

# Group Report and Financial Statements

Year ended 31 March 2026





# Contents

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|                                                                                  |    |
|----------------------------------------------------------------------------------|----|
| The Group Board, Executive Management Team, Committees and Professional Advisers | 2  |
| Group strategic report                                                           | 3  |
| Group Board report                                                               | 20 |
| Independent auditor's report                                                     | 25 |
| Consolidated Statement of Comprehensive Income                                   | 27 |
| Consolidated Statement of Financial Position                                     | 28 |
| Association's Statement of Comprehensive Income                                  | 29 |
| Association's Statement of Financial Position                                    | 30 |
| Consolidated Statement of Changes in Reserves                                    | 31 |
| Association's Statement of Changes in Reserves                                   | 32 |
| Consolidated Statement of Cash Flows                                             | 33 |
| Notes to the Financial Statements                                                | 35 |

# The Group Board, Executive Management Team, Committees and Professional Advisers

## Group Board

**Chris Cheshire** – Resigned 31 March 2026  
**Hattie Llewelyn-Davies** – 1 April – 23 May 2026  
**Rachel Hatfield (Interim)** – Appointed 1 June 2026

## Senior Independent Director

**Dale Butcher**

## Other Members

**Simon David** – resigned 31 May 2026  
**Jennifer Pattinson** – resigned 31 May 2026  
**Mike Suarez** – resigned 31 May 2026  
**Tim Willcocks** – resigned 19 March 2026  
**Rich Hanrahan**  
**Clare Norton**  
**Richard Petty** – resigned 31 May 2026  
**Kajal Burnaby**  
**Ceres El Khalifa**

## Executive Management Team

**Tina Barnard** – Resigned 31 May 2026  
**Paul Richmond** – Appointed 1 June 2026  
**Peter Cogan** – Group Director of Operations – resigned 17 April 2026  
**Penny Metcalf** – Group Director of Partnerships & Investment – resigned 31 December 2025  
**Greg Whelan** – Group Chief Finance Officer – appointed 1 July 2025  
**Nick Wright** – Group Director of Partnerships – appointed 1 January 2026  
**Paul Harris** – Executive Director of Operations – appointed 18 April 2026  
**James Ross** – Executive Director of Assets & Compliance – appointed 1 June 2026

## Company secretary

**Amy Fox**

## Committees

Audit and Risk Committee

**Mike Suarez** – Chair – resigned 31 May 2026  
**Matthew Peak** – Chair – appointed 1 June 2026

Investment Committee

**Tim Willcocks** – Chair – resigned 19 March 2026  
**Dale Butcher** – Interim Chair – appointed 20 March 2026

Remuneration and Appraisal Committee

**Dale Butcher** – Chair

Customer Experience Committee

**Clare Norton** – Chair

## Customer group

Gateway Membership Team

## Registered office

Gateway House  
 59 Clarendon Road  
 Watford  
 Hertfordshire WD17 1LA

## Registered number

Registered No: 30183R  
 Registered by the Regulator of Social Housing No: L4495

## Auditor

Menzies LLP  
 One Express, 1 George Leigh Street  
 Manchester M4 5DL

## Solicitors

Devonshires  
 Salisbury House  
 London Wall  
 London EC2M 5QY

Perrin Myddelton  
 10 Waterside  
 Station Road  
 Harpenden AL5 4US

## Funders

Affordable Housing Finance plc  
 3rd Floor, 17 St Swithin's Lane  
 London EC4N 8AL

Aviva Life & Pensions UK Limited  
 c/o Aviva Investors Global Services Limited  
 9th Floor St Helens  
 1 Undershaft  
 London EC3P 3DQ

Barclays Bank Plc, and Barclays Bank UK plc  
 1 Churchill Place  
 London E14 5HP

Santander UK plc  
 2 Triton Square  
 Regent's Place  
 London NW1 3AN

Saltaire Finance plc  
 c/o BNY Mellon Corporate Trustee Services Limited  
 One Canada Square  
 London E14 5AL

The Prudential Assurance Company Limited  
 c/o M&G Investments Ltd  
 10 Fenchurch Avenue  
 London EC3M 5AG

# Group strategic report

Watford Community Housing Trust (“the Group”) is a Registered Provider regulated by the Regulator of Social Housing (RSH) and as such is required to comply with the RSH’s regulatory framework. The Group was created in September 2007 as a Large-Scale Voluntary Transfer (LSVT) and owns and manages a total of 8,262 properties and associated assets in South-West Hertfordshire and North-West London.

In March 2026 the Group Board agreed to a transfer of engagements with Thrive Homes Limited, a Registered Provider which owned and managed a similar number of properties and associated assets. The transfer of engagements occurred on 1st June 2026 when all assets and liabilities of Thrive Homes Limited transferred to Watford Community Housing Trust. From this date the name of the company is Watford Community Housing Trust trading as Chime Housing. A formal name change is expected to occur at a later date, pending approval from members. The new entity owns and manages 14,512 properties and associated assets.

## Organisational structure and governance

The Group is charitable, having the status of a Registered Society under the Co-operative and Community Benefit Societies Act 2014. As a Community Gateway housing association, its tenants and leaseholders have the opportunity to become its members and participate in decisions on how it is run.

The Group is governed by a Group Board consisting of up to 12 non-executive members. All Group Board and Committee members are remunerated, with the exception of any Local Authority nominee.

The Group is managed by an Executive Management Team which reports to the Group Board and is headed by a Chief Executive. The Chief Executive is supported by the Chief Finance Officer, the Executive Director of Development, the Executive Director of Operations and the Executive Director of Assets & Compliance (a new role added to provide strategic management and oversight for property management and compliance. The Group Board delegates some of its responsibilities to committees composed of Group Board members and independent committee members. The structure consists of an Audit and Risk Committee, an Investment Committee, a Customer Experience Committee and a Remuneration and Appraisal Committee. There is also a Treasury Working Group to support on specific Treasury matters.

As we are a Community Gateway housing association, our customers play a significant role in how the Group operates and they have the opportunity to become members of the organisation. The Gateway

Membership Team, representing our customers, engages regularly with the Group Board and scrutinises our services and how they are delivered. Residents also have the opportunity to shape decision-making through a range of different channels including planned engagement events, consultations, online discussion forums and feedback via social media, with engagement opportunities being promoted through a comprehensive ‘Involvement Menu’.

Watford Community Housing t/a Chime Housing operates with a Group structure and as of 1st June- the effective date of the merger - has five fully owned subsidiaries:

- Clarendon Living Limited – this is used to deliver and promote the Group’s commercial development activity and associated Joint Ventures. Clarendon Living has its own Board, which was chaired by Richard Petty and now by John Tibbitts. This Board includes at least two non-executive members and two executive members.
- WCHT Devco Limited (Devco) – this is used to provide design and build services to the Group. The Devco Board was chaired by Tina Barnard and now Paul Richmond and consists of three executive members and the company secretary.
- Building for Thrive Limited – as per the Devco subsidiary, this is used to provide design and build services to the Group. It is a legacy subsidiary company of Thrive Homes Limited and is chaired by Paul Richmond.
- Thrive Homes Finance PLC – this company is used to manage the treasury arrangements for Thrive Homes Limited, in particular the public bond currently in place. It is chaired by Richard Hanrahan.
- Thrive Places Limited – this is used to manage non-social housing properties originally developed by Thrive Homes Limited. It is chaired by John Tibbitts.

## Joint ventures

The Group has an investment via Clarendon Living Limited in a joint venture with Watford Borough Council (WBC) – named Hart Homes. Hart Homes consists of an asset-holding entity (Hart Homes (Watford) Limited) and a development,

design and build entity (Hart Homes (Watford) Development LLP). The ownership of both entities is split on a 50/50 basis with WBC and both are managed by Boards with representatives from both Clarendon Living Limited and WBC/Watford Commercial Services Limited. It is intended for Hart Homes (Watford) Development LLP to be made dormant in 2026/27.

The Group also has an investment via Clarendon Living Limited in a joint venture with Three Rivers District Council (TRDC) – named Three Rivers Homes. Three Rivers Homes consists of an asset-holding entity (Three Rivers Homes Limited) and a development, design and build entity which is currently dormant (Three Rivers Housing Developments LLP). The ownership of both entities is split on a 50/50 basis with TRDC and both are managed by Boards with representatives from both Clarendon Living and TRDC/Three Rivers Commercial Services Limited.

The Group also has an investment via Clarendon Living Limited in a joint venture with Hertsmere Borough Council (HBC) – named Hertsmere Living Limited. Hertsmere Living Limited is an asset-holding entity. The ownership of the entity is split on a 50/50 basis with HBC and is managed by a Board with representatives from both Clarendon Living Limited and HBC.

## Nature of business

The Group operates six key business streams:

- i. Housing for rent, primarily for families who are unable to rent or buy at open market rates.
- ii. Housing for older people who need additional support or care.
- iii. Shared ownership properties (i.e. residents purchase a share in the equity of their homes and pay rent to the Group on the remainder).
- iv. Joint venture participation with local authority partners via Clarendon Living Limited.
- v. Selective market sales schemes both directly through Clarendon Living Limited, when the appropriate opportunities arise, and through its joint ventures with local authorities.
- vi. Market rent schemes.

The number of homes and associated assets owned and managed by the Group as at 31 March 2026 (as per note 26 of the financial statements) is:

### Stock Profile

| Type of Units                              | 2026 No.     | 2025 No.     |
|--------------------------------------------|--------------|--------------|
| Owned by the Group:                        |              |              |
| General needs                              | 4,522        | 4,186        |
| Affordable rents                           | 703          | 740          |
| Housing for older people                   | 707          | 710          |
| Shared ownership                           | 444          | 345          |
| Leaseholds                                 | 451          | 393          |
| Open Market Sales Stock                    | -            | -            |
| Commercial and market rents                | 25           | 25           |
| Commercial shops                           | 20           | 20           |
| Garages                                    | 990          | 988          |
| Temporary accommodation                    | 68           | 66           |
|                                            | 7,930        | 7,473        |
| Managed for others (social and non-social) | 323          | 302          |
| Managed by others                          | 9            | 9            |
| <b>Total</b>                               | <b>8,262</b> | <b>7,784</b> |

During the year the Group's owned and managed stock numbers increased by 478. A significant factor in this increase was the acquisition of 509 properties from Notting Hill Genesis in March 2026 including 340 general needs, 7 affordable rent, 59 leasehold and 103 shared ownership properties. There were also 12 properties developed in the year by the company. These additions were offset by Right to Buy sales and shared ownership equity purchases. The property stock is in good condition and the Group has made provision in its Business Plan to ensure that adequate investment is available in the future to maintain this position in accordance with its Asset Management Strategy.

# Objectives & Strategy

These Financial Statements align with the first year of the Group’s 2025/2030 ‘Making A Difference’ Business Plan, which has three interlinking priorities to enable us to work in partnership to transform our communities and deliver on our promises:

- **Customers & Communities** – delivering excellent and reliable services and fostering safe and vibrant places to live.
- **Properties & Performance** – maintaining and building quality homes that are sustainable and fit for the future, helping people to live well.
- **Partners & People** – building productive relationships, a strong values-based culture and a diverse and inclusive team, so that we can work together to do more.

## Making A Difference 2025 - 2030

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers & Communities  | <ul style="list-style-type: none"><li>• Deliver a reliable repairs service</li><li>• Excellent housing management</li><li>• Act on residents’ feedback</li><li>• Make communities safer and more attractive</li><li>• Homes will be safe and secure</li><li>• Respond quickly to concerns about homes</li><li>• Investment of £1.25m in tenancy sustainment and local initiatives</li></ul>                                                         |
| Properties & Performance | <ul style="list-style-type: none"><li>• Development strategy will clarify our approach to meeting local housing need</li><li>• Delivery of 750 new homes in the period</li><li>• Investment in maintaining and modernising our homes</li><li>• Every home will be EPC C or better by 2028</li><li>• Delivery of a Supported Housing Strategy</li><li>• Continue to foster vibrant independent living communities</li></ul>                          |
| Partners & People        | <ul style="list-style-type: none"><li>• Development strategy identifies joint working as key to delivering housing supply</li><li>• Digital strategy will ensure every employee has the equipment and infrastructure needed to provide excellent services</li><li>• Communications strategy will support customers being able to get the best from our services</li><li>• We will make a difference to the working lives of our employees</li></ul> |

The plan is underpinned by our vision and values, which remain central to our work.  
The full 2025-2030 Business Plan was launched in April 2025 and can be viewed at: [www.wcht.org.uk/makingadifference](http://www.wcht.org.uk/makingadifference)

# Our vision and values

Our vision is to deliver “**Better homes, friendlier communities – together**”.

Our values are integral to how we work:

- **Professional:** We are honest, open and respectful. People trust us to keep our promises.
- **Forward-thinking:** We have a can-do attitude and embrace opportunities to improve and innovate.
- **Collaborative:** We work together as one team and build lasting partnerships to get results.

## Key Performance Indicators

The outcomes of our most recent Regulatory Inspection (July 2024) covering all three standards; Viability, Governance and Consumer was V1, G1 and C1, which represent the highest possible gradings for all three Regulatory Standards. These Governance and Viability ratings were reconfirmed as part of a stability review in November 2025.

The following table summarises Group performance against this year's targets and last year's performance across the Key Performance Indicators drawn from our 2020-2025 Business Plan objectives.

These indicators form the basis of a Corporate Balanced Scorecard which is reviewed quarterly by our Executive Management Team, Customer Experience Committee, Investment Committee, Gateway Membership Team and Group Board. The selected indicators enable our Group Board to monitor performance in the areas key to us as a community-focused housing provider with an ambitious development programme. The indicators have been aligned with the VFM technical metrics regulatory standard. See the later section on Value for Money (VFM) for more information about how we are meeting this standard.

2025/26 continued to bring significant challenges and disruption to us and our customers due to economic volatility and uncertainty. Despite this, 77% of our customers rated the repairs service positively and our average repairs time decreased, dropping from 37.9 working days on average in 2024/25 to 14 days to complete in 2025/26. First Time Fix rates remained consistent during the year, improving to 85.4% from 83.5% in the previous year and exceeding the target of 85%.

Overall satisfaction continued to improve on prior year, with a 3.5% pts increase to 82.2%, which exceeded our target of 80%. Our arrears levels continued to increase, from 4.3% in 2024/25 to 4.6% in the 2025/26 financial year and outside of our 4.2% target. This result reflects the continuing pressures of the cost of living on our customers. £1,475k in additional income was realised by Financial Inclusion Officers for customers in 2025/26, the second time we have exceeded £1m in a 12-month period. Watford Community Housing also contributed £50k for community projects in line with our 2020-2025 Customer Promise.

The completion of new homes in the year was a modest result of 12 (2024/25: 311) but reflects the timing of our development programme, with significant numbers of new homes expected to be delivered in 2026/27 as part of our ambition to deliver 750 new homes between 2025 and 2030.

For our sustainability objective, we changed our KPI to measure the number of properties below Energy Performance Certificate (EPC) level C, the target for minimum level to be achieved by 2030. This is a key driver of our asset investment programme. The number has increased due to properties acquired as part of the transfer of engagements, and a planned programme to address this will commence in 2026/27.

Staff satisfaction remained high at 90% and well above our target of 75%. Our ongoing investment in our people, reward and engagement is evidenced by high levels of apprenticeship roles, funding of professional development and qualifications and quarterly staff awards.

## Key performance indicators

|                                                                                         | 2026<br>Target | 2026    | 2025     | Flag (vs<br>Target) |
|-----------------------------------------------------------------------------------------|----------------|---------|----------|---------------------|
| <b>1. Existing Customers</b>                                                            |                |         |          |                     |
| % of customers satisfied with repairs and maintenance                                   | 78%            | 77.8%   | 73.4%    | ●                   |
| Average repair time (working days)                                                      | 20             | 14      | 37.9     | ●                   |
| % of repairs fixed on first visit                                                       | 85%            | 85.4%   | 83.5%    | ●                   |
| % Overall Satisfaction with WCH services                                                | 80%            | 82.2%   | 78.7%    | ●                   |
| Welfare Fund Deployed                                                                   | £250k          | £49,698 | £208,734 | ●                   |
| (Cumulative) Homes successfully 'right-sized'                                           | 28             | 33      | 33       | ●                   |
| Occupancy                                                                               | 99.5%          | 98.5%   | 99%      | ●                   |
| (12 Month Rolling) Arrears as a % of income                                             | 4.2%           | 4.6%    | 4.3%     | ●                   |
| (12 Month Rolling) Additional income realised for customers by Tenancy Support Officers | £900k          | £1,475k | £1,281k  | ●                   |
| % of tenants registered on Digital Tenancy Services                                     | 60%            | 56.7%   | 50.1%    | ●                   |
| <b>2. New Customers</b>                                                                 |                |         |          |                     |
| New Social Rented homes delivered                                                       | 50             | 12      | 42       | ●                   |
| (Cumulative) Total Number of WCH dwellings completed                                    | 200            | 12      | 311      | ●                   |
| <b>3. Sustainability</b>                                                                |                |         |          |                     |
| Number of properties below EPC C                                                        | 242            | 982     | 676      | ●                   |
| <b>4. Internal Customers</b>                                                            |                |         |          |                     |
| Net Staff Satisfaction                                                                  | 75%            | 90%     | 91.5%    | ●                   |
| 12 month rolling voluntary staff turnover                                               | 18%            | 15.3%   | 13.5%    | ●                   |

Flag key: ● Positive performance ● Steady ● In need of attention

# Tenant Satisfaction Measures (TSMs)

The social housing sector collects and reports on a suite of Tenant Satisfaction Measures in line with the requirements of the Transparency, Influence and Accountability Regulatory Standard. TSMs are a core set of performance measures which support effective scrutiny by tenants of a landlord’s performance.

In total there are 22 TSMs, which are split between 12 Tenant Perception measures which are collected through surveys and 10 Management Information measures which are provided through management reporting systems. The 12 perception measures are captured below showing both 2025/26 actual performance and comparison to 2024/25.

In total, we conducted 700 surveys during 2025/26, and we used an independent organisation (Pexel) to ensure feedback is collected fairly and impartially. 5 out of the 12 Customer Perception TSMs improved in 2025/26 with repairs satisfaction improving by 2.1% pts.

| TSMs – Customer Perception Survey                                                 | 2025/26 | 2024/25 |
|-----------------------------------------------------------------------------------|---------|---------|
| TP01 – Overall satisfaction                                                       | 70.1%   | 71.6%   |
| TP02 – Satisfaction with repairs service                                          | 70.2%   | 68.1%   |
| TP03 – Satisfaction with time taken to complete                                   | 57.7%   | 61.2%   |
| TP04 – Satisfaction that your home is well maintained                             | 69.5%   | 70.1%   |
| TP05 – Satisfaction that your home is safe                                        | 75.5%   | 76.7%   |
| TP06 – Satisfaction that we listen to your views and act upon them                | 60.1%   | 59.7%   |
| TP07 – Satisfaction that we keep you informed about the things that matter to you | 72.8%   | 73.7%   |
| TP08 – Agreement that we treat you fairly and with respect                        | 75.1%   | 73.7%   |
| TP09 – Satisfaction with our approach to handling complaints                      | 28.8%   | 37.8%   |
| TP10 – Satisfaction that we keep communal areas clean and well maintained         | 72.1%   | 67.4%   |
| TP11 – Satisfaction that we make a positive contribution to neighbourhoods        | 64.2%   | 63.4%   |
| TP12 – Satisfaction with our approach to handling anti-social behaviour           | 62.1%   | 62.3%   |

The 10 Management Performance Measures captured below show 2025/26 actual performance in the year. Our performance demonstrates full compliance to the Housing Ombudsman's Complaint Handling Code (CH02 – 1 and CH02 -2).

In 2025/26 we focused on an improvement plan linked to the data quality of our property compliance. Our target was to return to a baseline compliance position which was achieved by March 2026. The focus in 2026/27 is to build on this baseline position and embed data quality into our MRI asset management system.

| TSMs – Management Performance Measures                                                                            | 2025/26 | 2024/25 |
|-------------------------------------------------------------------------------------------------------------------|---------|---------|
| CH01 (1) – Number of stage one complaints received per 1,000 homes                                                | 47.8    | 24.9    |
| CH01 (2) – Number of stage two complaints received per 1,000 homes                                                | 16.0    | 5.3     |
| CH02 (1) – Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code | 100%    | 100%    |
| CH02 (2) – Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code | 100%    | 100%    |
| NM01 (1) – Number of anti-social behaviour cases opened per 1,000 homes                                           | 22.0    | 14.9    |
| NM01 (2) – Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes               | 0.8     | 0.7     |
| RP01 – Proportion of homes that do not meet the Decent Home Standard                                              | 0.6%    | 0.2%    |
| RP02 (1) – Proportion of non-emergency responsive repairs completed within landlord's target timescale            | 71.7%   | 58.8%   |
| RP02 (2) – Proportion of emergency responsive repairs completed within landlord's target timescale                | 96.3%   | 95.4%   |
| BS01 – Proportion of homes for which all required gas safety checks have been carried out                         | 100%    | 100%    |
| BS02 – Proportion of homes for which all required fire risk assessments have been carried out                     | 100%    | 99.9%   |
| BS03 – Proportion of homes for which all asbestos management surveys or re-inspections have been carried out      | 100%    | 86.3%   |
| BS04 – Proportion of homes for which all legionella risk assessments have been carried out                        | 100%    | 98.9%   |
| BS05 – Proportion of homes for which all required communal passenger lift safety checks have been carried out     | 96.7%   | 100%    |

# Business and Financial Review

The Group operates in increasingly challenging times while the demand for its services and homes remains as great as ever. It has produced a strong performance in 2025/26 with its operating surplus being £18.2m. The financial highlights over the past five years are set out below.

## Group highlights (5-year summary)

| For year ended 31 March                          | 2026<br>£'000  | 2025<br>£'000  | 2024<br>£'000  | 2023<br>£'000  | 2022<br>£'000  |
|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Summary Statement of Comprehensive Income</b> |                |                |                |                |                |
| Total turnover                                   | 58,320         | 56,179         | 44,533         | 41,013         | 38,550         |
| Income from Social Housing Lettings (note 3a)    | 51,666         | 44,162         | 38,501         | 34,701         | 32,071         |
| Operating surplus: continuing activities         | 18,200         | 16,299         | 13,869         | 13,054         | 10,835         |
| Surplus for the year transferred to reserves     | 8,013          | 44,975         | 12,877         | 6,159          | 4,122          |
| <b>Group Balance Sheet</b>                       |                |                |                |                |                |
| <b>Intangible assets (note 11)</b>               | (25,819)       | (26,235)       | (26,651)       | (27,068)       | (27,485)       |
| Investments in Joint Ventures                    | 6,986          | 7,161          | 6,647          | 3,287          | 2,730          |
| Housing Properties (note 12)                     | 617,355        | 547,456        | 445,230        | 381,362        | 364,875        |
| Investment Properties (note 14)                  | 10,948         | 10,775         | 4,625          | 3,900          | 4,300          |
| Other Property, Plant and Equipment (note 13)    | 11,000         | 10,846         | 14,718         | 14,599         | 13,712         |
| <b>Fixed assets</b>                              | <b>620,470</b> | <b>550,003</b> | <b>444,569</b> | <b>376,080</b> | <b>358,133</b> |
| Net current assets                               | 4,908          | 9,863          | 14,277         | 26,343         | 1,805          |
| <b>Total assets less current liabilities</b>     | <b>625,378</b> | <b>559,866</b> | <b>458,846</b> | <b>402,423</b> | <b>359,937</b> |
| <b>Funded by:</b>                                |                |                |                |                |                |
| Loans (due over one year) (note 18)              | 344,279        | 283,652        | 238,921        | 203,918        | 179,232        |
| Provision for liabilities                        | 1,139          | 4,729          | 4,807          | 4,559          | 4,499          |
| Other long term liabilities (note 18)            | 54,683         | 55,284         | 46,701         | 40,205         | 40,684         |
| <b>Reserves:</b>                                 |                |                |                |                |                |
| Revenue inc. pension                             | 131,340        | 123,320        | 78,514         | 65,679         | 60,838         |
| Property Revaluation                             | 96,076         | 96,076         | 96,076         | 96,076         | 96,081         |
| Cashflow hedge reserve                           | (2,139)        | (3,195)        | (6,173)        | (8,014)        | (21,397)       |
| <b>Consolidated funds</b>                        | <b>625,378</b> | <b>559,866</b> | <b>458,846</b> | <b>402,423</b> | <b>359,937</b> |

The Financial Plan is reviewed annually by the Group Board. The Group has carried out stringent testing of its Financial Plan to assess how strong it is in different scenarios and understands the impact of various events individually or taken together. As a result, the Group Board is confident the Financial Plan is robust and will continue to monitor performance and delivery in conjunction with the review of its Corporate Risk Register.

The Group's subsidiary development company 'WCHT Devco Limited' (Devco) was used to facilitate major development schemes and provided a VAT zero-rated design and build service to the Group.

# Risk Assessment

Risk is proactively managed across the Group with ultimate responsibility resting with the Group Board. Risks are identified at all levels in the organisation and brought together into the Corporate Risk Map which considers how risks are being mitigated in the business. This is done in collaboration with our resident panels. A system of internal control is in place which is monitored by the Audit and Risk Committee supported by Internal Audit. The table below sets out what the Group Board considers to be the key

risks to the Group, together with mitigating actions being taken. The risks are considered at a Group level to reflect the increasing complexity of the Group and assessed regularly to monitor whether the appropriate risks have been captured and also to monitor the assurance provided by the Executive Management Team. Subsidiary and Joint Venture Boards also monitor their key risks throughout the year and report any material changes in risk to Group Board.

| Key risk                                                                                                                                                                                                                 | Mitigating actions being taken                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Robust Financial Performance risk:</b><br>as a result of changes to government legislation, exposure to fraud, increased funding costs, availability of funding, economic conditions and market risks                 | <ul style="list-style-type: none"> <li>£113m of available undrawn loans.</li> <li>New funding secured of £100m in the year at sector leading cost</li> <li>Ongoing monitoring of impact of welfare reform on areas such as bad debt, Universal Credit performance and income arrears</li> <li>Response provided to Government in respect of rent convergence proposals</li> <li>Fraud policy regularly reviewed and fraud incidences reported quarterly to Audit and Risk Committee</li> <li>Financial Plan annually subjected to multi-variate stress testing to identify variety of economic assumptions and their impact on the Group's plan – a Regulatory judgement of V1 was reconfirmed in January 2025 by the Regulator of Social Housing</li> <li>Regular monitoring of Golden Rules both at Management and Group Board level to support ongoing viability</li> <li>VFM activity maintains focus on efficiency gains and productivity to mitigate any exposure of inflation/market risk</li> <li>New developments include an appropriate tenure mixture to maximise income streams</li> </ul>                                               |
| <b>Strong Governance and Putting People First risk:</b><br>arising from poor Board oversight, lack of succession planning, corporate structure not being fit for purpose, lack of development for leaders                | <ul style="list-style-type: none"> <li>Reconfirmed governance rating of G1 via stability check in January 2025</li> <li>Secured 5-Star Health and Safety (H&amp;S) rating from the British Safety Council in May 2025 and Sword of Honour Award in January 2026</li> <li>Subsidiary boards report up to the Group Board on regular basis including updates on joint venture activities</li> <li>Terms of Reference and Group Financial Regulations provide assurance on decision-making clarity within the Group - both are reviewed on an annual basis</li> <li>Ongoing skills development sessions provided to Group Board and Committee members to support informed understanding and scrutiny of the Group; including sessions on Treasury / Stress Testing, Diversity and Inclusion, Customer Insights and Health and Safety</li> </ul>                                                                                                                                                                                                                                                                                                         |
| <b>Customer Promise risk:</b><br>Due to not meeting the Consumer Regulation Standards, lack of service standards with customers, impact of welfare reform on customers, ineffective community engagement or safeguarding | <ul style="list-style-type: none"> <li>A Consumer Rating Regulatory judgement of C1 was awarded by the Regulator in July 2024</li> <li>Service Standards give clear standards/expectations of service from the Group with performance monitored regularly through Group Board and Customer Experience Committee. These have been reviewed and enhanced in 2025.</li> <li>Active Community Budget invested in a number of activities, including community programmes / Hub activity and customer scrutiny</li> <li>Increased joint-working between Group Board and Gateway Management Team (GMT)</li> <li>Ongoing monitoring of customer arrears / impact of universal credit and Tenancy Sustainment team in place to provide support to customers</li> <li>Focus on "Digital First" strategy to provide modern and seamless digital service on areas such as; rent management, self-appointed repairs and real-time feedback</li> <li>Quarterly reporting of satisfaction to Customer Experience Committee (CEC), GMT and Group Board</li> <li>High assurance from internal audit on Tenant Satisfaction Measures and complaints process</li> </ul> |

### Fit for the Future – Asset Management risk:

Corporate health & safety failures, lack of robust appraisal techniques for existing stock, poor decision making on asset investments, lack of investment on existing stock

- Active Asset Management underway, using Asset Investment Model to ensure the Group is making appropriate decisions on stock management and prioritising long-term investment decisions
- Operating a 4-way partnership with two other housing associations and a local authority to form “Greener Herts” to support sustainability initiatives and our journey to Net Zero Carbon
- Continued investment on decarbonisation works to support energy efficiency works on nearly 500 homes, supported by £5m of grant funding
- Core Property Compliance managed through scrutiny at both Investment Committee and Audit and Risk Committee. This is supplemented by Internal Audits on a regular cyclical basis
- In house Fire Safety Officer appointed to review fire safety management and monitoring
- Health and Safety performance reported to Board quarterly, and 5-Star Health and Safety (H&S) rating from the British Safety Council in May 2025

### Innovative Developments and Dynamic Partnership Risk:

Overstretching the Group's resources, delay or over-spend, issues over quality, exposure to market movements

- Monthly reporting and forecasting of development cashflows are in place to monitor spend and over-run risk. Any material movements in scheme costs are reported to appropriate Board and Committee for oversight and review
- Golden Rules have been developed and approved by Group Board and monitored on a quarterly basis, these include monitoring of development capacity and also development spend versus budget and Sales income as a % of turnover to actively monitor this risk.
- Terms of Reference and Financial Regulations are in place for managing joint ventures. A 12-month timetable of activity reviewed monthly by Executive Management Team to monitor risk and define priorities
- Regular monitoring of sales exposure and unsold dwellings conducted by management team and Group Board to provide assurance on delivery. All market exposed scheme appraisals include an exit plan to anticipate options should market conditions change.
- Development Assumptions reviewed annually by the Group and out-turn reports presented for all completed schemes to ensure outcomes are reviewed following completion.
- Addition of Development Quality Manager to support the promotion of a Quality culture

# Value for Money (VFM)

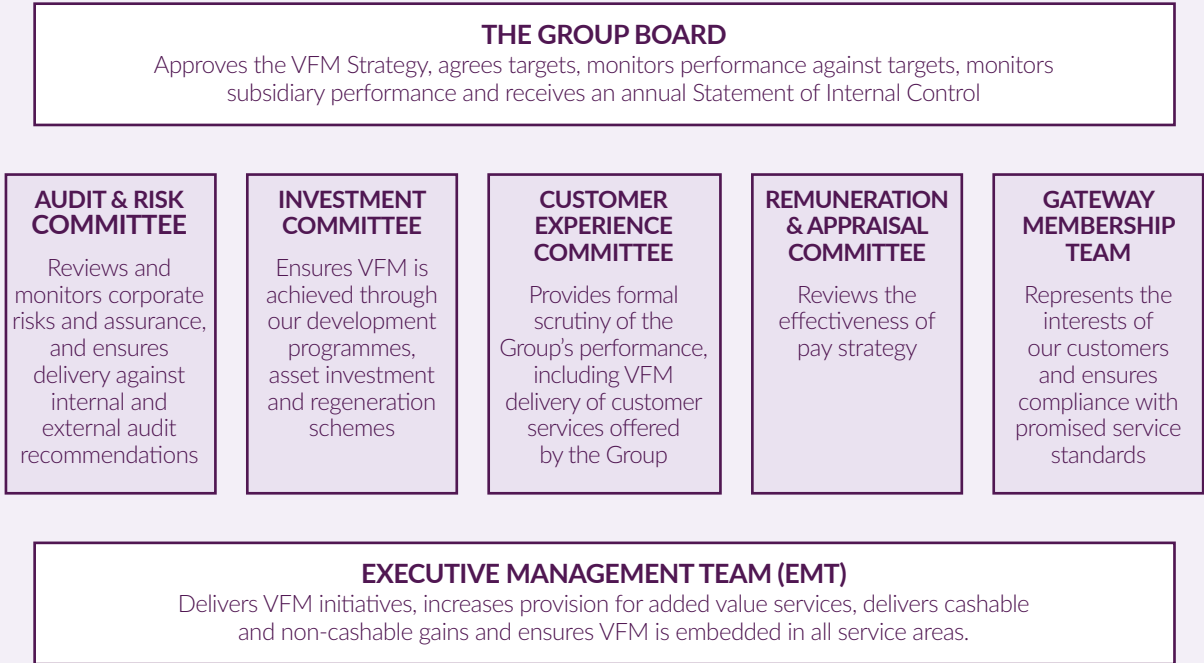
Strategic Report

### Our Strategy:

The Group is committed to delivering Value for Money through our business activities. Our Business Plan 2025-2030 sets clear objectives and key priority areas to ensure we deliver improvements to the quality of services, maintain a strong financial position and gain competitive advantage through partnership working. This plan is supported by our VFM strategy. Our strategy for delivery of VFM is reinforced by:

- Ensuring our approach to VFM stems from the corporate plan and flows through the practices adopted within the Group for service standards;
- Being aligned to the Regulator's standards and Code of Practice;
- Ensuring staff are made aware of the expectations of delivering cashable and non-cashable gains and;
- Demonstrating to our stakeholders and customers that we are an efficient Group making maximum use of our resources and achieving our environmental and social objectives.

To be effective, VFM is made integral to our business planning, with close links to our Performance Management Framework. It is a continual review of information, process, tenant scrutiny, customer feedback, benchmarking and performance management. VFM is embedded in our governance structure as illustrated below.



We align with the Regulator's revised Value for Money standard and sector-wide technical metrics embedding VFM at the corporate and strategic level. We have strengthened and regularly review our strategies on Value for Money, Development, Procurement

and Asset Management and our Group Board has a nominated VFM champion to ensure VFM remains a corporate focus throughout the financial year.

The Executive Team manages VFM across the Group, focusing on three main areas:

- VFM through maximising the Return on Assets
- VFM through operational efficiency
- VFM through effective procurement

### Achieving VFM by maximising the Return on our Assets:

The Group operates a large property estate and associated assets, which are estimated to have an open market value exceeding £1bn. In 2025/26 we spent £12.6m on maintenance of our properties and £8.0m on programmed repairs to deliver improvements to our homes. For 2026/27 the budgeted numbers for Chime Housing are £22.0m and £16.0m respectively, reflecting the combined larger organisation.

The Group is committed to actively managing the portfolio to ensure that it continues to meet the needs of residents and is maintained to an agreed standard whilst maximising the return achieved.

The Group is continuing to explore additional income channels including expanding its managed services and maximising the use of void properties. We manage homes for our Joint Ventures (Hart Homes Watford Limited, Hertsmere Living Limited and Three Rivers Homes

Limited), Watford Borough Council (WBC), Hertfordshire County Council and Three Rivers District Council. Additionally, the Group is working with local charities, including St Albans and Hertsmere Women's Refuge to let accommodation.

To assist the evaluation of options for future use of properties, we calculate the Return on Capital Employed through our Asset Investment Model to inform future planning decisions on the Group's assets.

Achieving VFM through efficient procurement:

To support delivery of VFM across the business the Group has a Procurement Strategy, which is managed and monitored by the Chief Finance Officer. The strategy is aligned with the Group's Business Plan and is designed to ensure that the Group:

- i. Has in place an effective framework which ensures that it meets "Find a Tender" (FTS) and other legal requirements.
- ii. Shows clarity in the procurement process for both staff and suppliers.
- iii. Carries out effective due diligence on suppliers to ensure they meet its criteria in areas including financial viability, insurance cover, anti-slavery and health & safety.
- iv. Builds strong relationships and partnerships with its suppliers.
- v. Sets clear budgets for VFM through procurement and monitoring processes.
- vi. Keeps accurate records of contracts and the arrangements entered into which are reviewed regularly to ensure the expected benefits are achieved.

- vii. Seeks to acquire added value from its supplier base in the way they support the business.
- viii. Has an effective payment arrangement in place to manage administrative costs, whilst ensuring suppliers are paid on time.
- ix. Procures responsibly with attention to the impact on the environment of purchasing decisions and looking to work with responsible suppliers. We will look to achieve added value through training opportunities such as apprenticeships and other areas of support to customers and the business.

VFM monitoring through benchmarking:

In order to maintain compliance with the VFM standard, the Group continues to monitor its performance against appropriate benchmarks and also looks to understand and explain any variances. In March 2026, the RSH published the latest analysis of cost variations across the social housing sector to support housing associations in understanding their costs and achieving VFM in their activities. Below are comparison tables with commentary to support the Group's position on VFM delivery.

Cost per Unit (2025/26)

Due to the publication of Global Accounts for the Housing Sector and the included VFM analysis, we are able to benchmark the Group's Cost per Unit (CPU) performance against the sector. The Group has managed its CPU against the sector median. This is achieved by maximising VFM through operational efficiency, return on assets, and efficient procurement.

CPU in 2025/26 moved upwards against 2024/25 which reflects both our growth and our focused VFM efficiency savings being offset by significant inflationary cost pressures and investments in our assets. This was all achieved against a backdrop of significant cost inflation and this included spend on our planned maintenance, but also works to improve the energy efficiency of our housing stock and associated costs. Chime Housing continues to monitor its cost base through benchmarking and balance cost savings/efficiencies alongside quality of service and customer outcomes.

| Cost per Unit (£k)        | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------|---------|---------|---------|---------|---------|
| Watford Community Housing | 4.23    | 4.37    | 5.14    | 5.18    | 6.68    |
| Median Sector Performance | 4.15    | 4.59    | 5.14    | 5.69    |         |

\*average Cost per Unit.  
(2021-2025 figures taken from Global accounts)

# Value for Money (continued)

## Year-on-Year comparison of technical metrics:

The table below shows the movement in technical metrics between 2025/26 and 2024/25 with a commentary to support key movements. The Operating Margin deteriorated slightly and was reflective of cost pressures within the business including wider inflation pressures and an increased focus on property maintenance in the year.

Earnings Before Interest Tax Depreciation & Amortisation; Major Repairs Included (EBITDA MRI) Interest Cover % refers to the level of surplus that a registered provider generates compared to interest payable and is inclusive of capital investment. This measure is no longer a loan covenant for Watford Community Housing but remains a sector metric. This has reduced significantly against the prior year because of increased investment on property compliance and safety, particularly fire safety works. The result of 95.5% is expected to improve in 2026/27 and beyond and is included within our Business Plan.

Gearing and Return on Capital Employed have increased when compared to the prior year, and are reflective of the increased loan borrowing in the year to fund property development and acquisition, both within the parameters of our Business Plan.

New supply delivered dropped significantly when compared to the prior year however this is due to the timing of development handovers, with an expected increase in 2026/27 as schemes complete.

The metrics also include two advisory metrics relating to remuneration of both the highest paid director and the overall directors. These are being published in line with the Transparency, Influence and Accountability Standard.

## Comparison of technical metrics to peer group and sector:

The table below shows the Group's performance on the technical metrics against the sector average and also a selected peer group. The peer group includes other relevant housing associations including those of a similar size and geographic location to Watford Community Housing, with a commentary to support key movements. The comparison to industry and peer median for Operating Margin is favourable on an overall basis as Watford Community Housing continues to focus on strong financial performance.

The headline social housing cost per unit is higher than the peer group and industry median, reflecting the costs of maintenance including investment in our existing homes as well as increases to utility costs. We expect our investment in properties to continue for the next few years, particularly in relation to energy efficiency.

As covered above, the EBITDA MRI interest cover metric of 95.5% is a significant reduction compared to the prior year due to increased capital investment in the year, particularly on fire safety works. This is a temporary investment position, and the metric is expected to return to >100% in 2026/27.

| Watford Community Housing                                               | 2025   | 2026   | Flag |
|-------------------------------------------------------------------------|--------|--------|------|
| Operating Margin % (social housing lettings only)                       | 29.6%  | 25.9%  | ●    |
| Operating Margin % (overall)                                            | 26.0%  | 25.8%  | ●    |
| EBITDA MRI Interest Cover %                                             | 138.4% | 95.5%  | ●    |
| Headline SH Cost per Unit ('000)                                        | 5.18   | 6.68   | ●    |
| Gearing                                                                 | 50.4%  | 54.0%  | ●    |
| Return on Capital Employed (RoCE)                                       | 2.8%   | 2.9%   | ●    |
| % Reinvestment                                                          | 20.8%  | 13.1%  | ●    |
| % New supply delivered (social housing units)                           | 5.0%   | 0.2%   | ●    |
| % New supply delivered (non-social housing units)                       | 0.0%   | 0.0%   | ●    |
| Remuneration paid to highest paid director relative to size of landlord | £26.98 | £27.64 | ●    |
| Remuneration paid to directors relative to size of landlord             | £96.41 | £97.52 | ●    |

|                                               | Group 2026 | Peer group median 2025 | Industry median 2025 | Flag v Peer Group |
|-----------------------------------------------|------------|------------------------|----------------------|-------------------|
| Operating Margin % (social housing lettings)  | 25.9%      | 20.5%                  | 20.4%                | ●                 |
| Operating Margin % (overall)                  | 25.8%      | 19.0%                  | 18.5%                | ●                 |
| EBITDA MRI Interest Cover %                   | 95.5%      | 120%                   | 113%                 | ●                 |
| Headline SH Cost per Unit ('000)              | 6.68       | 5.09                   | 5.13                 | ●                 |
| Gearing                                       | 54.0%      | 52.0%                  | 45.6%                | ●                 |
| RoCE                                          | 2.9%       | 3.0%                   | 2.8%                 | ●                 |
| Reinvestment %                                | 13.1%      | 9.4%                   | 7.7%                 | ●                 |
| % New supply delivered (social housing units) | 0.2%       | 1.6%                   | 1.4%                 | ●                 |
| New supply delivered (non-SH units)           | 0.0%       | 0.0%                   | 0.0%                 | ●                 |

## VFM into 2026/27 and beyond:

The efforts to deliver value for money to our customers and the organisation continue into 2026/27 and will be monitored through Group Board as part of the new Chime Housing organisation. The VFM activities planned for 2026/27 will include delivering the following VFM initiatives:

- Maximising income streams
- Optimisation of assets through void performance improvements
- Improving performance of commercial income and reviewing the best use of our garage stock
- Ongoing utilisation of our Development Framework
- Several procurements exercises including Asset Management & Repairs contractors
- Savings from consolidation of head office space
- Managed usage of training/consultant spend

The Group Board annually reviews and confirms performance targets for the Group and this includes projections across a number of years. Operating Margin is projected to improve and then stabilise across the plan period, which is broadly in line with peer group analysis. It balances ongoing efficiency savings against investments identified to deliver our Customer Promise. This requires the Group to absorb inflation and achieve efficiency cost saving whilst growing the stock numbers. EBITDA targets remain at 130% which is the Group's Golden Rule, but active Treasury monitoring throughout the period to ensure coverage exists in excess of this position. The plan includes the delivery of 1,800 new homes, reflective of the larger organisation that Chime Housing now is. Performance will be carefully monitored against all of these metrics over the course of the plan period, particularly in relation to key risks including the current economic uncertainty.

# Financial Position

## Capital structure and cashflow forecast

During the year the Group raised £100m in new debt comprising an additional £50m from an existing lender via a 10-year facility – and who also extended a maturing April 2027 facility to February 2031 with further options to extend another 2 years – plus a 7 year, £50m facility from a new provider.

At the year end the Group had committed borrowing facilities from eight lenders totalling £408m in place with a further committed borrowing facility from the new lender of £50m pending securitisation, thus totalling £458m. Total drawn-down borrowings amounted to £345m.

These debt facilities and covenant package support the Group in its Business Plan aspirations and a more appropriate, flexible funding structure with several lenders who are all committed to the social housing sector. Work continues to monitor this structure and liquidity requirements in light of the current economic climate and challenges.

The Group approves a Treasury Policy prepared in conjunction with its funding advisors. The Policy is reviewed annually and includes risk management of liquidity, interest rate, covenant, counterparty, refinancing, legal and regulatory matters, and how its treasury activities will be monitored and reported. The ultimate intention is to ensure ongoing liquidity is available to meet all commitments whilst keeping risk at an acceptable level and minimising borrowing costs.

The Group actively manages its interest costs and has five interest rate swaps totalling £57m. Together with the existing Aviva/M&G Private Placement, the AHF Bond, and the Saltaire Finance facilities this means 69% of the drawn £345m is at varying levels of fixed rate.

The maturity of the Group's borrowing was as follows on 31 March 2026:

| Maturity Profile      | 2026<br>£'m  | 2025<br>£'m  |
|-----------------------|--------------|--------------|
| Within 1 year         | -            | -            |
| Between 1 and 5 years | 120.0        | 120.0        |
| After 5 years         | 338.0        | 238.1        |
|                       | <b>458.0</b> | <b>358.1</b> |

As part of arranging its loan facilities, the Group is required to provide security by charging properties it owns. The properties are valued using the respective Existing Use Value-Social Housing (EUV-SH) and Market Value-Subject to Tenancy (MV-ST) methodologies and currently the charged properties are valued for discounted security purposes at £876m against the available debt above of £408m (£946m in relation to the total debt book of £458m). The security is allocated to provide collateral for the loans plus a 100bp exposure to the mark to market position arising on the five interest swaps in place via the bank. At year end there was circa £92m of uncharged security on a discounted valuation basis which gives comfort there is sufficient asset cover for raising additional finance.

During the year £28.0m (2025: £20.0m) of cash was generated from operating activities and cash balances increased by £3.0m. Total interest of £10.8m (2025: £11.0m) was paid in cash terms during the year.

The Group continues to monitor its loan arrangements to ensure they remain appropriate to its needs in meeting its Business Plan objectives whilst maintaining long-term financial viability. In 2026/27 the Group will continue to explore its overall funding structure and work with advisers to ensure that the appropriate funding is in place to support the Group's development aspirations and overall challenges facing the social housing sector such as Domestic Minimum Energy Efficiency Standards (MEEES), Decent Homes 2 Standard, the drive to net zero carbon and new and ongoing requirements arising under Awaab's Law.

The Group's Treasury Working Group, comprising of two Board/Committee members, the Chief Finance Officer and the Director of Treasury & Financial Planning, continues to provide initial guidance and review of Treasury policies and funding options, and to make recommendations to the Group Board.

## Development

The Group remains committed to the principle of providing urgently needed homes at a rate which can be accommodated within its long-term Business Plan. The Devco subsidiary is fully operational and enables the Group to make tangible savings through reclaimed VAT costs. The Group (via its Clarendon Living subsidiary) continues the successful joint ventures with Watford Borough Council, Three Rivers District Council and Hertsmere Borough Council to develop homes in South-West Hertfordshire.

## Cash Flows

The Group carries out regular reviews of cash flow risk as part of its treasury management procedures. The key elements of cash flow risks are fluctuations in interest rates and the availability of loan finance. The Statement of Cash Flows shows that the net cash inflow from operating activities was £28.0m (2025: £20.0m). Working capital moved as a result of the net cash flow from operating activities. A net interest payment of £10.8m was made during the year and approximately £81m was expended on developing new homes, £49m in adding 509 homes from another housing association and £12m in improving existing properties.

## Pension Costs

The Group participates in a corporate Stakeholder Pension Plan through Standard Life for all employees. The Stakeholder Pension Plan is a defined contribution scheme.

As part of the larger Chime Housing organisation the Group has taken on a legacy pension from Thrive Homes Limited which is a Defined Benefit scheme.

## Streamlined Energy & Carbon Reporting 2025/26

This section provides an account of WCH's UK energy use and carbon emissions, covering gas, electricity, transport fuel and business travel, in line with SECR requirements.

Specifically, they include:

- Scope 1: Direct greenhouse gas emissions from communal supplies and company vehicles
- Scope 2: Indirect emissions from purchased electricity across offices, hubs and communal residential areas
- Scope 3: Indirect emissions from business travel

This disclosure excludes other Scope 3 categories including purchased goods and services, waste and energy used by residents.

| Intensity Ratios                        | tCO <sub>2</sub> e |
|-----------------------------------------|--------------------|
| Scopes 1 & 2 tCO <sub>2</sub> e per FTE | 8.28               |

## Scope

### Scope 1

|                                   |                 |
|-----------------------------------|-----------------|
| Fuel for Company Vehicles         | 137.44          |
| Residential Gas (Communal Supply) | 1,536.43        |
| <b>Total Scope 1</b>              | <b>1,673.87</b> |

### Scope 2

|                                       |                 |
|---------------------------------------|-----------------|
| Office Grid-Supplied Electricity      | 64.15           |
| Residential Grid-Supplied Electricity | 149.99          |
| <b>Total Scope 2</b>                  | <b>214.14</b>   |
| <b>Total Scope 1 &amp; 2</b>          | <b>1,888.01</b> |

### Scope 3

|                                     |                 |
|-------------------------------------|-----------------|
| Business Travel                     | 17.13           |
| <b>Total Reported GHG Emissions</b> | <b>1,905.14</b> |

## Carbon Performance Commentary

2025/26 represents our first SECR disclosure, and therefore no prior year comparison is available.

During the year, condition surveys were completed across all communal heat networks, with funding secured for two schemes to undertake Heat Network Efficiency Scheme (HNES) studies. In 2026/27, we will prioritise improving data quality by increasing meter coverage and reducing reliance on estimated consumption. We will also expand Scope 3 reporting as data quality and availability improves.

## Energy Efficiency Actions Taken

We are progressing programmes to improve the energy efficiency of our homes and achieve EPC C by 2030. These activities specifically relate to Scope 3 emissions and fall outside the scope of this SECR disclosure.

## Methodology

Emissions have been calculated in line with the Greenhouse Gas (GHG) Protocol using conversion factors published by the Department for Energy Security and Net Zero (DESNZ).

Where we are directly responsible for utilities, data was obtained from 224 electricity and 59 gas supplies. For sites with incomplete data (15%), consumption was estimated using UK benchmarks with conservative assumptions. Scope 3 business travel emissions were calculated using a hybrid method using distance-based and spend-based factors.

The intensity metric is based on total Scope 1 and 2 emissions and 228 full-time equivalent (FTE) employees.

## Compliance with Governance and Financial Viability

The Group Board confirms that the Group has met the Regulator for Social Housing's regulatory expectations in the Governance and Financial Viability Standard. During the year the Group Board has complied in the main with its adopted code of Governance (the NHF code of Governance 2020 – Excellence in Governance – Code for members), provided that the requirements of provision 3.7(3) of the Code have not been complied with, as the Board agreed an extension to the tenure of the Chair (Chris Cheshire) beyond the usual maximum of nine years, on the basis that this was in the best interests of the organisation. The Board was satisfied that in doing so it could still demonstrate compliance with the overarching requirement of principle 3.7, in relation to Board tenure and renewal.

In July 2024, the Regulator of Social Housing awarded Regulatory judgement on Watford Community Housing and the ratings of G1 and V1 were maintained, reflecting the highest regulatory ratings for both Governance and Viability. These were subsequently reconfirmed in a regular stability check in January 2025. We were also awarded a Consumer Standards rating, achieving a C1, which is the highest rating possible.

## Statement of compliance

The Group Board confirm that this Strategic Report Review has been prepared in accordance with the principles set out in the 2018 SORP for registered housing providers.



**Rachel Hatfield**  
Interim Chair of the Board

# Group Board report

The Group Board of Watford Community Housing is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2026.

## Principal activities, business review and future developments

Details of the Group's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report, which precedes this report.

As highlighted within the Strategic Report, in March 2026 the Group Board agreed to a Transfer of Engagements of all associated assets and liabilities of Thrive Homes Limited and from 1 June 2026 this was legally completed, with the Group subsequently trading as Chime Housing.

## The Group Board and executive directors

The Group Board and executive directors who have served during the year are set out on page 2. The Group Board members were 11 in number as at 31 March 2026 and also stand at 11 as at July 2026. They are drawn from a wide background bringing together professional, commercial and local experience.

The executive directors hold no interest in the Group's shares and act as executives within the authority delegated by the Group Board.

The Group has in place insurance which indemnifies the Group Board members and staff against liabilities when acting for the Group.

## Service contracts

The Chief Executive's notice period is six months, with the other executive directors also having a six-month notice period. Other staff are employed on contracts with notice periods that range between one and three months.

## Pensions

The Executive Directors are all members of the Group's stakeholder pension scheme on the same terms as other eligible staff.

## Other benefits

The executive directors are entitled to other benefits such as health screening. Full details of individual remuneration packages are included in note 9 of the audited financial statements.

## Employees

We recognise that the success of our business, and our ability to meet our objectives and commitments to customers, depends on our employees. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group ensures that all employees understand their contribution towards delivery of the Business Plan. This is reinforced by an online appraisal tool and regular individual meetings between managers and their direct reports, and by the Group's annual performance appraisal and goal-setting process.

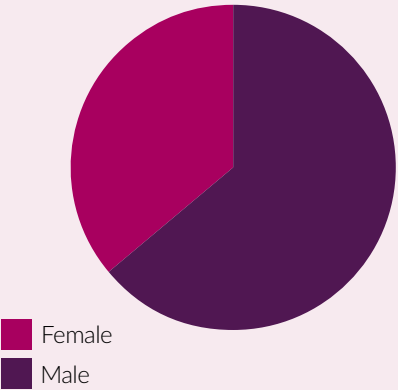
The Group is firmly committed to equality of opportunity and has in place modern employment policies to ensure that we are an attractive and engaging employer to individuals, regardless of their gender, age, religion, ethnicity, sexual orientation, family circumstances, gender reassignment or disability status. We are particularly proud to be Disability Confident-accredited, creating opportunities for people with disabilities who might otherwise be disadvantaged in the workplace.

The health, safety and wellbeing of all our employees is of prime importance. The Group has in place robust health and safety policies and practices, and provides staff training and education on health and safety matters, as well as more general wellbeing issues. The Group has been assessed by the British Safety Council on Health and Safety and secured a 5-star rating (out of five) in this area in May 2025, and were awarded the Sword of Honour in January 2026 from the same body in recognition of the strength of our corporate health & safety management.

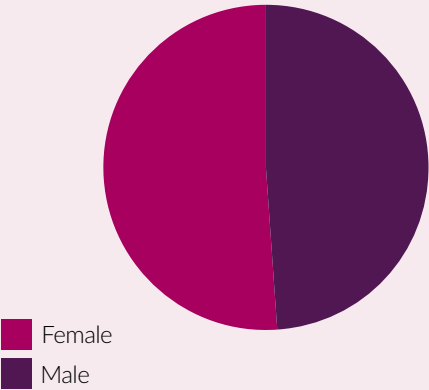
## Diversity

The Group Board continues to proactively work to ensure that it remains a diverse and well represented Board, reflective of its local community. As part of this commitment, and in line with the NHF Code of Governance 2020, the table below outlines the diversity characteristics of our Group Board members and benchmarks this against the demographic information for our region. Diversity, along with skills, is monitored annually and the Group Board champion for Equality, Diversity and Inclusion (Senior Independent Director) will work on initiatives to support and sustain diversity and representation at Board level, particularly in future recruitment activity.

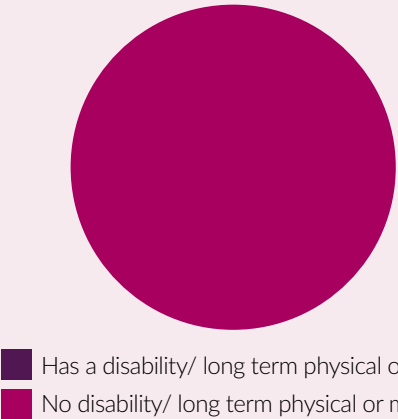
WCH Board Membership



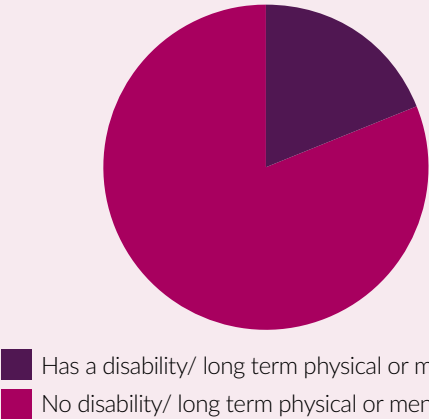
Regional (NHF) - Population by stock



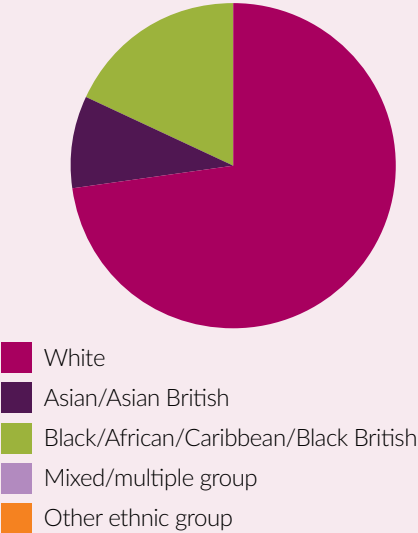
WCH Board Membership



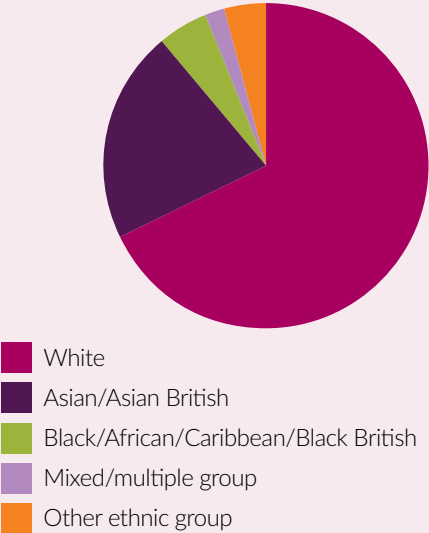
Regional (NHF) - Population by stock



WCH Board Membership



Regional (NHF) - Population by stock



## Donations

The WCHT Group made donations totalling £90 during the year (2024/25: £365).

## Financial risk management objectives and policies

The WCHT Group's operations are financed primarily by a mixture of long-term fixed rate bonds, medium-term bank debt and by the reinvestment of surpluses. The Group also benefits from government grant, cash balances and trade creditors which arise directly from its operations. The main financial risks which arise in respect of its financing are considered by the Group Board to be interest rate risk, covenant risk, liquidity risk and credit risk. The Group Board reviews and agrees policies for managing each of these risks, which are summarised below.

### Interest rate risk

The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities, including interest rate swap instruments. At year end, drawn debt was 69% fixed, due to the long-term fixed rate bonds, and having SWAPs in place to fully hedge £57m of floating rate debt.

### Covenant risk

Debt covenants are based on interest cover, asset cover and gearing. The Group regularly monitors its performance on both the present and 12-month forward looking basis, and builds in a headroom ("Golden Rules") for monitoring and reporting purposes.

## Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invests cash assets safely and profitably. This is achieved by having liquidity requirements in place, including a minimum cash requirement of sufficient cash to meet 3 months' cashflow requirement, and sufficient cash and committed facilities to meet both 12 months' cashflow requirement and 18 months' development spend. The impact of the Group's changing cash requirements on these tests is also monitored on a regular basis.

At year end, in addition to available cash, the Group had £113m million of undrawn, committed, available facilities, and £10.7m in cash.

### Credit risk

The Group has faced challenges during the financial year with arrears and bad debts increasing outside of expectations. Increases in the cost of living and the current economic climate pose one of the highest risks for the Group. The payment of benefit for housing costs to tenants is likely to increase the risk of non-payment or underpayment of rents. This issue continues to be impacted by the current economic climate and cost of living crisis. This could undermine cash flow and potentially diminish operating margins. To mitigate this risk, the Group's long-term financial plan is being revised accordingly and stress tested to ensure resilience regarding these risks.

### Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities (including £113million of undrawn facilities at 31 March 2026), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day-to-day operations. The Group has a long-term Business Plan that shows it is able to service the debt facilities whilst continuing to comply with lenders' covenants. This Business Plan is stress-tested by our Treasury advisors to provide assurance that the plan has adequate capacity to absorb a range of multi-variate adverse economic stresses. In the last year the

scenarios have included specific focus on adverse movements on inflation, interest rates and sales assumptions to test and provide assurance on the Group's viability.

On this basis, the Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The continuation of the current economic crisis and the impact of geopolitical instability in the Middle East has led to a number of risk and financial considerations for the Group in terms of preparing these statements. In order to consider the impact on the Group, work has been undertaken to stress the Business Plan in line with the current economic adverse conditions with our Treasury advisors on appropriate liquidity and cash holdings during this period. The Group Board has taken assurance that the liquidity and cash-holdings are strong for the Group, even when facing uncertainty in terms of rental income and capital income from property sales.

The Group has also noted that no impairment is required at this stage based on the prudence and margins built into our schemes which have a level of sales risk. The impact continues to be reviewed regularly by the Group Board, looking at key financial risk indicators and assessing these against our Golden Rules. The Group remains confident that it has a robust plan to manage the current economic climate but ongoing monitoring through cashflow forecasts, stress-testing and mitigation planning throughout will continue to provide assurance to the Group Board.

## Internal controls assurance

The Group Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and conduct an annual review of the effectiveness of this system.

The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2025 up to the date of approval of the report and financial statements. These internal controls act to identify key risks and to provide reasonable assurance that planned business objectives are achieved. They also exist to give reasonable assurance that the financial and management performance information is reliable and that the Group's assets are safeguarded. However, the Group Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss.

Key elements of the systems of the control framework include:

- Group Board approved terms of reference and delegated authorities for committees and subsidiaries
- Annually reviewed financial regulations and standing orders to inform authority levels for decision making and appropriate procurement activity
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets and forecasts
- Formal recruitment, retention, training and development policies for all staff
- Established authorisation and appraisal procedures for significant new initiatives and commitments

- A robust approach to treasury management which is reviewed externally each year
- Regular reporting to the appropriate Board/Committee on key business objectives, targets and outcomes
- Group Board approved whistleblowing, anti-money laundering and fraud policies covering prevention, detection and reporting of issues
- Regular monitoring of loan covenants and requirements for new loan facilities

A fraud, anti-money laundering and whistle-blowing register is maintained and reviewed by the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee also reviews quarterly a Register of Personal Data Breaches and Near Misses to support Group GDPR compliance.

The Group Board has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Group Board receives Audit and Risk Committee quarterly reports and minutes. The Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor, and has reported its findings to the Group Board.

## Value for Money standard

The Group Board sets annual VFM targets for the management team which are monitored on a quarterly basis by the Group Board. The Group is committed to delivering a demonstrable value-for-money service for customers to ensure we demonstrate appropriate levels of performance to our stakeholders and also demonstrate compliance with the VFM Regulatory Standard.

## National Housing Federation (NHF) 2020 Code of Governance

We are pleased to report that the Group continues to comply with the principal recommendations of the NHF 2020 Code of Governance. The Group observes best practice with regard to corporate governance and complies with all the recommendations in the Code.

## GDPR

The Audit and Risk Committee acts as the Group's Board-level data protection champion with delegated responsibility for monitoring GDPR compliance and approving key policies in this area. All Board and Committee members are regularly briefed on awareness and understanding of the impact of the Regulations.

# Group Board report (continued)

## Statement of the responsibilities of the Group Board for the Report and Financial Statements

The Group Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Group Board to prepare financial statements for each financial year. Under that Act the Group Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), of which FRS102 Reporting Standard is included. Under the Co-operative and Community Benefit Societies Act the Group Board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and the association for that period. In preparing these financial statements, Group Board members 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 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2018, 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 Group will continue in business.

The Group Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Group Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as each member of the Group Board is aware:

- There is no relevant audit information of which the Group's auditor is not aware of, and
- The members of the Group Board have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information to establish that the auditor is aware of that information.

## Annual General Meeting

The annual general meeting will be held on 14 September 2026.

## External auditor

A resolution to reappoint Menzies LLP as external auditor will be proposed at the forthcoming annual general meeting.

The report of the Group Board was approved by the Group Board on 20 July 2026 and signed on its behalf by:



**Rachel Hatfield**  
Interim Chair of the Board

# Independent auditor's report to the members of Watford Community Housing Trust

## Opinion

We have audited the financial statements of Watford Community Housing Trust (the Association) and its subsidiaries (the Group) for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Group Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies in note 1.

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 2026 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 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 24, 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.

*Menzies LLP*

### Menzies LLP

Chartered Accountants  
Statutory Auditor  
One Express  
1 George Leigh Street  
Manchester, M4 5DL

Date: 20 August 2026

# Watford Community Housing Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2026

|                                                      | Note      | 2026<br>£'000   | 2025<br>£'000   |
|------------------------------------------------------|-----------|-----------------|-----------------|
| <b>Turnover</b>                                      | <b>3a</b> | 58,320          | 56,179          |
| Operating costs                                      | 3a        | (43,255)        | (41,572)        |
| Share of joint venture profit after tax              | 28        | (175)           | 514             |
| Surplus on disposal of property, plant and equipment | 4         | 3,138           | 724             |
| Surplus on revaluation of investment properties      | 14        | 172             | 454             |
| <b>Operating surplus</b>                             |           | <b>18,200</b>   | <b>16,299</b>   |
| Profit from joint venture                            |           | -               | 603             |
| Gain on Business combination                         | 30        | -               | 38,024          |
| Finance Income                                       | 6         | 691             | 303             |
| <b>Interest and financing costs</b>                  | <b>5</b>  | <b>(10,878)</b> | <b>(10,254)</b> |
| Change in fair value of financial instruments        |           | -               | -               |
| <b>Surplus before tax</b>                            |           | <b>8,013</b>    | <b>44,975</b>   |
| Taxation                                             | 10        | -               | -               |
| <b>Surplus for the financial year</b>                |           | <b>8,013</b>    | <b>44,975</b>   |
| Actuarial (loss)/gain in respect of pension schemes  | 23        | -               | -               |
| Change in fair value of hedged financial instruments | 21        | 1,059           | 2,978           |
| <b>Total comprehensive income for the year</b>       |           | <b>9,072</b>    | <b>47,953</b>   |

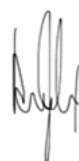
These financial statements on pages 27 to 68 were approved and authorised for issue by the Board on 20 July 2026 and signed on its behalf by:



**Rachel Hatfield**  
Interim Chair



**Matthew Peak**  
Chair of Audit & Risk Committee



**Amy Fox**  
Company Secretary

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 35 to 68 form an integral part of these financial statements

# Watford Community Housing

## Consolidated Statement of Financial Position

As at 31 March 2026

|                                                                | Note | 2026<br>£'000    | 2025<br>£'000    |
|----------------------------------------------------------------|------|------------------|------------------|
| <b>Fixed Assets</b>                                            |      |                  |                  |
| Intangible assets                                              | 11   | (25,819)         | (26,235)         |
| Investments in joint ventures                                  | 28   | 6,986            | 7,161            |
| Housing properties                                             | 12   | 617,355          | 547,456          |
| Investment properties                                          | 14   | 10,948           | 10,775           |
| Other property, plant and equipment                            | 13   | 11,000           | 10,846           |
| <b>Total fixed assets</b>                                      |      | <b>620,470</b>   | <b>550,003</b>   |
| <b>Current assets</b>                                          |      |                  |                  |
| Stock - Work in progress                                       | 16   | 3,502            | 5,848            |
| Debtors                                                        | 17   | 10,218           | 9,120            |
| Defined benefit pension                                        | 23   | -                | -                |
| Cash and cash equivalents                                      |      | 10,718           | 7,740            |
| <b>Total current assets</b>                                    |      | <b>24,438</b>    | <b>22,708</b>    |
| <b>Creditors: Amounts falling due within one year</b>          | 18   | <b>(19,530)</b>  | <b>(12,845)</b>  |
| <b>Net current assets</b>                                      |      | <b>4,908</b>     | <b>9,863</b>     |
| <b>Total assets less current liabilities</b>                   |      | <b>625,378</b>   | <b>559,866</b>   |
| <b>Creditors: Amounts falling due after more than one year</b> | 18   | <b>(398,962)</b> | <b>(338,936)</b> |
| Defined benefit pension liability                              | 23   | -                | -                |
| Provision for liabilities                                      | 29   | (1,139)          | (4,729)          |
| <b>Net assets</b>                                              |      | <b>225,277</b>   | <b>216,201</b>   |
| <b>Capital and reserves</b>                                    |      |                  |                  |
| Share capital                                                  |      | -                | -                |
| Revenue reserve                                                |      | 131,340          | 123,320          |
| Property revaluation reserve                                   |      | 96,076           | 96,076           |
| Cashflow hedge reserve                                         |      | (2,139)          | (3,195)          |
| <b>Total reserves</b>                                          |      | <b>225,277</b>   | <b>216,201</b>   |

These financial statements on pages 27 to 68 were approved and authorised for issue by the Board on 20 July 2026 and signed on its behalf by:



**Rachel Hatfield**  
Interim Chair



**Matthew Peak**  
Chair of Audit & Risk Committee



**Amy Fox**  
Company Secretary

# Watford Community Housing

## Statement of Comprehensive Income

For the Year Ended 31 March 2026

|                                                      | Note | 2026<br>£ '000 | 2025<br>£ '000 |
|------------------------------------------------------|------|----------------|----------------|
| Turnover                                             | 3a   | 58,320         | 56,179         |
| Operating expenditure                                | 3a   | (40,524)       | (34,045)       |
| Cost of sales                                        | 3a   | (2,726)        | (7,527)        |
| Impairment of housing properties                     | 2    | -              | -              |
| Surplus on disposal of property, plant and equipment | 4    | 3,138          | 724            |
| Surplus on revaluation of investment properties      | 14   | 172            | 454            |
| <b>Operating surplus</b>                             |      | <b>18,380</b>  | <b>15,785</b>  |
| Gain on Business Combination                         | 30   | -              | 38,024         |
| Finance Income                                       | 6    | 691            | 303            |
| Interest and financing costs                         | 5    | (10,878)       | (10,254)       |
| Gift aid received                                    |      | 472            | 818            |
| <b>Surplus before tax</b>                            |      | <b>8,665</b>   | <b>44,676</b>  |
| Taxation                                             | 10   | -              | -              |
| <b>Surplus for the financial year</b>                |      | <b>8,665</b>   | <b>44,676</b>  |
| Actuarial (loss)/gain in respect of pension schemes  | 23   | -              | -              |
| Change in fair value of hedged financial instruments | 20   | 1,059          | 2,978          |
| <b>Total comprehensive income for the year</b>       |      | <b>9,724</b>   | <b>47,654</b>  |

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 35 - 68 form an integral part of these financial statements.

# Watford Community Housing

## Statement of Financial Position

As at 31 March 2026

|                                                                | Note | 2026<br>£ '000   | 2025<br>£ '000   |
|----------------------------------------------------------------|------|------------------|------------------|
| <b>Fixed Assets</b>                                            |      |                  |                  |
| Intangible assets                                              | 11   | (25,819)         | (26,235)         |
| Housing properties                                             | 12   | 621,948          | 551,869          |
| Investment properties                                          | 14   | 10,948           | 10,775           |
| Other property, plant and equipment                            | 13   | 11,000           | 10,846           |
| <b>Total fixed assets</b>                                      |      | <b>618,077</b>   | <b>547,255</b>   |
| <b>Current assets</b>                                          |      |                  |                  |
| Stock - Work in progress                                       | 16   | 3,502            | 5,848            |
| Debtors                                                        | 17   | 15,076           | 14,692           |
| Defined benefit pension                                        | 23   | -                | -                |
| Cash and cash equivalents                                      |      | 10,494           | 8,455            |
| <b>Total current assets</b>                                    |      | <b>29,072</b>    | <b>28,995</b>    |
| <b>Creditors: Amounts falling due within one year</b>          | 18   | <b>(18,881)</b>  | <b>(14,143)</b>  |
| <b>Net current assets</b>                                      |      | <b>10,191</b>    | <b>14,852</b>    |
| <b>Total assets less current liabilities</b>                   |      | <b>628,268</b>   | <b>562,107</b>   |
| <b>Creditors: Amounts falling due after more than one year</b> | 18   | <b>(398,962)</b> | <b>(338,936)</b> |
| Defined benefit pension liability                              | 23   | -                | -                |
| Provision for liabilities                                      | 29   | (1,139)          | (4,729)          |
| <b>Net assets</b>                                              |      | <b>228,167</b>   | <b>218,442</b>   |
| <b>Capital and reserves</b>                                    |      |                  |                  |
| Revenue reserve                                                |      | 134,230          | 125,562          |
| Property revaluation reserve                                   |      | 96,076           | 96,076           |
| Cashflow hedge reserve                                         |      | (2,139)          | (3,196)          |
| <b>Total reserves</b>                                          |      | <b>228,167</b>   | <b>218,442</b>   |



**Rachel Hatfield**  
Interim Chair



**Matthew Peak**  
Chair of Audit & Risk Committee



**Amy Fox**  
Company Secretary

# Consolidated Statement of Changes in Reserves

For the year ended 31 March 2026

|                                                      | Revaluation<br>Reserve | Cashflow<br>Hedge<br>Reserve | Revenue<br>Reserve | 2026<br>Total  |
|------------------------------------------------------|------------------------|------------------------------|--------------------|----------------|
|                                                      | £ '000                 | £ '000                       | £ '000             | £ '000         |
| <b>At 1 April 2025</b>                               | <b>96,076</b>          | <b>(3,195)</b>               | <b>123,320</b>     | <b>216,201</b> |
| Surplus for the year                                 | -                      | -                            | 8,015              | 8,015          |
| Actuarial loss in respect to pension scheme          | -                      | -                            | -                  | -              |
| Transfer from Revaluation Reserve to Revenue Reserve | -                      | -                            | -                  | -              |
| Changes in fair value movement of derivatives        | -                      | 1,059                        | -                  | 1,059          |
| <b>At 31 March 2026</b>                              | <b>96,076</b>          | <b>(2,136)</b>               | <b>131,335</b>     | <b>225,275</b> |

For the year ended 31 March 2025

|                                                      | Revaluation<br>Reserve | Cashflow<br>Hedge<br>Reserve | Revenue<br>Reserve | 2025<br>Total  |
|------------------------------------------------------|------------------------|------------------------------|--------------------|----------------|
|                                                      | £ '000                 | £ '000                       | £ '000             | £ '000         |
| <b>At 1 April 2024</b>                               | <b>96,076</b>          | <b>(6,173)</b>               | <b>78,514</b>      | <b>168,417</b> |
| Surplus for the year                                 | -                      | -                            | 44,806             | 44,806         |
| Actuarial loss in respect to pension scheme          | -                      | -                            | -                  | -              |
| Transfer from Revaluation Reserve to Revenue Reserve | -                      | -                            | -                  | -              |
| Changes in fair value movement of derivatives        | -                      | 2,978                        | -                  | 2,978          |
| <b>At 31 March 2025</b>                              | <b>96,076</b>          | <b>(3,195)</b>               | <b>123,320</b>     | <b>216,201</b> |

# Watford Community Housing

## Statement of Changes in Reserves

For the year ended 31 March 2026

|                                                      | Revaluation<br>Reserve | Cashflow<br>Hedge<br>Reserve | Revenue<br>Reserve | 2026<br>Total  |
|------------------------------------------------------|------------------------|------------------------------|--------------------|----------------|
|                                                      | £ '000                 | £ '000                       | £ '000             | £ '000         |
| <b>At 1 April 2025</b>                               | <b>96,076</b>          | <b>(3,196)</b>               | <b>125,562</b>     | <b>218,442</b> |
| Surplus for the year                                 | -                      | -                            | 8,667              | 8,667          |
| Actuarial loss in respect to pension scheme          | -                      | -                            | -                  | -              |
| Transfer from Revaluation Reserve to Revenue Reserve | -                      | -                            | -                  | -              |
| Changes in fair value movement of derivatives        | -                      | 1,057                        | -                  | 1,057          |
| <b>At 31 March 2026</b>                              | <b>96,076</b>          | <b>(2,139)</b>               | <b>134,230</b>     | <b>228,166</b> |

For the year ended 31 March 2025

|                                                      | Revaluation<br>Reserve | Cashflow<br>Hedge<br>Reserve | Revenue<br>Reserve | 2025<br>Total  |
|------------------------------------------------------|------------------------|------------------------------|--------------------|----------------|
|                                                      | £ '000                 | £ '000                       | £ '000             | £ '000         |
| <b>At 1 April 2024</b>                               | <b>96,076</b>          | <b>(6,174)</b>               | <b>80,886</b>      | <b>170,788</b> |
| Surplus for the year                                 | -                      | -                            | 44,676             | 44,676         |
| Actuarial loss in respect to pension scheme          | -                      | -                            | -                  | -              |
| Transfer from Revaluation Reserve to Revenue Reserve | -                      | -                            | -                  | -              |
| Changes in fair value movement of derivatives        | -                      | 2,978                        | -                  | 2,978          |
| <b>At 31 March 2024</b>                              | <b>96,076</b>          | <b>(3,196)</b>               | <b>125,562</b>     | <b>218,442</b> |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2026

|                                                     | 2026<br>£ '000  | 2025<br>£ '000  |
|-----------------------------------------------------|-----------------|-----------------|
| <b>Net cash inflow from operating activities</b>    | 28,008          | 20,012          |
| <b>Cash flows from investing activities</b>         |                 |                 |
| Purchase of property, plant and equipment           | (80,813)        | (83,043)        |
| Investment in Joint Venture                         | -               | -               |
| Proceeds from sale of property, plant and equipment | 4,278           | 8,002           |
| Grants received                                     | 1,065           | 11,085          |
| Interest received                                   | 691             | 303             |
| <b>Net cash flows from investing activities</b>     | <b>(46,771)</b> | <b>(43,641)</b> |
| <b>Cash flows from financing activities</b>         |                 |                 |
| Interest paid                                       | (10,878)        | (10,965)        |
| New secured loans                                   | 60,627          | 45,000          |
| Capital element of finance lease payments           | -               | (8)             |
| <b>Net cash flows from financing activities</b>     | <b>49,749</b>   | <b>34,027</b>   |
| <b>Net increase in cash and cash equivalents</b>    | <b>2,978</b>    | <b>(9,614)</b>  |
| Cash and cash equivalents at beginning of year      | 7,740           | 17,354          |
| Cash and cash equivalents at end of year            | 10,718          | 7,740           |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2026

|                                                                         | 2026<br>£ '000 | 2025<br>£ '000 |
|-------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flow from operating activities</b>                              |                |                |
| Surplus for the year                                                    | 8,015          | 16,299         |
| <b>Adjustment for non-cash items:</b>                                   |                |                |
| Depreciation of property, plant and equipment                           | 8,515          | 8,704          |
| Amortisation of loan fees                                               | -              | 227            |
| Amortisation of intangible assets                                       | (416)          | (417)          |
| (Increase) / Decrease in inventories                                    | 2,346          | 238            |
| Decrease / (increase) in debtors                                        | (1,098)        | (3,346)        |
| Increase / (decrease) in creditors                                      | 3,041          | (2,073)        |
| Share of profit of joint ventures                                       | 175            | 89             |
| Pension costs less contributions payable                                | -              | -              |
| Carrying amount of property, plant & equipment disposals                | 1,098          | -              |
| (Increase) / decrease in fair value of investment property and reserves | (176)          | (454)          |
| Surplus on disposal of property, plant and equipment                    | (3,138)        | (725)          |
| <b>Adjustments for investing or financing activities:</b>               |                |                |
| Proceeds from the sale of property, plant and equipment                 | -              | (8,002)        |
| Movement in fair value of financial instrument                          | -              | -              |
| Government grants utilised in the year                                  | (540)          | (479)          |
| Interest received                                                       | (691)          | (303)          |
| Interest payable                                                        | 10,878         | 10,254         |
| <b>Cash generated by operations</b>                                     | <b>28,008</b>  | <b>20,012</b>  |

# Notes to the Financial Statements

For the year ended 31 March 2026

## 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

### Basis of accounting

The financial statements are prepared under the historical cost convention, as modified for the revaluation of housing properties and to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are produced on a going concern basis. The accounts present information about the Group that includes the parent entity Watford Community Housing Trust and its subsidiaries WCHT Devco Limited and Clarendon Living Limited (CLL), as well as its investment in several joint ventures via CLL, namely Hart Homes (Watford) Limited, Hart Homes Watford Development LLP, Hertsmere Living Limited, Three Rivers Homes Limited and Three Rivers Housing Developments LLP.

Watford Community Housing is a public benefit entity, as defined in FRS 102 and has applied the relevant paragraphs prefixed "PBE" in FRS 102.

The parent entity meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following: -

- A Statement of Cash Flows has not been presented for the parent company;
- Certain disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

### Basis of consolidation

The Group financial statements consolidate those of the parent and its subsidiary undertakings drawn up to 31

March 2026. Intra-group transactions are eliminated in full in accordance with FRS 102. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

### Property, plant and equipment - housing properties

Housing properties are stated at deemed cost for assets held at valuation at the date of transition to FRS 102. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated. The Group's housing properties have an expected useful life of 100 years.

### Major components

Major components are treated as separable assets and depreciated on a straight-line basis over their expected useful economic lives or of the structure to which they relate, if shorter, as follows:

|                                   |           |
|-----------------------------------|-----------|
| Wall Structure                    | 100 years |
| Roof Structure                    | 50 years  |
| Windows                           | 30 years  |
| External doors                    | 30 years  |
| Bathrooms                         | 30 years  |
| Heating distribution / electrical | 30 years  |
| Electrical systems                | 30 years  |
| Lifts & Stair lifts               | 30 years  |
| Kitchens                          | 20 years  |
| Garages                           | 20 years  |
| Heating Boilers                   | 15 years  |
| Communal doors and entry          | 15 years  |

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

### Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

### Joint ventures

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other partner under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method. In the parent company financial statements, investments in joint ventures are accounted for at cost less impairment and dividends receivable. The Group assesses at each reporting date whether there is any indication of impairment.

### Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Group is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

### Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                                  |             |
|----------------------------------|-------------|
| Freehold office buildings        | 80 years    |
| Office refurbishment             | 30 years    |
| Furniture, fixtures and fittings | 4 -10 years |
| Computers and office equipment   | 3 -5 years  |
| Motor vehicles                   | 3 years     |

## Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

## Intangible assets

Negative Goodwill arose on the acquisition of a business whereby the fair value of the net assets acquired exceeded the acquisition cost. This negative goodwill is written off (amortised) over the remaining economic lives of the underlying housing assets, namely 80 years.

## Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's

remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model. An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

The Group has also noted that no impairment is required at this stage based on the prudence and margins build into our schemes which have a level of sales risk. The impact continues to be reviewed regularly by the Group Board looking at key financial risk indicators and assessing these against our financial plan and development assumptions. The Group remains confident that it has a robust plan to manage the current economic challenges but monitoring through cashflow forecasts, stress-testing and mitigation planning throughout will continue to provide assurance to the Group Board.

## Social housing grant and other grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets.

Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Social Housing Grant (SHG) is receivable from Homes England in respect of capital costs of housing properties, including the land cost, and is amortised over the useful life of the structure (or the useful life of the component if the SHG relates to a component). SHG released on sale of a property may be repayable but is normally available to be recycled and is included in the Statement of Financial Position to recognise this obligation as a liability. Grants received from non-government sources are recognised as revenue using the performance model.

## Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not to be recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

### Agreements to improve existing properties

Where an agreement has been entered into whereby the Group has prepaid a third party to undertake work to existing properties and at the same time, there is an agreement with the same third party to undertake the improvement work on behalf of the third party, the rights to have improvement works carried out to properties by the third party are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party are recognised as liabilities.

### Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where this is not implicit in the lease, the Group's average rate of borrowing has been applied.

Finance assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

### Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period

of development if it represents interest on borrowings specifically financing the development programme after deduction of Social Housing Grant (SHG) received in advance. Other interest payable is charged to the Statement of Comprehensive Income.

### Loan finance issue costs

These are written off evenly over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

### Pensions

The Group operates a Defined Contribution Scheme for employees. The scheme is administered by an independent third-party administrator and the funds are held independent of the Group. The annual contributions payable are charged to the Statement of Comprehensive Income in respect of pension costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

## Turnover

Turnover comprises rental income receivable in the year and other services at the invoiced value (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Regulator of Social Housing and charitable fees and donations and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

## Value Added Tax (VAT)

Each entity within the Group is VAT registered. Watford Community Housing charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the parent and not recoverable from HM Revenue & Customs (HMRC). The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

## Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit

balances on individual schemes are not aggregated as there is no right of set-off.

## Supported housing and other managing agents

Where the Group has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

## Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or noncurrent assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

## Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

## Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

## Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102 are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

## Financing transactions – rent arrears

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are

derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in surplus or deficit in the Statement of Comprehensive Income.

### **Derivative financial instruments**

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

### **Public benefit entity concessionary loans**

Where loans are made or received between a public benefit entity within the Group or an entity within the public benefit entity group and other party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public benefit entity parent, these loans are treated as concessionary loans and are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

### **Gift aid payments**

Gift aid payments are credited to income when received.

### **Going Concern**

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities (including £113m million of undrawn facilities at 31 March 2026), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day-to-day operations. The Group has a long-term business plan that shows it is able to service the debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The current economic crisis has led to a number of risk and financial considerations for Watford Community Housing Group in terms of preparing these statements. In order to consider the impact on the Group, work has been undertaken to stress the business plan in line with the adverse economic conditions with our Treasury advisors on appropriate liquidity and cash holdings during this period. The Group Board has taken assurance that the liquidity and cash-holdings are strong for the Group even when facing uncertainty in terms rental income and capital income from property sales.

## 2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements:

- **Impairment of social housing properties:** The Group identifies factors which are considered to be an indicator of impairment. For those schemes so identified the Group compares the carrying amount of the assets to the recoverable amount to determine if an impairment loss has occurred. Based on this assessment, the Group calculates the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme shows whether there is any impairment of social housing properties. Where DRC is not relevant, the value in use is calculated as the present value of the future cash flows expected to be derived from the asset.

- A review has been carried out at 31 March 2026 to determine whether any assets required impairment. Several development schemes were identified as requiring an in-depth assessment.
- To determine the impairment charge, the impairment assessment performed a value in use net present value calculation for the cash generating units, using an appropriate discount rate to reflect its ability to secure finance over the development term. For the assets which were identified as non-cash generating social assets, these were assessed on a value in use depreciated replacement cost basis.
- Following this assessment, no impairment loss has been recognised at the reporting date.
- **Contingent Liabilities:** The Group has identified possible further liabilities where it is not considered 'probable' that there will be an outflow of economic benefits. The Group believes there could be approximately £1m of contingent liabilities relating to a number of areas, including employment matters, development scheme risks and insurance claims. This will be continually monitored throughout the upcoming financial year and the financial position of the Group will be appropriately amended as these areas develop further clarity.
- **Capitalisation of works to existing properties:** Amounts capitalised within works to existing properties include the cost of replacing components of housing properties. This involves judgement and estimation around areas such as which costs to include in the amount capitalised, how much cost to de-recognise as a replacement, the number of different components and their assigned useful economic lives.

### Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 are addressed below:

- **Fair value measurement:** The Group carries its investment properties at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to the estimated yield and the long-term vacancy rate.
- **Derivative financial instruments:** These comprise standalone interest rate swaps and are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. This requires assumptions underlying the estimation of the fair values.
- **Components of housing properties and useful lives:** Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.
- **Negative goodwill:** To ensure that the value of negative goodwill in the financial statements is fairly stated, the balance is written off (amortised) over the remaining economic lives of the underlying housing assets and this is a key assumption by management underpinning the carrying value.

### 3a. Particulars of turnover, cost of sales, operating costs and operating surplus - Watford Community Housing

|                                              | 2026          | 2026            | 2026              | 2025          | 2025            | 2025              |
|----------------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-------------------|
|                                              | Turnover      | Operating costs | Operating surplus | Turnover      | Operating costs | Operating surplus |
|                                              | £'000         | £'000           | £'000             | £'000         | £'000           | £'000             |
| <b>Social housing lettings (see note 3b)</b> | <b>51,666</b> | <b>(38,298)</b> | <b>13,368</b>     | <b>44,162</b> | <b>(31,070)</b> | <b>13,092</b>     |
| <b>Other social housing activities</b>       |               |                 |                   |               |                 |                   |
| Supporting people contract income            | -             | -               | -                 | 29            | (29)            | -                 |
| Shared ownership equity & sales income       | 3,107         | (2,726)         | 381               | 8,002         | (7,527)         | 475               |
| Management services                          | 949           | (1,042)         | (93)              | 1,368         | (526)           | 842               |
| Other                                        | 641           | (1,488)         | (847)             | 741           | (1,263)         | (522)             |
|                                              | <b>4,697</b>  | <b>(5,256)</b>  | <b>(559)</b>      | <b>10,140</b> | <b>(9,345)</b>  | <b>795</b>        |
| <b>Non-social housing activities</b>         |               |                 |                   |               |                 |                   |
| Lettings                                     | 1,956         | (74)            | 1,882             | 1,812         | (1,037)         | 775               |
| Other                                        | 1             | (38)            | (37)              | 65            | (537)           | (472)             |
| Amortisation of Goodwill                     | -             | 416             | 416               | -             | 416             | 416               |
|                                              | <b>1,956</b>  | <b>(305)</b>    | <b>2,261</b>      | <b>1,877</b>  | <b>(1,158)</b>  | <b>720</b>        |
| <b>Total</b>                                 | <b>58,319</b> | <b>(43,249)</b> | <b>15,070</b>     | <b>56,179</b> | <b>(41,573)</b> | <b>14,607</b>     |

### 3a. Particulars of turnover, cost of sales, operating costs and operating surplus - Group

|                                              | 2026          | 2026            | 2026              | 2025          | 2025            | 2025              |
|----------------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-------------------|
|                                              | Turnover      | Operating costs | Operating surplus | Turnover      | Operating costs | Operating surplus |
|                                              | £'000         | £'000           | £'000             | £'000         | £'000           | £'000             |
| <b>Social housing lettings (see note 3b)</b> | <b>51,666</b> | <b>(38,298)</b> | <b>13,368</b>     | <b>44,162</b> | <b>(31,070)</b> | <b>13,092</b>     |
| <b>Other social housing activities</b>       |               |                 |                   |               |                 |                   |
| Supporting people contract income            | -             | -               | -                 | 29            | (29)            | -                 |
| Shared ownership equity & sales income       | 3,107         | (2,726)         | 381               | 8,002         | (7,527)         | 475               |
| Management services                          | 949           | (1,042)         | (93)              | 1,368         | (526)           | 842               |
| Other                                        | 641           | (1,488)         | (847)             | 741           | (1,263)         | (522)             |
| Consolidation adjustment                     | -             | -               | -                 | -             | -               | -                 |
|                                              | <b>4,697</b>  | <b>(5,257)</b>  | <b>560</b>        | <b>10,140</b> | <b>(9,345)</b>  | <b>795</b>        |
| <b>Non-social housing activities</b>         |               |                 |                   |               |                 |                   |
| Lettings                                     | 1,956         | (74)            | 1,882             | 1,812         | (1,037)         | 775               |
| Other                                        | 1             | (43)            | (42)              | 65            | (537)           | (472)             |
| Amortisation of Goodwill                     | -             | 416             | 416               | -             | 416             | 416               |
|                                              | <b>1,957</b>  | <b>299</b>      | <b>2,256</b>      | <b>1,877</b>  | <b>(1,158)</b>  | <b>720</b>        |
|                                              | <b>58,320</b> | <b>(43,256)</b> | <b>15,065</b>     | <b>56,179</b> | <b>(41,573)</b> | <b>14,607</b>     |

## 3b. Particulars of Income and Expenditure from Social Housing Lettings - Group

|                                                     | General<br>needs<br>housing<br>£'000 | Supported<br>housing and<br>housing<br>for older<br>people<br>£'000 | Shared<br>ownership<br>£'000 | 2026<br>Total<br>£'000 | 2025<br>Total<br>£'000 |
|-----------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|------------------------------|------------------------|------------------------|
| <b>Income</b>                                       |                                      |                                                                     |                              |                        |                        |
| Rent Receivable net of identifiable service charges | 42,388                               | 3,138                                                               | 2,014                        | 47,540                 | 40,919                 |
| Service income                                      | 2,417                                | 871                                                                 | 298                          | 3,586                  | 2,740                  |
| Amortisation of SHG                                 | 540                                  | -                                                                   | -                            | 540                    | 479                    |
| Other Revenue Grants                                | -                                    | -                                                                   | -                            | -                      | 24                     |
| <b>Turnover from social housing lettings</b>        | <b>45,345</b>                        | <b>4,009</b>                                                        | <b>2,312</b>                 | <b>51,666</b>          | <b>44,162</b>          |
| <b>Expenditure</b>                                  |                                      |                                                                     |                              |                        |                        |
| Management costs                                    | (14,502)                             | (2,151)                                                             | (1,232)                      | (17,886)               | (14,610)               |
| Service charge costs                                | (1,054)                              | (1,055)                                                             | (326)                        | (2,435)                | (1,669)                |
| Routine maintenance                                 | (5,113)                              | (699)                                                               | -                            | (5,812)                | (4,598)                |
| Planned maintenance                                 | (1,954)                              | (267)                                                               | -                            | (2,222)                | (1,087)                |
| Major repairs expenditure                           | (1,075)                              | (147)                                                               | -                            | (1,222)                | (906)                  |
| Bad debts                                           | (460)                                | 6                                                                   | -                            | (454)                  | (290)                  |
| Depreciation of housing properties                  | (7,866)                              | -                                                                   | (402)                        | (8,268)                | (7,910)                |
| <b>Operating costs on social housing lettings</b>   | <b>(32,024)</b>                      | <b>(4,313)</b>                                                      | <b>(1,960)</b>               | <b>(38,298)</b>        | <b>(31,070)</b>        |
| <b>Operating surplus on social housing lettings</b> | <b>13,321</b>                        | <b>(304)</b>                                                        | <b>351</b>                   | <b>13,368</b>          | <b>13,092</b>          |
| <b>Void losses</b>                                  | <b>744</b>                           | <b>285</b>                                                          | <b>-</b>                     | <b>1,029</b>           | <b>1,239</b>           |

## 3b. Particulars of Income and Expenditure from Social Housing Lettings - Watford Community Housing

|                                                     | General<br>needs<br>housing<br>£'000 | Supported<br>housing and<br>housing<br>for older<br>people<br>£'000 | Shared<br>ownership<br>£'000 | 2026<br>Total<br>£'000 | 2025<br>Total<br>£'000 |
|-----------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|------------------------------|------------------------|------------------------|
| <b>Income</b>                                       |                                      |                                                                     |                              |                        |                        |
| Rent Receivable net of identifiable service charges | 42,388                               | 3,138                                                               | 2,014                        | 47,540                 | 40,919                 |
| Service income                                      | 2,417                                | 871                                                                 | 298                          | 3,586                  | 2,740                  |
| Amortisation of SHG                                 | 540                                  | -                                                                   | -                            | 540                    | 479                    |
| Other Revenue Grants                                | -                                    | -                                                                   | -                            | -                      | 24                     |
| <b>Turnover from social housing lettings</b>        | <b>45,345</b>                        | <b>4,009</b>                                                        | <b>2,312</b>                 | <b>51,666</b>          | <b>44,162</b>          |
| <b>Expenditure</b>                                  |                                      |                                                                     |                              |                        |                        |
| Management costs                                    | (14,502)                             | (2,151)                                                             | (1,232)                      | (17,886)               | (14,610)               |
| Service charge costs                                | (1,054)                              | (1,055)                                                             | (326)                        | (2,435)                | (1,669)                |
| Routine maintenance                                 | (5,113)                              | (699)                                                               | -                            | (5,812)                | (4,598)                |
| Planned maintenance                                 | (1,954)                              | (267)                                                               | -                            | (2,222)                | (1,087)                |
| Major repairs expenditure                           | (1,075)                              | (147)                                                               | -                            | (1,222)                | (906)                  |
| Bad debts                                           | (460)                                | 6                                                                   | -                            | (454)                  | (290)                  |
| Depreciation of housing properties                  | (7,866)                              | -                                                                   | (402)                        | (8,268)                | (7,910)                |
| <b>Operating costs on social housing lettings</b>   | <b>(32,024)</b>                      | <b>(4,313)</b>                                                      | <b>(1,960)</b>               | <b>(38,298)</b>        | <b>(31,070)</b>        |
| <b>Operating surplus on social housing lettings</b> | <b>13,321</b>                        | <b>(304)</b>                                                        | <b>352</b>                   | <b>13,368</b>          | <b>13,092</b>          |
| <b>Void losses</b>                                  | <b>744</b>                           | <b>285</b>                                                          | <b>-</b>                     | <b>1,029</b>           | <b>1,239</b>           |

## 4. Surplus on disposal of property, plant and equipment - Group and Association

|                                                        | 2026<br>£'000 | 2025<br>£'000 |
|--------------------------------------------------------|---------------|---------------|
| <b>Right to Buy &amp; shared ownership staircasing</b> |               |               |
| Disposal Proceeds                                      | 4,278         | 1,215         |
| Less: carrying value of fixed assets                   | (1,098)       | (743)         |
| <b>Surplus on disposal</b>                             | <b>3,180</b>  | <b>472</b>    |
| <b>Other disposals</b>                                 |               |               |
| Proceeds                                               | 5             | 299           |
| Less: carrying value of fixed assets                   | (46)          | (47)          |
| <b>Surplus/(Deficit) on disposal</b>                   | <b>(42)</b>   | <b>252</b>    |
| <b>Total surplus on disposal</b>                       | <b>3,138</b>  | <b>724</b>    |

## 5. Interest and finance costs - Group

|                         | 2026<br>£'000 | 2025<br>£'000 |
|-------------------------|---------------|---------------|
| Bank loan and overdraft | 12,044        | 10,729        |
| Finance lease charges   | -             | -             |
| Loan fee costs          | 375           | 236           |
| Capitalised Interest    | (1,542)       | (711)         |
|                         | <b>10,878</b> | <b>10,254</b> |

## 5. Interest and finance costs - Watford Community Housing

|                         | 2026<br>£'000 | 2025<br>£'000 |
|-------------------------|---------------|---------------|
| Bank loan and overdraft | 12,044        | 10,729        |
| Finance lease charges   | -             | -             |
| Loan fee costs          | 375           | 236           |
| Capitalised Interest    | (1,542)       | (711)         |
|                         | <b>10,878</b> | <b>10,254</b> |

Borrowing costs have been capitalised based on a capitalisation rate of 4.02% (2025: 3.47%) which is the weighted average of rates applicable to Watford Community Housing's general borrowings outstanding during the year.

## 6. Interest receivable and other income - Watford Community Housing

|                                        | Group |       | WCH   |       |
|----------------------------------------|-------|-------|-------|-------|
|                                        | 2026  | 2025  | 2026  | 2025  |
|                                        | £'000 | £'000 | £'000 | £'000 |
| Interest receivable and similar income | 691   | 303   | 691   | 303   |

## 7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

|                                                   | 2026    | 2025  |
|---------------------------------------------------|---------|-------|
|                                                   | £'000   | £'000 |
| Depreciation of housing properties                | 8,268   | 7,910 |
| Depreciation of other property, plant & equipment | 622     | 793   |
| Government grant amortisation                     | (540)   | (479) |
| Amortisation of goodwill                          | (416)   | (416) |
| (Gain) on disposal of fixed assets                | (3,138) | (724) |
| External auditors remuneration:                   |         |       |
| - Statutory audit – Net of VAT                    | 62      | 63    |
| - Tax advisory/compliance services                | 2       | 2     |

## 8. Staff costs

Average monthly number of employees expressed in full time equivalents based on a standard working week of 37 hours:

|                                  | 2026<br>No. | 2025<br>No. |
|----------------------------------|-------------|-------------|
| Administration                   | 94          | 83          |
| Asset Management and Development | 14          | 20          |
| Housing, Support and Care        | 64          | 53          |
| In-House Repairs team            | 62          | 61          |
|                                  | <b>234</b>  | <b>217</b>  |

Employee costs:

|                       | 2026<br>£'000 | 2025<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and Salaries    | 9,363         | 8,569         |
| Social Security Costs | 1,188         | 867           |
| Other Pension Costs   | 890           | 820           |
|                       | <b>11,441</b> | <b>10,256</b> |

There were no redundancy and severance payments in the period (2024: £36.4k)

The full-time equivalent number of staff which includes executive directors who received remuneration from £60,000 upwards is as follows:

### Salary Band

|                      | 2026<br>No. | 2025<br>No. |
|----------------------|-------------|-------------|
| £60,000 to £69,999   | 7           | 8           |
| £70,000 to £79,999   | 4           | 3           |
| £80,000 to £89,999   | 1           | 1           |
| £90,000 to £99,999   | 6           | 1           |
| £100,000 to £109,999 | -           | 6           |
| £140,000 to £149,999 | 3           | -           |
| £150,000 to £159,999 | -           | 1           |
| £160,000 to £169,999 | -           | -           |
| £170,000 to £179,999 | -           | -           |
| £180,000 to £189,999 | 1           | 1           |
| £190,000 to £199,000 | -           | -           |
| £200,000 to £209,000 | -           | 1           |
|                      | <b>22</b>   | <b>22</b>   |

## 9. Board Members and Executive Directors – Group and Association

|                                                         | Basic Salary | Pension Contributions | Car Allowance | 2026 Total   | 2025 Total   |
|---------------------------------------------------------|--------------|-----------------------|---------------|--------------|--------------|
| <b>Executive Directors</b>                              | <b>£'000</b> | <b>£'000</b>          | <b>£'000</b>  | <b>£'000</b> | <b>£'000</b> |
| <b>Chief Executive</b>                                  |              |                       |               |              |              |
| Tina Barnard                                            | 185.0        | 27.8                  | 8.0           | 220.8        | 203.4        |
| <b>Deputy Chief Executive</b>                           |              |                       |               |              |              |
| Paul Richmond – left Mar 25                             | -            | -                     | -             | -            | 184.4        |
| <b>Group Director of Operations</b>                     |              |                       |               |              |              |
| Peter Cogan                                             | 148.5        | 11.5                  | 8.0           | 168.0        | 158.1        |
| <b>Chief Finance Officer</b>                            |              |                       |               |              |              |
| Greg Whelan – joined Jul 25                             | 105.0        | 11.6                  | 6.0           | 125.6        | -            |
| <b>Group Director of Partnerships &amp; Investments</b> |              |                       |               |              |              |
| Penelope Metcalf – left Dec 25                          | 108.4        | 11.8                  | 6.0           | 126.2        | 93.3         |
| <b>Group Director of Partnerships &amp; Investments</b> |              |                       |               |              |              |
| Nick Wright – joined Jan 26                             | 32.5         | 2.0                   | 0.7           | 35.1         | -            |
| <b>Total</b>                                            | <b>579.4</b> | <b>64.6</b>           | <b>28.7</b>   | <b>672.7</b> | <b>708.4</b> |

|                                         | Basic Salary<br>£'000 | Pension<br>Contributions<br>£'000 | 2026 Total<br>£'000 | 2025 Total<br>£'000 |
|-----------------------------------------|-----------------------|-----------------------------------|---------------------|---------------------|
| <b>Board Members Chair of the Board</b> |                       |                                   |                     |                     |
| C Cheshire                              | 13.00                 | -                                 | 13.00               | 11.0                |
| <b>Board and Committee Members</b>      |                       |                                   |                     |                     |
| A Lynch                                 | 6.00                  | -                                 | 6.00                | 4.5                 |
| A Meghani                               | 1.04                  | -                                 | 1.04                | 2.0                 |
| D Butcher                               | 9.00                  | -                                 | 9.00                | 7.0                 |
| F Nathwani                              | -                     | -                                 | -                   | 1.2                 |
| J Hopkins                               | 2.50                  | -                                 | 2.50                | 2.0                 |
| J Ratcliff                              | -                     | -                                 | -                   | 2.9                 |
| M Lavers                                | -                     | -                                 | -                   | -                   |
| M Suarez                                | 9.00                  | -                                 | 9.00                | 7.0                 |
| N Patel                                 | -                     | -                                 | -                   | -                   |
| R Barwick                               | 2.50                  | -                                 | 2.50                | 4.5                 |
| R Hussain                               | -                     | -                                 | -                   | -                   |
| S David                                 | 6.00                  | -                                 | 6.00                | 4.5                 |
| H Llewelyn-Davies                       | 1.08                  | -                                 | -                   | -                   |
| C EL Khalifa                            | 6.00                  | -                                 | 6.00                | 1.1                 |
| T Willcocks                             | 9.00                  | -                                 | 9.00                | 7.0                 |
| R Hanrahan                              | 6.00                  | -                                 | 6.00                | 4.5                 |
| R McFarlane                             | 2.50                  | -                                 | 2.50                | 2.0                 |
| K Burnaby                               | 6.88                  | -                                 | 6.88                | 2.3                 |
| R Petty                                 | 9.00                  | -                                 | 9.00                | 3.5                 |
| C Norton                                | 9.00                  | -                                 | 9.00                | 7.0                 |
|                                         | <b>98.50</b>          | <b>-</b>                          | <b>98.50</b>        | <b>74.0</b>         |

Remuneration paid to Chair of the Board was £11k (2025: £11k). Remuneration paid to other Board members in the year was £63.5k (2025: £62.6k). Board and committee members expenses were £0.5k (2025: £14.9k). The emoluments of the highest paid director, the Chief Executive, including Performance Related Pay but excluding pension contributions, were £185.0k (2025: £169.8k).

The Chief Executive was a member of the stakeholder scheme with Standard Life. She was an ordinary member of the pension scheme but special terms applied in respect of the employer contribution paid. The Group did not make any further contributions to an individual pension arrangement for the Chief Executive.

## 10. Taxation - Group and Watford Community Housing

There is no tax charge recognised in 2025/26, as the primary activities of the Group are exempt from taxation.

## 11. Intangible non-current assets: negative goodwill

The stock transfer from Watford Borough Council on 10 September 2007 has been treated as an acquisition of an equity business. All assets and liabilities were stated at their fair value on acquisition.

As the fair value on acquisition was greater than the acquisition cost, a negative goodwill of £33.3m arose. This is being amortised over the useful economic life of the assets at the time of transfer, which is 80 years. The annual amortisation charge is £416k.

£ '000

### Cost

|                                       |        |
|---------------------------------------|--------|
| At 1st April 2024 and 31st March 2025 | 33,326 |
|---------------------------------------|--------|

### Amortisation

|                     |         |
|---------------------|---------|
| At 1st April 2025   | (7,091) |
| Charge for the year | (416)   |

|                    |         |
|--------------------|---------|
| At 31st March 2026 | (7,508) |
|--------------------|---------|

### Net book value

|                           |               |
|---------------------------|---------------|
| <b>At 31st March 2026</b> | <b>25,818</b> |
|---------------------------|---------------|

|                    |        |
|--------------------|--------|
| At 31st March 2025 | 26,235 |
|--------------------|--------|

## 12. Property, plant and equipment - housing properties - Group

|                                    | Social<br>housing<br>properties<br>held for<br>letting<br>£'000 | Social<br>housing<br>and shared<br>ownership<br>properties<br>under<br>construction<br>£'000 | Completed<br>shared<br>ownership<br>housing<br>properties<br>£'000 | 2026<br>Total<br>£'000 |
|------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|
| <b>Cost</b>                        |                                                                 |                                                                                              |                                                                    |                        |
| At 1 April 2025                    | 527,362                                                         | 26,807                                                                                       | 54,625                                                             | 608,794                |
| Additions                          | 37,748                                                          | 18,768                                                                                       | 10,912                                                             | 67,428                 |
| Completed properties               | 2,285                                                           | (2,748)                                                                                      | 462                                                                | -                      |
| Transfer to Current Assets         | -                                                               | (724)                                                                                        | -                                                                  | (724)                  |
| Works on existing properties       | 12,602                                                          | -                                                                                            | 7                                                                  | 12,609                 |
| Disposals                          | (838)                                                           | -                                                                                            | (681)                                                              | (1,519)                |
| <b>At 31 March 2026</b>            | <b>579,159</b>                                                  | <b>42,103</b>                                                                                | <b>65,325</b>                                                      | <b>686,588</b>         |
| <b>Depreciation and impairment</b> |                                                                 |                                                                                              |                                                                    |                        |
| At 1 April 2025                    | 59,494                                                          | -                                                                                            | 1,844                                                              | 61,338                 |
| Charge for the year                | 7,866                                                           | -                                                                                            | 402                                                                | 8,268                  |
| Released on disposal               | (315)                                                           | -                                                                                            | (60)                                                               | (375)                  |
| <b>At 31 March 2026</b>            | <b>67,045</b>                                                   | <b>-</b>                                                                                     | <b>2,186</b>                                                       | <b>69,231</b>          |
| <b>NET BOOK VALUE</b>              |                                                                 |                                                                                              |                                                                    |                        |
| <b>At 31 March 2026</b>            | <b>512,114</b>                                                  | <b>42,103</b>                                                                                | <b>63,139</b>                                                      | <b>617,356</b>         |
| At 31 March 2025                   | 467,868                                                         | 26,807                                                                                       | 52,781                                                             | 547,456                |

## 12. Property, plant and equipment - housing properties - Watford Community Housing

|                                    | Social housing<br>properties<br>held for<br>letting<br>£'000 | Social housing<br>and shared<br>ownership<br>properties<br>under<br>construction<br>£'000 | Completed<br>shared<br>ownership<br>housing<br>properties<br>£'000 | 2025<br>Total<br>£'000 |
|------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|
| <b>Cost</b>                        |                                                              |                                                                                           |                                                                    |                        |
| At 1 April 2025                    | 525,830                                                      | 32,264                                                                                    | 55,113                                                             | 613,207                |
| Transfer to Investment Property    |                                                              |                                                                                           |                                                                    |                        |
| Additions                          | 37,748                                                       | 18,948                                                                                    | 10,912                                                             | 67,608                 |
| Completed properties               | 2,285                                                        | (2,748)                                                                                   | 462                                                                | -                      |
| Transfer to Current Assets         | -                                                            | (724)                                                                                     | -                                                                  | (724)                  |
| Works on existing properties       | 12,601                                                       | -                                                                                         | 7                                                                  | 12,609                 |
| Disposals                          | (838)                                                        | -                                                                                         | (681)                                                              | (1,519)                |
| <b>At 31 March 2026</b>            | <b>577,626</b>                                               | <b>47,740</b>                                                                             | <b>65,813</b>                                                      | <b>691,181</b>         |
| <b>Depreciation and impairment</b> |                                                              |                                                                                           |                                                                    |                        |
| At 1 April 2025                    | 59,494                                                       | -                                                                                         | 1,845                                                              | 61,338                 |
| Charge for the year                | 7,866                                                        | -                                                                                         | 402                                                                | 8,268                  |
| Released on disposal               | (315)                                                        | -                                                                                         | (60)                                                               | (375)                  |
| <b>At 31 March 2026</b>            | <b>67,045</b>                                                | <b>-</b>                                                                                  | <b>2,187</b>                                                       | <b>69,231</b>          |
| <b>NET BOOK VALUE</b>              |                                                              |                                                                                           |                                                                    |                        |
| <b>At 31 March 2026</b>            | <b>510,581</b>                                               | <b>47,740</b>                                                                             | <b>63,626</b>                                                      | <b>621,947</b>         |
| At 31 March 2025                   | 466,336                                                      | 32,264                                                                                    | 53,269                                                             | 551,869                |

## 13. Property, plant and equipment - other - Watford Community Housing and Group

|                                    | Freehold properties<br>£'000 | Office Computers<br>£'000 | Furniture and fittings<br>£'000 | Office equipment and vehicles<br>£'000 | 2025 Total<br>£'000 |
|------------------------------------|------------------------------|---------------------------|---------------------------------|----------------------------------------|---------------------|
| <b>Cost</b>                        |                              |                           |                                 |                                        |                     |
| At 1 April 2025                    | 13,741                       | 3,793                     | 608                             | 385                                    | <b>18,527</b>       |
| Additions                          | 341                          | 435                       | -                               | -                                      | <b>776</b>          |
| Disposals                          | -                            | -                         | -                               | -                                      | -                   |
| <b>At 31 March 2026</b>            | <b>14,082</b>                | <b>4,227</b>              | <b>608</b>                      | <b>385</b>                             | <b>19,303</b>       |
| <b>Depreciation and impairment</b> |                              |                           |                                 |                                        |                     |
| At 1 April 2025                    | 4,132                        | 2,980                     | 184                             | 385                                    | <b>7,681</b>        |
| Charge for the year                | 320                          | 285                       | 17                              | -                                      | <b>622</b>          |
| Released on disposal               | -                            | -                         | -                               | -                                      | -                   |
| <b>At 31 March 2026</b>            | <b>4,452</b>                 | <b>3,265</b>              | <b>201</b>                      | <b>385</b>                             | <b>8,303</b>        |
| <b>NET BOOK VALUE</b>              |                              |                           |                                 |                                        |                     |
| <b>At 31 March 2026</b>            | <b>9,630</b>                 | <b>962</b>                | <b>407</b>                      | <b>-</b>                               | <b>11,000</b>       |
| At 31 March 2025                   | 9,609                        | 813                       | 424                             | -                                      | <b>10,846</b>       |

## 14. Investment properties - Group & Watford Community Housing

|                                    | 2026                            | 2025                            |
|------------------------------------|---------------------------------|---------------------------------|
|                                    | Properties held for market rent | Properties held for market rent |
|                                    | £'000                           | £'000                           |
| Valuation as at 1 April            | 10,775                          | 4,625                           |
| Transfer from housing properties   | -                               | 2,005                           |
| Transfer from Other Fixed Assets   | -                               | 3,691                           |
| Gain from adjustment to fair value | 173                             | 454                             |
| <b>At 31 March 2026</b>            | <b>10,948</b>                   | <b>10,775</b>                   |

## 15. Group Subsidiaries

Clarendon Living Limited, a non-regulated subsidiary of Watford Community Housing, traded throughout 2024/25. The investment in the subsidiary is £1 share capital.

WCHT Devco Limited, a non-regulated subsidiary and wholly owned by Watford Community Housing, traded throughout 2024/25. The investment in the subsidiary is £2 share capital.

## 16. Stock - Watford Community Housing and Group

|                                        | 2026         | 2025         |
|----------------------------------------|--------------|--------------|
|                                        | £'000        | £'000        |
| Completed SO 1st Tranche               | 458          | 3,317        |
| Completed Outright Sales - First Homes | -            | 210          |
| Work in Progress - SO 1st Tranche      | 3,044        | 2,321        |
| Work in Progress - Outright Sales      | -            | -            |
|                                        | <b>3,502</b> | <b>5,848</b> |

## 17. Debtors - Group

| Classification                             | 2026<br>£'000 | 2025<br>£'000 |
|--------------------------------------------|---------------|---------------|
| <b>Due within one year</b>                 |               |               |
| Rent and service charges arrears           | 2,698         | 2,383         |
| Less: Provision for bad and doubtful debts | (2,398)       | (2,101)       |
|                                            | 300           | 282           |
| Service charges sinking fund account       | 587           | 516           |
| Sundry debtors                             | 9             | 83            |
| Other debtors                              | 3,444         | 8,161         |
| Prepayments and accrued income             | 1,335         | 78            |
| <b>Debtors due within one year</b>         | <b>5,675</b>  | <b>9,120</b>  |
| <b>Due after more than one year</b>        | <b>4,543</b>  | <b>-</b>      |
| <b>Total Debtors</b>                       | <b>10,218</b> | <b>9,120</b>  |

## 17. Debtors - Watford Community Housing

| Classification                             | 2026<br>£'000 | 2025<br>£'000 |
|--------------------------------------------|---------------|---------------|
| <b>Due within one year</b>                 |               |               |
| Rent and service charges arrears           | 2,698         | 2,383         |
| Less: Provision for bad and doubtful debts | (2,398)       | (2,101)       |
|                                            | 300           | 282           |
| Service charges sinking fund account       | 587           | 516           |
| Sundry debtors                             | 9             | 83            |
| Other debtors                              | 3,444         | 3,141         |
| Intercompany debtors                       | 76            | 76            |
| Loans to subsidiaries                      | -             | -             |
| Prepayments and accrued income             | 1,335         | 1,316         |
| <b>Debtors due within one year</b>         | <b>5,751</b>  | <b>5,414</b>  |
| <b>Due after more than one year</b>        |               |               |
| Loans to subsidiaries                      | 9,325         | 9,278         |
| <b>Due after more than one year</b>        | <b>9,325</b>  | <b>9,278</b>  |
| <b>Total Debtors</b>                       | <b>15,076</b> | <b>14,692</b> |

## 18. Creditors: amounts falling due within one year - Group

|                                              | 2026          | 2025          |
|----------------------------------------------|---------------|---------------|
| Classification                               | £'000         | £'000         |
| Trade creditors                              | 2,189         | 1,722         |
| Rent and service charges received in advance | 2,538         | 3,033         |
| Government grants                            | 592           | 527           |
| Other taxation and social security           | 404           | 554           |
| Pension contribution                         | 113           | 107           |
| Intercompany creditors                       | -             | -             |
| Other creditors                              | 4,003         | 2,961         |
| Accruals and deferred income                 | 9,691         | 3,941         |
|                                              | <b>19,530</b> | <b>12,845</b> |

## Creditors: amounts falling due after one year - Group

|                                  | 2026           | 2025           |
|----------------------------------|----------------|----------------|
| Classification                   | £ '000         | £ '000         |
| Bank loans                       | 344,279        | 283,652        |
| Government grants                | 52,544         | 52,086         |
| Derivative financial instruments | 2,139          | 3,198          |
|                                  | <b>398,962</b> | <b>338,936</b> |

## 18. Creditors: amounts falling due within one year - Watford Community Housing

|                                              | 2026          | 2025          |
|----------------------------------------------|---------------|---------------|
| Classification                               | £'000         | £'000         |
| Trade creditors                              | 2,189         | 1,722         |
| Rent and service charges received in advance | 2,538         | 3,033         |
| Government grants                            | 592           | 526           |
| Other taxation and social security           | 404           | 554           |
| Pension contribution                         | 113           | 107           |
| Other creditors                              | 3,354         | 2,961         |
| Accruals and deferred income                 | 9,691         | 5,240         |
|                                              | <b>18,881</b> | <b>14,143</b> |

## 18. Creditors: amounts falling due after one year - Watford Community Housing

|                                               | 2026           | 2025           |
|-----------------------------------------------|----------------|----------------|
| Classification                                | £ '000         | £ '000         |
| Bank loans                                    | 344,279        | 283,652        |
| Government grants see notes 19                | 52,544         | 52,086         |
| Derivative financial instruments see notes 20 | 2,139          | 3,198          |
|                                               | <b>398,962</b> | <b>338,936</b> |

## 19. Deferred income - Government grants

|                                                   | 2026          | 2025          |
|---------------------------------------------------|---------------|---------------|
|                                                   | £'000         | £'000         |
| <b>At 1 April</b>                                 | <b>52,612</b> | <b>41,063</b> |
| Grants received in year                           | 1,065         | 12,028        |
| <b>Total Grant Received</b>                       | <b>53,677</b> | <b>53,091</b> |
| Amortisation to Statement of Comprehensive Income | (541)         | (479)         |
| <b>At 31 March</b>                                | <b>53,136</b> | <b>52,612</b> |
| Due within one year                               | 592           | 526           |
| Due after one year                                | 52,544        | 52,086        |

## 20. Financial instruments - Group and Watford Community Housing

The carrying values of the financial assets and liabilities are summarised by category below:

|                                                                            | 2026<br>£'000  | 2025<br>£'000  |
|----------------------------------------------------------------------------|----------------|----------------|
| <b>Financial assets</b>                                                    |                |                |
| Measured at undiscounted amount receivable                                 |                |                |
| Rent arrears and other debtors (see note 17)                               | 300            | 282            |
|                                                                            | <b>300</b>     | <b>282</b>     |
| <b>Financial liabilities</b>                                               |                |                |
| Measured at fair value and designated in an effective hedging relationship |                |                |
| Derivative financial liabilities (see note 18)                             | 2,139          | 3,198          |
| Measured at amortised cost                                                 |                |                |
| Loans payable (see note 18)                                                | 344,279        | 283,652        |
| Measured at undiscounted amount payable                                    |                |                |
| Trade and other creditors (see note 18)                                    | 18,881         | 14,143         |
|                                                                            | <b>365,299</b> | <b>300,993</b> |

WCH's income, expense, gains and losses in respect of financial instruments are summarised below:

|                                                                                                                     | 2026<br>£'000  | 2025<br>£'000  |
|---------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Fair value gains and losses</b>                                                                                  |                |                |
| On financial assets (including listed investments) measured at fair value through Statement of Comprehensive Income | -              | -              |
|                                                                                                                     |                |                |
|                                                                                                                     | 2026<br>£'000  | 2025<br>£'000  |
| <b>Obligation under finance leases</b>                                                                              |                |                |
| In one year or more but less than two years                                                                         | -              | -              |
| In two years or more but less than five years                                                                       | 7,000          | -              |
| In five years or more                                                                                               | 341,597        | (286,770)      |
| Less: arrangement fees                                                                                              | (4,318)        | (3,118)        |
|                                                                                                                     | <b>344,279</b> | <b>283,652</b> |

## 21. Derivative financial instruments

Derivatives that are designated and effective as hedging instruments carried at fair value.

|                                      | 2026         | 2025         |
|--------------------------------------|--------------|--------------|
|                                      | £'000        | £'000        |
| <b>Interest rate swaps creditors</b> | <b>2,139</b> | <b>3,198</b> |

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

### Interest rate swap contracts - Group and Watford Community Housing

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date.

The interest rate swap contracts are designated as hedges of variable interest rate risk of recognised financial liabilities.

|                                                         | Notional principal value |        | Fair value |       |
|---------------------------------------------------------|--------------------------|--------|------------|-------|
|                                                         | 2026                     | 2025   | 2026       | 2025  |
|                                                         | £'000                    | £'000  | £'000      | £'000 |
| <b>Outstanding receive floating pay fixed contracts</b> |                          |        |            |       |
| 5 years +                                               | 57,000                   | 57,000 | 2,139      | 3,198 |

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' SONIA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

## 22. Non-equity share capital - Group

|                                                 | 2026         | 2026         | 2025         | 2025       |
|-------------------------------------------------|--------------|--------------|--------------|------------|
|                                                 | No.          | £            | No.          | £          |
| <b>Shares of 10p each issued and fully paid</b> |              |              |              |            |
| At 1 April 2024                                 | 1939         | 193.9        | 2,023        | 202        |
| Shares issued during the year                   | 169          | 16.9         | 14           | 2          |
| Shares surrendered during the year              | (83)         | (8)          | (98)         | (10)       |
| At 31 March 2026                                | <b>2,025</b> | <b>202.8</b> | <b>1,939</b> | <b>194</b> |

The shares provide full members with the right to vote at Annual General Meetings, but do not provide any rights to dividends or distributions on a winding up. Associate members do not have any voting rights.

## 23. Retirement benefit schemes

### Hertfordshire County Council Pension Fund (HCCPF)

The HCCPF is a multi-employer scheme, administered by Hertfordshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. WCH exited the pension scheme on 31 July 2025, meaning that we are no longer exposed to the costs and potential deficits in defined benefit pension schemes. The costs of exit were covered by the existing surplus, and the costs shown below represent the current service costs for the 4 month period to end July 2024, and the assumptions are relevant to the comparative figures.

The employers' contributions to the HCCPF by Watford Community Housing for the year ended 31 March 2025 were £3k (2024: £4k) at a contribution rate of 19.1% of pensionable salaries.

|  | 31-Jul<br>2026 | 31-Mar<br>2025 |
|--|----------------|----------------|
|  | % pa.          | % pa.          |

#### Financial Assumptions

|                          |   |      |
|--------------------------|---|------|
| Discount rate            | - | 4.5% |
| Future salary increases  | - | -    |
| Future pension increases | - | 2.4% |

#### Mortality Assumptions

The post mortality assumptions used to value the benefit obligation at March 2023 are based on the Fund's Vita Curves with improvements in line with the CMI 2022 model assuming current rates of improvements have peaked and will converge to a long term rate 1.5% p.a.

Based on these assumptions, the average life expectancies at age 65 are summarised below:

|                    | Males      | Females    |
|--------------------|------------|------------|
| Current Pensioners | 21.4 years | 23.8 years |
| Future Pensioners  | 22.0 years | 25.6 years |

## Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

|                                                  | Approximate %<br>increase to<br>Defined<br>Benefit Obligation | Approximate<br>monetary<br>amount<br>(£'000) |
|--------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|
| <b>Change in assumptions at 31 March 2022</b>    |                                                               |                                              |
| 0.1% decrease in Real Discount Rate              | 1%                                                            | 137                                          |
| 1 year increase in member life expectancy        | 4%                                                            | 397                                          |
| 0.1% increase in the Salary Increase Rate        | 0%                                                            | 1                                            |
| 0.1% increase in the Pension Increase Rate (CPI) | 1%                                                            | 139                                          |

|                                                                                | 2026<br>£'000 | 2025<br>£'000 |
|--------------------------------------------------------------------------------|---------------|---------------|
| <b>Analysis of the amount charged to the Statement of Comprehensive Income</b> |               |               |

### Pro rata for 2025

|                                        |   |       |
|----------------------------------------|---|-------|
| Current service cost                   | - | 2     |
| Interest Income on plan assets         | - | (192) |
| Interest on pension scheme liabilities | - | 154   |
| Losses on Curtailments and Settlements | - | -     |
| Total operating (income)               | - | (36)  |

|  | 2026<br>£'000 | 2025<br>£'000 |
|--|---------------|---------------|
|--|---------------|---------------|

### Amounts recognised in Statement of Comprehensive Income

| Actuarial gains/(losses) recognised | -             | -             |
|-------------------------------------|---------------|---------------|
|                                     | 2026<br>£'000 | 2025<br>£'000 |

### Amounts recognised in the Statement of Financial Position

|                                                                     |   |         |
|---------------------------------------------------------------------|---|---------|
| Present value of funded obligations                                 | - | (9,409) |
| Fair value of plan assets                                           | - | 12,861  |
| Present value of unfunded obligations                               | - | 3,452   |
| Adjustment recognised in actuarial losses to cap the scheme surplus | - | (3,452) |
| Net Asset/(liability)                                               | - | -       |

|                                                                            | 2026<br>£'000 | 2025<br>£'000   |
|----------------------------------------------------------------------------|---------------|-----------------|
| <b>Changes in present value of the plan assets</b>                         |               |                 |
| Opening fair value for employer assets                                     | -             | 12,992          |
| Return on Assets                                                           | -             | -               |
| Contributions by members                                                   | -             | -               |
| Contributions by Employer                                                  | -             | -               |
| Interest income on plan assets                                             | -             | -               |
| Benefits paid                                                              | -             | -               |
| Other                                                                      | -             | (131)           |
| <b>Closing defined benefit obligation</b>                                  | -             | <b>12,861</b>   |
| <b>Adjustment recognised in actuarial losses to cap the scheme surplus</b> | -             | <b>(12,861)</b> |
| <b>Plan assets in the scheme as recognised on the balance sheet</b>        | -             | -               |

As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £nil (2024: £3,065k) has been offset against the overall actuarial gain for the year.

|                                                               | 2026<br>£'000 | 2025<br>£'000 |
|---------------------------------------------------------------|---------------|---------------|
| <b>Changes in present value of defined benefit obligation</b> |               |               |
| Opening defined benefit obligation                            | -             | 9,927         |
| Service cost                                                  | -             | -             |
| Past service cost (including curtailments)                    | -             | -             |
| Interest cost                                                 | -             | -             |
| Actuarial losses (gains)                                      | -             | -             |
| Contributions by members                                      | -             | -             |
| Estimated benefits paid                                       | -             | -             |
| Other                                                         | -             | (9,927)       |
| <b>Closing defined benefit obligation</b>                     | -             | -             |

|                                                                           | 2026 | 2025 |
|---------------------------------------------------------------------------|------|------|
| <b>Major categories of plan assets as percentage of total plan assets</b> |      |      |
| Equities                                                                  | -    | -    |
| Bonds                                                                     | -    | -    |
| Property                                                                  | -    | -    |
| Cash                                                                      | -    | -    |

|                                                                                                       | 2026<br>£'000 | 2025<br>£'000 |
|-------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Analysis of projected amounts to be charged to operating surplus for the year to 31 March 2026</b> |               |               |
| Projected Current Service Cost                                                                        | -             | -             |
| Expected Return on Plan Assets                                                                        | -             | -             |
| Interest on Obligation                                                                                | -             | -             |
| <b>Total</b>                                                                                          | -             | -             |

## 24. Capital commitments – WCH

|                                                             | 2026          | 2025           |
|-------------------------------------------------------------|---------------|----------------|
|                                                             | £'000         | £'000          |
| <b>Capital Expenditure</b>                                  |               |                |
| Expenditure contracted for but not provided in the accounts | 27,680        | 43,771         |
| Expenditure authorised by the Board, but not contracted for | 55,226        | 72,262         |
| <b>Total</b>                                                | <b>82,906</b> | <b>116,033</b> |

The capital expenditure above will be financed by use of first tranche sales of shared ownership homes, social housing grant, cash in hand, revenue cash surpluses generated in the year and beyond and loan facilities. The organisation's policy is to ensure that expenditure is only committed as funding resources are available.

## 25. Operating Leases

The total minimum lease payments under non-cancellable operating leases are as follows:

|                                                                         | 2026       | 2025       |
|-------------------------------------------------------------------------|------------|------------|
|                                                                         | £'000      | £'000      |
| <b>Office equipment and computers payments in the following periods</b> |            |            |
| Within one year                                                         | 119        | 110        |
| One to two years                                                        | -          | -          |
| Two to five years                                                       | 112        | 49         |
|                                                                         | <b>231</b> | <b>159</b> |

Operating lease payments represent rentals payable by the Group for certain office equipment. Leases are negotiated for an average term of 2-3 years and rentals are fixed for an average of one to three months with an option to extend for a further one year at the prevailing market rate.

## 26. Stock Profile

At the end of the year accommodation in management for each class of accommodation was as follows:

|                                                | 2026<br>No.  | 2025<br>No.  |
|------------------------------------------------|--------------|--------------|
| <b>Social housing</b>                          |              |              |
| General housing                                | 5,225        | 4,926        |
| Supported housing and housing for older people | 775          | 776          |
| Shared ownership                               | 444          | 345          |
| <b>Total social housing owned</b>              | <b>6,444</b> | <b>6,047</b> |
| Accommodation managed for others (social)      | 241          | 243          |
| Accommodation managed by others                | 9            | 9            |
| <b>Total social housing managed</b>            | <b>6,694</b> | <b>6,229</b> |
| Accommodation managed for others (non-social)  | 82           | 59           |
| Leasehold                                      | 451          | 393          |
| <b>Total housing owned and managed</b>         | <b>7,227</b> | <b>6,751</b> |
| <b>Non-Social Housing</b>                      |              |              |
| Commercial Shops                               | 20           | 20           |
| Commercial and Market Rented Properties        | 25           | 25           |
| <b>Garages</b>                                 | <b>990</b>   | <b>988</b>   |
|                                                | <b>1,035</b> | <b>1,033</b> |
| <b>Total owned and managed</b>                 | <b>8,262</b> | <b>7,784</b> |

Watford Community Housing manages accommodation for Watford Borough Council, Hertfordshire County Council, Three Rivers District Council, David Salter Almshouses Trust, Hart Homes Watford Limited, Three Rivers Homes Limited and Hertsmere Living Limited. The company also owns three properties that are managed on its behalf by St Albans Womens Refuge.

## 27. Related Parties - Watford Community Housing

|  | Services<br>Received<br>2026<br>£'000 | Services<br>Provided<br>2026<br>£'000 | Debtor/<br>(Creditor)<br>balances<br>as at 31<br>March<br>2026<br>£'000 | Services<br>Received<br>2025<br>£'000 | Services<br>Provided<br>2025<br>£'000 | Debtor/<br>(Creditor)<br>balances as<br>at 31 March<br>2025<br>£'000 |
|--|---------------------------------------|---------------------------------------|-------------------------------------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------------------------------------|
|--|---------------------------------------|---------------------------------------|-------------------------------------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------------------------------------|

### Regulated

|                           |     |     |       |     |     |       |
|---------------------------|-----|-----|-------|-----|-----|-------|
| Watford Community Housing | 467 | 424 | 9,325 | 702 | 377 | 9,275 |
|---------------------------|-----|-----|-------|-----|-----|-------|

### Non-Regulated

|                                          |     |     |         |     |     |         |
|------------------------------------------|-----|-----|---------|-----|-----|---------|
| WCHT Devco Limited                       | 345 | 467 | -       | 298 | 702 | -       |
| Clarendon Living Limited                 | -   | -   | (9,322) | -   | -   | (9,187) |
| Hart Homes (Watford) Limited             | 36  | -   | -       | 36  | -   | -       |
| Hart Homes Watford<br>Developments LLP   | -   | -   | -       | -   | -   | -       |
| Three Rivers Homes Limited               | 22  | -   | -       | 22  | -   | (88)    |
| Three Rivers Housing<br>Developments LLP | -   | -   | -       | -   | -   | -       |
| Hertsmere Living Limited                 | 22  | -   | -       | 22  | -   | -       |

## 28. Joint Ventures

The wholly owned subsidiary, Clarendon Living Limited has a 50% interest in five joint ventures. These are Hart Homes (Watford) Limited, Hart Homes Watford Developments LLP, Hertsmere Living

Limited, Three Rivers Homes Limited and Three Rivers Housing Developments LLP.

Details on the investments are below:

|                                     | 2026<br>£'000 | 2025<br>£'000 |
|-------------------------------------|---------------|---------------|
| <b>Investment in Joint Ventures</b> |               |               |
| Brought forward at 1 April          | 7,161         | 6,647         |
| Investment in year                  | -             | -             |
| Share of profit of joint ventures   | (175)         | 514           |
| <b>Carried forward at 31 March</b>  | <b>6,986</b>  | <b>7,161</b>  |

## 29. Provision for liabilities - Group

£'000

|                               |         |
|-------------------------------|---------|
| At 1 April 2025               | 4,729   |
| Charged to income and expense | -       |
| Additions                     | 3,002   |
| Utilised in year              | (6,592) |

|                         |              |
|-------------------------|--------------|
| <b>At 31 March 2026</b> | <b>1,139</b> |
|-------------------------|--------------|

|                               |         |
|-------------------------------|---------|
| At 1 April 2024               | 4,807   |
| Charged to income and expense | -       |
| Additions                     | 1,888   |
| Utilised in year              | (1,966) |

|                         |              |
|-------------------------|--------------|
| <b>At 31 March 2025</b> | <b>4,729</b> |
|-------------------------|--------------|

## 29. Provision for liabilities - Watford Community Housing

£'000

|                               |         |
|-------------------------------|---------|
| At 1 April 2025               | 4,729   |
| Charged to income and expense | -       |
| Additions                     | 3,002   |
| Utilised in year              | (6,592) |

|                         |              |
|-------------------------|--------------|
| <b>At 31 March 2026</b> | <b>1,139</b> |
|-------------------------|--------------|

|                               |         |
|-------------------------------|---------|
| At 1 April 2024               | 4,807   |
| Charged to income and expense | -       |
| Additions                     | 1,888   |
| Utilised in year              | (1,966) |

|                         |              |
|-------------------------|--------------|
| <b>At 31 March 2025</b> | <b>4,729</b> |
|-------------------------|--------------|

Provisions consist of items recognised at year end which are of uncertain timing and value. Provisions made during the year relating to known liabilities including costs associated with ongoing disrepair cases and gas safety work at Cygnet and Plover House.

30. Net Gains/Loss on Business Combination

On 1 October 2024 Watford Community Housing acquired by transfer of engagements the assets and liabilities of Hendon Christian Housing Association. This was accounted for as an acquisition in the year

|                                               | Book Value | Adjustments | Fair Value | 2025   |
|-----------------------------------------------|------------|-------------|------------|--------|
|                                               | £'000      | £'000       | £'000      | £'000  |
| Fixed assets                                  |            |             |            |        |
| Housing Properties                            | -          | -           | -          | 37,360 |
| Social housing grant                          | -          | -           | -          | (937)  |
| Other fixed assets                            | -          | -           | -          | 200    |
| Debtors                                       | -          | -           | -          | 1,497  |
| Cash at bank and in hand                      | -          | -           | -          | -      |
| Cash on short term deposit                    | -          | -           | -          | -      |
| Creditors: Amount falling due within one year | -          | -           | -          | (96)   |
| Creditors: Amount falling due after one year  | -          | -           | -          | -      |
| Net assets                                    | -          | -           | -          | 38,024 |





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