

**CHISEL LIMITED
BOARD REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

REGULATOR FOR SOCIAL HOUSING REGISTRATION NUMBER: L3642

**CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014
REGISTRATION NUMBER: 25155R**

CHISEL LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Legal and Administrative Information	3
Report of the Board	4 – 10
Report of the Independent Auditors	11 – 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Reserves	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 – 34

CHISEL LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

BOARD

The Committee Members who served during the year ended 31 March 2018 were as follows:

David Eatwell	Chair – Independent member
John Clark	Treasurer – Independent member
Adrian Adams	Tenant member
Peter Coker	Tenant member
Joe Leach	Independent member
Fiona Jamieson	Independent member
Sandra Blake	Independent member
Dave Shiress	Independent member
Des Waters	Independent member – appointed Sept 2017
Leo Stevens	Independent member – appointed Sept 2017

STATUS

The organisation is a Registered Society, registered under the Co-operative and Community Benefit Societies Act 2014

Registered Office

188a Brockley Road
London
SE4 2RL

Auditors

Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

Bankers

National Westminster Bank Plc PO Box 414 38 Strand London WC2H 5JB	Unity Trust Bank Plc Nine Brindleyplace Birmingham B1 2HB
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Principal Lenders

Orchardbrook Limited Capita Mortgage Services Limited Crown House Crown Street Ipswich Suffolk IP1 3HS	Unity Trust Bank Plc Nine Brindleyplace Birmingham B1 2HB
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Registered with the Regulator for Social Housing - No. L3642

Registered under the Co-operative and Community Benefit Societies Act 2014 – No. 25155R

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018**

The Board present their Annual Report and the audited financial statements of CHISEL Limited for the year ended 31 March 2018.

Principal activity

CHISEL is a registered provider of social rented housing, CHISEL's principal activities are to provide housing services for people in housing need. The association owns 224 social homes and one market rent property and manages 18 homes on behalf of another registered provider.

Financial Review

CHISEL has had a financially successful year with a surplus for the year to 31 March 2018 of £204,000 compared with a surplus of £692,823 in 2017. The Association's net current assets decreased from £378,100 in 2017 to £199,819 in 2018 as shown in the statement of financial position on page 15.

The results for the year are shown in the statement of comprehensive income on page 14. The position at the end of the year is shown in the statement of financial position on page 15.

In 2018 in addition to Statement of Comprehensive Income expenditure on repairs, £250,697 was re-invested on component replacements to existing properties.

There were no post balance sheet events. The Association undertakes no research and development.

No change in arrangements during the year. Each member, including the Board members, holds one fully paid £1 share in the Association. There are no directors' share options nor has there been any acquisition of the company's own shares. The Association does not issue shares other than the nominal non-refundable £1 shares.

The Association has made no political or charitable gifts during the year. The Association employs less than 250 staff members. Creditors are paid within 30 days unless there is a dispute.

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018**

REPORT OF THE BOARD (CONTINUED)

Our Objectives

The Board reviewed Vision and Values in September 2017 and these were launched at our AGM later that month. The revised vision and values are as follows:-

Vision

CHISEL - providing good quality neighbourhood housing for families and single people, where tenants take an active role in decision making.

Our Values

- Focus on what really matters to residents.
- Treat everybody as we would like to be treated
- Value people as individuals with different needs
- Being well governed, accountable, independent and financially strong.
- Working collaboratively
- Striving constantly towards a better service.

Achieving our objectives

CHISEL has a number of key strategies and policies in place to support its objectives:

- Rent Policy – the Board is committed to maintaining rents at affordable levels, but also aim to ensure that service charges cover all applicable costs;
- Housing Management policies and standards which aim to provide effective quality services to tenants, achieving high levels of tenant satisfaction and assisting tenants to sustain their tenancies.
- Maintenance and asset management policies which maintain our properties in a good state of repair; improve elements such as Kitchens and bathrooms on a rolling programme and replace major components such as windows and roofs in a timely manner. We have last summer undertaken a stock condition survey of our self-build homes and are investing in these homes to ensure that they are sustainable going forward and to provide good quality homes for the tenants living in these properties;
- Resident Engagement Strategy and a tenant led Operational Scrutiny Committee that ensures that we have meaningful engagement with our tenants and they are able to influence the work of the association and the services we provide;
- An approach to Value for Money (VRM) that enables us to be an effective social business, achieving the desired outcomes set out in our vision and values for the best possible cost and maximum benefit to our tenants.
- The equality and diversity policy commits CHISEL to promoting equality of opportunity, tackling discrimination and valuing diversity in all aspects of its work.

Employees

CHISEL employs seven part time workers, Managing Director, Housing Operations Manager, Rents Officer, Housing Officer, Co-ops and Tenants Officer, Finance Officer and Finance Manager, the equivalent of 4 full time workers. We receive technical support through the services of an independent RICS surveyor approx. 1 / 2 days per week. The MD and managers regularly attend Board and Operational Scrutiny Committee meetings. Staff training and development is a priority and staff attend courses run by a number of organisations.

Pension Provision

The association provides and contributes to a defined contribution pension scheme for all staff through the Social Housing Pension scheme (SHPS).

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018**

REPORT OF THE BOARD (CONTINUED)

Health, safety and welfare of tenants and employees

The Board recognises the importance of effective health, safety and welfare for its tenants and employees at work. Appropriate policies are in place for the protection and welfare of the tenants and employees of the Association. We carried out Fire Risk Assessments during the year and have implemented the recommendations from those assessments. We will be further reviewing our approach to fire safety and advice to tenants during the forthcoming year.

Corporate Governance and Internal Controls

The Board is responsible for the association's system of internal control and reviewing its effectiveness. The system is designed to provide reasonable assurance against material misstatement or loss, but it cannot provide absolute assurance or eliminate all risk of failure to achieve business objectives. The Board ensures that the process for identifying, evaluating and managing the risks faced by CHISEL is ongoing. These are regularly reviewed by the Board.

The Board discharges its responsibilities for internal control through the following key procedures:-

- The Board has established policies, procedures and standing orders which are regularly reviewed.
- The Board approves CHISEL's business plan and annual budget and monitors the association's financial results against budget by receiving and examining quarterly financial reports.
- Cash flow forecasts are presented to the Board showing CHISEL's projected cash movements for the coming year.
- Budgetary control is delegated to MD, who receives regular monthly management accounts. CHISEL has in place an organisational structure with formally defined lines of responsibility. Day to day budgetary control is operated by individual staff and the MD with guidance defined in CHISEL's Financial Standing Orders which includes delegated authorities.
- Procedures are in place to identify and manage business risks and the Board regularly reviews the risk map.
- Capital investment decisions are made by means of appraisal and approved by Board
- The Board reviews the effectiveness of CHISEL's system of internal control through the receipt and discussion of regular reports from the Managing Director.

Compliance with the Governance and Financial Viability Standard and the NHF Code of Governance (2015).

CHISEL is committed to compliance with the NHF Code of Governance and the Governance and Financial Viability Standard set by the Regulator of Social Housing in England & Wales (formerly the Homes and Communities Agency). In particular the following controls and activities are in place:-

A Board succession plan, we have actively recruited new Board members

Board appraisal framework and annual skills audit,

Reviewed our financial business plan with the help of leading sector consultancy,

The Board receives quarterly reports regarding CHISEL's compliance with funders covenants

Updated our asset liability register, including data from the recent self-build stock condition survey undertaken in summer of 2017.

CHISEL is committed to accountability and endorses the principle of openness and accountability to its tenants and members. We have a range of involvement opportunities on offer to our tenants including membership of Operational Scrutiny Committee and the Board. All tenants are invited to the AGM; receive our annual report to tenants and quarterly newsletters.

The Board confirms that the Association has met Regulator of Social Housing's regulatory expectations in governance and financial viability standard except as stated below:-

We need to review the board member information pack given to new board members as part of their induction. We anticipate the pack to be reviewed and updated by the end of the current financial year.

Public Benefit Entity

As a public benefit entity, CHISEL Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018**

REPORT OF THE BOARD (CONTINUED)

Going Concern

The Board have reviewed future forecasts and are satisfied the Association is a going concern. Accordingly, the accounts have been prepared on the going concern basis.

Principal Risks and Uncertainties.

It is difficult to predict with certainty what will impact upon any business but we have identified the following risks which the Board will monitor and actively manage and plan to mitigate there impact:--

- Universal Credit – which will impact upon some of our tenants and could in turn impact upon our ability to collect rental income
- Poor Asset management - not addressing the issues arising out of the self-build stock condition survey
- Social Housing Pension Scheme Pension deficit – which will not crystallise until the last staff member leaves the scheme.
- Brexit - by way influencing interest rates, property prices, labour markets impacting upon both the materials and services we procure or upon the employment prospects of our tenants.

Value for Money

For CHISEL VFM is about spending wisely and making the best use of our resources ensuring we are an effective social business. It is important that CHISEL is able to demonstrate that it delivers Value for Money in its delivery of housing services to its tenants and other stakeholders. Our focus on delivering efficiencies and investing resources where they add value had been through involving our tenants in defining services by continually seeking their feedback both on an individual level and through Operational Security Committee. This enables us to identify our tenant's priorities and shape our services to meet these. As a small housing association getting value for money is very important to us and we have this in the forefront of our minds in all the spending decisions we make.

In the last year the Regulator of Social Housing has revised the regulatory approach to VFM with the objectives of:

- Continuing to drive improvements in VFM within the social housing sector
- Ensuring a strategic approach to delivering VFM is embedded within the business
- Encouraging investment in existing homes and new housing supply
- Enhancing the consistency, comparability and transparency of VFM reporting

The RSH requires that we report against a prescribed set of metrics. As this is the first year that these metrics have been introduced, for comparative purposes, we have also included last year's performance, had these metrics been in place and the social housing sector median results taken from the pilot of these new measures last year, known as the "Sector Scorecard". CHISEL through the BM320 small housing Associations benchmarking club for London and took part in the "Sector Scorecard" pilot.

CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

REPORT OF THE BOARD (CONTINUED)

Our Performance against regulatory metrics

RSH Metric	2017/18	2016/17	2016/17 Sector Scorecard Median
1. Reinvestment %	1.6%	1.2%	No Data
2A. New Supply Delivered (social housing units)%	-	-	-
2B. New Supply Delivered (non-social housing units) %	-	0.44%	1.1%
3. Gearing %	12.4%	12.7%	41.6%
4. EBITDA MRI interest cover %	168.6%	734.3%	227.6%
5. Headline social Housing Cost per unit	£3,975	£3,560	£3,306 - all HA's £4,995 – London £4,347 – small < 100 homes
6A. Operating Margin (social housing lettings only)	17.4%	25.1%	31.6%
6B. Operating Margin (overall)	18.4%	26.1%	30.3%
7. Return on Capital Employed	1.7%	2.5%	4.0%

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018**

REPORT OF THE BOARD (CONTINUED)

Explanation of our performance against the Registered Social Housing Metrics

These new RSH metrics focus upon measures of efficiency, effectiveness and economy:-

- 1. Reinvestment %** - the investment in properties (existing stock and new supply) as a percentage of the value of total properties held. As our stock ages we are increasing the level of investment in our stock as we move more from undertaking day to day repairs to component replacement.
- 2A. New supply delivered (social housing units) %** - the number of new social housing units delivered as a proportion of total social housing units owned. CHISEL is currently not developing / building new homes.
- 2B. New supply delivered (Non-social housing units) %** - the number of new non-social housing units delivered as a proportion of total social housing units owned. CHISEL is currently not developing / building new homes. In 2016/17 CHISEL purchased a property which it lets out at market rent.
- 3. Gearing %** - net debt as a percentage of the value of total properties held. Our gearing is low compared to the median as we are currently not taking on any new loans, just repaying existing.
- 4. EBITDA MRI Interest cover %** - the level surplus generated compared to the interest payable. Last year our surplus was higher than normal as we had the income from a property sale but this was a "one off" rather than the norm. We are below the median and we need to improve, our rents are low and our expenditure as a whole is comparatively high in comparison to our income, this directly impacts on our level of surplus.
- 5. Headline social housing cost per unit** – social housing costs (as defined by the regulator) divided by total units owned and / or managed. Our headline cost per unit is above the national average but below the average cost for small and London based associations. As part of our VFM we will continue to work to reduce these costs.
- 6A. Operating margin (social housing lettings only) %** - operating surplus (deficit) from social housing lettings divided by turnover from social housing lettings. Again the "one off" sale of a property in 2016/17 increased our operating surplus, hence 2016/17 operating margin on social housing lettings is better than 2017/18. Our operating margin is +12% below the sector median, again for similar reasons as outlined in 4 above and we need to improve in this area of our performance and become more efficient going forward in our use of resources.
- 6B. Operating margin (overall) %** - overall operating surplus (deficit) divided by overall turnover. As above we need to improve our efficiency as our current performance is below the sector median.
- 7. Return on capital employed (ROCE) %** - compares the overall operating surplus to total assets less current liabilities. This needs to improve as we are below the median, although the properties we own are of a relatively high value because of their location, the income generated by these properties is low in comparison because rents are low.

In addition to the above metrics, CHISEL's Board will be setting strategic targets to measure our performance against our objectives for the forthcoming year. These targets will reflect our core values and beliefs. CHISEL remains part of the BM320 Benchmarking group for small housing associations in London and will continue as part of that group to benchmark performance across a wide range of performance measures that go to make up the wider sector score card. The BM320 publish an annual benchmarking report, which will be available from our website later in the year. www.chisel.org.uk

CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

REPORT OF THE BOARD (CONTINUED)

Statement of the Responsibilities of the Board

Relevant legislation requires the Board to prepare Financial Statements for each year, which gives a true and fair view of the state of CHISEL's affairs at the end of the financial year, together with details of the income and expenditure of the association for the year ended on that date.

In preparing the Financial Statements, the Board has:-

- Selected suitable accounting policies and then apply them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the "going concern" basis unless it is inappropriate to presume that the Association will continue in business

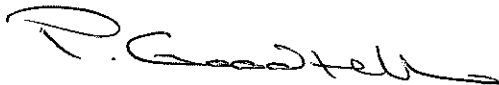
The Board is responsible for maintaining an adequate system of control and keeping prior accounting records which disclose, with reasonable accuracy at any time, the financial position of CHISEL and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction 2015 for Private Registered Providers of Social Housing.

The Board is also responsible for safe guarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information for Auditors

We the members of the Board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed on behalf of the Board.



P Goodfellow
Company Secretary

Date: 5 July 2018

CHISEL LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of CHISEL Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard including FRC Ethical Standard – Provisions Applicable for Smaller Entities, in the circumstances set out in note 8 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CHISEL LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2018

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the committee

As explained more fully in the Board's responsibilities statement set out on page 10, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

CHISEL LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2018

Auditor's responsibilities for the audit of the financial statements

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

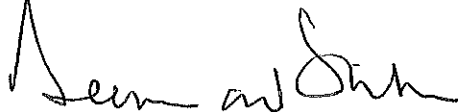
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87(2) of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers
Chartered Accountants
Statutory Auditor

15 Bunhill Row
London
EC1Y 8LP

Date: 12 July 2018

CHISEL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018	Year Ended 31 March 2017
		£	£
Turnover	2	1,543,062	1,570,867
Operating Costs	2	(1,258,508)	(1,161,539)
Operating Surplus		<u>284,554</u>	<u>409,328</u>
Interest Received	6	-	139
Interest Payable	7	(98,073)	(103,620)
Gain/(loss) on disposal of housing property	5	-	386,976
Surplus/(deficit) before taxation		<u>186,481</u>	<u>692,823</u>
Taxation		-	-
Surplus/(deficit) for the year after taxation	8	<u>186,481</u>	<u>692,823</u>
Increase in value of investment property		17,519	-
Actuarial gain/(loss) in respect of pension schemes		-	-
Total Comprehensive Income for the year		<u>204,000</u>	<u>692,823</u>

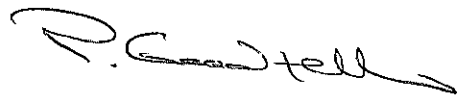
The financial statements on pages 14 to 34 were approved by the Board on 5/7/18 and were signed on its behalf by:



D. EATWELL
Chair



J. CLARK
Treasurer



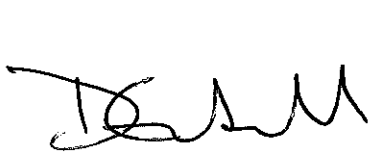
P. GOODFELLOW
Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 18 to 34 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	Notes	Year ended 31 March 2018	Year Ended 31 March 2017
		£	£
Fixed assets			
Housing Properties	13	15,662,117	15,708,093
Other Fixed Assets	14	18,993	7,195
Investment Property	15	446,179	428,660
		<u>16,127,289</u>	<u>16,143,948</u>
Current assets			
Debtors	16	131,322	130,407
Cash and cash equivalents		641,194	794,967
		<u>772,516</u>	<u>925,374</u>
Less: Creditors:			
Amounts falling due within one year	17	(572,697)	(547,274)
Net current assets/(liabilities)		<u>199,819</u>	<u>378,100</u>
Total assets less current liabilities		<u>16,327,108</u>	<u>16,522,048</u>
Creditors:			
Amounts falling due after more than one year	18	(13,728,553)	(14,127,500)
Total Net Assets		<u>2,598,555</u>	<u>2,394,548</u>
Capital and reserves			
Share Capital	19	67	60
Revenue Reserves		2,580,969	2,394,488
Revaluation Reserve		17,519	-
Total Reserves		<u>2,598,555</u>	<u>2,394,548</u>

The financial statements on pages 14 to 34 were approved by the Board on 5/7/18..and were signed on its behalf by:



D. EATWELL
Chair



J. CLARK
Treasurer



P. GOODFELLOW
Secretary

The notes on pages 18 to 34 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2018

	Income and Expenditure Reserve £	Revaluation Reserve £	Total £
Balance as at 1 April 2016	1,701,665	-	1,701,655
Surplus / (deficit) from Statement of Comprehensive Income	692,823	-	692,823
Balance at 31 March 2017	2,394,488	-	2,394,488
Surplus / (deficit) from Statement of Comprehensive Income	186,481	17,519	204,000
Balance at 31 March 2018	2,580,969	17,519	2,598,488

The notes on pages 18 to 34 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Net cash generated from operating activities (see Note i)	i	426,382	543,494
Cash flow from investing activities			
Purchase of tangible fixed assets		(275,678)	(183,646)
Proceeds from sale of tangible fixed assets		-	493,616
Purchase of investment property		-	(428,660)
Interest received		-	139
		<u>150,704</u>	<u>424,943</u>
Cash flow from financing activities			
Interest paid		(98,073)	(103,620)
Issue of ordinary shares		7	3
Cancellation of shares		-	(1)
Repayment of borrowings		(206,411)	(196,547)
		<u>(304,477)</u>	<u>(300,165)</u>
Net change in cash and cash equivalents		(153,773)	124,778
Cash and cash equivalents at beginning of the year		794,967	670,189
Cash and cash equivalents at end of the year		<u>641,194</u>	<u>794,967</u>

Note i

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Cash flow from operating activities		
Surplus / (deficit) for the year	204,000	692,823
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	292,203	325,420
Decrease / (increase) in trade and other debtors	(915)	(50,875)
Increase / (decrease) in trade and other creditors	22,017	42,416
Increase / (decrease) in provisions	(10,805)	(6,323)
Carrying amount of tangible fixed asset disposals	17,655	102,589
(Gains) / losses on investments	(17,519)	
Adjustments for investing or financing activities:		
Government grants utilised in the year	(178,327)	(178,327)
Government grants amortised for property sold	-	5,906
Interest payable	98,073	103,620
Interest receivable	-	(139)
Proceeds from sale of tangible fixed assets	-	(493,616)
Net cash generated from operating activities	<u>426,382</u>	<u>543,494</u>

The notes on pages 18 to 34 form an integral part of these financial statements.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

LEGAL STATUS

CHISEL Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator for Social Housing as a Private Registered Provider of Social Housing. The registered office is 188a Brockley Road, SE4 2RL.

1. Principal Accounting Policies

Basis of Accounting

The Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting except for investment properties which are held at fair value, and are presented in sterling £.

The Association's financial statements have been prepared in compliance with FRS 102, the Association transitioned from previous UK GAP to FRS 102 as at 1 April 2015.

As a public benefit entity, CHISEL Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Turnover and revenue recognition

Turnover represents rental income receivable, service charges, amortised capital grants and amounts invoiced in respect of the provision of services. All turnover is accounted for on an accruals basis.

Rental income is recognised when the property is available for let, net of voids.

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. The following UELs are applied:

Component	
Structure	100 years
Structure – self build	60 years
Roof	60 years
Roofs grass –self build	25 years
Electric heating	40 years
Bathrooms, windows, doors and electrics	30 years
Kitchens	20 years
Boilers	15 years

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Principal Accounting Policies (continued)

Other fixed assets

Other fixed assets are stated at cost. Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Office furniture and fittings	3 years
Office furniture and equipment	5 years
Motor vehicles	3 years
Computer software	3 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Capitalisation of interest

Interest on the mortgage loan financing a development is capitalised up to the date of practical completion of the scheme. All costs incurred in the delivery of the Association's development programme are also capitalised.

Provisions

The Association only provides for contractual liabilities.

Investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Investment Property

Investment property includes commercial and other properties not held for the social benefit of CHISEL Limited. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. The valuation is inflated or discounted annually using the Land Registry House Price Index. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

VAT

The Association is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT.

Taxation

CHISEL was granted charitable status from 18 April 2005, by virtue of s.478 Corporation Tax Act 2010, the charitable company is exempt from Corporation Tax.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Principal Accounting Policies (continued)

Impairment

The Board has agreed that Impairment reviews are to be carried out on fixed assets whenever changes in circumstances indicate that the net book value may not be recoverable.

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

The following financial instruments are assessed individually for impairment:

- a. All equity instruments regardless of significance; and
- b. Other financial assets that are individually significant.

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

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

- a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

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

Pension costs and provision for pension debt liability

The Association makes payments to a pension scheme providing benefits based on final pensionable pay. The expected cost of pensions is charged to the Statement of Comprehensive Income so as to spread the cost over the service lives of the employees. Where the pension scheme is in deficit and the Association has agreed to a deficit funding arrangement then the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate provided by the Pensions Trust annually.

Cyclical Repairs and Maintenance

The Association maintains its properties in accordance with a planned programme of works. No provision is made in the accounts for future works but actual costs incurred are charged in the income and expenditure account under the heading of planned maintenance.

Self-Build Premiums

Tenants who built their own properties are entitled to receive a premium payment when they end their tenancy. The amount of the premium depends on the costs incurred on the particular scheme which they built. From 1 April 2004 premium payments are charged in the Statement of Comprehensive Income as incurred.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Principal Accounting Policies (continued)

Financial instruments

Financial instruments such as loans, accounts payables, accounts receivables and cash are classified either as basic or complex. All financial instruments are initially measured at their fair values at the time the transactions occur. Subsequently all basic instruments are measured at amortised cost and all complex financial instruments are measured at a fair value through the comprehensive income.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.

Judgements and key sources of estimation uncertainty

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

- a) Categorisation of housing properties. The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- b) Impairment. The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

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

CHISEL LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2018

2. Turnover, operating expenditure and operating surplus

	2018		
	Turnover £	Operating expenditure £	Operating surplus £
Social housing lettings (Note 3)	1,523,216	(1,258,508)	264,708
Activities other than social housing			
Market rents	19,610	-	19,610
Other Income	236	-	236
Total	<u>1,543,062</u>	<u>(1,258,508)</u>	<u>284,554</u>
	2017		
	£	£	£
Social housing lettings (Note 3)	1,551,599	(1,161,539)	390,060
Activities other than social housing			
Market rents	16,449	-	16,449
Other Income	2,819	-	2,819
Total	<u>1,570,867</u>	<u>(1,161,539)</u>	<u>409,328</u>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. Turnover and operating expenditure from Social Housing Lettings

	2018	2017
	£	£
Income		
Rent receivable	1,305,213	1,328,812
Service charge income	39,676	44,460
Amortised government grants	178,327	178,327
Turnover from Social Housing Lettings	<u>1,523,216</u>	<u>1,551,599</u>
Operating expenditure		
Housing Management	474,601	442,366
Landlord Rent	73,177	73,456
Routine Maintenance	268,132	229,206
Programmed maintenance and revenue major repairs	19,701	17,800
Cyclical maintenance	84,393	59,444
Rent losses from bad debts	-	(18,265)
Services	41,832	39,118
Depreciation of housing properties	296,672	318,414
Operating expenditure on Social Housing Lettings	<u>1,258,508</u>	<u>1,161,539</u>
Operating Surplus on Social Housing Lettings	<u>264,708</u>	<u>390,060</u>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	26,408	23,109

4 Accommodation owned, managed and in development

	2018		2017	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
Under management at end of year				
General Needs housing	224	18	224	18
Non Social Housing				
Under management at end of year				
Market Rent	1	-	1	-
	<u>225</u>	<u>18</u>	<u>225</u>	<u>18</u>

5 Gain/ (loss) on disposal of property, plant and equipment

	2018	2017
	£	£
Proceeds of sale	-	493,616
Less: Costs of sale	-	(106,640)
Surplus	<u>-</u>	<u>386,976</u>
Capital Grant Recycled (note 24)	<u>-</u>	<u>73,782</u>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Interest Receivable and similar income

	2018	2017
	£	£
Interest Receivable	-	139
	<u>-</u>	<u>139</u>
	<u><u>-</u></u>	<u><u>139</u></u>

7. Interest Payable and Similar Charges

	2018	2017
	£	£
Interest payable on Housing Loans	98,073	103,620
	<u>98,073</u>	<u>103,620</u>
	<u><u>98,073</u></u>	<u><u>103,620</u></u>

8. Surplus/ (deficit) on ordinary activities

	2018	2017
	£	£
The operating surplus is stated after charging/(crediting):-		
Auditors remuneration (excluding VAT)		
In their capacity as auditors	6,570	5,950
In respect of other services	1,020	1,000
Depreciation of Housing Properties	296,674	318,414
Depreciation of Other Fixed Assets	13,184	7,006

In common with many organisations of our size and nature we use our auditors to assist with the preparation of the financial statements.

9. Tax on Surplus/ (deficit) on ordinary activities

CHISEL was granted charitable status from 18 April 2005, by virtue of s.478 Corporation Tax Act 2010, the charitable company is exempt from Corporation Tax.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. Directors' remuneration

	2018	2017
	£	£
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	-	-
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	-	-
The aggregate compensation paid to or receivable by Directors (key management personnel)	41,243	40,835
The emoluments paid to the highest paid Director excluding pension contributions	37,494	37,123
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	-	-
The aggregate amount of any consideration payable to Directors for loss of office	-	-

No emoluments were paid to any Board member

The Director Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the CHISEL of £3,749 (2017: £3,712) was paid in addition to the personal contributions of the Director.

11. Employee information

	2018	2017
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Number	6.42	6.75
Full time equivalents	3.49	3.00
	2018	2017
	£	£
Staff costs (for the above persons)		
Wages and salaries	150,234	184,430
Social Security Costs	10,526	16,196
Other pension costs	9,969	15,748
	<u>170,729</u>	<u>216,374</u>
	No.	No.
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period: £60,000 - £70,000	1	1

The staff costs above for 2017 include £11,244 paid out for settlement costs.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Pension Obligations

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-person standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Pension Obligations (continued)

PRESENT VALUES OF PROVISION

	31 March 2018 (£s)	31 March 2017 (£s)	31 March 2016 (£s)
Present value of provision	65,872	76,677	83,429

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£s)	Period Ending 31 March 2017 (£s)
Provision at start of period	76,677	83,429
Unwinding of the discount factor (interest expense)	941	1,602
Deficit contribution paid	(10,871)	(10,450)
Remeasurements - impact of any change in assumptions	(875)	2,096
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	65,872	76,677

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£s)	Period Ending 31 March 2017 (£s)
Interest expense	941	1,602
Remeasurements – impact of any change in assumptions	(875)	2,096
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Pension Obligations (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2018 (£s)	31 March 2017 (£s)	31 March 2016 (£s)
Year 1	11,309	10,871	10,450
Year 2	11,766	11,309	10,871
Year 3	9,996	11,766	11,309
Year 4	8,088	9,996	11,766
Year 5	8,387	8,088	9,996
Year 6	6,881	8,387	8,088
Year 7	5,259	6,881	8,387
Year 8	5,417	5,259	6,881
Year 9	2,790	5,417	5,259
Year 10	-	2,790	5,417
Year 11	-	-	2,790
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

CHISEL has been notified by the TPT Retirement Solutions of the estimated employer debt if the Association were to withdraw from the Social Housing pension scheme based on the financial position of the scheme as at 30 September 2015. As at this date the Actuary has estimated that the employer debt for CHISEL was £511,266 (2014: £347,258). No provision has been made in the financial statements for this potential debt as there is no intention to withdraw from the scheme.

CHISEL LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2018

13. Housing Properties

	Total Housing Properties
	£
Cost	
At 1 April 2017	20,060,248
Additions	250,697
Disposals – components	(105,104)
Disposals – property	-
At 31 March 2018	20,205,841
Depreciation and impairment	
At 1 April 2017	4,352,155
Charge for the year	296,674
Eliminated on disposal – components	(105,104)
Eliminated on disposal – property	-
At 31 March 2018	4,543,724
Net Book Value	
Net Book Value at 31 March 2018	15,662,117
Net Book Value at 1 April 2017	15,708,094
Net book value of housing properties comprise	
Freehold	13,663,968
Long Leasehold	1,998,149
	15,662,117
Works to existing properties in the year	
Improvement works capitalised	-
Components capitalised	250,697
Amounts charged to expenditure	372,226

The aggregate amount of interest and finance costs included in the cost of housing properties is £Nil. The net book value of other fixed assets includes £Nil (2017: £Nil) in respect of assets held under finance leases.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Other Fixed Assets

	Housing Property Furniture and Fittings	Office Equipment	Computer Software	Total
	£	£	£	£
Cost				
At 1 April 2017	38,533	40,355	46,903	125,791
Additions	692	4,729	19,560	24,981
Disposals	-	(787)	-	(787)
At 31 March 2018	<u>39,225</u>	<u>44,297</u>	<u>66,463</u>	<u>149,985</u>
Depreciation and impairment				
At 1 April 2017	37,196	34,497	46,903	118,596
Charge for the year	1,213	5,515	6,455	13,183
Eliminated on disposal	-	(787)	-	(787)
At 31 March 2018	<u>38,409</u>	<u>39,225</u>	<u>53,358</u>	<u>130,992</u>
Net Book Value				
Net Book Value at 31 March 2018	<u>816</u>	<u>5,072</u>	<u>13,105</u>	<u>18,993</u>
Net Book Value at 1 April 2017	<u>1,337</u>	<u>5,858</u>	<u>-</u>	<u>7,195</u>

15. Investment Property

	2018 £	2017 £
At 1 April 2017	428,660	-
Additions	-	428,660
Gain/(loss) from adjustment in valuation	17,519	-
At 31 March 2018	<u>446,179</u>	<u>428,660</u>

Investment properties were valued at May 2016 by Brett Gardner professional qualified external valuer. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

The increase in valuation has been calculated this year, based on the movements in Annual House Price Index, and the valuation of the investment property inflated by this amount.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

16. Trade and other debtors	2018	2017
	£	£
Arrears of rent and service charges – tenants	70,135	65,115
Less: provision for bad debts	(43,382)	(36,032)
Arrears of rent and service charges – managed lettings	3,988	10,161
Less: provision for bad debts	(750)	(8,100)
Prepayments and accrued income	27,677	44,169
Other Debtors	73,654	55,094
Debtors are all due within one year	131,322	130,407
	<u> </u>	<u> </u>
17. Creditors: amounts falling due within one year	2018	2017
	£	£
Trade Creditors	28,689	91,316
Housing Loans (note 18b)	203,793	200,826
Rents and service charges paid in advance – tenants	40,900	30,570
Rents and service charges paid in advance – managed lettings	-	3,437
Other taxation and social security	3,532	5,430
SHPS Pension Agreement Plan (Note 12)	11,309	10,871
Deferred Capital Grant (Note 23)	178,327	178,327
Other Creditors and accruals	106,146	26,497
	<u>572,696</u>	<u>547,274</u>
	<u> </u>	<u> </u>
18. Creditors: amounts falling due after more than one year	2018	2017
	£	£
Housing Loans (Note 18b)	2,381,076	2,590,454
SHPS Pension Agreement Plan (Note 12)	54,563	65,806
Deferred Capital Grant (Note 23)	11,219,132	11,397,458
Recycled Capital Grant Fund (Note 24)	73,782	73,782
	<u>13,728,553</u>	<u>14,127,500</u>
	<u> </u>	<u> </u>
18b. Loan Analysis		
Loans repayable by instalments:	2018	2017
	£	£
Within one year (Note 17)	203,793	200,826
In one year or more but less than two years	210,486	206,788
In two years or more and less than five years	608,863	639,528
In five years or more	1,561,727	1,744,138
Total Loans	2,381,076	2,590,454
	<u> </u>	<u> </u>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

19. Non-equity share capital

	2018	2017
	£	£
Allotted Issued and Fully Paid		
At 1 April 2017	60	58
Issued during the year	7	3
Cancelled during the year	-	(1)
	67	60
	67	60

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

20. Capital Commitments

	2018	2017
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	250,000	-
	250,000	-

Chisel expects these commitments to be finance by the cash balance.

21. Operating Leases

CHISEL holds office and scheme equipment under non-cancellable operating leases. As at 31 March 2018 CHISEL had commitments of future minimum lease payments as follows:

	2018	2017
	£	£
Land and Buildings		
In one year or more but less than two years	16,000	16,000
In two years or more and less than five years	48,000	48,000
In five years or more	32,000	48,000
Others:		
In one year or more but less than two years	300	300
In two years or more and less than five years	900	900
In five years or more	32,100	32,400
	129,300	145,600
	129,300	145,600

22. Contingent Liabilities

Self-Build Premiums

Tenants who build their own properties are entitled to receive a premium when they end their tenancy. At 31 March 2018 there were 22 such tenancies and the potential liability at that date was £127,545 (2017 £126,211). Premium payments are charged in the statement of comprehensive income as incurred in accordance with the accounting policy.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

23. Deferred Capital Grant	2018	2017
	£	£
At 1 April 2017	11,575,785	11,821,991
Grant received in the year	-	-
Released to Income in the year	(178,327)	(178,327)
Recycled Capital Grant	-	(73,782)
Grant amortised for property sold	-	5,903
At 31 March 2018	11,397,458	11,575,785
	<hr/>	<hr/>
Amount due to be released < 1 year	178,327	178,327
Amount due to be released > 1 year	11,219,131	11,397,458
	<hr/>	<hr/>
The total accumulated government grant	11,397,458	11,575,785
	<hr/>	<hr/>
The total accumulated government grant and financial assistance received or receivable at 31 March:	14,904,138	14,904,138

24. Recycled Capital Grant Fund	2018	2017
	£	£
At 1 April	73,782	-
Grant recycled	-	73,782
At 31 March	73,782	73,782
	<hr/>	<hr/>

25. Related Parties

The following are related parties:

Chisel supports tenant involvement and as part of this commitment, up to one third of the Board may be tenants of Chisel. Through the self-build programme Chisel has issued tenancies that have premiums payable on surrender of the tenancy with vacant possession. The amounts of the premiums vary and can be several thousand pounds. During the year to 31 March 2018 one Board member, Peter Coker, held a self-build tenancy, but no premium payments were made to any Board member in the financial year 2017-18.

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage. Rent charged to the tenant Board members Peter Coker and Adrian Adams during the year was £9,380 (2017: £9,991). Arrears on their tenancy at the reporting period end were £73 (2017: £Nil).

Related party balances are not secured.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

26. Financial Instruments

The Association's financial instruments may be analysed as follows

	2018	2017
	£	£
Financial Assets		
Financial Assets Measured at Fair Value		
Investment Property	446,179	428,660
Financial Assets Measured at Amortised Cost		
Rent and Service Charge Debtors	29,991	31,144
Other Debtors	101,331	99,263
Cash and Cash Equivalents	641,194	794,967
Total Financial Assets	1,218,695	1,354,034
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Trade Creditors	40,900	34,007
Other Creditors	109,678	31,927
Housing Loans Payable	2,584,869	2,791,280
Total Financial Liabilities	2,735,447	2,857,214

27. Legislative Provisions

The Association is registered under the Co-operative and Community Benefit Societies Act 2014. (The status of the Association is as a "Registered Society").

28. Subsequent Events

Eighteen properties, previously managed by Lewisham Family Self-Help Association, have now been brought in house and from 1 April 2018 will be managed by CHISEL Limited.