

# **Saxon Weald**

## **Group Annual Report and Financial Statements**

**For the year ended 31 March 2024**

**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:

<b>Board Member</b>	<b>Committee Membership at 31 March 2024</b>
Jo Boswell BA (Hons)	Customer Experience Committee (Chair), Audit and Risk Committee
Michael Chinn FCCA, CPFA (Executive Member)	n/a
Julian Chun BSc (Hons), CMCIH	Asset Management & Development Committee, Customer Experience Committee
Steven Dennis (Executive Member)	n/a
Hannah Eaton BSc (Vice Chair)	Remuneration & Nominations Committee (Chair), Asset Management & Development Committee, Customer Experience Committee
Kalwant Grewal ACCA, MInstLM (from 18 July 2023)	Audit and Risk Committee (Chair), Emergency Committee
Simon Hardwick (Chair)	Remuneration & Nominations Committee, Emergency Committee (Chair)
Susan Morris BSc (Hons), PGCE	Asset Management & Development Committee, Remuneration & Nominations Committee, Customer Experience Committee
Mark Slater JP, AIEMA (until 31 July 2023)	n/a
Joanne Sonin MBA, PhD	Audit and Risk Committee, Remuneration & Nominations Committee
Graham Stark	Asset Management & Development Committee (Chair), Emergency Committee
Richard Stevens FCA (until 31 July 2023)	n/a

<b>Audit and Risk Committee Member</b>	<b>Committee Membership</b>
Kalwant Grewal ACCA, MInstLM (until 17 July 2023)	Audit and Risk Committee
Richard Stevens FCA (from 1 August 2023)	Audit and Risk Committee

### Registered Office

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

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

<b>Executive Member</b>	<b>Title</b>
Michael Chinn FCCA, CPFA	Executive Director – Finance & Governance and Company Secretary
Steven Dennis	Chief Executive
Kath Hicks BSc (Hons)	Executive Director – Customer Operations
Becky Utuka MSc, PGDip, Bsc (Hons) (from 29 January 2024)	Executive Director – Asset & Development
Debbie Chun BA (Hons) (from 27 November 2023)	Chief Information Officer (Interim)
Bryn Shorey (to 30 August 2023)	Executive Director – Investment and Growth
Anne Wildeman BSc (Hons), PGD, CIH (to 20 June 2023)	Executive Director – People

**External Auditor**

Beever and Struthers  
150 Minories  
London  
EC3N 1LS

**Internal Auditor**

RSM UK Risk Assurance Services  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

**Main Bankers**

National Westminster  
Bank Plc  
47 Carfax  
Horsham  
RH12 1FD

**Solicitors**

Capsticks  
Staple House  
Staple Gardens  
Winchester  
SO23 8SR

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

Trowers & Hamblins  
3 Bunhill Row  
London  
EC1Y 8YZ

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

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

Saxon Weald's main accounting policies are set out on pages 39 to 43 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 2024 owned and managed 6,995 homes. Retirement housing for older people, extra care properties and leasehold flats for older people make up 25% of the housing owned. In addition to 5,838 social rented homes, we own and manage 345 shared ownership homes, 157 leasehold homes for older people, 108 market rent homes and the freehold of 547 properties mainly sold under the right to buy/right to acquire legislation.

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

Saxon Weald is the parent of Saxon Weald Capital Plc and Weald Property Development Limited. Saxon Weald Capital Plc is a wholly owned subsidiary with the purpose of providing funding from the capital markets to on-lend to Saxon Weald. Weald Property Development Limited is a wholly owned non-charitable subsidiary set up to develop homes for open market sale. Since incorporation, Weald Property Development Limited has not traded and is dormant.

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

# Aims and Strategy

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

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

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

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

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

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

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

## Focus on our customers

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

Specifically, we are committed to:

- Embedding a customer first culture throughout the organisation which is reflected in our purpose, values, services and structures.
- Improving front-line processes and systems with a focus on communication and making sure it is easy for customers to do business with us.
- Having a positive and robust approach towards managing and learning from complaints.
- Reviewing our service offer and service standards to ensure they are clear and reflect the needs of different groups or individuals.
- Improving our repairs service, being more proactive in managing our neighbourhoods and ensuring our housing management services are delivering value to our communities.
- Continuing to build and strengthen the ways in which we engage with and listen to customers. We will be open and transparent about how well we are doing and focus on delivering customer priorities.

- Improve the data we hold on our customers and use this to tailor services to reflect individual needs and circumstances, ensuring fair access and preventing discrimination.

There has been good progress in the first year of the Strategy (approved July 2023) which is reflected in an improving trend in nearly all the Tenant Satisfaction Measures. The work on the cultural alignment programme is on-going and the HomeFix Improvement Plan has delivered tangible improvements in timescales for repairs and customer satisfaction.

## **Invest in our homes**

Maintaining our homes is important for our customers to enjoy living in our properties. Our homes should meet the Decent Homes Standard (DHS), being safe, warm, dry and affordable with communal areas looked after well.

As part of our ongoing asset data enhancement initiative to inform our 30-year property investment plan, we reviewed our existing asset data to inform investment decisions. We commit to surveying homes at least once every five years, ensuring asset data remains relevant, and ensuring compliance with the Housing Health and Safety Rating System.

We will invest in the long-term provision and sustainability of homes, improving our homes' energy performance and seeking to lower customer fuel bills and reduce our carbon footprint. We are enhancing the energy data for our housing stock, enabling us to use the information to inform energy improvement work and bid for grant funding.

Our commitment to compliance and landlord health & safety remains robust with regular inspections, audits and a proactive approach to address any arising issues. We have a backlog of overdue high priority actions in 2024, resulting from our routine fire risk assessment (FRA) inspections. In alignment with our values of transparency and accountability, we have proactively informed the Regulator of Social Housing (RSH) through self-referral.

A detailed action plan to address the backlog is in place. A Board sub-group has been formed specifically to exercise governance oversight of the action plan. The high priority FRA backlog and overdue actions specifically are assessed as being tolerable and there are mitigation measures in place to ensure ongoing safety while these works are being completed. Nevertheless, we remain fully cognisant of the risks.

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

- Safe, warm and weathertight homes – by investing in the external fabric to ensure that they are in good condition.
- Energy performance – bringing forward investment to make homes more affordable to live in.
- Active asset data management – using evolving property data to develop robust programmes of work that meet the needs and aspirations of our customers.
- Property safety – robust property compliance processes that ensure that homes are safe and secure.
- Property disposal – a disposal programme that focusses on properties that are costly for our customers and Saxon Weald to maintain, are unlikely to achieve EPC-C or net carbon zero or are in remote geographical areas.
- Customer engagement – working with our customers to develop the Saxon Weald property standard.



We are committed to providing new homes for our customers by:

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

## **Be a great place to work**

We work hard to create a great customer focused culture at Saxon Weald, one where commitment and dedication go together with a sense of purpose and enjoyment. We invest in training and development and seek to have a learning and coaching environment where people can be their best. We are committed to creating and maintaining an inclusive environment where everyone feels welcome and valued, respecting and celebrating our differences and treating people fairly.

We are committed to:

- Ensuring our behaviours and practices embrace and value diversity and are inclusive for all.
- Having flexible working and lifestyle principles.
- Further embedding Saxon Weald's values into the culture and practices of the business.
- Providing an inspirational environment at our head office that supports hybrid working and collaborative working.
- Focusing the training programme on customer service excellence and improving our digital skills and raising the awareness of sustainability issues.
- Delivering a People Strategy which increases employee engagement and makes us an exemplar employer.
- Working towards net zero carbon in our business operations.

We are investing in a four-year transformation programme to ensure that our people, processes and technology are aligned and deliver the outcomes and impacts for our customers. Technology will be used to allow data to flow freely throughout the organisation, creating improved visibility, transparency and decision making. Our colleagues will be better informed and able to provide efficient and effective services.

- Improved efficiency and automation will create capacity which allows us to focus more on activities that add value and provides greater satisfaction both for colleagues and customers.
- Technology will make it easier for our colleagues to keep our customers safe in their homes, managing compliance via a smart and adaptive platform. In addition, we will use technology to calculate and analyse data from our homes to reduce energy consumption and our carbon footprint.

## Performance

The year has seen continued challenges for Saxon Weald and our customers in the form of high inflation and sustained pressure on our repairs service. Saxon Weald has been able to utilise robust financial and operational resilience to respond to these challenges while maintaining a strong organisation which remains fit and able to provide services with our customers at the heart of all that we do.

One of Saxon Weald's development contractors entered administration during the year with two developments on site. Successfully employed risk mitigations enabled swift replacement of the contractor and will ensure that the two developments are completed during 2024/25 within Saxon Weald's financial parameters while ensuring the delivery of much needed new homes for our customers.

### 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, 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	2023/24	2022/23	2021/22	2022/23 upper quartile/ median*
Rent arrears – monthly average	2.46%	2.3%	2.8%	3.6%/4.0%
Void rent loss	2.6%	2.3%	1.6%	0.8%/1.2%
Average repair completion time (days)	23	24	28.9	14 /19
Satisfaction with repairs TP02**	76%	77.6%	74%	79%/76%
Overall customer satisfaction TP01**	80%	80.5%	81.0%	86%/84%

\*Housemark 2022/23

\*\*The STAR survey measuring customer satisfaction was replaced with the Tenant Satisfaction Measures from 2023/24. The data in the table from previous years (including the Housemark benchmark data) is therefore not directly like for like but is the closest comparable information available.

Rent arrears performance at 2.46% is better than our internal target of 2.75% but has increased from 2.3% in 2022/23. The cost-of-living crisis continues to have an impact on the household finances of many of our customers and the number of Universal Credit claimants is still increasing.

Void rent loss was 2.6% in 2023/24, which exceeded our target of 1.50%. This was due to a residual backlog of works to empty properties which arose during the pandemic and subsequent challenges in securing suitable contractors. Arrangements were put in place to complete all works and we returned to target void levels in August 2024.

Overall customer satisfaction for 2023/24 was 80%, as measured by the new Tenant Satisfaction measure TP01. In general terms, satisfaction across the set of 12 tenant perception measures has been improving through the year and scores compare well to the rest of the sector. Of particular note, we were pleased to achieve a very good score of 89% for TP08 'Agreement that the landlord treats tenants fairly and with respect'. The positive trend is due to improvements in the repairs service (time taken to carry out repairs), the impact of new grounds maintenance contracts and

stability in the customer support function. We are not complacent however and are using data and insight from the TSMs and other sources, as well as our customer engagement activities, to identify how we can continue to drive satisfaction.

We continue to take appropriate action to address damp, mould and ventilation cases to ensure our properties are compliant with the Housing Health and Safety Rating System (HHSRS). We have responded positively to the requirements listed in the 26 points raised by the Housing Ombudsman on damp and mould prevention, ensuring resources are allocated for extractor fan and heat recovery systems where required. Additionally, we have established a dedicated damp and mould response team within our maintenance team (HomeFix) to focus our response to cases. To enhance our approach further, all historic damp and mould cases closed and open are risk assessed. We are also aligning ventilation and fan inspections in homes that have experienced damp and mould, with our five yearly checks for electrical installation condition reports.

The HomeFix Improvement Plan had good momentum in the year, the key outcomes being the outsourcing of the domestic gas service and the re-procurement of the materials supplier contract. This will deliver improved reliability of parts and materials as well as reduce operatives' travel time through a network of local stores.

## Financial performance

Saxon Weald returned a surplus for the year of £6.2m (2023: £7.4m). The surplus for 2023 included a £4.8m receipt from proactive treasury management which significantly reduced the net interest charges in that year.

Saxon Weald closed membership of the Local Government Pension Scheme (LGPS) on 29 February 2024. The actuarial loss for the year is the net outcome of reducing the LGPS asset position from the previous year to the closure position determined by the administering authority which provided an exit credit of £8.4m payable to Saxon Weald. This is reflected within total comprehensive income for the year.

Investment properties held as charitable investments, which comprise market rent homes and garages, returned a positive contribution which supports the delivery of customer services. The market value of investment properties increased by £1m, giving a value of £34.8m at 31 March 2024.

A summary of the financial performance for 2023/24 and the preceding two years is shown below:

<b>Financial Performance</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
	£000	£000	£000
Turnover	56,838	50,258	44,950
Cost of sales	(3,350)	(2,144)	(945)
Operating expenditure	(39,939)	(36,896)	(32,113)
Gain on the disposal of properties	4,159	3,471	2,914
Unrealised gain/(loss) on investment properties	862	736	624
Operating surplus	18,570	15,425	15,430
Net interest charges	(12,369)	(8,129)	(12,244)
<b>Surplus for the year</b>	<b>6,201</b>	<b>7,410</b>	<b>3,186</b>
Actuarial gain/(loss) in respect of pension scheme	(8,195)	14,017	6,990
<b>Total comprehensive income for the year</b>	<b>(1,994)</b>	<b>21,427</b>	<b>10,176</b>

<b>Financial Performance</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
Operating margin excluding sales	25%	24%	28%
Cash interest cover	210%	282%	181%
EBITDA MRI*	153%	195%	128%
Debt ratio**	57%	57%	54%

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

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

Operating margins are comparable to 2022/23, despite the challenges of rent caps, high inflation on operational costs and a sustained high level of responsive repairs volumes after pandemic lockdowns.

Net interest charges were lower in 2022/23 due to the positive outcome of a treasury management exercise which provided a £4.8m breakage receipt.

All covenants were comfortably met.

## **Treasury**

Treasury activities are designed to provide funding for investment in existing homes and the development of new homes.

During 2023/24 Saxon Weald completed the drawdown of a £70m private placement facility which was secured during 2022/23 with deferred drawdowns. The facility includes environmental, social, and governance targets which align with the Corporate Plan and Saxon Weald's social purpose.

In October 2023, Saxon Weald undertook a liquidity management exercise to redeem £20m of nominal value of its 2012 bond for a total consideration of £19.5m, securing a financial gain on the transaction and a reduction in annual interest costs for the life of the bond.

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

At the statement of financial position date, 31 March 2024, Saxon Weald held £97.4m in cash (£27.4m) and secured available facilities (£70m) to enable future development and investment in service delivery.

Cash is invested in accordance with the approved Treasury Management Policy in a range of banking counterparties with a minimum rating of A-/A2 (on the basis of Standard & Poor's long-term credit ratings and short-term ratings respectively) and in one money market fund with a Standard and Poor's rating of AAA.

## **People**

The people who work at Saxon Weald are our most important asset. We have a three-year People Strategy and action plan in place (approved September 2023) that focuses on being a great place to work. The Strategy is designed to make a positive difference to our people and the way in which services to our customers are delivered and it supports the aims set out in our Corporate Plan and the Customer and Asset Strategies. The key themes of the People Strategy are to:

- Enhance our leadership.
- Attract, develop and retain people who will deliver excellent services to our customers.
- Develop our performance management.
- Invest in learning and development.
- Focus on the health and wellbeing of our people.
- Promote equality, diversity and inclusion (ED&I).
- Seek employee engagement and embed a values-based culture.

There has been good progress in the first year of the People Strategy with ED&I training rolled out across the organisation and improvements to the recruitment process introduced with an increase in the diversity of candidates shortlisted.

Staff turnover has reduced from 24.1% in 2022/23 to 12.75% in 2023/24. The overall level of sickness absence has also dropped from 3.28% to 3.00% in 2023/24.

Throughout 2023/24, Saxon Weald continued to focus on wellbeing and sought regular colleague feedback to help inform future plans and activities to engage, inform, connect and support our people.

### **Pension scheme**

The LGPS pension scheme was closed on 29 February 2024 after consultation with members.

In line with The Local Government Pension Scheme Regulations 2013, West Sussex County Council, as the administering authority, obtained an actuarial valuation as at the exit date of the Pension Fund and a credit was determined to be payable to Saxon Weald in the sum of £8.4m.

The single scheme now offered to staff is a defined contribution scheme with Saxon Weald's employer contributions available at up to 12% of pensionable pay. Pension salary exchange was introduced from 1 April 2024, enabling colleagues to save money on National Insurance.

### **New homes and investment**

With affordability an ever-present concern in the Southeast, demand for our homes continues to grow. Our development team have a remit to identify opportunities to build new properties which meet customer needs.

During 2023/24, 101 new homes were completed. These were primarily developer-led section 106 schemes. During the year, a main contractor, Westridge Construction, working on two of our redevelopment sites entered administration and Saxon Weald subsequently negotiated a new contract to complete these schemes with delayed handovers of 52 homes to 2024/25.

We are contracted to deliver a total of 79 new homes on four sites during 2024/25, including the 52 delayed from 2023/24 and 15 of these form part of the Homes England Affordable Homes Programme 2021-2026 negotiated through the Continuous Market Engagement route.

Development of new homes in Horsham District can only take place if it does not increase the rate of water needed above existing levels. This is because the southeast is classified as 'seriously water stressed'. To secure planning consent to build new homes in the district, applicants must demonstrate water mitigation measures to gain credits for new construction. Saxon Weald has partnered with a water services company called Cenergist who will fit water saving devices in our existing properties built before 2010. These work by regulating the flow of water coming into the home which reduces wastage and helps gas boilers work more efficiently. This potentially saves our customers money on their water and gas bills. Saxon Weald is using the credits to help secure planning consent for our own pipeline delivery programme, and we can sell some credits to private housing developers to generate an income for the business and secure new affordable homes on the s106 sites which secure a planning consent using our credits.

£6.1m (2023: £4.9m) was invested in planned works including the replacement of key aspects of our homes such as bathrooms, kitchens, windows, and roof replacements.

# 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 manage and reduce the risk of failing to achieve our Corporate Plan and priorities.

## 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, overall responsibility for the delegation and systems of internal control and risk, and for reviewing its effectiveness annually.

Formal delegation provides support by the Audit and Risk Committee, the Executive and the Leadership Team. Executive and Leadership Team members are individually responsible for effective risk management within their areas of responsibility.

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

## 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.

- Risk reviews are carried out by each department to ensure that the risks within their business areas remain relevant, aligned with the Corporate Plan and consider the current and predicted future operating environment. They also ensure that the controls in place are appropriate, robust, and effective. Additionally, the full corporate risk register is reviewed, with a focus on horizon scanning, to identify any new or emerging risks that may not have been identified in the departmental reviews, and any changes to previously identified risks.
- The strategic risk register captures the risks which may impact on our ability to deliver on our Corporate Plan, adversely affect our ability to deliver core services to our customers or impact our financial stability and reputation.
- 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.
- Our strategic risks are grouped to describe the overall strategic issue within which they reside:

Area	Residual risk
<b>Compliance and health &amp; safety</b>	
Non-compliance with Health and Safety regulations/legislation and duty of care.	15 (High)
Failure to achieve our strategic aim to focus on our customers.	6 (Low)
Failure to comply with the requirements of HHSRS and Awaab's Law.	10 (High)
<b>Financial viability</b>	
Inability of customers to afford their rent and service charges, leading to a substantial increase in arrears.	12 (High)
Excessive increase to the national rate of inflation.	9 (Medium)
Failure to meet the requirements and expectations of the Regulator of Social Housing standards for governance, financial viability and consumer standards.	8 (Medium)
External events emerge that could have a detrimental impact on our Business and Corporate plans.	12 (High)
<b>Transformation and cyber security</b>	
Poor implementation of new IT systems and technical issues from upgrades to existing systems.	9 (Medium)
Cyber-attack or ransomware disables or causes denial of access to our systems.	15 (High)
<b>Contractor and developer risk</b>	
Severe property market crash.	9 (Medium)
Poor performance by a contractor, partner or failure of contract.	16 (High)
Failure to achieve the business plan assumptions.	12 (High)
Unable to let empty homes.	12 (High)

### Compliance and health & safety

Saxon Weald's low risk appetite for compliance and health & safety is to be met by actions in a clear action plan monitored by the Asset Management and Development Committee. We are transitioning to a system-based approach for compliance data management which will be completed in summer 2024 to enhance our compliance assurance.

Saxon Weald's low risk appetite for compliance with the requirements of HHSRS and Awaab's Law is to be met through the maintenance of key controls and effective mitigations while continually developing our compliance approach.

The risk appetite is expected to be met during 2024. The residual risk score at 31 March 2024 recognises the impact on customer and building safety if any aspect of the action plan or compliance is compromised.

### Financial viability

Saxon Weald's risk appetite requires robust assurance that effective measures are in place on budgetary control and retention of no less than an A3 credit rating and a V2 regulatory rating.

Saxon Weald recognises economic pressures and geopolitical shocks which demonstrate a period of dramatic change and a significant probability of external events impacting on the financial viability of the sector. Effective mitigations are in place to ensure that Saxon Weald can remain financially robust in a high stress environment.



## **Transformation and cyber security**

Saxon Weald's risk appetite requires the active exploration of ways in which the organisation can deliver a better service by making significant changes to its operating model. Delivering a resourced, effective transformation programme assists with the enablement and delivery of positive changes to the operating model.

Following an applications portfolio review in 2023/24, a costed roadmap has been developed to incorporate the update and replacement of key systems over the transformation programme. The risk appetite will be met as the programme delivers improvements to the operating model and cyber environment.

## **Contractor and developer risk**

Saxon Weald's risk appetite requires the prioritisation of investment into delivering excellent customer services and improvements to existing stock ahead of delivering new homes, and that no more than 20% of income should be from sales.

Saxon Weald recognises increased contractor risk as evidenced by the administration of a development partner in the year. The risk appetite is to be met through active prioritisation of investment and maintenance of controls and mitigations to seek assurance on the viability of key contractors.

# Value for Money Statement 2023/24

## Saxon Weald's approach and commitment to VfM

Saxon Weald defines value for money (VfM) as 'achieving the best possible outcome for the funds we spend and the resources we commit'. Achieving VfM is integral to our business activities in managing costs, optimising our assets and resources and improving business efficiency and effectiveness in delivering customer services.

Saxon Weald's VfM Statement supports the delivery of our vision and strategic aims by providing a clear, robust and consistent approach to VfM. It overarches our policies, processes and strategies and responds positively to the requirements and expectations of the Regulator for Social Housing's (RSH) Value for Money Standard.

Saxon Weald's VfM objectives are to:

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

Saxon Weald uses Key Performance Indicators to track the achievement of Value for Money objectives against performance targets.

KPIs and Strategic Indicators	2023/24 Target	2023/24 Performance	2024/25 Target
<b>Focus on our customers</b>			
Satisfaction with the service provided (TP01)	85.0%	80.4%	85.0%
Satisfaction that the landlord listens to tenant views and acts upon them (TP06)	70.0%	68.5%	70.0%
Complaints resolved in target	95.0%	85.5%	95.0%
Satisfaction that the landlord keeps communal areas clean and well maintained (TP10)	70.0%	67.9%	70.0%
<b>Invest in our homes</b>			
Satisfaction with the repairs service (TP02)	80.0%	76.1%	80.0%
Satisfaction that the home is well maintained (TP04)	80.0%	77.8%	80.0%
Homes at EPC-C or better	54.2%	54.9%	n/a
Satisfaction that the home is safe (TP05)	n/a	86.0%	85.0%
Number of new homes developed	65	101	66
<b>Be a great place to work</b>			
Employee net promoter score	20.0	-1.0	20.0
Engagement index	7.0	6.8	7.0
Overall sickness	3.0%	3.0%	3.0%
Staff turnover	15.0%	12.8%	15.0%
<b>Financially resilient</b>			
Rent arrears	2.75%	2.46%	2.75%
Void rent loss	1.50%	2.64%	1.50%

KPIs and Strategic Indicators	2023/24 Target £'000	2023/24 Performance £000	2024/25 Target £000
Net capital surplus from disposals measured against target (forecast)	£3,200	£3,364	£4,428
Delivery of target (forecast) surplus	£4,207	£6,201	£6,233

### Focus on our customers

The tenant satisfaction measures are an important element of the suite of feedback and survey tools we use to understand the quality and effectiveness of our services and the views of our customers.

We recognise that we are at the early stages of being able to understand with real confidence what is driving the trends in the tenant perception scores and we are working to be better able to gain insight from and triangulate what we see in the TSMs with what we collect from elsewhere including complaints, transactional surveys and performance data, as well as our direct customer engagement. As we continue to develop our understanding, we will ensure to use what we are learning to drive service improvement.

There has been significant improvement during the year for completing complaints within target timescales. In early 2023, around a third of stage one complaints were outside target, but over the past few months we have consistently achieved 95-100% within target. This is as a result of a business-wide training and awareness programme to generate a more positive and proactive culture towards complaints handling. The most recent customer task and finish scrutiny group has also been considering the quality of complaints responses.

The new Customer Experience Committee has a specific responsibility to provide assurance to the Board that we are compliant with the consumer standards. There is a majority customer membership on the Committee.

### Invest in our homes

The HomeFix Improvement Plan continues to have good momentum. Improving speed, reliability and customer communications through more effective repairs processes and replacement of legacy systems is a key next step and a significant area of focus for the transformation plan.

We are improving the EPC ratings of our homes through a combination of investment which is informed by stock condition data, a sustainable programme of new homes, and identifying empty homes for disposal or redevelopment where it is financially or physically challenging to bring them to EPC-C and net zero carbon.

### Be a great place to work

Our employee net promoter score was established during the period of consultation on closing the LGPS pension scheme which directly affected a third of our people. We recognise the impact of the consultation and aim to ensure that the total offer to our people in 2024/25 meets the expectations of a high performing team while retaining financial control.

### Financially resilient

Although void rent loss exceeded our target due to a residual backlog of works to empty properties and challenges in securing suitable contractors, arrears performance was better than expected despite the cost-of-living crisis.

Saxon Weald's strong financial resilience is demonstrated through exceeding the surplus targets in 2023/24.

## Regulator of Social Housing 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 budget expectations.

<b>RSH VfM metrics</b>	<b>Actual 2023/24</b>	<b>Budget 2023/24</b>	<b>Actual 2022/23</b>	<b>Peer Group Median 2022/23</b>
<b>VfM 1</b> – Re-investment	4.0%	4.8%	5.9%	7.5%
<b>VfM 2a</b> – New supply SH	1.6%	2.1%	0.7%	2.4%
<b>VfM 2b</b> – New supply non-SH	0.0%	0.0%	0.0%	0.0%
<b>VfM 3</b> – Gearing	52%	56%	53%	57%
<b>VfM 4</b> – EBITDA MRI*	122%	104%	157%	134%
<b>VfM 5</b> – Headline SH cost per unit	£5,970	£5,690	£5,393	£4,714
<b>VfM 6a</b> – Operating margin (SH lettings)	21%	27%	20%	27%
<b>VfM 6b</b> – Operating margin (overall)	25%	28%	24%	27%
<b>VfM 7</b> – Return on capital employed	4.4%	4.1%	3.8%	3.2%

\* This figure excludes surplus on disposals.

### VfM 1 – Re-investment

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

Although the number of new homes delivered in the year increased from the previous year, this was primarily due to the timing of handovers for homes which were mostly completed in 2022/23. Our investment in new properties was affected in the year as a contractor entered administration, delaying spend into 2024/25.

Investment in the condition of our existing homes increased by £1.2m as we continue to ensure that the quality of our homes meets customer expectations.

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

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

48 new homes were substantially completed in 2022/23 but onsite delays caused final works to push the handover into summer 2023 and contribute to a total number of completions to 101 in 2023/24, reflecting a continued pipeline of new homes for our customers.

### **VfM 3 – Gearing**

Gearing is the measure of net debt as a percentage of housing properties measured at cost. As a large-scale voluntary transfer, Saxon Weald was originally 100% debt funded and therefore highly geared at inception.

Deferred drawdowns from the 2022/23 private placement were offset by a repayment of £20m bond debt in 2023/24, resulting in a managed gearing level which stayed broadly flat year on year. We retain significant balance sheet capacity to provide affordable homes and improvements to existing homes for our customers.

### **VfM 4 – EBITDA MRI**

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

We outperformed our budget for 2023/24 due to a broad level of performance across Saxon Weald which includes a financial gain and reduction in interest costs through the October 2023 liquidity management exercise which redeemed £20m of nominal value of our 2012 bond.

### **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 headline social housing cost per unit remains above the upper quartile for both the sector and peer group. A key factor of this is the high service charge cost per unit, which reflects the high percentage of homes for older people managed by Saxon Weald.

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

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

### **VfM 6a – Operating margin (SH lettings) and VfM 6b – Operating margin (overall)**

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

Research undertaken by Housemark has reported that organisations like Saxon Weald, with a higher proportion of retirement and/or extra care housing, have lower operating margins due to the higher costs associated with managing these types of properties. In 2023/24, the challenges of high inflation, rising utility costs and pressure on the repairs service contributed to a lower than budgeted operating margin.

## **VfM7 – Return on capital employed**

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

We achieved an improved ROCE year on year, reflecting a broad improvement in financial performance across the organisation in ensuring the delivery of services for our customers.

## **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 2023/24 concluded that Saxon Weald remains compliant with the Standard and its Code of Practice.

## **Conclusion**

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

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

## Going Concern

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

On behalf of the Board



Simon Hardwick, Chair  
17 September 2024

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 2024. The strategic report is on pages 6 to 23.

## Governance

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

Kalwant Grewal was appointed as a Board member and Chair of Audit and Risk Committee on 18 July 2023.

Richard Stevens and Mark Slater retired from the Board on 31 July 2023, with Richard Stevens retained as a member of the Audit and Risk Committee.

In September 2023, the Board approved the formation of a new Customer Experience Committee, the purpose of which is to create space and time for customer experience matters, enable a link between customers and Board, and provide an enhanced level of oversight and assurance of regulatory compliance, standards of customer service and customer engagement.

The Board adopted the National Housing Federation (NHF) Code of Governance 2020 with effect from 1 April 2021 and confirms compliance with the code for 2023/24.

The Board confirms compliance with the Regulator of Social Housing's Governance and Financial Viability standards.

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 and Committee 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 and Committee members and to what extent the skills and experience of existing members match these. Saxon Weald believes that it currently has members with the right skills and experience to lead the organisation, with recruitment taking place in May 2024 to add skills and experience in the areas of digital, transformation, and cyber security.

In 2023/24, the non-executive Board members at Saxon Weald were paid as follows:

<b>Name / Position</b>	<b>Pay</b>
Simon Hardwick, Chair	£13,046
Hannah Eaton, Vice Chair and Chair of Remuneration & Nominations Committee	£8,811
Jo Boswell, Chair of Customer Experience Committee	£5,849
Julian Chun	£5,451
Kalwant Grewal, Chair of Audit and Risk Committee (from 18 July 2023)	£4,947
Susan Morris	£5,326
Mark Slater (until 31 July 2023)	£2,473



<b>Name / Position</b>	<b>Pay</b>
Joanne Sonin	£5,326
Graham Stark, Chair of Asset Management & Development Committee	£7,420
Richard Stevens, Chair of Audit and Risk Committee (until 31 July 2023)	£2,473

In 2023/24, the non-executive Committee members at Saxon Weald were paid as follows:

<b>Name / Position</b>	<b>Pay</b>
Kalwant Grewal (from 1 April 2023 to 17 July 2023)	£1,000
Richard Stevens (from 1 August 2023)	£2,000

The total amount paid to non-executive Board members during 2023/24 was £64,122 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 March 2024.

The Board of Saxon Weald meets six times each year. It has a robust Audit and Risk Committee that meets at least four times per year, an Asset Management and Development Committee which meets at least four times a year, a Remuneration & Nominations Committee which meets twice a year and a new Customer Experience Committee which meets at least twice a year. Attendance at Board meetings was 95% and attendance at committee meetings was 98%.

Three members of the Board are female (37.5%), three are male (37.5%) and two prefer not to say (25%). One (12.5%) Board member is aged over 65 years, three (37.5%) are 55-64 years and four (50%) are aged 45-54 years. Five (62.5%) of the Board are White and three (37.5%) prefer not to say. No Board members identify as having a disability, although one preferred not to say.

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

# **Audit and Risk Committee's Responsibilities**

## **Audit and Internal Controls**

- Approve the objectives, scope and timing of arrangements for external audit of the annual accounts and financial statements.
- Recommend the approval of the appointment of external auditors to the Board for a period of up to seven years, ensuring that they are independent of Saxon Weald and are able to be objective in the performance of their duties.
- Review the performance of the external auditors annually, ensuring they meet independence and ethical standards.
- Scrutinise the annual statutory audit of the financial statements, including any subsidiary accounts, and recommend approval of the financial statements to the Board. This includes responses to audit management letters, reports or investigations and to monitor implementation of any follow up actions.
- Review and approve significant changes to accounting policies.
- Ensure appropriate arrangements for internal audit are in place for the whole organisation.
- Approve the appointment of internal auditors for a period of up to seven years and undertake an annual review of their performance.
- Approve a rolling three-year risk-based internal audit strategy and an annual programme of internal audit across the organisation to ensure all relevant systems and procedures are reviewed.
- Commission additional work by the internal auditors or other consultants as necessary.
- Scrutinise all internal audit reports, agree any further actions to be taken and monitor implementation of recommendations to ensure that identified weaknesses in control are corrected and deadlines are met.
- Scrutinise the annual Statement of Internal Controls Assurance and recommend approval to the Board. This includes ongoing review during the year by the committee to gain assurance that the appropriate internal controls are in place and maintained.
- Meet with the internal and external auditors without any employees present at least annually. To be able, on an exceptional basis, to make direct contact with auditors about a matter of concern without reference to the Board as a whole.

## **Risk Management**

- Ensure an effective and comprehensive Risk Management Policy is in place which should be reviewed annually, and any significant changes recommended for approval to the Board.
- Scrutinise and review the risk register on a quarterly basis. This includes providing assurance to the Board that adequate controls and assurance are in place, escalating any significant changes in risk profile to the Board or appropriate committee.
- Scrutinise the Asset and Liability Register annually, providing assurance to the Board that it is accurate and up to date.
- Review the Risk Appraisal Procedure.
- Ensure that the committee, Board and staff receive appropriate training and briefing on risk management.
- Review and approve insurance arrangements at least annually to ensure policies are in place to minimise exposure to potential losses and claims, and to receive notification of claims in excess of £100,000.
- Approve the Business Continuity Policy. Ensure that appropriate arrangements are in place for business continuity and disaster recovery and that they are tested regularly.

## **Regulation and Compliance**

- Approve the Anti-Corruption Policy and the Whistleblowing Policy.
- Receive reports on fraud and attempted fraud, bribery and whistleblowing ensuring appropriate investigation, reporting to the Regulator and that any identified weaknesses in internal controls are addressed.
- Scrutinise the annual self-assessments against all regulatory standards providing a summary to Board, highlighting any areas of non-compliance.
- Approve the Data Protection Policy, ensuring it complies with good practice and scrutinise regular reports on information governance compliance including GDPR and cyber security.
- Scrutinise reports on safeguarding activities and performance on an annual basis to identify any areas of risk and agree follow up actions.
- Review and approve the Value for Money Statement and approve the Annual Value for Money Compliance Report.
- Review and approve the Procurement Policy.

## **Health and Safety**

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

## **Other**

- Review the Standing Orders and Terms of Reference, Financial Regulations and Standing Orders relating to Contracts, including delegated authorities for all matters and authorised signatories on an annual basis to ensure there is a clear system of delegation in place. Recommend any significant changes to the Board.
- Approve the write off of bad debts or waivers 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.

## **Board's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Saxon Weald and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Saxon Weald and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It has general responsibility for taking reasonable steps to safeguard the assets of Saxon Weald and to prevent and detect fraud and other irregularities.

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

## **Provision of Information to Auditors**

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

## **Chief Executive and Executive Team**

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

## **Internal Controls Assurance**

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

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

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

- Prevent further loss of funds or other assets where fraud has occurred and to maximise recovery of losses.
- Minimise the occurrence of fraud.
- Identify the fraudster and maximise the success of any disciplinary/legal action taken.
- Minimise any adverse publicity for Saxon Weald as a result of the fraud.
- Identify any lessons which can be acted upon in managing fraud in the future.
- Reduce the adverse impact on Saxon Weald.

The Anti-Corruption Policy states that:

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

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

All staff have received training on their responsibilities under the Bribery Act 2010 and the Anti-Corruption Policy. The Audit and Risk Committee considers any entry into the fraud register at every meeting. During 2023/24, there were no reported cases of fraud and 12 reported cases of attempted but unsuccessful low value fraud.

The Board also confirms that Saxon Weald has a Whistleblowing Policy, the purpose of which is to encourage the reporting of all forms of wrongdoing or inappropriate behaviour within a safe environment.

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. Saxon Weald's Executive Directors acknowledge and commit to address areas of weakness or non-compliance with procedures which are identified by internal audit reviews and an action tracker is used by the Board to monitor progress.

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

- Regular reporting of the financial risk triggers dashboard, management accounts, covenant compliance, key financial rules and key performance indicators.
- The establishment and monitoring of the Corporate Plan.
- Asset and Liability Register.
- Regular reporting of complaints received.
- Appropriate policies and procedures in place, including reporting to Board when appropriate (including Standing Orders and Financial Regulations).
- Risk management activity including the effectiveness of the business planning, risk and control framework and stress testing considered by the Audit and Risk Committee and the Board.
- Audit and Risk Committee overview of the internal audit plan, audit reports produced and an annual internal audit report.
- Annual report by the Executive Team on the effectiveness of the systems of internal control;
- Annual report of the Audit and Risk Committee.
- External auditors' audit findings report.
- Reports issued by the Regulator of Social Housing (RSH).

## Material Concerns

The Board has identified no material control issues or problems during 2023/24. No material concerns have been raised by the Regulator of Social Housing or Homes England or any other stakeholder to which Saxon Weald submits reports or information.

## Auditors

Beever and Struthers continue as the auditors of the Group.

On behalf of the Board



Simon Hardwick, Chair  
17 September 2024

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

# **Report of the Independent Auditor to the Members of Saxon Weald**

## **Opinion**

We have audited the financial statements of Saxon Weald (the Association) and its subsidiary (the Group) for the year ended 31 March 2024 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 2024 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 all information included other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the 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 28, 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 website 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 2023, 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's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members for our audit work, for this report, or for the opinions we have formed.



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

**150 Minories**  
**London**  
**EC3N 1LS**

**Date:** 25 September 2024

## Group and Saxon Weald Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	Saxon Weald		Group	
		2024 £000	2023 £000	2024 £000	2023 £000
Turnover	3	56,838	50,258	56,838	50,258
Cost of sales	3	(3,350)	(2,144)	(3,350)	(2,144)
Operating expenditure	3	(39,939)	(36,896)	(39,939)	(36,896)
Surplus on sale of fixed assets - Housing properties	3 / 7a	4,159	3,471	4,159	3,471
Unrealised gain on investment properties	11c	862	736	862	736
Operating surplus	3	18,570	15,425	18,570	15,425
Interest receivable	5	638	114	638	114
Interest and financing costs	6	(13,007)	(8,129)	(13,007)	(8,129)
Surplus before taxation	7	6,201	7,410	6,201	7,410
Taxation	9	-	-	-	-
Surplus for the year		6,201	7,410	6,201	7,410
Actuarial (loss) / gain in respect of pension scheme	28	(8,195)	14,017	(8,195)	14,017
Total comprehensive income for the year		(1,994)	21,427	(1,994)	21,427

All amounts relate to continuing activities.

The notes on pages 39 to 63 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 17 September 2024 and signed on its behalf by:



**Simon Hardwick**  
Chair



**Steven Dennis**  
Chief Executive



**Michael Chinn**  
Executive Director – Finance &  
Governance

### Saxon Weald

Community Benefit Society Registration No: 7971

**Group and Saxon Weald Statement of Financial Position**  
for the year ended 31 March 2024

	Note	Saxon Weald		Group	
		2024 £000	2023 £000	2024 £000	2023 £000
<b>Fixed assets</b>					
Intangible assets	10	233	132	233	132
Housing properties	11a	367,264	357,630	367,264	357,630
Other fixed assets	11b	3,423	3,700	3,423	3,700
Investment properties	11c	34,784	33,820	34,784	33,820
Investment in subsidiaries	12	50	50	-	-
		405,754	395,332	405,704	395,282
<b>Current assets</b>					
Properties held for sale	14	1,459	3,065	1,459	3,065
Stock	15	138	195	138	195
Trade and other debtors	16	12,279	4,149	12,279	4,149
Cash and cash equivalents		27,404	20,605	27,416	20,617
		41,280	28,014	41,292	28,026
Creditors: amounts falling due within one year	17	(14,153)	(13,798)	(14,153)	(13,798)
Net current assets		27,127	14,216	27,139	14,228
Total assets less current liabilities		432,881	409,548	432,843	409,510
<b>Creditors: amounts due after more than one year</b>					
Bond	18	-	-	201,799	221,425
Loans from group companies	18	201,799	221,425	-	-
Loan Facilities	18	69,173	39,102	69,173	39,102
Long-term creditors - due to group companies		38	38	-	-
Grant creditors	18	60,916	61,507	60,916	61,507
		331,926	322,072	331,888	322,034
<b>Provisions for Liabilities</b>					
Pension (asset)	28	-	(15,464)	-	(15,464)
Other provisions	23	99	90	99	90
		99	(15,374)	99	(15,374)
<b>Total Net Assets</b>		<b>100,856</b>	<b>102,850</b>	<b>100,856</b>	<b>102,850</b>
<b>Reserves</b>					
Share Capital	24	-	-	-	-
Income and Expenditure reserve		100,856	102,850	100,856	102,850
<b>Total Reserves</b>		<b>100,856</b>	<b>102,850</b>	<b>100,856</b>	<b>102,850</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 39 to 63 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 17 September 2024 and signed on its behalf by:

*S. J. Hardwick*

**Simon Hardwick**  
Chair

*Steven Dennis*

**Steven Dennis**  
Chief Executive

*Michael Chinn*

**Michael Chinn**  
Executive Director – Finance &  
Governance 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 2024

	Income & Expenditure Reserve 2024 £000
Balance at 1 April 2022	81,423
Total comprehensive income for the year	21,427
Balance as at 31 March 2023	102,850
Total comprehensive income for the year	(1,994)
Balance as at 31 March 2024	100,856

The notes on pages 39 to 63 form part of these financial statements.

## Group Statement of Cash Flows

### for the year ended 31 March 2024

		2024	2023
	Note	£000	£000
<b>Operating activities</b>			
Net cash generated from operations	25	23,657	16,270
<b>Cash flow from investing activities</b>			
Acquisition and construction of housing properties		(13,384)	(19,753)
Acquisition and works to investment properties		(102)	(594)
Component replacement		(6,067)	(4,897)
Sale of properties		6,044	5,117
Purchase of other tangible fixed assets		(86)	(143)
Purchase of intangible fixed assets		(188)	(58)
Grants received		65	1,002
Interest received	5	638	114
Net cash flow used in investing activities		(13,080)	(19,212)
<b>Cash flow from financing activities</b>			
Repayment of bond / loans		(20,000)	(42,000)
Proceeds of new borrowings		30,000	65,000
Interest paid		(14,306)	(13,844)
Loan breakage receipt		-	4,827
Net surplus on bond redemption		528	-
Net cash from financing activities		(3,778)	13,983
Net increase in cash and cash equivalents		6,799	11,041
Cash and cash equivalents at beginning of year		20,617	9,576
Cash and cash equivalents at end of year		27,416	20,617

**Group and Saxon Weald  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**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 2024.

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

**Other Income**

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

**Intangible Fixed Assets - Software**

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

**Tangible Fixed Assets - Housing properties**

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

**Group and Saxon Weald**  
**Notes to the Financial Statements**  
for the year ended 31 March 2024

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**

Years from date of acquisition or practical completion		
Structure	flats and 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
Heat recovery fans		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.



**Group and Saxon Weald  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**Impairment**

**Financial assets (including trade and other debtors)**

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

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

**Non-Financial assets**

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

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

**Capitalisation of interest and development and asset management staff administration costs**

Costs including staff costs and loan interest relating to development and asset management activity are capitalised only where the costs are incremental and directly related to either bringing new properties into working condition for their intended use or carrying out capital works to improve existing properties. 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 5.14%.

**Property Sales Income**

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

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

**Other tangible fixed assets**

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

Freehold office building	50 years straight line
Freehold office fixtures and fittings	25 years straight line
Office furniture and equipment	7 years straight line
IT equipment	4 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.

**Group and Saxon Weald  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**Loan finance issuance costs and breakage fees / receipts**

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

**Taxation**

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

**Employee benefits**

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

**Holiday Pay**

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

**Defined Contribution Pensions**

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 had a participating interest until 29 February 2024.

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.

**Group and Saxon Weald  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**Provisions**

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

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

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

**Operating leases**

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

**Investment in subsidiaries**

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

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

**Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values 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 the valuation of the pension plan assets as at 29 February 2024.

**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 or in subsequent weeks. Management are satisfied that estimates made are reliable and in line with expectations.

**Disposal of property**

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

## Notes on Financial Statements

for the year ended 31 March 2024

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

	Turnover	Cost of sales	Operating costs	2024 Operating surplus	2023 Operating surplus
	£000	£000	£000	£000	£000
<b>Social housing lettings</b>					
General needs, housing for older people, supported and shared ownership housing (See note 3a)	50,138	-	(39,376)	10,762	9,113
<b>Other social housing activities</b>					
Shared ownership first tranche sales	4,624	(3,350)	-	1,274	570
Sales to eligible older people	-	-	-	-	-
Other social housing activities	159	-	-	159	118
Grants taken to income	-	-	-	-	-
<b>Non social housing activities</b>					
Surplus on lettings (garages)	621	-	(40)	581	590
Surplus on lettings (market rent)	1,296	-	(523)	773	827
Surplus on disposal of fixed assets	-	-	-	4,159	3,471
Unrealised gain on investment properties	-	-	-	862	736
	56,838	(3,350)	(39,939)	18,570	15,425

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

	Housing for older people			2024	2023
	General needs	and supported housing	Shared ownership	Total	Total
	£000	£000	£000	£000	£000
<b>Income</b>					
Rents receivable net of identifiable service charges	29,933	9,151	1,698	40,782	37,688
Service charge income	1,063	7,386	229	8,678	7,183
Amortised Government Grants	210	437	31	678	678
Turnover from social housing lettings	31,206	16,974	1,958	50,138	45,549
<b>Expenditure</b>					
Management	(3,096)	(1,648)	(107)	(4,851)	(4,433)
Service charge costs	(2,741)	(7,743)	(149)	(10,633)	(9,224)
Responsive maintenance (routine maintenance)	(5,176)	(1,933)	(32)	(7,141)	(6,121)
Planned and cyclical maintenance	(4,695)	(1,932)	(10)	(6,637)	(5,260)
Major repairs expenditure	(1,704)	(547)	(18)	(2,269)	(1,930)
Bad debts	18	7	1	26	(405)
Depreciation of housing properties*	(5,344)	(1,998)	(280)	(7,622)	(7,373)
Pension (current cost less contributions)	459	-	-	459	(638)
Other costs	(708)	-	-	(708)	(1,052)
Operating costs on social housing lettings	(22,987)	(15,794)	(595)	(39,376)	(36,436)
Surplus on social housing lettings	8,219	1,180	1,363	10,762	9,113
Voids - rent lost through dwellings being vacant	(697)	(587)	-	(1,284)	(947)

\* Includes accelerated depreciation of £368,000 (2023: £389,000).

## Notes on Financial Statements

for the year ended 31 March 2024

### 4 Accommodation in Management and Development

	Group			
	Social Number	Affordable Number	2024 Total Number	2023 Total Number
Under management at end of year:				
<b>Social Housing</b>				
General needs housing				
Owned general needs	3,315	830	4,145	4,115
Owned general needs managed by others	61	-	61	57
Managed general needs owned by others	-	50	50	36
Older Peoples Housing				
Extra Care	328	105	433	433
Retirement - Supported	961	65	1,026	1,030
Retirement - Non-Supported	76	47	123	110
	<b>4,741</b>	<b>1,097</b>	<b>5,838</b>	<b>5,781</b>
Shared ownership				
Owned shared ownership			294	262
Managed shared ownership owned by others			51	22
Leasehold for older people			157	157
<b>Total Social Housing</b>			<b>6,340</b>	<b>6,222</b>
Market rent			108	108
Leasehold flats			547	536
<b>Total owned and managed</b>			<b>6,995</b>	<b>6,866</b>
Under development at end of year:				
Social Rent			-	8
Affordable Rent			59	93
Shared Ownership			20	48
			<b>79</b>	<b>149</b>

## Notes on Financial Statements

for the year ended 31 March 2024

### 5 Interest receivable and similar income

	Saxon Weald		Group	
	2024	2023	2024	2023
	£000	£000	£000	£000
Interest on bank deposits	638	114	638	114
	638	114	638	114

### 6 Interest payable and similar charges

	Saxon Weald		Group	
	2024	2023	2024	2023
	£000	£000	£000	£000
Interest on inter-company loan	11,605	12,094	-	-
Interest on bond	-	-	11,605	12,094
Bank charges and arrangement fees	67	63	67	63
Amortisation of bond discount and fees	374	168	374	168
Interest on loan	2,194	986	2,194	986
Amortisation of loan discount and fees	95	361	95	361
Loan non-utilisation fees	345	340	345	340
Loan breakage receipt	-	(4,827)	-	(4,827)
Net receipt on partial bond redemption	(528)	-	(528)	-
Pension fund interest cost	1,293	1,273	1,293	1,273
Pension fund expected return on assets	(1,980)	(1,321)	(1,980)	(1,321)
Capitalised interest on development*	(458)	(1,008)	(458)	(1,008)
	13,007	8,129	13,007	8,129

\* 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 5.14% (2023: 5.10%).

## Notes on Financial Statements

for the year ended 31 March 2024

### 7 Group surplus on ordinary activities before

	Saxon Weald		Group	
	2024	2023	2024	2023
	£000	£000	£000	£000
Is stated after charging:				
Depreciation of housing properties (including accelerated depreciation of £368k (2023: £389k) (note 11a))	7,622	7,373	7,622	7,373
Depreciation of other tangible fixed assets (note 11b)	363	355	363	355
Amortisation of intangible fixed assets (note 10)	99	118	99	118
Employer contributions to Scottish Widows defined contribution pension scheme	544	316	544	316
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	48	45	48	45
Audit services - statutory audit of the Subsidiary (excluding VAT)	16	15	16	15
<b>Total audit services</b>	<b>64</b>	<b>60</b>	<b>64</b>	<b>60</b>
Operating lease expenditure	739	714	739	714
Salaries directly attributable to development and asset management projects capitalised	722	509	722	509

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

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

	Right to Buy and Right to Acquire Sales £000	Low-Cost Home Ownership Staircasing £000	Other Disposals £000	2024 £000	2023 £000
Disposal proceeds	1,035	1,077	4,135	6,247	5,196
Homes England grant	14	-	-	14	54
Carrying value of fixed assets	(111)	(680)	(488)	(1,279)	(1,244)
Payable to Horsham District Council	(606)	-	-	(606)	(382)
Other costs to sell	(20)	(7)	(190)	(217)	(153)
	312	390	3,457	4,159	3,471
Capital grant recycled (note 19)	0	109	1	110	211

## NOTES ON FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 8 Group and Society Employees

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

	2024	2023
	Number	Number
<b>Actual</b>		
Office and management	154	141
Housing support and care	35	33
Maintenance	85	80
Board and Committee members	9	8
	283	262

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

	2024	2023
	Number	Number
<b>Full time equivalents</b>		
Office and management *	146	136
Housing support and care **	30	28
Maintenance ***	83	77
Board and Committee members ****	9	8
	268	249

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

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

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

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

	2024	2023
	£000	£000
<b>Staff costs for the above</b>		
Wages and salaries	10,741	9,631
Social security costs	1,183	1,074
Other pension costs and current service cost (note 28) *	623	1,763
	12,547	12,468

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

	2024	2023
	Number	Number
£60,000 to £70,000	12	15
£70,001 to £80,000	12	6
£80,001 to £90,000	2	2
£90,001 to £100,000	4	2
£100,001 to £110,000	1	0
£110,001 to £120,000	0	4
£120,001 to £130,000	2	0
£130,001 to £140,000	2	0
£160,001 to £170,000	0	1
£180,001 to £190,000	1	1
£200,001 to £210,000	1	1
	37	32



## NOTES ON FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 8 Group and Society Employees continued

#### Executive directors, Board and Committee members

Executive directors	2024 £000	2023 £000
Remuneration and fees	657	540
Group contribution to money purchase pension schemes	105	99
Money value of benefits in kind	3	0
	765	639

The Executive directors, Assistant Directors, Board and Committee members are considered key management personnel for the purposes of FRS 102 and their remuneration is £1,056,000 (2023: £1,543,000).

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

- Defined benefit schemes was:	0	2
	0	2

#### Highest paid director

	2024 £000	2023 £000
Remuneration (includes benefits in kind and excluding pension)	185	183
Society contributions to pension scheme	19	21
	204	204

The Chief Executive was an ordinary member of the Scottish Widows defined contribution pension scheme with no enhanced or special terms applicable. The Society does not make any further contributions to an individual pension arrangement for the Chief Executive.

Board and Committee members'	2024 £000	2023 £000
Emoluments	64	58
	64	58

# Notes on Financial Statements

for the year ended 31 March 2024

## 9 Group taxation on surplus on ordinary activities

	Saxon Weald		Group	
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Factors affecting charge for the period</b>				
Surplus on ordinary activities before taxation	6,201	7,410	6,201	7,410
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2022/23: 19%)	1,550	1,408	1,550	1,408
<b>Effects of:</b>				
Charitable exemption	(1,550)	(1,408)	(1,550)	(1,408)
Current tax charge for the period	-	-	-	-

### Factors that may affect future tax charges

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

## 10 Group and Society Intangible Fixed Assets

	Software	Total
	£000	£000
<b>Cost</b>		
At 1 April 2023	1,927	1,927
Additions	200	200
Disposals	-	-
At 31 March 2024	2,127	2,127
<b>Accumulated Amortisation</b>		
At 1 April 2023	1,795	1,795
Charged to expense	99	99
Disposals	-	-
At 31 March 2024	1,894	1,894
<b>Carrying amount:</b>		
At 31 March 2024	233	233
At 31 March 2023	132	132

## Notes on Financial Statements

for the year ended 31 March 2024

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

	Completed properties available for letting		Properties under construction		
	Shared		Shared		
	Rented	ownership	Rented	ownership	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2023 *	366,201	36,762	18,970	7,386	429,319
Additions	-	-	8,145	4,318	12,463
Schemes completed	12,968	7,326	(12,968)	(7,326)	-
Replacement components	6,067	-	-	-	6,067
Disposals**	(865)	(702)	-	-	(1,567)
Transfer to WIP	-	-	-	-	-
Components disposed of	(1,362)	-	-	-	(1,362)
At 31 March 2024	383,009	43,386	14,147	4,378	444,920
<b>Depreciation</b>					
At 1 April 2023 *	69,963	1,726	-	-	71,689
Charge for the year	6,969	285	-	-	7,254
Disposals	(266)	(27)	-	-	(293)
Components disposed of	(994)	-	-	-	(994)
At 31 March 2024	75,672	1,984	-	-	77,656
<b>Carrying amount:</b>					
At 31 March 2024	307,337	41,402	14,147	4,378	367,264
At 31 March 2023	296,238	35,036	18,970	7,386	357,630

The Society had property with a net book value of £233m pledged as security as at 31 March 2024 (2023: £289m). During the year an exercise was undertaken to remove excess security charged to debt facilities, therefore the NBV pledged has reduced year on year.

The cumulative amount of capitalised interest included in fixed asset housing properties at 31 March 2024 was £9,760,000 (2023 £9,302,000).

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

#### Housing properties book value net of depreciation

	2024	2023
	£000	£000
Freehold properties	350,535	340,581
Long leasehold properties	16,729	17,049
	367,264	357,630
<b>Works to existing rented properties</b>		
Replacement components capitalised as above	6,068	4,896
Major repair works charged to revenue (note 3)	2,269	1,930
	8,337	6,826

All housing properties are for social housing use.

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

## Notes on Financial Statements

for the year ended 31 March 2024

### I Ib Group and Society Tangible Fixed Assets - Other

	Freehold office £000	Office equipment £000	IT equipment £000	Total £000
<b>Cost</b>				
At 1 April 2023	3,388	509	1,268	5,165
Additions	5	-	81	86
At 31 March 2024	3,393	509	1,349	5,251
<b>Depreciation</b>				
At 1 April 2023	393	145	927	1,465
Charge for the year	113	68	182	363
At 31 March 2024	506	213	1,109	1,828
<b>Carrying amount:</b>				
At 31 March 2024	2,887	296	240	3,423
At 31 March 2023	2,995	364	341	3,700

### I Ic Group and Society Investment Properties

	Garage stock £000	Market rented properties £000	2024 £000	2023 £000
Group				
At 1 April	7,703	26,117	33,820	32,490
Transfer to housing properties	-	-	-	-
Additions and works	-	102	102	594
(Decrease) / Increase in value	557	305	862	736
<b>Value as at 31 March</b>	<b>8,260</b>	<b>26,524</b>	<b>34,784</b>	<b>33,820</b>

All investment properties were valued as at 31 March 2024 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 2024 was £24,056,000 and at 31 March 2023 was £23,955,000.

The key assumptions used for the garage properties valuation were:

	2024 %	2023 %
Long-term rental increases	CPI + 1%	CPI + 1%

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

	2024 %	2023 %
Average percentage reduction for investment - units let on Assured shorthold tenancies	10.0%	10.0%
Average percentage reduction for investment - units let on Assured tenancies and Regulated tenancies	36.5%	36.5%
Average age of tenants within Assured Tenancies and Regulated Tenancies	75 years	75 years
Remaining tenant lifespan within Assured Tenancies and Regulated Tenancies	8 years	8 years

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

- all units are let on Assured Shorthold Tenancies

### 12 Society investment in subsidiaries

	2024 £000	2023 £000
<b>Cost</b>		
At 1 April	50	50
At 31 March	50	50

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

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

## Notes on Financial Statements

### for the year ended 31 March 2024

#### I3 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% (2023: 100%)	Group financing.
Weald Property Development Ltd **	Ordinary	100% (2023: 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.

#### I4 Group and Society properties held for sale

	2024	2023
	£000	£000
Shared ownership - completed properties	-	-
Work in progress	1,459	3,065
	1,459	3,065

#### I5 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 2024 was £138,000 (2023: £195,000).

## Notes on Financial Statements

### for the year ended 31 March 2024

#### 16 Group and Society debtors

	2024	2023
	£000	£000
<b>Due within one year</b>		
Amounts receivable within one year:		
Rents and services receivable	2,704	1,857
Less: net present value adjustment	-	(28)
Less: provision for bad debts	(748)	(754)
	1,956	1,075
Other debtors	251	717
Pension exit credit debtor	8,415	-
Other taxes and social security costs	-	37
Prepayments and accrued income	1,657	1,451
	10,323	2,205
<b>Due after more than one year</b>		
Accrued income	-	1,160
Less: net present value adjustment	-	(204)
Less: provision for bad debts	-	(87)
	-	869
	12,279	4,149

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

	2024	2023
	£000	£000
Housing Loan interest	4,257	4,412
Contractors for certified work	994	2,374
Other taxes and social security costs	394	37
Rent charged in advance	54	277
Rent paid in advance	697	609
Trade creditors	1,629	505
Deferred capital grant	687	693
Other creditors	4,835	4,509
Due to Horsham DC re. RTB sales receipts	606	382
	14,153	13,798

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

	2024	2023
	£000	£000
Debt (note 22)	201,799	221,425
Loan facilities (note 22)	69,173	39,102
Recycled capital grant fund (note 19)	215	213
Deferred capital grant (note 20)	60,701	61,294
Amounts owed by group	331,888	322,034
Due to group companies	38	38
Amounts owed by society	331,926	322,072

## Notes on Financial Statements

for the year ended 31 March 2024

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

#### Funds pertaining to activities within areas covered by:

Opening balance inputs to RCGF:

As at 1 April

RCGF short term from prior year

Grants recycled

Interest accrued

#### Recycling of grant:

New Build

Transfers to RCGF short term

Closing balance

Short-term Recycled Capital Grant Fund

Long-term Recycled Capital Grant Fund

Amounts 3 years or older where repayment may be required:

Homes England	Homes England
2024	2023
£000	£000
213	141
-	39
110	211
10	5
(118)	(183)
-	-
215	213
-	-
215	213
-	-

### 20 Group and Society Deferred Capital Grant

#### Grant

As at 1 April

Additions

Disposals

As at 31 March

#### Amortisation

As at 1 April

Credit for the year

Eliminated on disposal

As at 31 March

Carrying amount at 31 March

2024	2023
£000	£000
69,648	68,674
183	1,185
(110)	(211)
69,721	69,648
(7,660)	(7,001)
(678)	(678)
5	19
(8,333)	(7,660)
61,388	61,988

Social Housing Grants (SHG) are repayable in the event of the disposal of the related property. When this occurs, the total original grant is repayable and this comprises the unamortised balance together with the amortised amount. At the end of the year, the total amount of SHG potentially repayable was £69,721,000 (2023: £69,648,000).

**Notes on Financial Statements**  
for the year ended 31 March 2024

**21 Group and Society Financial Instruments**

	2024	2023
	£000	£000
Group surplus on ordinary activities before taxation		
<b>Financial assets:</b>		
<i>Measured at cost</i>		
Cash and cash equivalents	27,416	20,617
<i>Measured at amortised cost</i>		
Other financial assets (included in note 16)	10,622	2,698
<b>Total</b>	<b>38,038</b>	<b>23,315</b>
<b>Financial liabilities</b>		
<i>Measured at amortised cost</i>		
Debt*	270,972	260,527
Other financial liabilities (included in note 17,19)	12,929	12,431
<b>Total</b>	<b>283,901</b>	<b>272,958</b>

\* Further details are provided within note 22

**22 Group and Society borrowings**

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

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

In October 2023 a transaction was completed whereby Saxon Weald redeemed £20m in nominal value of the bond for consideration of £19.5m. The total bond in issue is now £205m, with all other terms unchanged.

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

Saxon Weald holds three revolving credit facilities, £35m with Santander and £35m with Natwest, split between a £25m 10 year facility and a £10m 5 year facility.

Saxon Weald agreed a £70m private placement with Legal and General Investment Management in August 2022. This was drawn in four tranches, the first two of which, totalling £40m, were received last year with the last two tranches totalling £30m received in 2023-24.

It has an average term 27.5 years at an average interest rate of 4.26%, with an ESG linked discount applicable in 2030 in the event agreed EPC (C) levels are achieved by this point.

	<b>Saxon Weald</b>		<b>Group</b>	
	2024	2023	2024	2023
	£000	£000	£000	£000
In year bond redemption				
Loans to Group undertakings	201,799	221,425	-	-
<b>Total</b>	<b>201,799</b>	<b>221,425</b>	<b>-</b>	<b>-</b>
Bond	-	-	225,000	225,000
Bond repayment	-	-	(20,000)	0
Bond discount and fees	-	-	(3,201)	(3,575)
<b>Net bond</b>	<b>201,799</b>	<b>221,425</b>	<b>201,799</b>	<b>221,425</b>
Loans	70,000	40,000	70,000	40,000
Loan discount and fees	(827)	(898)	(827)	(898)
<b>Net Loan</b>	<b>69,173</b>	<b>39,102</b>	<b>69,173</b>	<b>39,102</b>
<b>Total borrowings</b>	<b>270,972</b>	<b>260,527</b>	<b>270,972</b>	<b>260,527</b>

	<b>Saxon Weald</b>		<b>Group</b>	
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Loans repayable by instalments:</b>				
In five years or more	270,972	260,527	270,972	260,527
<b>Total</b>	<b>270,972</b>	<b>260,527</b>	<b>270,972</b>	<b>260,527</b>

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



## Notes on Financial Statements

### for the year ended 31 March 2024

#### 23 Group and Society Provisions for liabilities

	<b>Holiday Pay</b> <b>£000</b>
As at 1 April 2023	90
Increase in provision in year	9
As at 31 March 2024	<u>99</u>

#### **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.

	<b>2024</b> <b>£</b>	<b>2023</b> <b>£</b>
As at 1 April	11	9
Issued during the year	1	2
Cancelled during the year	(2)	-
At the end of the year	<u>10</u>	<u>11</u>

## Notes on Financial Statements

### for the year ended 31 March 2024

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

	2024	2023
	£000	£000
Surplus after tax for the year	6,201	7,410
<u>Non-cash adjustments for:</u>		
Depreciation of tangible fixed assets	7,987	7,729
Amortisation of intangible assets	99	118
Amortisation of government grants	(678)	(678)
Fair value (gains) on investment properties	(862)	(736)
Defined benefit pension scheme	7,956	527
Increase / (Decrease) in provisions	9	(14)
Decrease / (Increase) in properties held for sale	1,605	(1,561)
<u>Cash adjustment for:</u>		
(Gain) on disposal of housing fixed assets	(4,159)	(3,471)
<u>Investing activity adjustment for:</u>		
Interest receivable	(638)	(114)
<u>Financing activity adjustment:</u>		
Interest and financing costs	13,007	8,129
Operating cash flows before movements in working capital	30,527	17,339
Decrease / (increase) in stock	56	(38)
(Increase) in trade and other debtors	(7,715)	(1,336)
Increase in trade and other creditors	789	305
	(6,870)	(1,069)
<b>Cash generated from operations</b>	<b>23,657</b>	<b>16,270</b>

Cash and cash equivalents	2024	2023
	£000	£000
Cash and cash equivalents represent:-		
Cash at bank *	27,416	20,617
	27,416	20,617

\* Cash at bank includes £1,033,000 (2023: £926,000) which is ring fenced for sinking funds and tenancy deposits.

## Notes on Financial Statements

for the year ended 31 March 2024

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

Reconciliation of net cash flow to movement in net debt	2024 £000	2023 £000
Increase in cash in the year	6,799	11,041
Partial Bond repayment	20,000	-
(Increase) in debt funding	(30,047)	(22,054)
Changes in net debt resulting from cashflows	(3,248)	(11,013)
Non - cash movement	(398)	(349)
Net debt at beginning of year	(239,910)	(228,548)
Net debt at end of year	(243,556)	(239,910)

Net debt reconciliation	At 31 March 2023 £000	Cashflow £000	Non-cash movement * £000	At 31 March 2024 £000
Cash at bank and in hand	20,617	6,799	-	27,416
Bond Debt due after one year	(221,425)	20,000	(374)	(201,799)
Loan Debt due after one year	(39,102)	(30,047)	(24)	(69,173)
	(239,910)	(3,248)	(398)	(243,556)

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

## Notes on Financial Statements

for the year ended 31 March 2024

<b>26 Group and Society capital commitments and other contractual obligations</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
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	5,645	7,612
To be spent after 1 year	4,216	7,080
	<b>9,861</b>	<b>14,692</b>
Capital expenditure for new development / acquisition that has been authorised by the Board but has not been contracted for	9,563	10,387
	<b>19,424</b>	<b>25,079</b>
The Group and Society expects to finance the above commitments by:		
Social housing grant receivable	1,132	1,244
Property sales	2,956	6,153
Loan	-	2,066
Cash	15,336	15,616
	<b>19,424</b>	<b>25,079</b>
In addition to the above, the Board has authorised capital expenditure on property components which have not been contracted for totalling:	8,459	7,394

<b>27 Group and Society commitments under operating leases</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
As at 31 March 2024, the total future minimum lease payments under non-cancellable operating leases not relating to land and buildings as set out below:		
Less than one year	610	602
Between one and five years	832	1,360
	<b>1,442</b>	<b>1,962</b>

**Notes on Financial Statements**  
**for the year ended 31 March 2024**

**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 29 February 2024 when Saxon Weald exited the scheme.

The employer's contribution to the LGPS by Saxon Weald for the period ended 29 February was £1,082,000 (2023: £1,236,000) at a contribution rate of 28.5% (2023: 28.5%) of pensionable salaries.

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**

	2024	2023
Discount rate	3.5%	4.8%
Future salary increase rate	n/a	3.2%
Future pension increase rate	2.2%	2.7%

**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	
	2024	2023
Equity Securities	0%	0%
Debt Securities	0%	0%
Private Equity	3%	3%
Property	8%	10%
Investment Funds	88%	86%
Cash	1%	1%

**Mortality**

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

	Males	Females
Current Pensioners	22.6 years	25.0 years
Future Pensioners	24.0 years	27.0 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 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.0% and a long term rate of improvement of 1.25% p.a.	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.0% and a long term rate of improvement of 1.25% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

## 28 Group and Society Retirement benefits (continued)

Changes in the present value of the defined benefit obligation:	2024 £'000	2023 £'000
Defined benefit obligation at 1 April	29,483	44,089
Current service cost	623	1,634
Past service cost	-	129
Interest cost	1,293	1,273
Contributions by scheme participants	270	321
Benefits paid	(839)	(840)
Actuarial (gains) / losses	8,429	(17,123)
Defined benefit obligation at 31 March	39,259	29,483

Changes in the fair value of plan assets:	2024 £'000	2023 £'000
Plan assets at 1 April	44,947	46,015
Interest income	1,980	1,321
Return on plan assets (excluding amounts included in net interest)	234	(3,106)
Contributions by employer	1,082	1,236
Contributions by scheme participants	270	321
Benefits paid	(839)	(840)
Plan assets at 31 March	47,674	44,947

The actual return on plan assets was a gain of £2,214,000 (2023: a loss of £1,785,000).

Reconciliation to statement of financial position	2024 £'000	2023 £'000
Fair value of employer's assets	47,674	44,947
Present value of funded liabilities	(39,259)	(29,483)
Exit credit following scheme closure	(8,415)	-
Net Asset	-	15,464

Amounts in the statement of financial position		
Asset	-	15,464
Net Asset	-	15,464

Amounts recognised in the statement of comprehensive income in respect of the defined benefit schemes are as follows:	2024 £'000	2023 £'000
Current service cost	623	1,634
Net interest on the net defined benefit pension liability	(687)	(48)
Past service cost and losses on curtailments and settlements	-	129
Actuarial loss (gain) / loss in respect of pension scheme	8,195	(13,538)
	8,131	(11,823)

## **Notes on Financial Statements**

**for the year ended 31 March 2024**

### **29 Contingent liabilities**

The group and society had no contingent assets at 31 March 2024 (2023: nil).

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

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

At 31 March 2024, the group has disposed of properties, which had received £110,000 (2023: £211,000) of grant funding. The disposal of these properties has given rise to a relevant event for the purposes of recycling the grant and is shown within "grants recycled" in Note 19.

The group and society had no other contingent liabilities at 31 March 2024 (2023: £nil)

### **30 Events after the end of the reporting period**

In line with The Local Government Pension Scheme Regulations 2013, West Sussex County Council, as the administering authority, obtained an actuarial valuation as at the exit date of the assets and liabilities of the West Sussex Local Government Pension Fund as relating to the membership of Saxon Weald at the date of exit on 29 February 2024. A determination was made on 4 September 2024 of the exit credit payable to Saxon Weald as being £8,415,000. The exit credit is included in the results for the year ended 31 March 2024, with the receipt of monies occurring post statement of financial position.

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

### **31 Related Parties**

Two members of the Board were residents of the Society during year to 31 March 2024. 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 £14,000 and there were nil arrears on the accounts of current Board members at 31 March 2024.

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 £12.0m (2023: £12.2m) to Saxon Weald Capital plc, its subsidiary company, during the year. Details of the outstanding liabilities to Saxon Weald Capital plc are disclosed in note 22.