

Annual Return (AR30) form

Society Name: Chisel Limited

Society Num: 25155 R

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuals Public Register: <https://mutuals.fca.org.uk>. Our privacy notice explains how and why we use personal data: <https://www.fca.org.uk/privacy>.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see here:

<https://www.handbook.fca.org.uk/handbook/RFCCBS>

2.1 What date did the financial year covered by these accounts end?

31/03/2023

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers.

Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of Director

Month of Birth

Year of Birth

Louise Owen

Jul

1963

Carolyn Wilson	Dec	1974
Carmen White	Jul	1967
Joseph Leach	Nov	1974
Jo Van Der Meer	May	1958
Iris Garelfs	Sep	1963
Michaela Clare	Jan	1966
Scott Hyde	Feb	1973
Melisa Chester	Aug	1986

3.2 All directors must be 16 or older. Please confirm this is this case:

☒ All directors are aged 16 or over

3.3 Societies are within the scope of the Company Director Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

☒ No director is disqualified

3.4 Please state any close links which any of the directors has with any society, company or authority.

'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

None

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers.

Societies must have a secretary

Name of Secretary	Month of Birth	Year of Birth
<input type="text" value="Carmen White"/>	<input type="text" value="Jul"/>	<input type="text" value="1967"/>

4.1 Please confirm that:

- ☒ accounts are being submitted with this form
- ☒ the accounts comply with relevant statutory and accounting requirements
- ☒ the accounts are signed by two members and the secretary (3 signatures in total)

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	<input type="text" value="66"/>
Turnover	<input type="text" value="1,494,099"/>
Assets	<input type="text" value="16,111,686"/>
Number of Employees	<input type="text" value="5"/>
Share Capital	<input type="text" value="66"/>
Highest rate of interest paid on shares	<input type="text" value="0"/>

4.3 What Standard Industrial Classification code best describes the society’s main business?

Where more than one code applies, please select the code that you feel best describes the society’s main business activity. You will find a full list of codes [here](#)

SIC Code

Renting and operating of Housing Association real estate (68201)

*

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- ☒ Full Professional Audit
- ☐ Auditor's report on the accounts
- ☐ Lay Audit
- ☐ No audit

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

- ☒ We have complied with the audit requirements

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- ☐ Yes
- ☒ Not applicable

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

- ☒ Yes
- ☐ No

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

- ☐ Registered
- ☒ Not applicable

5.6 Is the society a housing association?

- ☐ No
- ☒ Yes

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

- ☒ Homes and Communities Agency
- ☐ Scottish Housing Regulator
- ☐ The Welsh Ministers

Homes and Communities
Registration Number

L3642

6.1 Is the society a subsidiary of another society?

- ☐ Yes
- ☒ No

6.2 Does the society have one or more subsidiaries?

(As defined in sections 100 and 101 of the Act)

- ☐ Yes
- ☒ No

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); or
- are conducting business for the benefit of the community ('community benefit society').

You must answer the questions set out in in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

7.1 Condition for Registration

- ☐ Co-operative society
- ☒ Community Benefits society

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society?

For example, did you provide social housing, run an amateur sports club etc.

The provision of social housing

7B.2 Please describe the benefits to the community the society delivered?

Here we are looking to see what the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

Provided good quality neighbourhood housing for families and single people

7B.3 Please describe how the society's business delivered these benefits?

The business of the society must be conducted for the benefit of the community. Please describe how the society's business (as described in answer to question 7B.1) provided benefit to the community.

Rent Policy - being committed to providing rents at affordable levels

Housing management and standards which aimed to provide effective quality services to residents, achieving high levels of satisfaction and assisting tenants to sustain their tenancies

Maintenance and asset management policies which maintained properties in good repair

7B.4 Did the society work with a specific community, and if so, please describe it here?

For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

The society's activities were focussed on our communities in South East London, Brighton and Colchester

7B.5 What did the society do with any surplus or profit?

For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Reinvested in existing housing portfolio

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest.

Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

None



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London SE4 2RL**

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Fax: 020 8694 1840

www.chisel.org.uk

BEEVER AND STRUTHERS
150 Minorities
London
EC3N 1LS

CLIENT:

CHISEL LIMITED

Chartered Accountants

Date of Accounts:

31 March 2023

REPRESENTATIONS REGARDING LIABILITIES AND CERTAIN MATTERS

Dear Beever and Struthers,

This representation letter is provided in connection with your audit of the financial statements of Chisel Limited for the year ending 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the results and financial position of Chisel Limited in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Statement of Recommended Practice for social housing providers 2018, the Accounting Direction for Private Registered Providers of Social Housing in England 2022 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Financial Statements

1. We have fulfilled our responsibilities as Board members, as set out in the terms of your engagement letter dated 27 March 2023 for preparing financial statements in accordance with the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for social housing providers 2018, the Accounting Direction for Private Registered Providers of Social Housing in England 2022 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) which give a true and fair view of the financial position of the Chisel Limited as of 31 March 2023 and of the results of its operations for the year then ended and for making accurate representations to you.
2. We have reviewed our accounting policies for compliance with FRS 102. We are satisfied that the financial statements have been prepared in accordance with FRS 102.
3. We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS 102 related party disclosures and the Accounting Direction for Private Registered Providers of Social Housing in England 2022.
5. All events since the Statement of Financial Position date which require disclosure or which would materially affect the amounts in the financial statements have been adjusted or disclosed in the financial statements.
6. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. Uncorrected misstatements are shown below.

CHISEL Limited is a Charitable Housing Association

Registered under the Industrial & Provident Societies Act 1965 No. 25155R, and the Housing Act 1985 L3642

BEEVER AND STRUTHERS
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CLIENT:

CHISEL LIMITED

Chartered Accountants

Date of Accounts:

31 March 2023

Narrative	SoFP		SoCI	
	Debit £	Credit £	Debit £	Credit £
Housing properties cost	6,535			
Depreciation - property		14,364		
Depreciation expense			7,829	
<i>Difference between housing property NBV per TB and FAR</i>				
Lease costs			4,875	
I&E Reserve		4,875		
<i>To recognise the full year's lease costs</i>				
Total	6,535	19,239	12,704	-

7. We confirm that, having considered our expectations and intentions for the next twelve months, including the impact of current macroeconomic conditions including the cost of living crisis, and the availability of working capital, Chisel Limited is a going concern. We confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.
8. All accounting records and relevant information have been made available to you for the purpose of your audit of the financial statements. We have provided to you all other information requested and given unrestricted access to persons within the entity from whom you have deemed it necessary to obtain audit evidence. All other records and related information including minutes of all management and shareholders meetings have been made available to you.
9. We confirm that we have considered whether the value of any of the assets held on the Statement of Financial Position have been impaired, and where this is the case the asset carrying value has been written down to the lower of cost less depreciation and the higher of its value in use and its net realisable value at 31 March 2023.

Information Provided

10. All transactions undertaken by the Association have been properly reflected in the accounting records and are reflected in the financial statements.
11. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves, management, employees who have significant roles in internal control, or others, where fraud could have a material effect on the financial statements.
13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

BEEVER AND STRUTHERS
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CLIENT:

CHISEL LIMITED

Chartered Accountants


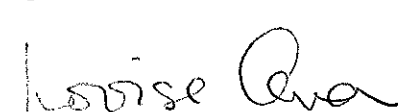
Date of Accounts:

31 March 2023

14. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the Association conducts its business and which could affect the financial statements. The Association has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
15. We confirm that we have disclosed to you the identity of the entity's related parties and all related party relationships and transactions relevant to the Association that we are aware of.
16. The Association has satisfactory title to all assets, and there are no liens or encumbrances on the assets except for those disclosed in the financial statements.
17. There are no liabilities, contingent liabilities or guarantees to third parties other than those disclosed in the financial statements.
18. The Association has at no time during the year entered into any arrangement, transaction or agreement to provide credit facilities (including loans, quasi loans or credit transactions) for directors, nor to guarantee or provide security for such matters, except as disclosed in the financial statements.

We confirm to the best of our knowledge and belief that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. The Board have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

 Signature	CARMEN WHITE COMPANY SEC Name & Title	17:08:23 Date
 Signature	LOUISE OWEN BOARD CHAIR Name & Title	17:08:23 Date

Note: this document should be on the letter head of the organisation and be signed by the Chair and Chief Executive. It should be dated the same day as the approved and signed annual financial statements.

**CHISEL LIMITED
BOARD REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REGULATOR FOR SOCIAL HOUSING REGISTRATION NUMBER: L3642

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

CHISEL LIMITED
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CHISEL LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

BOARD

Louise Owen	Chair - Tenant Member
Carolyn Wilson	Vice-Chair - Tenant Member (resigned May 2022)
Carmen White	Company Secretary
Joseph Leach	Co-opted Member (co-opted and appointed May 2022)
Jo Van-Der Meer	Tenant Member
Iris Garrelfs	Tenant Member
Michaela Clare	Independent Member
Scott Hyde	Independent Member
Melisa Chester	Independent Member
Phil Reynolds	Independent Member
Liam Preston	Independent Member

EXECUTIVE TEAM

Carmen White	Chief Executive resigned 30 th September 2023
Miles Lanham	Chief Executive appointed 16 th October 2023

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

External Auditors

Beever and Struthers
150 Minorities
London
EC3N 1LS

Bankers

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

Principal Lenders

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 2023**

The Board present their Annual Report and the audited financial statements of CHISEL Limited for the year ended 31 March 2023.

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 2023 of £186,534 compared with a surplus of £237,714 in 2022. The Association's net current assets increased from £1,027,916 in 2022 to £1,127,622 in 2023 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 2023, in addition to Statement of Comprehensive Income expenditure on repairs, £43,116 (2022: £14,870) was re-invested on component replacements to existing properties.

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.

Our Objectives

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

Vision

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

Our Values

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

From September 2019, the organisation re-affirmed itself as a tenant led organisation by electing a majority of tenants to the Board at the AGM.

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

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE BOARD (CONTINUED)

- 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 can 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's staffing complement during the year consisted of the following fulltime posts: Chief Executive, a Head of Customer Experience and Property, Finance Inclusion Officer, Finance Officer, Customer Experience Officer alongside several short-term interim positions to specific operational demands. We receive technical support through the services of an independent RICS surveyor as required.

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 carried out Fire Risk Assessments during 2021 and are implementing recommendations from those assessments. 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 Limited

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 managed by the Chief Executive, who receives regular monthly management accounts. CHISEL has in place an 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 Audit and Risk 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.

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE BOARD (CONTINUED)

Compliance with the Governance and Financial Viability Standard and the NHF Code of Governance (2020).

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

Updated our asset liability register

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 Tenants' Scrutiny Committee and the Board. Pre-Covid all tenants are invited to the AGM; receive our annual report to tenants and quarterly newsletters and CHISEL remains fully committed to these opportunities being reinstated post-Covid.

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

It has reviewed the board member information pack given to new board members as part of their induction. All Board members including new Board members have met and been briefed with staff.

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 concluded that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, as well as sufficient cash and finance available. No other significant concerns have been noted in the budget and business plan updated for 2023/24. In making this assessment the Committee will consider the period from 12 months at the point of signing.

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
- Social Housing Pension Scheme Pension deficit – which will not crystallise until the last staff member leaves the scheme.
- Inflation have impacted upon both the materials and services we procure and upon our tenants.

REPORT OF THE BOARD (CONTINUED)

**CHISEL LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2023**

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 Tenants' Scrutiny 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. 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 2023

Our Performance against regulatory metrics

RSH Metric	2022-23	2021-22	2022/23 Target	Peer Group Median	Commentary
1. Reinvestment %	0.3%	0.1%	1.0%	4.7%	There were £43,116 of additions in the year which was higher than 21/22.
2A. New Supply Delivered (social housing units) %	-	-	-	-	No new units
2B. New Supply Delivered (non-social housing units) %	-	-	-	-	No new units
3. Gearing %	3.7%	5.4%	3.7%	32.3%	There were capital repayments in the year.
4. EBITDA MRI interest cover %	469.1%	512.8%	269.4%	194%	The operating surplus decreased in 22/23 as operating costs increased.
5. Headline social Housing Cost per unit	£3,966	£3,704	£3,737	£4,960	There has been an increase in routine maintenance and capital works.
6A. Operating Margin (social housing lettings only)	16.8%	17.4%	18.9%	19.5%	The operating surplus from SHL decreased.
6B. Operating Margin (overall)	16.8%	17.8%	18.9%	17.4%	The operating surplus from SHL decreased.
7. Return on Capital Employed	1.6%	1.7%	1.9%	2.4%	The operating surplus decreased.

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 2023**

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 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 2022. 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: 17.08.23

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

Opinion

We have audited the financial statements of CHISEL Limited (the 'Association') for the year ended 31 March 2023 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).

In our opinion the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2023 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 2022.

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

Conclusions relating to going concern

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.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

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 website at 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 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHISEL LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

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

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's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. 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 and the Association's members for our audit work, for this report, or for the opinions we have formed.

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

150 Minories
London
EC3N 1LS

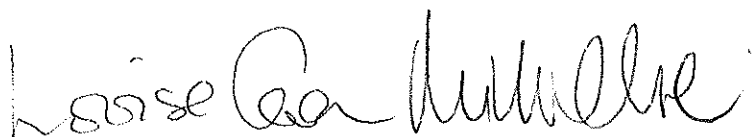
Date:

CHISEL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
		£	£
Turnover	2	1,494,099	1,486,600
Operating Costs	2	(1,243,228)	(1,221,442)
Gain/(loss) on disposal of housing property	5	-	-
Increase in value of investment property	15	-	43,531
Operating Surplus		250,871	308,689
Interest Received	6	-	-
Interest Payable	7	(64,337)	(70,975)
Surplus/(deficit) before taxation		186,534	237,714
Taxation		-	-
Surplus/(deficit) for the year after taxation	8	186,534	237,714
Other comprehensive income			
Actuarial gain/(loss) in respect of pension schemes		-	(7,000)
Total Comprehensive Income for the year		186,534	230,714

The financial statements on pages 13 to 36 were approved by the Board on
and were signed on its behalf by:

17:08:23



L. OWEN
Chair

M. CLARE
Board Member



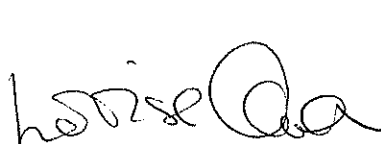
C. WHITE
Secretary

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 2023

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
		£	£
Fixed assets			
Housing Properties	13	14,511,166	14,739,739
Other Fixed Assets	14	1,156	1,497
		<u>14,512,322</u>	<u>14,741,236</u>
Current assets			
Investment Property	15	553,256	553,256
Debtors	16	201,552	131,870
Cash and cash equivalents		844,556	903,920
		<u>1,599,364</u>	<u>1,589,046</u>
Less: Creditors:			
Amounts falling due within one year	17	(471,736)	(561,130)
Net current assets/(liabilities)		<u>1,127,628</u>	<u>1,027,916</u>
Total assets less current liabilities		<u>15,639,950</u>	<u>15,769,152</u>
Creditors:			
Amounts falling due after more than one year	18	(11,705,922)	(12,016,658)
Provisions for liabilities			
Pension- defined benefit liability	12	(23,000)	(28,000)
Total Net Assets		<u>3,911,028</u>	<u>3,724,494</u>
Capital and reserves			
Share Capital	19	66	66
Revenue Reserves		3,786,366	3,599,832
Revaluation Reserve		124,596	124,596
Total Reserves		<u>3,911,028</u>	<u>3,724,494</u>

The financial statements on pages 13 to 36 were approved by the Board on 17.08.23
and were signed on its behalf by:



L. OWEN
Chair



M. CLARE
Board Member



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 2023

	Income and Expenditure Reserve £	Revaluation Reserve £	Total £
Balance as at 1 April 2021	3,412,649	81,065	3,493,714
Surplus / (deficit) from Statement of Comprehensive Income	187,183	43,531	230,714
Balance at 31 March 2022	3,599,832	124,596	3,724,428
Surplus / (deficit) from Statement of Comprehensive Income	186,534	-	186,534
Balance at 31 March 2023	3,786,366	124,596	3,910,962

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

CHISEL LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Net cash generated from operating activities (see Note i)	i	170,736	382,973
Cash flow from investing activities			
Purchase of tangible fixed assets		(44,232)	(14,870)
Proceeds from sale of tangible fixed assets		-	-
Purchase of investment property		-	-
Interest received		-	-
		<u>126,504</u>	<u>368,103</u>
Cash flow from financing activities			
Interest paid		(64,337)	(70,975)
Issue of ordinary shares		-	-
Cancellation of shares		-	-
Repayment of borrowings		(121,531)	(200,955)
		<u>(185,868)</u>	<u>(271,930)</u>
Net change in cash and cash equivalents		(59,364)	96,173
Cash and cash equivalents at beginning of the year		903,920	807,747
Cash and cash equivalents at end of the year		<u>844,556</u>	<u>903,920</u>

Note i

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Cash flow from operating activities		
Surplus / (deficit) for the year	186,534	230,714
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	261,592	291,360
Decrease / (increase) in trade and other debtors	(69,682)	72,504
Increase / (decrease) in trade and other creditors	(93,718)	(60,722)
Increase / (decrease) in provisions	-	-
(Gains) / losses on investments	-	(43,531)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(178,327)	(178,327)
Government grants amortised for property sold	-	-
Interest payable	64,337	70,975
Interest receivable	-	-
Proceeds from sale of tangible fixed assets	-	-
Net cash generated from operating activities	<u>170,736</u>	<u>382,973</u>

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

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2022. 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 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 2023/24. In making this assessment the Committee will consider the period from 12 months at the point of signing. 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 2023

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 2023

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 2023

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 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 2023

2. Turnover, operating expenditure and operating surplus

	2023		
	Turnover	Operating	Operating
	£	expenditure	surplus
		£	£
Social housing lettings (Note 3)	1,494,099	(1,243,228)	250,871
Activities other than social housing			
Market rents	-	-	-
Other Income	-	-	-
Total	1,494,099	(1,243,228)	250,871
	2022		
	£	£	£
Social housing lettings (Note 3)	1,478,235	(1,221,442)	256,793
Activities other than social housing			
Market rents	8,365	-	8,365
Other Income	-	-	-
Total	1,486,600	(1,221,442)	265,158

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Turnover and operating expenditure from Social Housing Lettings

	2023 General Housing £	2022 General Housing £
Income		
Rent receivable	1,277,286	1,259,218
Service charge income	37,749	40,690
Amortised government grants	179,064	178,327
Turnover from Social Housing Lettings	<u>1,494,099</u>	<u>1,478,235</u>
Operating expenditure		
Management	559,233	536,660
Other costs	64,975	84,386
Routine maintenance	199,008	158,430
Planned maintenance	39,155	61,044
Bad debts	6,352	5,745
Services	83,316	69,732
Depreciation of housing properties	271,689	285,945
Lease costs	19,500	19,500
Operating expenditure on Social Housing Lettings	<u>1,243,228</u>	<u>1,221,442</u>
Operating Surplus on Social Housing Lettings	<u>250,871</u>	<u>256,793</u>
 Void losses (being rental income lost as a result of property not being let, although it is available for letting)	 37,481	 29,092

4 Accommodation owned, managed and in development

Owned and Managed	2022 No	Additions No	Disposals No	2023 No
Social Housing				
Under management at end of year				
General Needs housing	254	-	-	254
Non-Social Housing				
Under management at end of year				
Market Rent	1	-	-	1
	<u>255</u>	<u>-</u>	<u>-</u>	<u>255</u>

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

	2023 £	2022 £
Proceeds of sale	-	-
Less: Costs of sale	-	-
Surplus	<u>-</u>	<u>-</u>
 Capital Grant Recycled (note 25)	 <u>-</u>	 <u>-</u>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Interest Receivable and similar income

	2023 £	2022 £
Interest Receivable	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7. Interest Payable and Similar Charges

	2023 £	2022 £
Interest payable on Housing Loans	64,337	70,975
	<u>64,337</u>	<u>70,975</u>
	<u>64,337</u>	<u>70,975</u>

8. Surplus/ (deficit) on ordinary activities

	2023 £	2022 £
The operating surplus is stated after charging/(crediting):		
Auditors remuneration (excluding VAT)		
In their capacity as auditors	12,223	11,102
In respect of other services	1,250	1,135
Depreciation of Housing Properties	271,689	285,945
Depreciation of Other Fixed Assets	1,457	5,415
Operating lease rentals:		
Office equipment	19,500	19,500

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 2023

10. Directors' remuneration

	2023	2022
	£	£
The aggregate compensation paid to or receivable by Directors (key management personnel)	82,500	67,497
The emoluments paid to the highest paid Director excluding pension contributions	75,000	62,808

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 CHISEL of £7,500 (2022: £4,690) was paid in addition to the personal contributions of the Director.

11. Employee information

	2023	2022
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Number	4.75	5.75
Full time equivalents	4.70	5.28
	2023	2022
	£	£
Staff costs (for the above persons)		
Wages and salaries	207,260	232,580
Social Security Costs	24,039	23,787
Other pension costs	11,951	14,482
	243,250	270,849
	No.	No.
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:		
£60,000 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2023	31 March 2022
	(£000s)	(£000s)
Fair value of plan assets	95	128
Present value of defined benefit obligation	118	156
Surplus (deficit) in plan	(23)	(28)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(23)	(28)
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

Reconciliation of the Impact of the Asset Ceiling

	Period ended
	31 March 2023
	(£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
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12. Pension Obligations (continued)

Reconciliation of the Impact of the Asset Ceiling

	Period from 31 March 2022 to 31 March 2023 (£000s)
Defined benefit obligation at start of period	156
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	(41)
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	118

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

	Period from 31 March 2022 to 31 March 2023 (£000s)
Fair value of plan assets at start of period	128
Interest income	4
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(39)
Contributions by the employer	7
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	95

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Pension Obligations (continued)

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£35,000).

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

	Period from 31 March 2022 to 31 March 2023 (£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 from 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(39)
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)	41
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	-
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)	-

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Pension Obligations (continued)

Assets

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Global Equity	2	25
Absolute Return	1	5
Distressed Opportunities	3	5
Credit Relative Value	4	4
Alternative Risk Premia	-	4
Fund of Hedge Funds	-	-
Emerging Markets Debt	1	4
Risk Sharing	7	4
Insurance-Linked Securities	2	3
Property	4	4
Infrastructure	11	9
Private Debt	4	3
Opportunistic Illiquid Credit	4	4
High Yield	-	1
Opportunistic Credit	-	-
Cash	1	-
Corporate Bond Fund	-	9
Liquid Credit	-	-
Long Lease Property	3	3
Secured Income	4	5
Liability Driven Investment	44	37
Currency Hedging	-	(1)
Net Current Assets	-	-
Total assets	95	128

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 2023

12. Pension Obligations (continued)

Key Assumptions

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount Rate	4.89%	2.79%
Inflation (RPI)	3.20%	3.70%
Inflation (CPI)	2.72%	3.25%
Salary Growth	3.72%	4.25%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Housing Properties

	Total Housing Properties
	Social Housing Properties for Letting Completed £
Cost	
At 1 April 2022	20,315,579
Additions	43,116
Disposals – components	(11,554)
At 31 March 2023	<u>20,347,141</u>
Depreciation and impairment	
At 1 April 2022	5,575,840
Charge for the year	271,689
Eliminated on disposal – components	(11,554)
At 31 March 2023	<u>5,835,975</u>
Net Book Value	
Net Book Value at 31 March 2023	<u>14,511,166</u>
Net Book Value at 1 April 2022	<u>14,739,739</u>
Net book value of housing properties comprise	
Freehold	14,300,664
Long Leasehold	210,502
Works to existing properties in the year	
Improvement works capitalised	-
Components capitalised	43,116
Amounts charged to expenditure	238,163

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 (2022: £Nil) in respect of assets held under finance leases.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Other Fixed Assets

	Housing Property Furniture and Fittings	Office Equipment	Computer Software	Total
	£	£	£	£
Cost				
At 1 April 2022	41,311	63,402	75,361	180,074
Additions	-	-	1,116	1,116
Disposals	-	-	-	-
At 31 March 2023	<u>41,311</u>	<u>63,402</u>	<u>76,477</u>	<u>181,190</u>
Depreciation and impairment				
At 1 April 2022	41,095	63,054	74,428	178,577
Charge for the year	190	348	919	1,457
Eliminated on disposal	-	-	-	-
At 31 March 2023	<u>41,285</u>	<u>63,402</u>	<u>75,347</u>	<u>180,034</u>
Net Book Value				
Net Book Value at 31 March 2023	<u>26</u>	<u>-</u>	<u>1,130</u>	<u>1,156</u>
Net Book Value at 1 April 2022	<u>216</u>	<u>348</u>	<u>933</u>	<u>1,497</u>

15. Investment Property

	2023 £	2022 £
At 1 April 2022	553,256	509,725
Additions	-	-
Gain/(loss) from adjustment in valuation	-	43,531
At 31 March 2023	<u>553,256</u>	<u>553,256</u>

Investment properties were formally 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 is based on the fair value that the property is being marketed at through an estate agent.

The property has been treated as a current asset as the Board have approved the sale of the property and this is expected to occur prior to 31 March 2024.

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Trade and other debtors

	2023 £	2022 £
Arrears of rent and service charges – tenants	129,155	130,106
Less: provision for bad debts	(70,230)	(78,902)
Arrears of rent and service charges – managed lettings	1,915	1,915
Less: provision for bad debts	-	-
Prepayments and accrued income	15,349	13,151
Other Debtors	242,954	168,167
Less: provision for other debtors	(117,591)	(102,567)
Debtors are all due within one year	201,552	131,870

17. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade Creditors	11,950	42,517
Housing Loans (Note 18b)	132,538	186,734
Rents and service charges paid in advance – tenants	47,693	46,689
Rents and service charges paid in advance – managed lettings	9,722	7,814
Other taxation and social security	5,221	5,783
Deferred Capital Grant (Note 24)	178,327	178,327
Other Creditors and accruals	12,503	19,484
Recycled Capital Grant Fund (Note 25)	73,782	73,782
	471,736	561,130

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

	2023 £	2022 £
Housing Loans (Note 18b)	1,379,163	1,510,835
Deferred Capital Grant (Note 24)	10,326,759	10,505,823
Recycled Capital Grant Fund (Note 25)	-	-
	11,705,922	12,016,658

18b. Loan Analysis

Loans repayable by instalments:	2023 £	2022 £
Within one year (Note 17)	132,538	186,734
In one year or more but less than two years	119,603	144,566
In two years or more and less than five years	370,637	355,836
In five years or more	888,923	1,010,433
Total Loans	1,511,701	1,697,569

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Non-equity share capital

	2023 £	2022 £
Allotted Issued and Fully Paid At 1 April 2022	66	66
Issued during the year	-	-
Cancelled during the year	-	-
	<u>66</u>	<u>66</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

	2023 £	2022 £
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	-	-
	<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 2023 CHISEL had commitments of future minimum lease payments as follows:

	2023 £	2022 £
Land and Buildings		
In one year or more but less than two years	19,500	19,500
In two years or more and less than five years	4,875	19,500
In five years or more	-	-
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	30,600	30,900
	<u>56,175</u>	<u>71,100</u>

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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 2023 there were 22 such tenancies and the potential liability at that date was £169,912 (2022 £149,915). Premium payments are charged in the statement of comprehensive income as incurred in accordance with the accounting policy.

Social Housing Pension Scheme

Chisel has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

23. Deferred Capital Grant

	2023 £	2022 £
At 1 April 2022	10,684,150	10,862,477
Grant received in the year	-	-
Released to Income in the year	(179,064)	(178,327)
Recycled Capital Grant	-	-
Grant amortised for property sold	-	-
At 31 March 2023	10,505,086	10,684,150
Amount due to be released < 1 year	178,327	178,327
Amount due to be released > 1 year	10,326,759	10,505,823
The total accumulated government grant	10,505,086	10,684,150
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

	2023 £	2022 £
At 1 April	73,782	73,782
Grant recycled	-	-
At 31 March	73,782	73,782

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

25. Related Parties

The following are related parties:

Chisel supports tenant involvement and as part of this commitment, up to one third of the Board may be tenants of Chisel. Through the self-build programme Chisel has issued tenancies that have premiums payable on surrender of the tenancy with vacant possession. The amounts of the premiums vary and can be several thousand pounds. During the year to 31 March 2023 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 2022-23.

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 £24,389 (2022: £16,865). Arrears on their tenancy at the reporting period end were £1,248 (2022: £630).

Related party balances are not secured.

26. Financial Instruments

The Association's financial instruments may be analysed as follows

	2023 £	2022 £
Financial Assets		
Financial Assets Measured at Fair Value		
Investment Property	553,256	553,256
Financial Assets Measured at Cost		
Cash and Cash Equivalents	844,556	903,920
Financial Assets Measured at Amortised Cost		
Rent and Service Charge Debtors	60,840	53,119
Other Debtors	125,363	78,751
Total Financial Assets	<u>1,584,015</u>	<u>1,589,046</u>
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Trade Creditors	11,950	42,517
Other Creditors	12,583	19,484
Housing Loans Payable	1,511,701	1,697,569
Total Financial Liabilities	<u>1,536,234</u>	<u>1,759,570</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").

CHISEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

28. Analysis of Changes in Net Debt

	At 1 April 2022	Cash Flows	Non-Cash Movements	At 31 March 2023
	£	£	£	£
Cash and Cash Equivalents	903,920	(59,364)	-	844,556
Housing Loans Due in One Year	(186,734)	186,734	(132,538)	(132,538)
Housing Loans Due After One Year	(1,510,835)	-	131,672	(1,379,163)
	<hr/>	<hr/>	<hr/>	<hr/>
	-			
	(793,649)	127,370	(866)	(667,145)

