

**CHISEL LIMITED
BOARD REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

REGULATOR FOR SOCIAL HOUSING REGISTRATION NUMBER: L3642

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

CHISEL LIMITED
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FOR THE YEAR ENDED 31 MARCH 2019

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CHISEL LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

BOARD

Leo Stevens	Chair – resigned as CHAIR May 2019
Steve Beard	Treasurer – appointed 19 July 2018
John Clark	Independent member – resigned 19 July 2018
Adrian Adams	Tenant member
Peter Coker	Tenant member – retired 19 July 2018
Joseph Leach	Independent member
Fiona Jamieson	Independent member
Sandra Blake	Independent member
Dave Shiress	Independent member
Des Waters	Independent member
David Eatwell	Independent member – resigned 19 July 2018
Carolyn Wilson	Tenant member – appointed 19 July 2018
Louise Owen	Tenant member – appointed 19 July 2018, Chair from May 2019
Angela Bryan	Independent member – appointed 19 July 2018

Company Secretary

Pauline Goodfellow

Interim company secretary approved by the Board on 12 September 2019: Jo Leach

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

Principal Lenders

Orchardbrook Limited	Unity Trust Bank Plc
Capita Mortgage Services Limited	Nine Brindleyplace
Crown House	Birmingham
Crown Street	B1 2HB
Ipswich	
Suffolk	
IP1 3HS	

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 2019**

The Board present their Annual Report and the audited financial statements of CHISEL Limited for the year ended 31 March 2019.

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 235 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 2019 of £247,430 compared with a surplus of £204,000 in 2018. The Association's net current assets decreased from £199,819 in 2018 to £183,308 in 2019 as shown in the statement of financial position on page 14.

The results for the year are shown in the statement of comprehensive income on page 13. The position at the end of the year is shown in the statement of financial position on page 14.

In 2019 in addition to Statement of Comprehensive Income expenditure on repairs, £169,036 (2018: £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. There have been 4 number £1 shares issued during the year.

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 2019**

Our Objectives

The Board reviewed Vision and Values in September 2018 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 (VFM) 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 day 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 2019**

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 a prioritised programme of work to implement the recommendations from those assessments. We will continue to review and update our approach to fire safety and advice to tenants during the forthcoming year based on emerging changes to best practice and government recommendations and legislation.

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 the 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 performance management reports.

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 (2015) and the Governance and Financial Viability Standard set by the Regulator of Social Housing in England & Wales. In particular, the following controls and activities are in place: -

- 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; and
- 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, resident groups, neighbourhood meetings, membership of Operational Scrutiny Committee and the Board. All tenants 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 are currently reviewing our Board recruitment and succession planning including updating Board member recruitment. We expect to complete this before the end of the year.
- We are reviewing and updating our strategic plan and expect to complete the review by the end of the financial year.

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

Public Benefit Entity

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

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 their 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
- 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. CHISEL is committed to providing good housing management and maintenance services in order to support its residents and invest in their homes. We recognise that value for money is a key element of service provision and it is important that CHISEL is able to demonstrate that it delivers Value for Money in the provision of these services to its tenants and other stakeholders.

We continue to focus on delivering efficiencies and investing resources where they add value, through involving our tenants, by seeking their feedback both on an individual level and through neighbourhood forums and through the tenant led Operational Scrutiny Committee. This helps us both identify priorities and shape our services. 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.

This year we have continued to focus our energies on reducing responsive repairs costs and our housing management costs.

CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

Sector Score Card - Our Performance against regulatory metrics

RSH Metric	2018/19	2017/18	2018/19 Sector Scorecard Median	Commentary
1. Reinvestment %	1.1%	1.6%	5.8%	Our investment in planned maintenance has reduced from last year.
2A. New Supply Delivered (social housing units)%	-	-	1.0%	We are not in a position to build any new homes at present. We have leased 11 homes in Brighton & Hove occupied by Dryads Housing Co-op.
2B. New Supply Delivered (non-social housing units) %	-	-	-	N/A
3. Gearing %	11.2%	12.4%	35.1%	Our gearing is low, as we are currently not taking on any new loans, just repaying existing loans.
4. EBITDA MRI interest cover %	300.0%	168.6%	213.6%	The level surplus generated compared to the interest payable has increased as our surplus has increased over the last year.
5. Headline social Housing Cost per unit	£4,518	£5,389	£3,450	Our housing costs have reduced, and we continue to seek efficiencies.
6A. Operating Margin (social housing lettings only)	21.5%	17.4%	30.4%	Our operating margin improved because our operating costs have reduced.
6B. Operating Margin (overall)	22.6%	18.4%	27.9%	Our surplus has increased, and our operating costs have reduced as a result our operating margins have improved.
7. Return on Capital Employed	2.2%	1.7%	3.7%	Our return on capital has improved.

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. 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 2019**

STRATEGIC OBJECTIVES

CHISEL's Board has set strategic targets to measure our performance against our objectives for the forthcoming year. We are a small organisation and have an uncomplicated set of objectives to help us offer good quality affordable homes in the communities where we work and remain independent and financially viable.

Objectives 2019 - 20

The key objective for the organisation currently is to head off cash flow problems arising from major repair costs outstripping projected income.

Strategic Objective	Measure	Target
Managing our Finances well and generating a surplus that can be reinvested in CHISEL's Homes.	Performance against Budget.	Outcome better than budget.
Effective Asset Management of our Homes. Moving towards just in time repair service managed by our staff team.	<ul style="list-style-type: none"> Reduction in spend on planned maintenance Reduction in spend on cyclical maintenance Reduction in spend on responsive repairs. 	10% reduction across all maintenance budget spend.
Improving Services through resident involvement.	<ul style="list-style-type: none"> Increase numbers of tenants attending Scrutiny Panel Increase numbers attending neighbourhood meetings Increase % of repairs satisfaction slips returned Explore and feedback on tenant led suggestions each year. 	<ul style="list-style-type: none"> 10% increase in numbers attending Scrutiny panel & Neighbourhood meetings 10% increase in numbers of slips returned Act upon at least one tenant led suggestion each year.
Assessing Comparative Costs & Performance	<ul style="list-style-type: none"> Rent KPIs harmonise towards benchmark Repairs KPIs harmonise towards benchmark. 	Closer to median than previous cycle
Investing in Communities through improving communication	<ul style="list-style-type: none"> Responsive website Responsive affiliate websites SMS reminders. 	<ul style="list-style-type: none"> Build Integrate Bed in
Maintaining Governance through strong Board membership	<ul style="list-style-type: none"> Succession planning Recruitment strategy. 	October 2019 onwards rolling review of Governance needs informed by skills audit & appraisal.

These objectives do not include at this stage an objective to create new homes, once CHISEL's financial position is consolidated, a commitment to growth will be resumed. Proposals to build new social homes in south east London have been explored but CHISEL is not currently able to progress these proposals. The commitment to not selling a single unit of social rented housing is re-affirmed.

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

Statement of the Board's Responsibilities in Respect of the Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and association and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the group and association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 by order of the Board:



J. LEACH

P. Goodfellow

JL

Company Secretary

Date: 12/9/2019

CHISEL LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of CHISEL Limited (the 'Association') for the year ended 31 March 2019 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 2019 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 2019**

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 in relation to which Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the society, 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 society 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 society for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

Date:

18 September 2019

15 Bunhill Row
London
EC1Y 8LP

CHISEL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019	Year Ended 31 March 2018
		£	£
Turnover	2	1,577,310	1,543,062
Operating Costs	2	(1,221,422)	(1,258,508)
Operating Surplus		355,888	284,554
Interest Received	6	-	-
Interest Payable	7	(108,458)	(98,073)
Gain/(loss) on disposal of housing property	5	-	-
Increase in value of investment property		-	17,519
Surplus/(deficit) before taxation		247,430	204,000
Taxation		-	-
Surplus/(deficit) for the year after taxation	8	247,430	204,000
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme		37,872	-
Actuarial gain/(loss) in respect of pension schemes		(5,000)	-
Total Comprehensive Income for the year		280,302	204,000

The financial statements on pages 13 to 35 were approved by the Board on 12/9/2019 and were signed on its behalf by:



L. OWEN
Chair



S. BEARD
Treasurer



J. LEACH
P. GOODFELLOW J L
Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 17 to 35 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	Notes	Year ended 31 March 2019	Year Ended 31 March 2018
		£	£
Fixed assets			
Housing Properties	13	15,531,182	15,662,117
Other Fixed Assets	14	21,340	18,993
Investment Property	15	446,179	446,179
		<u>15,998,701</u>	<u>16,127,289</u>
Current assets			
Debtors	16	118,248	131,322
Cash and cash equivalents		626,748	641,194
		<u>744,996</u>	<u>772,516</u>
Less: Creditors:			
Amounts falling due within one year	17	(561,688)	(572,697)
Net current assets/(liabilities)		<u>183,308</u>	<u>199,819</u>
Total assets less current liabilities		<u>16,182,009</u>	<u>16,327,108</u>
Creditors:			
Amounts falling due after more than one year	18	(13,269,153)	(13,728,553)
Provisions for liabilities			
Pension- defined benefit liability		(34,000)	-
Total Net Assets		<u>2,878,856</u>	<u>2,598,555</u>
Capital and reserves			
Share Capital	19	66	67
Revenue Reserves		2,861,271	2,580,969
Revaluation Reserve		17,519	17,519
Total Reserves		<u>2,878,856</u>	<u>2,598,555</u>

The financial statements on pages 13 to 35 were approved by the Board on 12/9/19 and were signed on its behalf by:



L. OWEN
Chair



S. BEARD
Treasurer


J. LEACH

P. GOODFELLOW
Secretary

The notes on pages 17 to 35 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Income and Expenditure Reserve £	Revaluation Reserve £	Total £
Balance as at 1 April 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
Surplus / (deficit) from Statement of Comprehensive Income	280,302	-	280,302
Balance at 31 March 2019	2,861,271	17,519	2,878,790

The notes on pages 17 to 35 form an integral part of these financial statements.

CHISEL LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Net cash generated from operating activities (see Note i)	i	499,207	426,382
Cash flow from investing activities			
Purchase of tangible fixed assets		(188,302)	(275,678)
Proceeds from sale of tangible fixed assets		-	-
Purchase of investment property		-	-
Interest received		-	-
		<u>310,905</u>	<u>150,704</u>
Cash flow from financing activities			
Interest paid		(108,458)	(98,073)
Issue of ordinary shares		4	7
Cancellation of shares		(5)	-
Repayment of borrowings		(216,892)	(206,411)
		<u>(325,351)</u>	<u>(304,477)</u>
Net change in cash and cash equivalents		(14,446)	(153,773)
Cash and cash equivalents at beginning of the year		641,194	794,967
Cash and cash equivalents at end of the year		<u>626,748</u>	<u>641,194</u>

Note i

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Cash flow from operating activities		
Surplus / (deficit) for the year	280,302	204,000
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	316,891	292,203
Decrease / (increase) in trade and other debtors	13,074	(915)
Increase / (decrease) in trade and other creditors	(75,191)	22,017
Increase / (decrease) in provisions	34,000	(10,805)
(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	-	-
Interest payable	108,458	98,073
Interest receivable	-	-
Proceeds from sale of tangible fixed assets	-	-
Net cash generated from operating activities	<u>499,207</u>	<u>426,382</u>

The notes on pages 17 to 35 form an integral part of these financial statements.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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 2019

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 2019

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

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT'). Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019, the Financial Reporting Council issued FRD71 ('Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.') which provides proposed changes to FRS 102 on this issue.

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. Further disclosures in this area are included in note 12.

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 2019

1. Principal Accounting Policies (continued)

Revaluation Reserve

The revaluation reserve represents the difference of the fair value of the investment property and historical cost as at the purchase date, the movement each year is calculated and the difference posted to the revaluation reserve through the Statement of Comprehensive Income.

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.
- b) **Revaluation of investment properties.** The Association carries its investment property at fair value, with changes in fair value being recognised in profit and loss. The Association engaged independent valuation specialists to determine fair value at the purchase date, year ended 31 March 2017. The key assumptions used to determine the fair value of investment property are further explained in note 15.
- c) **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Turnover, operating expenditure and operating surplus

	2019		
	Turnover £	Operating expenditure £	Operating surplus £
Social housing lettings (Note 3)	1,555,331	(1,221,422)	333,909
Activities other than social housing			
Market rents	20,100	-	20,100
Other Income	1,879	-	1,879
Total	<u>1,577,310</u>	<u>(1,221,422)</u>	<u>355,888</u>
<hr/>			
	2018		
	£	£	£
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>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Turnover and operating expenditure from Social Housing Lettings

	2019	2018
	£	£
Income		
Rent receivable	1,330,769	1,305,213
Service charge income	46,235	39,676
Amortised government grants	178,327	178,327
Turnover from Social Housing Lettings	<u>1,555,331</u>	<u>1,523,216</u>
Operating expenditure		
Housing Management	428,094	474,601
Landlord Rent	92,355	73,177
Routine Maintenance	203,428	268,132
Programmed maintenance and revenue major repairs	14,666	19,701
Cyclical maintenance	105,535	84,393
Rent losses from bad debts	24,224	-
Services	53,148	41,832
Depreciation of housing properties	299,972	296,672
Operating expenditure on Social Housing Lettings	<u>1,221,422</u>	<u>1,258,508</u>
Operating Surplus on Social Housing Lettings	<u>333,909</u>	<u>264,708</u>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	14,273	26,408

4 Accommodation owned, managed and in development

	2019		2018	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
Under management at end of year				
General Needs housing	204	32	204	21
Non Social Housing				
Under management at end of year				
Market Rent	1	-	1	-
	<u>205</u>	<u>32</u>	<u>205</u>	<u>21</u>

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

	2019	2018
	£	£
Proceeds of sale	-	-
Less: Costs of sale	-	-
Surplus	<u>-</u>	<u>-</u>
Capital Grant Recycled (note 24)	-	-

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

6. Interest Receivable and similar income

	2019 £	2018 £
Interest Receivable	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7. Interest Payable and Similar Charges

	2019 £	2018 £
Interest payable on Housing Loans	108,458	98,073
	<u>108,458</u>	<u>98,073</u>
	<u>108,458</u>	<u>98,073</u>

8. Surplus/ (deficit) on ordinary activities

	2019 £	2018 £
The operating surplus is stated after charging/(crediting):		
Auditors remuneration (excluding VAT)		
In their capacity as auditors	6,725	6,570
In respect of other services	2,045	1,020
Depreciation of Housing Properties	299,971	296,674
Depreciation of Other Fixed Assets	16,920	13,184

In common with many organisations of our size and nature we use our auditors to assist with the preparation of the financial statements, as permitted under the FRC's Ethical Standard 2016 Section 6: Provisions Available for Audits of Small Audits.

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 2019

10. Directors' remuneration

	2019 £	2018 £
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)	42,068	41,243
The emoluments paid to the highest paid Director excluding pension contributions	38,244	37,494
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 defined contribution 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 £3,824 (2018: £3,749) was paid in addition to the personal contributions of the Director.

11. Employee information

	2019 No.	2018 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Number	6.83	6.42
Full time equivalents	4.6	3.49
	2019 £	2018 £
Staff costs (for the above persons)		
Wages and salaries	186,335	150,234
Social Security Costs	15,451	10,526
Other pension costs	9,523	9,969
	<u>211,309</u>	<u>170,729</u>
	No.	No.
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:		
£60,000 - £70,000	1	1

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Pension Obligations

The Pensions Trust – Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The accounting policy in relation to SHPS is set out on page 18.

The following adjustments have been made in relation to transition to defined benefit accounting at the relevant date of application, 1 April 2018, in other comprehensive income:

- Removal of the liability for the funding of the deficit funding agreement (reduction in creditors of £65,872; increase in Other Comprehensive Income £65,872).
- Recognition of the net pension deficit (increase in pension liability (£28,000; reduction in Other Comprehensive Income £28,000).

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset (Liability)

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	118	113
Present value of defined benefit obligation	152	141
Surplus (deficit) in plan	(34)	(28)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(34)	(28)
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

Reconciliation of the Impact of the Asset Ceiling

	Period ended
	31 March 2019
	(£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Pension Obligations (continued)

Reconciliation of the Impact of the Asset Ceiling

	Period ended
	31 March 2019
	(£000s)
Defined benefit obligation at start of period	141
Current service cost	-
Expenses	2
Interest expense	4
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	2
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	8
Benefits paid and expenses	(5)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	152

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period ended
	31 March 2019
	(£000s)
Fair value of plan assets at start of period	113
Interest income	3
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(6)
Contributions by the employer	13
Contributions by plan participants	-
Benefits paid and expenses	(5)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	118

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Pension Obligations (continued)

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was (£3,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	-
Expenses	2
Net interest expense	1
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	3

Defined Benefit Costs Recognised in Other Comprehensive Income

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(6)
Experience gains and losses arising on the plan liabilities - gain (loss)	(2)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(8)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(16)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(16)

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Pension Obligations (continued)

Assets

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Global Equity	20	22
Absolute Return	10	14
Distressed Opportunities	2	1
Credit Relative Value	2	-
Alternative Risk Premia	7	4
Fund of Hedge Funds	1	4
Emerging Markets Debt	4	5
Risk Sharing	4	1
Insurance-Linked Securities	3	3
Property	3	5
Infrastructure	6	3
Private Debt	2	1
Corporate Bond Fund	5	5
Long Lease Property	2	-
Secured Income	4	4
Over 15 Year Gilts	-	-
Liability Driven Investment	43	41
Net Current Assets	-	-
Total assets	118	113

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

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Pension Obligations (continued)

Key Assumptions

	31 March 2019	31 March 2018
	% per annum	% per annum
Discount Rate	2.28%	2.53%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary Growth	3.30%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Housing Properties

	Total Housing Properties
	£
Cost	
At 1 April 2018	20,205,841
Additions	169,036
Disposals – components	(94,829)
Disposals – property	-
	<hr/>
At 31 March 2019	20,280,048
	<hr/>
Depreciation and impairment	
At 1 April 2018	4,543,724
Charge for the year	299,971
Eliminated on disposal – components	(94,829)
Eliminated on disposal – property	-
	<hr/>
At 31 March 2019	4,748,866
	<hr/>
Net Book Value	
Net Book Value at 31 March 2019	15,531,182
	<hr/>
Net Book Value at 1 April 2018	15,662,117
	<hr/>
Net book value of housing properties comprise	
Freehold	13,212,518
Long Leasehold	2,318,664
	<hr/>
Works to existing properties in the year	
Improvement works capitalised	-
Components capitalised	169,036
Amounts charged to expenditure	323,629

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 (2018: £Nil) in respect of assets held under finance leases.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Other Fixed Assets

	Housing Property Furniture and Fittings	Office Equipment	Computer Software	Total
	£	£	£	£
Cost				
At 1 April 2018	39,225	44,297	66,463	149,985
Additions	1,517	17,749	-	19,266
Disposals	-	-	-	-
At 31 March 2019	<u>40,742</u>	<u>62,046</u>	<u>66,463</u>	<u>169,251</u>
Depreciation and impairment				
At 1 April 2018	38,409	39,225	53,358	130,992
Charge for the year	1,713	8,751	6,455	16,920
Eliminated on disposal	-	-	-	-
At 31 March 2019	<u>40,122</u>	<u>47,976</u>	<u>59,813</u>	<u>147,912</u>
Net Book Value				
Net Book Value at 31 March 2019	<u>620</u>	<u>14,070</u>	<u>6,650</u>	<u>21,340</u>
Net Book Value at 1 April 2018	<u>816</u>	<u>5,072</u>	<u>13,105</u>	<u>18,993</u>

15. Investment Property

	2019 £	2018 £
At 1 April 2018	446,179	428,660
Additions	-	-
Gain/(loss) from adjustment in valuation	-	17,519
At 31 March 2019	<u>446,179</u>	<u>446,179</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 change in valuation since then are based on the movements in Annual House Price Index each year.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. Trade and other debtors

	2019 £	2018 £
Arrears of rent and service charges – tenants	85,778	70,135
Less: provision for bad debts	(39,072)	(43,382)
Arrears of rent and service charges – managed lettings	2,445	3,988
Less: provision for bad debts	(330)	(750)
Prepayments and accrued income	24,226	27,677
Other Debtors	119,665	80,593
Less: provision for other debtors	(74,464)	(6,939)
Debtors are all due within one year	118,248	131,322

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade Creditors	60,331	28,689
Housing Loans (note 18b)	213,410	203,793
Rents and service charges paid in advance – tenants	51,753	40,900
Rents and service charges paid in advance – managed lettings	5,430	-
Other taxation and social security	6,210	3,532
SHPS Pension Agreement Plan (Note 12)	-	11,309
Deferred Capital Grant (Note 23)	178,327	178,327
Other Creditors and accruals	46,227	106,146
	561,688	572,696

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

	2019 £	2018 £
Housing Loans (Note 18b)	2,154,567	2,381,076
SHPS Pension Agreement Plan	-	54,563
Deferred Capital Grant (Note 23)	11,040,804	11,219,132
Recycled Capital Grant Fund (Note 24)	73,782	73,782
	13,269,153	13,728,553

18b. Loan Analysis

Loans repayable by instalments:	2019 £	2018 £
Within one year (Note 17)	213,410	203,793
In one year or more but less than two years	218,218	210,486
In two years or more and less than five years	557,961	608,863
In five years or more	1,378,388	1,561,727
Total Loans	2,367,977	2,584,869

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. Non-equity share capital

	2019 £	2018 £
Allotted Issued and Fully Paid		
At 1 April 2018	67	60
Issued during the year	4	7
Cancelled during the year	(5)	-
	<u>66</u>	<u>67</u>

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

	2019 £	2018 £
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
	<u> </u>	<u> </u>

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 2019 CHISEL had commitments of future minimum lease payments as follows:

	2019 £	2018 £
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	16,000	32,000
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	31,800	32,100
	<u>113,000</u>	<u>129,300</u>

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 2019 there were 22 such tenancies and the potential liability at that date was £129,841 (2018 £127,545). 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 2019

23. Deferred Capital Grant

	2019 £	2018 £
At 1 April 2018	11,397,458	11,575,785
Grant received in the year	-	-
Released to Income in the year	(178,327)	(178,327)
Recycled Capital Grant	-	-
Grant amortised for property sold	-	-
At 31 March 2019	11,219,131	11,397,458
Amount due to be released < 1 year	178,327	178,327
Amount due to be released > 1 year	11,040,804	11,219,131
The total accumulated government grant	11,219,131	11,397,458
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

	2019 £	2018 £
At 1 April	73,782	73,782
Grant recycled	-	-
At 31 March	73,782	73,782

25. Related Parties

The following are related parties:

Chisel supports tenant involvement and as part of this commitment, up to two thirds 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 2019 one Board member who resigned on 19 July 2018, Peter Coker, held a self-build tenancy, but no premium payments were made to any Board member in the financial year 2018-19.

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 during the year was £11,677 (2018: £9,380). Arrears on their tenancy at the reporting period end were £449 (2018: £73).

Related party balances are not secured.

CHISEL LIMITED
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26. Financial Instruments

The Association's financial instruments may be analysed as follows

	2019 £	2018 £
Financial Assets		
Financial Assets Measured at Fair Value		
Investment Property	446,179	446,179
Financial Assets Measured at Amortised Cost		
Rent and Service Charge Debtors	48,821	29,991
Other Debtors	69,427	101,331
Cash and Cash Equivalents	626,748	641,194
Total Financial Assets	<u>1,191,175</u>	<u>1,218,695</u>
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Trade Creditors	57,173	40,900
Other Creditors	52,437	109,678
Housing Loans Payable	2,367,977	2,584,869
Total Financial Liabilities	<u>2,477,587</u>	<u>2,735,447</u>

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").