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

CALICO HOMES LIMITED

Report and Financial Statements

Year ended 31 March 2014

Calico Homes Limited
Company number: 3752751

Contents

Calico Homes Limited
Company number: 3752751

Board Members, Executive Officers, Advisors and Bankers

Board		
Chair	Lesley Burrows	
Vice Chair	Peter Bevington	
Other Members	Karen Ainsworth Gemma Dyson John Inglesfield Jack Laffan (resigned 27/01/2014) Melanie Manners (resigned 31/10/2013) June Mather (resigned 29/04/2013) Winn McGeorge Andrew Mullen Christina Yates Nickie Hallard (appointed 28/10/2013)	
Executive Officers		
Chief Executive	Anthony Duerden (appointed 10/03/2014) Michael Birkett (resigned 09/03/2014)	
Director of Finance & Corporate Services and Company Secretary	Steven Brook	
Director of Customer Services	Anthony Duerden (resigned 09/03/2014) Helen Thompson (appointed 01/06/2014)	
Registered Office	Centenary Court Croft Street Burnley Lancashire BB11 2ED www.calico.org.uk	
Registered number	Company Registration No: 3752751 Charity Registration No: 1151945 (from 1 April 2013) Registered by the Homes and Communities Agency No: L4254	
External Auditor	Beever and Struthers Chartered Accountants and Statutory Auditor St. George's House 215 – 219 Chester Road Manchester M15 4JE	
Internal Auditor	Mazars LLP The Lexicon Mount Street Manchester M2 5NT	
Solicitors	Forbes Solicitors Rutherford House 4 Wellington Street St. Johns Blackburn BB1 8DD	
Bankers	National Westminster Bank 6th Floor, 1 Spinningfields Square Manchester M3 3AP	
Lenders	Royal Bank of Scotland Floor 3, Kirkstane House 139 St Vincent Street Glasgow G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW

Corporate Framework

Our Vision

The vision for the Company is:

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

Our Values

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

Our values are:

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

Strategic Aims

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

The five strategic aims are:

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

Calico Homes Limited
Company number: 3752751

Strategic Report of the Board

The Board is pleased to present its strategic report as required by the Companies Act 2006.

Performance for the year

In addition to this report the Company produces an Annual Report which covers in-depth, achievements during the year and performance against customer related objectives, targets and local offers. This information is not repeated in full here. A copy of the report can be obtained from the Company Secretary at the registered office or be found on the website at http://calico.org.uk/uresources/documents/1951-CalicoAnnualReport_2014_w.pdf.

Calico has had another successful year. Considerably more properties have been added through new build development than have been lost through right to buy/right to acquire schemes. This means that property numbers have grown for the fourth year in succession. There have also been two new "firsts" for Calico during the year – a shared ownership offering to customers and the disposal of houses built for outright sale. Both of these new activities took place on our non grant funded development at Sabden. These new activities have added nearly £1m to turnover.

As noted in the Report of the Board a Group reorganisation took place on 1 November 2013 with all the subsidiaries of Calico Homes as at 31 October 2013, and Calico Homes, becoming subsidiaries of a new parent, The Calico Grp Limited. This change strengthened the overall corporate governance for the Calico Group and added further protection to the social housing assets owned by Calico Homes. Calico Homes continues to provide back office services (Human Resources, Finance, IT, Business Improvement and Office Accommodation) to companies in the Group for which a charge is made, As the Group grows the income received by Calico Homes also grows.

In addition on 1 November 2013 Calico Homes Limited became the sole Corporate Trustee of Whitworth Care Trust. Calico Homes had been working with the Trust for some time helping it to develop plans to expand and grow. It was agreed that this would only be possible if it became part of Calico Homes Limited. This was achieved, following Charities Commission guidance, by the appointment of Calico Homes as the Corporate Trustee. The results of Whitworth Care Trust have not been consolidated into the accounts of Calico Homes Limited as allowed under accounting rules. Their results have, however, been consolidated into the accounts of the ultimate parent company The Calico Grp Limited.

Operational service delivery remained strong with the majority of the performance indicators reaching target or on an improving trend as shown by our balance scorecard approach. In addition during January we undertook a STAR status survey of a quarter of our tenants. The results of the survey showed improvements across all key questions except how we handle complaints – this is an area being investigated by the Passionate about Customers strategic group. It is encouraging to note that 88% of customers are satisfied with the services provided and 89% with their neighbourhood as a place to live. This is testimony to the hard work by staff from across the company in managing the neighbourhood at a strategic level and the investment in our housing stock.

We continue to invest in our stock and neighbourhoods and the year saw a further £537,000 spent on new metal fencing and a further £668,000 on external wall insulation and other energy efficiency works. This work, and that undertaken in previous years has had a transformational effect on our most deprived estates, increasing the lettability of stock and reducing void levels in these areas. Where insulation has been fitted we continue to track energy consumption which has shown significant reductions. Anecdotal evidence indicates annual savings for some customers of over £250. As well as reducing our CO2 emissions this work is also tackling issues of fuel poverty and financial inclusion.

The external wall insulation work would not be possible without the grant funding being received initially through the Community Energy Saving Programme (CESP) and now the Energy Company Obligation (ECO) route. Working smartly and combining our major repairs expenditure with external funding opportunities to improve our primary asset, the housing stock reduces repairs expenditure and increases the desirability for our properties, which in turn improves our financial position. Just as importantly it reduces the fuel costs of our customers and gives local people sustainable employment. This is a prime example of value for money in action – a key regulatory requirement for registered providers like Calico.

We have also seen an increase in the amount spent on damp issues and asbestos assessment and removal. A total of £924,000 was spent on these areas during the year. These are areas of high importance to tenants and will ultimately lead to lower complaints and repairs related to this activity, but results in higher short term costs.

On a negative note tenancy turnover has remained high with the knock on effect into void rent loss and void repairs costs. We have benchmarked our levels with other local registered providers and their experience is similar to ours. The large volume of private rented accommodation available and the ease with which customers are able to move have been identified as one of the causes, along with changes in circumstances for residents in our sheltered stock which represents a quarter of our homes. We have increased the resource in our housing teams to tackle this issue.

Strategic Report of the Board (continued)

Sales of properties at Sabden are slower than anticipated. All the shared ownership properties have been sold or converted to rent but of the 14 built for outright sale, 10 remained unsold at the year end. The business plan reflects this position with only 5 anticipated to be sold during 2014/15. We are confident this will be achieved as additional resource and external assistance has been dedicated to this target.

Calico continues to receive a positive assessment from our regulator with both our financial viability and governance assessments being reassessed in early 2014. Both areas were assessed at the highest level available of V1 for viability and G1 for Governance.

The Company has also met all the covenants required by our funders during the year, and to date.

Overall the Board are satisfied with the performance during the year and would like to thank all the staff for their hard work and achievements.

Future developments

Looking forward the Group adopted a new Growth Strategy in March 2014 which sets out our aspirations for expansion of Calico Homes through the development of new properties, the receipt of grants for external wall insulation for our stock and an expansion of our care services following the acquisition of Whitworth Care Trust.

Work is continuing on a development of 60 homes on Primrose Mill, Briercliffe. The bulk of this scheme will be completed during 2014/15 with the remainder in the early months of 2015/16. 14 of these properties are for outright sale and initial demand is strong with reservations off plan already taking place. We have also recently received confirmation that we were successful in the latest affordable housing programme bid with the Homes and Communities Agency. Our bid consisted of 52 properties, all of which were approved.

In addition to the above our business plan includes the development of a further 128 properties. This includes the building of a 28 bed care home.

We are exploring opportunities for additional loan facilities to develop additional properties.

Negotiations for the receipt of grant to fund external wall insulation to our properties are well underway with a number of providers. We have agreed market leading levels of funding per carbon tonne saved and are currently looking at how the programme is delivered to ensure the maximum local employment benefit is obtained. Work on the next batch of properties will start in March/April 2015.

We continue to monitor operational performance on a regular basis and are aiming to reduce the volume of tenancy terminations and associated costs, realising the investment in staffing levels made in our neighbourhoods teams.

This report was approved by the Board on 12 September 2014 and signed on its behalf by:

Steven Brook
Company Secretary

Calico Homes Limited
Company number: 3752751

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2014.

Principal activities

Calico Homes Limited is a registered charity. New charitable Articles were adopted from 1 April 2013 with Charities Commission registration being granted on 8 May 2013. The Company is governed by its memorandum and articles of association and is registered with the Homes and Communities Agency 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.

Calico Homes Limited became the parent company of Whitworth Care Trust on 1 November 2013. Whitworth Care Trust is a small care home (8 units) which also operates a day care centre.

Group reorganisation

On 1 November a group reorganisation took place. From that date Calico Homes is no longer the parent company of Calico Enterprise Limited, SafeNet Domestic Abuse Service, Hobstones Homes Limited (formerly Calico Design & Build Limited) and Calico JV Limited. These companies and Calico Homes Limited became subsidiaries of The Calico Grp Limited. The Calico Grp Limited is now considered to be the ultimate parent company of the Calico Group. With this change occurring there is no longer a requirement for Calico Homes Limited to produce consolidated financial statements. Therefore the financial statements for the year ended 31 March 2014, and the comparative numbers for 2013 are for Calico Homes Limited only.

Value for Money

Delivering value for money has been and remains a long term commitment for Calico which commenced at transfer some 14 years ago. Without a focus on value for money we would not have been able to deliver the decent homes standard, further improve the quality of our stock with, for example, external wall insulation, meet the requirements of the rent standard, improve the quality of our neighbourhoods by, for example, demolishing garages to reduce ASB and undertaking a £1.5m fencing programme, improve customer satisfaction, improve performance, grow our stock and obtain (and maintain) a V1 regulatory judgement for financial viability.

A strategic group drawn from across Calico monitors service improvement initiatives to ensure they have a value for money focus and undertakes specific activities to help embed value for money within individual teams and the wider organisation. Our BE SMART system (Bring Efficiencies, Save Money And Reach Targets) helps staff record their efficiencies easily and quickly with 230 separate entries being included in the year under review. The group has also developed a number of value for money performance indicators which are published with the management accounts and help managers understand the cost drivers of their service and take steps to improve efficiency.

The budget setting process each year is required to deliver at least a 3% efficiency target. The efficiencies generated are then re invested in the business, if required, for service improvement or to meet specific needs of our customers, for example, we have employed two additional people in our income management team to help customers with the welfare reform changes and fuel poverty issues. These positions were funded through the efficiencies made. The 2013/14 budget setting process released net efficiencies of £233,000, after re investment and the end of year results confirmed that those efficiencies had been realised. The 2014/15 budget setting process generated net efficiencies of £190,000.

Due to the concentration of our stock on estates in and around Burnley, the low average market value of that stock and our neighbourhood strategy to create places where people want to live the Board have concluded that individual houses on estates should not be sold when they become vacant. Options appraisals are undertaken on dispersed stock not on our estates when they become vacant and a sale/retain decision is made taking into account the financial position as well as the location and condition of the neighbourhood.

The following table summarises information in relation to our assets, the market and our funding position:-

	2010/11	2011/12	2012/13	2013/14
Asset information				
Number of properties	4,445	4,447	4,465	4,569
Net book value per property £	10,086	11,230	12,438	13,931
Valuation per property (EUV-SH) £	20,130	23,434	25,621	30,290
Estimated market value per property £	66,592	68,197	69,876	60,599
Debt per property	12,486	13,492	16,125	17,400
EBITDA per property	1,191	1,079	1,083	1,171
Interest cost per property	629	633	732	789

Report of the Board (continued)

It demonstrates that we are achieving growth of our asset base and investing in our stock to create value. It further highlights the relatively low and declining market values in our area of operation which supports our strategy of asset retention. Our overall approach to value for money since 2012/13 has resulted in an additional 41 properties being developed or planned to be developed.

Value for money always needs to be considered against our vision of "Providing quality services that make a difference to peoples lives" and that our neighbourhoods should be places where people want to live. It also need to recognise the challenging local environment within which we operate. This means that activities are undertaken to help and support customers maintain their tenancy, estates are actively managed (dog fouling, rubbish and litter, car parking problems actioned), anti social behaviour is tackled (a key priority for customers in respect of children and noisy neighbours) and tenants are helped through training courses and other support to realise their potential.

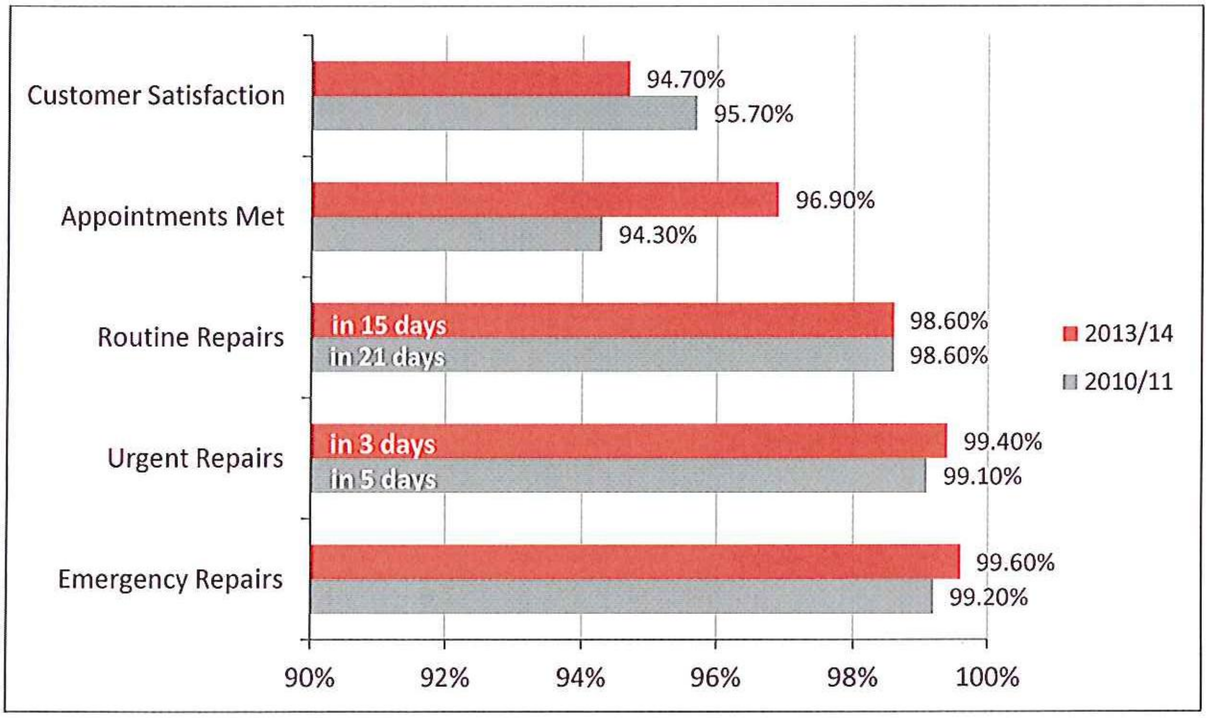
Resources are therefore applied to these activities over and above basic housing management. An example of this type of activity is our neighbourhood action teams which are made up of a cross section of staff throughout the organisation. These staff spend on average 2 hours a week undertaking work in an allocated neighbourhood. This results in a higher neighbourhood satisfaction level, but impacts on overall costs. In 2008 neighbourhood satisfaction was 81.7% (STATUS survey) but had risen to 88% by 2012 (STAR survey) with the first quarter of 2014 results showing a further rise to 89% (STAR survey – top quartile). This investment is seen as delivering excellent value for money. Burnley also provides a challenging operating context. Demand for properties is lower than in other areas of the country and private landlords offer an affordable alternative to social housing. Additionally, deprivation levels are high meaning many of Calico's customers face challenges in managing their tenancies. This results in high levels of tenancy terminations which requires considerable resource from the neighbourhood management service in terms of re-letting. Furthermore, the amount of work done to prevent tenancy terminations in terms of tenancy sustainment activities, particularly around financial issues, is also high.

The above reflects our bottom quartile position when we compare our housing management cost to others using the Global Accounts published by the Homes and Communities Agency. We do not accept that there is no room for improvement and are going to undertake further benchmarking to identify if there are any opportunities to improve.

Delivering repairs to customers homes represents a significant cost and is a major driver of customer satisfaction. The table and chart below, which include inflation, highlight our performance in this key area:-

	2010/11	2011/12	2012/13	2013/14
Voids				
Material Cost/Termination	£553.59	£511.37	£460.19	£441.17
Ave Total Cost/Termination	£2386.54	£2298.48	£2536.87	£2317.57
Ave Cost per Repair	£313.11	£318.39	£333.50	£255.75
Responsive				
Cost per repair	£110.91	£103.24	£101.28	£98.00
Material cost/repair	£19.60	£21.41	£18.59	£16.54
Ave Total cost per property	£41.53	£37.54	£37.26	£37.27
Number of repairs per property	4.09	3.99	4.06	4.08
Gas				
Cost per repair	£46.34	£46.69	£47.99	£51.75
Ave cost per Breakdown	£53.05	£41.08	£42.37	£51.47
Ave cost per service	£39.55	£40.17	£35.30	£35.25
Cost per property	£134.72	£129.30	£141.82	£144.07

Report of the Board (continued)



Our repairs costs are moving in an overall positive direction. The increase in the costs of the gas service are an indicator of the age of a high proportion of our gas boilers which are circa 12 years old but a planned program to replace the older boilers is underway.

We are also aware that customer dissatisfaction relates in the main to repairs which are not completed on the first visit. A new performance measure is to be introduced to monitor right first time completions. The reasons for follow on work are being assessed which coupled with a multi skilling approach should enable numbers to be reduced. Ensuring we complete a repair on the first visit will improve repairs value for money.

The positive progress being made has been diluted due to an increase in the number of tenancy terminations (see note above) from 545 in 2010/11 to 692 in 2013/14 – a rise of 27%, an increase in the costs associated with asbestos inspections and removal, if relevant, and a rise in roofing repairs.

We continue to monitor this key area and undertake external validation through the Housing Quality Network DLO accreditation service. We were reassessed during the year and achieved strengths outweighing weaknesses in all seven areas inspected. We have also compared our repairs cost using the published global accounts where against LSVT's North between 2,500 and 7,500 units we were 15th out of 23 in 2013 improving to 13th when using the 2014 figures. We will continue to monitor costs and take action to be more efficient. This includes initiatives to reduce our tenancy turnover.

Other activities which have generated increased value for money include conversion to charitable status where savings have been generated in relation to rates payable, software licencing, recruitment advertising and corporation tax payable, bringing in house, through Ring Stones, our planned maintenance and new build development activity which generates VAT savings and reduced tender activity, strong procurement delivering savings for instance on repairs materials (£42,000), electrical call out costs (£15,000) and on our mobile phone contract (£15,000).

Further information on how we deliver value for money can be found in our full Value for Money Self Assessment on our website at www.calico.org.uk/vfmselfassessment.

Report of the Board (continued)

In addition to the above the Board set out below why they believe Calico Homes meets the requirements of the Value for Money standard as required by our Regulator, the Homes and Communities Agency:-

Specific expectations of the HCA	*Summary of how Calico Homes is meeting these expectations*
1.1 Registered providers shall:	
Have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade-offs and opportunity costs of its decisions	Our strategic objectives are set out in a three year corporate plan which identifies the challenges, opportunities and objectives to be delivered. The plan includes an efficiency target to be delivered. It also includes a 40 year detailed cash flow forecast and details of loan covenants which must be met. A strategic group made up of individuals from across the Company is focused on identifying, delivering and monitoring initiatives specifically undertaken to ensure we "provide value for money in everything we do". All Board papers identify how the matter for decision meets the Corporate Plan objectives and the value for money implications, including financial and non financial (eg local jobs created) matters. Development schemes are appraised using an industry standard system (ProVal) using parameters approved by the Board. Schemes are approved by the Board. Annual budgets, approved by the Board, set out the efficiencies achieved in the year and how these have been used to deliver the objectives. Our approach has enabled us to build or develop an additional 41 homes since 2012/13.
Understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models – measured against the organisation's purpose and objectives	Every 5 years our stock condition survey information is externally validated and used to populate our 40 year business plan. The individual property data is updated on a rolling inspection cycle. All our housing stock is located in close proximity to our head office in the centre of Burnley and is primarily estate based. Our neighbourhood strategy is focussed on developing places where people want to live. The Board believe this is best achieved by retaining stock on these estates. Long term voids on our estates have been investigated and action taken to deal with the issues which are preventing their letting, eg conversion of 1 bedroom energy inefficient flats into energy efficient family homes. A financial investment appraisal is undertaken for all non estate based sundry properties when they become void to determine a course of action re retention/disposal. We have undertaken a high level analysis of the profitability of our stock which revealed 38 loss making assets. These were either in a sheltered scheme identified for closure, individual properties within a sheltered scheme where disposal would affect the viability of the scheme or a sundry property. Further work on asset profitability is scheduled to be undertaken in 2014/15 as part of a review of our asset management strategy. External grant funding through the energy company obligation is secured to upgrade the energy efficiency of our stock which will assist our tenants with the implications of fuel poverty. Combining this activity with other external works ensure efficient management of costs, eg scaffolding costs only incurred once.

Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance	We keep accurate and timely data of our service performance coupled with detailed financial records of costs. Targets are set and monitored for key performance indicators, as is the direction of travel (improving/deteriorating). These are reported to Board on a quarterly basis together with financial costs and expected out turns. The effect on loan covenants is also reported. Customers are involved in the selection of contractors and in the review of their performance. Our resident scrutiny panel, RAISE, undertake reviews of services and consider value for money as part of that review. The recently established co-regulation group will focus on value for money in their assessment of whether Calico are meeting the consumer standards. Our repairs service has been externally accredited by Housing Quality Network. The focus and role of RAISE is being reviewed during 2014/15.
Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so	We benchmark our performance at an individual service level and benchmark specific costs, eg salaries for roles, costs of disabled adaptations, gas boilers replacement. Each set of management accounts calculates 10 value for money indicators for which targets have been established. These are used by managers to gain a better understanding of the cost drivers behind the activity. For example the monitoring of void cost per property is reducing as we develop the skills of operatives to undertake multiple trades, thus increasing turn round times. Our volume of voids has increased along with performance but costs have reduced. Avoidable calls to the call centre are monitored and action taken to reduce their volume. We have benchmarked our costs through the HCA global accounts where housing management costs are bottom quartile. Our approach to estate management (resources focussed on tackling ASB and estate presentation) and an investment in financial inclusion and energy efficiency activities as well as income recovery resource impact on this position. We are intending to investigate this position further during the year to identify if any changes are required to the service to deliver better value for money. Customer satisfaction in our neighbourhoods is top quartile. We have established a contractor, Ring Stones to undertake our previously outsourced planned maintenance and development work. This saves VAT but it also enables us to ensure targets for local employment are met. 30 local jobs have been created helping us to achieve our regeneration of Burnley strategic objective.

Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
1.2 Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The assessment shall:	
Enable stakeholders to understand the return on assets measured against the organisation's objectives	Our website contains a detailed self assessment (www.calico.org.uk/vfmselfassessment) which sets out our focus on the neighbourhoods where we own stock. Delivering a vibrant neighbourhood where people want to live is a key objective and our approach to asset management reflects this. The impact on the neighbourhood takes precedence when decisions on repair or sell are undertaken. Our annual property valuation undertaken for funding purposes shows anincreasing value of our social housing assets. We have invested in income management teams to maintain a top quartile collection level.
Set out the absolute and comparative costs of delivering specific services	We compare costs of individual activities, eg voids, over time and through the budget setting process where comparisons to the previous year are made. We have benchmarked ourselves against our peers using the global accounts and identified why we are more expensive than others. We intend to investigate further if our approach can be changed to reduce costs but not impact on satisfaction.
Evidence the value for money gains that have been and will be made and how these have and will be realised over time	Net value for money financial gains are used to increase our development activity. Since 2012/13 we had been able to increase our new build potential by 41 properties.

In preparing the above the Board have identified a number of areas where more detailed work is required to enable better informed decisions to be made in respect of value for money. An update on progress will be provided in next years self assessment.

Board members and executive directors

After many years service to Calico Homes Winn McGeorge, a dedicated, committed and perceptive tenant elected Board member and former Chair of the Board, will not be offering herself for re election at the forthcoming annual general meeting. The Board would like to take this opportunity to thank Winn for the significant part she has played in the successful development and growth of Calico Homes, and the wider Calico Group. Her insight and knowledge of Calico will be greatly missed by the Board.

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.

Report of the Board (continued)

Remuneration policy
The Group Board 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, an on line performance monitoring system and a regularly updated intranet site. A Staff Panel comprising staff representatives meets with Executive Team representatives every six weeks to discuss issues relevant to staff.

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

In February 2014, Calico were recognised as the 9th Best Company to work for in the Sunday Times Best 100 Companies to Work For (not-for-profit category). This is a testimony to how we successfully engage with our staff.

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 Committee, chaired by the Chief Executive, meets on a regular basis. The company are CHAS (the Contractors Health and Safety Assessment Scheme) accredited.

Capital structure and treasury management
The Group borrowed a further £7.5 million to bring its total borrowings to £79.5 million out of a facility of £85 million at the year end. The additional borrowing was used to support the development programme.

The Group borrows from the Royal Bank of Scotland and Nationwide at both fixed and floating rates of interest and currently has 78.74% 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 4.31% to 6.49% with the weighted average rate of interest on all loans due to low variable rates being 5.26%.

Gearing, calculated as total loans as a percentage of capital grants and reserves, was (263.29%), (2013: (253.83%)). Although high, this is in line with the long term business plan which shows we are able to repay our loans in line with our agreement with our funders.

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

Reserves
After transfer of the deficit for the year of £569,000 (2013: £470,000) and actuarial gain of £2,403,000 (2013: actuarial loss £1,621,000) Company reserves at the year- end amounted to (£19,304,000) (2013: (£21,138,000)), which is in line with expectations.

NHF Code of Governance
The Board have adopted the principal recommendations of the National Housing Federation's Code of Governance. The ways in which we seek to achieve good housing association governance are outlined below.

Individual and collective board appraisals are carried out and a board development programme produced. This is tailored to each director. 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.

Report of the Board (continued)

The Board
The Board comprises nine non-executive members (with three vacant positions) and is responsible for managing the strategic direction of the Company. It meets on a six weekly basis 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 Company Audit Sub-Committee meets a minimum of three times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Company's internal financial control arrangements.
The Company Remuneration Committee is responsible for making recommendations to the Board on the remuneration and employment contracts of the senior officers. The committee also sets the objectives for the Chief Executive and reviews performance against those objectives. The committee meets at least annually but at other times as required.

Tenant involvement
Our Involvement Policy is in line with the regulatory standards. We focus on outcomes and the impact of any support we offer tenant groups, and have broadened the opportunities for involvement to include focus groups and open forums, rather than solely the Tenants and Residents Association. The Board has places for four elected tenants as part of its membership.

We have engaged fully with the Resident Led Self Regulation initiative. We have established a scrutiny panel of residents who have commenced inspection activities and produced recommendations for improvements to services to the Board.

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

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 2013 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.

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

Report of the Board (continued)

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.

Risks and uncertainties
Utilising the above approach Calico has identified the following major risks to the successful achievement of its objectives:-

Key risk element	Status	Impact on strategic objectives
Welfare reform - changes to levels of benefit ("bedroom tax") and how it is paid which will increase costs of collection/reduce level of income received and consequently financial viability of Calico	Increased monitoring and reporting put in place and additional resource recruited to assist income management team - Tenancy Sustainment Officer, Income Advisor and Financial Inclusion Officer. Local credit union located in our head office. Business planning assumptions changed to reflect expected lower collection rate. Financial inclusion strategy and action plan in place.	These risks impact across all our strategic aims as without the right people performing well and delivering the services to an appropriate or better standard than expected and a quality asset base which stimulates demand or retention of customers, we will not be able to grow, retain business and enhance our reputation.
Operational performance not delivered to levels required and deteriorates due to changes in external operating environment	Regular monitoring using a balance scorecard approach is undertaken. Weekly reports considered by individual teams, senior management team and executive team. Detailed quarterly performance reports considered by the Board. Business Plan assumes no inflationary increase in supporting people income and it's removal after 10 years. External environment being monitored for changes in government policy and action plans developed to manage. Teams restructured in line with requirements of contracts.	
Monetary targets for reduced spending achieved at the expense of quality and customer satisfaction	Financial targets established through the budget process and monitored on a monthly basis. Service quality measured in weekly performance report and regular customer satisfaction surveys undertaken. Value for Money strategy and strategic group in place to deliver.	
Communication with tenants is poor or ineffective and they do not think their views are or have been taken into account	Customer service strategy in place and being managed by the "passionate about customers" strategic group. STAR survey undertaken quarterly and results published with 77% of respondents satisfied with the way Calico listens to their views and acts upon them. Digital strategy in place to recognise variety of ways customers interact with Calico.	
Insufficient resources allocated to maintaining housing stock to a satisfactory standard or improving the stock to enable us to deliver on our vision of "Providing quality services (i.e. houses) that make a difference to people's lives"	Asset management strategy in place supported by a 5 year stock condition survey. The business plan includes allowance to put the strategy in place. Plans in place to access ECO funding for utilisation on our properties.	

Key risk element	Status	Impact on strategic objectives
Unable to meet the current or future needs of contract commissioners or the market	Quality Assurance Framework (QAF) assessments undertaken across relevant services on an annual basis. The Older People's Service and Elizabeth Street hostel were validated at QAF Level A in January 2014 which is the highest level possible. Regular meetings take place with service commissioners.	
Loss of key staff limits ability to perform	People strategy in place focussing on realising people's' potential. 9th in Sunday Times top 100 companies to work for.	
Ineffective Board leading to poor governance	Board development plans in place and annual appraisals undertaken. Meeting regulatory standard for governance.	
Non development related (e.g. supporting people contracts) growth opportunities not identified or pursued	Growth strategy in place. Business development resource recruited. Growth group comprising senior staff meet monthly to identify opportunities to pursue.	
Failure to adhere to health and safety legislation and in Calico Homes Limited meeting the requirements of the consumer and economic standards set down by the HCA	Health and safety policy approved by Boards in place and regular monitoring and reporting of incidents, accidents and near misses in place with action plans to improve developed. Calico Homes has in place a co regulation process involving customers. Calico Homes viability monitored through business plans and annual viability report with a V1 rating currently in place.	
Development activity not delivered as planned and new build programme insufficient to be able to keep construction team fully occupied	Development activity discussed at growth group meetings. Financial cost and cash flow position reviewed monthly at meetings between finance team and development team. Successful in AHP 2015-18 bid obtaining grant for all schemes submitted	
Availability of loan finance to develop/expand property base	Annual treasury strategy in place. Business plan for Calico Homes includes growth of property numbers. Negotiations underway to secure additional finance to expand.	

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

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 2010) 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

Report of the Board (continued)

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

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

Auditor
Beever and Struthers, Chartered Accountants and Statutory Auditor, have indicated their willingness to continue in office. A resolution to reappoint them as External Auditors will be proposed at the forthcoming annual general meeting.

This report was approved by the Board on 12 September 2014 and signed on its behalf by:

Steven Brook
Company Secretary

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

We have audited the financial statements of Calico Homes Limited for the year ended 31 March 2014 on pages 17 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Board Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

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

- adequate accounting records have not been kept, or 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 board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Beever and Struthers

Maria Hallows (Senior Statutory Auditor)
For and on behalf of BEEVER AND STRUTHERS
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date 12.9.14

Calico Homes Limited
Company number: 3752751

Income and Expenditure Account

For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	3	20,988	18,546
Operating costs	3	(17,058)	(15,235)
Cost of sales	3	(921)	-
Operating surplus		3,009	3,311
Surplus/(Deficit) on disposal of fixed assets	6	32	(516)
Interest receivable and other income	7	4	3
Interest payable and similar charges	8	(3,603)	(3,268)
Deficit on ordinary activities before taxation		(558)	(470)
Taxation on non-charitable activity	11	(11)	-
Deficit for the financial year	20	(569)	(470)

The notes on pages 20 to 40 form part of these financial statements.
Historic cost surpluses and deficits were identical to those shown in the Income and Expenditure Account.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2014	2014 £'000	2013 £'000
Deficit for the financial year	(569)	(470)
Actuarial gain/(loss) relating to pension scheme (note 9)	2,403	(1,621)
Total recognised gain/(deficit) for the financial year	1,834	(2,091)

The financial statements were approved and authorised for issue by the Board on 12 September 2014 and signed on its behalf by:

Lesley Burrows
Chair of the Board

Steven Brook
Company Secretary

John Inglesfield
Member of Audit Committee

Calico Homes Limited
Company number: 3752751

Balance Sheet

At 31 March 2014

	Note	2014 £'000	2013 £'000
Tangible fixed assets			
Housing properties		74,001	64,567
Grants			
Social housing grant		(8,993)	(7,672)
Other		(1,359)	(1,359)
	12	63,649	55,536
Other tangible fixed assets	13	3,998	3,126
		67,647	58,662
Current assets			
Properties for sale	14	2,138	2,784
Stock	15	49	50
Debtors	16	1,445	1,323
Cash at bank and in hand		178	644
		3,810	4,801
Creditors: Amounts falling due within one year	17	(4,147)	(3,139)
Net current (liabilities)/assets		(337)	1,662
Total assets less current liabilities		67,310	60,324
Creditors: Amounts falling due after more than one year	18	79,868	72,547
Pension liability	9	6,746	8,915
		86,614	81,462
Revenue reserve	20	(19,304)	(21,138)
		67,310	60,324

The notes on pages 20 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 12 September 2014 and signed on its behalf by:

Lesley Burrows
Chair of the Board

Steven Brook
Company Secretary

John Inglesfield
Member of Audit Committee

Calico Homes Limited
Company number: 3752751

Cash Flow Statement

For the year ended 31 March 2014

	Note	2014	2013
		£'000	£'000
Net cash inflow from operating activities	23	6,585	4,670
Returns on investments and servicing of finance			
Interest received and other income	7	4	3
Interest paid		(3,794)	(2,942)
Interest element of finance lease payments	8	(10)	(23)
		(3,800)	(2,962)
Capital expenditure			
Purchase of housing properties and improvements		(10,332)	(10,376)
Purchase of other fixed assets		(1,227)	(3,010)
Sales of housing properties		1,017	187
		(10,542)	(13,199)
Financing			
Loans received		7,507	12,007
Capital element of finance lease payments		(216)	(247)
		7,291	11,760
(Decrease)/Increase in cash	24	(466)	269
Balance brought forward cash at bank		644	375
Balance carried forward cash at bank		178	644

Notes to the Financial Statements

1. Legal status

The Company is registered with the Charities Commission and registered with the Homes and Communities Agency as a registered provider of social housing. The company is limited by guarantee.

2. Accounting policies

Basis of accounting
The financial statements are prepared under historical cost convention and in accordance with applicable accounting standards. The Statement of Recommended Practice: Accounting by Registered Providers (update 2010), the Accounting Direction for registered providers 2012, The Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, the Charity (Accounts & Reports) Regulation 2008, applicable UK Accounting Standards and the Charities Act 2011 are all relevant standards. The Board is satisfied that the current accounting policies are the most appropriate for the Company.

Going concern
After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this is supported by a long-term business plan which has been approved by our funders. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover
Turnover comprises rental income and service charges receivable in the year, income from property sales, other amounts at the invoiced value of goods and services supplied in the year. Rental income and service charges are recognised and charged in accordance with the tenancy agreement. Supporting People income is recognised in accordance with the Supporting People contracts. Turnover is stated exclusive of Value Added Tax (VAT).

Provision for taxation
Charitable activities of the company are not chargeable to corporation tax. The element deemed to be non-charitable, outright property sales, are chargeable to corporation tax. Corporation tax at the current rate has been provided for the surplus made on this activity.

Loan arrangement fees
Loan arrangement fees are capitalised and amortised over the life of the loan.

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 from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

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

Financial instruments
There are a number of interest rate fixes and forward fixes in relation to our loan facility. Details of these fixes and the estimated break costs as at 31 March 2014 are listed in note 19. If these fixes are terminated prior to maturity or not taken, break costs could be incurred. No provision for these break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity are not expected.

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

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

The break costs quoted in note 19 are considered to be the fair value of the financial instruments.

Consolidation
The Company, as the parent, previously prepared financial statements on a consolidated basis. With the changes in the group structure Calico Homes Limited now ceases to be the parent of the Calico Group and therefore prepares the statements for the single entity.

Notes to the Financial Statements

2. Accounting policies (continued)

Pensions
The Company participates in the Lancashire County Pension Fund ("LCPF") and the Social Housing Pension Scheme ("SHPS"); both are defined benefit final salary pension schemes. The assets of both schemes are invested and managed independently of the finances of the Company. The Company also participates in a defined contribution scheme with the Social Housing Pension Scheme ("SHPS").

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

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

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

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

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

Supported housing managed by agencies
Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's income and expenditure account.

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

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

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

Depreciation of housing properties
Freehold land is not depreciated. Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the income and expenditure account in the year it is disposed of.

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

Notes to the Financial Statements

2. Accounting policies (continued)

Major components and their useful economic lives are as follows:

Structure – general needs houses	100 years	Central heating	30 years
Structure – GN flats/ sheltered housing hostel	75 years	External wall insulation	25 years
Structure – sheltered housing	50 years	Electrical wiring	25 years
Roof	50 years	Doors	20 years
Bathrooms	30 years	Kitchens	20 years
Windows	30 years	Boilers	15 years
Externals	30 years	Solar panel system	25 years

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

Shared ownership properties
Shared 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. As the properties are sold the proceeds are included in turnover and the company share remains in fixed assets at cost less any provisions needed for depreciation or impairment.

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:

Leasehold property	Depreciated over the term of the lease
Furniture, fixtures and fittings	10-33%
Computers and office equipment	5-33%

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

The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

Properties for sale
The properties for sale are held at the lower of cost or net realisable value.

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

Notes to the Financial Statements

3. Turnover, operating costs and operating surplus

Continuing activities

	2014				2013			
	Turnover	Operating costs	Cost of sales	Operating surplus/ (deficit)	Turnover	Operating costs	Cost of sales	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	18,474	(15,540)	-	2,934	17,518	(14,091)	-	3,427
Other social housing activities	801	(719)	-	82	794	(783)	-	11
Non-social housing - other	726	(799)	-	(73)	234	(361)	-	(127)
Outright sales	578	-	(529)	49	-	-	-	-
Shared ownership sales	409	-	(392)	17	-	-	-	-
	20,988	(17,058)	(921)	3,009	18,546	(15,235)	-	3,311

Particulars of income and expenditure from social housing lettings

	General housing £'000	Sheltered housing £'000	2014 Total £'000	2013 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	13,658	3,943	17,601	16,668
Service charges receivable	436	437	873	850
Turnover from social housing lettiings	14,094	4,380	18,474	17,518
Expenditure on social housing lettings				
Management	(3,867)	(1,202)	(5,069)	(4,947)
Services	(405)	(360)	(765)	(719)
Routine Maintenance	(2,649)	(823)	(3,472)	(3,566)
Planned Maintenance	(686)	(213)	(899)	(925)
Major repairs expenditure	(1,916)	(598)	(2,514)	(1,649)
Bad Debts	(160)	(49)	(209)	(143)
Depreciation of housing properties	(1,505)	(441)	(1,946)	(1,724)
Loss on disposal of components	(80)	(32)	(112)	(105)
Loss on disposal of other fixed assets	(2)	-	(2)	(45)
Impairment reversal of housing properties	-	-	-	62
Other costs	(421)	(131)	(552)	(330)
Operating costs on social housing lettings	(11,691)	(3,849)	(15,540)	(14,091)
Operating surplus on social housing lettings	2,403	531	2,934	3,427
Void loss	(531)	(62)	(593)	(329)

Notes to the Financial Statements

4. Accommodation in management and development

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

	2014	2013
	Number of properties	
Social housing		
General housing - social rent	3,380	3,295
Supported housing & housing for older people	1,172	1,163
Tenant group properties	1	2
Shared ownership	10	-
Non-social housing		
Student accommodation	7	7
Interim management orders	-	4
Total managed	4,570	4,471

The Tenant group property is included in housing properties at cost, being set aside for use by tenant groups that are supported by the Company. Student accommodation includes 39 units within 7 properties. Included in supported housing and housing for older people are the Elizabeth Street hostel which comprises 20 units in 1 property and the refuge Orchard House which comprises 20 units in 1 property. Sunnyside Resthome, which was purchased in the year, s an 8 bed care home which is used by Whitworth Care Trust.

5. Operating surplus

This is arrived at after charging:

	2014	2013
	£'000	£'000
Depreciation of housing properties	1,947	1,724
Loss on disposal of components	112	105
Depreciation of other tangible fixed assets	354	268
Loss on disposal of other tangible fixed assets	2	45
Reversal of Impairment of housing properties	-	(62)
Operating lease rentals - land and buildings	66	74
Operating lease rentals - other	306	359
Auditor's remuneration (excluding VAT)		
- for auditor services	16	18
- for non-audit services	2	2

Notes to the Financial Statements

6. Surplus/(Deficit) on sale of fixed housing assets

	2014 £'000	2013 £'000
Disposal proceeds	189	187
Carrying value of fixed assets	(157)	(703)
Surplus/(deficit) on disposal	32	(516)

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. Disposal of properties built for sale and shared ownership are shown in Note 3.

7. Interest receivable and other income

	2014 £'000	2013 £'000
Interest receivable and similar income	4	3

8. Interest payable and similar charges

	2014 £'000	2013 £'000
Finance leases	10	23
Loans and bank overdrafts	3,476	3,031
FRS17 pensions - net interest on pensions deficit	117	214
	3,603	3,268

Notes to the Financial Statements

9. Employees

Average monthly number of employees

	2014	2013
	No.	No.
Administration	51	41
Housing and community services	200	200
Total	251	241
Full time equivalents (36.25 hours/week)	227	227

	2014	2013
Employee costs:	£'000	£'000
Wages and salaries (gross)	5,199	5,020
Social security costs	405	388
Other pension costs	683	720
FRS17 adjustment to Income and Expenditure Accounts	117	(29)
	6,404	6,099

Pension obligations

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

Social Housing Pension Scheme

The Company participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the State Pension scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operates two benefit structures. A career average revalued earnings (CARE) scheme with a 1/60th accrual rate and from 1 January 2012 the Company operated a defined contribution scheme. From 1 January 2012 employer contributions for new members in the CARE scheme were limited to 10%.

The Scheme commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

Calico Homes paid contributions at rates between 8.05% and 22.15% during the accounting period. Payments to the scheme in the period for the Company amounted to £85,483 (2013: £65,822). As at the balance sheet date there were 11 active members of the Scheme employed by the company. The annual pensionable payroll in respect of these members was £452,166.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

Triennial actuarial valuations are performed by a qualified actuary using the 'projected unit' method. The last formal valuation of the scheme was at 30 September 2011. The market value of the scheme's assets at that date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of some £1,035 million (equivalent to a past service funding level of 67%).

Notes to the Financial Statements

9. Employees (continued)

The long-term joint contribution rates required tomeet the cost of future benefit accrual for each different benefit structure for employers and members that applied from April 2013 were assessed at:

	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate (closed for new members)	19.4
Career average revalued earnings with a 1/60th accrual rate	18.1

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries increasing each year in line with salary growth assumptions from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2011 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates mentioned above.

As per the valuation at 30 September 2011 the current employer deficit contribution obligations will stay in place, and further SHPS deficit contributions to meet the additional deficit on a 'share of liability' basis were required from 1 April 2013

Projected contributions for the company in 2014/15 are £183,441.

Lancashire County Pension Fund

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

Assumptions

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

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. This is in accordance with the guidance provided by the Urgent Issues Task Force (UITF) Abstract 48 'Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits'.

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

	31 March 2014	31 March 2013	31 March 2012
	% per annum	% per annum	% per annum
Rate of increase in salaries	3.9	4.4	4.5
Rate of increase in pensions in payment	2.4	2.4	2.5
Discount rate	4.5	4.2	4.9
Inflation assumption	2.4	2.4	2.5

Notes to the Financial Statements

9. Employees (continued)

Fair value and expected return on assets

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

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

	Fair Value 31st March 2014	Expected Return 31st March 2014	Fair Value 31st March 2013	Expected Return 31st March 2013	Fair Value 31st March 2012	Expected Return 31st March 2012
	£'000	%	£'000	%	£'000	%
Equities	10,407	7.0	12,206	7.0	9,747	7.0
Government Bond	616	3.4	1,555	2.8	840	3.1
Bonds Other	1,827	4.3	3,386	3.9	2,520	4.1
Property	1,728	6.2	1,831	5.7	1,680	6.0
Cash/Liquidity	338	0.5	689	0.5	840	0.5
Others	4,945	7.0	20	7.0	1,176	7.0

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

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Fair value of the above assets relating to the Company	19,861	19,687	16,803	16,405	14,419
Value placed on liabilities relating to the Company	(26,607)	(28,602)	(23,912)	(21,805)	(22,700)
	(6,746)	(8,915)	(7,109)	(5,400)	(8,281)

Analysis of the amount charged to operating costs

	2014	2013
	£'000	£'000
Currrent service cost	(750)	(662)
Net charge	(750)	(662)

Notes to the Financial Statements

9. Employees (continued)

Analysis of the amount charged to interest payable and similar charges

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	1,086	964
Interest on pension scheme liabilities	(1,203)	(1,178)
Net charge	(117)	(214)

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

	2014	2013
	£'000	£'000
Actual gain/(loss) less expected return on pension scheme assets	2,403	(1,621)
Changes in assumptions underlying the present value of scheme liabilities	-	-
Actuarial gain/(loss) recognised in STRSD	2,403	(1,621)

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

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Actuarial gains/(losses) recognised in STRSD	2,403	(1,621)	(1,653)	3,200	(2,740)
Cumulative actuarial gains and losses	(3,940)	(6,343)	(4,722)	(3,069)	(6,269)

Reconciliation of defined benefit obligation

	2014 Unfunded benefits	2014 All benefits	2013 All benefits
	£'000	£'000	£'000
Opening defined benefit obligation	**550**	**28,602**	**23,912**
Current service costs	-	750	662
Interest cover	22	1,203	1,178
Contributions by members	-	203	223
Actuarial losses/(gains)	20	(3,248)	3,228
Past service costs	-	-	-
Estimated benefits paid	(30)	(903)	(601)
Closing defined benefit obligation	**562**	**26,607**	**28,602**

Notes to the Financial Statements

9. Employees (continued)

Reconciliation of fair value of employer's assets

	2014 Unfunded benefits	2014 All benefits	2013 All benefits
	£'000	£'000	£'000
Opening fair value of employers assets		**19,687**	**16,803**
Expected return on assets	-	1,086	964
Contributions by members	-	203	223
Contributiions by the employer	30	633	691
Actuarial (losses)/gains	-	(845)	1,607
Benefits paid	(30)	(903)	(601)
Closing fair value of employer's assets	**-**	**19,861**	**19,687**

History of experience gains and losses
Difference between expected and actual return on share of scheme assets

	2014	2013	2012	2011	2010
Amount (£'000)	(845)	1,607	(805)	725	2,864
Percentage of share of scheme assets	(4.3%)	8.0%	(4.8%)	4.4%	19.9%
Experience gains and losses on share of scheme liabilities:					
Amount (£'000)	-	-	-	-	-
Percentage of present value of share of scheme liabilities	-%	-%	-%	-%	-%
Total amount recognised in statement of total recognised surpluses and deficits:					
Amount (£'000)	2,403	(1,621)	(1,653)	1,794	(2,740)
Percentage of the present value of share of scheme liabilities	12.1%	(8.2%)	(6.9%)	8.2%	(12.1%)

Movement in deficit during the year	2014	2013
	£'000	£'000
Company share of scheme liabilities at beginning of year	(8,915)	(7,109)
Movement in year:-		
Current service cost	(750)	(662)
Past service gain	-	-
Contributions	633	691
Net interest/return on assets	(117)	(214)
Actuarial gain/(loss)	2,403	(1,621)
Company share of scheme liabilities at end of year	(6,746)	(8,915)

Projected contributions in 2014/15 are £596,200.

Notes to the Financial Statements

10. Board members and executive officers

The aggregate emoluments of executive officers, listed on page 1, for the period amounted to £362,776 (2013: £346,667) including pension contributions of £58,115 (2013: £49,833). None of the board members received emoluments. Expenses paid during the year in respect of board members amounted to £265 (2013: £780). The emoluments of the highest paid executive officer, the resigning Chief Executive Michael Birkett, including employers National Insurance and pension contributions were £157,077 (2013: £139,495), of which pension contributions were £24,664 (2013: £18,755).

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

From 1 November 2013, the Chief Executive and Director of Finance and Corporate Services were moved to a joint contract of employment between Calico Homes Limited and The Calico Grp Limited due to the change in the Group structure.

Number of senior officers with emoluments (basic salary, benefits in kind and employers pension contributions) between;

	2014	2013
	£'000	£'000
£60,000 to £70,000	3	2
£80,000 to £90,000		
£90,000 to £100,000		
Over £100,000	3	3

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. In the previous financial year Calico's activities were taxable but they had accumulated tax losses brought forward which covered any liability.

	2014	2013
	£'000	£'000
UK Corporation Tax charge for the year	11	-
Factors affecting tax charge for period:		
(Deficit) on ordinary activities before tax	(558)	(470)
(Deficit) on ordinary activities at standard rate 23% (2013:24%)	(128)	(113)
Effect of charitable income and expenditure not subject to tax	139	-
Expenditure not tax deductible	-	533
Movement on deferred tax not provided	-	(420)
Current tax charge for year	11	-

Notes to the Financial Statements

12. Tangible fixed assets – properties

	Social housing properties under construction	Shared ownership properties under construction	Social housing properties held for letting	Non social housing properties	Shared ownership properties	Housing properties total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2013	5,389	463	68,721	1,343	102	76,018
Additions	1,896	-	9,684	9	60	11,649
Disposals	-	-	(460)	-	-	(460)
Transfers	(5,389)	(463)	5,389	-	463	-
At 31 March 2014	1,896	-	83,334	1,352	625	87,207
Depreciation and impairment						
At 1 April 2013	-	-	11,423	27	1	11,451
Charged in year	-	-	1,923	17	6	1,946
Released on disposals	-	-	(191)	-	-	(191)
Transfers	-	-	-	-	-	-
At 31 March 2014	-	-	13,155	44	7	13,206
Grants						
At 1 April 2013	1,137	-	7,894	-	-	9,031
Additions	-	-	1,321	-	-	1,321
Disposals	-	-	-	-	-	-
Transfers	(1,137)	-	1,137	-	-	-
At 31 March 2014	-	-	10,352	-	-	10,352
Net book value						
At 31 March 2014	1,896	-	59,827	1,308	618	63,649
At 1 April 2013	4,252	463	49,404	1,316	101	55,536

Notes to the Financial Statements

12. Tangible fixed assets – properties (continued)

The net book value above includes £550,220 (2013: £564,441) in respect of properties improved under finance leases. Depreciation charged in the year on these assets amounted to £14,221 (2013 £14,221).

During the year the Company spent £4,890,071 (2013: £3,076,280) on major works, of which £2,514,180 has been charged to the income and expenditure account.
The grants are repayable in certain circumstances. Grant has been drawn down from the disposal proceeds fund at the point of work being started, in advance of the work being completed.
As at 31 March the outright sale properties and our proportion of the shared ownership properties in development were accounted for under current assets.

Housing properties comprise:

	2014	2013
	£'000	£'000
Freehold land and buildings	61,141	53,021
Long leasehold land and buildings	2,508	2,515
	63,649	55,536

Notes to the Financial Statements

13. Tangible fixed assets – other

	Leasehold property	Furniture fixtures & fittings	Computers & office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2013	3,676	583	1,415	5,674
Additions	875	186	166	1,227
Disposals	-	-	(372)	(372)
At 31 March 2014	4,551	769	1,209	6,529
Depreciation				
At 1 April 2013	800	509	1,239	2,548
Charged in year	120	67	166	353
Disposals	-	-	(370)	(370)
At 31 March 2014	920	576	1,035	2,531
Net book value				
At 31 March 2014	3,631	193	174	3,998
At 1 April 2013	2,876	74	176	3,126

14. Properties for sale

	2014	2013
	£'000	£'000
Properties for outright sale	1,774	2,183
Properties for sale - shared ownership	364	601
	2,138	2,784

15. Stock and work in progress

Stock

	2014	2013
	£'000	£'000
Raw materials and consumables	49	50

Notes to the Financial Statements

16. Debtors

	2014	2013
	£'000	£'000
Due within one year		
Rent and service charges receivable	923	731
Less: Provision for bad and doubtful debts	(700)	(483)
	223	248
Other debtors	706	555
Less: Provision for bad and doubtful debts	(214)	(293)
Prepayments and accrued income	505	409
Intercompany balance	225	404
	1,445	1,323

17. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Debt (note 19)	54	200
Trade creditors	328	306
Rent and service charges received in advance	250	154
Other creditors	44	58
Accruals and deferred income	2,624	2,036
Other taxation and social security	21	60
RTB proceeds due to Burnley Borough Council	184	126
Intercompany balance	642	199
	4,147	3,139

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

	2014	2013
	£'000	£'000
Debt	79,339	71,900
Disposal proceeds fund	529	647
	79,868	72,547

There was no capital grant other than the Disposal Proceeds Fund

Notes to the Financial Statements

19. Debt analysis

	2014	2013
	£'000	£'000
Due within one year		
Obligations under finance leases	54	200
Due after more than one year		
Bank loans	79,337	71,830
Obligations under finance leases	2	70
	79,339	71,900
Debt is repayable as follows:		
Within one year	54	200
Between one and two years	2	70
Between two and five years	-	-
After five years	79,337	71,830
	79,393	72,100

The Company borrows, currently from the Royal Bank of Scotland and Nationwide, at both fixed and floating rates of interest. The Company currently has 78.74% (2013: 84.86%) of its borrowings at fixed rates.

Liabilities for finance leases are secured on the underlying asset.

The fixed rates of interest range from 4.31% to 6.49% and the weighted average rate of interest on all loans is 5.26% (2013: 3.95%). Variable rate loans have their rate linked to LIBOR.

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

Value date	Maturity date	Lender	Amount	Pre margin rate
			£'000	%
01/02/2016	01/02/2032	Royal Bank of Scotland	5,000	4.84
01/02/2016	01/02/2032	Nationwide	5,000	4.84

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 break costs will be incurred. The break costs are disclosed below but no provision for them is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Break cost

Lender:	2014	2013
	£'000	£'000
Royal Bank of Scotland	8,829	10,333
Nationwide	5,152	8,266

Notes to the Financial Statements

19. Debt analysis (continued)

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	Rate including margin at 31/03/2014
				£'000	%
13/10/2008	13/10/2038	RBS/Nationwide	LPI cap/collar	6,000	4.313

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 assets 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.

At 31 March 2014 the Company had un-drawn loan facilities of £5.5m (2013: £13m). The total loan facility is £85m (2013: £85m).

20. Reserves

The Company has fully adopted FRS17 – Pension Scheme Disclosure in the accounts. This results in a pension liability of (£6,746,000) being accounted for in the financial statements (2013: £8,915,000). The liability has been incorporated via the profit and loss account reserve as shown below and further information on the effect of FRS 17 is explained in note 9.

	£'000
At 1 April 2013	(21,138)
Deficit for the year	(569)
Actuarial gain relating to pension scheme	2,403
At 31 March 2014	(19,304)
Revenue reserve excluding pension liability	(12,558)
Pension liability	(6,746)
Revenue reserve including pension liability	(19,304)

Notes to the Financial Statements

21. Financial commitments

Capital expenditure commitments were as follows:

	2014	2013
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	5,767	6,806
Expenditure approved by the Board, but not contracted	14,152	15,762
	19,919	22,568

Amounts contracted for but not provided in the accounts are to be funded out of loan facilities and relate to potential property developments.

Operating leases

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

	2014	2013
	£'000	£'000
Land and buildings, leases expiring:		
Under two years	-	17
Two to five years	65	34
Beyond five years	-	-
	65	51
Other leases expiring:		
Within one year	6	49
Two to five years	291	674
	297	723

22. Contingent liabilities

There were no contingent liabilities at 31 March 2014 (2013: Nil).

Notes to the Financial Statements

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

	2014 £'000	2013 £'000
Operating surplus	3,009	3,311
FRS 17 adjustment	117	(29)
Depreciation of housing properties	1,949	1,724
Loss on components	111	105
Impairment reversal of housing properties	-	(62)
Loss on tangible fixed assets	2	(423)
Depreciation of other tangible fixed assets	353	268
	5,541	4,894
Working capital movements		
Stock	1	16
Debtors	(107)	31
Creditors	1,150	(271)
	6,585	4,670

24. Reconciliation of Company net cash flow to movement in net debt

	2014 £'000	2013 £'000
(Decrease)/Increase in cash	(466)	269
Cash inflow from change in net debt and lease finance	216	247
Change in net debt from cash flows	(250)	516
New loans	(7,507)	(12,007)
Total changes in net debt for the year	(7,757)	(11,491)
Net debt at 1 April	(71,456)	(59,965)
Net debt at 31 March	(79,213)	(71,456)

Notes to the Financial Statements

25. Analysis of Group net debt

	1 April 2013 £'000	Cash flow £'000	31 March 2014 £'000
Cash at bank and in hand	644	(466)	178
Changes in cash	644	(466)	178
Loans	(71,830)	(7,507)	(79,337)
Finance leases	(270)	216	(54)
Changes in debt	(72,100)	(7,291)	(79,391)
Changes in net debt	(71,456)	(7,757)	(79,213)

26. Related parties

There are four places on the Board allocated to tenant members. The tenant members at 31 March 2014 were Winn McGeorge and Christina Yates, there were two vacancies. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

There are four places on the Board allocated to Burnley Borough Council nominees. These are held by independent people nominated by Burnley Borough Council; John Inglesfield, Gemma Dyson, Andrew Mullen and Karen Ainsworth who is also a member of the SafeNet Board. Any transactions with Burnley Borough Council have been made at arm's length.

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

	£000's
• BISF Programme	£630
• Fencing Programme	£557
• Externals	£1,606
• Centenary Court office refurbishment	£985
• Development	£1,191
Total trading to 31 March 2014	£4,969

At the year-end there was an amount owing to Ring Stones Maintenance and Construction LLP for this work of £432,000. This was due to the work being in progress at 31 March 2014.

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