

Saxon Weald Capital Plc

Annual Report and Financial Statements

For the year ended 31 March 2024

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
Hannah Eaton

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
150 Minories
London
EC3N 1LS

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 2024.

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%.

In October 2023, a transaction was completed whereby Saxon Weald (“the Parent”) redeemed £20m in nominal value of the bond. The total bond in issue is now £205m, with all other terms unchanged.

The underlying assets of the issuance belong to the Parent through a security trust arrangement with M&G 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 2024 are set out on page 15, with interest payable of £12.0m (2023: £12.3m) 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 a risk management programme in place that seeks to limit the adverse effects of financial risks.

Saxon Weald Capital Plc

Interest rate and liquidity risk

As at 31 March 2024, 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 2024, 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 M&G 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, recognising the reduced bond. 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 regard 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 the 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 the Parent'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

S. J. Hardwick

Simon Hardwick
Chair
16 July 2024

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 is 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



Simon Hardwick
Chair
16 July 2024

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
Hannah Eaton

Independent Auditor

Beever and Struthers were reappointed as external auditors at the Annual General Meeting in September 2023.

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:

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- 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 / she 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



Simon Hardwick
Chair
16 July 2024

Saxon Weald Capital Plc

Independent Auditor's Report to the Members 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 2024 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 2024 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 four financial years, ending 31 March 2024. 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.

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: £201.8m (2023: £221.4m)
- Long term creditor due to bondholders: £201.8m (2023: £221.4m)

Refer to page 18-19 (accounting policy) and page 21-22 (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 2024, 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 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.

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; and
- Pension scheme valuation.

Based on the audit work 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 2024 was £239,580 determined with reference to the average of the following benchmarks:

- 2% of interest receivable

Performance materiality was calculated at 75% of materiality and was £179,685 for the year ended 31 March 2024.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £11,979, 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.

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 has 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 pages 8-9, 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. 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 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.

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.

Beever and Struthers

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

Beever and Struthers
Chartered Accountants
Statutory Auditor
Date: 25 September 2024

150 Minorities
London
EC3N 1LS

Saxon Weald Capital Plc

Statement of Comprehensive Income for the Year Ended 31 March 2024

| | | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-------|--------------------------------|--------------------------------|
| | Notes | £'000 | £'000 |
| Interest receivable | 6 | 11,979 | 12,262 |
| Interest payable and other finance costs | 7 | (11,979) | (12,262) |
| Profit before taxation | | - | - |
| Tax on surplus on ordinary activities | | - | - |
| Profit for the year | | - | - |

The notes on pages 17 to 23 form part of these financial statements.

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Statement of Financial Position as at 31 March 2024

Company registered number: 8050531

| | | Year Ended 31 March 2024 | Year Ended 31 March 2023 |
|--|-------|--------------------------------|--------------------------------|
| | Notes | £'000 | £'000 |
| Current Assets | | | |
| Debtors - amounts falling due within one year | 9 | 3,511 | 3,854 |
| Debtors - amounts falling after more than one year | 9 | 201,837 | 221,462 |
| Cash at bank and in hand | | 13 | 13 |
| | | 205,361 | 225,329 |
| Current Liabilities | | | |
| Creditors - amounts falling due within one year | 10 | (3,511) | (3,854) |
| Net Current Assets | | 201,850 | 221,475 |
| | | | |
| Creditors - amounts falling due after more than one year | 11 | (201,800) | (221,425) |
| Net Assets | | 50 | 50 |
| Capital and Reserves | | | |
| Ordinary share capital | 12 | 50 | 50 |
| Profit and loss account | | - | - |
| Shareholder's Funds | | 50 | 50 |

Approved and authorised for issue by the Board of Directors on 16 July 2024 and signed on its behalf by:



Simon Hardwick
Chair



Michael Chinn
Director

The notes on pages 17 to 23 form part of these financial statements.

Saxon Weald Capital Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

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 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 recognised 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.

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:

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Notes to the Financial Statements for the Year Ended 31 March 2024

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.

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. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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Notes to the Financial Statements for the Year Ended 31 March 2024

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.

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 £18,895 (202£: £17,708) 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.

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Notes to the Financial Statements for the Year Ended 31 March 2024

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

| | 2024 | 2023 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Interest receivable from Group undertakings | 11,979 | 12,262 |
| | 11,979 | 12,262 |

7 Interest payable and other finance costs

| | 2024 | 2023 |
|----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Interest payable to bond holders | 11,979 | 12,262 |
| | 11,979 | 12,262 |

8 Taxation

| | 2024 | 2023 |
|--|----------|----------|
| | £'000 | £'000 |
| Analysis of tax charge in year | £'000 | £'000 |
| Current tax on income for the year | - | - |
| Deferred tax – origination of timing differences | - | - |
| Tax on profit on ordinary activities | - | - |

The tax assessed for the period is equal to the standard rate of UK Corporation tax at 25% (2023: 19%).

| | 2024 | 2023 |
|--|----------|----------|
| | £'000 | £'000 |
| Profit for the year before taxation | - | - |
| UK Corporation tax at 25% (2023: 19%) | - | - |
| Current tax charge for the year | - | - |

Saxon Weald Capital Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

9 Debtors

| | 2024 | 2023 |
|---|---------|---------|
| | £'000 | £'000 |
| Amounts due within one year | | |
| Interest from Group undertakings | 3,511 | 3,854 |
| Amounts due after more than one year | | |
| Loans to Group undertakings | 201,799 | 221,425 |
| Unpaid share capital | 37 | 37 |
| Total amounts due after more than one year | 201,836 | 221,462 |
| Total debtors | 205,347 | 225,316 |

The terms of the loan to the Parent 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 the Parent.

10 Creditors – Amounts falling due within one year

| | 2024 | 2023 |
|----------|-------|-------|
| | £'000 | £'000 |
| Accruals | 3,511 | 3,854 |
| | 3,511 | 3,854 |

11 Creditors – Amounts falling due after more than one year

| | 2024 | 2023 |
|-------------------------------|---------|---------|
| | £'000 | £'000 |
| Amounts due to bond holders | 205,000 | 225,000 |
| Bond discount and issue costs | (3,200) | (3,575) |
| | 201,800 | 221,425 |

Saxon Weald Capital Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

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 M&G 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.

In October 2023, a transaction was completed whereby Saxon Weald (the “Parent”) redeemed £20m in nominal value of the bond. The total bond issue is now £205m, with all other terms unchanged.

The borrowings are due as follows:

| | 2024 | 2023 |
|-----------------------------|---------|---------|
| | £'000 | £'000 |
| Due in more than five years | 201,799 | 221,425 |
| | 201,799 | 221,425 |

The fair value (market value) of the bond at 31 March 2024 was £205,205,000 (2023: £224,678,250).

12 Ordinary share capital

| | 2024 | 2023 |
|---------------------------------|-------|-------|
| | £'000 | £'000 |
| Authorised share capital | | |
| Ordinary shares of £1 each | 50 | 50 |
| Issued share capital | | |
| 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.

Saxon Weald Capital Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

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 Post balance sheet events

There are no significant post balance sheet events requiring adjustment to, or disclosure in, the financial statements.