COMPANY NUMBER: 3752751
CHARITY NUMBER: 1151945
RSH REGISTRATION NUMBER: L4254

CALICO HOMES LIMITED

Report and Financial Statements

Year ended 31 March 2020

Contents

Board Members, Executive Officers, Advisors and Bankers

Board	
Chair	John Inglesfield
Vice Chair	Peter Bevington
Other Members	Victoria Appleton Claire Bradley Gemma Dyson (resigned 6 February 2020) Adam Greenhalgh William Lacey Andrew Mullen (resigned 3 February 2020) Gregory Robinson Paula Robinson Stewart Shaw Shazna Yasmin
Executive Officers	
Chief Executive	Anthony Duerden
Director of Finance and Company Secretary	Stephen Aggett
Executive Director of Operations	Helen Thompson
Director of Organisational Development	Vicki Howard
Director of Strategy and Business Development	Ed Barber
Registered Office	Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED www.calico.org.uk
Company Registered number	3752751
Charity Registered number	1151945
Regulator of Social Housing	L4254
External Auditor	Beever and Struthers Chartered Accountants and Statutory Auditor St. George's House 215 – 219 Chester Road Manchester, M15 4JE
Internal Auditor	BDO LLP 3 Hardman Street Spinningfields Manchester, M3 3AT
Solicitors	Forbes Solicitors Rutherford House 4 Wellington Street St. Johns, Blackburn, BB1 8DD
Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester, M3 3AP
Lenders	National Westminster Bank Floor 3, Kirkstane House 139 St Vincent Street Glasgow, G2 5JF Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NW

Corporate Framework

Our Vision
The vision for the Company is:

"Investing in local communities where everyone thrives – through innovation, strength and collaboration"

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

Our values are:

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

To achieve our purpose of making a real difference to people's lives.

Strategic Objectives
The vision and values provides the strategic direction of the Company. The Company will achieve its vision and values through its strategic objectives which are:

1. To create successful neighbourhoods where people chose to live
2. To provide an excellent customer experience and a unique customer offer, working with the rest of the Group.
3. To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
4. To be a strong and well-governed business that provides value for money and is continually improving.
5. To have happy, positive and connected teams who believe in our purpose and values.

Strategic Report of the Board

The Board is pleased to present its strategic report as required by the Companies Act 2006. The directors are also trustees for charity purposes.

Public Benefit
We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the directors consider how planned activities will contribute to the aims and objectives they have been set.

The Company undertakes and manages its activities in line with the above objectives through the provision of support contracts. The directors receive regular updates on performance and feel that the objectives have been achieved as set out in the next section.

Performance for the year
For Calico Homes, the purpose of "making a real difference to people's lives" has remained consistent and has become more evident through the delivery of yet more homes and services for our customers over the past 12 months.

Since 2014, nearly 500 units have been developed for affordable rent, sale, shared ownership and supported housing. With nearly 200 units (2019:150), this year has had the largest number of units handed over.

Collaborative working with a fellow subsidiary, Ring Stones Maintenance and Construction LLP ("RingStones") has resulted in the design and development of affordable homes and shared ownership properties, increasing the financial viability of the development programme and the flexibility of tenure for our customers. In addition, successful partnership working with key stakeholders such as East Lancashire Hospital Trust, NHS, Homes England and local authorities across Pennine Lancashire has ensured that we are accessing existing markets and creating new ones.

During 2019/20, the Priory Chase scheme provided 33 new units, a mix of 2 and 3 bedroom homes for affordable rent, that were extremely popular with Pendle residents through the B-with-Us process.

A further 22 affordable rent units were delivered at Station Road, Padiham. The scheme was originally advertised as shared ownership, however, following very little demand we re-advertised with a very successful local lettings plan.

The regeneration of Brunshaw maisonettes and the empty homes programme have contributed to our vision for successful neighbourhoods in creating new homes from shops, commercial premises and long term empty voids.

The Brunshaw Maisonettes scheme, was handed over in the year, providing affordable homes for families and disabled residents.

During the year, in respect of the empty homes programme there have been over 30 acquisitions of long term empty homes and with refurbishment by RingStones these continue to improve the neighbourhoods and provide further affordable homes.

In a short timescale, we finalised the acquisition of 63 units at Thornber Court, in March 2020, which increased our bungalow provision.

Later in the year, the completion of the 10 bungalows for Royal Court scheme was welcomed by the local community and new residents for affordable retirement living.

In relation to income collection, we have continued to perform strongly for a sixth year despite the continued roll out of Universal Credit and our year end rent collection performance was 99.5% (2019: 99%). This year we have strengthened our relationship with the Department of Work & Pensions to help us support customers moving on to Universal Credit and mitigate the associated risks to our income stream. Around 15% of our customers claim Universal Credit and our intensive and proactive approach is enabling us to achieve high levels of rent collection performance whilst dealing with this challenge. We started 2019/20 by developing a closer relationship with the Citizens Advice Bureau with the aim of working collaboratively to support customers to navigate the change to Universal Credit.

Income continues to be received for the delivery of Group Business Services (Human Resources, Finance, IT, Facilities and Media & Communications) from other companies within the Calico Group.

The aim of our Asset Management Strategy is "To ensure Group assets are managed in a way which maintains and maximises their value". Our Asset Performance Evaluation (APE) model has enhanced our knowledge of the performance our domestic stock and we are using this to inform decisions about investment and wider opportunities. The average 30 year Net Present Value (NPV) of our stock is £24,639 per unit (2019: £24,718), which has increased significantly since we launched APE in 2016, and is better than benchmarked organisations in the North West.

Our 'Successful Neighbourhoods' Working Group are leading on our approach to active asset management. They have prioritised the 'Poor' asset groups for review and are continually considering options to improve performance. Using our Asset Performance Evaluation Model, we have reviewed the performance of our sheltered asset groups and continue to review our stock and our Retirement Living Strategy, to better understand our customer aspirations and whether our current properties and services meet their needs.

In 2019/20, we spent a total of £2.3m (2019: £2.8m) investing in our properties on the following work streams: The Brunshaw Improvement Programme; Damp programme; Boiler Upgrade programme, Roofing repairs and Fire Safety Works. The Stock Condition Survey from February 2018, informs our future investment programmes and planned level of investment throughout the life of the business plan.

Strategic Report of the Board (continued)

Performance for the year (continued)

We also invested £4k (2019: £49k) completing disabled adaptations to our current customers' homes enabling them to remain in the property whilst improving their quality of life. A further £82k (2019: £70k) was invested on asbestos surveying and removals, ensuring a safe working & living environment for staff, contractors & customers.

Our repairs service has continued to perform highly and we are awaiting the outcome of our annual accreditation assessment from the Housing Quality Network. We continue to achieve 100% gas servicing completed for the 8th consecutive year and focus on all compliance areas is a key priority for us. This year we have introduced additional reporting to our Board around health & safety performance as part of our focus on this important matter.

Customer feedback has remained largely positive with the response rate to our annual customer perception survey increasing significantly, giving us more rounded insight around what customers say about our services. Overall customer satisfaction with our services is 85% (2019: 87%), which is just below our challenging target.

The regulation of social housing is the responsibility of the Regulator of Social Housing ("RSH"). The regulator undertook an In Depth Assessment in 2016 and we maintained the highest possible rating (G1 and V1) for both our governance and financial viability. Subsequent stability checks completed in October 2019, October 2018 and November 2017 have reconfirmed our G1/V1 status.

We have made considerable progress delivering a robust improvement plan to improve the voids performance position, resulting in us ending the year with 48 (2019: 121) void properties against a target of 80. Rent loss due to void properties (excluding the hostel and supporting housing) has met our 2% target and ended the year at 1.85% (2019: 2.37%). The void performance improvement plan remains a key priority for our leadership team to ensure improving position is maintained. 88% (2019: 88%) of tenancies are sustained for at least 12 months demonstrating that our approach to tenancy sustainment is effective, despite the challenges relating to welfare reform.

Reserves Policy

The objective of having unrestricted funds in reserve is to enable the charity to cope with unplanned events. Very often, the effects of the event can be managed in the long term, but the charity needs reserves in the meantime. There is no rule on how large reserves should be; this will depend a great deal on the nature of the charity's activities and the level of external risk perceived by the directors. It will also depend on what other action the charity is taking to mitigate the effects of the external threats, as this will affect the level of reserves required.

The directors will monitor and review the level of reserves annually, in line with guidance issued by the Charity Commission. The Business Plan indicates positive reserves will be achieved within 5 years.

Directors' Induction and Training

New directors undergo training on their legal obligations under charity and company law; the content of the Articles of Association; the board and decision making processes; the business plan and recent financial performance of the charity. During the induction training programme, held over four training sessions, they learn about the organisation's purpose, history, aims and objectives, services, staff and volunteers, facilities, security, funding, residents' participation, strategic work, multi-agency and partnership involvement. They also meet key staff to learn about their work roles.

The background of the directors means they are already familiar with the work being undertaken and their responsibilities as directors and trustees. Presentations have been made to each Board meeting to further identify and explain the work being undertaken by the charity and its governance structure.

Strategic Report of the Board (continued)

Future Activity
The 2020/21 budget and business plan was prepared before board approval of the Thornber Court acquisition and also the onset of the Covid-19 pandemic. A revised budget was prepared for June 2020 board approval.

During the crisis, the new build construction was temporarily ceased. Although, there was little impact on pre-development and pipeline work since the Local Planning Authorities and other statutory continued to work on a reduced service.

Alongside, the prior year funding arrangement (an additional £27.5m), our partnership with local authorities across Pennine Lancashire and Homes England goes from strength to strength and development schemes being prepared and secured with grant subsidy and land availability for delivery in 2020/21 and 2021/22.

Capital grant rates have increased over the past 3 years, mainly to support tender costs increasing on a year by year basis. This has put some strain on the programme budget although some refurbishment schemes such as the empty homes programme and off the shelf purchases have ensured the budget is not compromised overall. Homes England funding for future projects is uncertain whilst budget announcement is delayed for the pandemic.

In the prior period, Board members agreed to dispose of the former hostel (Elizabeth Street, Burnley) and former care home (Sunnyside, Whitworth). These sites are now redundant and feasibility studies have concluded that value for money cannot be achieved by investment or refurbishment. During the year, Sunnyside the former care home was sold to a third party. The sale agreement for Elizabeth Street has recently been exchanged for completion in August 2020.

A number of land purchases have been made to facilitate the development programme and included: Station Road, Maytree Close and Perseverance Mill. Although this list is not exhaustive, these purchases and further planned acquisitions, enable us to provide affordable housing and also to work with Syncora to increase growth opportunities across the Group.

The successful empty homes programme is continuing for a third year. Burnley Borough Council are working closely with us for compulsory purchase orders and also a Global Resettlement Programme.

Growth and Development meetings are taking place with the Executive team on a regular basis and include the evaluation of opportunities against strategic priorities. In addition, officers have created a Successful Neighbourhoods Panel where managers from across Calico Homes meet on a monthly basis to discuss growth and development opportunities. The aim of which is to broaden staff knowledge and skills and align our strategic priorities.

The panel will prioritise opportunities in line with the Asset Management Strategy, Development Strategy and Successful Neighbourhoods Strategy to then report back to the Executive team. Staff will also have the opportunity to champion projects and lead the progression of schemes and include customers in the feasibility and planning of development projects.

A new Supported Housing Strategy seeks to respond to the growth aspirations of the Calico Group and provide accommodation based services to a range of individuals and families with varying needs and vulnerabilities.

In line with our asset management strategy, we will continue to invest in our properties through planned works to tackle damp, replace boilers and manage asbestos. The level of investment is based on the 2018 Savills stock condition survey.

Welfare reform and particularly the roll out of Universal Credit across Pennine Lancashire continues to be a risk for Calico Homes' income stream. Whilst we remain well prepared for this and have continued to strengthen our relationship with the Department of Work & Pensions to understand plans to migrate customers on to Universal Credit, we will continue to monitor performance closely and to be ready to respond when necessary.

Calico considers our employees as our most valuable asset. As part of investing in our staff, we are partway through delivery of a bespoke leadership programme, to help us support our staff to realise their potential, improve productivity and staff satisfaction across the organisation, despite the challenges of our complex operating environment and diversity of our organisation.

This report was approved by the Board on 14 September 2020 and signed on its behalf by:

Stephen Aggett
Company Secretary
14 September 2020

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2020

Principal activities
Calico Homes Limited is a registered charity. New charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. The Company is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") 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.

Whitworth Care Trust, was incorporated into Calico Homes in January 2017, the CQC registration is now in the name of Calico Homes and the care home service continues at the new development at Barley View, Whitworth (formerly Sunnyside, Whitworth).

Calico Homes Limited is a subsidiary of The Calico Group Limited.

Value for Money ("VfM")
The RSH has issued a new Value for Money Standard ("VfM") and a supporting Code of Practice that applies to all private registered providers of social housing ("RPs") and which came into effect on 1 April 2018. RPs must include evidence in these financial statements to enable stakeholders to understand:

- Performance against its own VfM targets and any metrics set out by the regulator and how that performance compares to its peers.
- Measurable plans to address any areas of underperformance.

Below is a table of Calico Homes Limited VfM Metrics together with a comparison of the 2018/19 Sector Scorecard analysis for our peer group.

	VfM Metrics	**2020/21**	**2019/20**	**2019/20**	**2018/19**	**2018/19**	**2017/18**
		Target	**Target**	**Actual**	**Actual**	**Peer***	**Actual**
1	Reinvestment %	15.9%	14.8%	15.0%	14.9%	9%	16.8%
2A	New supply delivered (social housing)	4.2%	3.1%	3.8%	2.3%	0.9%	1.4%
2B	New supply delivered (non-social)	0.0%	0.0%	0.0%	0.6%	0.1%	0.0%
3	Gearing	85.8%	90.6%	89.0%	92.8%	42%	95.0%
4	Interest Cover – EBITDA MRI	126.6%	138.3%	125.5%	130.2%	242.8%	123.4%
5A	Headline Social Housing cost per unit	£2,791	£2,548	£2,705	£2,730	£3,722	£3,001
5B	Management cost per unit	£1,185	£1,093	£1,168	£1,084	£1,142	£1,041
5C	Service charge per unit	£206	£218	£186	£196	£377	£213
5D	Maintenance cost per unit	£703	£658	£797	£755	£948	£776
5E	Major repairs cost per unit	£598	£462	£469	£561	£1,017	£762
5F	Other social housing costs per unit	£99	£117	£85	£135	£238	£209
6A	Operating Margin (social housing)	33.1%	29.0%	31.0%	31.5%	28.4%	31.9%
6B	Operating Margin	26.9%	28.0%	25.2%	25.2%	26%	28.4%
7	ROCE (Return on capital employed)	4.5%	5.0%	4.6%	5.5%	5.1%	6.5%
	Additional Measures	**2020/21**	**2019/20**	**2019/20**	**2018/19**	**2018/19**	**2017/18**
		Target	**Target**	**Actual**	**Actual**	**Peer***	**Actual**
8	Development (No. of social units)	218	153	190	112	49	65
9	Rent collected	98.5%	98.5%	99.6%	99.1%	99.2%	99.1%
10	Overheads as % of adjusted turnover	15.9%	14.9%	14.9%	14.6%	14.4%	14.8%
11	Customer satisfaction	88.0%	88.0%	87.0%	87.0%	88.0%	88.0%
12	Investment: communities	£250,000	£250,000	£341,850	£294,894	£427,518	£299,898
13	Repairs ratio – responsive : planned	0.85	0.76	1.03	0.90	0.7	0.84
14	Occupancy Rate	97.0%	97.0%	98.7%	96.5%	99%	97.7%

*The Peer group represents 5 other North West housing associations with less than 6,000 housing units.

The Reinvestment %(1), which relates to new development and work to existing properties, is on target in 2019/20 due to the high level of units development being achieved, which is further shown by our performance being considerably higher than peers. The Gearing (3) level corroborates this too.

Report of the Board (continued)

Value for Money (continued)
For 2019/20, the New supply delivered (2A, 2B and 8) is above target primarily due to the Thornber Court acquisition. The delivery of the development strategy performance is well above the peer average.

The Gearing metric (3) which is a ratio of net debt against housing NBV (net book value) is high due to the initial full costs of assets at transfer, our continuing reinvestment, new development and growth. Our treasury strategy is to maximise our asset value to allow for this to continue. The company can borrow funds on a loan to value (LTV) basis and this is monitored by a debt per unit covenant. With high growth and reinvestment, the metric is higher than peers.

The Interest Cover metric (4) is lower than peers primarily due to the fact that there will be more interest payable as indicated by the higher Gearing metric. Our funders monitor this using an interest cover covenant.

The Headline Social Housing cost per unit ("CPU") metric (5A) indicates that the company is operating at better efficiency levels to our peers. However, the overall cost for 2019/20 was higher than target due to additional management costs, including one off expenditure.

Management CPU (5B) for 2019/20 were above target but at a similar level to the peer group. Service charge costs per unit (5C) are close to the 2019/20 target but are low compared to our peers. A service charge review is planned to ensure all the costs are being allocated correctly. The future increases relate to the inflation assumptions.

Maintenance CPU (5D) for 2018/19 were higher than target due to one off costs such as increased staffing costs for sickness absence cover. However, the overall cost per unit reduced from the previous year and is at lower levels to our peers.

Major repairs CPU (5E) are in line with the stock condition survey that was carried out in 2018 by Savills. The 2018/19 major works CPU is lower than peers.

Other social housing CPU (5F) for 2018/19 was lower than the peer group. The 2019/20 CPU is on target.

Operating Margin (6B) is lower than target due to losses on non-social housing activities. Primarily, the Whitworth Care & Support Service, which for 2019/20, has performed lower than target due to impact of the delayed set-up, consultancy costs and its phased occupancy. This in turn is affecting the lower margin in comparison to peers.

ROCE (7) measures the efficiency of investment of capital resources and for 2018/19 was higher than peers, which indicates a better use of capital and a good overall performance. The 2019/20 ROCE has been impacted by the 1% rent reduction and the Whitworth Care & Support Service.

Rent collected (9) for 2018/19 was comparable to peer average. The income management service continue to work with the Department of Work and Pensions ("DWP") to overcome the challenges that customers face through Universal Credit.

Overheads as % of adjusted turnover (10) is the same as peers. Target performance is as expected.

Customer Satisfaction (11) following the recent "Views for Vouchers" survey, we note that our overall satisfaction with services has been maintained at 87% which is lower than the 2018/19 peer average and our target of 88%. Shifting transactional services to a digital channel will contribute to achieving this objective and create resource efficiencies to do more for customers.

Investment in Communities (12) is well below the peer average. There has been an internal recognition of our contribution to the Successful Neighbourhoods Strategy and community centres.

Repairs ratio (13) is lower than peers due to lower major works CPU above. The 2019/20 actual was higher than target due to higher than planned maintenance costs mainly arising from long term sickness cover.

Occupancy Rate (14) the improvement in 2019/20 to be above our challenging target is the result of void improvement plan. Whilst we are determined to improve performance, we are also maintaining our approach to tenancy sustainment, which can result in it taking longer to let empty homes. This will remain an area of leadership focus and scrutiny going forward.

The VfM metrics and indicators will be reviewed, now that the new Strategic Objectives, measures and outcomes have been approved by Board for April 2019 onwards.

In respect of the Company's Value for Money Action Plan, the following table summarises the company's strategic aims alongside its relevant corporate strategies and actions to be taken:

Strategic Objectives	Source	Outcomes	Measure	Target (2019-22)	Progress (as at 31.3.20)
1. To create successful neighbourhoods where people choose to live.	Successful Neighbourhoods Strategy Tenancy Sustainment Strategy Group Strategic Objective 1	Our customers: Will receive support from us to *live a better life*, through the range of services we offer	Tenancy sustainment in first 12 months	• 91% tenancies sustained within the first 12 months	• 87%
	Successful Neighbourhoods Strategy	Our neighbourhoods and communities: Will be *clean, safe and vibrant* places, where *people choose to live*	Customer satisfaction with neighbourhood Anti-social behaviour cases – closure and customer satisfaction Rent loss for void properties Tenancy terminations	• 88% customers satisfied with neighbourhood • 75% ASB cases closed within 3 months • 75% of customers satisfied with how ASB case was handled • 2% rent lost (GN and HfOP) • 475 (or fewer) tenancy terminations (rolling 12 months)	• 85% • ASB KPI not operational at March 2020 • 1.85% • 423
	Successful Neighbourhoods Strategy	Our neighbourhoods and communities: Will benefit from *investment* which increases *social capital and wellbeing*	Sustainability scores (from APE Model): Customer Satisfaction with neighbourhood Tenancies sustained within first 12 months Tenancy terminations Money Wise Take Up Rent Arrears £ External funding secured to deliver community activities £ % Spent on community investment activities as a % of total budget	• 88% customers satisfied with neighbourhood • 91% tenancies sustained within the first 12 months • 475 tenancy terminations (rolling 12 months) • 260 of customers supported by Money Wise per annum • 98.5% rent available that was collected • £30k external funding achieved annually. • 3% spent on community investment activities as a % of total budget.	• 85% • 87% • 423 • 337 • 99.59% • £61,440 • 3.6%

Strategic Objectives	Source	Outcomes	Measure	Target (2019-22)	Progress (as at 31.3.20)
2. To provide an excellent customer experience and a unique customer offer, working with the rest of the Group	Customer Strategy	We understand our customer's needs and aspirations and use this knowledge to improve our customer offer	Customer satisfaction overall services Net Promoter/Friends & Family score Complaint resolution	• 90% Customer satisfaction with overall services • 50 Net Promoter/ Friends & Family score • NEW TARGET TO BE INTRODUCED	• 87% • 42 • Not yet available
	Digital vision	Customers choose to access our transactional services digitally, enabling us to deploy our resources where they have most impact.	% services accessed digitally	• 30% of services accessed digitally	• 3 year target
	Customer Strategy	We create greater impact because we work collaboratively across the Group. We achieve social profit by working together across the Group. We have played to strengths and professional expertise across the Group to maximise opportunities.	Number of customers supported annually through complex needs services Number of customers supported to “move on” from complex needs accommodation to independent accommodation within the Group Number of apprentices and work placement students supported	• 550 customers supported through complex needs services (annually) • 50 customers supported to “move on” from complex needs accommodation to independent accommodation within the Group (annually) • 70 apprentices and work placement students supported (annually)	• 419 • Not available • 23 (2019/20)

Strategic Objectives	Source	Outcomes	Measure	Target (2019-22)	Progress (as at 31.3.20)
3. To provide high-quality, safe and affordable homes through investing in new development and improving existing properties	Asset Management Strategy Group Strategic Objective 1 & 3	Our customers: Will have access to *safe, secure and good quality* homes	Compliance with regulatory standards Compliance with legislative requirements Properties meeting decent homes plus standard Customer satisfaction with quality of property % of properties with a valid electrical safety certificate % of properties with a valid gas safety certificate % properties with a completed asbestos survey % fire risk assessments currently valid Ratio of responsive repairs to planned maintenance spend	• 0 incidents of non-compliance • 0 incidents of non-compliance • 100% properties meet decent homes plus standard • 88% customers satisfied with quality of property • 95% of properties with a valid electrical safety certificate • 100% of properties with a valid gas safety certificate • 82% or properties with a valid asbestos survey • 100% fire risk assessments currently valid • 0.65 (number)	• 0 incidents • 0 incidents • 100% • 83% • 84.15% • 100% • 81.35% • 100% • 0.86
	Development Strategy	Growth Aspirations: An *increased property portfolio*, including a *wide choice* of affordable accommodation & tenure options.	Net increase in number of properties developed/ acquired % Reinvestment % Supply delivered (Social Housing)	• Development of 450 units over 4 years: ○ Supported housing – 200 units ○ Empty homes – 100 units • 14.9% Reinvestment • 2.3% Supply delivered (Social Housing)	191 units delivered in 19/20 (target 153 units) 14.6% 3.8%
	Asset Management Strategy	Maximising our assets: Strong asset performance to ensure improved, or maximised, income.	Net Present Value of properties Occupancy rating	• £25K (average) NPV per property • 98% occupancy rating	£24,639 98.67 (%)

3. To provide high-quality, safe and affordable homes through investing in new development and improving existing properties	Retirement living Strategy Supported Housing Strategy	Growth Aspirations: We have a larger and improved *retirement and supported living offer* for customers.	Delivery of retirement living strategy and supported housing strategy	• Strategies delivered within timescales set	• RL Strategy presented to Board August 2019, - feasibility study of existing sheltered schemes commenced, -service review underway, - Specification of NB RL in review. • Supported Housing strategy in preparation with Exec, going to Board autumn 2020
	Asset Management Strategy	Maximising our assets: The condition of our assets is improving.	Decent Homes Plus Standard (pending outcome of the SHGP and any subsequent standards) Current expenditure against budget on investment programme Capital Works – breakdown of capital replacement budget for the year, spend YTD and projected for year end Capital Works – A breakdown of the number of improvements planned for the year, the number completed YTD and projections for year end Revenue spend – overall budget, spend YTD, projection for year end SAP Rating – Number of homes in each banding % Stock Condition/MOT inspections Major repairs Cost Per Unit (CPU)	• 100% Decent Homes Plus Standard • Within budget • Within budget and projected to achieve forecast • Achieving planned improvements forecast for the year • Within budget and projected to achieve forecast • Achieve Banding C and above by 2030 • 100% Stock Condition/MOT inspections • £462 Major repairs CPU	100% Within budget Within budget and projected to achieve forecast Achieved for damp, roofing, Brunshaw externals and ad-hoc works. Central Heating was 278 against 350 forecast Within budget Average SAP Rating = C 78% £460

Strategic Objectives	Source	Outcomes	Measure	Target (2019-22)	Progress (as at 31.3.20)
4 To be a strong and well-governed business that provides value for money and is continually improving	Group Strategic Objective (3)	We have a strong and effective governing body, supported by a sound approach to Board development and succession planning.	Assessment from Regulator of Social Housing (governance and financial viability) Adherence to the NHF Code of Governance	• G1/V1 Rating maintained • Self-assessment against NHF Code of Governance is "meeting"	• G1/V1 Rating maintained • Achieved through March 20 self-assessment
	Group Strategic Objective (3)	Compliance with all regulatory and legislative requirements	Incidences of non-compliance Ratings from Care Quality Commission (CQC)	• 0 incidences of non-compliance • To achieve "Good" rating	• 0 incidents • Requires improvement rating with action plan in place • Covid-19 –positive assessment achieved
	Value for Money Strategy	We have a strengthening balance sheet and provide Value for Money.	VfM Metrics - YOY Improvement: % Gearing (Level of Debt) % Interest Cover - EBITDA MRI £ Headline Social Housing Cost Per Unit % Operating Margin (Social Housing) % Operating Margin % ROCE (Return on Capital Employed) % available rent collected	• 90.0 % Gearing • 126.9% Interest Cover – EBITDA MRI • £2,757 Headline Social Housing Cost Per Unit (SH CPU) • 29.1% Operating Margin (Social Housing) • 28.2% Operating Margin • 4.6% ROCE • 98.5% rent collected	• 89.5% Gearing • 123.9% Interest Cover • £2,780 Headline SH CPU • 29.2% Operating margin (SH) • 22.7% Operating margin • 4.1% ROCE • 99.59%
	Health and Safety Strategy	Compliance with and regulatory and legislative requirements	% RIDDOR Reportable Accidents % Mandatory H&S Training in date Lost time accidents	• 0% RIDDOR Reportable accidents • 95% Mandatory H&S Training in date • Number of lost time accidents - <10	• 0% RIDDOR Reportable accidents • 85% • 0 YTD
	Development Strategy	We have sufficient resources to fund a long term development/investment programme	Levels of Reserves - Target TBC following business plan approval Covenant Measures e.g. Interest Cover – EBITDA as a % of Turnover – Target 45%	• 2021/22 (£2m) • Covenant minimum 1.10 Business Plan minimum 1.20 • 45% EBITDA as a % of turnover	• (£4,807k) draft • 1.36 • 31.2%
	Group Strategic Objective (3)	The diverse needs of all our communities and customers who live within them.	Number of customer Board members	• 1 customer Board member	• 2 customer Board members

Strategic Objectives	Source	Outcomes	Measure	Target (2019-22)	Progress (as at 31.3.20)
5. To have happy, positive and connected teams who believe in our purpose and values	People Strategy	We develop our leaders to lead through our values, with appropriate levels of both people and technical skills. We provide opportunities for staff to learn and grow so they develop to be the best they can be. We connect staff to the organisation and encourage collaboration and working together across the Group We support the wellbeing of individuals and teams We provide fair, competitive, creative pay and benefit arrangements	Staff engagement results % voluntary resignations % sickness absence £ spent on training & development activity	• Year on year improvement in staff engagement surveys • 11% voluntary resignations • 3.25% sickness absence – Homes Operations • 3.25% sickness absence – Group Business Services (GBS) • £34K spent annually on training & development activity	• Review of approach underway • 7.9% • 3.79% • 2.07% • £74k. We have finalised our Leadership Programme and started a new cohort for new managers. We have invested in Mental Health First Aiders. Conferences were at a higher cost due to the change in Leadership and needing to develop these leaders.

Report of the Board (continued)

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 Group Remuneration Committee is responsible for setting the 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 the Social Housing Pension Scheme. The senior officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme 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, One Calico events, a performance and personal growth framework and a regularly updated intranet site. In the prior year, we formed a new 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.

The Company 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.

As part of the Calico Group, we were acknowledged by Inclusive Companies as one of the top 25 inclusive employers in the UK. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives. We attract a wide range of staff from different backgrounds. The Company diversity of our employees is 40% male, 60% female, 9% who self-identify as disabled and 10% from a BME background. The latter two measures are largely reflective of the communities we serve.

Health and Safety
The Board is aware of its responsibilities on all matters relating to health and safety. Calico 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 Performance Team, chaired by the Chief Executive, meets on a regular basis. The company are CHAS (the Contractors Health and Safety Assessment Scheme) accredited.

Reserves
After transfer of the surplus for the year of £1,488,000 (2019: £2,692,000) and actuarial gain of £522,000 (2019: loss £116,000) ,the Company reserves at the year end amounted to a deficit of £3,065,000 (2019: £5,075,000) which is in line with expectations.

Capital structure and treasury management
In July 2018, the Company secured additional funding of £27.5m taking the total borrowing facility to £142.5m.

The Company borrowed an additional £12.0 million (2019: £12.0 million) to bring its total borrowings to £123.2 million (2019: £111.7 million). The additional borrowing was used to support the development programme.

The Company borrows from the Royal Bank of Scotland and Nationwide at both fixed and floating rates of interest and currently has 74.5% (2019: 79.0%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.76% to 7.64% (2019: 2.76% to 7.64%) with the weighted average rate of interest on all loans due to low variable rates being 4.38% (2019: 4.25%).

Gearing, calculated as total loans less cash as a percentage of net book value of housing properties (VFM Metric definition), was 89.5% (2019: 92.6%).

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

Report of the Board (continued)

NHF Code of Governance
We are required by the RSH, our regulator, to adopt an appropriate code of governance. We have adopted the National Housing Federation Code of Governance – Promoting board excellence in housing associations 2015. The Code sets down key principles with which we must comply and supporting best practice recommendations where we have some discretion. Where we do not follow the Code we must explain why not.

The Code deals with our Board, the way it operates, our constitution, the role of chair, the chief executive, equalities and probity, in fact everything which you would expect to see in a well-run Board and organisation. Each year, we review whether we fully comply with this Code - where we do not, we agree an action plan and do what is necessary to comply with the Code.

We carry out individual and collective Board appraisals and produce a board development programme. 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 certifies that the Company is pleased to report full compliance with this Code for the year ended 31 March 2020 following an annual review that took place in March 2020. The Code states that the voting members of the committee responsible for audit must not include the chair of the board. It should be noted that the chair of the Calico Homes Board is a member of the Group Audit and Risk Committee and was appointed due to his extensive knowledge of funding, risk and regulation. All meetings during the year ended 31 March 2020 were quorate without any votes from the chair of the Calico Homes Board.

RSH Regulatory Standards Compliance
The Board has carefully considered the requirements of the RSH's Regulatory Framework and fully embraces the principles of co-regulation and the expectations of registered providers arising from that regulatory approach as set out in the Framework. We have, in particular, reviewed all aspects of the Governance and Financial Viability Standards in May 2020 and the Board certifies that the Company was fully compliant with those standards for the year ended 31 March 2020.

The Board
The Board comprises ten (2019: twelve) non-executive members and is responsible for managing the strategic direction of the Company. It meets several times throughout the year. Details of Board Members can be found on page 1.

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 Group Audit 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 Group 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.

Community Engagement
Our approach to involving customers is in line with the regulatory standards. We involve customers both formally and informally and use their feedback to influence service improvements and key decisions. We have a range of different opportunities which ensure customers are involved at all levels. These include:

- Customer Board membership;
- Service level and informal involvement within neighbourhoods;
- Neighbourhood representatives who complete customer scrutiny activities and are involved in the development of policies and strategies; and
- Active tenant and resident associations and community groups.

It is important that we use the insight we gather from our customers and we have developed a "What Our Customers are Saying" (WOCAS) report that is used to inform decision-making and service improvement. Our Board oversees our approach to involvement and ensures co-regulation is happening effectively.

Furthermore, we have a clear and simple complaints policy that is available to all customers and which focusses on a principle of doing the right thing to resolve complaints.

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 Calico is ongoing and has been in place throughout the period commencing 1 April 2019 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.

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

Identifying and evaluating key risks
Calico's risk management 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. A review of the Risk Management Framework is ongoing and will be refined and updated as appropriate.

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 the Group Audit Sub-Committee. The arrangements include a rigorous procedure, monitored by the Group Audit Sub-Committee, for ensuring that corrective action is taken in relation to any significant control issues. Calico 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
As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis.

Area of risk	Risk code and title	Status	Strategic Objective
Financial Reputational Regulatory Service	1. Government policy and funding relating to Registered Providers impacts on financial viability of Calico Homes affecting ability to grow and meet strategic aims. Uncertain Brexit outcome	• Assumptions in the business plan in respect of income collection agreed annually and built into the business plan to ensure financial viability is maintained. • Tenancy Sustainment Strategy and action plans being delivered focussing on sustainment and Universal Credit. • Income management policy in place. • Income collection & tenancy sustainment monitored and reported to Board as a KPI, including information around Universal Credit. • Multi-variant stress testing carried out and consultation with Board about scenarios and stress triggers including income reductions and cost inflation. • Group Development Strategy approved and action plan ongoing. • Responded to the de-regulation agenda and the potential legal and governance risks to enable Board to govern effectively and maintain G1 status – through the approval of a Disposals Policy. • Reporting to Board around rent collection with Universal Credit customers. • The potential impact of Brexit on the Business Plan and budgets (for example, materials supply and prices) is reviewed through the stress testing process and mitigation plan. • Delivery the retirement living strategy to help mitigate the risks to sheltered accommodation. • Rent Setting Policy • A detailed plan for mitigations and how they will be deployed in the event of a stress trigger has been presented to and considered by Homes Board	To provide high quality, safe and affordable homes through investing in new development and improving existing properties. To be a strong and well-governed business that provides value for money and is continually improving.
Service	2. Staff	• People Strategy in place. • Calico Homes Vision and Objectives, linked to team objectives. • Various Occupational Development and Employee Relations policies in place. • Leadership Development Programme. • Salary benchmarking completed periodically. • Continued embedding of the company values. • Review of Calico Homes Leadership Team structure. • Learning and Development function and opportunities. • Employee Engagement surveys and feedback. • Succession planning and technical training within teams, • Extensive employee benefits package. • QUIP – Calico Group intranet	To create successful neighbourhoods where people chose to live. To provide an excellent customer experience and a unique customer offer, working with the rest of the Group. To have happy, positive and connected teams who believe in our purpose and values.

Area of risk	**Risk code and title**	**Status**	**Strategic Objective**
Reputational Service	3. Operational performance	• Monthly company performance report, reviewed by Board, Leadership and Management Teams. • KPI review 2020/21 complete. • Sector Scorecard data analysis informs Value for Money action plan. • Internal audit function able to validate the information being presented to Boards as part of their review of controls. • Additional checks to ensure external data is reported accurately. • External environment being monitored for changes in Government policy and action plans developed to manage. • Development updates and additional reporting to Board, focussing on high profile schemes. • Reporting to Board on high profile schemes, for example, Barley View and Gateway. • WOCAS reports provided to Board highlighting customer insight. • External full and interim audits validate samples of the sales and purchasing records and internal controls in these areas.	To provide an excellent customer experience and a unique customer offer, working with the rest of the Group. To be a strong and well-governed business that provides value for money and is continually improving.
Regulatory	4. Governance	• Board Governance Framework. • Structured regular quorate Board, Audit and Remuneration Committee meetings held. • Board member appraisals undertaken and Board Development Plan. • Board skills matrix and effectiveness review. • Code of Governance. • Terms of Reference. • G1/V1 rating maintained in HCA – IDA in June 2016 and status reconfirmed in November 2017, 2018 and 2019. • Asset Management Strategy approved by Board in March 2016 and annual progress updates provided to Board for consideration. • Asset Management, compliance and Heath & Safety information also included within the quarterly performance report. • Asset Management procedure ensures controls around data integrity. • Additional Board sessions held focussing on CQC requirements, stress testing, VfM and Asset Management. • Strategic Events for Boards. • Financial training for all Boards. • Annual self-assessment against the NHF Code of Governance, for review by Board. • Annual self-assessment against the regulatory standards, for review by Board. • Disposals Policy approved by Board. • Board notification/approval of any disposals on a quarterly basis. • Board Stress Testing and Mitigation workshops and regular reporting at Board meetings. • Clinical Governance for Care Lead appointed. • Appointment of two customer Board members in February 2019. • Appointment of new Homes Board Chair.	To be a strong and well-governed business that provides value for money and is continually improving.

Area of risk	Risk code and title	Status	Strategic Objective
Financial Reputational Regulatory Service	5. Health, Safety and Wellbeing of Calico Customers and staff Regulatory and legislative compliance	• Health and Safety ("H&S") Policy in place to be approved by all Boards at point of review. • Viability monitored through annual business plan preparation and other regulatory returns. • Company performance report includes asset, compliance and H&S indicators. • H&S, assets and compliance reporting to Board and H&S Performance Team, on a quarterly basis. • Internal audit of key H&S and compliance functions. Recently gas and asset management audits with high levels of assurance. • H&S Performance Team. • Fire Safety Working Group. • Fire Safety Group to focus on changes to building, fire or other regulation/legislation in the wake of Hackitt and the SHGP. • CQC audit completed. • G1/V1 assessment maintained in HCA IDA in June 2016 and subsequently in November 2017, 2018 and 2019. • Bi-annual H&S audit. • H&S training for Board Members. • Directing Safety training for Board Members and Company Leads. • Assets and Liabilities Register updated quarterly. • Annual Asset Management Strategy updates, focus on stock quality and H&S. • Our approach to scrutiny includes customer engagement / neighbourhood representatives, informal consultation and analysis of complaints and feedback. • Calico Homes Emergency Response Plan. • Progress against the GDPR action plan reported to Board via quarterly performance reports. • GDPR training for all staff. • Introduction of a Rent Setting Policy to ensure adherence to the 2020 Rent Standard. • Strategic Objectives include asset management, stock quality, H&S and compliance performance measures and progress to be reported to Board six monthly.	To create successful neighbourhoods where people chose to live. To provide high quality, safe and affordable homes through investing in new development and improving existing properties. To be a strong and well-governed business that provides value for money and is continually improving.
Financial Regulatory	6. Development Activity Supported Housing Activity	• Development Strategy approved by Board in May 2019. • All new schemes are financially appraised and approved at Homes Board. • Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Executive Team each month. • Sales progress report produced regularly. • Financial position monitored through management accounts. • Monthly meetings between finance and development staff to review cash-flow forecasts. • Partnership meetings between Homes and Ring Stones. • Regular Development updates at Homes Board meetings. • Design development processes being introduced to manage the Ring Stones programme now established and informing material and component specifications for new build, refurbishment, improvements and repairs. • New business opportunities being considered for new funding streams. • Sequel monitoring tool to align processes and procedures between finance, ring stones and homes development spend. • Asset Performance evaluation data included in Development Board Reports.	To provide high quality, safe and affordable homes through investing in new development and improving existing properties. To be a strong and well-governed business that provides value for money and is continually improving.

Area of risk	Risk code and title	Status	Strategic Objective
Financial Reputational	7. Growth	• Growth Strategy in place. • Group KPI Board report produced. • Corporate plan targets reviewed and introduced for Homes. • Growth Strategy reviewed and approved at Group Board. • Involvement of Homes Board in establishing strategic priorities and informing the Homes Growth Plan.	To create successful neighbourhoods where people chose to live. To provide an excellent customer experience and a unique customer offer, working with the rest of the Group. To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
Financial Service	8. Availability of funding Existing	• Annual treasury strategy in place. • Treasury Policy in place which is reviewed every 3 years. This states that the fixed rate debt should be 60-80% of total debt. • Annual business plan prepared in conjunction with Growth strategy. • Updates on market availability of funds regularly received by Group Director of Finance. • A timetable for the review of Funding Options and refinancing was presented to Homes Board in September 2019. • Day to day treasury advice and support for funding reviews are provided by our treasury advisors, the David Tolson Partnership. • We have interest cover covenants in place with both funders. These and all other covenants are monitored closely and reported to Board each quarter. We ensure that there is at least 10% headroom in the covenants in the business plan. • The next refinancing risk is July 2028, which is the £57.5m facility with NatWest. This allows sufficient time to put new arrangements in place. • All funders and banks we have accounts with must meet the minimum credit ratings as set out in the treasury policy to reduce exposure to counterparty risk.	To provide high quality, safe and affordable homes through investing in new development and improving existing properties. To be a strong and well-governed business that provides value for money and is continually improving.
Reputational Service	9. Customer Satisfaction	• Regular reporting of customer insight. Action taken to address causes of dissatisfaction. • Adoption of Mary Gober principles. • Revised co-regulation framework. • Calico group Customer Contacts Policy – focus on treating feedback as gold and doing the right thing. • Review of the role of the Customer Engagement Team completed. • Launched new customer strategy & action plan. • "What Our Customers Are Saying" ("WOCAS") report which enables us to use customer insight to inform service improvements. • Revised approach to STAR and introduce more quality checks. • Vision for digital services now in place. • Additional consultation completed with customers for the 2020 rent review.	To provide an excellent customer experience and a unique customer offer, working with the rest of the Group. To have happy, positive and connected teams who believe in our purpose and values.

Area of risk	Risk code and title	Status	Strategic Objective
Financial Service	10. Group cohesion	• Growth Strategy. • Board Strategic Sessions. • New Group Executive and Leadership Team Structure. • Homes Leadership Team Structure Review. • Strategic Review. • Introducing partnership meetings for intra-group relationships. • Revision of Intra-group agreements currently in progress. • Regular monitoring and quarterly reporting to Board of any net intercompany balances owed to Homes by other Group companies. • Management agreements in place for Homes owned, Syncora managed assets. • Annual VfM Self-Assessment of Homes' partnership with RingStones and communication with Homes Board of the benefits, VfM and Social Profit achieved through this partnership. • Annual assessment of partnership with Syncora. • Syncora involved in development of the Development Strategy. • Board strategic event across Group. • Homes Chair sits on Group Board.	To create successful neighbourhoods where people chose to live. To provide an excellent customer experience and a unique customer offer, working with the rest of the Group. To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
Financial Reputational Regulatory Service	11. Financial Viability Operational Performance Customer Safety and Satisfaction Asset Management	• Gas Servicing Policy and Procedures. • Electrical Safety Policy and Procedures. • Gas and electrical servicing. • Fire Safety Policy and Procedure. • Fire Risk Assessments and action plan. • Asbestos Policy and Procedure. • Legionella Policy and Procedure. • Lift Safety Procedures. • Radon Policy and Procedures. • Insurance investigations. • Decant Policy. • Repairs policies. • Smoke/CO2 detection. • Property MOTs. • Homes Business Continuity Plan/Emergency Response Plan to ensure we have an appropriate approach to response following an emergency, which is well communicated and understood. • Fire Safety Internal Audit. • Asset Management Internal Audit – focussing on data integrity and controls in relation to asset management procedures. • Gas Safety internal audit. • Strategic Objectives include asset management, stock quality, H&S and compliance performance measures and progress to be reported to Board six monthly.	To create successful neighbourhoods where people chose to live. To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
Financial Service Reputational	12. COVID-19	• Detailed Action Plan - Short, Medium and Long term presented to Board in May 2020 • Barley View Actions – supported by specialist advice from government agencies and Group Medical Director.	

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).

Report of the Board (continued)

Statement of directors' responsibilities for the annual report and financial statements (continued)
Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2014) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Going concern
At the time of signing these financial statements, COVID-19 has been declared a pandemic. The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Following the lockdown announcement in March 2020 the Board instigated its Business Continuity arrangements, which meant that all services that were able to be delivered safely were able to continue, including services to vulnerable tenants in sheltered and extra-care schemes, essential repairs to tenant's properties, and all statutory compliance activities. All other staff colleagues continue to be able to able to carry out their duties from home.
- The lockdown restrictions started to be lifted in June 2020, since when we have started to remobilised the business, including restarting the development of new homes, and latterly providing day to day repairs and maintenance activities within the Government's social distancing guidelines.
- The Board receives regular briefings from the Chief Executive, so is aware of the impact of COVID-19 on all aspects of the business.
- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by COVID-19. The Board monitors all debtors closely.
- Open dialogue has been maintained with our funders and bankers throughout the COVID-19 situation, and all of our funders have reaffirmed their commitment to continue to support Calico Homes to meet the short-term and long-term cash and funding requirements.
- Calico Homes as in place an undrawn revolving credit facility, Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.
- The UK Government has indicated its support for businesses impacted by COVID-19.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Although there was a surplus of £2.1m and net liabilities of £3.0m, which includes £452k provision for the SHPS defined benefit scheme liability. The 2020 revised business plan shows that the reserves are anticipated to be in a positive position by March 2023. Therefore, the Company continues to adopt the going concern basis in the financial statements.

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

This report was approved by the Board on 14 September 2020 and signed on its behalf by:

Stephen Aggett
CompanySecretary
14 September 2020

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

Opinion
We have audited the financial statements of Calico Homes Limited "the charitable company" for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company affairs as at 31 March 2020 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board which includes the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report included within the Report of the Board has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report included in the Report of the Board.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

Date: 29 September 2020

Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3	23,231	22,443
Operating expenditure	3	(17,379)	(16,779)
Gain on disposal of fixed assets	7	790	1,230
Operating surplus		6,642	6,894
Interest receivable and other income	8	75	72
Interest payable and financing costs	8	(5,229)	(4,274)
Surplus on ordinary activities before tax		1,488	2,692
Taxation on non-charitable activities	11	-	-
Surplus for the year after tax		1,488	2,692
Initial Recognition of multi-employer defined benefits scheme		-	(559)
Actuarial gain/(loss) in respect of pension schemes	9	522	(116)
Total comprehensive income for the year		2,010	2,017
Total comprehensive income for the year attributable		2,010	2,017

Statement of Changes in Reserves
For the year ended 31 March 2020

Income and expenditure reserve	2020 £'000	2019 £'000
Balance as at 1 April	(5,075)	(7,092)
Surplus from Statement of Comprehensive Income	2,010	2,017
Balance at 31 March	(3,065)	(5,075)

The financial statements on pages 25 to 50 were approved and authorised for issue by the Board on 14 September 2020 and signed on its behalf by:

John Inglesfield
Chair of the Board

Stephen Aggett
Group Director of Finance

Calico Homes Limited
Company number: 3752751

Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	12	140,540	123,464
Intangible assets	13	253	174
		140,793	123,638
Current assets			
Stock	14	74	36
Debtors	15	6,126	5,522
Cash at bank and in hand		2,492	663
		8,692	6,221
Creditors: Amounts falling due within one year	16	(4,406)	(5,177)
Net current assets		4,286	1,044
Total assets less current liabilities		145,079	124,682
Creditors: Amounts falling due after more than one year	17	147,686	128,732
Provision for liabilities			
Pension provision	9	458	1,025
		148,144	129,757
Income and expenditure reserve		(3,065)	(5,075)
		145,079	124,682

The notes on pages 28 to 50 form part of these financial statements.

The financial statements on pages 25 to 50 were approved and authorised for issue by the Board on 14 September 2020 and signed on its behalf by:

John Inglesfield
Chair of the Board

Stephen Aggett
Group Director of Finance

Statement of Cash Flows
For the year ended 31 March 20

	Note	2020 £'000	2019 £'000
Net cash inflow from operating activities	26	7,333	6,282
Cash flow from investing activities			
Interest received and other income	8	75	72
Purchasing of housing properties and improvements		(19,878)	(17,022)
Grants received		7,838	3,401
Purchase of other fixed assets		(501)	(426)
Purchase of intangible fixed assets	13	(118)	(152)
Proceeds of sales of housing properties		1,342	1,562
Net cash flow used in investing activities		(11,242)	(12,565)
Cash flow from financing activities			
Interest and financing costs paid		(5,762)	(5,648)
Loans received		12,000	12,500
Repayment of borrowings		(500)	(500)
Net cash flow from financing activities		5,738	6,352
Net change in cash and cash equivalents		1,829	69
Cash and cash equivalents at beginning of the year		663	594
Cash and cash equivalents at end of the year		2,492	663

The notes on pages 28 to 50 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2020.

The company meets the definition of a public benefit entity ("PBE").

Going concern

At the time of signing these financial statements, COVID-19 has been declared a pandemic. The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Following the lockdown announcement in March 2020 the Board instigated its Business Continuity arrangements, which meant that all services that were able to be delivered safely were able to continue, including services to vulnerable tenants in sheltered and extra-care schemes, essential repairs to tenant's properties, and all statutory compliance activities. All other staff colleagues continue to be able to able to carry out their duties from home.
- The lockdown restrictions started to be lifted in June 2020, since when we have started to remobilised the business, including restarting the development of new homes, and latterly providing day to day repairs and maintenance activities within the Government's social distancing guidelines.
- The Board receives regular briefings from the Chief Executive, so is aware of the impact of COVID-19 on all aspects of the business.
- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by COVID-19. The Board monitors all debtors closely.
- Open dialogue has been maintained with our funders and bankers throughout the COVID-19 situation, and all of our funders have reaffirmed their commitment to continue to support Calico Homes to meet the short-term and long-term cash and funding requirements.
- Calico Homes as in place an undrawn revolving credit facility, Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.
- The UK Government has indicated its support for businesses impacted by COVID-19.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Although there was a surplus of £2.1m and net liabilities of £3.0m, which includes £452k provision for the SHPS defined benefit scheme liability. The 2020 revised business plan shows that the reserves are anticipated to be in a positive position by March 2023. Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure**. The company capitalises development expenditure in accordance with the accounting policy described on page 30. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Categorisation of housing properties**. The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, 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.

  In the prior year, the company has assessed that there was a trigger for an impairment review as an offer received for the sale of the former care home and day centre was lower than the net book value. As a result an impairment adjustment is shown in these financial statements of £Nil (2019: £34k) for housing properties and £Nil (2019: £48k) other tangible fixed assets, (Notes 6 and 12).

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

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 company establishes a reliable estimate of the useful life of goodwill and intangible assets arising from business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions would consider in respect of similar businesses. Where in exceptional circumstances, the useful life of goodwill cannot be determines, 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 company's financial statements, merged subsidiary undertakings are treated as if they already had been a member of the company. The results of such a subsidiary are included for the whole period in the year it joins the company. 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
Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 20 – 33%

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

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

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

Loan finance issue costs
These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date.

The 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.

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 VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties
Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See deprecation of social housing properties note for more information.

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

Disposal of social housing properties
Properties are sold under the statutory regulations of ‘Preserved Right to Buy’ and ‘Right to Acquire’. The sale is recognised when the transaction is completed. Amounts arising on the disposal of properties under the Right to Acquire before 5 April 2017 were credited to the disposal proceeds fund in creditors and have been recycled against future development activity.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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 ("UELs"), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation – Social housing properties (continued)

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low cost home ownership properties
Low cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets
Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

• Freehold property	75 years
• Leasehold properties	75 years or the term of the lease (whichever is lower)
• Furniture, fixtures and fittings	10-33%
• Computers and office equipment	5-33%

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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 Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

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

Stock and properties for sale
Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

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

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement 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 a grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Disposal Proceeds Fund (DPF)
Historical receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF up until 5 April 2017, when due to de-regulatory measures there are no longer requirements to show net proceeds from relevant disposals in the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing. In accordance with paragraph 2 of The Accounting Direction for Private Registered Providers of Social Housing 2019, the DPF will operate until 6 April 2020.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pensions
The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefitting from the employees' services.

Consistent with guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit for the Social Housing Pension Scheme (SHPS) was recognised in Other Comprehensive Income for the year ending 31 March 2019.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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

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

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

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

Financial instruments held by the Company are classified as follows:

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

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

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

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

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

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

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2020 Turnover	2020 Operating expenditure	2020 Operating surplus/ (deficit)	2019 Turnover	2019 Operating expenditur	2019 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	21,499	(14,962)	6,537	21,085	(14,444)	6,641
Other social housing activities:						
Support services	31	(183)	(152)	123	(244)	(121)
Non-social housing [B]	1,701	(2,234)	(533)	1,235	(2,091)	(856)
	23,231	(17,379)	5,852	22,443	(16,779)	5,664

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2020 Total £'000	2019 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	15,689	4,189	19,878	19,518
Service charges receivable	450	883	1,333	1,337
Amortised government grants	219	69	288	230
Turnover from social housing lettings	16,358	5,141	21,499	21,085
Expenditure on social housing lettings				
Management	(4,513)	(1,418)	(5,931)	(5,423)
Service charge costs	(413)	(530)	(943)	(979)
Routine Maintenance	(2,485)	(781)	(3,266)	(3,062)
Planned Maintenance	(594)	(187)	(781)	(717)
Major repairs expenditure	(510)	(160)	(670)	(814)
Bad debts	(88)	(28)	(116)	(125)
Depreciation of housing properties	(2,288)	(719)	(3,007)	(2,855)
Impairment of housing properties	-	-	-	(34)
Other costs	(189)	(59)	(248)	(435)
Operating costs on social housing lettings	(11,080)	(3,882)	(14,962)	(14,444)
Operating surplus on social housing lettings	5,278	1,259	6,537	6,641
Void loss	(286)	(99)	(385)	(613)

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

	Turnover £'000	Operating Costs £'000	2020 Operating surplus/ (deficit) £'000	2019 Operating surplus/ (deficit) £'000
Market Lettings	40	(17)	23	18
Barley View Care Home	812	(1,120)	(308)	(293)
Other*	849	(1,097)	(248)	(581)
	1,701	(2,234)	(533)	(856)

***** Included in Other are recharges of office costs to group companies (note 28) and former Whitworth Care Home.

4. Accommodation owned, managed and in development

	At 31.3.2019	Additions	Disposals	Other	At 31.3.2020
UNITS OWNED					
Social Housing:					
General needs housing social rent	3,010	-	(19)	(7)	**2,984**
General needs housing affordable rent	475	161	-	-	**636**
Supported housing	199	13	-	7	**219**
Housing for older people	1,103	10	-	1	**1,114**
Low-cost home ownership	5	-	-	(1)	**4**
	4,792	190	(19)	-	**4,957**
Non-Social Housing:					
Market rented	5	6	-	-	**11**
Registered Care Homes	35	**-**	(7)	-	**28**
	40	6	(7)	-	**39**
UNITS MANAGED					
Managed units* - General needs	213				**114**
UNDER DEVELOPMENT					
General needs housing affordable rent	68				**94**
Supported housing	-				**10**
Low-cost home ownership	10				**-**
Housing for older people	-				**24**
	78				**128**

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2020	2019
	No. of properties	**No. of properties**
Supported housing	133	117

6. Operating surplus

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

	2020	2019
	£'000	**£'000**
(Surplus) on sale of fixed assets	(790)	(1,230)
Depreciation of housing properties	3,007	2,855
Impairment losses of housing properties	-	34
Depreciation of other tangible fixed assets	177	179
Impairment losses of other tangible fixed assets	-	48
Amortisation of intangible fixed assets	39	189
Amortisation of government grants	(280)	(230)
Pension deficit contributions (SHPS)	-	63
Operating lease rentals – land and buildings	171	189
Operating lease rentals – other	142	128
Auditor's remuneration (excluding VAT):		
- for auditor services	23	18
- taxation compliance services	2	1
- service charge certification	1	1

7. Surplus on sale of fixed housing assets

	2020	*2019*
	£'000	**£'000**
Disposal proceeds	1, 342	1,531
Carrying value of fixed assets	(552)	(301)
Surplus/(deficit) on disposal	790	1,230

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

Notes to the Financial Statements (continued)

8. Net interest

	2020 £'000	2019 £'000
Interest receivable and similar income		
Interest receivable and similar income	75	72
Interest payable and financing costs		
Loans and bank overdrafts	5,714	5,453
Adjustment for effective interest rate	(135)	(517)
Pensions – net interest on pension deficit	93	92
	5,672	5,028
Less: interest capitalised on housing properties under construction	(443)	(754)
	5,229	4,274

The interest rate of 4.56% (2019: 4.56%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	**2020 No.**	**2019 No.**
Administration	76	62
Housing and community services	150	161
Total	226	223
Full time equivalents (36.25 hours/week)	179	166

	2020 £'000	2019 £'000
Employee costs:		
Wages and salaries (gross)	6,860	6,159
Social security costs	610	576
Redundancy	7	36
Other pension costs	370	428
Pension adjustment to Income and Expenditure Accounts	(69)	(18)
	7,778	7,181

Pension obligations
The Company participates in the Social Housing Pension Scheme ("SHPS") and also operates a stakeholder pension scheme.

Notes to the Financial Statements (continued)

9. Employees (continued)

Social Housing Pension Scheme ("SHPS")
The Company participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2019. The accounting policy in relation to SHPS is set out on page 32.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2020 (£000s)	31 March 2019 (£000s)
Fair value of plan assets	3,050	2,851
Present value of defined benefit obligation	3,508	3,876
Surplus (deficit) in plan	(458)	(1,025)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(458)	(1,025)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	**(458)**	**(1,025)**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 March 2020 (£000s)
Defined benefit obligation at start of period	3,876
Current service cost	33
Expenses	4
Interest expense	93
Contributions by plan participants	15
Actuarial losses (gains) due to scheme experience	63
Actuarial losses (gains) due to changes in demographic assumptions	(32)
Actuarial losses (gains) due to changes in financial assumptions	(518)
Benefits paid and expenses	(26)
Defined benefit obligation at end of period	**3,508**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	31 March 2020 (£000s)
Fair value of plan assets at start of period	2,851
Interest income	69
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	35
Contributions by the employer	106
Contributions by plan participants	15
Benefits paid and expenses	(26)
Fair value of plan assets at end of period	**3,050**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £183,000.

Notes to the Financial Statements (continued)

9. Employees (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	31 March 2020 (£000s)
Current service cost	33
Expenses	4
Net interest expense	24
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**61**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	35
Experience gains and losses arising on the plan liabilities - gain (loss)	(63)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	32
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	518
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	522
Total amount recognised in other comprehensive income - gain (loss)	**522**

ASSETS	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	446	480
Absolute Return	159	247
Distressed Opportunities	59	52
Credit Relative Value	84	52
Alternative Risk Premia	213	164
Fund of Hedge Funds	2	13
Emerging Markets Debt	92	98
Risk Sharing	103	86
Insurance-Linked Securities	94	82
Property	67	64
Infrastructure	227	150
Private Debt	61	38
Opportunistic Illiquid Credit	74	-
Corporate Bond Fund	174	133
Liquid Credit	1	-
Long Lease Property	53	42
Secured Income	116	102
Liability Driven Investment	1,012	1,043
Net Current Assets	13	5
Total assets	3,050	2,851

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 Financial Statements (continued)

9. Employees (continued)

KEY ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.33%	2.39%
Inflation (RPI)	2.51%	3.21%
Inflation (CPI)	1.51%	2.21%
Salary Growth	2.51%	3.21%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Aggregate number of full time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2020 No.	2019 No.
£60,000 to £70,000	4	3
£70,000 to £80,000	-	3
£80,000 to £90,000	1	1
£90,000 to £100,000	1	1
£100,000 to £110,000	-	-
£110,000 to £120,000	1	1
£120,000 to £130,000	1	1
£140,000 to £150,000	-	-
£150,000 to £160,000	1	1

Notes to the Financial Statements (continued)

10. Board members and executive officers

	2020 £'000	2019 £'000
The aggregate emoluments paid to or receivable by non-executive Directors	-	-
The aggregate emoluments paid to or receivable by executive officers	617	609
The aggregate compensation paid to or receivable by executive officers	-	-
The emoluments paid to the highest paid executive officer (excluding pension)	134	134
The aggregate pensions costs for executive officers	76	92
Total key management personnel remuneration	617	609

None of the Board members received emoluments. Expenses paid during the year in respect of Board members amounted to £2,851 (2019: £1,412).

The executive officers (the key management personnel) are those as listed on page 1. The Chief Executive has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Company does not make any further contribution to an individual pension arrangement for the Chief Executive.

11. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2020 £'000	2019 £'000
UK Corporation Tax charge for the year	-	-
Adjustment in respect of prior years	-	-
Total tax charge	-	-
Factors affecting tax charge for period:		
Surplus on ordinary activities before tax	1,488	2,692
Surplus on ordinary activities at standard rate 19% (2019: 19%)	283	511
Effect of charitable income and expenditure not subject to tax	(283)	(511)
Current tax charge for year	-	-
Adjustments in respect of prior years	-	-

Notes to the Financial Statements (continued)

12. Tangible fixed assets

	---------------------- Housing Properties			------------------	------------Other Fixed Assets---------			
	Social Housing Properties for Letting Completed £'000	**Social Housing Properties for letting under Construction £'000**	**Low cost home ownership Properties completed £'000**	**Total Housing Properties £'000**	**Freehold offices £'000**	**Furniture and office equipment £'000**	**Total Other Fixed Assets £'000**	**Total Fixed Assets £'000**
Cost								
At start of the year	134,462	9.598	391	144,451	5,400	1,637	7,037	151,488
Additions	-	18,611	-	18,611	302	199	501	19,112
Works to existing properties acquired	1,710	-	-	1,710	-	-	-	1,710
Schemes completed	20,770	(20,770)	-	-	-	-	-	-
Asset Re-classification	75	-	(75)	-	-	-	-	-
Disposals	(937)	-	-	(937)	(126)	4	(122)	(1,059)
At end of the year	156,080	7,439	316	163,835	5,576	1,840	7,416	171,251
Depreciation and impairment								
At start of the year	25,465	-	29	25,494	1,353	1,177	2,530	28,024
Charge for the year	3,003	-	4	3,007	131	46	177	3,184
Impairment	-	-	-	-	-	-	-	-
Asset Re-classification	5		(5)	-	-	-	-	-
Disposals	(449)	-	-	(449)	(48)	-	(48)	(497)
At end of the year	28,024	-	28	28.052	1,436	1,223	2,659	30,711
Net book value at the 31 March 2020	**128,056**	**7,439**	**288**	**135,783**	**4,140**	**617**	**4,757**	**140,540**
Net book value at the 31 March 2019	108,997	9,598	362	118,957	4,047	460	4,507	123,464

Notes to the Financial Statements (continued)

12. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2020 £'000	2019 £'000
Freehold land and buildings	80,104	64,531
Long leasehold land and buildings	55,679	54,426
	135,783	118,957
Major works to existing properties in the year:		
Works capitalised	1,710	1,996
Amounts charged to expenditure (note 3)	670	814
	2,280	2,810
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	443	754
The capitalisation rate used was 4.56% (2019: 4.56%)		

Cost of properties includes £232,000 (2019: £132,000) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £82,705,000 (2019: £82,318,000) are secured against the debt detailed in Note 18.

13. Intangible Fixed Assets

Computer software and licences	2020 £'000	2019 £'000
Cost		
At start of year	1,586	1,434
Additions	118	152
At end of year	1,704	1,586
Amortisation		
At start of year	1,412	1,223
Charge for year	39	189
	1,451	1,412
Net book value		
At 31 March	253	174

14. Stock and work in progress

	2020 £'000	2019 £'000
Raw materials and consumables	74	36

Notes to the Financial Statements (continued)

15. Debtors

	2020 £'000	2019 £'000
Due within one year		
Rent and service charges receivable	2,042	1,823
Less: Provision for bad and doubtful debts	(1,200)	(1,001)
	842	822
Other debtors	2,841	765
Less: Provision for bad and doubtful debts	(198)	(360)
Prepayments and accrued income	343	674
Intercompany balance	2,298	3,621
	6,126	5,522

16. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	341	527
Rent and service charges received in advance	546	505
Bank loan	500	500
Others creditors	89	72
Accruals and deferred income	2,428	2,163
Other taxation and social security	16	9
RTB proceeds due to Burnley Borough Council	17	88
Intercompany balances	169	868
Deferred capital grant (Note 19)	300	240
Disposal proceeds fund (Note 20)	-	205
	4,406	5,177

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

	2020 £'000	2019 £'000
Debt (Note 18)*	121,181	109,697
Deferred capital grant (Note 19)	26,349	18,965
Recycled capital grant (Note 20)	75	-
Leaseholder sinking funds	81	70
	147,686	128,732

* Debt is secured by housing properties. See note 18.

Notes to the Financial Statements (continued)

18. Debt analysis

	2020	2019
	£'000	£'000
Due after more than one year		
Bank loans	121,181	109,697
Debt is repayable as follows:		
Within one year	500	500
Between two to five years	4,500	4,000
After five years	116,681	105,697

The Company borrows, currently from the Royal Bank of Scotland and Nationwide, at both fixed and floating rates of interest. The Company currently has 74.5% (2019: 79.0%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2020 was £18.3m (2019:£ 30.3m).

The fixed rates of interest range from 2.76% to 7.64% (2019: 2.76% to 7.64%) with the weighted average rate of interest on all loans due to low variable being 4.38% (2019: 4.25%). Variable rate loans have their rate linked to LIBOR.

Break costs
The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes 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 31/03/20 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	5.36

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

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

19. Deferred capital grant

	2020	2019
	£'000	£'000
At start of year	19,205	15,855
Grant received in the year	7,798	3,580
Released to income in the year	(280)	(230)
Transfer to RCGF	(75)	-
At the end of the year	26,648	19,205
Amount due to be released within one year (note 16)	300	240
Amount due to be released after one year (note 17)	26,349	18,965
	26,648	19,205

Notes to the Financial Statements (continued)

20. Recycled capital grant fund

	2020 £'000	2019 £'000
Inputs to fund:		
Grants recycled	75	-
At the end of the year	75	-
Amounts 3 years old or older where repayment may be required.	-	-

21. Disposal proceeds fund

	2020 £'000	2019 £'000
At start of year	205	244
Net PRTB receipts	-	(40)
Allocation of funds – New build	(205)	-
Interest accrued	-	1
At the end of the year	-	205
Amount due to be released within one year	-	205
Amount due to be released after one year	-	-
	-	205
Amounts over 3 years where repayment may be required	-	-

22. Capital commitments

Capital expenditure commitments were as follows:

	2020 £'000	2019 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	10,473	4,097
Expenditure approved by the Board, but not contracted	9,949	16,150
	20,422	20,247

These are to be funded out of undrawn loan facilities of £18.3m (2019: £30.3m) and estimated grants of £4.7m (2019: £5.5m) and relate to potential property developments.

Notes to the Financial Statements (continued)

23. Operating leases

Operating leases
The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2020 £'000	2019 £'000
Land and buildings:		
• Within one year	171	171
• Two to five years	250	421
	421	592
Other leases:		
• Within one year	135	130
• Two to five years	24	32
	162	162

24. Grant and financial assistance

	2020 £'000	2019 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2020:		
Held as deferred capital grant	28,711	20,744
Recognised as income in Statement of Comprehensive Income in the current period	280	230

25. 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	663	1,829	-	2,492
Debt due within one year	(500)	-	-	(500)
Debt due after one year	(109,697)	(11,500)	16	(121,181)
	(109,534)	(9,671)	16	(119,189)

26. Control

The Calico Group Limited ("Group"), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party.

The consolidated accounts of The Calico Group Limited are available from its registered office:

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

Notes to the Financial Statements (continued)

27. Reconciliation of Company operating surplus to net cash inflow from operating activities

	2020	2019
	£'000	£'000
Operating surplus	6,642	6,894
Adjustments for non-cash items:		
Pensions adjustment	(45)	6
Depreciation of housing properties	3,007	2,855
Impairment of housing properties	-	34
Amortisation of intangible fixed assets	39	189
Amortisation of government grants	(280)	(230)
Depreciation of other tangible fixed assets	177	179
Impairment of other tangible fixed assets	-	48
(Profit)/loss on sale of fixed assets	(790)	(1,230)
	8,750	8,745
Working capital movements:		
Stock	(38)	20
Debtors	(604)	(2,039)
Creditors	(775)	(444)
Net cash generated from operating activities	**7,333**	**6,282**

28. Related parties

Tenant members
The tenant members at 31 March 2020 have tenancies on normal commercial terms with combined rent payable of £8,563 (2019: £8,648.)

At 31 March 2020, there were no outstanding amounts (2019: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group
During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-20	Mar-19
	£'000	£'000
• New house building	8,228	11,667

During the year, the company recharged office costs to Hobstones totalling £109,000 (2019: £144,000).

At 31 March 2020, the company owed to Hobstones £65,000 (2019: £315,000).

The Calico Group Limited ("Group"), the parent company
During the year, the Group recharged office costs amounting to £37,000 (2019: £35,000).

At 31 March 2020, Group owed the company £65,000 (2019: £81,000).

Notes to the Financial Statements (continued)

28. Related parties (continued)

Ring Stones Maintenance and Construction LLP ("Ring Stones"), a subsidiary of Calico JV Limited

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-20 £'000	Mar-19 £'000
• Various Investment works	314	683
• Externals	865	991
• Heating	491	446
• Roofing	195	238
• Damp proofing	388	482
• Empty Homes refurbishment	1,283	517
• Rossendale Empty Homes properties	98	110
	3,634	3,467

During the year, the company recharged office costs to Ring Stones totalling £351,000 (2019: £340,000).

At 31 March 2020, the company owed to Ring Stones £105,000 (2019: owed by £410,000).

Syncora Limited ("Syncora")**,** a fellow subsidiary of Group
There were no transactions during the year (2020: £Nil).

At 31 March 2020, Syncora owed the company £13,000 (2019: £167,000)

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora
During the year, the company recharged office and property rental costs to Enterprise totalling £378,000 (2019: £217,000) and Enterprise charged £520,000 (2019: £632,000) for cleaning, painting, decorating and catering services.

At 31 March 2020, Enterprise owed the company £344,000 (2019: £647,000).

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora
During the year, the company recharged rents and office costs to Acorn totalling £252,000 (2019: £242,000).

At 31 March 2020, Acorn owed the company £1,224,000 (2019: £1,612,000).

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora
During the year, the company recharged rents and office costs to Safenet totalling £303,000 (2019: £300,000).

At 31 March 2020, Safenet owed the company £91,000 (2019: £200,000).

Calico JV Limited ("JV"), a fellow subsidiary of Group
There were no transactions during the year (2019: £Nil).

At 31 March 2020, JV owed the company £64,000 (2019 £47,000).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn
During the year, the company recharged rents and office costs to Delphi totalling £Nil (2019: £168,000).

At 31 March 2020, Delphi owed the company £180,000 (2019: owed to £143,000).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn
There were no transactions during the year (2019: £Nil).

At 31 March 2020, DMC owed the company £316,000 (2019: £867,000).

Notes to the Financial Statements (continued)

29. Financial instruments

The Company had the following financial instruments:

	2020 £'000	2019 £'000
Financial assets that are debt instruments measured at amortised cost:		
• Cash at bank and in hand	2,492	663
• Rent and service charges receivable	842	822
• Other debtors	2,841	405
• Amounts due from group undertakings	2,298	3,621
	8,473	5,511
Financial liabilities at amortised cost:		
• Bank loans	121,681	110,197
• Trade creditors	341	527
• RTB proceeds due to Burnley Borough Council	17	88
• Amounts due to group undertakings	169	867
• Deferred capital grant	26,649	19,205
• Recycled capital grant fund	75	-
• Disposal proceeds fund	-	205
	148,932	131,089

30. Post Balance Sheet Events

Since the year end, there has been a third party offer in relation to the sale of the former hostel.