



GROUP ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 March 2023



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Board, Executive Directors and Advisers

The Board

Members of the Board of Saxon Weald who served throughout the year, unless otherwise shown, were:

Board Member	Committee Membership at 31 March 2023
Jo Boswell BA (Hons) (from 1 July 2022)	Audit & Risk Committee
Michael Chinn FCCA, CPFA (Executive Member)	N/A
Julian Chun BSc (Hons), CMCIH (from 14 March 2023)	Asset Management & Development Committee
Steven Dennis (Executive Member)	N/A
Hannah Eaton BSc (Vice Chair)	Asset Management & Development Committee, Remuneration Committee (Chair)
Simon Hardwick (Chair)	Remuneration Committee, Emergency Committee (Chair)
Susan Morris BSc (Hons), PGCE	Asset Management & Development Committee, Remuneration Committee
Mark Slater JP, AIEMA	Asset Management & Development Committee, Audit & Risk Committee
Joanne Sonin MBA, PhD	Audit & Risk Committee, Remuneration Committee
Graham Stark	Asset Management & Development Committee (Chair), Emergency Committee
Richard Stevens FCA	Audit & Risk Committee (Chair), Emergency Committee

Committee Member	Committee Membership at 31 March 2023
Kalwant Grewal ACCA, MInstLM (from 1 December 2022)	Audit & Risk Committee

Registered Office

Saxon Weald House
38-42 Worthing Road
Horsham
West Sussex
RH12 1DT



The Executive Directors

The Executive Directors of Saxon Weald who served during the year are as follows:

Michael Chinn FCCA, CPFA	Executive Director – Resources and Company Secretary
Steven Dennis	Chief Executive
Kath Hicks BSc (Hons)	Executive Director – Customer Operations
Bryn Shorey (from 12 September 2022)	Executive Director – Investment and Growth
Anne Wildeman BSc (Hons), PGD, CIH (from 14 March 2023)	Executive Director – People

External Auditor

Beever and Struthers

15 Minories
London
EC3N 1LS

Internal Auditor

TIAA Ltd

Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Main Bankers

National Westminster Bank Plc

47 Carfax
Horsham
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Solicitors

Capsticks

Staple House
Staple Gardens
Winchester
SO23 8SR

Devonshires

30 Finsbury Circus
London
EC2M 7DT

TLT Solicitors

One Redcliffe Street
Bristol
BS1 6TP

Trowers & Hamlins

3 Bunhill Row
London
EC1Y 8YZ



Strategic Report Incorporating the Operating and Financial Review

The strategic report incorporates the operating and financial review and a section on value for money.

Saxon Weald's main accounting policies are set out on pages 35 to 40 of the financial statements.

Business Model and Activities

Saxon Weald is a Community Benefit Society.

As an exempt charitable housing association, Saxon Weald is registered with both the Regulator of Social Housing (RSH) and the Financial Conduct Authority (FCA). Saxon Weald is a public benefit entity for the purposes of Financial Reporting Standard 102 (FRS 102).

Saxon Weald was formed to take the transfer of the housing stock from Horsham District Council on 11 December 2000. The association provides social housing in West and East Sussex and Hampshire and at 31 March 2023 owned and managed 6,866 homes. Retirement housing for older people, extra care properties and leasehold flats for older people make up 25% of the housing owned. In addition to 5,781 social rented homes, we own and manage 284 shared ownership homes, 157 leasehold homes for older people, 108 market rent homes and the freehold of 536 properties mainly sold under the right to buy/right to acquire legislation.

Saxon Weald's primary business is to provide homes for those who cannot afford to buy or rent in the private market and/or need additional support to maintain an independent home and lifestyle. Saxon Weald manages, maintains and invests in replacing major elements of these properties so that they will continue to be available for those who need them in the future. The purpose of the investment in market rent homes is to generate a financial return that is used to further Saxon Weald's charitable objectives.

Saxon Weald is the parent of Saxon Weald Capital Plc and Weald Property Development Limited. Saxon Weald Capital Plc is a wholly owned subsidiary with the purpose of providing

funding from the capital markets to on-lend to Saxon Weald. Weald Property Development Limited is a wholly owned non-charitable subsidiary set up to develop a modest number of homes for open market sale. To date, Weald Property Development Limited has not been traded and is dormant.

Saxon Weald is in a strong, sustainable financial position, and is focussed on continuing to put customers at the very heart of what we do and delivering the Corporate Plan objectives.

Aims and Strategy

Saxon Weald is a Community Benefit Society and an exempt charitable housing association. In preparing this report, we have paid due regard to guidance on reporting on public benefit.

Saxon Weald is directed by the Board and Executive Team listed on pages 4 and 5.

Saxon Weald's vision 'Great homes, building futures' is designed to be aspirational and ambitious and refers to both people and our homes. It is a statement of what we are and what we want to be. It supports the work that we do in our communities, the re-investment in our existing homes and the new homes that we will build in the future.

Our values underpin everything that we do and how we do it. They determine and influence the decisions that we take and the culture that exists. They also guide how we work and interact with colleagues, our customers, our partners and other stakeholders. We share these values:

- ▶ Be customer led
- ▶ Be one team
- ▶ Be forward thinking
- ▶ Be inclusive
- ▶ Do the right thing



At the heart of our [Corporate Plan](#) are three strategic aims that support our vision and set our direction over the coming years. They are:

- ▶ **Focus on our customers**
- ▶ **Invest in our homes**
- ▶ **Be a great place to work**

Focus on our customers

Focussing on our customers is our number one priority. Through our YourVoice framework we engage with residents in a positive and open way, listening and responding to their needs and expectations, providing information and giving honest feedback. Our new Customer Strategy will build on the commitments set out in the Together with Tenants Customer Charter, with the ambition of building a truly customer first culture and delivering a positive customer experience through trusted and reliable core services.

Specifically, we are committed to:

- ▶ Embedding a customer first culture throughout the organisation where every member of staff knows and understands the part they play in getting things right for customers.
- ▶ Improving our frontline processes and systems with a focus on communication in order to build customer satisfaction and trust.
- ▶ Having a positive and robust approach towards managing and learning from complaints.
- ▶ Reviewing our service offer and introducing clear service standards, making sure it is easy for customers to do business with us (both through options for digital transactions and having the right person available to help).
- ▶ Improving our day-to-day repairs service, being more proactive in managing our neighbourhoods and ensuring our housing management services are delivering value to our communities.

- ▶ Continuing to build and strengthen the ways in which we seek to listen, and customers are able to be heard. Where possible, we will act on what is important to customers and where we cannot, we will let them know.
- ▶ Improve the data we hold on our customers and use this to tailor services to reflect individual needs and circumstances, ensuring fair access and preventing discrimination.

Invest in our homes

Maintaining our homes is important to our customers enjoying living in our properties. Our homes should meet the Decent Homes Standard (DHS), being safe, warm, dry and affordable with communal areas looked after well. In May 2023, we identified that 164 homes did not meet this standard where properties had roofs which were more than 50 years old and not in good enough overall condition, with their planned replacement being delayed by one year into 2023/24. We self-reported the roof condition to the Regulator and were assured that no regulatory action is warranted. We will invest in the long-term provision and sustainability of homes, improving our homes' energy performance and seeking to lower customer fuel bills and reduce our carbon footprint.

We are committed to improving how we maintain and manage our homes whilst listening to and considering the diverse needs of our customers. This will be achieved through six main themes:

- ▶ Safe, warm and weathertight homes – by investing in the external fabric to ensure that they are in good condition.
- ▶ Energy performance – bringing forward investment to make homes more affordable to live in.
- ▶ Active asset data management – using the ever-evolving property data to develop robust programmes of work that meet the needs and aspirations of our customers.
- ▶ Property safety – robust property compliance processes that ensure that homes are safe and secure.



...Strategic Report Incorporating the Operating and Financial Review

- ▶ Property disposal – a disposal programme that focusses on properties that are costly to maintain, are unlikely to achieve EPC-C or net carbon zero or are in remote geographical areas.
- ▶ Customer engagement – working with our customers to develop the Saxon Weald property standard.

We are committed to providing new homes by:

- ▶ Delivering a sustainable programme of quality new homes, preferring land-led and re-development opportunities that meet the needs of our customers.
- ▶ Identifying homes, garages and housing schemes for possible redevelopment, especially properties which could be difficult to bring up to EPC-C or are unlikely to meet net zero carbon.
- ▶ Using receipts from the disposal programme to develop energy efficient new homes that meet local housing needs.
- ▶ Ensuring that all new homes will be highly efficient and contribute to reducing our carbon footprint.
- ▶ Developing our relationship with Legal & General Affordable Homes.

Be a great place to work

We work hard to create a great culture at Saxon Weald, one where commitment and dedication go together with a sense of purpose and enjoyment. We invest heavily in training and development, seeking to create a learning and coaching environment where people can show their best. Recently, the importance of positive mental and physical health has been highlighted like never before, and we have developed various innovative and engaging approaches to help and support our staff. We seek to create an environment where everyone feels welcome and valued, respecting and celebrating our differences and treating people fairly.

We are committed to:

- ▶ Ensure our behaviours and practices embrace and value diversity and are inclusive for all.
- ▶ Design, implement and maintain flexible working and lifestyle principles.
- ▶ Further embed Saxon Weald's values into the culture and practices of the business.
- ▶ Provide an inspirational environment at our head office that supports our new hybrid way of working.
- ▶ Focus the training programme on customer service excellence, improving our digital skills and raising the awareness of sustainability issues.
- ▶ Deliver a People Strategy which increases employee engagement and makes us an exemplar employer.
- ▶ Work towards net zero carbon in our business operations.

Performance

Overview and financial performance

The year has seen significant challenges for Saxon Weald and our customers in the form of high inflation, rising utility costs and a continued pressure on our repairs service as the nation emerged from the pandemic lockdowns. Saxon Weald has been able to utilise robust finances and operational resilience to respond to these challenges while maintaining a strong organisation which remains fit to provide services with our customers at the heart of all that we do.

During 2022/23, Saxon Weald made a surplus of £7.4m (2022: £3.2m). The surplus has increased in comparison to the prior year due to higher levels of first tranche sales and proactive treasury management which realised a £4.8m receipt. An actuarial gain of £14m (2022: £7m) in respect of Saxon Weald's part of the Local Government



Pension Scheme (LGPS) increased total comprehensive income for the year to £21.4m (2022: £10.2m).

Active treasury management in the year provided both the financial gain in the form of a £4.8m breakage receipt and revised covenants with lenders which better enable delivery of the Asset Management Strategy.

Investment properties returned a positive contribution which supported the delivery of customer services. The market value of investment properties increased by £1.3m, giving a value of £33.8m at 31 March 2023. Investment properties comprise market rent homes and garages which are held as charitable investments.

With affordability an ever-increasing concern in the South East, demand for our homes continues to grow. In response, our Development team have a broad remit to identify opportunities to build new properties which meet a variety of customer needs. 46 new homes were completed in the year; a lower number than planned as onsite delays have pushed 48 homes to a

summer 2023 completion but we recognise the majority of the build costs in 2022/23 as the homes were almost complete.

£6.8m (2022: £6.9m) was invested in planned works including the replacement of key aspects of our homes such as bathrooms, kitchens, windows and roof replacements.

To provide funding for new homes and investment in existing homes, a £70m private placement facility was secured during 2022/23. The facility includes environmental, social and governance targets which align with the Corporate Plan and Saxon Weald's social purpose.

At the statement of financial position date, 31 March 2023, Saxon Weald held £70.6m in cash and secured available facilities to fund future development and services with a further £30m available in 2023/24 from deferred drawdowns on the private placement.

A summary of financial performance for 2022/23 and the preceding two years is shown below:

Financial Performance	2022/23	2021/22	2020/21
	£000	£000	£000
Turnover	50,258	44,950	45,179
Cost of sales	(2,144)	(945)	(1,349)
Operating expenditure	(36,896)	(32,113)	(28,766)
Gain on disposal of property, plant and equipment	3,471	2,914	1,800
Unrealised gain/(loss) on investment properties	736	624	22
Operating surplus	15,425	15,430	16,886
Net interest charges	(8,129)	(12,244)	(12,374)
Surplus for the year	7,410	3,186	4,512
Actuarial gain/(loss) in respect of pension scheme	14,017	6,990	(3,602)
Total comprehensive income for the year	21,427	10,176	910
Operating margin excluding sales	24%	28%	34%
Cash interest cover	282%	181%	187%
EBITDA MRI*	195%	128%	164%
Debt ratio**	57%	54%	53%

*Earnings before interest, tax, depreciation, amortisation of intangible fixed assets, grant amortisation and capitalised major repairs added, divided by total interest payable (including capitalised interest).

**Debt ratio is long-term loans plus short-term loans less free cash as a percentage of housing properties at cost plus investment properties at cost.



...Strategic Report Incorporating the Operating and Financial Review

The operating margins are lower than in previous years, as a consequence of high inflation on operational costs and increased responsive repairs volumes as pandemic lockdowns ended.

The internal target for asset cover is 120% for loan security purposes. Savills carried out a valuation of Saxon Weald's properties at 31 March 2023. The total security value of the stock on an existing use social housing basis (EUV-SH) is £579m and therefore asset cover comfortably exceeds the target at 219%.

The bond and private placement covenants are a cash interest cover covenant and an asset cover covenant. The Santander and NatWest covenants are an adjusted cash interest cover covenant and a debt covenant. All covenants were comfortably met.

Cash

The group held cash of £20.6m at 31 March 2023 (2022: £9.6m). This is invested in accordance with the approved Treasury Management Policy in a range of banking counterparties with a minimum rating of A-/A2 (on the basis of Standard & Poor's long-term credit ratings and short-term ratings respectively) and in one money market fund with a Standard and Poor's rating of AAA.

People

The people who work at Saxon Weald are our most important asset. We have been concentrating on creating a People Strategy which supports our improvement plans and Customer Service aspirations. We have been looking at ways to strengthen employee engagement, by creating a workplace that is inspiring, diverse and fulfilling. We are particularly proud of our refurbished office which creates an inspirational place for our colleagues to work and meet.

Skills shortages and a challenging labour market have affected Saxon Weald as with many other employers. Employee turnover was 24.1%, up from 17% last year. The overall level of sickness however, dropped from 3.8% to 3.28% partially

because of our revised approach to managing sickness.

This year we implemented a new system which has allowed us to streamline our processes, improve performance management and better gather data to inform our approach to equality, diversity and inclusion. We have also carried out a staff survey to understand what further steps we need to take to be a great place to work.

Throughout 2022/2023, Saxon Weald continued to focus on wellbeing, seeking regular staff feedback to help inform the wellbeing programme and running many activities to engage, inform, connect and support our people.

Pension scheme

An actuarial valuation of Saxon Weald's share of the assets and liabilities in the LGPS pension scheme at 31 March 2023 was carried out by a qualified independent actuary. It is a defined benefit pension scheme and the difference between Saxon Weald's share of the assets and liabilities is recognised in the statement of financial position. The net pension scheme asset on the statement of financial position at 31 March 2023 is £15.5m, a positive movement of £13.5m since 31 March 2022.

The LGPS pension scheme is closed to new members and sits alongside a defined contribution pension scheme which is offered to all staff.

Operating Performance

The table on the next page shows Saxon Weald's key operating performance indicators over time and compared to the upper and median performance for Saxon Weald's peer group. Additional KPIs are given in the Value for Money Statement. Saxon Weald's benchmarking peer group (listed on page 25), including Saxon Weald, comprises housing associations with a stock size of between 2,500 and 10,000 properties, which are located in the South and South East of England and comprises both large scale voluntary transfer and traditional housing associations.



Operating Performance	2022/23	2021/22	2020/21	2021/22 upper quartile/median*
Rent arrears – monthly average (%)**	3.0	2.8	2.6	2.0/2.8
Void rent loss (%)	2.3	1.6	1.6	1.4/1.6
Emergency repairs in target (%)	82	88	97	n/a
Average repair completion time (days)	24	28.9	24.2	14.8/19.7
Satisfaction with repairs – STAR survey (% very and fairly satisfied)	77.6	74	77	79/73.7
Overall tenant satisfaction – STAR survey (% very and fairly satisfied)	80.5	81.0	82.0	86/82

*HouseMark 2021/22 n/a – not available.

**The 2022/23 arrears figure includes arrears on unsold shared ownership properties. Without this, the arrears figure would be 2.3% and close to upper quartile performance.

Rent arrears performance is better than the internal target of 3.1% but increased in 2022/23 to 3% (2021/22: 2.8%). This is due to the high utility and food costs being experienced by our customers, a higher number of Universal Credit claimants who proportionately have higher arrears, and shared equity service charge costs accruing while sales are completed.

Void rent loss performance at 2.3% did not meet our target of 1.5%. This was due to the time required to address a backlog of empty properties arising from the pandemic lockdowns and a higher than usual numbers of properties becoming empty as customers were more able to move home after lockdown. We are in the process of procuring a contract to complete all the outstanding void works by the end 2023.

The percentage of emergency repairs completed within 24 hours reduced to 82%. However, there was an improvement overall in the average repairs completion time – reducing from 28 days to 24 days. Nevertheless, it has been a challenging year for the repairs service, beginning the year with a backlog of jobs and significant increases in repairs volumes and demand during the year. The number of jobs reported in 2023 was around 20% higher than a typical pre-pandemic year. Our proactive approach to tackling damp and mould has also had an impact on the service as resources have been

re-deployed to rectify these issues. We brought in additional resources later in the year to increase the capacity of the service and the number of outstanding jobs is now decreasing. Programmes of planned investment work were affected by contractor availability and issues recruiting into the Asset Management team. However, our homes remain compliant with the Decent Homes Standard with the exception of the 164 homes already noted and we are reprogramming the delayed works to ensure that standards are maintained for our customers.

Overall customer satisfaction for 2022/23 was 80.5%, comparable with 81% for last year's performance. This is a relatively positive result when compared with the rest of the sector, with Housemark benchmarking showing a reduction of 3% in median performance. The Institute of Customer Service's UKCSI report also shows an overall reduction in customer satisfaction, with scores for public services (which includes housing associations) at their lowest since 2015. We continue to engage with our customers and use their feedback to identify where we need to improve if satisfaction is to increase. While our repairs timescales are an issue which we are addressing, we are pleased that satisfaction that we treat customers fairly and with respect is high at 86% and 80% of our customers feel we keep them well informed.



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New homes

During 2022/23, 46 new homes were completed. These were all developer-led section 106 schemes.

We are in contract with Homes England for the 2021-2026 Affordable Homes Programme and are currently in contract to deliver 15 new homes as part of this programme through the Continuous Market Engagement route. We are planning to complete 153 homes in 2023/24.

Saxon Weald secured £660,000 of Homes England Grant for schemes in 2022/23. Homes England have been kept updated on progress made with our land-led schemes as they progress through planning and positive initial conversations have been held with regards to grant funding for these. £180,000 worth of grant from Horsham District Council was provided for schemes in 2022/23 and a further £594,000 will be provided in 2023/24.

Legal and General Affordable Homes partner with Saxon Weald as one of just 14 housing associations nationwide on their affordable homes programme. We currently provide management and reactive repair services for 58 units across three sites in East Sussex. They consist of 25 affordable rented and 33 shared ownership units. 127 further units are in the pipeline until June 2024, consisting of 56 affordable rents, 70 shared ownership and one commercial unit.

Risks and Trends

System of internal control and its purpose

We maintain a sound system of internal control that supports us in meeting our priorities. In doing so, we safeguard our services and our commitments to our customers, stakeholders and public funds.

Our system of internal control is designed to manage risk to a reasonable level rather than taking a completely risk-averse approach to

eliminate risk. This is because we do not want to stifle innovation, positive change and growth but take a risk-based approach to business decision-making. Our system of internal control is based on an ongoing process designed to:

- ▶ Identify and prioritise the risks to the achievement of our Corporate Plan and priorities.
- ▶ Evaluate the likelihood of those risks occurring and the impact should they materialize.
- ▶ Manage risks effectively, efficiently and economically.

Our risk and control framework

The Board is responsible for determining the nature and extent of the significant risks it is willing to take and manage in achieving our strategic aims, supported by the Audit and Risk Committee, the Executive and the Leadership Team. Executive and Leadership Team members are individually responsible for effective risk management within their areas of responsibility.

The Board sets and reviews the risk appetite of Saxon Weald at least annually.

Emerging risks are considered by both the Audit and Risk Committee and the Board. These include sector risks and risks which are specific to the strategic aims of Saxon Weald.

Identifying and managing risks

Our strategic priorities could be impacted by a variety of challenges and we make sure that we have controls in place to manage these and the ability to adapt our plans as necessary.

- ▶ No less than once a year, a risk review is carried out by each department to ensure that the risks within their business areas remain relevant, aligned with the [Corporate Plan](#) and consider the current and predicted



future operating environment. They also ensure that the controls in place are appropriate, robust and effective. Additionally, the full corporate risk register is reviewed, with a focus on horizon scanning, to identify any new or emerging risks that may not have been identified in the departmental reviews and any changes to previously identified risks.

- ▶ The overall assessment of risk is a judgement that takes account of both the probability of the risk occurring and the impact (both

financial and non-financial) on Saxon Weald, should it occur. Controls that are put in place to manage or mitigate the risk either reduce the likelihood of the risk occurring or reduce the impact should the risk occur:

- ▶ There are two assessments of risk - the gross risk before existing controls and the residual risk which takes account of the risk controls.
- ▶ The strategic risks, with their overall ratings, are as follows:

Risk Reference	Risk	Residual Risk
RM2202	Non-compliance with Health and Safety regulations / legislation and duty of care.	15 (High)
RM2204	Severe property market crash impacts our development programme and Business Plan viability.	12 (High)
RM2206	Poor performance by a contractor, partner or failure of a contract. (Includes HomeFix as an internal contractor).	9 (Medium)
RM2208	Inability of customers to afford their rent and service charges, leading to a substantial increase in arrears.	16 (High)
RM2210	Excessive increase to the national rate of inflation.	20 (Unacceptable)
RM2224	Failure to meet the Regulator of Social Housing standards for governance, financial viability and consumer standards.	8 (Medium)
RM2236	Failure to achieve the Business Plan development assumptions.	12 (High)
RM2299	Changes in the external environment.	12 (High)
RM2301	Failure to achieve our strategic aim to focus on customers.	6 (Low)
RM2302	Failure to meet our landlord obligations in line with the HHRHS and the RSH Home Standard with regards to managing damp and mould.	16 (High)

Our highest priority strategic risks are those which directly affect our customers, particularly RM2208 'Inability of customers to afford their rent and service charges, leading to a substantial increase in arrears' and RM2210 'Excessive increase to the national rate of inflation'.



...Strategic Report Incorporating the Operating and Financial Review

Proportionately, cost of living increases affect the lowest income households most. A report from The Institute for Government report finds that 'Poorer households are currently experiencing higher inflation – on average – than better-off households. The Institute for Fiscal Studies estimated – based on the share of budgets spent on different broad product groups – the annual inflation rate for the poorest 10% of households to be 10.9% in April 2023. By contrast, the richest 10% of households had the lowest rate of inflation, at 7.9%. This is because energy costs – the major driver of recent inflation – makes up a greater proportion of household budgets for low-income households.' The Government has been providing a package of payments to help most households claiming benefits and also introduced the Energy Bills Support Scheme to assist households through this winter.

To mitigate the risks and provide support for customers, we continue to direct resources towards arrears prevention and income recovery work including money and budgeting advice, payment plans to reduce arrears over time and general benefit entitlement advice to help tenants who experience financial difficulty to maximise their incomes. In addition, we have introduced a financial support fund for customers facing crisis through either unforeseen circumstances or financial 'shocks'. We are providing additional training to frontline staff to ensure customers know what support is provided by us or other organisations prior to the rent & service charge notifications.

Costs are generally inflation linked, affecting our ability to invest in services. The Business Plan is stress tested for scenarios which include high inflationary impacts and our financial parameters are set to ensure that we are able to continue to provide customer services while delivering the objectives of the Corporate Plan.

The residual risk scores are considered to be high for RM2208 and unacceptable for RM2210 due to rising energy costs with reduced Government support and high inflation which means that

some customers will struggle to meet payment demands despite the controls in place to mitigate the impact.

In 2023, we recognised risk RM2302 'Failure to meet our landlord obligations in line with the HHRHS and the RSH Home Standard with regards to managing damp and mould' as a strategic level risk.

All customer, employee and other contacts on damp and mould are recorded through our customer relationship system, with asset surveyor visits programmed. Recommendations for works are recorded and customer liaison undertaken.

Monitoring of damp and mould issues are reported to Executive Team and Board and the HomeFix and Housing teams have received training on how to report damp and mould when they access homes for different purposes which provides additional intelligence on the condition of our homes.

Actions are being taken to address damp and mould and their causes through both rectification of issues in customers' homes and prioritising works through the Asset Management Strategy to prevent recurrence of damp and mould.

The residual risk score is considered to be high due to the high profile of damp and mould with the Government, Regulator and Ombudsman and the potential impact on customer satisfaction if we fail to fully address the level of damp and mould within our homes.



Value for Money Statement 2022/23

Saxon Weald defines value for money (VfM) as 'achieving the best possible outcome for the funds we spend and the resources we commit'.

Saxon Weald's VfM Statement, most recently approved by the Board in May 2023, supports the delivery of our vision and strategic aims by providing a clear, robust and consistent approach to VfM.

Achieving VfM is integral to our business activities, in terms of managing costs, optimising our assets and resources and improving business efficiency and effectiveness in delivering customer services.

The Statement affirms our continued commitment to VfM and sustaining it as an essential part of our business culture through a clear, robust and consistent approach. It overarches our policies, processes and strategies, which have their own specific VfM considerations that support the achievement of our strategic aims and respond positively to the requirements and expectations of the Regulator for Social Housing's (RSH) Value for Money Standard.

VfM is about improving services and standards, achieving savings through the most efficient and economic use of resources and delivering the best financial, social and environmental return from the assets we have, providing value to our customers for the rent and service charges they pay.

VfM is measured through the relationship between economy, efficiency and effectiveness; otherwise known as the 'value chain'. When establishing value, Saxon Weald will always consider life-time costs, along with the social, environmental and service impact on the business and stakeholders.

Saxon Weald's VfM objectives are to:

- ▶ Promote and maintain our VfM culture
- ▶ Maximise our resources, assets and opportunities
- ▶ Monitor and evidence VfM outcomes and impact

VfM is integral to the achievement of each strategic aim and related commitments. Our delivery plans include VfM considerations, targets and outputs for social, environmental, economic and service value.

Saxon Weald's commitment to VfM

Saxon Weald's VfM Statement embeds VfM across all of our business activities. The key outputs of the Statement are to reduce costs, improve efficiency and maintain best use of our assets and resources, whilst continuing to meet the requirements of the RSH's Value for Money Standard.

Saxon Weald's performance against the sector wide VfM metrics

The seven metrics that the RSH requires housing associations to report against are shown on the next page. The table compares Saxon Weald's actual performance against the metrics for previous years, along with its budgets and Business Plan expectations for 2022/23 to 2025/26.



...Value for Money Statement (VfM) 2022/23

RSH VfM Metrics	Actual 2021/22	Actual 2022/23	Budget 2022/23	Budget 2023/24	B/Plan 2024/25	B/Plan 2025/26
VfM 1 – Re-investment	6.0%	7.0%	11.6%	5.3%	3.9%	4.5%
VfM 2a – New supply social housing	1.4%	0.7%	1.7%	2.1%	0.9%	1.0%
VfM 2b – New supply non-social housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VfM 3 – Gearing	58%	53%	63%	62%	62%	61%
VfM 4 – EBITDA MRI*	106%	157%	116%	104%	117%	111%
VfM 5 – Headline social housing cost per unit	£4,844	£5,393	£4,808	£5,690	£5,961	£6,388
VfM 6a – Operating margin (social housing lettings)	25%	20%	29%	27%	28%	28%
VfM 6b – Operating margin (overall)	28%	24%	31%	28%	30%	30%
VfM 7 – Return on capital employed	4.3%	3.8%	3.9%	4.1%	4.7%	4.7%

* This figure excludes surplus on disposals

VfM Metrics – Performance against Peer Group and the Sector

This section highlights Saxon Weald's 2021/22 and 2022/23 performance against the VfM metrics and compares it to that of our peer group and the sector for 2021/22, which is the most recent set of benchmark data available. It also shows Saxon Weald's budget and Business Plan forecasts for 2022/23 through to 2025/26.

Saxon Weald's peer group was selected to ensure that it is benchmarking its performance against similar organisations, using the following criteria:

- ▶ Between 2,500-10,000 general needs and retirement properties in management.
- ▶ Located in the south of England outside of London.
- ▶ Organisation type (stock composition, structure, geography, turnover).

VfM 1 – Re-investment

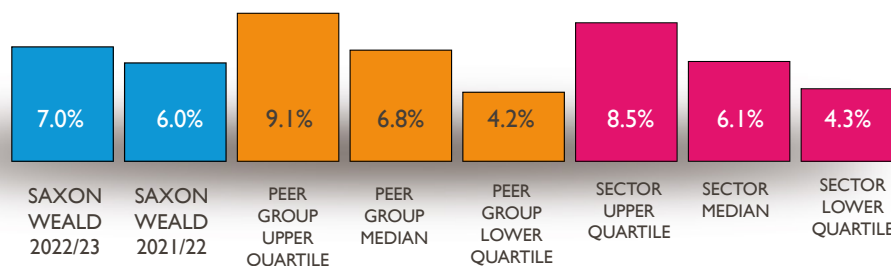
Re-investment is explained as spend on the development of new properties, plus spend on capital works to existing properties as a percentage of housing properties at cost.

The VfM metrics table shows that re-investment increased to 7% in 2022/23 from 6% in 2021/22, significantly below the budget aim of 11.6%. The continued pressure on delivering a repairs service post-pandemic necessitated a prioritisation of resources in the year to ensure the delivery of key services to our customers.

When comparing re-investment performance against the sector and peer group, the following chart shows that, at 7%, Saxon Weald's spend on re-investment in 2022/23 is above the prior year median for both the sector and our peer group.



RE-INVESTMENT (%)



Plans for improvement – looking forward: With a renewed Asset Management Strategy, we are targeting higher levels of investment in support of our strategic aim to ‘Invest in our homes’ and our commitment to improving energy efficiency and reducing our carbon footprint.

VfM 2a – New supply social housing (SH) and VfM 2b – New supply non-social housing

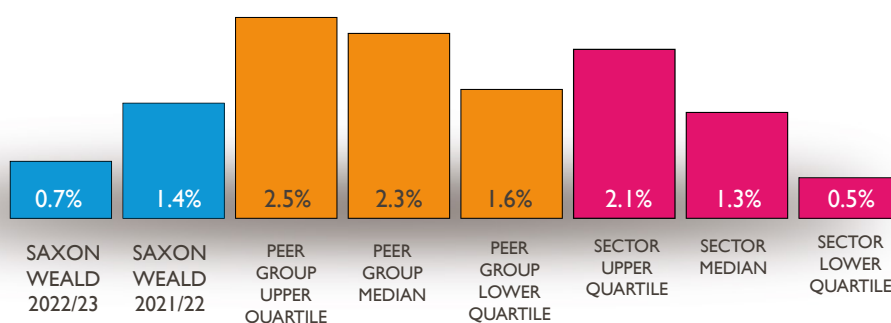
The new supply metric calculates the number of new properties as a percentage of existing properties.

46 new homes were completed in the year, a lower number than planned as onsite delays have pushed 48 homes to a summer 2023 completion.

Spend on the development of new homes does not precisely equate to an increase in new supply percentage for the year in which the spend was made. This is because, in many instances, the new properties are not completed and handed over until the following or later years.

The following chart identifies that, at 0.7%, the percentage of properties developed for social housing in 2022/23 is below the lower quartile for the peer group but above the lower quartile for the sector.

SOCIAL HOUSING NEW SUPPLY DELIVERED (%)



Plans for improvement – looking forward: Our new supply target for 2023/24 is 138 new homes, including 48 homes carried over from 2022/23. Our Business Plan aim is to continue delivering new homes each year at a modest level of approximately 1% growth per annum before disposals.

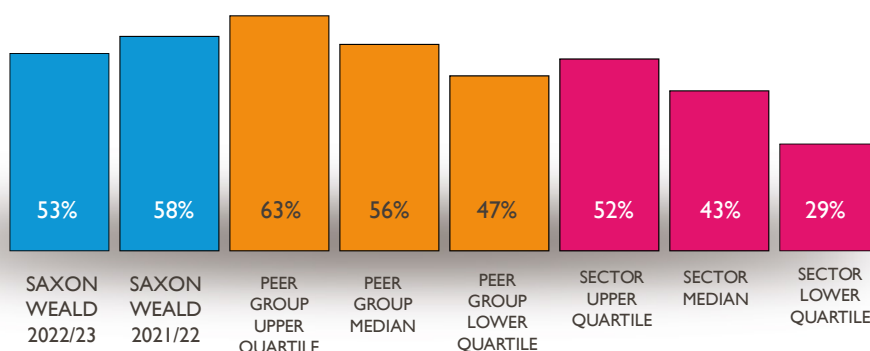


...Value for Money Statement (VfM) 2022/23

VfM 3 – Gearing

Gearing is the measure of net debt as a percentage of housing properties measured at cost. As a large-scale voluntary transfer, Saxon Weald was originally 100% debt funded and therefore highly geared at inception. Combined with continuous development and investment strategies, a gearing level at 53% demonstrates our commitment to utilise balance sheet capacity to provide affordable homes and improvements to existing homes for our customers.

GEARING (%)



Plans for improvement – looking forward: The metrics for re-investment, new supply and gearing demonstrate Saxon Weald's commitment to utilise reserves and borrowing capacity in order to build new properties and invest in maintaining existing stock, while remaining financially conscious.

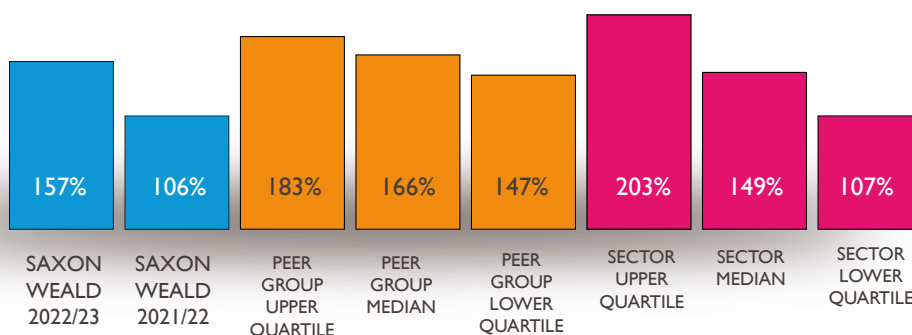
VfM 4 – EBITDA MRI

EBITDA MRI (Earnings Before Interest Tax, Depreciation, Amortisation Major Repairs Included) is a measure of how many times the surplus generated from day to day operating activities, including the capitalised replacement of components in existing properties, will pay interest payable.

EBITDA MRI increased to 157% in 2022/23, which is significantly higher than the 116% budgeted for. Achieving a financial gain in the form of a loan breakage delivered a strong boost to the net finance costs in 2022/23.

The following chart shows that Saxon Weald's EBITDA MRI is above the lower quartile for the peer group but above median for the sector.

EBITDA MRI (%)



Plans for improvement – looking forward: To build Saxon Weald's financial resilience, lender covenants were amended in 2022/23 to remove EBITDA-MRI as a covenant requirement. This has enabled improved scope to deliver investment in our homes to provide improved energy efficiency and the journey to zero carbon homes.

VfM 5 – Headline social housing cost per unit

The headline social housing cost per unit uses components from the financial statements to create an overall social housing cost. This is then divided by the number of units an association owns or manages and is used to highlight the differences in those costs amongst associations.

The following table gives a breakdown of Saxon Weald's headline social housing costs and shows how they compare with those in the sector and our benchmark peer group for 2021/22 (the latest available information):

COST PER UNIT	SAXON WEALD		SECTOR LEVEL & PEER GROUP COMPARISONS 2021/22					
	2021/22 £	2022/23 £	UPPER QUARTILE £		MEDIAN £		LOWER QUARTILE £	
			SECTOR	PEER GROUP	SECTOR	PEER GROUP	SECTOR	PEER GROUP
Headline social housing costs	4,844	5,393	5,191	4,836	4,021	4,247	3,675	3,951
Management	651	712	1,480	1,395	1,153	1,102	915	916
Service charge	1,164	1,483	822	535	471	399	285	282
Maintenance	1,065	984	1,482	1,682	1,221	1,339	997	1,070
Major repairs	1,594	1,943	1,193	1,168	920	960	688	653
Other social housing costs	369	271	446	319	175	153	81	117

The headline social housing cost per unit remains above the upper quartile for both the sector and peer group. A key factor of this is the high service charge cost per unit, which reflects the high percentage of homes for older people managed by Saxon Weald. This is in addition to the increase in repair costs explained above.

The continued provision of good quality homes for older people that meet a range of needs is a core objective for Saxon Weald. In mid-2020, there were 1.7m people aged 85 years and over, making up 2.5% of the UK population but this is projected to double by mid-2045. Ensuring we maintain good quality homes for an ageing population is considered to be pivotal to our future investment plans.



...Value for Money Statement (VfM) 2022/23

The following table shows how Saxon Weald's headline social housing costs per unit differ by tenure type.

Cost per unit	2021/22			2022/23		
	General needs	Retirement	Extra care	General needs	Retirement	Extra care
	£	£	£	£	£	£
Headline social housing costs	4,243	6,191	8,980	4,648	7,364	11,007
Management	577	957	995	666	978	995
Service charge	432	2,565	5,391	489	3,476	7,191
Maintenance	1,711	1,513	1,430	2,042	1,780	1,684
Major repairs	1,203	1,156	1,164	1,201	1,130	1,137
Other social housing costs	320	0	0	250	0	0

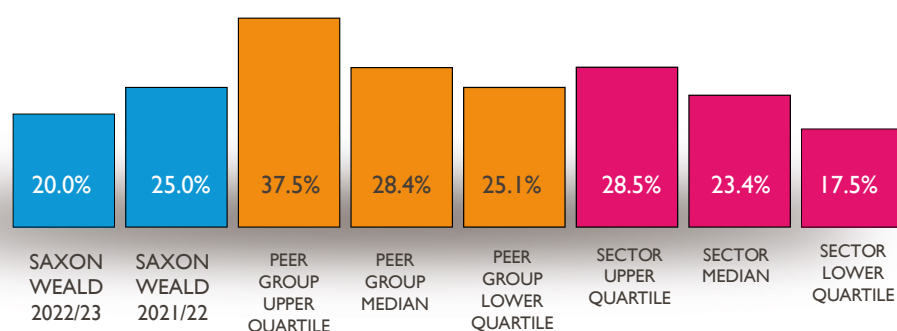
Plans for improvement – looking forward: Saxon Weald continues to develop a strategic partnership with Legal and General Affordable Homes (LGAH), through which we provide management services for newly developed homes. This delivers efficiency gains without capital cost and utilises existing operational infrastructure. In addition, customer feedback is used to help inform service improvement activities and influence efficiency gains across the business.

We recognise the substantial challenge for 2023/24 as higher utility costs due to the changes in the energy market will be a factor in service charges. Guidance and assistance from our Money Matters team and access to our financial hardship fund are key aspects of the support we offer to our customers who are faced with increasing cost of living challenges.

VfM 6a – Operating margin (SH lettings)

The operating margin demonstrates profitability before exceptional expenses are taken into account and is a measure of our general financial efficiency.

OPERATING MARGIN FOR SOCIAL HOUSING LETTINGS (%)

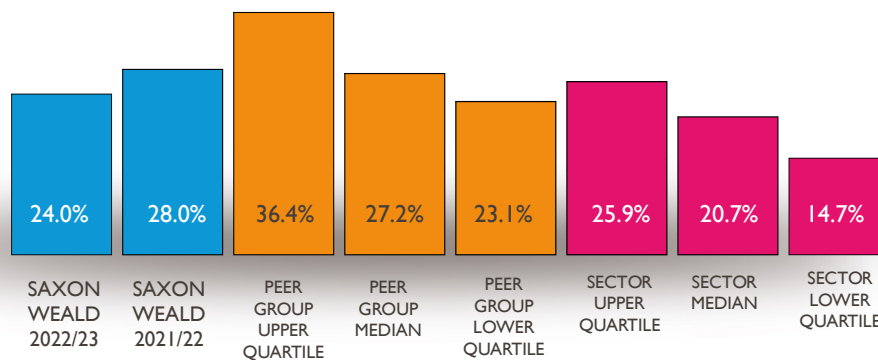


At 20%, Saxon Weald's operating margin (social housing lettings) is significantly below the budget of 29% and is below the lower quartile for the peer group and falls between the sector lower and median quartiles. Research undertaken by Housemark has reported that organisations like Saxon Weald, with a higher proportion of retirement and/or extra care housing, have lower operating margins due to the higher costs associated with managing these types of properties. In 2022/23, the challenges of high inflation, rising utility costs and pressure on the repairs service contributed to a lower than budgeted operating margin.

VfM 6b – Operating margin (overall)

The following chart shows that Saxon Weald's overall operating margin remains under the median for the peer group and the upper quartile for the sector. First tranche sales are included in the calculation for the operating margin, providing a stronger outcome than the operating margin for social housing lettings.

OPERATING MARGIN OVERALL (%)

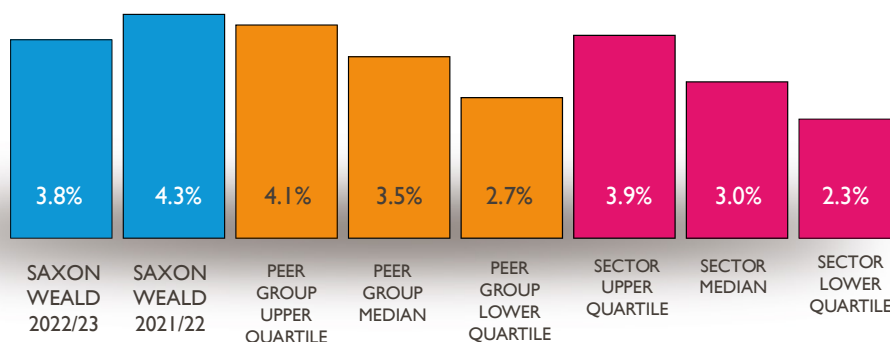


VfM7 – Return on capital employed

Return on capital employed (ROCE) reflects the operating surplus as a percentage of total assets less current liabilities. This is a measure of the return an organisation makes from the capital used. ROCE achieved 3.8% in 2022/23.

The following chart shows that Saxon Weald's ROCE 2022/23 is above the median quartile for the peer group and just below the upper quartile for the sector.

RETURN ON CAPITAL EMPLOYED (%)



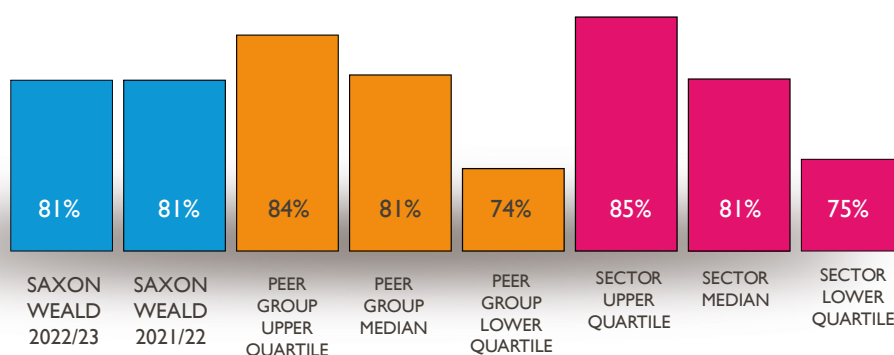
...Value for Money Statement (VfM) 2022/23

Overall customer satisfaction

We believe it is important to have regular information on customer satisfaction, so have chosen to collect our tenant satisfaction measures on a monthly basis. This allows us to address any customer concerns in the moment rather than waiting a year to spot potential issues. We supplement this with a range of service-based transactional surveys, giving us a well-developed view of how our services are performing.

The table below shows that overall tenant satisfaction in 2022/23 achieved 81%, which is the same result as the previous year. We are pleased with this performance in a year where customer satisfaction with public services as a whole is at its lowest point since 2015 as measured by the Institute of Customer Service's UKCSI report.

OVERALL CUSTOMER SATISFACTION (%)

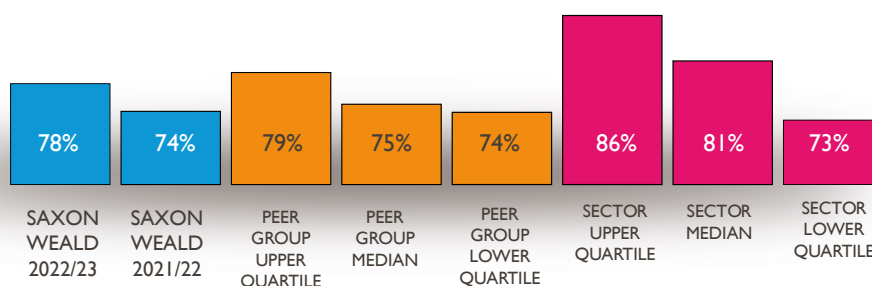


Plans for improvement – looking forward: Our comprehensive customer engagement plan for the year will ensure we have the information we need to help drive service improvement. We also plan to improve the information we hold on individual customers' needs so we can ensure we offer the appropriate support.

Customer satisfaction with the repairs service (HomeFix)

The responsiveness, reliability and quality of a landlord's repairs service is a key priority for customers. There has been an improvement in customer satisfaction with the repairs service since 2021/22 to 78% in 2022/23. This puts us just under top quartile in our peer group and just under median for the sector.

CUSTOMER SATISFACTION WITH THE REPAIRS SERVICE (%)

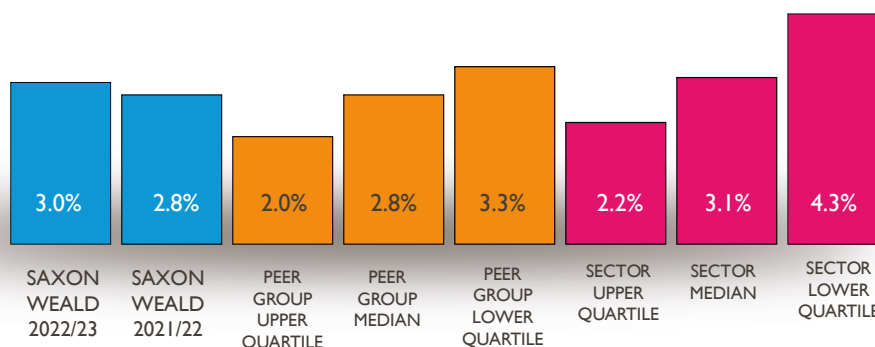


Plans for improvement – looking forward: Although customer satisfaction has improved in 2022/23, we still need to improve the time taken to complete repairs which we know is the key driver of dissatisfaction. Significant action has been taken since January 2023 to reduce the number of outstanding repairs and wait times for repairs have since reduced from 28 days to 24 days. The wider improvement plan is well underway with a new senior management team bedded in. Key improvement activities for this year include a review of our materials supply chains and the transformation of the IT systems following last year's process review. Both of these are planned to improve customer satisfaction by delivering improved efficiency and higher rates of repairs right first time. We are also carrying out a customer-led scrutiny review of the repairs service, the outputs and recommendations of which will be reported directly into the Board.

Current tenant arrears as a percentage of rent due

The following chart shows that, at 3%, rent arrears performance is slightly worse than in 2021/22. Performance remains just below the peer group median but better than the sector median. Whilst we continue to manage arrears effectively, an increase is unsurprising considering the current economic climate and the difficult choices customers face when managing their finances. We introduced a financial support fund in 2022/23 to assist customers with their financial situation.

CURRENT TENANT ARREARS AS (%) OF RENT DUE



Plans for improvement – looking forward: Resource continues to be directed towards tenancy support, arrears prevention and income recovery work; including money and budgeting advice, payment plans to reduce arrears over time and general benefit entitlement advice to help tenants who experience financial difficulty to maximise their incomes. We have also employed a wellbeing adviser, assisting our most vulnerable customers. We are committed to continuing our financial support fund for customers facing crisis through either unforeseen circumstances or financial 'shocks'. This fund not only directly benefits households facing immediate financial difficulty but also helps maximise the opportunity to ensure rent obligations are met.

VfM as an integral part of Saxon Weald's business

Saxon Weald's VfM Statement is instrumental in helping the association meet its corporate vision, strategic aims and the requirements and expectations of the RSH's VfM Standard.

The VfM Statement overarches all other strategies and is a key consideration in our decision making, with each business area responsible for delivering and evidencing its VfM, in line with our VfM Statement. All Board reports requiring a decision contain VfM considerations, as do business cases for projects and procurement. The effectiveness of our VfM Statement and approach is reviewed annually and reported to the Board.

...Value for Money Statement (VfM) 2022/23

Compliance with the VfM Standard

Saxon Weald's VfM Compliance Control Framework links its approach to VfM with the RSH's VfM Standard and Code of Practice. It enables Saxon Weald to assess its performance against and compliance with the requirements of the VfM Standard.

The Framework identifies the required outcomes and specific expectations of the VfM Standard and uses the relevant excerpts from the Code of Practice to articulate them. It then identifies the 'key controls' in place to meet the Standard; along with methods used to provide the Board with assurance that these controls are working and effective. Saxon Weald's compliance with the VfM Standard is reported to the Audit and Risk Committee annually in March, by way of an assurance report. This report is subsequently ratified by the Board.

Our assessment of performance against the VfM Standard for the period 2022/23 concluded that Saxon Weald remains compliant with the Standard and its Code of Practice.

Conclusion

Value for money is not just about new development and financial metrics, as the quality of our homes, neighbourhoods and the services provided to our existing residents is equally, if not more, important. This includes maintaining an appropriate level of re-investment in our existing homes, continuously improving our services and improving overall customer satisfaction.

The continued investment in our existing homes, building new energy efficient homes, carrying out process improvements and the support provided by our Money Matters team to help optimise customers' incomes are just a few demonstrable examples of how we add value. We will continue to seek opportunities to deliver economic, social, environmental and service efficiency value in all that we do and evidence this wherever we can, as demonstrated by our partnership with Legal & General Affordable Homes.



HouseMark Benchmark data 2021/22 – Peer Group Housing Associations

Organisation	Total Number of Properties	% Properties General Needs	% Properties Older People	Annual Turnover	In-House Repairs	Number of Properties Developed	General Needs Properties	Older People Properties
Saxon Weald	6865	61	21	£50,258	Yes	46	4207	1439
B3Living	4878	73	6	£34,535	Yes	119	3544	284
CHP	10600	85	0	£72,454	Yes	288	9025	23
Cottsway Housing Association	5329	89	0	£36,584	Yes	130	4736	0
Estuary Housing Association	4621	76	2	£42,923	Yes	30	3489	78
Fairhive	8584	82	7	£ 58,543	Yes	181	7072	592
Golding Homes	8053	76	12	£52,957	No	152	6099	975
Hightown Housing Association	7706	62	1	£103,887	Yes	610	4769	81
Housing Solutions	6243	65	5	£49,717	Yes	93	4083	300
MHS Homes	9275	79	6	£64,678	Yes	0	7351	525
Paradigm Housing Group	15173	74	0	£116,835	Yes	0	11280	25
Raven Housing Trust	6908	76	5	£64,145	Yes	106	5220	339
Soha Housing	7411	76	7	£53,421	No	174	5665	533
Worthing Homes	3948	78	7	£26,041	Yes	78	3089	279

Peer group criteria

- ▶ Between 2,500-10,000 general needs and retirement properties in management.
- ▶ Located in the south of England outside of London.
- ▶ Organisation type (stock composition, structure, geography, turnover).



Going Concern

The Board has reasonable expectation that the association has adequate resources to continue operations for the foreseeable future. For this reason, the going concern basis has been used in preparing the financial statements.

On behalf of the Board

Simon Hardwick, Chair

18 July 2023

Saxon Weald House
38-42 Worthing Road
Horsham
West Sussex RH12 1DT



Report of the Board

The directors present their report for the year ended 31 March 2023. The strategic report is on pages 6 to 26.

Governance

Saxon Weald is governed by a Board comprising nine non-executives and two executives, the Chief Executive and the Executive Director – Resources. The members of the Board are listed on page 4.

Jo Boswell was appointed to the Board on 1 July 2022.

Julian Chun was appointed to the Board on 14 March 2023.

The Board adopted the National Housing Federation Code of Governance 2020 with effect from 1 April 2021 and confirms compliance with the code for 2022/23.

The Board confirms compliance with the Regulator of Social Housing's Governance and Financial Viability standards. On 15 November 2022, the Regulator confirmed Saxon Weald's governance rating at G1 and the viability rating from V1 to V2.

Our Board is responsible for ensuring the efficient strategic and financial management of Saxon Weald including an effective risk management framework and effective arrangements for securing value for money. Board members determine the policies needed to make Saxon Weald run smoothly and in compliance with legislation and regulatory requirements. They also make decisions on service standards, resourcing and budgets and have a remit to monitor and review our performance. Our Chief Executive and staff manage the organisation on a day-to-day basis. Board members are recruited through an open advertisement and interview process, following an assessment of the skills and experience required by the Board.

Saxon Weald assesses the skills and experience it requires from its Board members and to what extent the skills and experience of existing Board members match these. Saxon Weald believes that it currently has Board members with the right skills and experience to lead the organisation. Saxon Weald is not complacent however and will re-assess the skills and experience it needs on a regular basis. In addition, an annual appraisal of individual Board members is carried out, including an assessment of training and development needs.

In 2022/23, the non-executive Board members at Saxon Weald were paid as follows:

Simon Hardwick, Chair	£12,563
Hannah Eaton, Vice Chair and Chair of Remuneration Committee	£8,174
Jo Boswell (from 1 July 2022)	£3,801
Julian Chun (from 14 March 2023)	£162
Susan Morris	£4,940
Mark Slater	£6,851
Joanne Sonin	£4,940
Graham Stark, Chair of Asset Management & Development Committee*	£7,736
Richard Stevens, Chair of Audit and Risk Committee	£6,851

* Committee Chair's salary is £6,851. An additional amount was paid in the year relating to Committee Chair duties undertaken in 2021/22.



...Report of the Board

In 2022/23, the non-executive Committee members at Saxon Weald were paid as follows:

Julian Chun (from 1 December 2022 to 13 March 2023)	£838
Kalwant Grewal (from 1 December 2022)	£1,000

The total amount paid to non-executive Board members during 2022/23 was £57,856 which represents 0.1% of turnover. The level of payment to Board members is determined in relation to the individual Board member's responsibilities, the size and complexity of Saxon Weald and a comparison with Board members' pay elsewhere in the sector. The level of Board members' pay is reviewed regularly. A full independent review of Board members' pay was completed in July 2022 and will be carried out again in March 2024.

The Board of Saxon Weald meets six times each year. It has a robust Audit and Risk Committee that meets at least four times per year; an Asset Management and Development Committee which meets at least four times a year and a Remuneration Committee which meets twice a year. Attendance at Board meetings was 94% and attendance at committee meetings was 100%.

Three members of the Board are female (33%), five are male (56%) and one prefers not to say (11%). 45% of Board members are aged 55 years or more, 33% are 45-54 years and 22% are aged 35-44 years. 78% of the Board are White and 22% prefer not to say. Two Board members (22%) have a disability/long term physical or mental health condition.

Saxon Weald offers Board members the opportunity to attend a wide range of training events including risk management and governance training.

Audit and Risk Committee's Responsibilities

Audit and Internal Controls

- ▶ Approve the objectives, scope and timing of arrangements for external audit of the annual accounts and financial statements.

- ▶ Recommend the approval of the appointment of external auditors to the Board for a period of up to seven years, ensuring that they are independent of Saxon Weald and are able to be objective in the performance of their duties.
- ▶ Review the performance of the external auditors annually, ensuring they meet independence and ethical standards.
- ▶ Scrutinise the annual statutory audit of the financial statements, including any subsidiary accounts, and recommend approval of the financial statements to the Board. This includes responses to audit management letters, reports or investigations and to monitor implementation of any follow up actions.
- ▶ Review and approve significant changes to accounting policies.
- ▶ Ensure appropriate arrangements for internal audit are in place for the whole organisation.
- ▶ Approve the appointment of internal auditors for a period of up to seven years and undertake an annual review of their performance.
- ▶ Approve a rolling three-year risk-based internal audit strategy and an annual programme of internal audit across the organisation to ensure all relevant systems and procedures are reviewed.
- ▶ Commission additional work by the internal auditors or other consultants as necessary.
- ▶ Scrutinise all internal audit reports, agree any further actions to be taken and monitor implementation of recommendations to ensure that identified weaknesses in control are corrected and deadlines are met.



- ▶ Scrutinise the annual Statement of Internal Controls Assurance and recommend approval to the Board. This includes ongoing review during the year by the committee to gain assurance that the appropriate internal controls are in place and maintained.
- ▶ Meet with the internal and external auditors without any employees present at least annually. To be able, on an exceptional basis, to make direct contact with auditors about a matter of concern without reference to the Board as a whole.

Risk Management

- ▶ Ensure an effective and comprehensive Risk Management Policy is in place which should be reviewed annually, and any significant changes recommended for approval to the Board.
- ▶ Scrutinise and review the risk register on a quarterly basis. This includes providing assurance to the Board that adequate controls and assurance are in place, escalating any significant changes in risk profile to the Board or appropriate committee.
- ▶ Scrutinise the Asset and Liability Register annually, providing assurance to the Board that it is accurate and up to date.
- ▶ Review the Risk Appraisal Procedure.
- ▶ Ensure that the committee, Board and staff receive appropriate training and briefing on risk management.
- ▶ Review and approve insurance arrangements at least annually to ensure policies are in place to minimise exposure to potential losses and claims.
- ▶ Approve the Business Continuity Policy. Ensure that appropriate arrangements are in place for business continuity and disaster recovery and that they are tested regularly.

Regulation and Compliance

- ▶ Approve the Anti-Corruption Policy and the Whistleblowing Policy.
- ▶ Receive reports on fraud and attempted

fraud, bribery and whistleblowing ensuring appropriate investigation, reporting to the regulator and that any identified weaknesses in internal controls are addressed.

- ▶ Scrutinise the annual self-assessments against all Regulatory Standards providing a summary to Board, highlighting any areas of non-compliance.
- ▶ Approve the Data Protection Policy, ensuring it complies with good practice and scrutinise regular reports on information governance compliance including GDPR and cyber security.
- ▶ Scrutinise reports on safeguarding activities and performance on an annual basis to identify any areas of risk and agree follow up actions.
- ▶ Review and approve the VfM Statement and approve the Annual Value for Money Compliance Report.
- ▶ Review and approve the Procurement Policy.

Health and Safety

- ▶ Review and recommend the Health and Safety Policy for Board approval.
- ▶ Scrutinise Corporate Health and Safety arrangements and performance, providing assurance to the Board that adequate controls are in place to ensure compliance with statutory and regulatory obligations.

Other

- ▶ Review the Standing Orders and Terms of Reference, Financial Regulations and Standing Orders relating to Contracts, including delegated authorities for all matters and authorised signatories on an annual basis to ensure there is a clear system of delegation in place.
- ▶ Recommend any significant changes to the Board.
- ▶ Approve the write off of bad debts or waiver of income greater than £5,000.
- ▶ Undertake a self-assessment of the Audit and Risk Committee performance at least annually and regularly evaluate training needs.



...Report of the Board

Board's Responsibilities

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 Saxon Weald and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- ▶ Select suitable accounting policies and then apply them consistently.
- ▶ Make judgments 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.
- ▶ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Saxon Weald 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 Saxon Weald and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies 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. It has general responsibility for taking reasonable steps to safeguard the assets of Saxon Weald and to prevent and detect fraud and other irregularities.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of Information to Auditors

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

Chief Executive and Executive Team

The Executive Directors, who are listed on page 5, hold no financial interest in the Saxon Weald. They act as executives within the authority delegated by the Board. The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Chief Executive and the Executive Team.

Internal Controls Assurance

The Board acknowledges that it is responsible for the association's system of internal control and for reviewing its effectiveness.

Although no system of internal control can provide absolute assurance or eliminate the risk of failure to achieve business objectives, Saxon Weald's system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that Saxon Weald has an Anti-Corruption Policy, the purpose of which is to ensure that timely and effective action can be taken to:

- ▶ Prevent further loss of funds or other assets where fraud has occurred and to maximise recovery of losses.
- ▶ Minimise the occurrence of fraud.
- ▶ Identify the fraudster and maximise the success of any disciplinary/legal action taken.



- ▶ Minimise any adverse publicity for Saxon Weald as a result of the fraud.
- ▶ Identify any lessons which can be acted upon in managing fraud in the future.
- ▶ Reduce the adverse impact on Saxon Weald.

The Anti-Corruption Policy states that:

'All persons associated with Saxon Weald have a duty to report suspicions of malpractice and corrupt activity, both in line with this policy and the NHF Code of Conduct (2022), which Saxon Weald has adopted.'

The Anti-Corruption Policy also requires all cases of significant fraud to be reported to the police.

All staff have received training on their responsibilities under the Bribery Act 2010 and the Anti-Corruption Policy. The Audit and Risk Committee considers any entry into the fraud register at every meeting. During 2022/23, there were no reported cases of fraud and eight reported cases of attempted but unsuccessful low value fraud.

The system of internal control encompasses the Saxon Weald's financial controls that are based on regular management information, segregation of duties and a system of delegation and accountability. It is based on an on-going process designed to identify the key risks to achieving Saxon Weald's objectives, to evaluate the nature and extent of those risks and to manage them effectively and efficiently.

In reviewing the effectiveness of Saxon Weald's systems of internal control, the Board considered:

- ▶ Regular reporting of the financial risk triggers dashboard, management accounts, covenant compliance, key financial rules and key performance indicators.
- ▶ The establishment and monitoring of the Corporate Plan.
- ▶ Asset and Liability Register.
- ▶ Regular reporting of complaints received.
- ▶ Appropriate policies and procedures in place, including reporting to Board when appropriate (including Standing Orders and Financial Regulations).

- ▶ Risk management activity including the effectiveness of the business planning, risk and control framework and stress testing considered by the Audit and Risk Committee and the Board.
- ▶ Audit and Risk Committee's overview of the internal audit plan, audit reports produced and an annual internal audit report.
- ▶ Annual report by the Executive Team on the effectiveness of the systems of internal control.
- ▶ Annual report of the Audit and Risk Committee.
- ▶ External auditors' audit findings report.
- ▶ Reports issued by the Regulator of Social Housing.

Material Concerns

The Board has identified no material control issues or problems during 2022/23. No material concerns have been raised by the Regulator of Social Housing or Homes England or any other stakeholder to which the Saxon Weald submits reports or information.

Auditors

Beever and Struthers continue as the auditor of the Group.

On behalf of the Board

Simon Hardwick, Chair
18 July 2023

Saxon Weald House
38-42 Worthing Road
Horsham
West Sussex
RH12 1DT



Report of the Independent Auditor to the Members of Saxon Weald

Opinion

We have audited the financial statements of Saxon Weald (the Association) and its subsidiary (the Group) for the year ended 31 March 2023 which comprise the Group and Saxon Weald Statement of Comprehensive Income, Group and Saxon Weald Statement of Financial Position, Group and Saxon Weald Statement of Changes in Reserves, Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's 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 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.

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 Group and 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, 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 Strategic 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 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 the Cooperative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- ▶ the Association has not maintained a satisfactory system of control over transactions; or
- ▶ the Association has not kept adequate accounting records; or
- ▶ the Association's financial statements are not in agreement with 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 Statement of Board's Responsibilities set out on page 30, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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 Group and 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.



...Report of the Independent Auditor to the Members of Saxon Weald

- ▶ 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 identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- ▶ 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 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants
Statutory Auditor

Date:

150 Minories
London
EC3N 1LS



Group and Saxon Weald Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	Saxon Weald		Group	
		2023 £000	2022 £000	2023 £000	2022 £000
Turnover	3	50,258	44,950	50,258	44,950
Cost of sales	3	(2,144)	(945)	(2,144)	(945)
Operating expenditure	3	(36,896)	(32,113)	(36,896)	(32,113)
Surplus on sale of fixed assets - Housing properties	3 / 7a	3,471	2,914	3,471	2,914
Unrealised gain on investment properties	11c	736	624	736	624
Operating surplus	3	15,425	15,430	15,425	15,430
Interest receivable	5	114	2	114	2
Interest and financing costs	6	(8,129)	(12,246)	(8,129)	(12,246)
Surplus before taxation	7	7,410	3,186	7,410	3,186
Taxation	9	-	-	-	-
Surplus for the year		7,410	3,186	7,410	3,186
Actuarial (loss) / gain in respect of pension scheme	28	14,017	6,990	14,017	6,990
Total comprehensive income for the year		21,427	10,176	21,427	10,176

All amounts relate to continuing activities.

The notes on pages 39 to 71 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 18 July 2023 and signed on its behalf by:

Simon Hardwick
Chair

Steven Dennis
Chief Executive

Michael Chinn
Executive Director - Resources
and Company Secretary

Group and Saxon Weald Statement of Financial Position

for the year ended 31 March 2023

	Note	Saxon Weald		Group	
		2023 £000	2022 £000	2023 £000	2022 £000
Fixed assets					
Intangible assets	10	132	192	132	192
Housing properties	11a	357,630	339,890	357,630	339,890
Other fixed assets	11b	3,700	3,912	3,700	3,912
Investment properties	11c	33,820	32,490	33,820	32,490
Investment in subsidiaries	12	50	50	-	-
		395,332	376,534	395,282	376,484
Current assets					
Properties held for sale	14	3,065	1,504	3,065	1,504
Stock	15	195	156	195	156
Trade and other debtors	16	4,149	3,512	4,149	3,512
Cash and cash equivalents		20,605	9,564	20,617	9,576
		28,014	14,736	28,026	14,748
Creditors: amounts falling due within one year	17	(13,798)	(29,229)	(13,798)	(29,229)
Net current assets		14,216	(14,493)	14,228	(14,481)
Total assets less current liabilities		409,548	362,041	409,510	362,003
Creditors: amounts due after more than one year					
Bond	18	-	-	221,425	221,257
Loans from group companies	18	221,425	221,257	-	-
Loan Facilities	18	39,102	-	39,102	-
Long-term creditors - due to group companies		38	38	-	-
Grant creditors	18	61,507	61,145	61,507	61,145
		322,072	282,440	322,034	282,402
Provisions for Liabilities					
Pension (asset)	28	(15,464)	(1,926)	(15,464)	(1,926)
Other provisions	23	90	104	90	104
		(15,374)	(1,822)	(15,374)	(1,822)
Total Net Assets		102,850	81,423	102,850	81,423
Reserves					
Share Capital	24	-	-	-	-
Income and Expenditure reserve		102,850	81,423	102,850	81,423
Total Reserves		102,850	81,423	102,850	81,423

In view of the constitution of the society, all shareholdings relate to non-equity interests, as disclosed in note 24. The notes on pages 39 to 71 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 18 July 2023 and signed on its behalf by:

Simon Hardwick
Chair

Steven Dennis
Chief Executive

Michael Chinn
Executive Director - Resources
and Company Secretary

Saxon Weald
Community Benefit Society Registration No: 7971



Group and Saxon Weald Statement of Changes in Reserves

for the year ended 31 March 2023

	Income & Expenditure Reserve
	2023
	£000
Balance at 1 April 2021	71,247
Total comprehensive income for the year	10,176
Balance as at 31 March 2022	81,423
Total comprehensive income for the year	21,427
Balance as at 31 March 2023	102,850

The notes on pages 39 to 71 form part of these financial statements.



Group Statement of Cash Flows

for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Operating activities			
Net cash generated from operations	25	16,270	19,487
Cash flow from investing activities			
Acquisition and construction of housing properties		(19,753)	(16,677)
Acquisition and works to investment properties		(594)	(26)
Component replacement		(4,895)	(5,452)
Sale of properties		5,115	4,121
Purchase of other tangible fixed assets		(143)	(2,923)
Purchase of intangible fixed assets		(58)	(18)
Grants received		1,002	700
Interest received	5	114	2
Net cash flow used in investing activities		(19,212)	(20,273)
Cash flow from financing activities			
Repayment of loans		(42,000)	(1,000)
New secured loans		65,000	12,000
Interest paid		(13,844)	(12,738)
Loan breakage receipt		4,827	-
Net cash from financing activities		13,983	(1,738)
Net increase / (decrease) in cash and cash equivalents		11,041	(2,524)
Cash and cash equivalents at beginning of year		9,576	12,100
Cash and cash equivalents at end of year		20,617	9,576



Group and Saxon Weald

Notes to the Financial Statements

for the year ended 31 March 2023

1. Legal status

Saxon Weald (the "Society") is a public benefit entity registered under the Cooperative and Community Benefit Societies Act 2014 and is an English registered social housing provider. The address of the registered office is Saxon Weald House, 38-42 Worthing Road, Horsham, West Sussex, RH12 1DT.

Saxon Weald's primary business is to build and rent homes for those who cannot afford to buy or rent in the private market and/or who, as a result of age or other characteristics, need additional support to maintain an independent home and lifestyle.

2. Accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, under the historical cost convention, modified to include investment properties at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate those of the Society and all of its active subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method.

Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2023.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Reduced disclosures

In accordance with FRS 102, the Society has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedge fair value changes recognised in the statement of comprehensive income and in other comprehensive income.

Going concern

At the date of these financial statements, the Board members have carried out a detailed and comprehensive review of the business and its future prospects. In particular, they have considered the forecast future performance, anticipated cash flows and the ability of the parent to meet interest payments for 12 months from the date of signing the accounts. The Board continues to monitor the short and long-term health of the association and is content that the measures taken by the association, together with a robust Business Plan, provide assurance that the going concern basis is appropriate in preparing the financial statements.



for the year ended 31 March 2023

Turnover

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised on completion at the point of legal completion of sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met and are applied under the accruals method of grant accounting. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Service charges

Service charges on rented properties are recognised on an accrual basis. Service charges on rented properties are recognised in the financial statements when the weekly rent debit is raised. Service charges on shared ownership properties are credited monthly. The Society operates variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position.

Supporting people income and expenditure

Supporting People income is recognised on the basis of contracted hours worked. Expenditure relating to Supporting People activities is recorded as incurred. Supporting People contract income received from administering authorities is accounted for as income in turnover as per note 2 and recognised on the basis of contracted hours worked. The related support costs are matched against this income in the same note. Expenditure relating to Supporting People activities is recorded as incurred. Support charges included in the rent are included in the statement of comprehensive income from social housing lettings note 3 and matched against the relevant costs.

Other Income

Other income is included at the invoiced value of goods and services provided. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible fixed assets - Software

Intangible assets comprise of software and is stated at cost, less accumulated amortisation. Software is capitalised and written off using the straight line method of amortisation as in the opinion of the directors, this represents the period over which the software is expected to give rise to economic benefits. Currently this is four years.



Tangible fixed assets - Housing properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

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. Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income.
- A material reduction in future maintenance costs
- A significant extension to the life of the property.

In other cases, major repairs are charged to the statement of comprehensive income as incurred.

Land or other assets which have been donated by a government source are added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

Depreciation of Housing properties

Component	Years from date of acquisition or practical completion
Structure Flats & houses	100
Studio flats	50
Pre-cast reinforced concrete structure	30
Pitched Roof	60
Heating Systems	40
Complete re-wire	40
Bathrooms	30
Lifts	30
Windows	30
Flat roof	25
Kitchens	20
Communication systems	20
Commercial kitchens	20
Solar panels	20
Boilers	15
Sewage pumps	15
Stairlifts	15
Fire safety equipment	10
Kitchen equipment	10

Leasehold properties are depreciated over the lesser of the above lives or the remaining length of the lease. Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are either transferred to completed properties when they are ready for letting and are stated at cost or transferred at cost to investment properties and then valued at 31 March and stated at fair value.



for the year ended 31 March 2023

A mixed tenure development is evaluated and considered on the basis of how the costs incurred in acquiring and developing the land are attributed to each element of the scheme. For mixed tenure housing properties, costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area for each scheme.

Investment properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. 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. Fair value is determined annually by external valuers and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities and other government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are received both in advance and in arrears for a grant funded scheme, assurance of receipt of the grant is given prior to commencement.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset

and, where applicable, the individual components of the structure (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Group will comply with the conditions and the funds will be received, under the accruals model.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Society would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.



Non-Financial assets

The carrying amounts of the Society's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Capitalisation of interest and development administration costs

Costs including staff costs and loan interest relating to development activity are capitalised only where the costs are incremental and directly related to bringing the properties into working condition for their intended use. Interest on loans financing development is capitalised from the date the works commence up to the date of practical completion of the scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. The average cost of borrowing in the year is used to calculate the interest capitalised, which is 5.10%.

Property sales income

Completed properties and properties under construction for sale, either as first tranche Low Cost Home Ownership (LCHO) sales or outright sale, are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads and capitalised interest. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal. Until sold, these properties are held as current assets. The sale of housing properties are recorded net of carrying value as a gain or loss on disposal.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only. Shared ownership structure is depreciated in line with other social housing properties.

Other tangible fixed assets

Depreciation is charged on other fixed assets to write off the cost less estimated residual values on a straight line basis over the useful lives shown below:

Freehold office building 50 years straight line
Freehold office fixtures and fittings 25 years straight line
Office furniture and equipment seven years straight line
IT equipment four years straight line

Freehold land is not depreciated.



Value added tax

All expenditure is stated including irrecoverable value added tax.

Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

Stock

The stock holding relates to materials held on vans for the in-house repairs team to use for completing repairs jobs. The materials are charged to the cost of the job once the repair is complete and are recorded at original cost.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Loan interest costs

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

Loan finance issuance costs and breakage fees / receipts

Arrangement fees, agency fees and related legal fees payable when entering into new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest method. Breakage fees / receipts, relating to cancelled loans, are recognised in the Statement of Comprehensive Income in the year they are charged / received.

Taxation

By virtue of s.478 Corporation Tax Act 2010, the Society has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, charitable objectives. The Society's subsidiary, Saxon Weald Capital plc, does not have charitable objectives and are subject to taxation. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised directly in equity is also recognised in directly in equity. Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the

Society is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Holiday Pay

Short-term employee benefits, including holiday pay, are charged to the statement of comprehensive income in the period in which they accrue. Holiday entitlement due but not yet taken, is included in the statement of financial position as an accrual.

Defined Contribution Pension

The Society provides a defined contribution stakeholder pension scheme for employees not included in the LGPS scheme. The employer contribution to the scheme is charged to the statement of comprehensive income as it becomes payable. The assets of the scheme are kept separately from those of the Society.

LGPS Pension costs

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

The Group participates in the West Sussex County Council Local Government Pension Scheme (LGPS). The amount payable by the Society in regards to contributions is set by the scheme's actuaries. For the LGPS, the cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation less the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in statement of comprehensive income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments

The Group and Society have elected to apply the provisions of Section 11 'Basic Financial Instruments' in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for the impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with such creditors constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

The provision for bad debts is based upon the age of arrears. Arrears in respect of former tenants and in respect of current tenants where the debt is over 52 weeks old are fully provided for. Arrears which are over seven weeks old are provided for at 10% and increase in % terms depending on age up to 36 weeks where they are provided at 75%.

Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Investment in subsidiaries

Investments in subsidiaries are recorded at cost less any impairment for permanent diminutions in value.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements, the Group and Society make the following estimates and assumptions concerning the future:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values were appropriate.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The freehold of the investment properties is professionally valued annually based on 90% of the market value. Market value being the estimated amount for which a property could be sold at valuation date but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Allocation of land for mixed tenure developments

Management estimates the proportion of the land cost to allocate to different tenure types for mixed developments based upon actual data, where available, otherwise this is based upon an allocation using EUV-SH, open market and investment values for each unit in the development.

LGPS Pension scheme

The Group and Society accept the principal assumptions provided by First Actuarial, the society's pension advisors (as shown in note 28), to calculate the valuation of the pension plan assets as at 31 March 2023.

In the directors' opinion, there are no other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these judgements and estimates have been made include:

Impairment - Fixed Assets and debtors

The Group and Society make judgements regarding the level of impairment on the carrying value assets including debtors and fixed assets. Triggers of impairment of assets are considered annually. For debtors, this judgement is on the basis of discounted net present value. For fixed assets, the judgement is assessed on a combination of existing use value - social housing, discounted cash flow and depreciated replacement cost.

Schemes under development

The anticipated costs to complete a development scheme are based on the estimated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Where schemes are mixed tenure, costs are allocated based on area split. The allocation of properties under construction costs relating to shared ownership schemes between current and fixed assets is determined by the predicted amount to be sold for each property within a year.



...Notes to the Financial Statements

for the year ended 31 March 2023

Accruals

Accruals for certain items are based on work completed but where no invoice has been issued at the reporting date and in subsequent weeks. Management are satisfied that estimates made are reliable and in line with expectations.

Disposal of property

The Group and Society make a judgement that the gain or loss on the disposal of properties including Right to Acquire, Right to Buy and the Staircasing of properties are included within operating surplus, together with First Tranche Sales. These sales and disposals form part of its core operating activities and therefore the Group and Society consider it appropriate to include these sales and disposals within operating surplus.

3. Group and Society turnover, operating costs and operating surplus

			2023	2022
	Turnover	Cost of sales	Operating costs	Operating surplus
	£000	£000	£000	£000
Social housing lettings				
- General needs, housing for older people, supported and shared ownership housing (See note 3a)	45,549	-	(36,436)	9,113
Other social housing activities				
- Shared ownership first tranche sales	2,714	(2,144)	-	570
- Sales to eligible older people	-	-	-	-
- Other social housing activities	118	-	-	118
- Grants taken to income	-	-	-	8
Non social housing activities				
- Surplus on lettings (garages)	626	-	(36)	590
- Surplus on lettings (market rent)	1,251	-	(424)	827
- Surplus on disposal of fixed assets	-	-	-	3,471
- Unrealised gain on investment properties	-	-	-	736
	50,258	(2,144)	(36,896)	15,425
				15,430

3a. Group and Society income and expenditure from social housing lettings

	General needs £000	Housing for older people & supported housing £000	Shared ownership £000	2023 Total £000	2022 Total £000
Income					
Rents receivable net of identifiable service charges	27,807	8,529	1,352	37,688	35,892
Service charge income	896	6,067	220	7,183	5,414
Amortised Government Grants	210	436	32	678	656
Turnover from social housing lettings	28,913	15,032	1,604	45,549	41,962
Expenditure					
Management	(2,803)	(1,540)	(90)	(4,433)	(4,010)
Service charge costs	(2,056)	(7,077)	(91)	(9,224)	(7,167)
Responsive maintenance (routine maintenance)	(4,605)	(1,509)	(7)	(6,121)	(6,556)
Planned and cyclical maintenance	(3,992)	(1,261)	(7)	(5,260)	(2,957)
Major repairs expenditure	(1,484)	(446)	-	(1,930)	(1,402)
Bad debts	(176)	(208)	(21)	(405)	(113)
Depreciation of housing properties*	(5,169)	(1,933)	(271)	(7,373)	(6,993)
Pension (current cost less contributions)	(638)	-	-	(638)	(942)
Other costs	(1,052)	-	-	(1,052)	(1,332)
Operating costs on social housing lettings	(21,975)	(13,974)	(487)	(36,436)	(31,472)
Surplus on social housing lettings	6,938	1,058	1,117	9,113	10,490
Voids - rent lost through dwellings being vacant	(453)	(487)	(7)	(947)	(641)

* Includes accelerated depreciation of £389,000 (2022: £371,000).



...Notes to the Financial Statements

for the year ended 31 March 2023

4. Accommodation in Management and Development

Under management at end of year:	Group		2023	2022
	Social Number	Affordable Number	Total Number	Total Number
Social Housing				
General needs housing				
Owned general needs	3,334	781	4,115	4,114
Owned general needs managed by others	57	-	57	52
Managed general needs owned by others	-	36	36	3
Older People's Housing				
Extra Care	328	105	433	433
Retirement - Supported	965	65	1,030	1,048
Retirement - Non-Supported	69	41	110	110
	4,753	1,028	5,781	5,760
Shared ownership				
Owned shared ownership			262	238
Managed shared ownership owned by others			22	-
Leasehold for older people			157	157
Total Social Housing			6,222	6,155
Market rent				
Leasehold flats			108	108
			536	530
Total owned and managed			6,866	6,793
Under development at end of year:				
Social Rent			8	8
Affordable Rent			93	83
Shared Ownership			48	22
			149	113



5. Interest receivable and similar income

	Saxon Weald		Group	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest on bank deposits	114	2	114	2
	114	2	114	2

6. Interest payable and similar charges

	Saxon Weald		Group	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest on inter-company loan	12,094	12,094	-	-
Interest on bond	-	-	12,094	12,094
Bank charges and arrangement fees	64	59	64	59
Amortisation of bond discount and fees	168	159	168	159
Interest on loan	985	189	985	189
Amortisation of loan discount and fees	361	81	361	81
Loan non-utilisation fees	340	307	340	307
Loan breakage receipt	(4,827)	-	(4,827)	-
Pension fund interest cost	1,273	1,034	1,273	1,034
Pension fund expected return on assets	(1,321)	(942)	(1,321)	(942)
Capitalised interest on development*	(1,008)	(735)	(1,008)	(735)
	8,129	12,246	8,129	12,246

* Interest costs directly attributable to the financing of housing property developments were capitalised at the weighted average cost of the related borrowings (see note 11a) which was 5.10% (2022: 5.18%).



...Notes to the Financial Statements

for the year ended 31 March 2023

7. Group surplus on ordinary activities before taxation

	Saxon Weald		Group	
	2023	2022	2023	2022
Is stated after charging:	£000	£000	£000	£000
Depreciation of housing properties (including accelerated depreciation of £389k (2022: £371k) (note 11a))	7,373	6,993	7,373	6,993
Depreciation of other tangible fixed assets (note 11b)	355	230	355	230
Amortisation of intangible fixed assets (note 10)	118	118	118	118
Employer contributions to Scottish Widows defined contribution pension scheme	316	247	316	247
Fees payable to Beever and Struthers in respect of both audit and non-audit services are as follows:				
Audit services* - statutory audit of the Society (excluding VAT)				
- in their capacity as auditors - current year	45	41	45	41
Audit services - statutory audit of the Subsidiary (excluding VAT)	15	13	15	13
Total audit services	60	54	60	54
Operating lease expenditure	714	596	714	596
Salaries directly attributable to development projects capitalised	509	497	509	497

* In the year, Saxon Weald met the statutory audit costs on behalf of its subsidiary, Saxon Weald Capital plc.

7a. Group and Society surplus on sale of fixed assets - Housing properties

	Right to Buy and Right to Acquire Sales £000	Low-Cost Home Ownership Staircasing £000	Other Disposals £000	2023 £000	2022 £000
Disposal proceeds	1,342	622	3,232	5,196	4,217
Homes England grant	54	-	-	54	14
Carrying value of fixed assets	(473)	(308)	(463)	(1,244)	(874)
Payable to Horsham District Council	(382)	-	-	(382)	(331)
Other costs to sell	(21)	(6)	(126)	(153)	(112)
	520	308	2,643	3,471	2,914
Capital grant recycled (note 19)	135	75	1	211	113

8. Group and Society Employees

The average monthly number of persons (including directors) employed by the Society during the year was:	2023 Number	2022 Number
Actual		
Office and management	141	142
Housing support and care	33	32
Maintenance	80	74
Board members	8	8
	262	256

The average annual full time equivalent of persons (including directors) employed by the Society during the year was:	2023 Number	2022 Number
Full time equivalents		
Office and management *	136	129
Housing support and care **	28	30
Maintenance ***	77	76
Board members****	8	8
	249	243

* Full time equivalents are calculated based on a standard working week of 37 & 40 hours.

** Full time equivalents are calculated based on a standard working week of 24 & 37 hours.

*** Full time equivalents are calculated based on a standard working week of 40 hours.

**** Full time equivalents are calculated based on a standard working week of 2 hours.

Staff costs for the above	2023 £000	2022 £000
Wages and salaries	9,631	8,791
Social security costs	1,074	917
Other pension costs and current service cost (note 29)	1,763	2,275
	12,468	11,983



...Notes to the Financial Statements

for the year ended 31 March 2023

8. Group and Society Employees (continued)

The full time equivalent number of staff with remuneration in the bandings below (inc. Employer Pension Contributions.)	2023 Number	2022 Number
£60,000 to £70,000	15	10
£70,001 to £80,000	6	7
£80,001 to £90,000	2	3
£90,001 to £100,000	2	0
£100,001 to £110,000	0	2
£110,001 to £120,000	4	3
£120,001 to £130,00	0	1
£150,001 to £160,000	0	1
£160,001 to £170,000	1	1
£180,001 to £190,000	1	0
£190,001 to £200,000	0	1
£200,001 to £210,000	1	0
	32	29

Executive directors and Board members

	2023 £000	2022 £000
Executive directors		
Remuneration and fees	540	417
Group contribution to money purchase pension schemes	99	108
	639	525

The Executive directors, Assistant Directors and Board members are considered key management personnel for the purposes of FRS 102 and their remuneration is £1,543,000 (2022: £1,687,000).

The number of directors to whom retirement benefits are accruing under:	2023 £000	2022 £000
Defined benefit schemes was:	2	3
	2	3



8. Group and Society Employees (continued)

	2023	2022
Highest paid director:	£000	£000
Remuneration (includes benefits in kind and excluding pension)	183	159
Society contributions to pension scheme	21	41
	204	200

The Chief Executive was an ordinary member of the West Sussex Pension Scheme until 30 September 2022. He was an ordinary member of the pension scheme and no enhanced or special terms apply. The Society does not make any further contributions to an individual pension arrangement for the Chief Executive.

	2023	2022
Board members':	£000	£000
Emoluments	58	49
	58	49

9. Group taxation on surplus on ordinary activities

	Saxon Weald		Group	
	2023	2022	2023	2022
	£000	£000	£000	£000
Factors affecting charge for the period				
Surplus on ordinary activities before taxation	7,410	3,186	7,410	3,186
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021/22: 19%)	1,408	605	1,408	605
Effects of:				
Charitable exemption	(1,408)	(605)	(1,408)	(605)
Current tax charge for the period	-	-	-	-

Factors that may affect future tax charges

By virtue of s.478 Corporation Tax Act 2010, the Society has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, charitable objectives. The Society's subsidiary, Saxon Weald Capital plc, does not have charitable objectives and are subject to taxation. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised directly in equity is also recognised indirectly in equity. Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.



...Notes to the Financial Statements

for the year ended 31 March 2023

10. Group and Society Intangible Fixed Assets

	Software £000	Total £000
Cost		
At 1 April 2022	1,869	1,869
Additions	58	58
Disposals	-	-
At 31 March 2023	1,927	1,927
Accumulated Amortisation		
At 1 April 2022	1,677	1,677
Charged to expense	118	118
Disposals	-	-
At 31 March 2023	1,795	1,795
Carrying amount:		
At 31 March 2023	132	132
At 31 March 2022	192	192



11a. Group and Society tangible fixed assets - housing properties

Cost	Completed properties available for letting		Properties under construction		Total £000
	Rented £000	Shared ownership £000	Rented £000	Shared ownership £000	
At 1 April 2022*	359,364	32,280	10,390	3,934	405,968
Additions	-	-	13,369	8,255	21,624
Schemes completed	4,789	4,803	(4,789)	(4,803)	-
Replacement components	4,895	-	-	-	4,895
Disposals**	(1,147)	(321)	-	-	(1,468)
Transfer to WIP	(251)	-	-	-	(251)
Components disposed of	(1,449)	-	-	-	(1,449)
At 31 March 2023	366,201	36,762	18,970	7,386	429,319

Depreciation

At 1 April 2022*	64,581	1,497	-	-	66,078
Charge for the year	6,742	242	-	-	6,984
Disposals	(300)	(13)	-	-	(313)
Components disposed of	(1,060)	-	-	-	(1,060)
At 31 March 2023	69,963	1,726	-	-	71,689

Carrying amount:

At 31 March 2023	296,238	35,036	18,970	7,386	357,630
At 31 March 2022	294,783	30,783	10,390	3,934	339,890

The Society had property with a net book value of £289m pledged as security as at 31 March 2023 (2022: £242m).

The cumulative amount of capitalised interest included in fixed asset housing properties at 31 March 2023 was £9,302,000 (2022 £8,294,000).

* Included within the cost of fixed assets is grant of £9.4m which has been offset against historical cost. Further details are included within note 29: Contingent liabilities.

	2023 £000	2022 £000
--	--------------	--------------

Housing properties book value net of depreciation

Freehold properties	340,581	322,485
Long leasehold properties	17,049	17,405
	357,630	339,890

Works to existing rented properties

Replacement components capitalised as above	4,896	5,454
Major repair works charged to revenue (note 3)	1,930	1,402
	6,826	6,856

All housing properties are for social housing use.

** Disposals relate to sales of Right to Buy, Right to Acquire, Shared Ownership staircasing and other property sales.



...Notes to the Financial Statements

for the year ended 31 March 2023

11b. Group and Society Tangible Fixed Assets - Other

Cost	Freehold office £000	Office equipment £000	IT equipment £000	Total £000
At 1 April 2022	3,368	491	1,163	5,022
Additions	20	18	105	143
At 31 March 2023	3,388	509	1,268	5,165

Depreciation

At 1 April 2022	280	77	753	1,110
Charge for the year	113	68	174	355
At 31 March 2023	393	145	927	1,465

Carrying amount:

At 31 March 2023	2,995	364	341	3,700
At 31 March 2022	3,088	414	410	3,912

11c. Group and Society Investment Properties

Group	Garage stock £000	Market rented properties £000	2023 £000	2022 £000
At 1 April	6,686	25,804	32,490	31,847
Transfer to housing properties	-	-	-	(7)
Additions and works	-	594	594	26
(Decrease) / Increase in value	1,017	(281)	736	624
Value as at 31 March	7,703	26,117	33,820	32,490

All investment properties were valued as at 31 March 2023 by Savills (UK) Limited, Chartered Surveyors. The valuation of the Group's investment properties was carried out in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A discounted cash flow methodology was followed in undertaking the valuation. The historical cost at 31 March 2023 was £23,955,000 and at 31 March 2022 was £23,361,000.

11c. Group and Society Investment Properties (continued)

	2023	2022
The key assumptions used for the garage properties valuation were:	%	%
Long-term rental increases	CPI + 1%	CPI + 1%

The key assumptions used for the market rent properties investment valuation were:	2023	2022
	%	%
Average percentage reduction for investment - units let on Assured shorthold tenancies	10.0%	10.0%
Average percentage reduction for investment - units let on Assured tenancies and Regulated tenancies	36.5%	36.5%
Average age of tenants within Assured Tenancies and Regulated Tenancies	75 years	75 years
Remaining tenant lifespan within Assured Tenancies and Regulated Tenancies	8 years	8 years

The key assumption used for the market rent properties rental valuation were:

- all units are let on Assured Shorthold Tenancies

12. Society investment in subsidiaries

	2023	2022
Cost	£000	£000
At 1 April	50	50
At 31 March	50	50

Saxon Weald is the parent company of Saxon Weald Capital plc and owns 100% of the share capital. Its nature of business is group financing and is registered in England and Wales with the Companies Registrar.

Saxon Weald is the parent company of Weald Property Development Ltd and owns 100% of the share capital. The company is dormant and is registered in England and Wales with the Companies Registrar.



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for the year ended 31 March 2023

13. Subsidiary Undertakings

Saxon Weald's subsidiary undertakings are:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Saxon Weald Capital Plc. *	Ordinary	100% (2022: 100%)	Group financing
Weald Property Development Ltd **	Ordinary	100% (2022: 100%)	Dormant

* Saxon Weald Capital Plc. has issued £50,000 of share capital of which £12,500 is paid up.

** Weald Property Development Ltd is exempt from the requirement to have their financial accounts audited by virtue of Section 480 of the Companies Act 2006.

14. Group and Society properties held for sale

	2023	2022
	£000	£000
Shared ownership - completed properties	-	-
Work in progress	3,065	1,504
	3,065	1,504

15. Group and Society Stock

The stock holding relates to materials held on vans for the in-house repairs team to use for completing repair jobs. The value of stock held as at 31 March 2023 was £195,000 (2022: £156,000).

16. Group and Society debtors

	2023	2022
	£000	£000
Due within one year		
Amounts receivable within one year:		
Rents and services receivable	1,857	1,312
Less: net present value adjustment	(28)	-
Less: provision for bad debts	(754)	(509)
	1,075	803
Other debtors	717	291
Other taxes and social security costs	37	340
Social housing grant receivable	-	265
Prepayments and accrued income	1,451	1,813
Due after more than one year		
Accrued income	1,160	-
Less: net present value adjustment	(204)	-
Less: provision for bad debts	(87)	-
	869	-
	4,149	3,512

17. Group and Society creditors: amounts falling due within one year

	2023	2022
	£000	£000
Housing loan interest	4,412	3,854
Loan - revolving credit facility repayment (note 22)	-	16,867
Contractors for certified work	2,374	1,675
Other taxes and social security costs	37	273
Rent charged in advance	277	402
Rent paid in advance	609	548
Trade creditors	505	596
Deferred capital grant	693	669
Recycled capital grant	-	39
Other creditors	4,509	3,975
Due to Horsham DC re. RTB sales receipts	382	331
	13,798	29,229



...Notes to the Financial Statements

for the year ended 31 March 2023

18. Group and Society creditors: amounts falling due after more than one year

	2023	2022
	£000	£000
Debt (note 22)	221,425	221,257
Loan facilities (note 22)	39,102	-
Recycled capital grant fund (note 19)	213	141
Deferred capital grant (note 20)	61,294	61,004
Amounts owed by group	322,034	282,402
Due to group companies	38	38
Amounts owed by society	322,072	282,440

19. Group and Society Recycled Capital Grant Fund (RCGF)

	Homes England 2023	Homes England 2022
	£000	£000
Funds pertaining to activities within areas covered by:		
Opening balance inputs to RCGF:		
As at 1 April	141	67
RCGF short term from prior year	39	-
Grants recycled	211	113
Interest accrued	5	-
Recycling of grant:		
New Build	(183)	-
Transfers to RCGF short term	-	(39)
Closing balance	213	141
Short-term Recycled Capital Grant Fund	-	39
Long-term Recycled Capital Grant Fund	213	141
Amounts 3 years or older where repayment may be required:	-	-

20. Group and Society Deferred Capital Grant

	2023	2022
	£000	£000
Grant		
As at 1 April	68,674	68,044
Additions	1,185	700
Disposals	(211)	(70)
As at 31 March	69,648	68,674
Amortisation		
As at 1 April	(7,001)	(6,348)
Credit for the year	(678)	(656)
Eliminated on disposal	19	3
As at 31 March	(7,660)	(7,001)
Carrying amount at 31 March	61,988	61,673

Social Housing Grants (SHG) are repayable in the event of the disposal of the related property. When this occurs, the total original grant is repayable and this comprises the unamortised balance together with the amortised amount. At the end of the year, the total amount of SHG potentially repayable was £69,648,000 (2022: £68,674,000).

21. Group and Society Financial Instruments

	2023	2022
	£000	£000
Financial assets:		
Measured at cost		
Cash and cash equivalents	20,617	9,576
Measured at amortised cost		
Other financial assets (included in note 16)	2,698	1,698
Total	23,315	11,274
Financial liabilities		
Measured at amortised cost		
Amortised Debt *	260,527	238,124
Other financial liabilities (included in note 17, 19)	12,431	10,885
Total	272,958	249,009

* Further details are provided within note 22



22. Group and Society borrowings

On 6 June 2012, Saxon Weald Capital plc successfully issued a £225m bond at a coupon of 5.375% for an average of 25 years. The bond was issued at a discount of 1.623%, so that the funds received were £221.3m which equates to a fixed interest rate of 5.496%.

The cost of issuing the bond was £1.3m leaving a net of £220m available to repay existing loans and to fund future development. The underlying assets of the issuance belong to Saxon Weald through a security trust arrangement with the Prudential Trustee Company Limited.

The bond discount and the costs of issue are amortised over the average term of the bond of 25 years. Saxon Weald is liable to Saxon Weald Capital plc for both the bond coupon and the amortisation cost of the bond discount and issue cost.

The fair value (market value) of the bond at 31 March 2023 was £224,678,250 (£280,932,750 in 2022).

Saxon Weald holds three revolving credit facilities, £35m with Santander and £35m with Natwest, split between a £25m 10 year facility and a £10m 5 year facility. The terms of these agreements for all three facilities were refreshed during the year.

Saxon Weald also drew down a pre-agreed £25m 25-year term loan with NatWest and subsequently cancelled and repaid this during the year.

Saxon Weald agreed a £70m private placement with Legal and General Investment Management in August 2022. This will be drawn in four tranches, the first two of which, totalling £40m, have been received in the year and the last two remaining tranches will be received in 2023-24. It has an average term 27.5 years at an average interest rate of 4.26%, with an ESG linked discount applicable in 2030 in the event agreed EPC (C) levels are achieved by this point.

	Saxon Weald		Group	
	2023	2022	2023	2022
	£000	£000	£000	£000
Loans to Group undertakings	221,425	221,257	-	-
Total	221,425	221,257	-	-
Bond	-	-	225,000	225,000
Bond discount and fees	-	-	(3,575)	(3,743)
Net bond	221,425	221,257	221,425	221,257
Loans (2022 - note 17)	40,000	17,000	40,000	17,000
Loan discount and fees (2022 - note 17)	(898)	(133)	(898)	(133)
Net Loan	39,102	16,867	39,102	16,867
Total borrowings	260,527	238,124	260,527	238,124

22. Group and Society borrowings (continued)

	Saxon Weald		Group	
	2023	2022	2023	2022
Loans repayable by instalments:	£000	£000	£000	£000
Less than one year (note 17)	-	16,867	-	16,867
In five years or more	260,527	221,257	260,527	221,257
	260,527	238,124	260,527	238,124

All loans are secured by way of specific charges on housing properties (See note 11a).

23. Group and Society Provisions for liabilities

	Holiday Pay £000
As at 1 April 2022	104
Reduction in provision in year	(14)
As at 31 March 2023	90

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the contractual cost payable for the period of absence.

24. Society Share capital

Saxon Weald is a Community Benefit Society. Non-executive Board members shall be the only shareholders and become shareholders on appointment. The liability of each member is limited to £1. Each share has full voting rights. The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. When a shareholder ceases to be a member, that share is cancelled. All shareholdings relate to non-equity interests.

	2023	2022
	£	£
As at 1 April	9	10
Issued during the year	2	3
Cancelled during the year	-	(4)
At the end of the year	11	9



...Notes to the Financial Statements

for the year ended 31 March 2023

25. Group and Society reconciliation of surplus after tax to net cash generated from operations

	2023	2022
	£000	£000
Surplus after tax for the year	7,410	3,186
Non-cash adjustments for:		
Depreciation of tangible fixed assets	7,729	7,224
Amortisation of intangible assets	118	118
Amortisation of government grants	(678)	(656)
Fair value (gains) on investment properties	(736)	(624)
Defined benefit pension scheme	527	951
(Decrease) in provisions	(14)	(10)
(Increase) in properties held for sale	(1,561)	(164)
Cash adjustments for:		
(Gain) on disposal of housing fixed assets	(3,471)	(2,914)
Investing activity adjustment for:		
Interest receivable	(114)	(2)
Financing activity adjustment:		
Interest and financing costs	8,129	12,246
Operating cash flows before movements in working capital	17,339	19,355
(Increase) / decrease in stock	(38)	30
(Increase) in trade and other debtors	(1,336)	(654)
Increase in trade and other creditors	305	756
	(1,069)	132
Cash generated from operations	16,270	19,487

	2023	2022
	£000	£000
Cash and cash equivalents		
Cash and cash equivalents represent:-		
Cash at bank *	20,617	9,576
	20,617	9,576

* Cash at bank includes £926,000 (2022: £829,000) which is ring fenced for sinking funds and tenancy deposits.



25. Group and Society reconciliation of surplus after tax to net cash generated from operations (continued)

	2023	2022
	£000	£000
Reconciliation of net cash flow to movement in net debt		
Increase / (Decrease) in cash in the year	11,041	(2,524)
(Increase) in debt funding	(22,054)	(11,541)
Changes in net debt resulting from cashflows	(11,013)	(14,065)
Non - cash movement	(349)	(241)
Net debt at beginning of year	(228,548)	(214,242)
Net debt at end of year	(239,910)	(228,548)

	At 31 March 2022	Cashflow	Non-cash movement*	Reclassification from short term to long term	At 31 March 2023
	£000	£000	£000	£000	£000
Net debt reconciliation					
Cash at bank and in hand	9,576	11,041	-		20,617
Debt due within one year	(16,867)	17,000	-	(133)	-
Bond Debt due after one year	(221,257)	-	(168)	-	(221,425)
Loan Debt due within one year	-	(39,054)	(181)	133	(39,102)
	(228,548)	(11,013)	(349)	-	(239,910)

* Non-cash movements are the amortisation costs in relation to the bond premium and loan issue costs.

26. Group and Society capital commitments and other contractual obligations

	2023	2022
	£000	£000
Capital expenditure for new development / acquisition that has been contracted for but has not been provided for in these financial statements		
To be spent within 1 year	7,612	21,600
To be spent after 1 year	7,080	15,246
	14,692	36,846
Capital expenditure for new development / acquisition that has been authorised by the Board but has not been contracted for	10,387	2,146
	25,079	38,992
The Group and Society expects to finance the above commitments by:		
Social housing grant receivable	1,244	675
Property sales	6,153	6,556
Loan	2,066	27,185
Cash	15,616	4,576
	25,079	38,992
In addition to the above, the Board has authorised capital expenditure on property components which have not been contracted for totalling:	7,394	6,400



...Notes to the Financial Statements

for the year ended 31 March 2023

27. Group and Society commitments under operating leases

	2023	2022
	£000	£000
As at 31 March 2023, the total future minimum lease payments under non-cancellable operating leases not relating to land and buildings as set out below:		
Less than one year	602	505
Between one and five years	1,360	1,082
	1,962	1,587

28. Group and Society Retirement benefits

The LGPS is a multi-employee/pension administered by West Sussex County Council under regulations governing the Local Government Pension Scheme, a defined benefit pension scheme. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2023.

The Group and Society accept the principal assumptions provided by First Actuarial, the society's pension advisors, to calculate of the valuation of the pension plan assets as at 31 March 2023.

The employer's contribution to the LGPS by Saxon Weald for the year ended 31 March 2023 was £1,236,000 (2022: £1,333,000) at a contribution rate of 28.5% (2022: 28.5%) of pensionable salaries. The employer's contribution rate for the year ending 31 March 2024 has been set at 28.5%

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

Financial Assumptions	2023	2022
Discount rate	4.80%	2.85%
Future salary increase rate	3.2%	3.5%
Future pension increase rate	2.7%	3.0%

Breakdown of the expected return on assets by category	Fair value of assets	
	2023	2022

The analysis of the scheme assets at the reporting date were as follows:

Equity Securities	0%	0%
Debt Securities	0%	0%
Private Equity	3%	2%
Property	10%	10%
Investment Funds	86%	88%
Cash	1%	0%

28 Group and Society Retirement benefits (continued)

Mortality	Males	Females
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The average life expectancy for a pensioner retiring at 65 on the reporting date is:

Current Pensioners	22.4 years	24.2 years
Future Pensioners	22.6 years	25.8 years

Future pensioners are assumed to be currently 45 years old.

Historic Mortality	Prospective Pensioners	Pensioners
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Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are as follows:

CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.0% and a long term rate of improvement of 1.25% p.a	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.0% and a long term rate of improvement of 1.25% p.a
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Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Changes in the present value of the defined benefit obligation:	2023 £000	2022 £000
Defined benefit obligation at 1 April	44,089	49,600
Current service cost	1,634	2,275
Past service cost	129	-
Interest cost	1,273	1,034
Contributions by scheme participants	321	337
Benefits paid	(840)	(809)
Actuarial (gains) / losses	(17,123)	(8,348)
Defined benefit obligation at 31 March	29,483	44,089

Changes in the fair value of plan assets:	2023 £000	2022 £000
Plan assets at 1 April	46,015	45,570
Interest income	1,321	942
Return on plan assets (excluding amounts included in net interest)	(3,106)	(1,358)
Contributions by employer	1,236	1,333
Contributions by scheme participants	321	337
Benefits paid	(840)	(809)
Plan assets at 31 March	44,947	46,015

The actual return on plan assets was a loss of £1,785,000 (2022: a loss of £416,000).



...Notes to the Financial Statements

for the year ended 31 March 2023

28. Group and Society Retirement benefits (continued)

	2023	2022
	£000	£000
Reconciliation to balance sheet		
Fair value of employer's assets	44,947	46,015
Present value of funded liabilities	(29,483)	(44,089)
Net Asset	15,464	1,926
Amounts in the balance sheet		
Asset	15,464	1,926
Net Asset	15,464	1,926

	2023	2022
	£000	£000

Amounts recognised in the statement of comprehensive income in respect of the defined benefit schemes are as follows:

Current service cost	1,634	2,275
Net interest on the net defined benefit pension liability	(48)	92
Past service cost and losses on curtailments and settlements	129	-
Actuarial loss (gain) / loss in respect of pension scheme	(13,538)	(6,990)
	(11,823)	(4,623)

	31 March 2024	% of pay
	£000	

Analysis of projected amount to be charged to operating surplus for the year to 31 March 2024

Projected current service cost	(709)	(15.7%)
Interest on obligation	(1,419)	(31.4%)
Expected interest income on plan assets	2,174	48.0%
	46	1.0%

The actuary estimates the employer's contributions for the year to 31 March 2024 will be approximately £1,235,000.



29. Contingent liabilities

The group and society had no contingent assets at 31 March 2023 (2022: nil).

The group receives a capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the group is required to recycle this grant by crediting the Recycled Capital Grant Fund.

In addition to the grant referenced within Notes 19 and 20, there is an additional £9.4m of grant which is netted off the relevant property assets contained within Note 11a. Should these properties be disposed of, this would create a relevant event and the grant would have to be recycled into the Recycled Capital Grant Fund.

At 31 March 2023, the group has disposed of properties, which had received £211,000 (2022: £113,000) of grant funding. The disposal of these properties has given rise to a relevant event for the purposes of recycling the grant and is shown within "grants recycled" in Note 19.

The group and society had no other contingent liabilities at 31 March 2023 (2022: £nil)

30. Events after the end of the reporting period

At the date of publishing, there have been no known adjusting or non adjusting events after the end of the reporting period, that impact the accounts of Saxon Weald.

31. Related Parties

Two members of the Board were residents of the Society during year to 31 March 2023. Their tenancies are subject to the same terms and conditions as all other tenants. The annual rent in relation to Board members during their board tenure is £13,000 and there were nil arrears on the accounts of current Board members at 31 March 2023.

Details of key management personnel's remuneration are included in note 8. Key management personnel are nonexecutive directors of the Board, members of the Executive Team and the Assistant Directors. There are no other parties regarded as key management personnel who have a controlling interest or influence over the society.

Saxon Weald has paid interest of £12.2m (2022: £12.2m) to Saxon Weald Capital plc, its subsidiary company, during the year. Details of the outstanding liabilities to Saxon Weald Capital plc are disclosed in note 22.





Saxon Weald is a charitable community benefit society (reg no. 7971) and is regulated by the Regulator for Social Housing.

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