

**CHISEL LIMITED**  
**BOARD REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021

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**CHISEL LIMITED**  
**LEGAL AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**BOARD**

Louise Owen	Chair - Tenant Member
Carolyn Wilson	Vice-Chair - Tenant Member
Joseph Leach	Treasurer – Independent Member (resigned September 2020)
Andrew Watson	Secretary - Independent Member (resigned June 2020)
Jo Van-Der Meer	Tenant Member
Iris Garrelfs	Tenant Member
Angela Bryan	Independent Member (resigned October 2020)
Michaela Clare	Independent Member (appointed September 2020)
Marie Kapszewicz	Independent Member (appointed September 2020)
Scott Hyde	Co-opted Member (appointed August 2020)
Melisa Chester	Co-opted Member (appointed June 2021)
Phil Reynolds	Co-opted Member (appointed June 2021)
Carmen White	Company Secretary (appointed April 2021)

**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

<b>Bankers</b>	
National Westminster Bank Plc	Unity Trust Bank Plc
PO Box 414	Nine Brindley place
38 Strand	Birmingham
London	B1 2HB
WC2H 5JB	

<b>Principal Lenders</b>	
Orchardbrook Limited	Unity Trust Bank Plc
Capita Mortgage Services Limited	Nine Brindley place
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 2021**

The Board present their Annual Report and the audited financial statements of CHISEL Limited for the year ended 31 March 2021.

**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. \*

**Financial Review**

CHISEL has had a financially successful year with a surplus for the year to 31 March 2021 of £358,858 compared with a surplus of £256,066 in 2020. The Association's net current assets increased from £212,000 in 2020 to £390,269 in 2021 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 2021 in addition to Statement of Comprehensive Income expenditure on repairs, £23,934 (2020: £41,322) was re-invested on component replacements to existing properties.

The impact of the Covid-19 pandemic entailed the closure of the office at the end of the financial year, staff working remotely from home and all contact facilitated through electronic media including on-line virtual meetings.

CHISEL has worked well during this extraordinary period however the pandemic has disproportionately impacted those most vulnerable in our communities. Our initial response to the pandemic focused on maintaining emergency and critical services however over the course of the year there has been a noticeable increase (4.7%) increase in arrears on the previous year. Over the coming year priority will be given to our Financial Inclusion plan which aims to support those most affected by the pandemic by supporting tenants to maximise their income and reduced their arrears.

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 2021**

**REPORT OF THE BOARD (CONTINUED)**

**Our Objectives**

**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. As part of the business plan from 2018, from the stock condition survey of our self-build homes, a provision is made committed to 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.
- CHISEL is committed through the equality and diversity policy and the provisions of the Equalities Act 2010. It promotes equality of opportunity by protecting and providing access through tackling discrimination and making reasonable adjustments to employment, to those employed and using its services and valuing diversity in all aspects of its work.

**Employees**

CHISEL employ a Chief Executive, a Housing Operations Manager, a Rents Officer, a Housing Officer, a Co-ops and Tenants Officer, a Finance Officer and a Finance Manager. We receive technical support through the services of an independent RICS surveyor approx. 1 / 2 days per week. The Chief Executive and managers regularly attended Board, Finance and Operational Scrutiny Committee meetings. Staff training and development is a priority with employees attending 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).

**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

**CHISEL LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

carried out Fire Risk Assessments during 2021 with the implementation of recommendations from those assessments currently being undertaken.

Further to commissioning these reviews, our approach to fire safety and advice to tenants has been considered during the post year end period by the Board to ensure effective mitigation of risk, that appropriate policies are in place and with competent expertise appointed on behalf of CHISEL.

CHISEL has responded to the Covid-19 pandemic. Following the lock down, risk assessments were carried out and staff worked from home, attending the office individually if they need to do so. The office has been deep cleaned and PPE provided for staff to use should the necessity arise. Essential maintenance was carried out during the period of lockdown with priority for health and safety.

**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 Chief Executive, and the organisational structure set out in CHISEL's Financial Standing Orders with formally defined lines of responsibility. Day to day budgetary control is operated by individual staff and the Chief Executive as defined in CHISEL's Financial Standing Orders which includes delegated authorities. Budgetary control is maintained by the senior management team with regular scrutiny by the Finance Committee. Monthly performance data is made available to the full Board.
- 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 Chief Executive and reviews from external providers.

**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 and organisation with the help of a leading sector consultancy,

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

CHISEL is committed to accountability and endorses the principle of openness and accountability through its tenant engagement policy to its tenants and members through its shareholder policy. 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.

**CHISEL LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2021**

**REPORT OF THE BOARD (CONTINUED)**

The Board confirms that the Association has met Regulator of Social Housing's regulatory expectations in governance and financial viability standard.

It has reviewed the board member information pack given to new board members as part of their induction.

**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 – legacy issues arising from 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, staff recruitment and retention or upon the employment prospects of our tenants.
- Covid-19 pandemic post balance sheet event.

**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.

The previous years Regulator of Social Housing revised regulatory approach to VFM have been followed 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. Following last year when these metrics have been introduced, for comparative purposes, we have also included last year's performance. We have the standard metrics as currently shown in the report but intend to add our own ones that we believed were more relevant to CHISEL in the future. We continue to subscribe to the Acuity report and benchmarked us against the BM320 group.

**CHISEL LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**REPORT OF THE BOARD (CONTINUED)**

**Our Performance against regulatory metrics**

<b>RSH Metric</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2020/21 Target</b>	<b>Peer Group Median</b>	<b>Commentary</b>
1. Reinvestment %	0.2%	0.3%	1.6%	1.6%	There were £23,934 of additions in the year which was lower than 19/20 and this is a comparatively low figure.
2A. New Supply Delivered (social housing units) %	-	-	-	-	No new units
2B. New Supply Delivered (non-social housing units) %	-	-	-	-	No new units
3. Gearing %	7.3%	9.6%	7.3%	9.6%	There were capital repayments in the year and cash balances increased by £135.5k.
4. EBITDA MRI interest cover %	635.7%	473.8%	296.7%	488%	The operating surplus increased in 20/21, as rental income increased in line with the rent standard and operating costs decreased as a result of the COVID pandemic and staff restructuring. Interest payable has also decreased in line with loan capital repayments.
5. Headline social Housing Cost per unit	£3,415	£4,010	£3,455	£4,358	There has been a decrease in planned works as a result of the pandemic.
6A. Operating Margin (social housing lettings only)	24.0%	19.7%	23.3%	24.2%	The operating surplus from SHL increased for reasons outlined above.
6B. Operating Margin (overall)	25.0%	20.7%	24.3%	23.1%	The overall operating surplus increased for reasons outlined above.
7. Return on Capital Employed	2.5%	2.0%	2.4%	2.7%	The operating surplus increased for reasons outlined above.

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.



CHISEL LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2021

REPORT OF THE BOARD (CONTINUED)

**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 2019. 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.



C White

Company Secretary

Date: 23/9/2021

**CHISEL LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Opinion**

We have audited the financial statements of CHISEL Limited (the 'Association') for the year ended 31 March 2021 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 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 2021 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 2019.

**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**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

**CHISEL LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Other information**

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

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

We have nothing to report in this regard.

**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 9, 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.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.

CHISEL LIMITED  
REPORT OF THE INDEPENDENT AUDITORS  
FOR THE YEAR ENDED 31 MARCH 2021

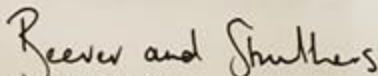
**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

**Use of our report**

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



Beever and Struthers  
Chartered Accountants  
Statutory Auditor

Date: 20 October 2021

15 Bunhill Row  
London  
EC1Y 8LP

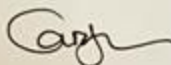
CHISEL LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Turnover	2	£ 1,579,803	£ 1,542,523
Operating Costs	2	(1,184,117)	(1,222,471)
<b>Operating Surplus</b>		<u>395,686</u>	<u>320,052</u>
Interest Received	6	-	-
Interest Payable	7	(77,797)	(86,563)
Gain/(loss) on disposal of housing property	5	-	-
Increase in value of investment property		40,969	22,577
<b>Surplus/(deficit) before taxation</b>		<b>358,858</b>	<b>256,066</b>
Taxation		-	-
<b>Surplus/(deficit) for the year after taxation</b>	8	<u>358,858</u>	<u>256,066</u>
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension schemes		(15,000)	15,000
<b>Total Comprehensive Income for the year</b>		<u>343,858</u>	<u>271,066</u>

The financial statements on pages 13 to <sup>38</sup> 36 were approved by the Board on 23 Sept. 2021 and were signed on its behalf by:



L. OWEN  
Chair



C. WILSON  
Vice-Chair



C. WHITE  
Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 17 to 36 form an integral part of these financial statements.

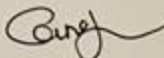
CHISEL LIMITED  
STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2021

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
		£	£
<b>Fixed assets</b>			
Housing Properties	13	15,010,814	15,277,244
Other Fixed Assets	14	5,520	16,292
Investment Property	15	509,725	468,756
		<u>15,526,059</u>	<u>15,762,292</u>
<b>Current assets</b>			
Debtors	16	204,374	146,473
Cash and cash equivalents		807,747	672,191
		<u>1,012,121</u>	<u>818,664</u>
<b>Less: Creditors:</b>			
Amounts falling due within one year	17	(621,852)	(606,664)
<b>Net current assets/(liabilities)</b>		<u>390,269</u>	<u>212,000</u>
<b>Total assets less current liabilities</b>		<u>15,916,328</u>	<u>15,974,292</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	18	(12,397,548)	(12,782,897)
<b>Provisions for liabilities</b>			
Pension- defined benefit liability	12	(25,000)	(14,000)
Other	19	-	(27,473)
<b>Total Net Assets</b>		<u>3,493,780</u>	<u>3,149,922</u>
<b>Capital and reserves</b>			
Share Capital	20	66	66
Revenue Reserves		3,412,649	3,109,760
Revaluation Reserve		81,065	40,096
<b>Total Reserves</b>		<u>3,493,780</u>	<u>3,149,922</u>

The financial statements on pages 13 to <sup>38</sup> were approved by the Board on 23 Sept 2021 and were signed on its behalf by:



L. OWEN  
Chair



C. WILSON  
Vice-Chair



C. WHITE  
Secretary

The notes on pages 17 to 36 form an integral part of these financial statements.

**CHISEL LIMITED**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Income and Expenditure Reserve £	Revaluation Reserve £	Total £
Balance as at 1 April 2019	2,861,271	17,519	2,878,790
Surplus / (deficit) from Statement of Comprehensive Income	248,489	22,577	271,066
Balance at 31 March 2020	3,109,760	40,096	3,149,856
Surplus / (deficit) from Statement of Comprehensive Income	302,889	40,969	343,858
<b>Balance at 31 March 2021</b>	<b>3,412,649</b>	<b>81,065</b>	<b>3,493,714</b>

The notes on pages 17 to ~~36~~<sup>39</sup> form an integral part of these financial statements.

**CHISEL LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
<b>Net cash generated from operating activities (see Note i)</b>	i	446,879	411,071
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(23,934)	(50,753)
Proceeds from sale of tangible fixed assets		-	-
Purchase of investment property		-	-
Interest received		-	-
		<u>422,945</u>	<u>360,318</u>
<b>Cash flow from financing activities</b>			
Interest paid		(77,797)	(86,563)
Issue of ordinary shares		-	-
Cancellation of shares		-	-
Repayment of borrowings		(209,592)	(228,312)
		<u>(287,389)</u>	<u>(314,875)</u>
<b>Net change in cash and cash equivalents</b>		135,556	45,443
<b>Cash and cash equivalents at beginning of the year</b>		672,191	626,748
<b>Cash and cash equivalents at end of the year</b>		<u>807,747</u>	<u>672,191</u>

**Note i**

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
<b>Cash flow from operating activities</b>		
Surplus / (deficit) for the year	343,858	271,066
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	301,136	309,739
Decrease / (increase) in trade and other debtors	(57,902)	(28,225)
Increase / (decrease) in trade and other creditors	(15,189)	(34,641)
Increase / (decrease) in provisions	16,473	7,473
(Gains) / losses on investments	(40,969)	(22,577)
<b>Adjustments for investing or financing activities:</b>		
Government grants utilised in the year	(178,327)	(178,327)
Government grants amortised for property sold	-	-
Interest payable	77,797	86,563
Interest receivable	-	-
Proceeds from sale of tangible fixed assets	-	-
<b>Net cash generated from operating activities</b>	<u>446,877</u>	<u>411,071</u>

The notes on pages 17 to 38 form an integral part of these financial statements.



**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**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 2018.

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 2019. 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. The Committee have considered the impact of COVID19 on its operations and have concluded that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. No other significant concerns have been noted in the budget and business plan updated for 2020/21. Therefore, the Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

**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 2021

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared on an accruals basis and are presented in pounds sterling, unless otherwise stated.

Revenue	100
Expenses	(100)
Profit	0

The financial statements are prepared on an accruals basis and are presented in pounds sterling, unless otherwise stated.

1.2 Accounting policies

The accounting policies are consistent with those of the previous year, except for the adoption of the new accounting standards.

The accounting policies are consistent with those of the previous year, except for the adoption of the new accounting standards.

1.3 Revenue

Revenue is recognised when the goods are delivered to the customer and the customer is obliged to pay for the goods.

1.4 Expenses

Expenses are recognised when the goods are delivered to the customer and the customer is obliged to pay for the goods.

1.5 Assets

Assets are recognised when the goods are delivered to the customer and the customer is obliged to pay for the goods.

1.6 Liabilities

Liabilities are recognised when the goods are delivered to the customer and the customer is obliged to pay for the goods.

1.7

The financial statements are prepared on an accruals basis and are presented in pounds sterling, unless otherwise stated.

1.8

The financial statements are prepared on an accruals basis and are presented in pounds sterling, unless otherwise stated.

**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021**

**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.

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 2021**

**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 are held at cost,
- Financial assets such as 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



CHISEL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2021

2. Turnover, operating expenditure and operating surplus

	2021		
	Turnover £	Operating expenditure £	Operating surplus £
<b>Social housing lettings (Note 3)</b>	1,558,974	(1,184,117)	374,857
<b>Activities other than social housing</b>			
Market rents	20,829	-	20,829
Other income	-	-	-
<b>Total</b>	<u>1,579,803</u>	<u>(1,184,117)</u>	<u>395,686</u>
	2020		
	£	£	£
<b>Social housing lettings (Note 3)</b>	1,521,831	(1,222,471)	299,360
<b>Activities other than social housing</b>			
Market rents	20,692	-	20,692
Other income	-	-	-
<b>Total</b>	<u>1,542,523</u>	<u>(1,222,471)</u>	<u>320,052</u>

CHISEL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2021

3. Turnover and operating expenditure from Social Housing Lettings

	2021	2020
	£	£
<b>Income</b>		
Rent receivable	1,340,898	1,292,526
Service charge income	39,749	50,978
Amortised government grants	178,327	178,327
	<u>1,558,974</u>	<u>1,521,831</u>
<b>Turnover from Social Housing Lettings</b>		
<b>Operating expenditure</b>		
Management	479,852	496,284
Landlord Rent	93,490	19,156
Routine maintenance	200,199	225,515
Planned maintenance	15,475	112,585
Bad debts	46,806	22,208
Services	57,931	51,463
Depreciation of housing properties	290,364	295,260
	<u>1,184,117</u>	<u>1,222,471</u>
<b>Operating expenditure on Social Housing Lettings</b>		
<b>Operating Surplus on Social Housing Lettings</b>	<u>374,857</u>	<u>299,360</u>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	21,971	27,772

4 Accommodation owned, managed and in development

	2021		2020	
	No. of properties Owned	Managed	No. of properties Owned	Managed
<b>Social Housing</b>				
Under management at end of year				
General Needs housing	225	29	225	29
<b>Non-Social Housing</b>				
Under management at end of year				
Market Rent	1	-	1	-
	<u>226</u>	<u>29</u>	<u>226</u>	<u>29</u>

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

	2021	2020
	£	£
Proceeds of sale	-	-
Less: Costs of sale	-	-
<b>Surplus</b>	<u>-</u>	<u>-</u>
Capital Grant Recycled (note 24)	-	-



**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**6. Interest Receivable and similar income**

	2021	2020
	£	£
Interest Receivable	-	-
	<u>-</u>	<u>-</u>

**7. Interest Payable and Similar Charges**

	2021	2020
	£	£
Interest payable on Housing Loans	77,797	86,563
	<u>77,797</u>	<u>86,563</u>

**8. Surplus/ (deficit) on ordinary activities**

	2021	2020
	£	£
The operating surplus is stated after charging/(crediting):		
Auditors remuneration (excluding VAT):		
In their capacity as auditors	8,200	8,110
In respect of other services	1,082	1,070
Depreciation of Housing Properties	290,364	295,260
Depreciation of Other Fixed Assets	10,772	14,479

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 2021**

**10. Directors' remuneration**

	2021	2020
	£	£
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)	92,440	102,673
The emoluments paid to the highest paid Director excluding pension contributions	50,320	38,839
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 former Director Chief Executive was 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 £757 (2020: £3,447) was paid in addition to the personal contributions of the Director.

**11. Employee information**

	2021	2020
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Number	6.83	6.33
Full time equivalents	4.0	4.0
	2021	2020
	£	£
Staff costs (for the above persons)		
Wages and salaries	179,055	248,944
Social Security Costs	18,248	21,988
Other pension costs	16,782	17,182
	214,085	288,114
	No.	No.
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:		
£60,000 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	1	-

**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**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 19.

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

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Fair value of plan assets	138	123
Present value of defined benefit obligation	163	137
Surplus (deficit) in plan	(25)	(14)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(25)	(14)
Deferred tax	•	•
Net defined benefit asset (liability) to be recognised	•	•

**Reconciliation of the Impact of the Asset Ceiling**

	Period ended
	31 March 2021
	(£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 2021

12. Pension Obligations (continued)

Reconciliation of the Impact of the Asset Ceiling

	Period ended
	31 March 2021
	(£000s)
Defined benefit obligation at start of period	137
Current service cost	-
Expenses	2
Interest expense	3
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(3)
Actuarial losses (gains) due to changes in demographic assumptions	1
Actuarial losses (gains) due to changes in financial assumptions	28
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	163

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

	Period ended
	31 March 2021
	(£000s)
Fair value of plan assets at start of period	123
Interest income	3
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	11
Contributions by the employer	6
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	138

**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**12. Pension Obligations (continued)**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £14,000.

**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)**

	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-
Expenses	2
Net interest expense	-
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 (SoCI)	2

**Defined Benefit Costs Recognised in Other Comprehensive Income**

	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	11
Experience gains and losses arising on the plan liabilities - gain (loss)	3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(28)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(15)
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)	(15)

CHISEL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2021

12. Pension Obligations (continued)

Assets

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	22	18
Absolute Return	8	6
Distressed Opportunities	4	2
Credit Relative Value	4	3
Alternative Risk Premia	5	9
Fund of Hedge Funds	-	-
Emerging Markets Debt	6	4
Risk Sharing	5	4
Insurance-Linked Securities	3	4
Property	3	3
Infrastructure	9	9
Private Debt	3	2
Opportunistic Illiquid Credit	3	3
High Yield	4	-
Opportunistic Credit	4	-
Corporate Bond Fund	8	7
Liquid Credit	2	-
Long Lease Property	3	2
Secured Income	6	5
Over 15 Year Gilts	-	-
Liability Driven Investment	35	41
Net Current Assets	1	1
<b>Total assets</b>	<b>138</b>	<b>123</b>

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 2021

12. Pension Obligations (continued)

Key Assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.12%	2.41%
Inflation (RPI)	3.31 %	2.68%
Inflation (CPI)	2.84%	1.68%
Salary Growth	3.84%	2.68%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

**CHISEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**13. Housing Properties**

	<b>Total Housing Properties</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2020	20,290,491
Additions	23,934
Disposals – components	(7,209)
Disposals – property	-
At 31 March 2021	<u>20,307,216</u>
<b>Depreciation and impairment</b>	
At 1 April 2020	5,013,247
Charge for the year	290,364
Eliminated on disposal – components	(7,209)
Eliminated on disposal – property	-
At 31 March 2021	<u>5,296,402</u>
<b>Net Book Value</b>	
<b>Net Book Value at 31 March 2021</b>	<b><u>15,010,814</u></b>
Net Book Value at 1 April 2020	<u>15,277,244</u>
<b>Net book value of housing properties comprise</b>	
Freehold	14,800,312
Long Leasehold	210,502
<b>Works to existing properties in the year</b>	
Improvement works capitalised	-
Components capitalised	23,934
Amounts charged to expenditure	<u>215,674</u>

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 (2020: £Nil) in respect of assets held under finance leases.



CHISEL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2021

14. Other Fixed Assets

	Housing Property Furniture and Fittings	Office Equipment	Computer Software	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2020	41,311	63,402	73,969	178,682
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2021	<u>41,311</u>	<u>63,402</u>	<u>73,969</u>	<u>178,682</u>
<b>Depreciation and impairment</b>				
At 1 April 2020	40,514	53,131	68,745	162,390
Charge for the year	393	5,155	5,224	10,772
Eliminated on disposal	-	-	-	-
At 31 March 2021	<u>40,907</u>	<u>58,286</u>	<u>73,969</u>	<u>173,162</u>
<b>Net Book Value</b>				
Net Book Value at 31 March 2021	<u>404</u>	<u>5,116</u>	<u>-</u>	<u>5,520</u>
Net Book Value at 1 April 2020	<u>797</u>	<u>10,271</u>	<u>5,224</u>	<u>16,292</u>

15. Investment Property

	2021 £	2020 £
At 1 April 2020	468,756	446,179
Additions	-	-
Gain/(loss) from adjustment in valuation	40,969	22,577
At 31 March 2021	<u>509,725</u>	<u>468,756</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.

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<b>16. Trade and other debtors</b>		
	2021	2020
	£	£
Arrears of rent and service charges – tenants	165,332	124,763
Less: provision for bad debts	(116,131)	(69,325)
Arrears of rent and service charges – managed lettings	1,843	1,530
Less: provision for bad debts	(330)	(330)
Prepayments and accrued income	27,125	28,998
Other Debtors	192,954	127,256
Less: provision for other debtors	(66,419)	(66,419)
<b>Debtors are all due within one year</b>	<u>204,374</u>	<u>146,473</u>
<b>17. Creditors: amounts falling due within one year</b>		
	2021	2020
	£	£
Trade Creditors	107,127	25,707
Housing Loans (Note 18b)	186,995	219,245
Rents and service charges paid in advance – tenants	50,353	43,726
Rents and service charges paid in advance – managed lettings	6,211	9,623
Other taxation and social security	4,363	837
Deferred Capital Grant (Note 24)	178,327	178,327
Other Creditors and accruals	14,694	55,417
Recycled Capital Grant Fund (Note 25)	73,782	73,782
	<u>621,852</u>	<u>606,664</u>
<b>18. Creditors: amounts falling due after more than one year</b>		
	2021	2020
	£	£
Housing Loans (Note 18b)	1,713,398	1,920,420
Deferred Capital Grant (Note 24)	10,684,150	10,862,477
Recycled Capital Grant Fund (Note 25)	-	-
	<u>12,397,548</u>	<u>12,782,897</u>
<b>18b. Loan Analysis</b>		
<b>Loans repayable by instalments:</b>	2021	2020
	£	£
Within one year (Note 17)	186,995	219,245
In one year or more but less than two years	187,209	192,501
In two years or more and less than five years	393,267	474,794
In five years or more	1,132,922	1,253,125
<b>Total Loans</b>	<u>1,900,393</u>	<u>2,139,665</u>

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**19. Provision for Liabilities**

The association recognises provisions and liabilities of uncertain timing or amounts. Provisions is made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

	2021	2020
	£	£
At beginning of the year	27,473	-
Increase in provision	-	27,473
Release of provision	(27,473)	-
At 31 March 2021	-	27,473

**20. Non-equity share capital**

	2021	2020
	£	£
Allotted Issued and Fully Paid At 1 April 2020	66	66
Issued during the year	-	-
Cancelled during the year	-	-
Total	66	66

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.

**21. Capital Commitments**

	2021	2020
	£	£
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	-	-
Total	-	-

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

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**22. Operating Leases**

CHISEL holds office and scheme equipment under non-cancellable operating leases. As at 31 March 2021 CHISEL had commitments of future minimum lease payments as follows:

	2021	2020
	£	£
<b>Land and Buildings</b>		
In one year or more but less than two years	16,000	16,000
In two years or more and less than five years	32,000	48,000
In five years or more	-	-
<b>Others:</b>		
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	31,200	31,500
	<u>80,400</u>	<u>96,700</u>

**23. 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 2021 there were 22 such tenancies and the potential liability at that date was £137,341 (2020 £131,788). Premium payments are charged in the statement of comprehensive income as incurred in accordance with the accounting policy.

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**24. Deferred Capital Grant**

	2021	2020
	£	£
At 1 April 2020	11,040,804	11,219,131
Grant received in the year	-	-
Released to Income in the year	(178,327)	(178,327)
Recycled Capital Grant	-	-
Grant amortised for property sold	-	-
<b>At 31 March 2021</b>	<b>10,862,477</b>	<b>11,040,804</b>
Amount due to be released < 1 year	178,327	178,327
Amount due to be released > 1 year	10,684,150	10,862,477
The total accumulated government grant	10,862,477	11,040,804
The total accumulated government grant and financial assistance received or receivable at 31 March:	14,904,138	14,904,138

**25. Recycled Capital Grant Fund**

	2021	2020
	£	£
At 1 April	73,782	73,782
Grant recycled	-	-
<b>At 31 March</b>	<b>73,782</b>	<b>73,782</b>

**26. 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 2021 only the Chair of the Board, Louise Owen, held a self-build tenancy, but no premium payments were made to any Board member in the financial year 2020-21.

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 £21,493 (2020: £15,156). Arrears on their tenancy at the reporting period end were £1,740 (2020: £555).

Related party balances are not secured.

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**27. Financial Instruments**

The Association's financial instruments may be analysed as follows

	2021	2020
	£	£
<b>Financial Assets</b>		
<b>Financial Assets Measured at Fair Value</b>		
Investment Property	509,725	468,756
<b>Financial Assets Measured at Cost</b>		
Cash and Cash Equivalents	807,747	672,191
<b>Financial Assets Measured at Amortised Cost</b>		
Rent and Service Charge Debtors	50,714	56,638
Other Debtors	153,660	89,835
<b>Total Financial Assets</b>	<u>1,521,846</u>	<u>1,287,420</u>
<b>Financial Liabilities</b>		
<b>Financial Liabilities Measured at Amortised Cost</b>		
Trade Creditors	107,127	25,707
Other Creditors	19,058	56,254
Housing Loans Payable	1,900,393	2,139,665
<b>Total Financial Liabilities</b>	<u>2,026,578</u>	<u>2,221,626</u>

**28. 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").

**29. Analysis of Changes in Net Debt**

	At 1 April 2020	Cash Flows	Non-Cash Movements	At 31 March 2021
	£	£	£	£
Cash and Cash Equivalents	672,191	135,556	-	807,747
Housing Loans Due in One Year	(219,245)	219,245	(186,995)	(186,995)
Housing Loans Due After One Year	(1,920,420)	-	207,022	(1,713,398)
	<u>(1,467,474)</u>	<u>354,801</u>	<u>20,027</u>	<u>(1,092,646)</u>