



# GROUP ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 March 2022

Saxon Weald is a Community Benefit Society registered with the Financial Conduct Authority Number 7971

Registered with the Regulator of Social Housing number L4299



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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 2022
<b>Michael Chinn</b> FCCA, CPFA (Executive Member)	
<b>Steven Dennis</b> (Executive Member)	
<b>Hannah Eaton</b> BSc (Vice Chair)	Asset Management & Development Committee, Remuneration Committee (Chair)
<b>Simon Hardwick</b> (Chair)	Remuneration Committee, Emergency Committee (Chair)
<b>Debbie Joseph</b> BSc (Hons), PGCE (to 31 May 2021)	
<b>Michael Meanley</b> BSc (to 30 November 2021)	
<b>Charlotte Moore</b> B. Eng (Hons), C. Eng, MBA (MSc) (to 22 September 2021)	
<b>Susan Morris</b> BSc (Hons), PGCE (from 1 October 2021)	Asset Management & Development Committee, Remuneration Committee
<b>Mark Slater</b> JP, AIEMA	Asset Management & Development Committee, Audit & Risk Committee
<b>Joanne Sonin</b> MBA, PhD (from 1 September 2021)	Audit & Risk Committee, Remuneration Committee
<b>Graham Stark</b> (from 1 September 2021)	Asset Management & Development Committee (Chair), Emergency Committee
<b>Richard Stevens</b> FCA	Audit & Risk Committee (Chair), Emergency Committee
<b>Helen Tumminello</b> (to 11 February 2022)	

### 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 Experience

### External Auditor

**Beever and Struthers**

15 Bunhill Row  
London  
EC1Y 8LP

### Internal Auditor

**TIAA Ltd**

Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

### Main Bankers

**National Westminster Bank Plc**

47 Carfax  
Horsham  
RH12 1FD

### Solicitors

**Trowers & Hamlins**

3 Bunhill Row  
London  
EC1Y 8YZ

**Capsticks**

Staple House  
Staple Gardens  
Winchester  
SO23 8SR

**TLT Solicitors**

One Redcliffe Street  
Bristol  
BS1 6TP

# 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 40 to 49 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 2022 owned and managed 6,793 homes. Retirement housing for older people, extra care properties and leasehold flats for older people make up 26% of the housing owned. In addition to 5,760 social rented homes, we own 238 shared ownership homes, 157 leasehold homes for older people, 108 market rent homes and the freehold of 530 properties mainly sold under the right to buy/ right to acquire legislation. The purpose of the investment in market rent homes is to generate a financial return that is used to help achieve Saxon Weald's charitable objectives.

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. Saxon Weald collects rent and service charges from tenants. 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.

Saxon Weald is the parent of Saxon Weald Capital Plc and Weald Property Development Limited. Saxon Weald Capital Plc is a wholly owned subsidiary set up to secure 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, having taken timely action to manage the effects of the Covid-19 pandemic, and is now focussed on delivering the Corporate Plan objectives and continue to put customers at the very heart of what we do.

## 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 want to be and what we are. 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; and**
- **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; and**
- **Be a great place to work.**

## Focus on our customers

Focussing on our customers is our number one priority. We must engage with residents in a positive and open way, listening to their needs, wants and aspirations and providing timely, honest feedback. We must deliver services that are of good quality, doing the basics well and striving to meet our customers' expectations.

We are committed to:

- ▶ Build on the 'Your Voice' framework to strengthen our approach to engaging with and listening to customers.
- ▶ Use customer feedback and data to ensure we improve what we do in line with customer priorities.
- ▶ Develop a set of commitments to customers through the adoption of the National Housing Federation's Together with Tenants charter.
- ▶ Design services that are customer focussed, lead to greater trust and customer satisfaction and invest in the resources and technology to deliver them.
- ▶ Work with our customers to raise awareness of environmental issues and develop our sustainable approach.

# ...Strategic Report Incorporating the Operating and Financial Review

## Invest in our homes

Our homes must meet a good standard, being safe, warm, dry and affordable. Communal areas also need to be looked after well. We will invest in improving our homes' energy performance, seeking to lower customer fuel bills and reduce our carbon footprint. Any new affordable homes that we build must be designed to be net zero carbon.

We are committed to improve our homes through:

- ▶ Improving the data and information that we hold on our homes to improve our investment decisions.
- ▶ Creating a baseline from which to plan and measure carbon reduction.
- ▶ Enhancing the warmth and energy efficiency of our homes through a fabric first approach.
- ▶ Making sure that our homes are safe and secure.
- ▶ Ensuring that communal areas are looked after well.

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.
- ▶ Ensuring that all new homes will be highly efficient and contribute to reducing our carbon footprint.
- ▶ Delivering solutions for homes that do not meet customer or business expectations, through disposal, re-generation or re-development.
- ▶ Developing our relationship with Legal & General Affordable Homes.
- ▶ Seeking alternative sources of investment and partnership opportunities for additional new homes and existing 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 and implement flexible working and lifestyle principles.
- ▶ Embed Saxon Weald's new values into the culture and practices of the business.
- ▶ Refurbish the head office to provide an inspirational environment that supports new ways of working.
- ▶ Focus the training programme on customer service excellence, improving our digital skills and raising the awareness of sustainability issues.
- ▶ Work towards net zero carbon in our business operations.



## Performance

### Overview

The year was defined partly by the continued challenges of the Covid-19 pandemic. Saxon Weald responded to the restrictions placed on the business with customers at the centre of all decisions, ensuring that key services were maintained while ensuring the safety of our customers, staff and contractors.

Inevitably, the pandemic response affected the financial performance of the business. Of greatest impact to our customers was the pause to certain planned works and repairs which delayed aspects of our property programme. All works were re-scheduled and are included in the business plan without a detrimental impact on the provision of Decent Homes.

During 2021/22, Saxon Weald made a surplus of £3.2m (2021: £4.5m). The surplus was reduced this year due to lower levels of first tranche sales and higher accounting costs associated with the local government pension scheme (LGPS). There is an actuarial gain of £7.0m in respect of Saxon Weald's part of the LGPS pension fund, increasing total comprehensive income for the year to £10.2m (2021: £0.9m including an actuarial loss of £3.6m).

At the statement of financial position date, 31 March 2022, Saxon Weald held £77.6m in cash and available, secured facilities to fund future development and services.

£6.9m (2021: £3.4m) was invested in major repairs and the replacement of key aspects of our homes such as bathrooms, kitchens and windows.

85 new homes were completed in the year. With affordability an ever-increasing concern in the South East, demand for our homes continues to grow. In response, our Development Team has been working to identify opportunities to build new properties which meet a variety of needs.

Investment properties comprise market rent homes and garages which are held as charitable investments. At 31 March 2022, investment properties had a market value of £32.5m, £0.7m higher than at 31 March 2021.

Deferred capital grants of £61.7m are held as long-term creditors on the statement of

financial position. These include grants from Homes England (HE), local authorities and other government bodies. Grants are recognised when there is reasonable assurance that the grant conditions will be met, and the grants received. Grants are amortised (written-off) to the statement of comprehensive income over the life of the property structure they are received in respect of.

At 31 March 2022, Saxon Weald had capital commitments for property developments totalling £45.4m, of which £36.8m has been contracted for and £8.5m which has been authorised by the Board but is not in contract.

### Pension Scheme

An actuarial valuation of Saxon Weald's share of the assets and liabilities in the LGPS pension scheme at 31 March 2022 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 2022 is £1.9m, a positive movement of £7.0m since 31 March 2021.

### Financial Performance

During 2021/22, Saxon Weald made a surplus of £3.2m (2021: £4.5m). After the pension scheme actuarial gain of £7.0m, the total comprehensive income for the year increases to £10.2m.

Overall, surpluses on sales and costs savings made in the year have largely compensated for the costs associated with the pause to planned works and certain repairs during the Covid pandemic.

Saxon Weald's garages and market rent homes are held as investment properties. Investment properties are properties not held for social benefit and as such are measured at market value at the date of the statement of financial position.

# ...Strategic Report Incorporating the Operating and Financial Review

A summary of financial performance for 2021/22 and the preceding two years is shown below:

Financial Performance	2021/22	2020/21	2019/20
	£000	£000	£000
Turnover	44,950	45,179	47,684
Cost of sales	(945)	(1,349)	(3,969)
Operating expenditure	(32,113)	(28,766)	(27,294)
Gain on disposal of property, plant and equipment	2,914	1,800	1,980
Unrealised gain/(loss) on investment properties	624	22	2,508
Operating surplus	15,430	16,886	20,909
Net interest charges	(12,244)	(12,374)	(12,465)
<b>Surplus for the year</b>	<b>3,186</b>	<b>4,512</b>	<b>8,444</b>
Actuarial gain/(loss) in respect of pension scheme	6,990	(3,602)	6,832
<b>Total comprehensive income for the year</b>	<b>10,176</b>	<b>910</b>	<b>15,276</b>
Operating margin excluding sales – Rule minimum 30%	28%	34%	45%
Cash interest cover – Rule minimum 150%	181%	187%	220%
Adjusted cash interest cover* – Rule minimum 110%	108%	146%	145%
EBITDA MRI** – Rule minimum 125%	128%	164%	170%
Debt ratio*** – Rule – 65% or below	54%	53%	55%

\*Adjusted cash interest cover is adjusted operating surplus (defined as operating surplus + housing depreciation – amortised grant – capitalised repairs – surplus on sales) to net interest payable.

\*\*Earnings before interest, tax, depreciation, amortisation on 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.

Operating margin excluding sales is lower than in previous years, as a consequence of increased responsive repairs volumes, compared to previous years following the Covid-19 lockdowns, as well as lower capitalisation of costs as the asset replacement programme has been delayed following the re-allocation of resources to responsive repairs. All of the lender covenants have been comfortably achieved.

The other internal target is asset cover of 120% for security purposes. Savills carried out a valuation of Saxon Weald's properties at 31 March 2022. The total security value of the stock on an existing use social housing basis (EUV-SH), with the special assumption that affordable rent properties are valued at social rent, is £446m

(and without the special assumption are valued at £491m). Asset cover comfortably exceeds the target at 184%.

## Cash

The group held cash of £9.6m at 31 March 2022 (2021: £12.1m). This is invested in line 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. The bond 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. The covenants were met during the year, at year end and are anticipated to be met going forward.

## People

The people who work at Saxon Weald are our most important asset.

It has been a challenging year as many of our people continued to work remotely and/or were impacted by Covid-19 sickness and lockdown. We saw staff sickness absence levels increase, particularly as a result of Covid-related absences, and HomeFix operatives self-isolating, unable to work effectively from home. The overall level of staff sickness was 3.8% which is above Saxon Weald's target of 2.4% (short-term sickness was 1.8% and long-term sickness was 2%).

At 17%, staff turnover was above our target of 15% with managed turnover representing 1.70%. It was challenging to attract and retain specific trade

skills in an increasingly competitive market with industry specific shortages.

During 2021/22, we met with our staff to identify how to make Saxon Weald an even better place to work as part of an initiative we call Building Futures. One of the key findings was the need to streamline systems and processes that spanned the whole organisation. We are optimistic that the outcome will make a significant difference for staff and to the service we provide our customers.

Throughout 2021/22, Saxon Weald continued to focus on wellbeing; seeking regular staff feedback to help inform the wellbeing programme and running several activities to engage, inform, connect and support our people.

In January 2022, we welcomed people back into our newly refurbished head office which is designed to provide a modern, inclusive and collaborative working environment for people to connect. We also started our journey towards hybrid working for roles where this is possible to support our strategic objective to be a great place to work.

## Operating Performance

The table below 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	2021/22	2020/21	2019/20	2020/21 upper quartile/median*
Rent arrears – monthly average (%)	2.8	2.6	2.4	2.4/2.7
Void rent loss (%)	1.6	1.6	1.5	0.7/1.03
Emergency repairs in target (%)	88	97	100	n/a
Average repair completion time (days)	28.9	24.2	12.8	13/14.5
Satisfaction with repairs – STAR survey (% very and fairly satisfied)	74	77	83	81/78
Overall tenant satisfaction – STAR survey (% very and fairly satisfied)	81.0	82.0	86.5	86/84

\*HouseMark 2020/21 n/a – not available.

## ...Strategic Report Incorporating the Operating and Financial Review

Current rent arrears marginally increased in 2021/22 despite increases in the number of households on Universal Credit combined with rising utility and food costs. At year end, arrears were at 2.8% compared to a target of 3.5%.

Void rent loss performance at 1.6% did not meet our target of 1.3%. The new Head of HomeFix is working with the Empty Homes Team to improve the time it is taking to complete the works in void properties.

The percentage of emergency repairs completed within 24 hours reduced to 88%, which is a significant decline on previous years, as is the number of days to complete a repair. Our performance continued to be adversely affected by Covid-19, as access to homes has been restricted and both customers and staff have at times needed to shield for health reasons. The anticipated increases in 2021/22 did not come to fruition because of the continuance of restrictions during the year. While we achieved more investment in our homes through the major works programme than in 2020/21, restricted access to homes and working with Covid-19 measures caused us to underspend our budget for 2021/22. Our homes remain compliant with the decent homes standard and we are reprogramming the delayed works to ensure that standards are maintained for our customers.

Overall customer satisfaction in 2021/22 was 81% which is below the Customer Experience Strategy target of 88% and a slight reduction on satisfaction in 2020/21. While this reduction is of course disappointing, it is perhaps not surprising given the negative impact the pandemic had on some of our services during this period. Sector analysis for satisfaction provided by HouseMark has shown large variances in results over the course of the year. Saxon Weald has witnessed this with their own results reporting a monthly low of 76% to a high of 88%. Satisfaction with repairs service is often cited as closely correlating with overall satisfaction. Given the continued

challenges on repairs in 2021/22, this provides further insight into overall satisfaction results.

During 2021/22, 85 new homes were completed. 39 of these were land-led schemes and 46 were developer-led section 106 schemes.

Saxon Weald's contract with Homes England for the 2016-2021 Shared Ownership and Affordable Housing Programme (SOAHP) concluded on 31 March 2022. We are in contract with Homes England for the 2021-2026 Affordable Homes Programme and are currently in contract to deliver new homes as part of this programme through the Continuous Market Engagement route. We are planning to complete 126 homes in 2022/23.

Saxon Weald secured £642,000 of Homes England Grant for schemes in 2021/22. A further £65,250 has been confirmed and £270,000 unconfirmed for 22/23 and £90,000 unconfirmed for 2023/24. £415,000,000 worth of grant from Horsham District Council was provided for schemes in 2021/22. A further £414,000 worth of grant has been secured from Horsham District Council for 2022/23 with £180,000 in the process of being approved for 2022/23 and £180,000 for 2023/24. This approval is due in June 2022.

## 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 materialise; and
- ▶ 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. This includes promoting risk awareness and supporting staff in managing risk.

### 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.

- ▶ Each 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 operating environment. They also ensure that the controls in place are appropriate, robust and effective. Additionally, the full risk map is reviewed, with a focus on horizon scanning, to identify any new or emerging risks that may not have been picked up 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.

## ...Strategic Report Incorporating the Operating and Financial Review

► The strategic risks, with their overall ratings, are as follows:

Risk Reference	Risk	Owner	Gross Risk	Residual Risk
RM2202	Non-compliance with Health and Safety regulations / legislation and duty of care.	Executive Director – Customer Experience	25 (Unacceptable)	10 (High)
RM2204	Severe property market crash impacts our development programme and business plan viability.	Executive Director – Resources	16 (High)	12 (High)
RM2206	Poor performance by a contractor, partner or failure of a contract. (Includes HomeFix as an internal contractor).	Chief Executive	15 (High)	6 (Low)
RM2208	Inability of customers to afford their rent and service charges, leading to a substantial increase in arrears.	Executive Director – Customer Experience	20 (Unacceptable)	6 (Low)
RM2224	Failure to meet the Regulator of Social Housing standards for governance, financial viability, and consumer standards.	Chief Executive	16 (High)	4 (Low)
RM2236	Failure to achieve the business plan development assumptions.	Chief Executive	10 (High)	4 (Low)
RM2299	Changes in the external environment.	Chief Executive	8 (Moderate)	6 (Low)

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.

The principal emerging risk identified at the most recent Audit and Risk Committee review was inflationary risk including materials cost pressure. The business plan and budget have both been stress tested including high inflation scenarios and are sufficiently robust to manage this risk.

# Value for Money Statement 2021/22

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, approved by the Board in May 2022, 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 and reducing costs, optimising our assets and resources and improving business efficiency and effectiveness.

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, where appropriate, 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; and
- ▶ 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 below. The table compares Saxon Weald's actual performance against the metrics for previous years, along with its budgets and business plan expectations for 2021/22 to 2024/25.

## Value for Money Statement

RSH VfM Metrics	Actual 2020/21	Actual 2021/22	Budget 2021/22	Budget 2022/23	B/Plan 2023/24	B/Plan 2024/25
VfM 1 – Re-investment	5.4%	6.4%	9.9%	12.6%	11.8%	13.0%
VfM 2a – New supply social housing	0.4%	1.4%	1.5%	1.7%	2.0%	3.0%
VfM 2b – New supply non-social housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VfM 3 – Gearing	64%	62%	69%	71%	73%	73%
VfM 4 – EBITDA MRI	149%	106%	121%	117%	122%	133%
VfM5 – Headline social housing cost per unit	£3,974	£4,844	£4,471	£4,808	£5,123	£5,159
VfM6a – Operating margin (social housing lettings)	31%	25%	31%	30%	31%	32%
VfM6b – Operating margin (overall)	33%	28%	34%	31%	30%	29%
VfM7 – Return on capital employed	4.7%	4.3%	4.1%	4.0%	3.9%	4.2%

The above table partly reflects Saxon Weald's response to Covid-19 and impacts of lockdown restrictions on the national and global economy. During 2020/21 and 2021/22, the most significant financial change relates to substantial adjustments to the timing of planned maintenance, as delayed work was re-scheduled.

### VfM Metrics – Performance against Peer Group and the Sector

This section highlights Saxon Weald's 2020/21 and 2021/22 performance against the VfM metrics and compares it to that of our peer group and the sector for 2020/21, which is the most recent set of benchmark data available. It also shows Saxon Weald's budget and business plan forecasts for 2021/22 through to 2024/25.

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; and
- ▶ Organisation type (stock composition, structure, geography, turnover).

### VfM 1 – Re-investment

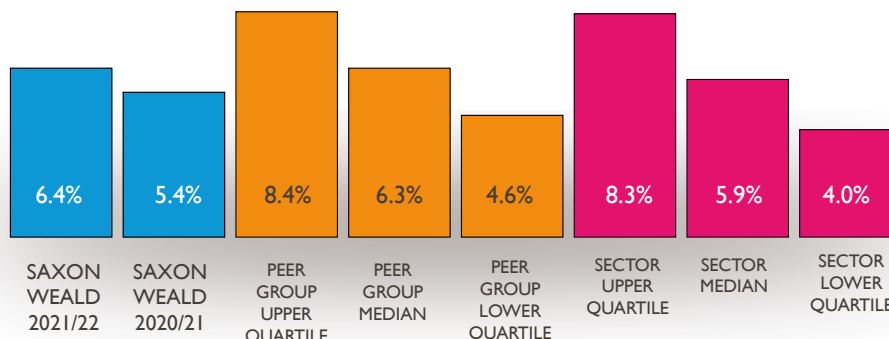
Re-investment is explained as spend on the development of new properties, plus spend on capital works to existing properties as a % of housing properties at cost.

The VfM metrics table shows that re-investment increased to 6.4% in 2021/22 from 5.4% in 2020/21. This is significantly below the budget aim of 9.9%. We knew that achieving budget for re-investment in existing homes would prove challenging in 2020/21, as Covid-19 restrictions continued to adjust our re-investment works programme. This proved to be equally as challenging in 2021/22, as the country emerged from the pandemic and restrictions eased.



When comparing re-investment performance against the sector and peer group, the following chart shows that, at 6.4%, Saxon Weald's spend on re-investment in 2021/22 is above the prior year median for both the sector and our peer group.

#### RE-INVESTMENT (%)



**Plans for improvement – looking forward:** We are targeting higher levels of investment in support of our new strategic aim to “Invest in our homes” and our commitment to improving energy efficiency and reducing our carbon footprint. This includes the rescheduling of some of our 2021/22 budgeted programme into 2022/23 and 2023/24.

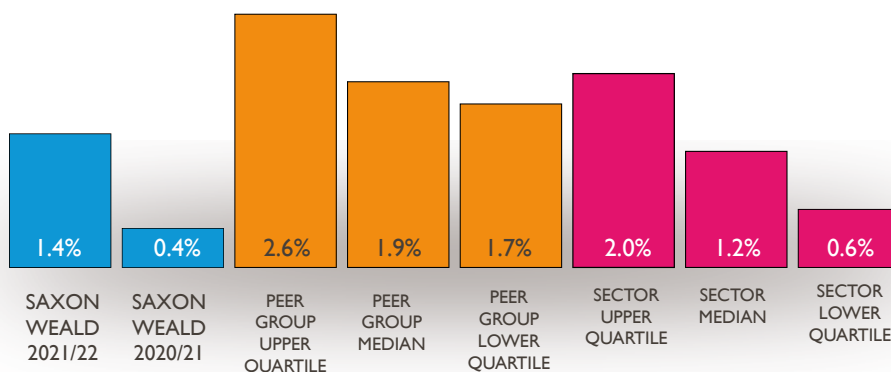
#### VfM 2a – New supply social housing (SH) and VfM 2b – New supply non-social housing

The new supply metric calculates the number of new properties as a % of existing properties. The new supply for 2021/22 comprised 85 properties built for social housing.

Spend on the development of new homes does not precisely equate to an increase in new supply % 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, dependent on the programme.

The following chart identifies that, at 1.4%, the percentage of properties developed for social housing in 2021/22 is below the lower quartile for the peer group but above the median for the sector.

#### SOCIAL HOUSING NEW SUPPLY DELIVERED (%)



**Plans for improvement – looking forward:** We are maintaining our target for developing 500 homes over a five-year period, averaging 100 per year. Our new supply target for 2022/23 is 108 homes.

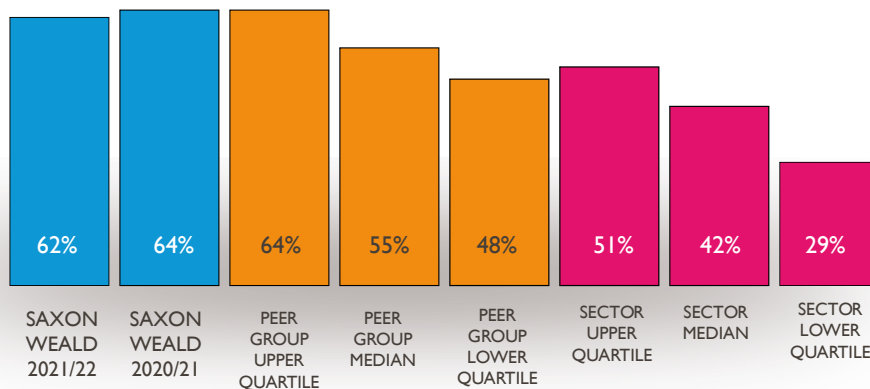
## ...Value for Money (VfM)

### VfM 3 – Gearing

Gearing is the measure of net debt as a % of housing properties at cost. As a large-scale voluntary transfer, Saxon Weald was originally 100% debt funded. Combined with continuous development and investment strategies, a gearing level at 62% remains higher than the sector median and represents our commitment to utilise our balance sheet capacity to provide more affordable homes.

The following chart shows that, at 62%, Saxon Weald's gearing is well above the upper quartile for the sector and just below the upper quartile for the peer group. However, in the context of Saxon Weald's origins and activity since transfer, it is not realistic in the short term to bring this measure to the median of the peer group/sector whilst continuing to develop new affordable homes.

#### 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 reinvest in maintaining existing stock, while remaining financially viable.

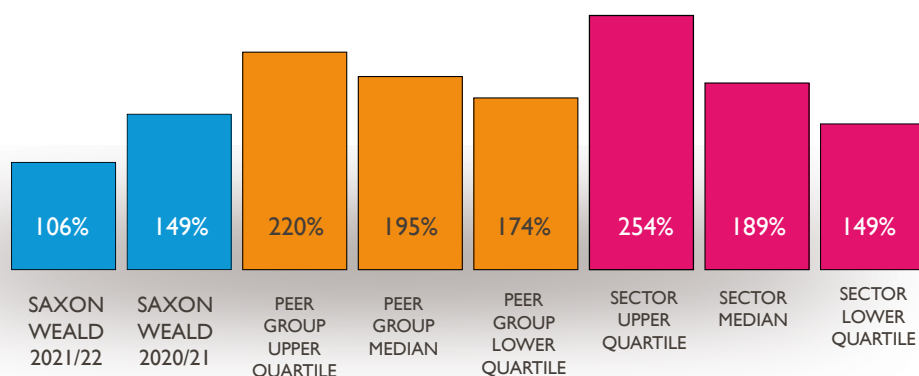
### VfM 4 – EBITDA MRI

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 activities, including the capitalised replacement of components in existing properties, will pay interest payable.

EBITDA MRI decreased to 106% in 2021/22, which is lower than the 121% budgeted for. Our internal rule for EBITDA MRI was eased with Board approval to accommodate the impact of Covid-19 for the year.

The following chart shows Saxon Weald's EBITDA MRI moving below the lower quartiles of both the sector and peer group.

## EBITDA MRI (%)



**Plans for improvement – looking forward:** To build Saxon Weald's financial resilience, the business plan shows an EBITDA MRI level of at least 122% for the next two years before increasing the target to 133% from 2024/25 onwards.

## 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 2020/21 (the latest available information):

COST PER UNIT	SAXON WEALD		SECTOR LEVEL & PEER GROUP COMPARISONS 2020/21					
	2021/22 £	2020/21 £	UPPER QUARTILE £		MEDIAN £		LOWER QUARTILE £	
			SECTOR	PEER GROUP	SECTOR	PEER GROUP	SECTOR	PEER GROUP
Headline social housing costs	4,844	3,975	4,349	3,983	3,597	3,931	3,146	3,230
Management	651	644	1,356	1,118	1,118	952	876	648
Service charge	1,164	1,072	613	436	360	329	207	293
Maintenance	1,065	1,436	1,357	1,465	1,111	1,348	934	1,061
Major repairs	1,594	561	976	1,013	706	561	407	460
Other social housing costs	369	261	343	250	174	130	69	110

The headline social housing cost per unit is 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 major repair costs explained above.

## ...Value for Money (VfM)

The provision of good quality homes for older people that meet a range of needs is a continual objective for Saxon Weald. Research carried out by the Office of National Statistics in October 2019 shows an increasing population of the UK, with the people at pensionable age predicted to increase from 12.3m in 2018 to 12.8m in 2028 and 15.9m in 2043. 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.

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

Cost per unit	2021/22			2020/21		
	General needs	Retirement	Extra care	General needs	Retirement	Extra care
	£	£	£	£	£	£
Headline social housing costs	4,242	6,191	8,980	3,269	5,816	8,633
Management	577	957	995	554	982	1,024
Service charge	432	2,565	5,391	278	2,569	5,413
Maintenance	1,711	1,513	1,430	1,458	1,714	1,640
Major repairs	1,203	1,156	1,164	618	551	556
Other social housing costs	320	0	0	360	0	0

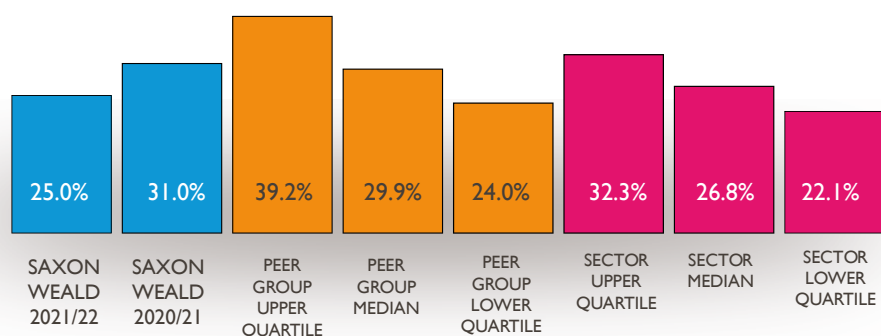
**Plans for improvement – looking forward:** Saxon Weald continues to develop a strategic partnership with Legal and General Affordable Homes (LGAH), through which we provide management services for up to 250 newly developed homes over a five-year contract term. This will deliver efficiency gains without capital cost. In addition, customer feedback will be used to help inform service improvement activities and influence efficiency gains across the business.

During 2021/22, we met with our staff to identify how to make Saxon Weald an even better place to work as part of an initiative we call Building Futures. One of the key findings was the need to streamline systems and processes that spanned the whole organisation. We are optimistic that the outcome will make a significant difference for staff and to the service we provide our customers.

### VfM 6a – Operating margin (SH lettings)

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

## OPERATING MARGIN FOR SOCIAL HOUSING LETTINGS (%)

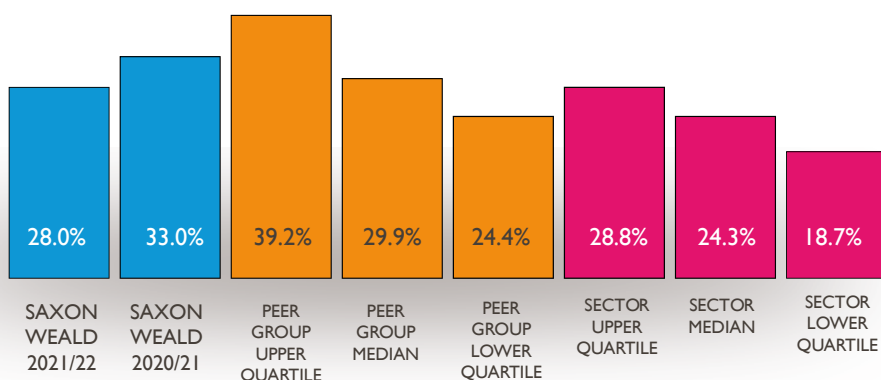


At 25%, Saxon Weald's operating margin (social housing lettings) is below the budget of 31%, putting us just above the lower quartile for the peer group and just below the sector median. Research undertaken by HouseMark has reported that organisations like Saxon Weald, with a higher proportion of retirement and/or extra care housing, have lower operating margins due to the higher costs associated with managing these types of properties.

## VfM 6b – Operating margin (overall)

In contrast, the following chart shows that Saxon Weald's overall operating margin is above 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.

## OPERATING MARGIN OVERALL (%)



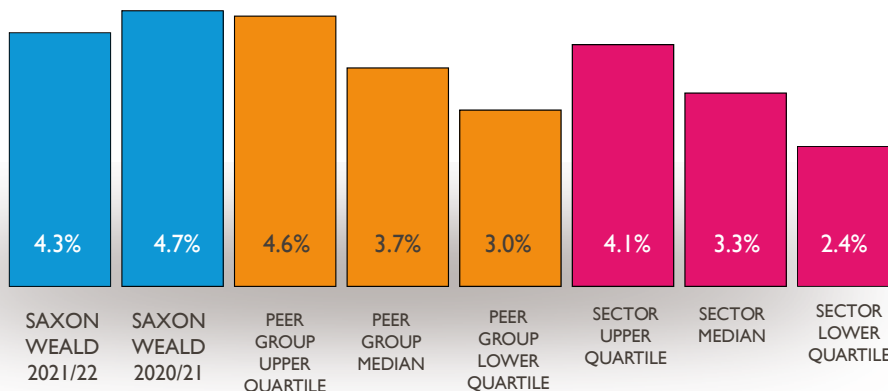
## VfM7 – Return on capital employed

Return on capital employed (ROCE) reflects the operating surplus as a % of total assets less current liabilities. This is a measure of the return an organisation makes from the capital used. ROCE achieved 4.3% in 2021/22.

The following chart shows that Saxon Weald's ROCE 2021/22 is above the median quartile for both the peer group and sector.

## ...Value for Money (VfM)

### RETURN ON CAPITAL EMPLOYED (%)

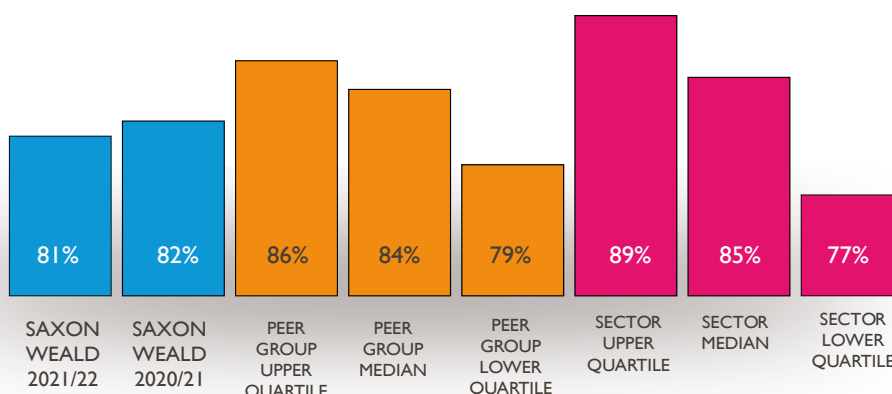


### Overall customer satisfaction

Focusing on our customers is a strategic aim of Saxon Weald and measuring overall satisfaction is a key metric used to demonstrate this. We use both online and telephone-based satisfaction surveys to collect the information, using the STAR question format. The feedback obtained enables comparisons to be drawn with our peers through submissions made to HouseMark.

The table below shows that overall tenant satisfaction in 2021/22 achieved 81%, which is a decrease over 2020/21 performance and is below our target of 88%. This is below both the sector and peer group medians. While this reduction is disappointing, it is perhaps not surprising given the continued negative impact the pandemic had on our services. HouseMark's Pulse annual survey report for 2021/22 shows the sector median satisfaction with the service provided was at 80%. Compared to this, our result is marginally better than the sector median for 2021/22.

### OVERALL CUSTOMER SATISFACTION (%)

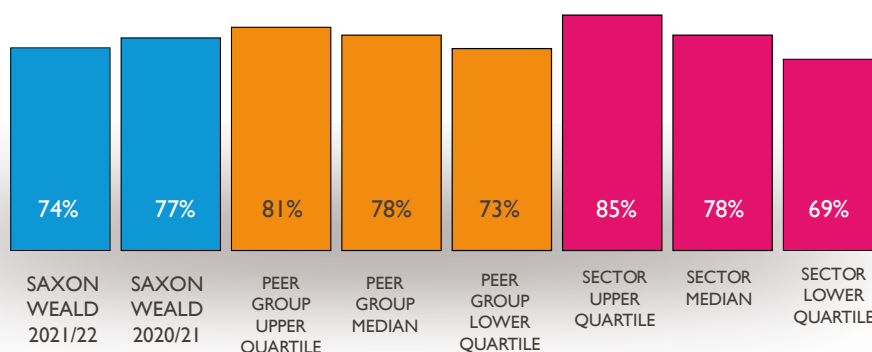


**Plans for improvement – looking forward:** We continue to make good progress on collecting, analysing and utilising customer feedback to inform and tailor our services. We have introduced a new post of Customer Engagement Manager whose role is to lead on customer engagement work and developing our Together With Tenants Charter; to ensure the voice of the customer is firmly embedded at the heart of our service provision.

## Customer satisfaction with the repairs service (HomeFix)

The responsiveness, reliability and quality of a landlord's repairs service is a key priority for customers. At 74% in 2021/22, customer satisfaction with Saxon Weald's in-house repairs service has decreased, putting us just above the lower quartile for both the peer group and sector. We recognise the impact that the reduction in our responsive repairs service, as a result of Covid restrictions, has had on our customer satisfaction in this area of the business.

### CUSTOMER SATISFACTION WITH THE REPAIRS SERVICE (%)

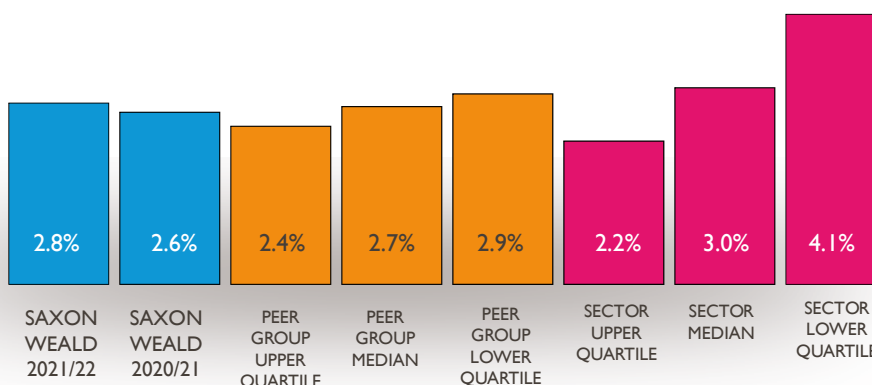


**Plans for improvement – looking forward:** We have made some significant improvements to the structure and staffing of our in-house repairs service HomeFix, particularly at a senior management level. An improvement plan put in place in March 2022 has a broad scope and is already delivering significant improvements, particularly in the time taken to complete repairs which was the key driver of dissatisfaction. Alongside this, we are also undertaking a major end-to-end review of our responsive repairs service as part of our Building Futures initiative. Critically, this includes working with customers to ensure we are cognisant of the customer journey and can build a service in line with their expectations.

## Current tenant arrears as a percentage of rent due

The following chart shows that, at 2.8%, rent arrears performance dipped in 2021/22. It remains comfortably within Saxon Weald's target of 3.5% and is just below the better lower quartile for the peer group but better than the sector median. Whilst we continue to manage arrears effectively, an increase is unsurprising considering the current economic climate in which tenants have to make stark choices when managing their finances.

### CURRENT TENANT ARREARS AS (%) OF RENT DUE



**Plans for improvement – looking forward:** Resource continues to be directed 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'. This fund not only directly benefits households facing immediate financial difficulty but also helps maximise the opportunity to ensure rent obligations are met.

## ...Value for Money (VfM)

### Rent as VfM

In addition to our own VfM metrics, Saxon Weald's STAR surveys identify tenant satisfaction with rent as value for money. At 88%, satisfaction with rent as value for money remains high and puts us in the median of our peer group.

### 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.

### 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 2021/22 concluded that Saxon Weald remains compliant with the Standard and its Code of Practice. The assessment also identified eight actions that will further improve our VfM performance, all of which were agreed for implementation within agreed timescales.

### 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, as important. This includes maintaining an appropriate level of re-investment in our existing stock, continuously improving our services and increasing overall customer satisfaction to 88% or better by 2023, which is achievable now that Covid restrictions are no longer impacting on our service delivery.



Whilst we are confident that VFM is embedded across our business activities and is a key consideration in decision making, delivering the levels of economic value achieved pre-Brexit, Coronavirus and the war in Ukraine is proving extremely challenging, as both national and global economies are squeezed and costs increase.

The continued investment in our existing stock, building new energy efficient homes, carrying out process improvements and the support provided by our Money Matters Team to help optimise tenants' incomes are just a few demonstrable examples of how we add value in other ways. We will continue to seek further opportunities to deliver economic, social, environmental and service efficiency value in all that we do and evidence this wherever we can.

## HouseMark Benchmark data 2020/21 – Peer Group Housing Associations

Organisation	Total Number of Properties	% Properties General Needs	% Properties Older People	Organisation Annual Turnover	In-House Repairs	Number of Properties Developed	General Needs Properties	Older People Properties
Saxon Weald	6721	62%	21%	£45,179,000	Yes	23	4179	1411
B3Living	4878	73%	6%	£33,336,000	Yes	0	3544	284
CHP	10429	85%	0%	£67,576,000	Yes	179	8820	23
Cottsway Housing Association	5068	92%	0%	£36,999,000	Yes	0	4643	0
Estuary Housing Association	4621	76%	2%	£40,404,000	Yes	0	3489	78
Golding Homes	8053	76%	12%	£59,188,000	No	227	6099	975
Greenfields Community Housing	8903	87%	5%	£ -	Yes	0	7783	408
Hightown Housing Association	7138	61%	1%	£90,088,000	Yes	429	4330	81
Housing Solutions	5741	70%	5%	£ -	Yes	0	4021	266
MHS Homes	9113	80%	5%	£60,123,000	Yes	151	7261	481
Paradigm Housing Group	15173	74%	0%	£153,215,000	Yes	289	11280	25
Raven Housing Trust	6830	76%	5%	£64,605,000	Yes	175	5163	339
Soha Housing	7274	77%	8%	£51,620,000	No	274	5566	551
Town and Country Housing Group	9424	79%	5%	£ -	No	374	7415	475
Vale of Aylesbury Housing Trust	8425	83%	7%	£49,035,000	Yes	0	6966	592
Worthing Homes	3869	78%	7%	£25,645,000	Yes	51	3031	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; and
- ▶ Organisation type (stock composition, structure, geography, turnover).



## ...Value for Money (VfM)

### 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 continued to be used in preparing the financial statements. The Board has considered the impact of Covid-19 on 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.

### On behalf of the Board

**Simon Hardwick, Chair**  
**18 July 2022**

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 2022. The strategic report is on pages 6 to 26.

## Governance

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

Debbie Joseph resigned as a Board member on 31 May 2021. Charlotte Moore resigned on 22 September 2021, having served a maximum term. Michael Meanley resigned on 30 November 2021 and Helen Tumminello resigned on 11 February 2022.

Joanne Sonin and Graham Stark were appointed as Board members on 1 September 2021. Susan Morris was appointed on 1 October 2021.

Jo Boswell was appointed to the Board after the year end, on 1 July 2022.

In November 2021, the regulator confirmed that we maintained the highest rating for governance and financial viability of G1 and V1.

The Board adopted the National Housing Federation (NHF) Code of Governance 2020 with effect from 1 April 2021.

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 2021/22, the non-executive Board members at Saxon Weald were paid as follows:

Simon Hardwick, Chair	£12,126
Hannah Eaton, Vice Chair and Chair of Remuneration Committee	£6,075
Richard Stevens, Chair of Audit and Risk Committee	£6,064
Debbie Joseph (to 31 May 2021)	£732
Michael Meanley (to 30 November 2021)	£2,947
Charlotte Moore (to 22 September 2021)	£3,637
Susan Morris (from 1 October 2021)	£2,197
Mark Slater	£6,064
Joanne Sonin (from 1 September 2021)	£2,564
Graham Stark, Chair of Asset Management & Development Committee (from 1 September 2021)	£2,564
Helen Tumminello (to 11 February 2022)	£3,815

## ...Report of the Board

The total amount paid to non-executive Board members during 2021/22 was £48,785 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 September 2019 and will be reviewed in September 2022.

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 98% and attendance at committee meetings was 95%.

43% of the non-executive Board members are female. 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 the risk register on a quarterly basis and undertake a thorough review annually. 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 Fraud Policy and Response Plan, the Bribery Prevention 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 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; and
- ▶ 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 a Fraud Policy and Response Plan, 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; and
- ▶ Reduce the adverse impact on Saxon Weald.

The Fraud Policy and Response Plan also make it clear that:

“All members of staff have an on-going duty to report suspected fraud to their line manager or Director of Saxon Weald. All managers have a continuing duty to deter, detect and respond to fraud in their business area.”

The Fraud Policy and Response Plan also require all cases of significant fraud to be reported to the police.

All staff have received training on their responsibilities under the Bribery Act 2010, the Fraud Policy and Response Plan and Saxon Weald's Whistleblowing Policy. The Audit and Risk Committee considers any entry into the fraud register at every meeting. During 2021/22, there has been one reported case of fraud and 12 reported cases of attempted fraud. The fraud case related to a low value theft of tools.

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 (for example, Treasury Management Policy, Standing Orders and Financial Regulations);
- ▶ Risk management activity including the effectiveness of the business planning, risk and control framework, stress testing and the annual risk mapping exercise considered by the Audit and Risk Committee and the Board;
- ▶ Audit and Risk Committee overview of the audit needs assessment, 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;
- ▶ Other reports from members of the Executive Team on operational and financial matters;
- ▶ Annual report of the Audit and Risk Committee;
- ▶ External auditors' audit findings report; and
- ▶ Reports issued by the Regulator of Social Housing (RSH).

## Material Concerns

The Board has identified no material control issues or problems during 2021/22. No material concerns have been raised by the RSH or HE 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 2022

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



# Independent auditor's report 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 2022 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 2022 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

## ...Independent auditor's report to the members of Saxon Weald

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

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

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

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

- ▶ We obtained an understanding of laws and regulations that affect the 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.

- ▶ 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 those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

### **Beever and Struthers Chartered Accountants Statutory Auditor**

Date:

15 Bunhill Row  
London  
EC1Y 8LP

# Group and Saxon Weald Statement of Comprehensive Income

for the year ended 31 March 2022

	Saxon Weald		Group		
	Note	2022 £000	2021 £000	2022 £000	2021 £000
Turnover	3	44,950	45,179	44,950	45,179
Cost of sales	3	(945)	(1,349)	(945)	(1,349)
Operating expenditure	3	(32,113)	(28,766)	(32,113)	(28,766)
Surplus on sale of fixed assets - Housing properties	3 / 7a	2,914	1,800	2,914	1,800
Unrealised gain on investment properties	11c	624	22	624	22
<b>Operating surplus</b>	<b>3</b>	<b>15,430</b>	<b>16,886</b>	<b>15,430</b>	<b>16,886</b>
Interest receivable	5	2	22	2	22
Interest and financing costs	6	(12,246)	(12,396)	(12,246)	(12,396)
<b>Surplus before taxation</b>	<b>7</b>	<b>3,186</b>	<b>4,512</b>	<b>3,186</b>	<b>4,512</b>
Taxation	9	-	-	-	-
<b>Surplus for the year</b>		<b>3,186</b>	<b>4,512</b>	<b>3,186</b>	<b>4,512</b>
Actuarial (loss) / gain in respect of pension scheme	28	6,990	(3,602)	6,990	(3,602)
<b>Total comprehensive income for the year</b>		<b>10,176</b>	<b>910</b>	<b>10,176</b>	<b>910</b>

All amounts relate to continuing activities.

The notes on pages 40 to 71 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 18 July 2022 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 Financial Position

for the year ended 31 March 2022

	Saxon Weald		Group	
	2022	2021	2022	2021
Note	£000	£000	£000	£000
<b>Fixed assets</b>				
Intangible assets	10	192	192	282
Housing properties	11a	339,890	326,151	339,890
Other fixed assets	11b	3,912	1,320	1,320
Investment properties	11c	32,490	31,847	32,490
Investment in subsidiaries	12	50	50	-
		<b>376,534</b>	<b>359,650</b>	<b>376,484</b>
				<b>359,600</b>
<b>Current assets</b>				
Properties held for sale	14	1,504	1,339	1,504
Stock	15	156	187	156
Trade and other debtors	16	3,512	2,244	3,512
Cash and cash equivalents		9,564	12,088	9,576
		<b>14,736</b>	<b>15,858</b>	<b>14,748</b>
				<b>15,870</b>
Creditors: amounts falling due within one year	17	(29,229)	(12,636)	(29,229)
<b>Net current assets / (liabilities)</b>		<b>(14,493)</b>	<b>3,222</b>	<b>(14,481)</b>
				<b>3,234</b>
<b>Total assets less current liabilities</b>		<b>362,041</b>	<b>362,872</b>	<b>362,003</b>
				<b>362,834</b>
<b>Creditors: amounts due after more than one year</b>				
Bond issue	18	-	-	221,257
Loans from group companies	18	221,257	221,097	-
Revolving Loan Facility	18	-	5,245	-
Long-term creditors - due to group companies		38	38	-
Grant creditors	18	61,145	61,101	61,145
		<b>282,440</b>	<b>287,481</b>	<b>282,402</b>
				<b>287,443</b>
<b>Provisions for Liabilities</b>				
Pension (asset) / liability	28	(1,926)	4,030	(1,926)
Other provisions	23	104	114	104
		<b>(1,822)</b>	<b>4,144</b>	<b>(1,822)</b>
				<b>4,144</b>
<b>Total Net Assets</b>		<b>81,423</b>	<b>71,247</b>	<b>81,423</b>
				<b>71,247</b>
<b>Reserves</b>				
Share Capital	24	-	-	-
Income and Expenditure reserve		81,423	71,247	81,423
<b>Total Reserves</b>		<b>81,423</b>	<b>71,247</b>	<b>81,423</b>
				<b>71,247</b>

In view of the constitution of the society, all shareholdings relate to non-equity interests, as disclosed in note 24. The notes on pages 40 to 71 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 18 July 2022 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 2022

	Income & Expenditure Reserve
	2022
	£000
Balance at 1 April 2020	70,337
<b>Total comprehensive income for the year</b>	<b>910</b>
Balance as at 31 March 2021	71,247
<b>Total comprehensive income for the year</b>	<b>10,176</b>
<b>Balance as at 31 March 2022</b>	<b>81,423</b>

The notes on pages 40 to 71 form part of these financial statements.

# Group Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £000	2021 £000
<b>Operating activities</b>			
Net cash generated from operations	25	19,488	21,255
<b>Cash flow from investing activities</b>			
Acquisition and construction of housing properties		(16,678)	(12,431)
Acquisition and works to investment properties		(26)	(16)
Component replacement		(5,452)	(2,503)
Sale of properties		4,121	2,452
Purchase of other tangible fixed assets		(2,923)	(477)
Purchase of intangible fixed assets		(18)	(108)
Grants received		700	1,343
Interest received	5	2	22
<b>Net cash flow used in investing activities</b>		<b>(20,274)</b>	<b>(11,718)</b>
<b>Cash flow from financing activities</b>			
Repayment of loans		(1,000)	(4,000)
New secured loans		12,000	6,000
Interest paid		(12,738)	(12,418)
<b>Net cash from financing activities</b>		<b>(1,738)</b>	<b>(10,418)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(2,524)</b>	<b>(881)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>12,100</b>	<b>12,981</b>
<b>Cash and cash equivalents at end of year</b>		<b>9,576</b>	<b>12,100</b>

# Notes to the Financial Statements

for the year ended 31 March 2022

## 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 2022.

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.



## 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.

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 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
<b>Structure</b> 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.

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

## ... Notes to the Financial Statements

for the year ended 31 March 2022

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 5.18%.

### 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:

<b>Freehold office building</b> 50 years straight line
<b>Freehold office fixtures and fittings</b> 25 years straight line
<b>Office furniture and equipment</b> seven years straight line
<b>IT equipment</b> 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

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest method.

### 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 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.

### 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.

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 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.

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### **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 where 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 of the valuation of the pension plan assets as at 31 March 2022. This represents a change from prior years where the society based its valuation on the assumptions provided by the LGPS actuaries.

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.

### 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 First Tranche Sales. This is because the Group and Society include these sales and disposals within its updated operating strategy. 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

### Social housing lettings

- General needs, housing for older people, supported and shared ownership housing (See note 3a)

### Other social housing activities

- Shared ownership first tranche sales

- Sales to eligible older people

- Other social housing activities

- Grants taken to income

### Non social housing activities

- Surplus on lettings (garages)

- Surplus on lettings (market rent)

- Surplus on disposal of fixed assets

- Unrealised gain on investment properties

	Turnover	Cost of sales	Operating costs	2022 Operating surplus	2021 Operating surplus
	£000	£000	£000	£000	£000
	41,962	-	(31,472)	10,490	12,621
	1,076	(945)	-	131	538
	-	-	-	-	-
	138	-	-	138	95
	8	-	-	8	228
	582	-	(31)	551	571
	1,184	-	(610)	574	951
	-	-	-	2,914	1,800
	0	0	0	624	22
	<b>44,950</b>	<b>(945)</b>	<b>(32,113)</b>	<b>15,430</b>	<b>16,886</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

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

	General needs £000	Housing for older people & supported housing £000	Shared ownership £000	2022 Total £000	2021 Total £000
<b>Income</b>					
Rents receivable net of identifiable service charges	26,379	8,287	1,226	35,892	35,024
Service charge income	586	4,694	134	5,414	5,466
Amortised Government Grants	161	437	58	656	649
<b>Turnover from social housing lettings</b>	<b>27,126</b>	<b>13,418</b>	<b>1,418</b>	<b>41,962</b>	<b>41,139</b>
<b>Expenditure</b>					
Management	(2,405)	(1,539)	(66)	(4,010)	(3,917)
Service charge costs	(1,801)	(5,305)	(61)	(7,167)	(6,528)
Responsive maintenance (routine maintenance)	(5,000)	(1,555)	(1)	(6,556)	(5,411)
Planned and cyclical maintenance	(2,135)	(816)	(6)	(2,957)	(3,333)
Major repairs expenditure	(1,066)	(336)	-	(1,402)	(913)
Bad debts	(79)	(30)	(4)	(113)	(215)
Depreciation of housing properties*	(4,889)	(1,872)	(232)	(6,993)	(6,613)
Pension (current cost less contributions)	(942)	-	-	(942)	(110)
Other costs	(1,332)	-	-	(1,332)	(1,478)
<b>Operating costs on social housing lettings</b>	<b>(19,649)</b>	<b>(11,453)</b>	<b>(370)</b>	<b>(31,472)</b>	<b>(28,518)</b>
<b>Surplus on social housing lettings</b>	<b>7,477</b>	<b>1,965</b>	<b>1,048</b>	<b>10,490</b>	<b>12,621</b>
<b>Voids - rent lost through dwellings being vacant</b>	<b>(312)</b>	<b>(329)</b>	<b>-</b>	<b>(641)</b>	<b>(631)</b>

\* Includes accelerated depreciation of £371,000 (2021: £215,000).

## 4 Accommodation in Management and Development

Under management at end of year:	Group			
	Social Number	Affordable Number	2022 Total Number	2021 Total Number
<b>Social Housing</b>				
General needs housing				
Owned general needs	3,351	763	4,114	4,050
Owned general needs managed by others	52	-	52	52
Managed general needs owned by others	-	3	3	-
Older People's Housing				
Extra Care	328	105	433	433
Retirement - Supported	984	64	1,048	1,051
Retirement - Non-Supported	69	41	110	110
	<b>4,784</b>	<b>976</b>	<b>5,760</b>	<b>5,696</b>
Shared ownership			238	235
Leasehold for older people			157	157
<b>Total Social Housing</b>			<b>6,155</b>	<b>6,088</b>
Market rent			108	108
Leasehold flats			530	525
<b>Total owned and managed</b>			<b>6,793</b>	<b>6,721</b>
Under development at end of year:				
Social Rent			8	-
Affordable Rent			83	133
Shared Ownership			22	6
			<b>113</b>	<b>139</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 5 Interest receivable and similar income

	Saxon Weald		Group	
	2022	2021	2022	2021
	£000	£000	£000	£000
Interest on bank deposits	2	22	2	22
	<b>2</b>	<b>22</b>	<b>2</b>	<b>22</b>

### 6 Interest payable and similar charges

	Saxon Weald		Group	
	2022	2021	2022	2021
	£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	59	57	59	57
Amortisation of bond discount and fees	159	151	159	151
Interest on loan	189	136	189	136
Amortisation of loan discount and fees	81	15	81	15
Loan non-utilisation fees	307	191	307	191
Pension fund interest cost	1,034	829	1,034	829
Pension fund expected return on assets	(942)	(820)	(942)	(820)
Capitalised interest on development*	(735)	(257)	(735)	(257)
	<b>12,246</b>	<b>12,396</b>	<b>12,246</b>	<b>12,396</b>

\* 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 5.18% (2021: 5.24%).

## 7 Group surplus on ordinary activities before taxation

Saxon Weald		Group	
2022	2021	2022	2021
£000	£000	£000	£000

### Is stated after charging:

Depreciation of housing properties (including accelerated depreciation of £371k (2021: £215k) (note 11a))

6,993	6,613	6,993	6,613
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Depreciation of other tangible fixed assets (note 11b)

230	208	230	208
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Amortisation of intangible fixed assets (note 10)

118	123	118	123
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Employer contributions to Scottish Widows defined contribution pension scheme

247	199	247	199
-----	-----	-----	-----

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

41	40	41	40
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- in their capacity as auditors - prior year

-	4	-	4
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Audit services - statutory audit of the Subsidiary

13	13	13	13
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### Total audit services

<b>54</b>	<b>57</b>	<b>54</b>	<b>57</b>
-----------	-----------	-----------	-----------

Operating lease expenditure

596	585	596	585
-----	-----	-----	-----

Salaries directly attributable to development projects capitalised

497	516	497	516
-----	-----	-----	-----

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

## 7a Surplus on sale of fixed assets - Housing properties

Saxon Weald		Group	
2022	2021	2022	2021
£000	£000	£000	£000

Disposal proceeds

4,217	2,520	4,217	2,520
-------	-------	-------	-------

Homes England grant

14	27	14	27
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Carrying value of fixed assets

(874)	(450)	(874)	(450)
-------	-------	-------	-------

Payable to Horsham District Council

(331)	(202)	(331)	(202)
-------	-------	-------	-------

Other costs to sell

(112)	(95)	(112)	(95)
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<b>2,914</b>	<b>1,800</b>	<b>2,914</b>	<b>1,800</b>
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Capital grant recycled (note 19)

113	29	113	29
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## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 8 Group and Society Employees

The average monthly number of persons (including directors) employed by the Society during the year was:

#### Actual

	2022 Number	2021 Number
Office and management	142	129
Housing support and care	32	33
Maintenance	74	77
Board members	8	8
	<b>256</b>	<b>247</b>

The average annual full time equivalent of persons (including directors) employed by the Society during the year was:

#### Full time equivalents

	2022 Number	2021 Number
Office and management *	129	121
Housing support and care **	30	31
Maintenance ***	76	77
Board members****	8	8
	<b>243</b>	<b>237</b>

\* 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 (2022) & 40, 42.5 & 45 hours (2021).

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

#### Staff costs for the above

	2022 £000	2021 £000
Wages and salaries	8,791	8,044
Social security costs	917	859
Other pension costs and current service cost	2,275	1,399
	<b>11,983</b>	<b>10,302</b>

## 8 Group and Society Employees continued

The full time equivalent number of staff with remuneration in the bandings below (inc. Employer Pension Contributions.)

	2022	2021
	Number	Number
£60,000 to £70,000	10	10
£70,001 to £80,000	7	3
£80,001 to £90,000	3	1
£90,001 to £100,000	0	1
£100,001 to £110,000	2	4
£110,001 to £120,000	3	2
£120,001 to £130,000	1	1
£140,001 to £150,000	0	0
£150,001 to £160,000	1	2
£160,001 to £170,000	1	0
£180,001 to £190,000	0	0
£190,001 to £200,000	1	1
	<b>29</b>	<b>25</b>

### Executive directors and Board members

	2022	2021
	£000	£000
Executive directors Remuneration and fees	417	413
Group contribution to money purchase pension schemes	108	95
Compensation for loss of office	0	0
Money value of benefits in kind	0	0
	<b>525</b>	<b>508</b>

The Executive directors, Assistant Directors and Board members are considered key management personnel for the purposes of FRS 102 and their remuneration is £1,687,000 (2021: £1,370,000).

The number of directors to whom retirement benefits are accruing under:

	2022	2021
	Number	Number
Defined benefit schemes was:	3	3
	<b>3</b>	<b>3</b>

	2022	2021
	£000	£000
Highest paid director		
Remuneration (includes benefits in kind and excluding pension)	159	157
Society contributions to pension scheme	41	41
	<b>200</b>	<b>198</b>

The Chief Executive is an ordinary member of the West Sussex Pension Scheme. He is 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.

	2022	2021
	£000	£000
Board members' Emoluments	49	48
	<b>49</b>	<b>48</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 9 Group taxation on surplus on ordinary activities

#### Factors affecting charge for the period

	Saxon Weald		Group	
	2022	2021	2022	2021
	£000	£000	£000	£000
<b>Surplus on ordinary activities before taxation</b>	<b>3,186</b>	<b>4,512</b>	<b>3,186</b>	<b>4,512</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020/21: 19%)	605	857	605	857
<b>Effects of:</b>				
Charitable exemption	(605)	(857)	(605)	(857)
<b>Current tax charge for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 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.

### 10 Group and Society Intangible Fixed Assets

#### Cost

	Software	Total
	£000	£000
At 1 April 2021	1,841	1,841
Additions	28	28
Disposals	-	-
<b>At 31 March 2022</b>	<b>1,869</b>	<b>1,869</b>

#### Accumulated Amortisation

At 1 April 2021	1,559	1,559
Charged to expense	118	118
Disposals	-	-
<b>At 31 March 2022</b>	<b>1,677</b>	<b>1,677</b>

#### Carrying amount:

<b>At 31 March 2022</b>	<b>192</b>	<b>192</b>
<b>At 31 March 2021</b>	<b>282</b>	<b>282</b>



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

Cost	Completed properties available for letting		Properties under construction		Total
	Rented	Shared ownership	Rented	Shared ownership	
	£000	£000	£000	£000	£000
At 1 April 2021	337,714	31,418	14,539	2,660	386,331
Additions	-	-	13,598	2,578	16,176
Schemes completed	17,747	1,304	(17,747)	(1,304)	-
Replacement components	5,454	-	-	-	5,454
Disposals*	(530)	(442)	-	-	(972)
Transfer to WIP	(94)	-	-	-	(94)
Components disposed of	(927)	-	-	-	(927)
<b>At 31 March 2022</b>	<b>359,364</b>	<b>32,280</b>	<b>10,390</b>	<b>3,934</b>	<b>405,968</b>

### Depreciation and impairment \*\*

At 1 April 2021	58,895	1,285	-	-	60,180
Charge for the year	6,394	228	-	-	6,622
Disposals	(152)	(16)	-	-	(168)
On components disposed of	(556)	-	-	-	(556)
<b>At 31 March 2022</b>	<b>64,581</b>	<b>1,497</b>	<b>-</b>	<b>-</b>	<b>66,078</b>

### Carrying amount:

<b>At 31 March 2022</b>	<b>294,783</b>	<b>30,783</b>	<b>10,390</b>	<b>3,934</b>	<b>339,890</b>
<b>At 31 March 2021</b>	<b>278,819</b>	<b>30,133</b>	<b>14,539</b>	<b>2,660</b>	<b>326,151</b>

The Society had property with a net book value of £242m pledged as security as at 31 March 2022 (2021: £244m).

The cumulative amount of capitalised interest included in fixed asset housing properties at 31 March 2022 was £8,294,000 (2021: £7,559,000).

### Housing properties book value net of depreciation

	2022 £000	2021 £000
Freehold properties	322,485	308,280
Long leasehold properties	17,405	17,871
	<b>339,890</b>	<b>326,151</b>

### Works to existing rented properties

Replacement components capitalised as above	5,454	2,503
Major repair works charged to revenue (note 3)	1,402	913
	<b>6,856</b>	<b>3,416</b>

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.

\*\* Accumulated impairment at year end is £nil (2021: £nil)..

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 11b Group and Society Tangible Fixed Assets - Other

	Freehold office £000	Office equipment £000	IT equipment £000	Total £000
<b>Cost</b>				
At 1 April 2021	1,105	141	1,126	2,372
Additions	2,263	379	180	2,822
Disposals	-	(29)	(143)	(172)
<b>At 31 March 2022</b>	<b>3,368</b>	<b>491</b>	<b>1,163</b>	<b>5,022</b>
<b>Depreciation</b>				
At 1 April 2021	239	80	734	1,053
Charge for the year	42	26	162	230
Disposals	(1)	(29)	(143)	(173)
<b>At 31 March 2022</b>	<b>280</b>	<b>77</b>	<b>753</b>	<b>1,110</b>
<b>Carrying amount:</b>				
<b>At 31 March 2022</b>	<b>3,088</b>	<b>414</b>	<b>410</b>	<b>3,912</b>
<b>At 31 March 2021</b>	<b>867</b>	<b>61</b>	<b>391</b>	<b>1,320</b>

## 11c Group and Society Investment Properties

### Group

	Garage stock £000	Market rented properties £000	2022 £000	2021 £000
At 1 April	6,800	25,047	31,847	31,907
Transfer from housing properties	(7)	-	(7)	(98)
Additions and works	-	26	26	16
(Decrease) / Increase in value	(107)	731	624	22
<b>Value as at 31 March</b>	<b>6,686</b>	<b>25,804</b>	<b>32,490</b>	<b>31,847</b>

All investment properties were valued as at 31 March 2022 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 2022 was £23,361,000 and at 31 March 2021 was £23,358,000.

#### The key assumptions used for the garage properties valuation were:

	2022 %	2021 %
Inflation rate - medium term (CPI)	2%	2%
Long-term rental increases	CPI + 1%	CPI + 1%

#### The key assumptions used for the market rent properties investment valuation were:

	2022 %	2021 %
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

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 12 Society investment in subsidiaries

	2022	2021
	£000	£000
<b>Cost</b>		
At 1 April	50	50
<b>At 31 March</b>	<b>50</b>	<b>50</b>

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.

### 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% (2021: 100%)	Group financing
Weald Property Development Ltd **	Ordinary	100% (2021: 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

	2022	2021
	£000	£000
Shared ownership - completed properties	-	196
Work in progress	1,504	1,143
	<b>1,504</b>	<b>1,339</b>

### 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 2022 was £156,000 (2021: £187,000).

## 16 Group and Society debtors: amounts falling due within one year:

### Amounts receivable within one year:

	2022 £000	2021 £000
Rents and services receivable	1,312	1,178
Less: provision for bad debts	(509)	(425)
	803	753
Other debtors	291	230
Other taxes and social security costs	340	-
Social housing grant receivable	265	30
Prepayments and accrued income	1,813	1,231
	<b>3,512</b>	<b>2,244</b>

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

	2022 £000	2021 £000
Housing loan interest	3,854	3,854
Loan - revolving credit facility repayment (note 22)	16,867	-
Contractors for certified work	1,675	2,983
Other taxes and social security costs	273	271
Rent charged in advance	402	499
Rent paid in advance	548	522
Trade creditors	596	677
Deferred capital grant	669	662
Recycled capital grant	39	-
Other creditors	3,975	2,966
Due to Horsham DC re. RTB sales receipts	331	202
	<b>29,229</b>	<b>12,636</b>

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

	2022 £000	2021 £000
Debt (note 22)	221,257	221,097
Loan - revolving credit facility (Note 22)	-	5,245
Recycled capital grant fund (note 19)	141	67
Deferred capital grant (note 20)	61,004	61,034
Amounts owed by group	282,402	287,443
Due to group companies	38	38
<b>Amounts owed by society</b>	<b>282,440</b>	<b>287,481</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

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

Funds pertaining to activities within areas covered by:

#### Opening balance inputs to RCGF:

	Homes England 2022 £000	Homes England 2021 £000
As at 1 April	67	71
RCGF short term from prior year	-	1,166
Grants recycled	113	29
Interest accrued	-	1

#### Recycling of grant:

New Build	-	(1,200)
Transfers to RCGF short term	(39)	-

<b>Closing balance</b>	<b>141</b>	<b>67</b>
<b>Short-term Recycled Capital Grant Fund</b>	<b>39</b>	<b>-</b>
<b>Long-term Recycled Capital Grant Fund</b>	<b>141</b>	<b>67</b>
<b>Amounts 3 years or older where repayment may be required:</b>	<b>-</b>	<b>-</b>

## 20 Group and Society Deferred Capital Grant

	2022	2021
Grant	£000	£000
As at 1 April	68,044	65,529
Additions	700	2,544
Disposals	(70)	(29)
<b>As at 31 March</b>	<b>68,674</b>	<b>68,044</b>
<b>Amortisation</b>		
As at 1 April	(6,348)	(5,701)
Credit for the year	(656)	(649)
Eliminated on disposal	3	2
<b>As at 31 March</b>	<b>(7,001)</b>	<b>(6,348)</b>
<b>Carrying amount at 31 March</b>	<b>61,673</b>	<b>61,696</b>

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 £68,675,000 (2021: £68,044,000).

## 21 Group and Society Financial Instruments

Measured at cost

	2022	2021
	£000	£000
<b>Financial assets:</b>		
Cash and cash equivalents	9,576	12,100
Other financial assets (included in note 16)	1,698	1,013
<b>Total</b>	<b>11,274</b>	<b>13,113</b>
<b>Financial liabilities</b>		
Amortised Debt *	238,124	226,342
Other financial liabilities (included in note 17, 19)	10,885	11,020
<b>Total</b>	<b>249,009</b>	<b>237,362</b>

\* Further details are provided within note 22

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 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 2022 was £280,932,750 (£306,911,250 in 2021).

Saxon Weald also holds a revolving credit facility of £35m with Santander which matures in 2026 and a £50m loan with NatWest which is split into a £25m 10-year revolving credit facility and a £25m, 25-year term loan. All £17m of the Santander facility drawn at 31 March 2022, is intended to be repaid within one year when the £25m Natwest term loan is drawn down.

	Saxon Weald		Group	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loans to Group undertakings	221,257	221,097	-	-
Total	221,257	221,097	-	-
Bond issue	-	-	225,000	225,000
Bond discount and fees	-	-	(3,743)	(3,903)
<b>Net bond</b>	<b>221,257</b>	<b>221,097</b>	<b>221,257</b>	<b>221,097</b>
Loan - revolving credit facility (2022 - note 17)	17,000	6,000	17,000	6,000
Loan discount and fees (2022 - note 17)	(133)	(755)	(133)	(755)
Net Loan	16,867	5,245	16,867	5,245
<b>Total borrowings</b>	<b>238,124</b>	<b>226,342</b>	<b>238,124</b>	<b>226,342</b>

	Saxon Weald		Group	
	2022	2021	2022	2021
	£000	£000	£000	£000
<b>Loans repayable by instalments:</b>				
Less than one year (note 17)	16,867	-	16,867	-
In five years or more	221,257	226,342	221,257	226,342
	<b>238,124</b>	<b>226,342</b>	<b>238,124</b>	<b>226,342</b>

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 2021	114
Reduction in provision in year	(10)
<b>As at 31 March 2022</b>	<b>104</b>

### 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.

	2022 £	2021 £
As at 1 April	10	10
Issued during the year	3	2
Cancelled during the year	(4)	(2)
<b>At the end of the year</b>	<b>9</b>	<b>10</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

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

	2022 £000	2021 £000
Surplus after tax for the year	3,186	4,512
<b>Non-cash adjustments for:</b>		
Depreciation of tangible fixed assets	7,224	6,821
Amortisation of intangible assets	118	123
Amortisation of government grants	(656)	(649)
Fair value (gains) on investment properties	(624)	(22)
Defined benefit pension scheme	951	36
(Decrease) / Increase in provisions	(10)	59
Disposal of other fixed assets - office	0	458
(Increase) in properties held for sale	(164)	(507)
<b>Cash adjustments for:</b>		
(Gain) on disposal of housing fixed assets	(2,914)	(1,800)
<b>Investing activity adjustment for:</b>		
Interest receivable	(2)	(22)
<b>Financing activity adjustment:</b>		
Interest and financing costs	12,246	12,396
<b>Operating cash flows before movements in working capital</b>	<b>19,355</b>	<b>21,405</b>
Decrease in stock	30	70
(Increase) in trade and other debtors	(654)	(427)
Increase in trade and other creditors	756	207
	<b>132</b>	<b>(150)</b>
<b>Cash generated from operations</b>	<b>19,487</b>	<b>21,255</b>

	2022 £000	2021 £000
<b>Cash and cash equivalents</b>		
Cash and cash equivalents represent:-		
Cash at bank *	9,576	12,100
	<b>9,576</b>	<b>12,100</b>

\* Cash at bank includes £829,000 (2021: £721,000) 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)

	2022	2021
	£000	£000
<b>Reconciliation of net cash flow to movement in net debt</b>		
(Decrease) in cash in the year	(2,524)	(881)
(Increase) in debt funding	(11,541)	(1,469)
Changes in net debt resulting from cashflows	(14,065)	(2,350)
Non - cash movement	(241)	(156)
Net debt at beginning of year	(214,242)	(211,736)
<b>Net debt at end of year</b>	<b>(228,548)</b>	<b>(214,242)</b>

	At 31 March 2021	Cashflow	Non-cash movement*	At 31 March 2022
<b>Net debt reconciliation</b>				
Cash at bank and in hand	12,100	(2,524)	-	9,576
Bond Debt due after one year	(221,097)	-	(160)	(221,257)
Loan Debt due within one year	(5,245)	(11,541)	(81)	(16,867)
	<b>(214,242)</b>	<b>(14,065)</b>	<b>(241)</b>	<b>(228,548)</b>

\* 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

	2022	2021
	£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	21,600	17,837
To be spent after 1 year	15,246	20,484
	<b>36,846</b>	<b>38,321</b>
Capital expenditure for new development / acquisition that has been authorised by the Board but has not been contracted for		
	2,146	-
	<b>38,992</b>	<b>38,321</b>
The Group and Society expects to finance the above commitments by:		
Social housing grant receivable	675	1,470
Property sales	6,556	5,525
Loan	27,185	24,226
Cash	4,576	7,100
	<b>38,992</b>	<b>38,321</b>
In addition to the above, the Board has authorised capital expenditure on property components which have not been contracted for totalling:	<b>6,400</b>	<b>6,238</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2022

### 27 Group and Society commitments under operating leases

As at 31 March 2022, the total future minimum lease payments under non-cancellable operating leases not relating to land and buildings as set out below:

	2022	2021
	£000	£000
Less than one year	505	453
Between one and five years	1,082	512
	<b>1,587</b>	<b>965</b>

### 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 2022.

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 2022. This represents a change from prior years where the society based its valuation on the assumptions provided by the LGPS actuaries.

The employer's contribution to the LGPS by Saxon Weald for the year ended 31 March 2022 was £1,333,000 (2021: £1,289,000) at a contribution rate of 28.5% (2021: 28.5%) of pensionable salaries. The employer's contribution rate for the year ending 31 March 2023 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	2022	2021
Discount rate	2.85%	2.05%
Future salary increase rate	3.5%	3.3%
Future pension increase rate	3.0%	2.8%

#### Breakdown of the expected return on assets by category

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

	Fair value of assets	
	2022	2021
Equity Securities	0%	50%
Debt Securities	0%	1%
Private Equity	2%	2%
Property	10%	7%
Investment Funds	88%	36%
Cash	0%	4%

## ...28 Group and Society Retirement benefits (continued)

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

	Males	Females
Current Pensioners	21.6 years	23.9 years
Future Pensioners	22.8 years	25.4 years

Future pensioners are assumed to be currently 45 years old.

### Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Prospective Pensioners	Pensioners
CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5% p.a.	CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5% p.a.

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:	2022 £000	2021 £000
Defined benefit obligation at 1 April 2021	49,600	35,523
Current service cost	2,275	1,399
Interest cost	1,034	829
Contributions by scheme participants	337	321
Plan introductions, changes, curtailments and settlements	-	-
Benefits paid	(809)	(656)
Actuarial losses (gains) / losses	(8,348)	12,184
<b>Defined benefit obligation at 31 March 2022</b>	<b>44,089</b>	<b>49,600</b>

Changes in the fair value of plan assets:	2022 £000	2021 £000
Plan assets at 1 April 2021	45,570	35,214
Interest income	942	820
Return on plan assets (excluding amounts included in net interest)	(1,358)	8,582
Contributions by employer	1,333	1,289
Contributions by scheme participants	337	321
Benefits paid	(809)	(656)
<b>Plan assets at 31 March 2022</b>	<b>46,015</b>	<b>45,570</b>

The actual return on plan assets was a loss of £416,000 (2021: a gain of £9,402,000).

## ...28 Group and Society Retirement benefits (continued)

Reconciliation to balance sheet	2022	2021
	£000	£000
Fair value of employer's assets	46,015	45,570
Present value of funded liabilities	(44,089)	(49,600)
<b>Net Asset / (Liability)</b>	<b>1,926</b>	<b>(4,030)</b>

### Amounts in the balance sheet

Liabilities	1,926	(4,030)
<b>Net Asset / (Liability)</b>	<b>1,926</b>	<b>(4,030)</b>

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

	2022	2021
	£000	£000
Current service cost	2,275	1,399
Net interest on the net defined benefit pension liability	92	9
Past service cost and losses on curtailments and settlements	-	-
Actuarial loss / (gain) in respect of pension scheme	(6,990)	3,602
	<b>(4,623)</b>	<b>5,010</b>

### Analysis of projected amount to be charged to operating surplus for the year 31 March 2023

	31 March 2023	
	£000	% of pay
Projected current service cost	(1,763)	(39.0%)
Interest on obligation	(1,276)	(28.2%)
Expected interest income on plan assets	1,324	29.3%
	<b>(1,715)</b>	<b>(37.6%)</b>

The actuary estimates the employer's contributions for the year to 31 March 2023 will be approximately £1,333,000.

## 29 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.

## 30 Related Parties

Three members of the Board were residents of the Society during year to 31 March 2022, one of whom resigned from the Board in May 21. 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 £19,000 and there were nil arrears on the accounts of current Board members at 31 March 2022.

Details of key management personnel's remuneration are included in note 8. Key management personnel are non-executive 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 (2021: £12.1m) 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.

## 31 Transition to Accounting Direction 2022

There has been no effect on reserves following the adoption of the Accounting Direction 2022 from the Accounting Direction 2019.



# SAXON WEALD

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

t: 01403 226000 | e: [hello@saxonweald.com](mailto:hello@saxonweald.com) | [www.saxonweald.com](http://www.saxonweald.com)



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