Saxon Weald Capital Plc

Annual Report and Financial Statements

For the year ended 31 March 2017

Company Registered Number 8050531

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Saxon Weald Capital Plc

Directors and Advisers

Directors
Simon Turpitt (Chairman)
Norman Hill BSc Econ (Hons), FCPFA
David Standfast MA (Cantab), Dip TP, DMS, MRTPI, FCMI
Stephanie White MBA

Company Secretary
Norman Hill BSc Econ (Hons), FCPFA

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

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

Auditor
RSM UK Audit LLP
Abbotsgate House,
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Solicitors
Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Registered Number
Company Number: 8050531

Saxon Weald Capital Plc

Strategic Report

The Directors present their Annual Report and audited financial statements for the year ended 31 March 2017.

Results

The results of the Company for the year ending 31 March 2017 are set out on page 11. The Directors do not recommend the payment of a dividend.

Saxon Weald Capital Plc is operating successfully, as intended, as a funding vehicle for Saxon Weald Homes Limited.

Key performance indicators

The entity operates as a Group funding vehicle and as such has no specific key performance indicators. The entity is monitored against the original performance model and it is thus expected to break even.

Business Model and Strategy

On 6 June 2012, Saxon Weald Capital Plc successfully issued a £225m bond at a coupon of 5.375% with a 20% repayment after 20 years in 2032 and then 20% every two and a half years thereafter with the final repayment in June 2042. The bond was issued at a discount of 1.623%, so that the funds received were £221.3m, which equates to a fixed interest rate of 5.496%.

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

The bond discount and the costs of issue are amortised over the term of the bond using the effective interest rate method. Saxon Weald Homes Limited is liable to Saxon Weald Capital Plc for both the bond coupon and the amortisation cost of the bond premium and issue cost under the terms of an agreement between the two companies.

Surpluses generated by Saxon Weald Homes Limited are used to pay interest on the amounts lent by the Company which in turn it uses to pay interest on the bond.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk. The Group has in place a risk management programme that seeks to limit the adverse effects of the financial performance of the Company by monitoring levels of debt finance and related finance costs.

Interest rate risk

As at 31 March 2017 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company actively lends the full amount of the loans it itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

As at 31 March 2017 the Company had lent on all of its funds to Saxon Weald Homes Limited and therefore the main risk is that Saxon Weald Homes Limited will be unable to pay interest or principal when they fall due.

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

Future Outlook

The Directors are satisfied with the results in the year and expect future performance to continue on the same basis.

Corporate Governance Statement

Internal control

Saxon Weald has a formal group treasury management policy and regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The company acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Saxon Weald Capital Plc

Audit committee

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

By order of the Board

Simon Turpitt
Chairman
17 July 2017

Saxon Weald Capital Plc

Directors' Report

Principal activities

The principal activity of Saxon Weald Capital Plc is to act as an onward lender of bond monies to its immediate parent company, Saxon Weald Homes Limited.
The Directors of the Company who have served during the year and to the date the financial statements were signed are;

Simon Turpitt (Chairman)
Norman Hill BSc Econ (Hons), FCPFA
David Standfast MA (Cantab), Dip TP, DMS, MRTPI, FCMI
Stephanie White MBA

Independent Auditor

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

Directors' remuneration report

The Directors of Saxon Weald Capital Plc are directors of and remunerated by Saxon Weald Homes Limited. Full disclosures on Directors' remuneration are therefore included in Saxon Weald Homes Limited financial statements.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

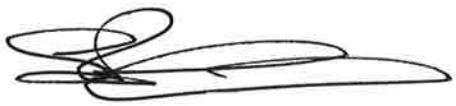
Saxon Weald Capital Plc

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

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

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

By order of the Board



Simon Turpitt
Chairman
17 July 2017

Saxon Weald Capital Plc

Independent auditor's report to the member of Saxon Weald Capital plc

We have audited the financial statements on pages 11 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Respective responsibilities of directors and auditor
As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

PETER HOWARD (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLLP Statutory Auditor
Chartered Accountants
Abbotsgate House,
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

21/08/17

Saxon Weald Capital Plc

Statement of Comprehensive Income for the Year Ended 31 March 2017

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
		£'000	£'000
Interest receivable	6	12,215	12,209
Interest payable and other finance costs	7	(12,215)	(12,209)
Profit before taxation		-	-
Tax on surplus on ordinary activities		-	-
Profit for the year		-	-

The profit for the year relates wholly to continuing activities.

The notes on pages 13 to 19 form part of these financial statements.

Saxon Weald Capital Plc

Company registered number: 8050531

Statement of Financial Position as at 31 March 2017

	Notes	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
Current Assets			
Debtors - amounts falling due within one year	9	3,854	3,854
Debtors - amounts falling after more than one year	9	220,577	220,456
Cash at bank and in hand		13	13
		224,444	224,323
Current Liabilities			
Creditors - amounts falling due within one year	10	(3,854)	(3,854)
Net Current Assets		**220,590**	**220,469**
Creditors - amounts falling due after more than one year	11	(220,540)	(220,419)
Net Assets		**50**	**50**
Capital and Reserves			
Ordinary share capital	12	50	50
Profit and loss account		-	-
Shareholder's Funds		**50**	**50**

Approved and authorised for issue by the Board of Directors on 17 July 2017 and signed on its behalf by:

Simon Turpitt
Chairman

Norman Hill
Company Secretary

The notes on pages 13 to 19 form part of these financial statements.

1 Legal Status

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

2 Accounting Policies

Accounting Convention

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

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

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

Reduced Disclosures

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

• Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
• Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedge fair value changes recognized in profit or loss and in other comprehensive income.
• Section 33 'Related Party Disclosures' – Compensation for key management personnel

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

Going Concern

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects . In particular, they have considered the forecast future performance, anticipated cash flows and the ability of the parent to meet interest payments. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

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

Financial instruments

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

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

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

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

Financial assets are assessed for indicators of impairment at each reporting end date. Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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

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

Taxation

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

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

Deferred tax

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

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

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

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

Bond issuing costs

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

Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

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

3 Statement of Comprehensive Income

Audit fees of £11,700 (2016 £11,400) were borne by the parent company Saxon Weald Homes Limited.

4 Employees

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

5 Board of Directors' remuneration

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

6 Interest receivable

	2017	2016
	£'000	£'000
Interest receivable from Group undertakings	12,215	12,209
	12,215	**12,209**

7 Interest payable and other finance costs

	2017	2016
	£'000	£'000
Interest payable to bond holders	12,215	12,209
	12,215	**12,209**

8 Taxation

Analysis of tax charge in year	2017 £'000	2016 £'000
Current tax on income for the year	-	-
Deferred tax - origination of timing differences	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is equal to the standard rate of UK Corporation tax at 20% (2016: 20%).

	2017 £'000	2016 £'000
Profit for the year before taxation	-	-
UK Corporation tax at 20% (2016: 20%)	-	-
Current tax charge for the year	-	-

9 Debtors

	2017 £'000	2016 £'000
Amounts due within one year:		
Interest from Group undertakings	3,854	3,854
Amounts due after more than one year:		
Loans to Group undertakings	220,540	220,419
Unpaid share capital	37	37
Total amounts due after more than one year:	220,577	220,456
Total debtors	224,431	224,310

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

10 Creditors - amounts falling due within one year

	2017	2016
	£'000	£'000
Accruals	3,854	3,854
	3,854	3,854

11 Creditors - amounts falling due after more than one year

	2017	2016
	£'000	£'000
Amounts due to bond holders	225,000	225,000
Bond premium and issue costs	(4,460)	(4,581)
	220,540	220,419

On 6 June 2012, Saxon Weald Capital Plc successfully issued a £225m bond at a coupon of 5.375% with a 20% repayment after 20 years in 2032 and then 20% every two and a half years thereafter with the final repayment in June 2042. The bond was issued at a discount of 1.623%, so that the funds received were £221.3m, which equates to a fixed interest rate of 5.496%.

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

The bond premium and the costs of issue are amortised over the term of the bond using the effective interest rate method. Saxon Weald Homes Limited is liable to Saxon Weald Capital Plc for both the bond coupon and the amortisation cost of the bond premium and issue cost, under an agreement between the companies.

The borrowings are due as follows:

Shareholder's Funds	2017	2016
	£'000	£'000
Due in more than five years	220,540	220,419
	220,540	220,419

The fair value (market value) of the bond at 31 March 2017 was £310,999,500 (2016: £278,734,500).

12 Ordinary share capital

	2017	2016
	£'000	£'000
Authorised share capital		
Ordinary shares of £1 each	50	50
Issued share capital		
Ordinary shares of £1 each	50	50

£12,500 of issued share capital is paid up, the remaining issued share capital is shown in debtors.

13 Ultimate parent undertaking and controlling party

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

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

14 Post balance sheet events

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