

Company number: 08747100

The Calico Group Limited

Report and Consolidated Financial Statements

Year ended 31 March 2023

Contents

| | |
|---|----|
| Board Members, Executive Officers, Advisors and Bankers | 1 |
| Report of the Board | 2 |
| Strategic Report | 6 |
| Independent Auditor's Report to the Members of The Calico Group Limited | 13 |
| Consolidated Statement of Comprehensive Income..... | 15 |
| Consolidated Statement of Financial Position..... | 15 |
| Statement of Financial Position – The Calico Group Limited..... | 16 |
| Consolidated Statement of Changes in Reserves..... | 18 |
| Consolidated Statement of Cash Flows | 19 |
| Notes to the Consolidated Financial Statements | 20 |

Board Members, Executive Officers, Advisors and Bankers

Board

Philip Watson CBE (Chair)
Carmel McKeogh
Christopher Bithell
David Gooda
Grahame Elliott CBE (resigned 8 December 2022)
Joanne Peters (appointed 8 December 2022)
Martin King (resigned 8 December 2022)
Paul Mayson (resigned 8 December 2022)
Penelope Aspden (appointed 31 March 2023)
Richard Jones CBE
Sarah Parr (resigned 8 December 2022)
Sarah Roberts
William Lacey
Carmel McKeogh

Vice Chair

Executive Officers

Group Chief Executive

Anthony Duerden

Executive Director of Group Operations

Helen Thompson

Executive Director of Group Finance

Stephen Aggett

Executive Director of Organisational Development

Vicki Howard

Company Secretary

Stephen Aggett (resigned 30th June 2023)
Anthony Duerden (appointed 30th June 2023)

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 | HSBC UK |
| 6th Floor, 1 Spinningfields Square | Oxford Square |
| Manchester | 1 Newhouse Road |
| M3 3AP | Blackpool |
| | FY4 4YH |

Group Lenders

| | |
|---------------------------|-----------------------------|
| National Westminster Bank | Nationwide Building Society |
| Floor 3, Kirkstane House | Kings Park Road |
| 139 St Vincent Street | Moulton Park |
| Glasgow, G2 5JF | Northampton |
| | NN3 6NW |

| | |
|-------------------|---------------------------------------|
| Barclays Bank Plc | MorHomes PLC |
| 198 Ashley Road | Future Business Centre |
| Hale | Kings Hedges Road, Cambridge, CB4 2HY |
| Cheshire | |
| WA15 9SW | |

Report of the Board

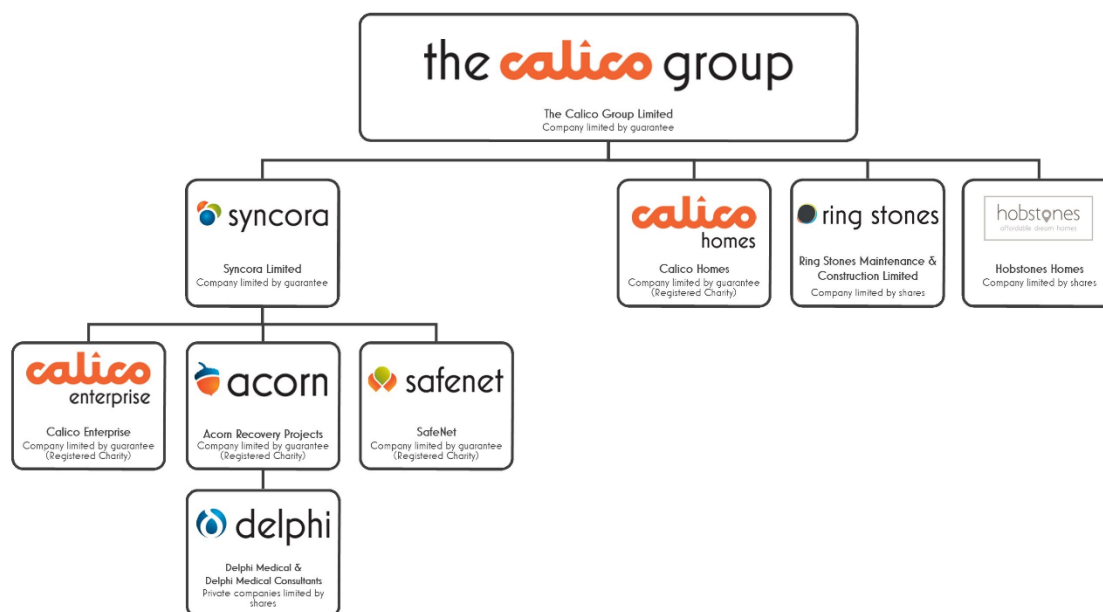
The Board is pleased to present its report and the consolidated financial statements for the year ended 31 March 2023.

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 it 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 provided meets their specific needs and fulfils their aspirations.

Calico combines 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 nine (2022: eleven) Non-Executive Directors who are responsible for setting the vision and strategic objectives of the business and overseeing their delivery. The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During this period, there have been two new appointments to the Board and four retirements. The Board met four times throughout the year and all meetings were quorate.

The Board delegates the day-to-day management and implementation of the strategic objectives to the Group Chief Executive and Executive Directors. The Executive Team meet weekly and attend Board meetings.

Non-Executive Directors are recruited on a skills-based approach to ensure that they have the appropriate range of skills, experience and attributes required to provide strategic direction and monitor Calico Group's performance. The Board conduct an annual review of the overall effectiveness of the Board and of the skills required by the Board, which informs future recruitment. The Board and its committees obtain external specialist advice from time to time as necessary.

Report of the Board (continued)

The Board (continued)

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

During the year, Calico Group conducted an open, skills-based recruitment process, which resulted in one new appointment to the Group Board, and four appointments to subsidiary Boards, including two persons from the New Generation programme.

Board Members normally serve for up to six years, with a maximum term of nine years. One Board Member, Carmel McKeogh, has served for seven years, and is due to retire at the 2023 Annual General Meeting.

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

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

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

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

Audit & Assurance Committee

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

Nominations and Remuneration Committee

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

Remuneration Policy

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

Pensions

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

Employees

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

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

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

The Calico Group has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK 2021/22 and was awarded "Best for Diversity and Inclusion" at the Greater Manchester Good Employment Charter Awards 2022. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host

Report of the Board (continued)

Employees (continued)

of diversity related initiatives. The Calico Group attracts a diverse range of colleagues from different backgrounds. The diversity of the Group's employees is 36% (2022: 39%) male, 64% (2022: 61%) female, 10% (2022: 9%) who self-identify as disabled, 13% (2022: 13%) from a BAME background, and 4% (2022: 5%) 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 across the organisation.

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 2022 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements 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 Calico Homes 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. There is an annual review of the treasury strategy and treasury management which is supported by external consultants. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed these include the financial loan covenants. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

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

- **External Assurance**

- **Internal Audit**

Internal Audit for 22/23 is provided by Beevers and Struthers who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 22/23 the Board received an annual report which confirmed reasonable assurance in respect of the design and operational of internal controls within the scope of their work.

- **External Audit**

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

Code of Governance

The Board has adopted the NHF Code of Governance 2020. The Board confirms compliance with the Code for the year ended 31 March 2023.

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

- Calico Homes Limited: NHF Code of Governance 2020
- Syncora Limited: 2020 Charity Governance Code for Larger Charities
- Ring Stones Maintenance & Construction Limited: Wates Principles of Corporate Governance 2018

The Group Board confirms compliance with the adopted Codes for the year-ended 31 March 2023.

Report of the Board (continued)

Reserves

After transfer of the total comprehensive income for the year £1,799k (2022: £4,282k), which includes an actuarial loss of £193k (2022: loss £864k), Calico reserves at the year-end amounted to £7,124k (2022: £5,325k), 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.

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 2023, following a surplus of £1.8m (2022: £4.3m), the Group had net assets of £7.1m (2022: £5.3m) being well in advance of the anticipated target to be positive by March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

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 22 September 2023 and signed on its behalf by:

Philip Watson CBE
Chair to the Board
22 September 2023

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 for Calico 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 complement 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 people's 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.

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's services include the provision of housing, homelessness support and accommodation, help for people suffering from domestic abuse, drug and alcohol recovery services, support into work and training opportunities. All of these align with our values to make a difference to people's lives and having a positive impact on society. This report reflects our efforts to create a more sustainable and equitable future while addressing the unique challenges presented during the year.

The last 12 months has been characterised by unprecedented global events contributing to the significant volatility in the economic environment. Despite these challenges Calico has remained committed to the delivery of its strategic objectives and in 22/23 has seen continued expansion and delivery of key services particularly in the Syncora companies.

Calico has continued to focus on effective management and leadership whilst strengthening the customer, business and financial focus in recognition of the external challenging environment. With reducing local authority resources and services

Strategic Report (continued)

Performance for the year (continued)

Calico is supporting its highest number of customers, bringing additional complexities to service delivery. The majority of services have seen more demand for its services at a time of increasing demand on resources and cost pressures.

In 22/23 the Group's turnover has increased significantly by over 16% when compared to the prior year. The Syncora companies are seeing increasing demands for their services and in 22/23 supported over 30,000 customers. Calico also successfully tendered, won and retained a number of service contracts, most notably the Blackburn and Darwen Local Authority substance misuse contract which commenced in April 2022.

Acorn has grown its services in year, increasing its treatment capacity with over 100 customers supported through its residential rehabilitation service. Acorn services include a volunteering program, counselling, and community services. Acorn works within a range of community settings alongside partner agencies including Delphi Medical Ltd, Change Grow Live (CGL), New Leaf, Greater Manchester Health and Social Care Partnership and Lancashire and South Cumbria Foundation Trust, Supported Housing, Prison in-reach & outreach.

Delphi Medical rehabilitation centre the Pavilion, had a challenging 12 months. Although the pandemic has subsided, there have continued to be COVID 19 impacts. The occupancy level overall was 74% with 321 clients entering treatment.

Delphi Medical Consultants have various contracts in place across Local Authorities and also Mental Health Trusts. These contracts deliver integrated substance misuse services and provide clinical and psychosocial services to three prisons and two secure children's homes. As noted earlier in the report from April 22 the Group commenced delivery of the Blackburn with Darwen contract and Delphi Medical Services clinical treatment service forms a significant element of the contract.

SafeNet has had significant growth in 22/23, commencing delivery of a number of new domestic abuse refuge contracts across a number of Local Authorities including Rochdale, Bury and Oldham. Safenet has also introduced its first male 24 hour refuge service in the North West whilst continuing to provide 7 safehouse accommodation units for males. Safenet continue to deliver healthy relationship programmes across schools in Lancashire. Safenet also support the Group in embedding trauma informed approaches within the wider businesses.

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 is also the lead partner on the Burnley Connected Futures Programme which saw over 500 young people and 100 employers engaged in understanding the root causes of youth unemployment and barriers to work. Calico Enterprise also provides services that support vulnerable people to achieve and maintain independence including a floating support service and also support young people with a learning disability into employment through its Project Search internship programme.

In 22/23 Calico Homes has had a successful year given the external pressures and challenges arising as a result of the emergence from the COVID 19 pandemic and the high levels of inflation and interest rates, driving the current cost of living crisis which has had both business impacts but also significant impacts on Calico Homes customers.

The focus on supporting vulnerable customers to sustain their tenancies continued throughout the year has continued with Calico Homes a key partner of the Burnley Together partnership, who have provided a range of services and support including a Community Grocer service, and addressing health and wellbeing and poverty. Following a tragedy in Rochdale there has been an increased focus on damp, mould and condensation and Homes has invested in its stock condition data to support the future asset management strategy approach.

As part of the strategic objective to invest in developing new homes, Homes has continued with its ambitious development programme with work underway on its largest scheme to date Dovestone Gardens, a 93-unit extra care provision in Burnley due to complete in 24/25. The ambitious development is a first for Burnley, aiming to provide specialist housing with care in a neighbourhood setting where health, support services and community activities can come together to improve people's quality of life and reduce social isolation. In partnership with Ring Stones, Homes has completed 119 new homes in year. 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.

Ring Stones have completed 119 new homes and also began work on the extra care scheme and a new 61 unit scheme called Kinross, both schemes are due to complete in 2024. Ring Stones also support Homes with the investment in its existing homes and successfully delivered a number of programmes including boiler upgrades, kitchen and bathroom replacements and new roofs. Ring Stones also support the generation of local jobs and apprenticeships within Burnley. Social value is integral to Calico and Ring Stones have supported 11 apprenticeship placements in year as well as supporting wider placement opportunities within Ring Stones supply chain.

Strategic Report (continued)

SECTION 172 (1) STATEMENT

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

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

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

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

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.

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

22/23 has seen the Group launch its Customer Strategy, which is focused on transforming customer services across the Group, maximising the customer impact of our services.

This statement reflects the Group's approach to creating a more sustainable and equitable future while addressing the unique challenges presented during the year. 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:

- Continued delivery of the new Leaders Journey Programme across the Group
- Expanded mental health first aider training and support with 80 mental health first aiders across the Group
- Launched a bespoke Leading Edge programme designed to support managers with commercial and business skills
- Continued to work 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 additional colleague financial support with the offer of employee loan assistance and introduced a 22/23 "Summer Boost" campaign designed to support colleagues who may need financial support
- Launched a new on line learning platform Calico Campus designed to provide colleagues with a "one stop shop" strengthening the learning and development offer
- Completed the second colleague engagement survey HIVE focussed on eNPS – score of +27 (very good/excellent)

Strategic Report (continued)

SECTION 172 (1) STATEMENT (continued)

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 “Six Things to Know” monthly email briefings.

Calico is committed to inclusivity for all its employees and customers and Calico has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK 2021/22 and was awarded “Best for Diversity and Inclusion” at the Greater Manchester Good Employment Charter Awards 2022. 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 2022 Gender Pay gap report confirms Calico has a mean gender pay gap of 7.2%. As a comparison the UK Government figures show a national average (mean) gender pay gap in 2022 of 14.9%. Calico remains committed to further reducing this gap.

Business Relationships

Regular engagement with our customers has continued during the financial year as Calico has continued to increase its service offer in its key care and support services in Syncora. Working with commissioners and local authorities Calico has continued its focus on ensuring safe environments for both colleague and customers. Due to the nature of the services and clinical settings, effective management and leadership remains a primary focus across Calico.

In year examples of key activities include:

- Syncora has supported over 30,000 in 22/23 and win over £11m of new contracts achieving an 89% tender success rate
- Calico through its support as a key partner in Burnley Together has had over 12,200 interactions with customers and provided 5,708 food parcels in year to support residents
- 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) launching Downtown Burnley a collaborative offer within Burnley town centre which includes a second subscription-based community grocer operating with support from Calico Homes.
- Launched the new Blackburn with Darwens substance misuse services. 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.
- Safenet are the lead provider of Lancashire Refuges delivering services with several specialist partners. Safenet are also the commissioned specialist service provider for Oldham, Rochdale and Bury Councils.
- Delphi and Acorn continue to deliver the Blackpool Horizon drug and alcohol service contract on behalf of Blackpool Council.
- Commenced on site with delivery of 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 – Dovestone Gardens.

Business Relationships (continued)

Calico has completed an external review of its procurement strategy which was approved by Board in 22/23 resulting in a new central Head of Procurement role being appointed in August 2023. Ring Stones delivers the majority of the development and planned investment and has a focus on local procurement where possible and in 22/23 has been working on a new procurement framework approach. 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 the subsidiaries Strategic Reports.

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.

Strategic Report (continued)

SECTION 172 (1) STATEMENT (continued) **Community & Environment**

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. Calico has continued to provide emergency accommodation and support across its Group subsidiaries:

- Delphi Medical Limited – 321 clients entered rehabilitation treatment
- Gateway – provided supported temporary homeless accommodation to 142 individuals and 27 families in year
- Gateway Community Services – supported over 1,100 customers in year
- Global Resettlement Programme – worked with 91 families to provide support to enable the families to re-settle in the United Kingdom.
- SafeNet – providing 12 refuges across the North West provided 175 units for Women and Children and 15 units for men's safe accommodation services.

Although the national pandemic lockdowns have ended, the impact on communities continues 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, in 22/23 Calico Enterprise has:

- Supported Project Search a SEND internship – 8 interns supported this year with 3 securing employment and apprenticeships
- Calico Enterprise employ between 22-40 apprenticeships
- 12 construction apprenticeships who have now qualified as tradespersons
- Careers service – provided 1-2-1 support sessions to 885 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 focusing on doing the right thing, learn and grow, work together, look after yourself and others, deliver outcomes and develop relationships. The shared purpose and values ensure that Calico connects together as "One Calico". The Board and Executive have taken active steps to ensure the business strategy, people strategy and customer focussed principles, values and behaviours are embraced across the group. Calico 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.

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 below:

- Government policy and funding relating to impacts on financial viability of Calico affecting ability to grow and meet strategic aims
- Recruitment and retention
- Operational performance and service delivery
- Health, safety and wellbeing of Calico customers and staff
- Regulatory and legislative compliance
- Future growth and capacity
- Availability of new funding and existing debt
- Environment and sustainability
- Safeguarding

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 2022 to 31st March 2023

| | 2022-23 | 2021-22 |
|--|--------------|--------------|
| Energy consumption used to calculate emissions (kWh) | 7,556,684 | 7,364,865 |
| Scope 1 – emissions in metric tonnes CO₂e | | |
| Owned transport – Calico Fleet | 264 | 257 |
| Gas consumption | 855 | 815 |
| Fuel for equipment | 8 | n/a |
| Total Scope 1 – Purchased Gas/Diesel & Petrol | 1,127 | 1,072 |
| Scope 2 – emissions in metric tonnes CO₂e | | |
| Purchased electricity | 337 | 388 |
| Scope 3 - emissions in metric tonnes CO₂e | | |
| Business Mileage | 86 | 64 |
| Total gross emissions in metric tonnes CO₂e | 1,550 | 1,524 |
| Intensity Ratio in metric tonnes CO₂e per property | 0.25 | 0.25 |
| Intensity Ratio in metric tonnes kWh per property | 1,201 | 1,188 |

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 2022 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, property leased waste disposal, or purchased materials.

Intensity measurement:

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

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 second year of reporting and we have used the 2021/22 energy usage as a comparative. In 22/23 we have seen the increased impact of the end of the COVID 19 pandemic with colleagues returning to work impacting both office consumption and our fleet usage.

Although the main housing stock is held within Calico Homes, (circa 5,300) is not included within Scope 1 and 2, the provision of shared accommodation, community centres, communal areas, refuges and our care home is included.

Strategic Report (continued)

Measurement taken to improve energy efficiency (continued)

Calico have prioritised work on their homes to improve energy efficiency focusing on the fabric first approach. Works on the properties included:

- Installing new double-glazed windows
- Replacing wooden exterior doors with composite
- Refurbishing roofs
- Installing 321 fuel efficient condensing combi boilers
- 26 solar PV systems,
- Loft and cavity wall insulation

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.

In 23/24 Calico Homes will be commencing its move to ensure its properties are rated at EPC C and above investing over £5.6m up to 2030 on energy efficiency works alone.

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 2022/23 Homes borrowed no additional funds (2022: £16.8 million), total borrowings are £142.6m (2022: £143.6 m).

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 87.0% (2022: 72.2%) 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 2023 the loan totalled £0.170m (2022: £0.201m) 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 22 September 2023 and signed on its behalf by:

Philip Watson CBE
Chair to the Board
Date: 22 September 2023

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 2023 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 2023 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 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: 25 September 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|---------------|---------------|
| Turnover | 2 | 67,805 | 58,332 |
| Operating costs | 2 | (60,852) | (50,124) |
| Gain on disposal of fixed assets | 4 | 1,678 | 1,318 |
| Operating surplus | | 8,631 | 9,526 |
| Interest receivable and similar income | | 190 | 124 |
| Interest payable and financing costs | 5 | (6,759) | (6,165) |
| Surplus before tax | | 2,062 | 3,485 |
| Taxation | 9 | 70 | 67 |
| Surplus for the year after tax | | 1,992 | 3,418 |
| Actuarial (loss)/gain/ in respect of pension schemes | 7 | (193) | 864 |
| Total comprehensive income for the year | | 1,799 | 4,282 |

The results relate wholly to continuing activities and the notes on pages 20 to 39 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible fixed assets | 10 | 190,140 | 174,045 |
| Intangible assets and goodwill | 11 | 221 | 239 |
| Investments | 12 | 479 | 479 |
| | | 190,840 | 174,763 |
| Current assets | | | |
| Stock | | 150 | 139 |
| Trade and other debtors | 12 | 5,970 | 4,477 |
| Cash and cash equivalents | | 3,683 | 11,991 |
| | | 9,803 | 16,607 |
| Creditors: Amounts falling due within one year | 13 | (8,625) | (8,770) |
| Net current assets / (liabilities) | | 1,178 | 7,837 |
| Total assets less current liabilities | | 192,018 | 182,600 |
| Creditors: Amounts falling due after more than one year | 14 | 184,190 | 176,600 |
| Provisions for liabilities | 21 | 704 | 675 |
| | | 184,894 | 177,275 |
| Capital and reserves | | | |
| Income and expenditure reserve | | 6,996 | 5,193 |
| Restricted reserve | | 128 | 132 |
| Group reserves before minority interest | | 7,124 | 5,325 |
| Minority interest | | - | - |
| Total reserves | | 7,124 | 5,325 |
| | | 192,018 | 182,600 |

The notes on pages 20 to 39 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 22 September 2023 and signed on its behalf by:

Philip Watson CBE
Chair to the Board

Anthony Duerden
Group Chief Executive

Statement of Financial Position – The Calico Group Limited

As at 31 March 2023

| | Note | 2023 £'000 | 2022 £'000 |
|---|------|---------------|---------------|
| Tangible fixed assets | | | |
| Current assets | | | |
| Trade and other debtors | 13 | 318 | 13 |
| Cash and cash equivalents | | 34 | 34 |
| | | <hr/> | <hr/> |
| | | 352 | 47 |
| Creditors: Amounts falling due within one year | 14 | (344) | (39) |
| | | <hr/> | <hr/> |
| Net current assets | | 8 | 8 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 8 | 8 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Capital and reserves | | | |
| Income and expenditure reserve | | 8 | 8 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

The notes on pages 20 to 39 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 22 September 2023 and signed on its behalf by:

Philip Watson CBE
Chair to the Board

Anthony Duerden
Group Chief Executive

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2023

| | Income and expenditure reserve £'000 | Restricted reserve £'000 | Total £'000 |
|---|---|--------------------------------|---------------------|
| Balance as at 1 April 2021 | 875 | 168 | 1,043 |
| Surplus from Statement of Comprehensive income | 4,282 | - | 4,282 |
| Transfer of restricted expenditure from unrestricted reserve | 36 | (36) | - |
| Balance as at 1 April 2022 | <u>5,193</u> | <u>132</u> | <u>5,325</u> |
| Surplus from Statement of Comprehensive income | 1,799 | - | 1,799 |
| Transfer of restricted expenditure from unrestricted reserve | 4 | (4) | - |
| Balance at 31 March 2023 | <u><u>6,996</u></u> | <u><u>128</u></u> | <u><u>7,124</u></u> |

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

| | Note | 2023 £'000 | 2022 £'000 |
|---|------|---------------|---------------|
| Net cash inflow from operating activities | 25 | 9,313 | 10,513 |
| Cash flow from investing activities | | | |
| Interest received | | 246 | 124 |
| Purchase of housing properties and improvements | | (18,798) | (17,254) |
| Grants received | | 8,633 | 4,793 |
| Purchase of other tangible fixed assets | 10 | (1,855) | (592) |
| Purchase of intangible fixed assets | 11 | (102) | (103) |
| Sale of housing properties | | 2,312 | 1,887 |
| Net cash used in investing activities | | (9,564) | (11,145) |
| Cash flow from financing activities | | | |
| Interest and financing costs paid | | (7,026) | (6,217) |
| New secured loans | | - | 16,800 |
| Repayment of borrowings | | (1,031) | (30) |
| Net cash from / (used in) financing activities | | (8,057) | 10,553 |
| Net change in cash and cash equivalents | | (8,308) | 9,921 |
| Cash and cash equivalents at beginning of the year | | 11,991 | 2,070 |
| Cash and cash equivalents at end of the year | | 3,683 | 11,991 |

The notes on pages 20 to 39 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 for all Group companies 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 within Syncora with new contracts secured of significant value, with turnover increasing by 31% (2022: 20%) in the new financial year and a key focus for 23/24 is to improve efficiency across the Syncora Group by sharing resources to improve customer services and realising efficiency saving.

The Board have reviewed the Group's activities, financial position and future trading activities alongside the current risks and any other key factors that will affect the future financial position. This includes the impact of economic uncertainty and service delivery. The Board have concluded that through the ongoing monitoring of financial performance and risk management that it is reasonable to expect that the organisation and subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

As at 31 March 2023, following a surplus of £1.8m (2022: £4.3m), the Group had net assets of £7.1m (2022: £5.3m) being well in advance of the anticipated target to be positive by March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

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.

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 23. 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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

- **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.

Judgements and key sources of estimation uncertainty (continued)

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

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

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

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

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

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.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

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

Value added tax

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

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

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 depreciation of social housing properties note for more information.

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

Capitalisation of interest and administration costs

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

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

Supported housing managed by agencies

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

Depreciation - Social housing properties

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

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

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 | 25-33% |
| • 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.

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 and accrued at the reporting date.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Pensions

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

The Group also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Group ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the defined benefit pension plan is in note 7.

Financial instruments

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

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

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

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

Loans

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

Impairment of financial assets

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

- (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.

2. Turnover, operating expenditure and operating surplus

Continuing activities

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|--------------------------|---------------|-----------------|------------------------------|---------------|-----------------|------------------------------|
| | Turnover | Operating costs | Operating surplus/ (deficit) | Turnover | Operating costs | Operating surplus/ (deficit) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Social housing lettings | 26,519 | (19,561) | 6,958 | 24,719 | (17,490) | 7,229 |
| Support services | 7,535 | (7,462) | 73 | 6,150 | (5,673) | 477 |
| Development services | 9,531 | (9,529) | 2 | 9,125 | (9,127) | (2) |
| Non-social housing other | 24,220 | (24,300) | (80) | 18,338 | (17,834) | 504 |
| | <u>67,805</u> | <u>(60,852)</u> | <u>6,953</u> | <u>58,332</u> | <u>(50,124)</u> | <u>8,208</u> |

3. Surplus on ordinary activities

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

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|-------------------|-------------------|
| Depreciation of tangible fixed assets | 10 | 4,334 | 3,981 |
| (Gain)/Loss on disposal of fixed assets (social housing) | 4 | (1,678) | (1,318) |
| Amortisation of intangible fixed assets | 11 | 120 | 165 |
| Amortisation of government grants | | (339) | (302) |
| Operating lease rentals – land and buildings | | 1,417 | 744 |
| Operating lease rentals – other | | 334 | 340 |
| Auditor's remuneration (excluding VAT): | | | |
| • for audit services | | 91 | 87 |
| • for non-audit services | | 10 | 10 |
| | | <u> </u> | <u> </u> |

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

| | 2023 £'000 | 2022 £'000 |
|----------------------------------|-------------------|-------------------|
| Disposal proceeds | 2,312 | 1,887 |
| Carrying value of fixed assets | (634) | (569) |
| | <u> </u> | <u> </u> |
| Gain on disposal of fixed assets | 1,678 | 1,318 |

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

| | 2023 | 2022 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loans and bank overdrafts | 7,023 | 6,237 |
| Net interest on pension deficit | 154 | 105 |
| | <hr/> | <hr/> |
| | 7,177 | 6,342 |
| Less: interest capitalised on housing properties under construction | (418) | (177) |
| | <hr/> | <hr/> |
| | 6,759 | 6,165 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. Employees

Average monthly number of employees

| | 2023 | 2022 |
|---|-------------|-------------|
| | No. | No. |
| Administration | 134 | 146 |
| Housing and community services | 612 | 516 |
| Non-social housing activity | 262 | 245 |
| | <hr/> | <hr/> |
| Total | 1,008 | 907 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Full-time equivalents (36.25 hours/week) | 777 | 676 |
| | <hr/> <hr/> | <hr/> <hr/> |

Employee Costs

| | £'000 | £'000 |
|----------------------------|--------------|--------------|
| Wages and salaries (gross) | 25,248 | 21,293 |
| Social security costs | 2,265 | 1,840 |
| Other pension costs | 918 | 800 |
| Termination payments | 83 | 107 |
| Pension adjustment | (169) | (104) |
| | <hr/> | <hr/> |
| Total | 28,345 | 23,936 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2023 | 2022 |
|----------------------|-------------|-------------|
| | No. | No. |
| £60,000 to £70,000 | 11 | 12 |
| £70,000 to £80,000 | 9 | 2 |
| £80,000 to £90,000 | 2 | 4 |
| £90,000 to £100,000 | 3 | 2 |
| £100,000 to £110,000 | 2 | 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 | 1 |
| £150,000 to £160,000 | 1 | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Consolidated Financial Statements (continued)

7. Pension obligations

Social Housing Pension Scheme

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020, and the last estimate as at 30 September 2022.

| PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY) | 31 March 2023 (£000s) | 31 March 2022 (£000s) |
|--|--------------------------|--------------------------|
| Fair value of plan assets | 3,245 | 5,498 |
| Present value of defined benefit obligation | 3,949 | 6,173 |
| Surplus (deficit) in plan | (704) | (675) |
| Unrecognised surplus | - | - |
| Defined benefit asset (liability) to be recognised | (704) | (675) |
| Deferred tax | - | - |
| Net defined benefit asset (liability) to be recognised | (704) | (675) |

| RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION | Period from 31 March 2022 to 31 March 2023 (£000s) |
|--|---|
| Defined benefit obligation at start of period | 6,173 |
| Current service cost | - |
| Expenses | 8 |
| Interest expense | 170 |
| Contributions by plan participants | - |
| Actuarial losses (gains) due to scheme experience | (96) |
| Actuarial losses (gains) due to changes in demographic assumptions | (7) |
| Actuarial losses (gains) due to changes in financial assumptions | (2,241) |
| Benefits paid and expenses | (58) |
| Defined benefit obligation at end of period | 3,949 |

| RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS | Period from 31 March 2022 to 31 March 2023 £'000 |
|---|---|
| Fair value of plan assets at start of period | 5,498 |
| Interest income | 155 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (2,537) |
| Contributions by the employer | 187 |
| Contributions by plan participants | - |
| Benefits paid and expenses | (58) |
| Fair value of plan assets at end of period | 3,245 |

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £2,382k (2022: £578k).

Notes to the Consolidated Financial Statements (continued)

7. Pension obligations (continued)

| DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl) | From 31 March 2022 to 31 March 2023 (£000s) |
|---|---|
| Current service cost | - |
| Expenses | 8 |
| Net interest expense | 15 |
| Defined benefit costs recognised in statement of comprehensive income (SoCl) | 23 |

| DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME | From 31 March 2022 to 31 March 2023 (£000s) |
|--|---|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss) | (2,537) |
| Experience gains and losses arising on the plan liabilities - gain (loss) | 96 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | 7 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss) | 2,241 |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss) | (193) |
| Total amount recognised in other comprehensive income - gain (loss) | (193) |

| ASSETS | 31 March 2023 (£000s) | 31 March 2022 (£000s) |
|-------------------------------|--------------------------|--------------------------|
| Global Equity | 61 | 1,055 |
| Absolute Return | 35 | 220 |
| Distressed Opportunities | 98 | 197 |
| Credit Relative Value | 123 | 183 |
| Alternative Risk Premia | 6 | 181 |
| Emerging Markets Debt | 17 | 160 |
| Risk Sharing | 239 | 181 |
| Insurance-Linked Securities | 82 | 128 |
| Property | 140 | 149 |
| Infrastructure | 371 | 392 |
| Private Debt | 144 | 141 |
| Opportunistic Illiquid Credit | 139 | 184 |
| High Yield | 11 | 48 |
| Opportunistic Credit | - | 20 |
| Cash | 24 | 18 |
| Corporate Bond Fund | - | 367 |
| Long Lease Property | 98 | 142 |
| Secured Income | 149 | 205 |
| Liability Driven Investment | 1,494 | 1,533 |
| Currency Hedging | 6 | (21) |
| Net Current Assets | 8 | 15 |
| Total assets | 3,245 | 5,498 |

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

Notes to the Consolidated Financial Statements (continued)

7. Pension obligations (continued)

| KEY ASSUMPTIONS | 31 March 2023 | 31 March 2022 |
|---|--------------------------|--------------------------|
| | % per annum | % per annum |
| Discount Rate | 4.83% | 2.77% |
| Inflation (RPI) | 3.16% | 3.42% |
| Inflation (CPI) | 2.82% | 3.12% |
| Salary Growth | 3.82% | 4.12% |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

| | Life expectancy at age 65 (Years) |
|-------------------------|--------------------------------------|
| Male retiring in 2023 | 21.0 |
| Female retiring in 2023 | 23.4 |
| Male retiring in 2043 | 22.2 |
| Female retiring in 2043 | 24.9 |

8. Board members and executive officers

| | Group 2023 £'000 | Group 2022 £'000 |
|---|------------------------|------------------------|
| The aggregate emoluments paid to or receivable by non-executive Directors | 117 | 118 |
| The aggregate emoluments paid to or receivable by executive officers | 1,659 | 1,241 |
| The aggregate compensation paid to or receivable by executive officers | - | - |
| The emoluments paid to the highest paid executive officer (excluding pension) | 138 | 133 |
| The aggregate pension costs for executive officers | 115 | 100 |
| Total key management personnel remuneration | 1,776 | 1,359 |
| | ===== | ===== |
| | No. | No. |
| Number of full time equivalent key management personnel | 18 | 14 |

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 2023 was £50k (2022: £52k). The Chair receives £11,000 annually (2022: £7,000) and all other Board members £4,000.

The Syncora Board members (non-executive directors) receive annual allowances. For the period to 31 March 2023, the total was £30k (2022: £33k). 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 £5k (2022: £4k). The Board members annual payment is £2,500 each.

Notes to the Consolidated Financial Statements (continued)

8. Board members and executive officers (continued)

The Calico Homes Board members (non-executive directors) receive annual allowances. For the period to 31 March 2023, the total was £32k (2022: £29k). 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.

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.

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'000 |
| UK corporation tax charge for the year | 70 | 68 |
| Deferred tax charge for the year | - | (1) |
| | <u>70</u> | <u>67</u> |
| | <u>2,062</u> | <u>3,485</u> |
| Surplus on ordinary activities before tax at standard rate of corporation tax | 2,062 | 3,485 |
| | <u>392</u> | <u>662</u> |
| Surplus on ordinary activities before tax at standard rate of corporation tax of 19% (2022: 19%) | 392 | 662 |
| Effect of charitable income and expenditure not subject to tax | (316) | (538) |
| Adjustment for short term timing differences | (6) | (57) |
| | <u>70</u> | <u>67</u> |
| Tax charge for period | <u>70</u> | <u>67</u> |

Notes to the Consolidated Financial Statements (continued)

10. Tangible fixed assets (continued)

Housing properties comprise:

| | 2023 £'000 | 2022 £'000 |
|---|----------------|----------------|
| Freehold land and buildings * | 108,778 | 98,243 |
| Long leasehold land and buildings * | 65,628 | 63,395 |
| * Excludes properties under construction of £7,606k (2022: £5,622k) | <u>174,406</u> | <u>161,638</u> |
| Major works to existing properties in the year: | | |
| Works capitalised | 3,441 | 3,231 |
| Amounts charged to expenditure | 1,430 | 861 |
| | <u>4,871</u> | <u>4,092</u> |
| Aggregate amount of interest and finance costs included in additions to the cost of housing properties (note 5) | 418 | 177 |
| | <u>121,045</u> | <u>119,016</u> |
| The net book value of secured assets | 121,045 | 119,016 |

11. Intangible Fixed Assets

| | Goodwill £'000 | Software & Licences £'000 | Group Total £'000 |
|--|-------------------|---------------------------------|-------------------------|
| Cost | | | |
| At 1 April 2022 | 411 | 2,055 | 2,466 |
| Additions | - | 102 | 102 |
| Disposals | - | (96) | (96) |
| At 31 March 2023 | <u>411</u> | <u>2,061</u> | <u>2,472</u> |
| Amortisation | | | |
| At 1 April 2022 | 411 | 1,816 | 2,227 |
| Charge for the year | - | 120 | 120 |
| Disposals | - | (96) | (96) |
| At 31 March 2023 | <u>411</u> | <u>1,840</u> | <u>2,251</u> |
| Net Book Value at 31 March 2023 | <u>-</u> | <u>221</u> | <u>221</u> |
| Net Book Value at 31 March 2022 | <u>-</u> | <u>239</u> | <u>239</u> |

Notes to the Consolidated Financial Statements (continued)

12. Fixed Asset Investments

| | 2023 | 2022 |
|--|------------|------------|
| | £'000 | £'000 |
| A ordinary shares number 155,000 (2022: 155,000) | 159 | 159 |
| Fixed rate unsecured convertible loan notes | 320 | 320 |
| | <u>479</u> | <u>479</u> |

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

13. Debtors

| | Group | | Company | |
|--|--------------|--------------|------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year | | | | |
| Rent and service charges receivable | 1,565 | 1,450 | - | - |
| Less: Provision for bad and doubtful debts | (1,156) | (915) | - | - |
| | <u>409</u> | <u>535</u> | <u>-</u> | <u>-</u> |
| Other debtors | 3,825 | 2,709 | 318 | 13 |
| Less: Provision for bad and doubtful debts | (192) | (387) | - | - |
| Prepayments and accrued income | 1,928 | 1,620 | - | - |
| | <u>5,970</u> | <u>4,477</u> | <u>318</u> | <u>13</u> |

14. Creditors: amounts falling due within one year

| | Group | | Company | |
|--|--------------|--------------|------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Debt (Note 16) | 36 | 1,030 | - | - |
| Trade creditors | 2,184 | 2,073 | 25 | 1 |
| Rent and service charges received in advance | 178 | 221 | - | - |
| Other creditors | 391 | 299 | 312 | 32 |
| Accruals and deferred income | 4,769 | 4,279 | 7 | 6 |
| Other taxation and social security | 560 | 463 | - | - |
| Corporation tax | 69 | 66 | - | - |
| Deferred capital grant (Note 17) | 438 | 339 | - | - |
| | <u>8,625</u> | <u>8,770</u> | <u>344</u> | <u>39</u> |

Notes to the Consolidated Financial Statements (continued)

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

| | Group 2023 £'000 | Group 2022 £'000 |
|----------------------------------|------------------------|------------------------|
| Debt (Note 16) | 141,378 | 141,118 |
| Loan premium | 2,024 | 2,185 |
| Deferred Capital Grant (Note 17) | 40,706 | 33,169 |
| Recycled Capital Grant Fund | 40 | 20 |
| Other Creditors | 42 | 108 |
| | 184,190 | 176,600 |
| | 184,190 | 176,600 |

16. Debt analysis

| | Group 2023 £'000 | Group 2022 £'000 |
|---------------------------|------------------------|------------------------|
| Bank loans | | |
| Within one year (note 13) | 36 | 1,030 |
| Between two to five years | 5,134 | 3,122 |
| After five years | 136,244 | 137,996 |
| | 141,414 | 142,148 |
| | 141,414 | 142,148 |

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 87.0% (2022: 72.2%) of Homes borrowings are at fixed rates.

The fixed rates of interest range from 2.87% to 7.64% (2022: 2.84% to 7.64%) and the weighted average rate of interest on all loans is 4.62% (2022: 3.98%). Variable rate loans have their rate linked to SONIA.

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 31/03/2023 % |
|------------|---------------|------------|----------------|-----------------|--|
| 13/10/2008 | 13/10/2038 | Nationwide | RPI cap/collar | 3,000 | 6.17 |

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

The 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 2023, the Homes secured assets had a net book value of £121.0m (2022: £119.0m).

Notes to the Consolidated Financial Statements (continued)

16. Debt analysis (continued)

At 31 March 2023, Homes had un-drawn loan facilities of £25.7m (2022: £25.7m) of its total loan facility of £168.3m (2022: £169.3m).

The Acorn loans from Barclays Bank plc totalling £0.2m (2022: £0.2m) are secured by legal charges over specific assets held by Acorn (Rosemary Court), which at 31 March 2023 had a net book value of £0.44m (2022: £0.45m).

17. Deferred capital grant

| | Group 2023 £'000 | Group 2022 £'000 |
|--|---------------------------------|---------------------------------|
| At start of year | 33,508 | 29,037 |
| Grant received in the year | 7,995 | 4,773 |
| Released to income in the year | (339) | (302) |
| Transfer from/(to) RCGF | (20) | - |
| At the end of the year | <u>41,144</u> | <u>33,508</u> |
| Amount due to be released < 1 year (Note 14) | 438 | 339 |
| Amount due to be released > 1 year (Note 15) | 40,706 | 33,169 |
| | <u>41,144</u> | <u>33,508</u> |

18. Financial commitments

Capital expenditure commitments were as follows:

| | Group 2023 £'000 | Group 2022 £'000 |
|---|---------------------------------|---------------------------------|
| Capital expenditure | | |
| Expenditure contracted for but not provided in the accounts | 25,062 | 4,261 |
| Expenditure approved by the Board, but not contracted | - | 7,136 |
| | <u>25,062</u> | <u>11,397</u> |

These are to be funded out of undrawn loan facilities of £25.7m (2022: £25.7m) and estimated grants of £3.7m (2022: £2.6m) and relate to potential property developments.

Notes to the Consolidated Financial Statements (continued)

19. Analysis of changes in net debt

| | At beginning of the Year £'000 | Cash Flows £'000 | Other Changes £'000 | At end of the Year £'000 |
|---------------------------|--------------------------------------|------------------------|---------------------------|--------------------------------|
| Cash and Cash Equivalents | 11,991 | (8,308) | - | 3,683 |
| Debt due within one year | (1,030) | 1,030 | (36) | (36) |
| Debt due after one year | (141,118) | - | (260) | (141,378) |
| | <u>(130,157)</u> | <u>(7,278)</u> | <u>(296)</u> | <u>(137,731)</u> |

20. Operating leases

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

| | Group 2023 £'000 | Group 2022 £'000 |
|--------------------------------------|------------------------|------------------------|
| Land and buildings, leases expiring: | | |
| • Within one year | 810 | 553 |
| • Two to five years | 728 | 333 |
| • Beyond five years | 16 | - |
| | <u>1,554</u> | <u>886</u> |
| Other leases expiring: | | |
| • Within one year | 271 | 271 |
| • Two to five years | 377 | 636 |
| | <u>648</u> | <u>907</u> |

21. Provisions for liabilities

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| SHPS – Social Housing Pension Scheme (Note 7) | 704 | 675 |
| Defined benefit schemes | <u>704</u> | <u>675</u> |
| Deferred taxation | - | - |
| | <u>704</u> | <u>675</u> |

Notes to the Consolidated Financial Statements (continued)

22. 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.

23. Related parties

Members of The Calico Group Board during the period that were or are also members of other group company Boards: Joanne Peters (Syncora Limited), Richard Jones (Syncora Limited), William Lacey (Calico Homes Limited) and Sarah Roberts (Calico Homes Limited).

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

24. Investment in subsidiaries

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

| 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 Ring Stones 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)

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

| | Note | 2023 £'000 | 2022 £'000 |
|---|--------|---------------|---------------|
| Surplus before tax | | 2,062 | 3,485 |
| Adjustments for non-cash items: | | | |
| Pension adjustment | | (164) | (94) |
| Depreciation of tangible fixed assets | 3 & 10 | 4,342 | 3,981 |
| (Gain) on disposal of fixed assets (social housing) | 3 & 4 | (1,678) | (1,318) |
| Amortisation of intangible fixed assets | 11 | 121 | 165 |
| Amortisation of government grants | 3 | (339) | (302) |
| Tax received/(paid) | | (67) | (166) |
| Working capital movements: | | | |
| Decrease/(Increase) in stock | | (11) | (50) |
| Decrease/(Increase) in debtors | | (1,493) | (447) |
| (Decrease)/Increase in creditors | | (29) | (782) |
| Adjustments for investing or financing activities: | | | |
| Interest payable and financing costs | | 6,759 | 6,165 |
| Interest receivable and other income | | (190) | (124) |
| Net cash generated from operating activities | | <u>9,313</u> | <u>10,513</u> |

26. Financial instruments

| | 2023 £'000 | 2022 £'000 |
|---|----------------|----------------|
| Financial assets that are debt instruments measured at amortised cost: | | |
| • Cash at bank and in hand | 3,683 | 11,991 |
| • Rent and service charges receivable | 409 | 535 |
| • Other debtors | 3,633 | 2,322 |
| | <u>7,725</u> | <u>14,848</u> |
| Financial liabilities at amortised cost: | | |
| • Bank loans | 141,414 | 142,148 |
| • Trade creditors | 2,184 | 2,073 |
| • Deferred capital grant | 41,144 | 33,058 |
| • Recycled capital grant | 40 | 20 |
| | <u>184,782</u> | <u>177,749</u> |

27. Post Balance Sheet Events

There were no significant post balance sheet events.