

**Saxon Weald Capital Plc**

**Annual Report and Financial Statements**

**For the year ended 31 March 2022**

**Company Registered Number 8050531**

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# **Saxon Weald Capital Plc**

## **Directors and Advisers**

### **Directors**

Simon Hardwick (Chair)  
Michael Chinn FCCA, CPFA  
Steven Dennis  
Helen Tumminello (to 14 February 2022)

### **Company Secretary**

Michael Chinn FCCA, CPFA

### **Registered Office**

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

### **Bankers**

Bank of New York Mellon  
London Branch  
One Canada Square  
London  
E14 5AL

### **Auditor**

Beever and Struthers  
15 Bunhill Row  
London  
EC1 8LP

### **Solicitors**

Trowers & Hamlins  
3 Bunhill Row  
London  
EC1Y 8YZ

### **Registered Number**

Company Number: 8050531

# **Saxon Weald Capital Plc**

## **Strategic Report**

The Directors present their Annual Report and audited financial statements for the year ended 31 March 2022.

### ***Business model and strategy***

On 6 June 2012, Saxon Weald Capital Plc (“the Company”) issued a £225m bond at a coupon of 5.375% with a 20% repayment of capital after 20 years in 2032 and every two and a half years thereafter with the final repayment in June 2042. 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 underlying assets of the issuance belong to Saxon Weald (“the Parent”) through a security trust arrangement with the Prudential Trustee Company Limited.

The bond discount and the costs of issue are amortised over the term of the bond using the effective interest rate method. The Parent is liable to the Company for both the bond coupon and the amortisation cost of the bond discount and issue cost under the terms of an agreement between the two entities.

### ***Results***

The Company is operating successfully, as intended, as a funding vehicle for the Parent.

The results of the Company for the year ending 31 March 2022 are set out on page 15, with interest payable of £12.3m (2021 - £12.2m) matching the interest receivable and leading to the anticipated £nil result for the year. The Directors do not recommend the payment of a dividend.

Page 16 shows the statement of financial position, with net assets remaining at £50,000 – as a result of amounts owed to bond holders being equal to amounts lent to the Parent. Cashflow was neutral for the year, with cash balances remaining unchanged at £13,000.

### ***Key performance indicators***

The entity operates as a group funding vehicle and as such has no specific key performance indicators other than being monitored against the original performance model and is expected to break even.

### ***Financial risk management***

The Company’s operations expose it to financial risks that include the effects of interest rate risk, liquidity risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects of financial risks.

## **Saxon Weald Capital Plc**

### ***Interest rate and liquidity risk***

As at 31 March 2022, 100% of the Company's debt was on fixed rate terms. The Company lends the full amount of the loans it itself borrowed, at identical terms, thereby matching its liabilities and interest payable.

### ***Credit risk***

As at 31 March 2022, the Company had lent on all of its funds to the Parent and therefore the main risk is that the Parent will be unable to pay interest or principal when they fall due. The Directors have considered the financial covenants and support from the Parent and are content that there exists sufficient risk mitigation to maintain the payments of interest and principal.

The underlying assets of the issuance belong to the Parent through a security trust arrangement with the Prudential Trustee Company Limited. The loan to the Parent is made under the terms of an agreement between the two companies.

### ***Future outlook***

The Directors expect medium term future performance to match the current year. The Directors consider the going concern basis is appropriate in preparing the financial statements.

### ***Section 172 Statement***

Throughout the year, the Board of Directors has made due consideration during its discussions and decision-making of the matters set out in section 172 of the Companies Act 2006. Set out below is a description of how the Directors have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

Our long-term strategy is to access the capital market to supply bond funding to our Parent as dictated by the group treasury strategy, supporting the Parent to achieve its social and environmental goals.

The Company has no employees.

The group maintains tight budgetary controls, ensuring the Company can meet its contractual obligations and interest payments each year. This provides assurance to the bondholders that the Company can achieve the returns required to meet our commitments to them.

The activity of the Company is to draw down capital financing. The on lending of those funds to the Parent has a significant impact on the local environment and communities as it funds that organisation's activities.

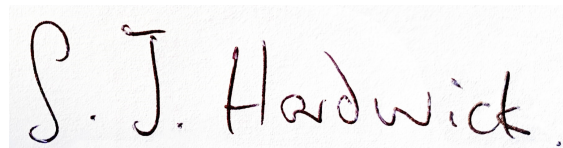
As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so will contribute to the delivery of our plan.

## **Saxon Weald Capital Plc**

### ***Section 172 Statement continued***

The Company is wholly owned by the Parent and the Directors believe that in the course of business for the year, the Company has acted fairly and transparently in the interests of the Parent.

On behalf of the Board

A handwritten signature in black ink on a light-colored background. The signature reads "S. J. Hardwick" in a cursive, slightly slanted script.

Simon Hardwick  
Chair  
18 July 2022

## **Saxon Weald Capital Plc**

### **Corporate Governance Statement**

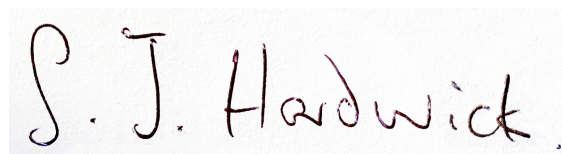
#### ***Internal control***

The Parent has a group treasury management policy and regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities measured. The Company acknowledges that effective treasury management provides support towards the achievement of its business and service objectives.

#### ***Audit committee***

According to the Disclosure and Transparency Rules, if the sole business of the Company relates to the issuing of asset backed securities, the Company is exempt from the requirement to establish an audit committee (under DTR 1B.1.3R (2) of the Disclosure and Transparency Rules) as its Parent has a committee who perform the functions for the group. In this respect, it is not required to establish an audit committee.

On behalf of the Board

A handwritten signature in dark ink that reads "S. J. Hardwick". The signature is written in a cursive style and is positioned on a light-colored rectangular background.

Simon Hardwick  
Chair  
18 July 2022

## **Saxon Weald Capital Plc**

### **Directors' Report**

#### ***Principal activities***

The principal activity of the Company is to act as an onward lender of bond monies to its immediate Parent, Saxon Weald.

The Directors of the Company, who have served during the year and to the date the financial statements were signed, are:

Simon Hardwick (Chair)  
Michael Chinn FCCA, CPFA  
Steven Dennis  
Helen Tumminello (to 14 February 2022)

#### ***Independent Auditor***

Beever and Struthers were reappointed by way of resolution of the Board in December 2021.

#### **Directors' remuneration**

The Directors of the Company are Board members of and remunerated by the Parent. Full disclosures on Directors' remuneration is included in the Parent's financial statements.

#### **Corporate Governance Statement**

The Corporate Governance Statement on page 7 forms part of this Directors' Report.

#### **Strategic Report**

The Company has chosen, in accordance with section 414C (11) of the Companies Act 2006, to set out in the Company's strategic report information required by Schedule 7 of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of its review of financial risk management and likely future developments.

#### **Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:



## Saxon Weald Capital Plc

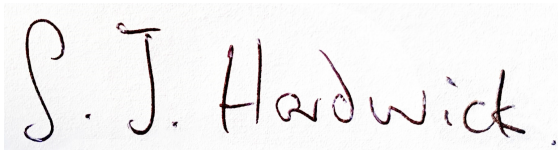
- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the Report of the Directors confirms that:

- (a) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) He / She has taken all the steps that he ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

A handwritten signature in dark ink that reads "S. J. Hardwick". The signature is written in a cursive style with a period after the first name and a period at the end of the last name.

Simon Hardwick  
Chair  
18 July 2022

# Saxon Weald Capital Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SAXON WEALD CAPITAL PLC

### Opinion

We have audited the financial statements of Saxon Weald Capital plc (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 March 2022 and of its result 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 Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor of Saxon Weald Capital plc by the Board for the period ending 31 March 2021. The period of total uninterrupted engagement for the Company is two financial years, ending 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 Company'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.

# Saxon Weald Capital Plc

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address these matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

### i. Recoverability of long term debtors

#### The risk – significant risk high value

Saxon Weald Capital plc is a special purpose vehicle formed for the purpose of receiving the proceeds of a bond issue in 2012. The Company on-lent the entire bond issue proceeds to Saxon Weald. The financial statements of the Company show the following balances in relation to the bond issue:

- Long term debtor due from Saxon Weald: £221.3m (2021: £221.1m)
- Long term creditor due to bondholders: £221.3m (2021: £221.1m)

Refer to pages 19-20 (accounting policy) and pages 22-23 (financial disclosures).

The ability of Saxon Weald to service and repay the debt due to the Company is a key audit matter. During the year ended 31 March 2022, macroeconomic conditions had a significant impact on the UK economy and on the activities of housing associations. As auditors to the Company, we are required to consider the impact of the economy on the financial outlook for Saxon Weald and assess its impact on the going concern status of the Company, and on the accounting treatments and disclosures within the Company's financial statements.

#### Our response

Our procedures included:

- **Assessment of recoverability:** Assessing 100% of intercompany long term debtors by considering the financial viability of Saxon Weald, in particular whether the Group has sufficient liquidity to meet interest payments as they fall due, and sufficient longer term future cash flows to repay the debt. We have reviewed Saxon Weald's internal assessment of the implications of COVID-19, and management information relating to actual and forecast financial performance after the year end. We have reviewed the Group's long term financial plans, revised in the light of the current economic climate, and the stress testing of those plans. We have considered the potential impact of these matters on the Group's financial viability into the foreseeable future, and on its status as a going concern
- **Test of detail:** Agreeing the debtor balance to the accounting records of the Company and Saxon Weald.
- **Test of detail:** Agreeing interest receipts and payments, and capital repayments, between the accounting records of Company and Saxon Weald, and payments to the bondholder.

## Saxon Weald Capital Plc

### Our results

We identified a number of areas where macroeconomic conditions could potentially impact significantly on Saxon Weald, including:

- Impairment
- Rent collection and bad debts
- Sales risk and exposure to the property market
- Investment properties
- Pension scheme valuation

Based on the audit work performed we performed, we are satisfied that the above matters do not cause material uncertainty in the ability of Saxon Weald to repay its debt to the Company, and we are satisfied with the assessment of the Company's Board that the Company remains a going concern.

We have nothing to report in this regard.

### **Our Application of Materiality and an Overview of the Scope of the Audit**

The materiality for the audit of the Company for the year ended 31 March 2022 was £245,060 determined with reference to the average of the following benchmarks:

- 2% of interest receivable

Performance materiality was calculated at 75% of materiality and was £183,795 for the year ended 31 March 2022.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £12,253, in addition to other identified misstatements that warranted reporting on qualitative grounds.

### **Other information**

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

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

We have nothing to report in this regard.

# **Saxon Weald Capital Plc**

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page X, the directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Saxon Weald Capital Plc

### **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 Company, 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 Companies Act 2006 and tax legislation.
- We enquired of the Directors and reviewed correspondence and Directors 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 Directors have in place to prevent and detect fraud. We enquired of the Directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Directors 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.

# Saxon Weald Capital Plc

## Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville ACA (Senior Statutory Auditor)**  
**For and on behalf of**

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

**15 Bunhill Row**  
**London**  
**EC1Y 8LP**

**Date:** 2 September 2022

## Saxon Weald Capital Plc

### Statement of Comprehensive Income for the Year Ended 31 March 2022

		Year ended 31 March 2022	Year ended 31 March 2021
	Notes	£'000	£'000
Interest receivable	6	12,253	12,245
Interest payable and other finance costs	7	(12,253)	(12,245)
<b>Profit before taxation</b>		-	-
Tax on surplus on ordinary activities		-	-
<b>Profit for the year</b>		-	-

The notes on pages 18 to 24 form part of these financial statements.



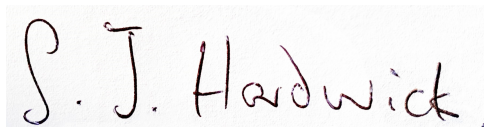
**Saxon Weald Capital Plc**

**Company  
registered  
number:  
8050531**

**Statement of Financial Position as at 31 March 2022**

	Notes	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
<b>Current Assets</b>			
Debtors - amounts falling due within one year	9	3,854	3,854
Debtors - amounts falling after more than one year	9	221,294	221,134
Cash at bank and in hand		13	13
		225,161	225,001
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	10	(3,854)	(3,854)
<b>Net Current Assets</b>		<b>221,307</b>	<b>221,147</b>
Creditors - amounts falling due after more than one year	11	(221,257)	(221,097)
<b>Net Assets</b>		<b>50</b>	<b>50</b>
<b>Capital and Reserves</b>			
Ordinary share capital	12	50	50
Profit and loss account		-	-
<b>Shareholder's Funds</b>		<b>50</b>	<b>50</b>

Approved and authorised for issue by the Board of Directors on 18 July 2022 and signed on its behalf by:



Simon Hardwick  
Chair



Michael Chinn  
Director

The notes on pages 18 to 24 form part of these financial statements.

## **Saxon Weald Capital Plc**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **1 Legal Status**

Saxon Weald Capital Plc ("the Company") is a public limited company incorporated under the Companies Act 2006 and domiciled in England and Wales. The registered office is Saxon Weald House, 38 - 42 Worthing Road, Horsham, West Sussex, RH12 1DT. The principal activity of the company is to operate as a funding vehicle for Saxon Weald.

#### **2 Accounting Policies**

##### **Accounting Convention**

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### **Reduced Disclosures**

In accordance with FRS 102, the Company 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 recognized in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Saxon Weald. The consolidated financial statements of Saxon Weald are available from its registered office, Saxon Weald House, 38-42 Worthing Road, Horsham, West Sussex, RH12 1DT.

## **Saxon Weald Capital Plc**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Going Concern**

At the date of these financial statements the Directors 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. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

A summary of the more important accounting policies, which have been consistently applied, are set out below:

#### **Interest Receivable**

Interest receivable represents interest income and is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

#### **Financial instruments**

The Company has elected to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets which include other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

## Saxon Weald Capital Plc

### Notes to the Financial Statements for the Year Ended 31 March 2022

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Bonds 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.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### **Deferred tax**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Saxon Weald Capital Plc

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Bond issuing costs

All of the Company's costs relating to providing funding services are billed to Saxon Weald. Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the Statement of Comprehensive Income over the expected life of the bond.

#### 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 .

There are no 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

There are no critical areas of judgement included within the financial statements.

### 3 Statement of Comprehensive Income

Audit fees of £16,084 (2021 £15,600) were borne by the parent society Saxon Weald.

### 4 Employees

All employees acting on behalf of the Company are employed by Saxon Weald. All employment costs are carried by Saxon Weald.

### 5 Board of Directors' remuneration

The Directors of Saxon Weald Capital Plc are employed and remunerated by Saxon Weald. Full accounting disclosures on Directors' remuneration are therefore included in the Saxon Weald financial statements.

### 6 Interest receivable

	2022	2021
	£'000	£'000
Interest receivable from Group undertakings	12,253	12,245
	<b>12,253</b>	<b>12,245</b>

### 7 Interest payable and other finance costs

	2022	2021
	£'000	£'000
Interest payable to bond holders	12,253	12,245
	<b>12,253</b>	<b>12,245</b>

## Saxon Weald Capital Plc

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 8 Taxation

	2022	2021
	£'000	£'000
Analysis of tax charge in year	-	-
Current tax on income for the year	-	-
Deferred tax - origination of timing differences	-	-
<b>Tax on profit on ordinary activities</b>	-	-

The tax assessed for the period is equal to the standard rate of UK Corporation tax at 19% (2021: 19%).

	2022	2021
	£'000	£'000
Profit for the year before taxation	-	-
UK Corporation tax at 19% (2021: 19%)	-	-
<b>Current tax charge for the year</b>	-	-

#### 9 Debtors

	2022	2021
	£'000	£'000
<b>Amounts due within one year:</b>		
Interest from Group undertakings	3,854	3,854
<b>Amounts due after more than one year:</b>		
Loans to Group undertakings	221,257	221,097
Unpaid share capital	37	37
<b>Total amounts due after more than one year:</b>	221,294	221,134
<b>Total debtors</b>	225,148	224,988

The terms of the loan to group undertaking have been set to match the repayment terms to the bondholders. The loan is secured through the security arrangements in place between the bondholders and Saxon Weald.

## Saxon Weald Capital Plc

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 10 Creditors - amounts falling due within one year

	2022	2021
	£'000	£'000
Accruals	3,854	3,854
	3,854	3,854

#### 11 Creditors - amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts due to bond holders	225,000	225,000
Bond discount and issue costs	(3,743)	(3,903)
	221,257	221,097

On 6 June 2012, Saxon Weald Capital Plc (“the Company”) issued a £225m bond at a coupon of 5.375% with a 20% repayment of capital after 20 years in 2032 and every two and a half years thereafter with the final repayment in June 2042. 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 balance 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 term of the bond using the effective interest rate method. 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, under an agreement between the companies.

The borrowings are due as follows:

	2022	2021
	£'000	£'000
Due in more than five years	221,257	221,097
	221,257	221,097

The fair value (market value) of the bond at 31 March 2022 was £280,932,750 (2021: £306,911,250).

## Saxon Weald Capital Plc

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 12 Ordinary share capital

	2022	2021
	£'000	£'000
<b>Authorised share capital</b>		
Ordinary shares of £1 each	50	50
<b>Issued share capital</b>		
Ordinary shares of £1 each	50	50

Saxon Weald, the parent society, is the sole shareholder in Saxon Weald Capital plc. £12,500 of issued share capital is paid up, the remaining issued share capital is shown in debtors.

#### 13 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Saxon Weald, registered with the Regulator of Social Housing (Number L4299.) The largest group in which the results of the Company are consolidated is that headed by Saxon Weald. No other Group financial statements include the results of the Company.

A copy of the Group financial statements can be obtained from Saxon Weald, Saxon Weald House, 38-42 Worthing Road, Horsham, West Sussex, RH12 1DT.

#### 14 Events after the end of the reporting period

There have been no significant events after the end of the reporting period which require adjustment to, or disclosure in, the financial statements.