COMPANY NUMBER: 3752751
TSA REGISTRATION NUMBER: L4254

CALICO HOMES LIMITED

(Formerly Calico Housing Ltd)

Report and Financial Statements

Year ended 31 March 2011

Calico Homes Limited
Company number: 3752751

Contents

Calico Homes Limited
Company number: 3752751

Board Members, Executive Officers, Advisors and Bankers

Board	
Chair	Tom Miskell
Vice Chair	Patrick Collins
Other Members	Howard Baker (resigned 26 May 2010) Alan Bullas Susan Cunliffe Christine Fallon Kate Ingram Anthony Lambert (resigned 26 May 2010) Winn McGeorge Melanie Manners Pasha Shah (resigned 22 November 2010) Christine Yates Gemma Dyson (appointed 8 February 2011) Andrew Mullen (appointed 8 February 2011) Karen Ainsworth (appointed 9 May 2011)
Executive Officers	
Chief Executive	Mike Birkett
Director of Finance & Corporate Services and Company Secretary	Steven Brook
Director of Customer Services	Anthony Duerden (appointed 9 May 2011)
Managing Director, Calico Enterprise	Ed Barber (appointed 8 November 2010)
Registered office	Centenary Court Croft Street Burnley Lancashire BB11 2ED www.calico.org.uk
Registered number	Company Registration No: 3752751 Registered by the Tenants Services Authority No: L4254
External Auditor	Baker Tilly UK Audit LLP 3 Hardman Street Manchester M3 3HF
Solicitors	Forbes Solicitors Rutherford House 4 Wellington Street St. Johns Blackburn BB1 8DD
Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester M3 3AP
Lenders	Royal Bank of Scotland Floor 3, Kirkstane House 139 St Vincent Street Glasgow G2 5JF Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW

Corporate Framework

Our Vision

The vision for the Group is:

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

Our Values

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

Our values are:

- Openness and Trust
- Diversity
- Promoting Pride in Calico and Burnley
- High Staff Performance and Morale
- Inspired Leadership
- Continual Improvement
- Customer Focused
- Value for Money/Efficiency
- Flexible/Responsive

Strategic Aims

The vision and values provides the strategic direction of the Company. The Company will achieve its vision and values through its strategic aims.

The five strategic aims are:

- To be customer led in delivering excellent services.
- To be at the heart of regeneration in Burnley.
- To provide value for money in everything we do.
- To secure and deliver new business opportunities and partnerships.
- To realise people's full potential.

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2011. Calico Homes Limited has a social enterprise charitable subsidiary, Calico Enterprise Limited. Group accounts have been prepared which incorporate the results of Calico Enterprise Limited. At the annual general meeting on 25 October 2010 the members approved a change of name to Calico Homes Limited from Calico Housing Ltd.

Principal activities

Calico Homes Limited is a not-for-profit organisation administered by a voluntary Board. The Company is limited by guarantee, governed by its memorandum and articles of association and is registered with the Tenant Services Authority as a registered provider. The Company is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need. Through its subsidiary it also provides services to and advances the education and training of people in need.

Performance for the year

In addition to this report the Company produces an Annual Report which covers in-depth, achievements during the year and performance against customer related objectives and targets. This information is not repeated in full here. This report can be obtained from the Company Secretary at the registered office.

Calico has had another successful year. Turnover has increased, primarily through the successful and ground breaking work undertaken by Calico Enterprise. Contracts awarded to the Company under the previous Government's Future Jobs Fund were very successful leading to 149 individuals being supported into opportunities. Such was the success that additional places and funds were made available. Activities like this provide much needed support to our neighbourhoods tackling worklessness and customers' economic wellbeing, and help to make our neighbourhoods clean, safe and vibrant places where people are proud to live.

Turnover in the longer term has also benefitted from an increase in our property numbers for the first time in our history. This has been achieved through a mix of outright purchase of built homes, development on acquired land, acquisition from other registered providers through stock rationalisation and participation in mortgage rescue opportunities. With no associated cost increases as a result of this expansion our longer term financial stability has been strengthened.

The year has also seen a continued investment in our housing stock. Our stock had reached the Government's Decent Homes Standard by 31 March 2010 but we have continued to invest not only to maintain this position but to go further. During the year we negotiated contracts with British Gas under the Community Energy Saving Programme (CESP) to increase the thermal comfort of over 1,000 of our properties during 2010/11 and 2011/12. This work involves rejuvenating the external appearance of the property by applying external wall insulation, new render and brickwork. At the same time, if required, we are fitting new guttering, soffits and facias and updating the central heating systems.

Although the work only started in the second half of the year and was hampered by bad weather, it is already having a transformational effect on our most deprived estates. This will increase the lettability of stock and reduce voids. Customer satisfaction with the work is 100% and they have already reported to us that they have seen significant reductions in their utility bills, thus assisting to reduce fuel poverty.

The Association continues to be an active member of Procure Plus Ltd (formerly GM Procure Ltd). Our contractors and supply chain are obtained through Procure Plus Ltd. Calico is a founder member and the Chief Executive is a Non-Executive Director. As well as obtaining value for money on the services and goods supplied through Procure Plus, other benefits of membership include the social levy raised on goods and services bought through them that will be used to develop apprenticeship opportunities within the town. We continue to be heavily involved in Lancashire Housing Partnership Limited (LHP), a consortium of a number of local housing associations that has been created to maximise the use of the Procure Plus social levy. Our Chief Executive is the Chair of this Company.

Operational service delivery remained strong and above target in many areas. Our performance monitoring system indicates we have achieved top quartile performance in a number of key activities where benchmarking information is available. One area of particularly strong performance is in relation to void levels where another record breaking year has been achieved. At the year-end voids had dropped to 35 properties. Our void turnaround times could be improved and this is an area of focus for 2011/12.

Calico continues to receive a positive assessment from the Tenant Services Authority (TSA) and our financial viability assessment, updated in December 2010, remains at the highest grading possible. Our successful TSA Local Standards pilot on repairs has strengthened this relationship.

We used the pilot to establish with our customers the Local Offers we would put in place under the new set of standards introduced by the TSA. We have met all the deadlines put in place for this initiative and have received positive comments from the TSA and our customers for the first annual report under the new regime.

Report of the Board (continued)

To assist our customers in meaningful engagement in shaping services we have continued with our Calico Academy programme. This involves an 11 week series of training events for participants to help them understand social housing history, the environment in which it is operated, how it is governed and funded and their rights (and obligations) as tenants and customers. The participants are visibly changed by the experience, growing in confidence and self-worth. This provides a good source of recruits for engagement activities and the Board but more importantly it helps people realise their potential.

We continue to follow the growth strategy adopted in February 2010, which has already resulted in an increase in our stock and a growth in turnover. We continue to look for new opportunities to expand. With an ambitious development programme over the next four years supported by a £20m increase in our loan facility (currently in the process of being agreed), we are well placed to deliver this strategy.

Future developments

We have made provision to add 307 new units to our existing property portfolio over the next 4 years. The funding necessary to undertake this activity has been secured.

Post balance sheet events

On 1 April 2011 East Lancashire Women's Refuge Association (ELWRA), a Company limited by guarantee and a registered charity, joined the Calico Group as a subsidiary. ELWRA provides accommodation and support to people fleeing domestic violence. Their membership of the Group enhances our ability to provide seamless services to customers, thus helping us to meet the requirements of Supporting People Commissioners.

We consider that there have been no other events since the financial year-end that have had an important effect on the financial position of the Company.

Board members and executive directors

The present board members and the executive directors of the Company together with details of the changes which have occurred up to the date of approval of this report by the Board are set out on page 1.

The senior officers act as executives within the authority delegated by the Board.

The Company has insurance policies that indemnify its board members and executive directors against liability when acting for the Company.

Remuneration

Policy

The Board is responsible for setting the Company's remuneration policy, and in doing so pays close attention to remuneration levels in the sector in determining the remuneration packages of the senior officers. Basic salaries are set having regard to each senior officers responsibilities and pay levels for comparable positions.

Pensions

The senior officers are eligible to join either the Social Housing Pension Scheme or the Lancashire County Council's Superannuation Fund. The senior officers participate in the schemes on the same terms as all other eligible staff. Full details of the schemes are given in note 9 to the financial statements.

Employees

The strength of the Company lies in the quality and commitment of its employees. The Company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of all its employees.

The Company continues to provide information on its objectives, progress and activities through briefings from senior staff, regular departmental meetings, an annual staff conference, an on line performance monitoring system and a regularly updated intranet site. A Staff Panel comprising staff representatives meets with the Executive Team Representatives every six weeks to discuss issues relevant to staff.

The Company is committed to equal opportunities for all its employees and in particular supports the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Company. The Company has been awarded the two ticks award for being positive about disabled people and also the Investor in People Award.

In March 2011, Calico became the 6th Best Company to work for in the Sunday Times Best 100 Companies to Work For, improving on 15th position in 2010.

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Report of the Board (continued)

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Company has prepared detailed health and safety policies and risk assessments and provides staff training and education on health and safety matters.

The Health and Safety Committee, chaired by the Chief Executive, meets on a regular basis.

Capital structure and treasury management

The Group borrowed a further £2.75 million (2010: £1.75 million) during the year to bring its total borrowings to £55.5 million (2010: £52.75 million) out of a facility of £65m at the year end. The loans are repayable in stages from 2032 onwards.

The Group borrows from the Royal Bank of Scotland and Nationwide at both fixed and floating rates of interest and currently has 82.16% (2009: 86.4%) of its borrowings at fixed rates. The loans are secured by fixed charges on the property stock.

The fixed rates of interest range from 3.59% to 6.12% with the weighted average rate of interest on all loans being 4.27% (2010: 4.42%).

Gearing, calculated as total loans as a percentage of capital grants and reserves, was (128.46%), (2010: (151.96%)). Although high, this is in line with the long term business plan which shows we are able to repay our loans in line with our agreement.

The Group borrows and lends only in sterling and so is not exposed to currency risk.

Subsequent to the year end, a £20m increase in the loan facility is currently in the process of being agreed.

Reserves

After transfer of the surplus for the year of £1,340,000 (2010: £947,000 deficit) and actuarial gains of £3,200,000 (2010: actuarial loss £2,740,000) Group reserves at the year end amounted to (£35,735,000) (2010: (£40,275,000)), which is in line with the approved business plan.

NHF Code of Governance

The Board have adopted the principal recommendations of the National Housing Federation's Code of Governance.

The ways in which we seek to achieve good housing association governance are outlined below.

Board appraisals are carried out and a board development programme produced. This programme focuses on board performance and how the Board ensures its future effectiveness together with tailored events on specific business related topics where a training need has been identified.

The Board and its committees obtain external specialist advice from time to time as necessary.

The Board

The Board comprises twelve non-executive members and is responsible for managing the strategic direction of the Company. It meets on a six weekly basis throughout the year.

The Board is responsible for the Company's strategy and policy framework. It delegates the day-to-day management and implementation to the Chief Executive and other senior officers. The Executive Team meet weekly and attend Board meetings.

Committees

The Audit Sub-Committee meets a minimum of three times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Company's internal financial control arrangements.

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration and employment contracts of the senior officers. The committee also sets the objectives for the Chief Executive and reviews performance against those objectives. The committee meets at least annually but at other times as required.

Tenant involvement

We have reviewed our Involvement Policy in line with the Tenants Services Authority's standards. We are now more focused on outcomes and the impact of any support we offer tenant groups, and have broadened the opportunities for involvement to include focus groups and open forums, rather than solely the Tenants and Residents Association. The Board has four elected tenants as part of its membership.

We have engaged fully with the Resident Led Self Regulation initiative being promulgated by the Tenants Services Authority. We have established a scrutiny panel of residents who have commenced inspection activities.

We have a clear and simple complaints policy that we issue to all tenants which has been well used. We have also developed a customer contact database which is used to monitor our performance in relation to our policy in respect of customers.

Report of the Board (continued)

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

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

The process for identifying, evaluating and managing the significant risks faced by the Company is ongoing, has been in place throughout the period commencing 1 April 2010 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Although the Tenant Services Authority has withdrawn Housing Corporation Circular 07/07 – Internal Controls with effect from 1 April 2010, the internal controls in place in the Company are considered to be appropriate and we confirm an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Company's strategic objectives has been maintained.

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

Identifying and evaluating key risks

The Company's risk management strategy, 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 directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Control environment and internal controls

The processes to identify and manage the key risks to which the Company is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of executive directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board and monitored throughout the year. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit who provide independent assurance to the Board, via its Audit Sub-Committee. The arrangements include a rigorous procedure, monitored by the Audit Sub-Committee, for ensuring that corrective action is taken in relation to any significant control issues. The Company has implemented a programme of control risk self-assessment and is further embedding this at all levels of the organisation, which will continue to strengthen control arrangements.

Report of the Board (continued)

Risks and uncertainties

Utilising the above approach the Company has identified the following major risks to the successful achievement of its objectives:-

<table>
<tr><th>Key risk</th><th>Status</th><th>Impact on strategic objectives</th></tr>
<tr><td>Loss of key staff</td><td>Retention and recruitment of quality staff and managers is key to the successful delivery of our business plans. Our people strategy looks to develop staff to reach their full potential and incorporates succession planning. All managers are trained to coach staff, encourage development through staff reviews and identify talent.</td><td rowspan="5">These risks impact across all our strategic aims as without the right people performing well and without the appropriate asset base we will not be able to achieve the strategic aims set out on page 2.</td></tr>
<tr><td>Poor performance</td><td>We are currently a high performing organisation delivering performance indicators in the top quartile. Reductions in these performance indicators would affect our rating with the Tenant Services Authority and our reputation in the sector and with our customers.</td></tr>
<tr><td>Inability to grow</td><td>A growth strategy is in place to increase our housing stock and increase income through provision of services. East Lancashire Women's Refuge Association (ELWRA) joined the group on 1 April 2011. An increased loan facility has also been secured,</td></tr>
<tr><td>Not able to sustain demand for product</td><td>All stock meets decent homes standards and further investment in stock has been undertaken. Effort is focused on retaining tenancies and reducing stock turnover. A program of external wall insulation is being carried out on over 1,000 of our properties to increase the thermal comfort which also improves their marketability. Calico has recently joined the regional choice based lettings system B-with-us which has resulted in higher demand for our properties.</td></tr>
<tr><td>The income for Supporting People contracts is to be reduced as a result of the Comprehensive Spending Review and we are unable to reduce costs to match the reduced income.</td><td>The service costs have been reviewed and we are working with Supporting People commissioners and staff to make the necessary changes to reduce costs.</td></tr>
</table>

Calico Homes Limited
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Report of the Board (continued)

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

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (update 2008) have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on a going concern basis.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the 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, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 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 responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice 'Accounting by Registered Social Housing Providers ' (updated 2008).

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

Statement as to disclosure of information to auditors

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

Going concern

After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

Baker Tilly UK Audit LLP has indicated its willingness to continue in office. A resolution to reappoint them as External Auditors will be proposed at the forthcoming annual general meeting.

This report was approved by the Board on 1 August 2011 and signed on its behalf by:

Steven Brook
Company Secretary

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

We have audited the Group and Parent Company financial statements of Calico Homes Limited (the "financial statements") for the year ended 31 March 2011 on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of the Board and auditors
As explained more fully in the statement of directors' responsibilities set out on page 8, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/private.cfm

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- the Parent Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith L Ward ACA

KEITH WARD (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

5/ August 2011

Consolidated Income and Expenditure Account

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover: continuing activities	3	19,876	18,735
Operating costs	3	(15,885)	(16,979)
Operating surplus: continuing activities	5	3,991	1,756
Surplus on sale of fixed assets – housing properties	6	133	249
Interest receivable and other income	7	10	5
Interest payable and similar charges	8	(2,794)	(2,957)
Surplus/(deficit) on ordinary activities before taxation		1,340	(947)
Taxation on ordinary activities	11	-	-
Surplus/(deficit) for the financial year	21	1,340	(947)

The notes on pages 14 to 33 form part of these financial statements.

The operating surplus for the year arises from continuing operations.

Historic cost surpluses and deficits were identical to those shown in the Income and Expenditure Account.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2011

	2011 £'000	2010 £'000
Surplus/(deficit) for the financial year	1,340	(947)
Actuarial gain/(loss) relating to pension scheme	3,200	(2,740)
Total recognised surplus/(deficit) for the financial year	4,540	(3,687)

Calico Homes Limited
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Consolidated Balance Sheet

At 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties		33,490	28,520
Grants			
Social Housing Grant		(6,297)	(5,117)
Other		(1,173)	(445)
	12	26,020	22,958
Other tangible fixed assets	13	601	760
		26,621	23,718
Current assets			
Properties for Sale	14	15	-
Stock	15	66	36
Debtors	17	1,085	1,255
Cash at bank and in hand		1,404	1,039
		2,570	2,330
Creditors: Amounts falling due within one year	18	(2,460)	(3,401)
Net current assets/(liabilities)		110	(1,071)
Total assets less current liabilities		26,731	22,647
Creditors: Amounts falling due after more than one year	19	57,066	54,641
Pension liability	9	5,400	8,281
		62,466	62,922
Capital and reserves			
Revenue reserve	21	(35,735)	(40,275)
Group funds		(35,735)	(40,275)
		26,731	22,647

The notes on pages 14 to 33 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 1 August 2011 and signed on its behalf by:

Tom Miskell
Chair of the Board

Steven Brook
Company Secretary

Patrick Collins
Vice-Chair of the Board

Calico Homes Limited
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Balance Sheet – Calico Homes Limited

At 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties		33,490	28,520
Grants			
Social Housing Grant		(6,297)	(5,117)
Other		(1,173)	(445)
	12	26,020	22,958
Other tangible fixed assets	13	583	711
		26,603	23,669
Current assets			
Properties for Sale	14	15	-
Stock	15	65	36
Debtors	17	843	907
Cash at bank and in hand		694	270
		1,617	1,213
Creditors: Amounts falling due within one year	18	(2,089)	(2,711)
Net current liabilities		(472)	(1,498)
Total assets less current liabilities		26,131	22,171
Creditors: Amounts falling due after more than one year	19	57,066	54,641
Pension liability	9	5,400	8,281
		62,466	62,922
Capital and reserves			
Revenue reserve	21	(36,335)	(40,751)
Company's funds (non-equity)		(36,335)	(40,751)
		26,131	22,171

The notes on pages 14 to 33 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 1 August 2011 and signed on its behalf by:

....	....	....
Tom Miskell	Steven Brook	Patrick Collins
Chair of the Board	Company Secretary	Vice Chair of the Board

Calico Homes Limited
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Consolidated Cash Flow Statement

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	24	3,698	1,167
Returns on investments and servicing of finance			
Interest received and other income	7	10	5
Interest paid		(2,367)	(2,383)
Interest element of finance lease payments	8	(48)	(59)
		(2,405)	(2,437)
Capital expenditure			
Purchase of housing properties improvements		(3,377)	(161)
Purchase of other fixed assets		(88)	(390)
Sales of housing properties		175	436
		(3,290)	(115)
Financing			
Loans received		2,618	1,750
Capital element of finance lease payments		(256)	(239)
		2,362	1,511
Increase in cash	26	365	126
Balance brought forward cash at bank		1,039	913
Balance carried forward cash at bank		1,404	1,039

Notes to the Financial Statements

1. Legal status

The Company is registered under the Companies Act 2006 and is registered with the Tenants Services Authority and the Homes and Communities Agency as a registered provider of social housing. The Company is limited by guarantee.

2. Accounting policies

Basis of accounting
The financial statements are prepared under historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in 2008, and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Company and the Group.

Going concern
After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation
The consolidated financial statements incorporate the results of Calico Homes Limited and its subsidiary undertaking, Calico Enterprise Limited

The Group has taken advantage of the exemptions granted under Section 408 of Companies Act 2006 from disclosing the unconsolidated Income & Expenditure Account for the parent entity.

Turnover
Turnover comprises rental income and service charges receivable in the year, income from property sales, other amounts at the invoiced value of goods and services supplied in the year and revenue grants. Rental income and service charges are recognised and charged in accordance with the tenancy agreement. Supporting People income is recognised in accordance with the Supporting People Contract. Other income is recognised at the point of works or service delivery. Turnover is stated exclusive of VAT.

Deferred taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted. Deferred tax assets are only recognised to the extent that their recovery is reasonably expected in the foreseeable future.

Value added tax
The Company charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable
Interest payable is charged on an accruals basis to the income and expenditure account in the year.

Financial instruments
There are a number of interest rate forward fixes in relation to our loan facility. Details of these fixes and the estimated break costs as at 31 March 2011 are listed in Note 20. If these fixes are not taken, break costs could be incurred. No provision for these break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due.

For any other interest rate hedges which cap interest rates payable no costs are incurred for these hedges and therefore no value has been placed on these hedges in the financial statements.

All premiums or fees, paid or received in respect of a financial instrument are accounted for over the life of the matched underlying liability.

Notes to the Financial Statements

2. Accounting policies (continued)

Pensions
The Company participates in the Lancashire County Council Superannuation Scheme ("LCCSS") and the Social Housing Pension Scheme ("SHPS"); both are defined benefit final salary pension schemes. The assets of both schemes are invested and managed independently of the finances of the Company.

For LCCSS, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

For SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

Housing properties
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 are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Disposal of housing properties
The Company sells its properties under the statutory regulations of 'Preserved Right to Buy' and 'Right to Acquire'. Surpluses and deficits on sale of these properties are recognised after operating surplus or deficit. The sale is recognised when the transaction is completed. Amounts arising on the disposal of properties under the Right to Acquire are credited to the disposal proceeds fund in creditors and are normally available to be recycled against future development activity.

True and fair override
Under the requirements of the SORP capital grants are shown as a deduction from the cost of housing properties on the Balance Sheet. This is a departure from the rules under companies legislation, but in the opinion of the Board is a relevant accounting policy, similar to that adopted by other Housing Associations in order to present a true and fair view.

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 income and expenditure account.

Grants
These include grants from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Social housing grant (SHG) is receivable from the Housing and Communities Agency and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the Housing and Communities Agency or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates. Included within SHG in the accounts is the recycled disposal proceeds fund.

Notes to the Financial Statements

2. Accounting policies (continued)

Depreciation of housing properties
Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. The Company's housing properties are depreciated at the following annual rates:

General needs - houses	1%
General needs – flats/sheltered housing – hostel	1.33%
Sheltered housing	2%

The useful economic lives of all tangible fixed assets are reviewed annually.

Improvements to properties are depreciated over the remaining economic life of the property to which the improvement has been carried out.

Impairment
Housing properties are depreciated over a period in excess of 50 years and are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating surplus.

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:

Improvements to office buildings	Depreciated over the term of the lease
Furniture, fixtures and fittings	33%
Computers and office equipment	33%/20%

Leased assets
Assets held under finance leases are included in the balance sheet 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 income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Properties for sale
Sundry properties for sale are valued at the lower of cost and net realisable value.

Stock
Stock is stated at the lower of cost and net realisable value.

Notes to the Financial Statements

3. Turnover, operating costs and operating surplus

Continuing activities

	2011			2010		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings	15,556	(11,467)	4,089	15,262	(13,469)	1,793
Other Social Housing activities (Supporting People Income)	859	(666)	193	885	(872)	13
Non-social housing – other	3,461	(3,752)	(291)	2,588	(2,638)	(50)
	19,876	(15,885)	3,991	18,735	(16,979)	1,756

Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2011 Total £'000	2010 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	11,610	3,231	14,841	14,560
Service charges receivable	342	373	715	702
Turnover from social housing	11,952	3,604	15,556	15,262
Expenditure on social housing lettings				
Management	(3,351)	(1,010)	(4,361)	(4,163)
Services	(472)	(348)	(820)	(912)
Routine Maintenance	(2,437)	(734)	(3,171)	(2,882)
Planned Maintenance	(878)	(265)	(1,143)	(1,393)
Major repairs expenditure	(1,034)	(312)	(1,346)	(3,473)
Bad Debts	(111)	(34)	(145)	(44)
Depreciation of housing properties	(168)	(105)	(273)	(245)
Reversal of impairment of housing properties	15	-	15	9
Other costs	(171)	(52)	(223)	(366)
Operating costs on social housing lettings	(8,607)	(2860)	(11,467)	(13,469)
Operating surplus on social housing lettings	3,345	744	4,089	1,793
Void loss	(211)	(69)	(280)	(305)

Notes to the Financial Statements

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group Number of Units		Company Number of Units	
	2011 No.	2010 No.	2011 No.	2010 No.
Social housing				
General housing	3,288	3,246	3,288	3,246
Supported housing and housing for older people	1,157	1,142	1,157	1,142
Tenant group properties	2	2	2	2
Total owned	4,447	4,390	4,447	4,390

The Tenant Group properties are included in housing properties at cost, being set aside for use by tenant groups that are supported by the Company.

5. Operating surplus

This is arrived at after charging/(crediting):

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Depreciation of housing properties	273	245	273	245
Depreciation of other tangible fixed assets	273	418	220	364
Reversal of impairment of housing properties	(15)	(9)	(15)	(9)
Operating lease rentals				
- land and buildings	223	223	223	223
- other	417	423	399	408
Auditor's remuneration (including VAT)				
- for audit services	24	26	19	21

6. Surplus on sale of housing fixed assets

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Disposal proceeds	176	436	176	436
Carrying value of fixed assets	(43)	(187)	(43)	(187)
	133	249	133	249

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

Notes to the Financial Statements

7. Interest receivable and other income

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Interest receivable and similar income	10	5	3	2
	10	5	3	2

8. Interest payable and similar charges

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Finance leases	48	59	48	59
Loans and bank overdrafts	2,403	2,450	2,403	2,450
FRS 17 Pensions – net interest on pensions deficit	343	448	343	448
	2,794	2,957	2,794	2,957

9. Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Company	
	2011 No.	2010 No.	2011 No.	2010 No.
Administration	37	36	33	32
Housing and Community Services	250	252	168	170
Total	287	288	201	202

Employee costs:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Wages and salaries (gross)	6,430	6,218	4,947	4,735
Social security costs	522	506	395	379
Other pension costs	624	546	605	527
	7,576	7,270	5,947	5,641

Pension obligations

The Group participates in the Social Housing Pension Scheme (SHPS) with the Company also participating in Lancashire County Council's Superannuation Fund (LCCSF).

Notes to the Financial Statements

9. Employees (continued)

Social Housing Pension Scheme

SHPS is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and, due to the nature of the scheme, the income and expenditure account charge for the period under FRS 17 represents the employer contribution payable.

The Group paid contributions at rates between 7.9% and 14.1% during the accounting period. Payments to the scheme in the period for the Company amounted to £60,276 (2010: £47,713) and for its subsidiary £19,441 (2010: £14,155). Member contributions vary between 6.2% and 8.4%. As at the balance sheet date there were 18 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £606,417. The Group continues to offer membership of the Scheme to its employees.

Triennial actuarial valuations are performed by a qualified actuary using the 'projected unit' method. The last formal valuation of the scheme was at 30 September 2008. The market value of the scheme's assets at that date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of some £663 million (equivalent to a past service funding level of 69.7%).

The financial assumptions underlying the valuation were as follows:

	% Per Annum
Valuation Discount Rates:-	
Pre-retirement	7.8
Non pensioner post retirement	6.2
Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2

The long-term joint contribution rates required to meet the cost of future benefit accrual for each different benefit structure for employers and members that will apply from April 2010 were assessed at:

	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	17.8
Career average revalued earnings with a 1/60th accrual rate	14.9

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings as at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution of 17.8% and 14.9% mentioned above.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in assets to the scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80%.

The next full actuarial valuation will be carried out as at 30 September 2011.

Projected contributions for the Group in 2011/12 are £122,000.

Notes to the Financial Statements

9. Employees (continued)

Lancashire County Council's Superannuation Fund

The LCCSF is a multi-employer defined benefit scheme with more than one participating employer, which is administered by Lancashire County Council under the regulations governing the Local Government Pension Scheme (LGPS). The benefit paid is normally in the form of a lump sum retirement grant plus an annual pension.

Assumptions

In December 2006 the Accounting Standards Board (ASB) made a number of changes to the FRS17 accounting standard. In the main, these changes related to the presentation of the figures and the disclosures rather than the underlying calculations themselves. However, they did also include a requirement for most assets to be valued at "realisable values" (i.e. bid values), as opposed to the previous requirement of "fair values" (in effect, mid-market values).

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. This change has been allowed for in the calculation of the FRS 17 liability at the year end and has resulted in a gain of £1,406,000. This credit is considered to be a change in assumption and has been recognised as a recognised gain in the Statement of Financial Activities. This is in accordance with the guidance provided by the Urgent Issues Task Force (UITF) Abstract 48 'Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits'.

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were

	31 March 2011 % per annum	**31 March 2010 % per annum**	**31 March 2009 % per annum**
Rate of increase in salaries	4.9	5.05	5.05
Rate of increase in pensions in payment	2.9	3.3	3.3
Discount rate	5.5	5.6	7.1
Inflation assumption	3.4	3.3	3.3

Fair value and expected return on assets

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class. The rates quoted are gross of expenses.

The fair value of assets in the LCCSF and the expected rates of return were:

	Fair Value 31 March 2011 £'000	**Expected Return 31 March 2011 %**	**Fair Value 31 March 2010 £'000**	**Expected Return 31 March 2010 %**	**Fair Value 31 March 2009 £'000**	**Expected Return 31 March 2009 %**
Equities	10,500	7.5	9,517	7.5	6,505	7.5
Government	1,148	4.4	1,009	4.5	829	4.0
Bonds Other	2,297	5.1	1,730	5.2	1,307	6.0
Property	1,312	6.5	721	6.5	786	6.5
Cash/Liquidity	164	0.5	577	0.5	521	0.5
Other	984	7.5	865	7.5	680	7.5
	16,405		14,419		10,628	

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

Notes to the Financial Statements

9. Employees (continued)

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair Value of the above assets relating to the Company	16,405	14,419	10,628	13,138	13,238
Value placed on liabilities relating to the Company	(21,805)	(22,700)	(15,912)	(18,837)	(17,345)
	(5,400)	(8,281)	(5,284)	(5,699)	(4,107)

Analysis of the amount charged to operating costs

	2011 £'000	2010 £'000
Current service cost	(557)	(321)
Past service cost	-	-
	(557)	(321)

Analysis of the amount charged to interest payable and similar charges

	2011 £'000	2010 £'000
Expected return on pension scheme assets	937	684
Interest on pension scheme liabilities	(1,280)	(1,132)
Net charge	(343)	(448)

Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)

	2011 £'000	2010 £'000
Actual return less expected return on pension scheme assets	1,794	(2,740)
Changes in assumptions underlying the present value of scheme liabilities	1,406	-
Actuarial surplus/(deficit) recognised in STRSD	3,200	(2,740)

The actual return on plan assets is £1,176,000 (2010: £3,548,000)

Amounts recognised in the Statement of Total Recognised Surpluses and Deficits (STRSD)

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actuarial gains/(losses) recognised in STRSD	3,200	(2,740)	687	(1,403)	936
Cumulative actuarial gains and losses	(3,069)	(6,269)	(3,529)	(4,216)	(2,813)

Notes to the Financial Statements

9. Employees (continued)

Reconciliation of defined benefit obligation

	2011 Unfunded benefits	2011 All benefits	2010 All benefits
	£'000	£'000	£'000
Opening defined benefit obligation	**539**	**22,700**	**15,912**
Current service cost	-	557	321
Interest cost	29	1,280	1,132
Contributions by members	-	192	170
Actuarial (gains)/losses	(10)	(1,069)	5,604
Past service costs	(28)	(1,406)	-
Estimated benefits paid	(27)	(449)	(439)
Closing defined benefit obligation	**503**	**21,805**	**22,700**

Reconciliation of fair value of employer's assets

	2011 Unfunded benefits	2011 All benefits	2010
	£'000	£'000	£'000
Opening fair value of employers assets	-	**14,419**	**10,628**
Expected return on assets	-	937	684
Contributions by members	-	192	170
Contributions by the employer	27	581	512
Actuarial gain/(losses)	-	725	2,864
Benefits paid	(27)	(449)	(439)
Closing fair value of employer assets	-	**16,405**	**14,419**

	2011	2010	2009	2008	2007
History of experience gains and losses					
Difference between expected and actual return on share of scheme assets:					
Amount (£'000)	725	2,864	(3,601)	(1,073)	(90)
Percentage of share of scheme assets	4.4%	19.9%	(33.9%)	(8.2%)	(0.7%)
Experience gains and losses on share of scheme liabilities:					
Amount (£'000)	-	-	-	-	-
Percentage of present value of share of scheme liabilities	-%	-%	- %	- %	- %
Total amount recognised in statement of total recognised surpluses and deficits:					
Amount (£'000)	1,794	(2,740)	687	(1,403)	936
Percentage of the present value of share of scheme liabilities	8.2%	(12.1%)	4.5%	(7.4%)	5.4%

Notes to the Financial Statements

9. Employees (continued)

Movement in deficit during the year	2011 £'000	2010 £'000
Company share of scheme liabilities at beginning of year	(8,281)	(5,284)
Movement in year:-		
Current service cost	(557)	(321)
Past service gain	1,406	-
Contributions	581	512
Net interest/Return on Assets	(343)	(448)
Actuarial gain/(loss)	1,794	(2,740)
Company share of scheme liabilities at end of year	(5,400)	(8,281)

Projected contributions in 2011/12 are £582,000 (2010/11: £534,000).

A deferred tax asset has not been recognised in respect of the above deficit as it is not anticipated to be recoverable due to the expected taxation position of the Company in the future.

10. Board members and executive officers

The aggregate emoluments of senior officers for the period amounted to £436,000 (2010: £389,000) including pension contributions of £50,233 (2010: £47,916). None of the board members received emoluments. Expenses paid during the year in respect of board members amounted to £332 (2010: £456). The emoluments of the highest paid senior officer, the Chief Executive, excluding pension contributions, were £111,866 (2010: £109,584).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Company does not make any further contribution to an individual pension arrangement for the Chief Executive.

Number of senior officers with emoluments between;

	Group	
	2011 £'000	2010 £'000
£50,000 to £60,000	-	1
£70,000 to £80,000	1	-
£90,000 to £100,000	1	1
Over £100,000	2	2

Notes to the Financial Statements

11. Taxation on ordinary activities

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Tax on surplus/(deficit) on ordinary activities	-	-	-	-

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Current tax reconciliation				
Surplus/(deficit) on ordinary activities before tax	1,340	(947)	1,216	(1,038)
Theoretical tax at UK corporation tax rate 28% (2010: 28%)	375	(265)	340	(291)
- expenditure not tax deductible	209	208	194	193
- income not taxable	(35)	(25)	-	-
- movement on deferred tax not provided	(549)	82	(534)	98
Current tax charge	-	-	-	-

There are no timing differences for which a deferred tax provision is required.

Unrelieved losses of £24,117,667 (2010: £25,457,667) are carried forward and are available to reduce the tax liability in respect of future profits.

Factors that may affect future tax charges

Taxable losses have been incurred which are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as the Company does not anticipate taxable profits to arise within the immediate future.

The estimated value of the deferred tax asset arising on tax losses not recognised, measured at a standard rate of 26%, is £6,270,593 (2010: 28%: £7,128,144); the value of unrecognised deferred tax assets arising on the pension scheme liability, measured at a standard rate of 26%, is £1,404,000 (2010: 28%: £2,319,000). This is predominantly due to the availability of losses to carry forward. The business plan prepared in 2011 anticipates that overall taxable profits will be generated in future years by the Company. However, because of the number of years into the future before which the losses can be utilised, it is not considered appropriate to recognise the asset at the current year end.

As a registered charity, the subsidiary Calico Enterprise Limited is not liable to tax on its activities.

Notes to the Financial Statements

12. Tangible fixed assets – properties

Group and Company	Social housing properties held for letting	Social housing properties total
	£'000	£'000
Cost or valuation		
At 1 April 2010	30,733	30,733
Additions	4,742	4,742
Improvements	544	544
Disposals	(46)	(46)
Properties transferred to current assets	(15)	(15)
At 31 March 2011	35,958	35,958
Depreciation and impairment		
At 1 April 2010	2,213	2,213
Charged in year	273	273
Released on disposals	(3)	(3)
Impairment adjustment	(15)	(15)
At 31 March 2011	2,468	2,468
Grants		
At 1 April 2010	5,562	5,562
Additions	1,908	1,908
Disposal of grant	-	-
At 31 March 2011	7,470	7,470
Net Book Value		
At 31 March 2011	26,020	26,020
At 1 April 2010	22,958	22,958

The net book value above includes £592,883 (2010: £607,104) in respect of properties improved under finance leases. Depreciation charged in the year on these assets amounted to £14,221 (2010 Group: £14,221, Company: £14,221).

During the year the Company spent £1,476,844 (2010: £3,473,000) on major works of which £1,252,378 has been charged to the income and expenditure account. The above assets are owned by Calico Homes Limited.

British Gas carried out external wall insulation work during the year at a cost of £244,466 as part of the Community Energy Savings Programme (CESP) which has been capitalised.

The CESP programme requires British Gas to significantly discount the work, but as they are unable to provide us with the value of the discount, this has not been shown.

The grants are repayable in certain circumstances. Grant has been drawn down from the disposal proceeds fund at the point of work being started, in advance of the work being completed.

A previous impairment of three properties has been reversed as they are now held for sale.

Notes to the Financial Statements

12. Tangible fixed assets – properties (continued)

Housing properties comprise:

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Freehold land and buildings	23,698	21,133	23,698	21,133
Long leasehold land and buildings	2,322	1,825	2,322	1,825
	26,020	22,958	26,020	22,958

13. Tangible fixed assets - other

Group

	Leasehold improvements £'000	Furniture fixtures and fittings £'000	Computers and office equipment £'000	Total £'000
Cost				
At 1 April 2010	998	506	1,346	2,850
Additions	-	13	101	114
Disposals	(9)	(17)	(23)	(49)
At 31 March 2011	989	502	1,424	2,915
Depreciation				
At 1 April 2010	594	439	1,057	2,090
Charged in year	110	32	131	273
Disposals	(9)	(17)	(23)	(49)
At 31 March 2011	695	454	1,165	2,314
Net Book Value				
At 31 March 2011	294	48	259	601
At 1 April 2010	404	67	289	760

Notes to the Financial Statements

13. Tangible fixed assets – other (continued)

Company

	Leasehold improvements	Furniture fixtures and fittings	Computers and office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2010	992	488	1,191	2,671
Additions	-	13	79	92
Disposals	(9)	(17)	(23)	(49)
At 31 March 2011	983	484	1,247	2,714
Depreciation				
At 1 April 2010	590	426	944	1,960
Charged in year	108	27	85	220
Disposals	(9)	(17)	(23)	(49)
At 31 March 2011	689	436	1,006	2,131
Net book value				
At 31 March 2011	294	48	241	583
At 1 April 2010	402	62	247	711

14. Properties for sale

Group and Company	2011	2010
	£'000	£'000
Sundry properties for sale	15	-

15. Stock

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Raw materials and consumables	66	36	65	36

16. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Calico Homes Limited and Calico Enterprise Limited which was a subsidiary of Calico Homes Limited at the end of the year. Calico Enterprise Limited is a charitable subsidiary formed to assist growth and Calico Homes Limited is the ultimate parent undertaking.

The Articles of Association of Calico Enterprise Limited are such that it is a subsidiary of Calico Homes Limited.
The surplus of the parent undertaking as a single entity was £1,216,000 (2010:£1,038,000 deficit).

Notes to the Financial Statements

17. Debtors

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	607	586	607	586
Less: Provision for bad and doubtful debts	(454)	(403)	(454)	(403)
	153	183	153	183
Other debtors	773	842	464	462
Prepayments and accrued income	475	387	367	294
Intercompany balance	-	-	81	124
Less: Provision for bad and doubtful debts	(316)	(157)	(222)	(156)
	1,085	1,255	843	907

18. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Debt (note 20)	262	256	262	256
Trade creditors	67	185	67	185
Rent and service charges received in advance	199	191	199	191
Other creditors	78	159	78	159
Accruals and deferred income	1,721	2,425	1,325	1,709
Other taxation and social security	51	70	51	64
RTB proceeds due to Burnley Borough Council	82	115	82	115
Intercompany balance	-	-	25	32
	2,460	3,401	2,089	2,711

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

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Debt (note 20)	55,887	53,531	55,887	53,531
Disposal proceeds fund	1,179	1,110	1,179	1,110
	57,066	54,641	57,066	54,641

Notes to the Financial Statements

20. Debt analysis

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Due within one year				
Obligations under finance leases	262	256	262	256
Due after more than one year				
Bank loans	55,368	52,750	55,368	52,750
Obligations under finance leases	519	781	519	781
	55,887	53,531	55,887	53,531
Debt is repayable as follows:				
Within one year	262	256	262	256
Between one and two years	244	282	244	282
Between two and five years	275	374	275	374
After five years	55,368	52,875	55,368	52,875
	56,149	53,787	56,149	53,787

Security

The Group borrows, currently from the Royal Bank of Scotland and Nationwide, at both fixed and floating rates of interest. The Group currently has 82.14% (2010: 86.4%) of its borrowings at fixed rates.

Liabilities for finance leases are secured on the underlying asset.

The fixed rates of interest range from 3.59% to 6.12% and the weighted average rate of interest on all loans is 4.27% (2010: 4.42%). Variable rate loans have their rate linked to LIBOR.

A number of forward start fixed rate loans have been put in place. Details of these fixes are shown below:

Value date	Maturity date	Lender	Amount £'000	Pre margin rate %
21/02/2012	21/02/2016	Royal Bank of Scotland	2,500	4.54
21/02/2012	21/02/2016	Nationwide	2,500	4.54
31/03/2014	31/03/2018	Royal Bank of Scotland	2,000	4.53
31/03/2014	31/03/2018	Nationwide	2,000	4.53

Break costs

The Group has interest 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. The break costs are disclosed below but no provision for them 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 expected.

Lender	Break cost £'000
Royal Bank of Scotland	4,006
Nationwide	1,950

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 31/03/2011 %
13/10/2008	13/10/2038	RBS/Nationwide	LPI cap/collar	6,000	2.14

The cap on the LPI loan is 5% and the collar is zero.

Notes to the Financial Statements

20. Debt analysis (continued)

The bank loans are secured by a fixed and floating charge over the assets of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2032 onwards.

At 31 March 2011 the Company had un-drawn loan facilities of £9.5m (2010: £12.25m). The total loan facility is £65m.

21. Reserves

The Company has fully adopted FRS17 – Pension Scheme Disclosure in the accounts. This result in a pension liability of £5,400,000 being accounted for in the financial statements (2010: £8,281,000). The liability has been incorporated via the profit and loss account reserve as shown below and further information on the effect of FRS 17 is explained in note 9.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April	(40,275)	(36,588)	(40,751)	(36,973)
Surplus/(deficit) for the year	1,340	(947)	1,216	(1,038)
Actuarial loss relating to pension scheme	3,200	(2,740)	3,200	(2,740)
At 31 March	(35,735)	(40,275)	(36,335)	(40,751)
Revenue reserve excluding pension liability	(30,335)	(31,994)	(30,935)	(32,470)
Pension liability	(5,400)	(8,281)	(5,400)	(8,281)
Revenue reserve including pension liability	(35,735)	(40,275)	(36,335)	(40,751)

22. Financial commitments

Capital expenditure commitments were as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
Capital expenditure	**£'000**	**£'000**	**£'000**	**£'000**
Expenditure contracted for but not provided in the accounts	4,868	1,195	4,868	1,195
Expenditure approved by the Board, but not contracted	20,727	8,883	20,727	8,883
	25,595	10,078	25,595	10,078

Amounts contracted for but not provided in the accounts are to be funded out of existing loan facilities and relate to potential property developments and work on external wall insulation.

Notes to the Financial Statements

22. Financial commitments (continued)

Operating leases

The payments which the Group and Company are committed to make in the next year under operating leases are as follows:

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Land and buildings, leases expiring :				
Under two years	9	20	9	20
Beyond five years	203	203	203	203
	212	223	212	223
Other leases expiring:				
Within one year	2	-	2	-
Two to five years	367	408	367	408
	369	408	369	408

23. Contingent liabilities

There were no contingent liabilities at 31 March 2011 (2010: Nil).

24. Reconciliation of Group operating surplus to net cash inflow from operating activities

	2011	2010
	£'000	£'000
Operating surplus	3,991	1,756
FRS17 current service costs	(24)	(191)
Depreciation of housing properties	273	245
Impairment of housing properties	(15)	(9)
Depreciation of tangible fixed assets	273	418
	4,498	2,219
Working capital movements		
Stock	(30)	(9)
Debtors	170	232
Creditors	(940)	(1,275)
Net cash inflow from operating activities	3,698	1,167

Notes to the Financial Statements

25. Reconciliation of Group net cash flow to movement in net debt

	2011 £'000	2010 £'000
Increase in cash	365	126
Cash inflow from change in debt and lease finance	256	239
Increase in net debt from cash flows	621	365
New loans	(2,618)	(1,750)
Total changes in net debt for the year	(1,997)	(1,385)
Net debt at 1 April	(52,748)	(51,363)
Net debt at 31 March	(54,745)	(52,748)

26. Analysis of Group net debt

	1 April 2010 £'000	Cash flow £'000	31 March 2011 £'000
Cash at bank and in hand	1,039	365	1,404
Changes in cash	1,039	365	1,404
Loans	(52,750)	(2,618)	(55,368)
Finance leases	(1,037)	256	(781)
Changes in debt	(53,787)	(2,362)	(56,149)
Changes in net debt	(52,748)	(1,997)	(54,745)

27. Related parties

There are four places on the Board allocated to tenant members. The tenant members at 31 March 2011 were:

W. McGeorge, A. Bullas, S. Cunliffe and C Yates.

Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

There are four places on the Board allocated to Burnley Borough Council nominees. During the year, three of these places were held by Councillors Anthony Lambert, Howard Baker and Pasha Shah, an independent person nominated by Burnley Borough Council. The places are currently held by Kate Ingram, a council officer, and three independent people nominated by Burnley Borough Council, Gemma Dyson, Andrew Mullen and Karen Ainsworth who represents ELWRA. Any transactions with Burnley Borough Council have been made at arm's length.

Mike Birkett, Chief Executive is the chair of Lancashire Housing Partnership and a board member of Procure Plus Ltd. (formerly GM Procure Ltd.). There are no direct transactions with these companies as suppliers are procured through a framework and paid direct.

The Company has taken advantage of the exemption set out in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the Group headed by Calico Homes Limited on the grounds that it has control of the members and their results have been included in the consolidated financial statements.