place GDPR training and induction for all staff Regular GDPR audits in place Regular CQC and H&S audits Regulatory Returns and annual returns completed Annual VFM Self-Assessment of Homes partnership with Ringstones reported to Board Business Continuity Plans in place Volunteer & Staff training – mandatory training plan in place
Future Growth and Capacity	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
Availability of New Funding Existing Debt	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
Customer Satisfaction	Action plan in place New measures for monitoring satisfaction introduced in KPIs.
Financial Viability	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 – increased financial performance 21/22 Regular Business Meetings across Calico
Loss of assets due to disaster	Business Continuity Plan Property MOT's Comprehensive Insurance programme H&S policies Strategic objective updates to Board monitored 6 monthly Assets & Liabilities Register and quarterly updates in place

Risk Area	Key Controls and Mitigations
Coronavirus outbreak	Monitoring of Government advice. Regular communications & 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 & monitoring of advice Flowcharts completed of actions required in the event of a positive case. A number of business areas have independent COVID inspections and concluded COVID safe.
Environment and Sustainability	Focus via new strategic objective Leadership Group focus on Environment & Sustainability Asset Management Group Carbon reporting 20/21 & 21/22
Failure to prevent serious incidents or accidents that may cause harm or injury to staff and clients.	Safeguarding, PREVENT and H&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&S assessments and testing carried out e.g. legionella and fire. Regular H&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&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"). 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.
Future Development Pipeline	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

Strategic Report (continued)

Streamlined Energy and Carbon Reporting (SECR)

Although Calico does not meet the SECR reporting requirements as a socially responsible group of businesses, we have a responsibility to take an active stance on the environment and show leadership across the Group creating an environmentally friendly culture.

UK Greenhouse gas emissions and energy use data for the period 1st April 2021 to 31st March 2022

	2021-22	2020-21
Energy consumption used to calculate emissions (kWh)	**7,364,865**	**6,952,334**
Scope 1 – emissions in metric tonnes CO2e		
Owned transport – Calico Fleet	257	237
Gas consumption	815	813
Total Scope 1 – Purchased Gas/Diesel & Petrol	**1,072**	**1,050**
Scope 2 – emissions in metric tonnes CO2e		
Purchased electricity	**388**	**360**
Scope 3 - emissions in metric tonnes CO2e		
Business Mileage	**64**	**47**
Total gross emissions in metric tonnes CO2e	**1,524**	**1,457**
Intensity Ratio in metric tonnes CO2e per property	**0.25**	**0.24**
Intensity Ratio in metric tonnes kWh per property	**1,188**	**1,121**

Quantification and Reporting Methodology:

The Group has followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

In line with Environmental Reporting Guidelines (SECR) 2019, our internal carbon scopes have been broken down as;

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

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

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

Intensity measurement:

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

Strategic Report (continued)

Measurement taken to improve energy efficiency

Calico does not meet the thresholds for mandatory SECR reporting requirements, however, as a socially responsible group of businesses, we have a responsibility to take an active stance on the environment and show leadership across the Group creating an environmentally friendly culture.

This is the first year of reporting and we have prepared the 20/21 energy usage as a baseline position. We recognise that due to the impacts of the pandemic and lockdown period, energy usage relating to office and vehicles is difficult to establish a baseline position.

In 21/22 the Group has implemented internal environmental working group targeting key areas of energy and emission reductions.

Calico Homes and Ring Stones have the highest fleet emissions of the Group and moving forward work is commencing on reviewing trialling electric/hybrid vehicles to support reducing the emissions.

Although the main housing stock is held within Calico Homes, (circa 5200) is not included within Scope 1 and 2, the provision of shared accommodation, community centres, communal areas, refuges and our care home is included.

The Group will be considering the future procurement of its electricity contract and the potential to move to a fully renewable tariff, which although will not impact the reporting as renewable tariffs are not currently recognised. It would however reduce operational emissions.

Office emissions have increased slightly as employees start to move back to a hybrid working approach, future improvements being assessed are in relation to the operational heating controls in offices and also promoting office awareness in key areas such as photocopying and printing as we move to a more agile paperless approach.

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”).

In 20/21 Homes borrowed an additional £16.8 million (2021: £4.0 million) to bring its total borrowings to £143.6m (2021: £126.8 m). The additional borrowing was used to support the ongoing development programme.

Homes has loans with both the NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 72.2% (2021: 88.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

Acorn has an external loan facility in place with Barclays Bank. As at 31 March 2022 the loan totalled £0.201m (2021: £0.231m) 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 30 September 2022 and signed on its behalf by:

Philip Watson CBE
Chair to the Board
Date: 30 September 2022

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 2022 which comprise of a Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2022 and of the group’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

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

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

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

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

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

Use of our report

This report is made solely to the 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.

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

Date: 30 September 2022

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2022

	Note	2022	2021
		£'000	£'000
Turnover	2	58,332	55,367
Operating costs	2	(50,124)	(45,336)
Gain on disposal of fixed assets	4	1,318	850
Operating surplus		9,526	10,881
Interest receivable and similar income		124	103
Interest payable and financing costs	5	(6,165)	(5,420)
Surplus before tax		3,485	5,564
Taxation	9	(67)	(151)
Surplus for the year after tax		3,418	5,413
Actuarial gain/(loss) in respect of pension schemes	7	864	(1,074)
Total comprehensive income for the year		4,282	4,339

The results relate wholly to continuing activities and the notes on pages 23 to 45 form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	10	174,045	160,572
Intangible assets and goodwill	11	239	301
Investments		479	479
		174,763	161,352
Current assets			
Stock		139	89
Trade and other debtors	12	4,477	4,043
Cash and cash equivalents		11,991	2,070
		16,607	6,202
Creditors: Amounts falling due within one year	13	(8,770)	(8,695)
Net current assets / (liabilities)		7,837	(2,493)
Total assets less current liabilities		182,600	158,859
Creditors: Amounts falling due after more than one year	14	176,600	156,182
Provisions for liabilities	21	675	1,634
		177,275	157,816
Capital and reserves			
Income and expenditure reserve		5,193	875
Restricted reserve		132	168
Group reserves before minority interest		5,325	1,043
Minority interest		-	-
Total reserves		5,325	1,043
		182,600	158,859

The notes on pages 23 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 30 September 2022 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 2022

	Note	2022	2021
		£'000	£'000
Tangible fixed assets		-	-
Current assets			
Trade and other debtors	12	13	21
Cash and cash equivalents		34	7
		47	28
Creditors: Amounts falling due within one year	13	(39)	(20)
Net current assets		8	8
Total assets less current liabilities		8	8
Capital and reserves			
Income and expenditure reserve		8	8

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

The notes on pages 23 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 30 September 2022 and signed on its behalf by:

Philip Watson CBE	Stephen Aggett	Sarah Parr
Chair to the Board	**Executive Director of Group Finance**	**Chair of Audit Committe**

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 2020	(3,436)	140	(3,296)	-	**(3,296)**	140	(3,436)
Surplus from Statement of Comprehensive income	4,339	-	4,339	-	**4,339**	-	4,339
Transfer of restricted expenditure from unrestricted reserve	(28)	28	-	-	**-**	28	(28)
Balance as at 1 April 2021	875	168	1,043	-	**1,043**	168	875
Surplus from Statement of Comprehensive income	4,282	-	4,282	-	**4,282**	-	4,282
Transfer of restricted expenditure from unrestricted reserve	36	(36)	-	-	**-**	(36)	36
Balance at 31 March 2022	5,193	132	5,325	-	**5,325**	132	5,193

Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Note	2022	2021
		£'000	£'000
Net cash inflow from operating activities	24	10,513	15,290
Cash flow from investing activities			
Interest received		124	103
Purchase of housing properties and improvements		(17,254)	(21,590)
Grants received		4,793	3,871
Purchase of other tangible fixed assets	10	(592)	(404)
Purchase of intangible fixed assets	11	(103)	(92)
Purchase of fixed asset investments		-	(479)
Sale of housing properties		1,887	1,690
Net cash used in investing activities		(11,145)	(16,901)
Cash flow from financing activities			
Interest and financing costs paid		(6,217)	(6,311)
New secured loans		16,800	34,094
Repayment of borrowings		(30)	(28,230)
Net cash from / (used in) financing activities		10,553	(447)
Net change in cash and cash equivalents		9,921	(2,058)
Cash and cash equivalents at beginning of the year		2,070	4,128
Cash and cash equivalents at end of the year		11,991	2,070

The notes on pages 23 to 45 form an integral part of these accounts

Notes to the Consolidated Financial Statements

Legal Status

The Calico Group Limited is a not for profit, private 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

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 day to day operations.

The Group has had significant growth in 21/22 within Syncora and this has continued in 22/23 with new contracts secured of significant value, with turnover increasing by 20% in the new financial year.

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 2022, following a surplus of £4.3m (2021: £4.3m), the Group had net assets of £1.0m (2021: £1.0m) 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.

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, 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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

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 26. 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.
- **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 (2021: £Nil).

Other key sources of estimation and assumptions:

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

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Intangible fixed assets (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Taxation (continued)

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.

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.

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 deprecation 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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Depreciation - Social housing properties

Freehold land is not depreciated. Where a social housing property comprises two or more major components with substantially different useful economic lives, 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.

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 if lower
• Furniture, fixtures and fittings	10-33%
• Computers and office equipment	5-33%
• Motor vehicles	25%
• Plant	20-33%

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Bad Debts and Write-Offs

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

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

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

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

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

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

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

	2022 Turnover £'000	2022 Operating costs £'000	2022 Operating surplus/ (deficit) £'000	2021 Turnover £'000	2021 Operating costs £'000	2021 Operating surplus/ (deficit) £'000
Social housing lettings	24,719	(17,490)	**7,229**	23,252	(15,126)	**8,126**
Support services	6,150	(5,673)	**477**	4,874	(4,586)	**288**
Development services	9,125	(9,127)	**(2)**	9,836	(9,834)	**2**
Non-social housing other	18,338	(17,834)	**504**	17,405	(15,790)	**1,615**
	58,332	(50,124)	**8,208**	55,367	(45,336)	**10,031**

3. Surplus on ordinary activities

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

	Note	2022 £'000	2021 £'000
Depreciation of tangible fixed assets	10	3,981	3,619
(Gain)/Loss on disposal of fixed assets (social housing)	4	(1,318)	(850)
Amortisation of intangible fixed assets	11	165	193
Amortisation of government grants		(302)	(285)
Operating lease rentals – land and buildings		744	379
Operating lease rentals – other		340	245
Auditor's remuneration (excluding VAT):			
• for audit services		87	61
• for non-audit services		10	6

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

	2022 £'000	2021 £'000
Disposal proceeds	1,887	1,690
Carrying value of fixed assets	(569)	(840)
Gain on disposal of fixed assets	1,318	850

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

	2022	2021
	£'000	£'000
Loans and bank overdrafts	6,237	5,786
Net interest on pension deficit	105	115
	6,342	5,901
Less: interest capitalised on housing properties under construction	(177)	(481)
	6,165	5,420

6. Employees

Average monthly number of employees

	2022	2021
	No.	No.
Administration	146	152
Housing and community services	516	438
Non-social housing activity	245	223
Total	907	813
Full-time equivalents (36.25 hours/week)	676	619

Employee Costs	£'000	£'000
Wages and salaries (gross)	21,293	19,506
Social security costs	1,840	1,703
Other pension costs	800	777
Termination payments	107	25
Pension adjustment	(104)	(87)
Total	23,936	21,924

Notes to the Consolidated Financial Statements (continued)

7. Pension obligations (continued)

Notes to the Consolidated Financial Statements (continued)

6. Employees (continued)

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

	2022	2021
	No.	No.
£60,000 to £70,000	12	8
£70,000 to £80,000	2	6
£80,000 to £90,000	4	5
£90,000 to £100,000	2	2
£100,000 to £110,000	1	-
£110,000 to £120,000	-	1
£120,000 to £130,000	1	1
£130.000 to £140,000	-	-
£140,000 to £150,000	1	-
£150,000 to £160,000	1	1

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.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	5,498	4,838
Present value of defined benefit obligation	6,173	6,471
Surplus (deficit) in plan	(675)	(1,663)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(675)	(1,663)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(675)	(1,663)

Notes to the Consolidated Financial Statements (continued)

7. Pension obligations (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	6,471
Current service cost	-
Expenses	8
Interest expense	143
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	289
Actuarial losses (gains) due to changes in demographic assumptions	(89)
Actuarial losses (gains) due to changes in financial assumptions	(594)
Benefits paid and expenses	(55)
Defined benefit obligation at end of period	6,173

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	6,471
Current service cost	-
Expenses	8
Interest expense	143
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	289
Actuarial losses (gains) due to changes in demographic assumptions	(89)
Actuarial losses (gains) due to changes in financial assumptions	(594)
Benefits paid and expenses	(55)
Defined benefit obligation at end of period	6 173

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2021 to 31 March 2022 £’000
Fair value of plan assets at start of period	4,838
Interest income	108
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	470
Contributions by the employer	137
Contributions by plan participants	-
Benefits paid and expenses	(55)
Fair value of plan assets at end of period	5,498

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £578,000 (2021: £529,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	From 31 March 2021 to 31 March 2022 (£000s)
Current service cost	-
Expenses	8
Net interest expense	35
Defined benefit costs recognised in statement of comprehensive income (SoCI)	43

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	470
Experience gains and losses arising on the plan liabilities - gain (loss)	(289)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	89
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	594
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	864
Total amount recognised in other comprehensive income - gain (loss)	864

ASSETS	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	1,055	771
Absolute Return	220	267
Distressed Opportunities	197	140
Credit Relative Value	183	152
Alternative Risk Premia	181	182
Emerging Markets Debt	160	195
Risk Sharing	181	176
Insurance-Linked Securities	128	116
Property	149	101
Infrastructure	392	323
Private Debt	141	115
Opportunistic Illiquid Credit	184	123
High Yield	48	145
Opportunistic Credit	20	133
Cash	18	-
Corporate Bond Fund	367	286
Liquid Credit	-	58
Long Lease Property	142	95
Secured Income	205	201
Liability Driven Investment	1,533	1,230
Currency Hedging	(21)	-
Net Current Assets	15	29
Total assets	5,498	4,838

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.

7. Pension obligations (continued)

KEY ASSUMPTIONS	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.77%	2.22%
Inflation (RPI)	3.42%	3.20%
Inflation (CPI)	3.12%	2.87%
Salary Growth	4.12%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maxi-mum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.1
Female retiring in 2021	23.7
Male retiring in 2041	22.4
Female retiring in 2041	25.2

8. Board members and executive officers

	Group 2022 £'000	**Group 2021 £'000**
The aggregate emoluments paid to or receivable by non-executive Directors	118	91
The aggregate emoluments paid to or receivable by executive officers	1,241	1,307
The aggregate compensation paid to or receivable by executive officers	-	-
The emoluments paid to the highest paid executive officer (excluding pension)	133	133
The aggregate pension costs for executive officers	100	78
Total key management personnel remuneration	1,359	1,398

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 2022 was £52,000 (2021: £50,000). 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 2022, the total was £33,000 (2021: £38,000). 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 £4,000 (2021: £3,000). The Board members annual payment is £2,500 each.

The Calico Homes Board members (non-executive directors) receive annual allowances. For the period to 31 March 2022, the total was £29,000 (2021: £Nil). The Chair receives £6,000 and all other Board members £3,500.

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.

	2022 £'000	2021 £'000	2020 £'000
UK corporation tax charge for the year	68	159	20
Deferred tax charge for the year	(1)	(8)	-
	67	151	20
Surplus on ordinary activities before tax at standard rate of corporation tax	3,485	5,563	1,484

Surplus on ordinary activities before tax at standard rate of corporation tax of 19% (2021: 19%)	662	1,057	282
Effect of charitable income and expenditure not subject to tax	(538)	(854)	(320)
Adjustment for short term timing differences	(57)	(52)	58
Tax charge for period	67	151	20

Notes to the Consolidated Financial Statements (continued)

10. Tangible fixed assets

	Social housing properties	Freehold property	Leasehold property	Furniture, fixtures & fittings	Computers & Office Equipment
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2021	184,550	1,487	6,183	1,601	1,466
Additions	17,584	-	131	263	177
Disposals	(1,308)	-	-	(15)	(30)
At 31 March 2022	200,826	1,487	6,314	1,849	1,613
Depreciation and impairment					
At 1 April 2021	30,693	279	1,654	1,166	941
Charged in year	3,559	10	130	181	88
Disposals	(586)	-	-	(15)	(30)
At 31 March 2022	33,666	289	1,784	1,332	999
Net book value at 31 March 2022	167,160	1,198	4,530	517	614
Net book value at 31 March 2021	153,857	1,208	4,529	435	525

Notes to the Consolidated Financial Statements (continued)

10. Tangible fixed assets (continued)

Housing properties comprise:

	2022 £'000	2021 £'000
Freehold land and buildings	98,243	85,990
Long leasehold land and buildings	63,395	63,452
	161,638	149,442
Major works to existing properties in the year:		
Works capitalised	3,231	2,255
Amounts charged to expenditure	861	830
	4,092	3,085
Aggregate amount of interest and finance costs included in additions to the cost of housing properties (note 5)	177	481
The net book value of secured assets	119,016	80,137

Notes to the Consolidated Financial Statements (continued)

11. Intangible Fixed Assets

	Goodwill £'000	Software & Licences £'000	Group Total £'000
Cost			
At 1 April 2021	411	1,951	2,362
Additions	-	104	104
Disposals	-	-	-
At 31 March 2022	411	2,055	2,466
Amortisation			
At 1 April 2021	386	1,675	2,061
Charge for the year	25	140	165
Disposals	-	-	-
At 31 March 2022	411	1,815	2,226
Net Book Value at 31 March 2022	-	**239**	**239**
Net Book Value at 31 March 2021	25	276	301

Notes to the Consolidated Financial Statements (continued)

12. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	1.450	1,500	-	-
Less: Provision for bad and doubtful debts	(915)	(977)	-	-
	535	523	-	-
Other debtors	2,709	2,622	13	21
Less: Provision for bad and doubtful debts	(387)	(355)	-	-
Prepayments and accrued income	1,620	1,253	-	-
	4,477	4,043	13	21

13. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Debt (Note 15)	1,030	35	-	-
Trade creditors	2,073	1,666	1	-
Rent and service charges received in advance	221	247	-	-
Other creditors	299	231	32	16
Accruals and deferred income	4,279	5,623	6	4
Other taxation and social security	463	378	-	-
Corporation tax	66	164	-	-
Deferred capital grant (Note 16)	339	351	-	-
	8,770	8,695	39	20

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

	Group	Group
	2022	2021
	£'000	£'000
Debt (Note 15)	141,118	125,109
Loan premium	2,185	2,294
Deferred Capital Grant (Note 16)	33,169	28,686
Recycled Capital Grant Fund	20	-
Other Creditors	108	93
	176,600	156,182

Notes to the Consolidated Financial Statements (continued)

15. Debt analysis

	Group 2022 £'000	Group 2021 £'000
Bank loans		
Within one year (note 13)	1,030	35
Between two to five years	3,122	3,144
After five years	137,996	121,965
	142,148	125,144

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 72.2% (2021: 88.0%) of Homes borrowings is at fixed rates.

The fixed rates of interest range from 2.84% to 7.64% (2021: 2.84% to 7.64%) and the weighted average rate of interest on all loans is 3.98% (2021: 4.16%). 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 31/03/2022 %
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 2022, the Homes secured assets had a net book value of £119.0m (2021: £80.1m).

At 31 March 2022, Homes had un-drawn loan facilities of £25.7m (2021: £42.5m) of its total loan facility of £169.3m (2021: £169.3m).

The Acorn loans from Barclays Bank plc totalling £0.2m (2021: £0.2m) are secured by legal charges over specific assets held by Acorn (Rosemary Court), which at 31 March 2022 had a net book value of £0.45m (2021: £0.5m).

Notes to the Consolidated Financial Statements (continued)

16. Deferred capital grant

	Group 2022 £'000	Group 2021 £'000
At start of year	29,037	26,648
Grant received in the year	4,773	2,599
Released to income in the year	(302)	(285)
Transfer from/(to) RCGF	-	75
At the end of the year	33,508	29,037
Amount due to be released < 1year (Note 13)	339	351
Amount due to be released > 1 year (Note 14)	33,169	28,686
	33,508	29,037

17. Financial commitments

Capital expenditure commitments were as follows:

	Group 2022 £'000	Group 2021 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	4,261	10,771
Expenditure approved by the Board, but not contracted	7,136	5,705
	11,397	16,476

These are to be funded out of undrawn loan facilities of £25.7m m (2021: £42.5m) and estimated grants of £2.6m (2021: £3.9m) and relate to potential property developments.

18. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equiva-lents	2,070	9,921	-	11,991
Debt due within one year	(35)	-	(995)	(1,030)
Debt due after one year	(125,109)	(16,800)	791	(141,118)
	(123,074)	(6,879)	(204)	(130,157)

Notes to the Consolidated Financial Statements (continued)

19. Operating leases

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

	Group 2022 £'000	Group 2021 £'000
Land and buildings, leases expiring:		
• Within one year	553	357
• Two to five years	333	221
	886	578
Other leases expiring:		
• Within one year	271	292
• Two to five years	636	911
	907	1,203

20. Provisions for liabilities

	2022 £'000	2021 £'000
SHPS – Social Housing Pension Scheme (Note 7)	675	1,633
Defined benefit schemes	675	1,633
Deferred taxation	-	1
	675	1,634

Notes to the Consolidated Financial Statements (continued)

21. Contingent liabilities

We have been notified by the Trustee of the SHPS that it has performed a review of the changes made to the SHPS's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of SHPS liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

22. Related parties

Members of The Calico Group Board during the period that were or are also members of other group company boards: 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.

23. Investment in subsidiaries

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

Company No.	Company Name
08747100	The Calico Group Limited, the ultimate parent undertaking
03752751	Calico Homes Limited
11171831	Syncora Limited
06329047	Calico Enterprise Limited
03860803	SafeNet Domestic Abuse and Support Services Ltd
08156717	Hobstones Homes Limited
03360545	Acorn Recovery Projects
08156713	Ring Stones Maintenance & Construction Limited
06944767	Delphi Medical Limited
06014150	Delphi Medical Consultants Limited

The Calico Group Limited has 100% of the shares in Hobstones Homes Limited and RingStones Maintenance & Construction Limited. The former is the Design & Build company and the latter the construction entity that were created to realise savings on VAT to the group for development and major works, provide labour and apprenticeships in the local market.

Calico Homes Limited, a company limited by guarantee, 100% controlled by The Calico Group Limited, is a charity and a registered provider of social housing.

Syncora Limited, a company limited by guarantee and a 100% subsidiary of The Calico Group Limited, holds 100% control of 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)

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

	Note	2022 £'000	2021 £'000
Surplus before tax		3,485	5,564
Adjustments for non-cash items:			
Pension adjustment		(94)	(112)
Depreciation of tangible fixed assets	3 & 10	3,981	3,619
(Gain) on disposal of fixed assets (social housing)	3 & 4	(1,318)	(850)
Amortisation of intangible fixed assets	11	165	193
Amortisation of government grants	3	(302)	(285)
Tax received/(paid)		(166)	(15)
Working capital movements:			
Decrease/(Increase) in stock		(50)	6
Decrease/(Increase) in debtors		(447)	1,669
(Decrease)/Increase in creditors		(782)	184
Adjustments for investing or financing activities:			
Interest payable and financing costs		6,165	5,420
Interest receivable and other income		(124)	(103)
Net cash generated from operating activities		10,513	15,290

25. Financial instruments

	2022 £'000	2021 £'000
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand	11,991	2,070
Rent and service charges receivable	535	523
Other debtors	2,322	2,267
	14,848	4,860
Financial liabilities at amortised cost:		
Bank loans	142,148	125,144
Trade creditors	2,073	1,666
Deferred capital grant	33,058	29,037
Recycled capital grant	20	-
	177,749	155,847

26. Post Balance Sheet Events

There were no significant post balance sheet events.